General Information

Year: **2013**

1	Legal Name of Respondent:	CenturyTel of Montana, Inc. d/b/a CenturyLink
2	Name Under Which Respondent Does Business:	CenturyTel of Montana, Inc. d/b/a CenturyLink
3	Date of Incorporation:	October 23, 1946
4	Address to send Correspondence Concerning Report:	100 CenturyLink Drive Monroe, LA 71203
5	Person Responsible for This Report:	Ted Hankins Director Regulatory Operations
5a.	Telephone Number:	(318) 388 - 9416

Control Over Respondent

1 If direct control over the respondent was held by another entity at the end of year provide the following:

1a. Name and address of the controlling organization or person:

Pacific Corp. Holding, Inc. owned 100% of the voting securities of Pacific Telecom, Inc. until 12/1/97 when these securities were sold to CenturyLink, Inc., 100 CenturyLink Drive, Monroe, LA 71203

1b. Means by which control was held: Ownership of voting securities

1c. Percent Ownership: 99%

	Board of Directors	
Line No.	Name of Director and Address (City, State) (a)	Fees Paid During Year (b)
1	Stacey W. Goff 100 CenturyLink Drive, Monroe, LA 71203	None
2	R. Stewart Ewing, Jr. 100 CenturyLink Drive, Monroe, LA 71203	None
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		
16		
17		
18	**Chairman of the Board:** Glen F. Post, III	
19		
20		

Company Name: **CenturyTel of Montana, Inc. d/b/a CenturyLink** **SCHEDULE 2**

Officers

Year: 2013

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 and President	Company Wide	Glen F. Post, III, 100 CenturyLink Drive, Monroe, LA 71203
2	Executive Vice President and Chief Operating Officer	"	Karen A. Puckett, 100 CenturyLink Drive, Monroe, LA 71203
3	Executive Vice President and Chief Financial Officer	"	R. Stewart Ewing, Jr., 100 CenturyLink Drive, Monroe, LA 71203
4	Executive Vice President and General Counsel	"	Stacey W. Goff, 100 CenturyLink Drive, Monroe, LA 71203
5	Executive Vice President - IT Services	"	Girish Varma, 930 15th Street, Denver, CO 80202
6	Executive Vice President - Public Policy & Gov't Relations	"	R. Steven Davis, 1801 California Street, Denver, CO 80202
7	President - Wholesale Operations	"	William E. Cheek, 100 CenturyLink Drive, Monroe, LA 71203
8	Executive Vice President - Controller and Operations Support	"	David D. Cole, 100 CenturyLink Drive, Monroe, LA 71203
9	Executive Vice President - Network Services	"	Maxine Moreau, 100 CenturyLink Drive, Monroe, LA 71203
10	EVP - Corporate Strategy, Product Development and CTO	"	Olani Matthew Beal, 100 CenturyLink Drive, Monroe, LA 71203
11	Vice President and Treasurer	"	Glynn Williams, 100 CenturyLink Drive, Monroe, LA 71203
12	Vice President	"	Jonathan Robinson, 100 CenturyLink Drive, Monroe, LA 71203
13	Secretary	"	Kay C. Buchart, 100 CenturyLink Drive, Monroe, LA 71203
14	Assistant Secretary	"	Carrick Inabnett, 100 CenturyLink Drive, Monroe, LA 71203
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			
44			
45			

Total Company Balance Sheet

Year: 2013

Line No.		Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1			**CURRENT ASSETS:**		
2		1120	Cash and Equivalents	3,460,297	3,347,685
3		1180	Telecommunications Accounts Receivable - Net	2,337,400	2,182,311
4		1190	Other Accounts Receivable - Net	641,620	1,027,592
5		1200	Notes Receivable - Net		
6		1210	Interest and Dividends Receivable		
7		1220	Materials and Supplies	1,968	432
8	*	1280	Prepayments	143,499	703,726
9	^	1290	Prepaid Rents	1,036	
10	^	1300	Prepaid Taxes		
11	^	1310	Prepaid Insurance		
12	^	1320	Prepaid Directory Expenses	70,900	
13	^	1330	Other Prepayments	71,563	20,076
14		1350	Other Current Assets		
15			**Total Current Assets**	6,584,785	7,261,746
16			**NONCURRENT ASSETS:**		
17		1401	Investments in Affiliated Companies		
18		1402	Investments in Nonaffiliated Companies		
19		1406	Nonregulated Investments	716,997	389,350
20		1407	Unamortized Debt Issuance Expense		
21		1408	Sinking Funds		
22		1410	Other Noncurrent Assets	499,875	
23		1438	Deferred Maintenance and Retirements		
24		1439	Deferred Charges	83	165
25		1500	Other Jurisdictional Assets - Net		
26			**Total Noncurrent Assets**	1,216,955	389,514
27			**PROPERTY, PLANT, & EQUIPMENT:**		
28		2001	Telecommunications Plant in Service	176,691,592	174,780,689
29		2002	Property Held for Future Telecommunications Use		
30		2003	Plant Under Construction - Short Term	339,226	918,237
31		2004	Plant Under Construction - Long Term		
32		2005	Telecommunications Plant Adjustment		
33		2006	Nonoperating Plant		
34		2007	Goodwill		
35		3100	Accumulated Depreciation	(137,668,111)	(132,869,148)
36		3200	Accumulated Depreciation - Held for Future Use		
37		3300	Accumulated Depreciation - Nonoperating		
38		3400	Accumulated Amortization		
39			**Net Property, Plant, & Equipment**	39,362,708	42,829,778
40			**TOTAL ASSETS**	47,164,448	50,481,038

^ Subaccount of account marked with a *.

Total Company Balance Sheet

Year: 2013

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
41		**CURRENT LIABILITIES:**		
42	4010	Accounts Payable	861,073	454,406
43	4020	Notes Payable		
44	4030	Advance Billing and Payments	865,588	1,236,238
45	4040	Customer Deposits	11,926	13,354
46	4050	Current Maturities - Long Term Debt		
47	4060	Current Maturities - Capital Leases		
48	4070	Income Taxes - Accrued		5,075
49	4080	Other Taxes - Accrued	1,187,264	1,202,231
50	4100	Net Current Deferred Operating Income Taxes		
51	4110	Net Current Deferred Nonoperating Income Taxes		
52	4120	Other Accrued Liabilities	369,813	425,642
53	4130	Other Current Liabilities		
54		**Total Current Liabilities**	3,295,664	3,336,947
55		**LONG-TERM DEBT:**		
56	4210	Funded Debt		
57	4220	Premium on Long-Term Debt		
58	4230	Discount on Long-Term Debt		
59	4240	Reacquired Debt		
60	4250	Obligations Under Capital leases		
61	4260	Advances From Affiliated Companies		
62	4270	Other Long-Term Debt		
63		**Total Long-Term Debt**		
64		**OTHER LIABILITIES AND DEFERRED CREDITS:**		
65	4310	Other Long-Term Liabilities		
66	4320	Unamort. Oper. Invest. Tax Credits - Net		
67	4330	Unamort. Nonoper. Invest. Tax Credits - Net		
68	4340	Net Noncurrent Deferred Oper. Income Taxes	10,302,730	10,648,629
69	4350	Net Noncurrent Deferred Nonoper. Income Taxes		
70	4360	Other Deferred Credits	1,040,614	1,264,483
71	4370	Other Jurisdictional Liab. and Def. Credits		
72		**Total Other Liabilities and Deferred Credits**	11,343,343	11,913,112
73		**STOCKHOLDERS' EQUITY:**		
74	4510	Capital Stock	6,479,000	6,479,000
75	4520	Additional Paid-In Capital	141,016	141,016
76	4530	Treasury Stock	(159,000)	(159,000)
77	4540	Other Capital		
78	4550	Retained Earnings	26,064,424	28,769,964
79		**Total Stockholders' Equity**	32,525,440	35,230,980
80		**TOTAL LIAB. AND STOCKHOLDERS' EQUITY**	47,164,448	50,481,038

Total Company Income Statement

Year: 2013

Line No.		Acct. No. (a)	Description (b)		This Year (c)	Last Year (d)
1			**REVENUES:**			
2		5000	Basic Local Service Revenues		13,242,129	14,045,301
3		5080	Network Access Revenues	(1)	19,768,752	19,327,713
4	*	5100	Long Distance Message Revenue		122,267	131,083
5	^	5110	Unidirectional Long Distance Revenue			
6	^	5120	Long Distance Private Network Revenue		122,266	131,097
7	^	5160	Other Long Distance Revenue		1	(14)
8	^	5169	Other Long Distance Revenue Settlements			
9	*	5200	Miscellaneous Revenue		7,058,990	6,488,821
10	^	5230	Directory Revenue		1,896,148	2,462,821
11	^	5240	Rent Revenue		420,702	288,638
12	^	5250	Corporate Operations Revenue			
13	^	5260	Miscellaneous Revenue	(2)	2,801,503	3,078,709
14	^	5270	Carrier Billing and Collection Revenue		643,184	658,652
15	^	5280	Nonregulated Revenue			
16		5300	Uncollectible Revenue		(10,030)	(46,838)
17			**Total Revenues (L.2+L.3+L.4+L.9-L.16)**		40,202,169	40,039,756
18			**OPERATING EXPENSES:**			
19		6110	Network Support Expense		28,845	22,439
20		6120	General Support Expense		1,022,854	576,977
21		6210	Central Office Switching Expense		1,631,817	1,826,076
22		6220	Operator Systems Expense			
23		6230	Central Office Transmission Expense		353,078	554,297
24		6310	Information Origination/Termination Expense			
25	*	6410	Cable and Wire Facilities Expense		5,465,373	5,002,697
26	^	6431	Aerial Wire Expense			
27	^	6441	Conduit Systems Expense			
28		6510	Other Property, Plant & Equipment Expense		114,622	63,439
29		6530	Network Operations Expense		1,866,239	1,835,385
30		6540	Access Expense		612,915	741,815
31		6560	Depreciation and Amortization Expense		5,860,479	5,831,772
32		6610	Marketing		1,874,631	986,622
33		6620	Services		2,589,200	2,668,934
34		6710	Executive and Planning		94,667	103,189
35		6720	General and Administrative		2,042,179	2,643,745
36		6790	Provision for Uncollectible Notes Receivable			
37			**Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)**		23,556,900	22,857,386
38		7100	Other Operating Income and Expense		344	366
39		7200	Operating Taxes		7,847,075	7,995,208
40			**Net Operating Income (L.17-L.37+L.38-L.39)**		8,798,538	9,187,528
41		7300	Nonoperating Income and Expense		(16,832)	(12,178)
42		7400	Nonoperating Taxes			
43		7500	Interest and Related Items		(12,754)	6,637
44		7600	Extraordinary Items			
45		7910	Effects of Juris. Ratemaking Diff. - Net			
46		7990	Nonregulated Net Income			(278,176)
47			**NET INCOME (L.40+L.41-L.42-L.43-L.44+L.45-L.46)**		8,794,460	9,446,889

^ Subaccount of the account marked with a *.

(1) Includes Interstate Prior Period Adjustments of ($78,551.19) in 2012, and $851.99 in 2013.
Includes Intrastate Prior Period Adjustments of $0 in 2012, and $63,398.36 in 2013.

(2) Includes Miscellaneous Prior Period Adjustments of $5,091.70 in 2012 and no adj. in 2013.

Montana Total State Income Statement

Year: 2013

Line No.		Acct. No. (a)	N/A - SEE SCHEDULE 4 Description (b)	This Year (c)	Last Year (d)
1			**REVENUES:**		
2		5000	Basic Local Service Revenues		
3		5080	Network Access Revenues		
4	*	5100	Long Distance Message Revenue		
5	^	5110	Unidirectional Long Distance Revenue		
6	^	5120	Long Distance Private Network Revenue		
7	^	5160	Other Long Distance Revenue		
8	^	5169	Other Long Distance Revenue Settlements		
9	*	5200	Miscellaneous Revenue		
10	^	5230	Directory Revenue		
11	^	5240	Rent Revenue		
12	^	5250	Corporate Operations Revenue		
13	^	5260	Miscellaneous Revenue		
14	^	5270	Carrier Billing and Collection Revenue		
15	^	5280	Nonregulated Revenue		
16		5300	Uncollectible Revenue		
17			**Total Revenues (L.2+L.3+L.4+L.9-L.16)**		
18			**OPERATING EXPENSES:**		
19		6110	Network Support Expense		
20		6120	General Support Expense		
21		6210	Central Office Switching Expense		
22		6220	Operator Systems Expense		
23		6230	Central Office Transmission Expense		
24		6310	Information Origination/Termination Expense		
25	*	6410	Cable and Wire Facilities Expense		
26	^	6431	Aerial Wire Expense		
27	^	6441	Conduit Systems Expense		
28		6510	Other Property, Plant & Equipment Expense		
29		6530	Network Operations Expense		
30		6540	Access Expense		
31		6560	Depreciation and Amortization Expense		
32		6610	Marketing		
33		6620	Services		
34		6710	Executive and Planning		
35		6720	General and Administrative		
36		6790	Provision for Uncollectible Notes Receivable		
37			**Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)**		
38		7100	Other Operating Income and Expense		
39		7200	Operating Taxes		
40			**Net Operating Income (L.17-L.37+L.38-L.39)**		

^ Subaccount of the account marked with a *.

Montana Intrastate Income Statement

Year: 2013

Line No.		Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1			**REVENUES:**		
2		5000	Basic Local Service Revenues	13,242,129	14,045,301
3		5080	Network Access Revenues	1,390,340	1,896,264
4	*	5100	Long Distance Message Revenue	122,267	131,083
5	^	5110	Unidirectional Long Distance Revenue		
6	^	5120	Long Distance Private Network Revenue	122,266	131,097
7	^	5160	Other Long Distance Revenue	1	(14)
8	^	5169	Other Long Distance Revenue Settlements		
9	*	5200	Miscellaneous Revenue	5,108,721	5,522,466
10	^	5230	Directory Revenue	1,896,148	2,462,821
11	^	5240	Rent Revenue	281,410	190,129
12	^	5250	Corporate Operations Revenue		
13	^	5260	Miscellaneous Revenue	2,792,013	3,014,616
14	^	5270	Carrier Billing and Collection Revenue	139,149	(145,100)
15	^	5280	Nonregulated Revenue		
16		5300	Uncollectible Revenue	10,910	(38,694)
17			**Total Revenues (L.2+L.3+L.4+L.9-L.16)**	19,852,547	21,633,808
18			**OPERATING EXPENSES:**		
19		6110	Network Support Expense	18,744	14,581
20		6120	General Support Expense	664,628	374,932
21		6210	Central Office Switching Expense	880,406	985,214
22		6220	Operator Systems Expense		
23		6230	Central Office Transmission Expense	190,494	299,057
24		6310	Information Origination/Termination Expense		
25	*	6410	Cable and Wire Facilities Expense	3,993,685	3,655,596
26	^	6431	Aerial Wire Expense		
27	^	6441	Conduit Systems Expense		
28		6510	Other Property, Plant & Equipment Expense	72,615	41,224
29		6530	Network Operations Expense	1,212,723	1,192,674
30		6540	Access Expense	13,567	78,372
31		6560	Depreciation and Amortization Expense	3,512,534	3,485,580
32		6610	Marketing	972,778	752,299
33		6620	Services	2,060,848	2,163,422
34		6710	Executive and Planning	66,762	72,772
35		6720	General and Administrative	1,434,602	1,857,194
36		6790	Provision for Uncollectible Notes Receivable		
37			**Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)**	15,094,386	14,972,916
38		7100	Other Operating Income and Expense		
39		7200	Operating Taxes	2,690,260	5,379,806
40			**Net Operating Income (L.17-L.37+L.38-L.39)**	2,067,901	1,281,086

^ Subaccount of the account marked with a *.

Montana Intrastate Regulated Income Statement

Year: 2013

Line No.		Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1			**REVENUES:**		
2		5000	Basic Local Service Revenues	12,882,606	13,639,935
3		5080	Network Access Revenues	1,102,661	1,472,365
4	*	5100	Long Distance Message Revenue	103,365	112,183
5	^	5110	Unidirectional Long Distance Revenue		
6	^	5120	Long Distance Private Network Revenue	103,366	112,197
7	^	5160	Other Long Distance Revenue	(1)	(14)
8	^	5169	Other Long Distance Revenue Settlements		
9	*	5200	Miscellaneous Revenue	118,750	118,295
10	^	5230	Directory Revenue	46,718	48,878
11	^	5240	Rent Revenue		
12	^	5250	Corporate Operations Revenue		
13	^	5260	Miscellaneous Revenue	72,032	69,417
14	^	5270	Carrier Billing and Collection Revenue		
15	^	5280	Nonregulated Revenue		
16		5300	Uncollectible Revenue	70,544	(48,702)
17			**Total Revenues (L.2+L.3+L.4+L.9-L.16)**	14,136,839	15,391,480
18			**OPERATING EXPENSES:**		
19		6110	Network Support Expense	18,343	14,270
20		6120	General Support Expense	650,414	366,914
21		6210	Central Office Switching Expense	859,147	961,423
22		6220	Operator Systems Expense		
23		6230	Central Office Transmission Expense	185,895	291,836
24		6310	Information Origination/Termination Expense		
25	*	6410	Cable and Wire Facilities Expense	3,914,263	3,582,897
26	^	6431	Aerial Wire Expense		
27	^	6441	Conduit Systems Expense		
28		6510	Other Property, Plant & Equipment Expense	71,063	40,342
29		6530	Network Operations Expense	1,186,791	1,167,170
30		6540	Access Expense	13,567	78,372
31		6560	Depreciation and Amortization Expense	3,419,343	3,393,104
32		6610	Marketing	938,314	725,646
33		6620	Services	1,885,229	1,973,349
34		6710	Executive and Planning	63,554	69,275
35		6720	General and Administrative	1,331,825	1,724,142
36		6790	Provision for Uncollectible Notes Receivable		
37			**Total Operating Expenses (Sum L.19 to L.36-L.26-L.27)**	14,537,747	14,388,740
38		7100	Other Operating Income and Expense		
39		7200	Operating Taxes	627,832	1,173,180
40			**Net Operating Income (L.17-L.37+L.38-L.39)**	(1,028,739)	(170,440)

^ Subaccount of the account marked with a *.

Average Rate Base - Total State

Year: 2013

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	171,946,044	170,576,407
2	3100	Accumulated Depreciation	132,332,536	127,705,661
3	2002	Property Held for Future Telecommunications Use	-	
4	3200	Accumulated Depreciation - 2002	-	
5	1220	Materials and Supplies	1,200	235
6	4340	Noncurrent Deferred Operating Income Taxes	10,475,679	10,862,778
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)	700,639	699,683
9		**Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)**	29,839,668	32,707,886

Average Rate Base - Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	111,734,322	110,844,302
2	3100	Accumulated Depreciation	84,045,893	81,107,312
3	2002	Property Held for Future Telecommunications Use	-	
4	3200	Accumulated Depreciation - 2002	-	
5	1220	Materials and Supplies	877	171
6	4340	Noncurrent Deferred Operating Income Taxes	6,807,329	7,058,874
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)	475,967	472,082
9		**Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)**	21,357,944	23,150,369

Average Rate Base - Regulated Intrastate

Line No.	Acct. No. (a)	Description (b)	This Year (c)	Last Year (d)
1	2001	Telecommunications Plant in Service	109,344,960	108,473,972
2	3100	Accumulated Depreciation	82,296,178	79,418,774
3	2002	Property Held for Future Telecommunications Use		
4	3200	Accumulated Depreciation - 2002		
5	1220	Materials and Supplies	859	168
6	4340	Noncurrent Deferred Operating Income Taxes	6,661,762	6,907,928
7		Pre-1971 Unamortized Investment Tax Credits		
8		Cash Working Capital (if allowed by Commission)	456,921	451,875
9		**Total Average Rate Base (L.1-L.2+L.3-L.4+L.5-L.6-L.7+L.8)**	20,844,800	22,599,313

Notes to Schedule 8

(A) Revenues and expenses were allocated using FCC Part 36 separation rules. Allocation factors are based on 2000 traffic measurements per Separations Freeze Order (i.e. allocations for 2013 are based on the 2000 traffic measurement) which are the most current factors available.

(B) Authorized by Montana Public Commission, Docket 6522, Order Number 4409.

Note: Rate Base Components are calculated using an average of beginning and end of year balances.

Statement of Cash Flows

Year: 2013

Line No.	Item Description (a)	Amount (b)	Amount (c)
1	**Increase/(decrease) in Cash & Cash Equivalents**		
2	**Cash Flows from Operating Activities:**		
3	Net Income		8,794,460
4	Reconciliation Adjustments:		
5	Depreciation & Amortization	5,860,479	
6	Provision for Accounts Receivable Losses		
7	Deferred Income Taxes - Net	345,899	
8	Unamortized Investment Tax Credits (ITCs) - Net		
9	Allowance for Funds Used During Construction (AFUDC)		
10	Change in Operating Receivables - Net	230,882	
11	Change in Materials, Supplies & Inventories - Net	(1,536)	
12	Change in Operating Payables & Accrued Liabilities - Net	406,667	
13	Change in Other Assets & Deferred Credits - Net	560,227	
14	Change in Other Liabilities & Deferred Credits - Net	(447,950)	
15	Other (explained on back of this page)	(915,667)	
16	Total Adjustments		6,039,002
17	**Net Cash Provided by/(Used in) Operating Activities**		14,833,462
18	**Cash Inflows/Outflows From Investing Activities:**		
19	Construction/Acquisition of Property, Plant & Equipment (net of	(2,393,410)	
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 (explained on back of this page)	(827,441)	
25	**Net Cash Provided by/(Used in) Investing Activities**		(3,220,850)
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	(11,500,000)	
36	Other Financing Activities (explained on back of this page)		
37	**Net Cash Provided by Financing Activities**		(11,500,000)
38	**Effect of Exchange Rate Changes on Cash**		
39	**Net Increase/(Decrease) in Cash & Cash Equivalents**		112,611
40	**Cash & Cash Equivalents at Beginning of Period**		3,347,685
41	**Cash & Cash Equivalents at End of Period**		3,460,297

Company Name: CenturyTel of Montana, Inc. d/b/a CenturyLink **SCHEDULE 10**

Receivables and Investments-Affiliated & Nonaffiliated Companies

Year: 2013

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	AT&T				(265)						
2	NECA				213,564						
3	All Other Connecting Companies				158,808						
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	Aggregate of all balances		2,482,792	(220,286)	344,408						
30	**Totals**		2,482,792	(220,286)	716,515						

Company Name: CenturyTel of Montana, Inc. d/b/a CenturyLink **SCHEDULE 11**

Net Plant in Service - Detail

Year: 2013

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	7,609,308	164,105	289,011	27,615	7,512,017		7,512,017
2	^	2111	Land	467,745				467,745		467,745
3	^	2112	Motor Vehicles	1,788,596	85,173	120,032		1,753,737	1,488,647	265,090
4	^	2113	Aircraft							
5	^	2114	Special Purpose Vehicles							
6	^	2115	Garage Work Equipment							
7	^	2116	Other Work Equipment	897,716	46,563	65,686	27,615	906,208	645,134	261,074
8	^	2121	Buildings	3,884,785	32,369	23,829		3,893,325	3,032,762	860,563
9	^	2122	Furniture	10,949				10,949	7,284	3,665
10	^	2123	Office Equipment	172,754				172,754	172,754	(0)
11	^	2124	General Purpose Computers	386,763		79,464		307,299	299,316	7,983
12		2211	Analog Electronic Switching							
13		2212	Digital Electronic Switching	32,400,035	9,116	52,398		32,356,753	30,523,113	1,833,640
14		2215	Electro-Mechanical Switching							
15		2220	Operator Systems							
16		2231	Radio Systems	6,258				6,258	(34,038)	40,295
17		2232	Circuit Equipment	41,962,349	1,690,392	230,243		43,422,498	34,388,248	9,034,250
18	*	2310	Information Orig & Term Equip							
19	^	2311	Station Apparatus							
20	^	2321	Customer Premises Wiring							
21	^	2341	Large Private Branch Exchanges							
22	^	2351	Public Telephone Term. Equip.							
23	^	2362	Other Terminal Equipment							
24		2411	Poles	1,422,654	19,865	8,020		1,434,499	1,373,811	60,688
25	*	2420	Cable and Wire Facilities	91,380,085	1,012,673	433,190	(1)	91,959,567	65,771,079	26,188,488
26	^	2421	Aerial Cable	10,804,110	64,439	104,232		10,764,317	10,473,462	290,855
27	^	2422	Underground Cable	1,737,221	271,261	30,969		1,977,513	1,123,227	854,286
28	^	2423	Buried Cable	76,954,331	491,515	297,989	6	77,147,863	52,976,754	24,171,109
29	^	2424	Submarine Cable	5,831				5,831	4,809	1,021
30	^	2425	Deep Sea Cable							
31	^	2426	Intrabuilding Network Cable	71,306			(7)	71,299	40,937	30,362
32	^	2431	Aerial Wire	404,279				404,279	404,159	120
33	^	2441	Conduit Systems	1,403,007	185,458			1,588,465	747,731	840,734
34			**Totals**	174,780,689	2,896,151	1,012,862	27,614	176,691,592	137,668,111	39,023,481

^ Subaccount of the account marked with a *.

Company Name: **CenturyTel of Montana, Inc. d/b/a CenturyLink** **SCHEDULE 12**

Analysis of Plant Held for Future Use

Year:2013

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)	Book Cost of Property at End of Year (g)
1	N/A						
2							
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)**						

Company Name: **CenturyTel of Montana, Inc. d/b/a CenturyLink** **SCHEDULE 13**

Average Cost of Long Term Debt

Year:2013

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	N/A											
2												
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	**Total**											

Company Name: **CenturyTel of Montana, Inc. d/b/a CenturyLink** **SCHEDULE 14**

Cost of Preferred Stock

Year:2013

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	Preferred Stock 5% cumulative	12/50	Private	$100	$100	7,000	7,000	7,000		4,000	229	
2	authorized & outstanding, 500											
3	shares of $100 par value.											
4	(includes 460 held in treasury)											
5												
6	Serial Preferred 10% cumulative	12/71	Private	$110	$100	38,500	38,500	35,000		25,000	2,792	
7	authorized 100,000 shares of											
8	$100 par value; 1,800 shares											
9	issued.											
10	(includes 1550 held in treasury)											
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)**					45,500	45,500	42,000		29,000	3,021	

(A) No Preferred Stock transactions took place in the reporting year.

Analysis of Common Stock

Year:2013

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 High (g)	Market Price Low (h)	Price/ Earnings Ratio (i)
1	Year Ended December 31, 2012	96,000		91.61		(A)	(A)	(A)	(A)
2									
3									
4									
5									
6									
7									
8	Month by Month Data:								
9	January		381.05						
10	February		381.73						
11	March		338.88	27.03					
12	April		354.46						
13	May		349.18						
14	June		312.05	21.79					
15	July		326.07						
16	August		325.96						
17	September		291.11	24.76					
18	October		306.10						
19	November		302.80						
20	December		244.16	18.02					
21									
22									
23									

(A) Not Applicable, Common Stock not publicly traded.

Company Name: **CenturyTel of Montana, Inc. d/b/a CenturyLink**

SCHEDULE 16

Capital Stock and Funded Debt Reacquired or Retired During the Year

Year:2013

Line No.	Description of Security (a)	Call or Retirement Date (b)	Number of Shares (c)	Principal Amount (d)	Reaquisition or Retirement Cost (e)	Gain or (Loss) (f)	Retirement or Reaquisition (g)
1	N/A						
2							
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)**						

Company Name: CenturyTel of Montana, Inc. d/b/a CenturyLink

Year:2013

Total Company Expense Matrix

Line No.		Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
1	*	6110	Network Support Expense	7,591	2,280	44	18,929	-	28,845
2	^	6112	Motor Vehicle Expense	3,493	1,320	14	7,549	-	12,376
3	^	6113	Aircraft Expense	4,098	960	30	11,381	-	16,468
4	^	6114	Special Purpose Vehicles Expense						-
5	^	6115	Garage Work Equipment Expense						-
6	^	6116	Other Work Equipment Expense						-
7	*	6120	General Support Expense	112,867	36,202	87,310	786,475	-	1,022,854
8	^	6121	Land and Building Expense	33,262	11,403	86,435	402,471		533,571
9	^	6122	Furniture and Artworks Expense						-
10	^	6123	Office Equipment Expense						-
11	^	6124	General Purpose Computers Expense	79,605	24,799	875	384,004		489,283
12	*	6210	Central Office Switching Expense	664,138	223,657	1,346	742,676	-	1,631,817
13	^	6211	Analog Electronic Expense						-
14	^	6212	Digital Electronic Expense	664,138	223,657	1,346	742,676		1,631,817
15	^	6215	Electro-Mechanical Expense						-
16		6220	Operator Systems Expense						-
17	*	6230	Central Office Transmission Expense	162,892	58,349	99	131,739	-	353,078
18	^	6231	Radio Systems Expense						-
19	^	6232	Circuit Equipment Expense	162,892	58,349	99	131,739		353,078
20	*	6310	Information Origination/Termination Expense	-	-	-	-	-	-
21	^	6311	Station Apparatus Expense						-
22	^	6341	Large Private Branch Exchange Expense						-
23	^	6351	Public Telephone Terminal Equipment Exp.						-
24	^	6362	Other Terminal Equipment Expense						-
25	*	6410	Cable and Wire Facilities Expense	1,746,392	605,290	2,125,451	988,240	-	5,465,373
26	^	6411	Poles Expense	10,714	3,670	234,274	1,751		250,410
27	^	6421	Aerial Cable Expense	310,111	112,943	193	118,303		541,550
28	^	6422	Underground Cable Expense	497	151	0	100		747
29	^	6423	Buried Cable Expense	1,425,070	488,526	1,890,984	868,055		4,672,635
30	^	6424	Submarine Cable Expense						-
31	^	6425	Deep Sea Cable Expense						-
32	^	6426	Intrabuilding Network Cable Expense						-
33	^	6431	Aerial Wire Expense						-
34			**Subtotals**	2,693,880	925,777	2,214,251	2,668,028	-	8,501,936

^ Subaccount of the account marked with a *.

Company Name: CenturyTel of Montana, Inc. d/b/a CenturyLink

Year:2013

Total Company Expense Matrix

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				32		32
36		6510	Other Property Expenses	15,094	3,964	143	95,420		114,622
37	*	6530	Network Operations Expense	928,601	260,685	4,223	672,730	-	1,866,239
38	^	6531	Power Expense				139,164		139,164
39	^	6532	Network Administration Expense	278,061	74,061	1,360	206,191		559,673
40	^	6533	Testing Expense	258,849	69,104	2,098	174,689		504,741
41	^	6534	Plant Operations Expense	183,263	56,575	354	43,772		283,964
42	^	6535	Engineering Expense	208,428	60,945	411	108,913		378,697
43		6540	Access Expense				612,915		612,915
44		6561	Depreciation - Telecomm. Plant in Service				5,860,479		5,860,479
45		6562	Depreciation-Prop. for Future Telecom. Use						-
46		6563	Amortization Expense - Tangible						-
47		6564	Amortization Expense - Intangible						-
48		6565	Amortization - Other						-
49	*	6610	Marketing	739,235	194,315	920	940,161	-	1,874,631
50	^	6611	Product Management	90,564	23,304	169	185,890		299,927
51	^	6612	Sales	648,671	171,012	751	537,903		1,358,336
52	^	6613	Product Advertising				216,368		216,368
53		6621	Call Completion Services				1,556		1,556
54		6622	Number Services				145,167		145,167
55		6623	Customer Services	1,227,790	409,962	3,419	801,307		2,442,477
56		6711	Executive	48,006	11,712	89	34,860		94,667
57		6712	Planning						-
58		6721	Accounting and Finance	105,398	37,018	602	88,671		231,689
59		6722	External Relations	81,685	19,637	561	136,168		238,052
60		6723	Human Relations	45,221	10,929	799	56,412		113,361
61		6724	Information Management	245,830	86,048	2,277	553,310		887,464
62		6725	Legal	50,869	9,786	124	25,266		86,045
63		6726	Procurement	22,580	5,480	12	4,779		32,851
64		6727	Research and Development						-
65		6728	Other General and Administrative	114,162	39,771	47	298,738		452,717
66		6790	Provision for Uncollectible Notes Receivable						-
67			**Totals**	6,318,351	2,015,085	2,227,465	12,996,000	-	23,556,900

^ Subaccount of the account marked with a *.

Company Name: **CenturyTel of Montana, Inc. d/b/a CenturyLink**

Total State Expense Matrix

Year:2013

Line No.		Acct. No. (a)	Description (b)	Salaries and Wages (c)	Benefits (d)	Rents (e)	Other Expenses (f)	Clearances (g)	Total (h)
1	*	6110	Network Support Expense	NOT APPLICABLE					
2	^	6112	Motor Vehicle Expense						
3	^	6113	Aircraft Expense						
4	^	6114	Special Purpose Vehicles Expense						
5	^	6115	Garage Work Equipment Expense						
6	^	6116	Other Work Equipment Expense						
7	*	6120	General Support Expense						
8	^	6121	Land and Building Expense						
9	^	6122	Furniture and Artworks Expense						
10	^	6123	Office Equipment Expense						
11	^	6124	General Purpose Computers Expense						
12	*	6210	Central Office Switching Expense						
13	^	6211	Analog Electronic Expense						
14	^	6212	Digital Electronic Expense						
15	^	6215	Electro-Mechanical Expense						
16		6220	Operator Systems Expense						
17	*	6230	Central Office Transmission Expense						
18	^	6231	Radio Systems Expense						
19	^	6232	Circuit Equipment Expense						
20	*	6310	Information Origination/Termination Expense						
21	^	6311	Station Apparatus Expense						
22	^	6341	Large Private Branch Exchange Expense						
23	^	6351	Public Telephone Terminal Equipment Exp.						
24	^	6362	Other Terminal Equipment Expense						
25	*	6410	Cable and Wire Facilities Expense						
26	^	6411	Poles Expense						
27	^	6421	Aerial Cable Expense						
28	^	6422	Underground Cable Expense						
29	^	6423	Buried Cable Expense						
30	^	6424	Submarine Cable Expense						
31	^	6425	Deep Sea Cable Expense						
32	^	6426	Intrabuilding Network Cable Expense						
33	^	6431	Aerial Wire Expense						
34			**Subtotals**	#VALUE!					#VALUE!

^ Subaccount of the account marked with a *.

Company Name: CenturyTel of Montana, Inc. d/b/a CenturyLink

Total State Expense Matrix

Year:2013

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						
36		6510	Other Property Expenses						
37	*	6530	Network Operations Expense						
38	^	6531	Power Expense						
39	^	6532	Network Administration Expense						
40	^	6533	Testing Expense						
41	^	6534	Plant Operations Expense						
42	^	6535	Engineering Expense						
43		6540	Access Expense						
44		6561	Depreciation - Telecomm. Plant in Service						
45		6562	Depreciation-Prop. for Future Telecom. Use						
46		6563	Amortization Expense - Tangible						
47		6564	Amortization Expense - Intangible						
48		6565	Amortization - Other						
49	*	6610	Marketing						
50	^	6611	Product Management						
51	^	6612	Sales						
52	^	6613	Product Advertising						
53		6621	Call Completion Services						
54		6622	Number Services						
55		6623	Customer Services						
56		6711	Executive						
57		6712	Planning						
58		6721	Accounting and Finance						
59		6722	External Relations						
60		6723	Human Relations						
61		6724	Information Management						
62		6725	Legal						
63		6726	Procurement						
64		6727	Research and Development						
65		6728	Other General and Administrative						
66		6790	Provision for Uncollectible Notes Receivable						
67			**Totals**	#VALUE!					#VALUE!

^ Subaccount of the account marked with a *.

Pension Costs

Year: 2013

1	Plan Name			
2	Defined Benefit Plan? X	Defined Contribution Plan?		
3	Actuarial Cost Method?	IRS Code:		
4	Annual Contribution by Employer:	Is the Plan Over Funded?		
5				
	Item	Current Year	Last Year	% Change
6	**Change in Benefit Obligation**	See Note (A) Below		
7	Benefit obligation at beginning of year			
8	Service cost			
9	Interest Cost			
10	Plan participants' contributions			
11	Amendments			
12	Actuarial Gain			
13	Acquisition			
14	Benefits paid			
15	Benefit obligation at end of year			
16	**Change in Plan Assets**	See Note (A) Below		
17	Fair value of plan assets at beginning of year			
18	Actual return on plan assets			
19	Acquisition			
20	Employer contribution			
21	Plan participants' contributions			
22	Benefits paid			
23	Fair value of plan assets at end of year			
24	**Funded Status**	See Note (A) Below		
25	Unrecognized net actuarial loss			
26	Unrecognized prior service cost			
27	Prepaid (accrued) benefit cost			
28		See Note (A) Below		
29	**Weighted-average Assumptions as of Year End**			
30	Discount rate			
31	Expected return on plan assets			
32	Rate of compensation increase			
33		See Note (A) Below		
34	**Components of Net Periodic Benefit Costs**			
35	Service cost			
36	Interest cost			
37	Expected return on plan assets			
38	Amortization of prior service cost			
39	Recognized net actuarial loss			
40	Net periodic benefit cost			
41		See Note (A) Below		
42	**Montana Intrastate Costs:**			
43	Pension Costs			
44	Pension Costs Capitalized			
45	Accumulated Pension Asset (Liability) at Year End			
46	**Number of Company Employees:**			
47	Covered by the Plan	59	66	-10.61%
48	Not Covered by the Plan		1	
49	Active	59	66	-10.61%
50	Retired	58	48	20.83%
51	Deferred Vested Terminated			

(A) This information is not available on an individual basis. Information regarding the pension plan is summarized in the attached copy of Footnote 8 of CenturyLink, Inc. 2013 Form 10-K.

CTL 10-K 12/31/2013

Section 1: 10-K (10-K)

Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2013
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to
Commission File No. 001-7784

CenturyLink™

CENTURYLINK, INC.
(Exact name of registrant as specified in its charter)

Louisiana **(State or other jurisdiction of incorporation or organization)**	**72-0651161** **(I.R.S. Employer Identification No.)**
100 CenturyLink Drive, Monroe, Louisiana **(Address of principal executive offices)**	**71203** **(Zip Code)**

(318) 388-9000
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value $1.00	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: Stock Options

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein and will not be contained, to the best of

(7) Severance and Leased Real Estate

Periodically, we have reductions in our workforce and have accrued liabilities for related severance costs. These workforce reductions resulted primarily from the progression or completion of our integration plans, increased competitive pressures and reduced workload demands due to the loss of access lines.

We report severance liabilities within accrued expenses and other liabilities-salaries and benefits in our consolidated balance sheets and report severance expenses in cost of services and products and selling, general and administrative expenses in our consolidated statements of operations. We have not allocated any severance expense to our consumer, business and wholesale markets segments.

In periods prior to our acquisition of Qwest, Qwest had ceased using certain real estate that it was leasing under long-term operating leases. As of the April 1, 2011 acquisition date, we recognized liabilities to reflect our estimates of the fair values of the existing lease obligations for real estate for which we had ceased using, net of estimated sublease rentals. Our fair value estimates were determined using discounted cash flow methods. We recognize expense to reflect accretion of the discounted liabilities and periodically, we adjust the expense when our actual experience differs from our initial estimates. We report the current portion of liabilities for ceased-use real estate leases in accrued expenses and other liabilities-other and report the noncurrent portion in deferred credits and other liabilities in our consolidated balance sheets. We report the related expenses in selling, general and administrative expenses in our consolidated statements of operations. At December 31, 2013, the current and noncurrent portions of our leased real estate accrual were $17 million and $96 million, respectively. The remaining lease terms range from 0.1 to 12 years, with a weighted average of 9 years.

Changes in our accrued liabilities for severance expenses and leased real estate were as follows:

	Severance	Real Estate
	(Dollars in millions)	
Balance at December 31, 2011	$ 37	153
Accrued to expense	96	2
Payments, net	(113)	(24)
Reversals and adjustments	(3)	—
Balance at December 31, 2012	17	131
Accrued to expense	31	—
Payments, net	(31)	(16)
Reversals and adjustments	—	(2)
Balance at December 31, 2013	$ 17	113

(8) Employee Benefits

Pension, Post-Retirement and Other Post-Employment Benefits

We sponsor several defined benefit pension plans, which in the aggregate cover a substantial portion of our employees including separate plans for Legacy CenturyLink, Legacy Qwest and Legacy Embarq employees. Until such time as we elect to integrate the Qwest and Embarq benefit plans with ours, we plan to continue to operate these plans independently. Pension benefits for participants of these plans who are represented by a collective bargaining agreement are based on negotiated schedules. All other participants' pension benefits are based on each individual participant's years of service and compensation. We use a December 31 measurement date for all our plans. In addition to these tax qualified pension plans, we also maintain non-qualified pension plans for certain current and former highly compensated employees. We maintain post-retirement benefit plans that provide health care and life insurance benefits for certain eligible retirees. We also provide other post-employment benefits for eligible former employees.

Pension Benefits

In connection with the acquisition of Qwest on April 1, 2011, we assumed defined benefit pension plans sponsored by Qwest for its employees. Based on a valuation analysis, we recognized a $490 million net liability at April 1, 2011 for the unfunded status of the Qwest pension plans, reflecting projected benefit obligations of $8.3 billion in excess of the $7.8 billion fair value of plan assets.

Current funding laws require a company with a plan shortfall to fund the annual cost of benefits earned in addition to a seven-year amortization of the shortfall. Our funding policy for the pension plans is to make contributions with the objective of accumulating sufficient assets to pay all qualified pension benefits when due under the terms of the plans. The accounting unfunded status of our qualified pension plans was $995 million as of December 31, 2013.

In 2013, we made cash contributions of approximately $146 million in to our qualified pension plans and paid approximately $5 million of benefits directly to participants of our non-qualified pension plans. Based on current laws and circumstances, our required contributions to our qualified pension plans for 2014 is $123 million, and we estimate that we will pay approximately $5 million of benefits to participants of our non-qualified pension plans.

Post-Retirement Benefits

Our post-retirement health care plans provide post-retirement benefits to qualified retirees. The post-retirement health care plans we assumed as part of our acquisitions of Qwest and Embarq provide post-retirement benefits to qualified retirees and allow (i) eligible employees retiring before certain dates to receive benefits at no or reduced cost and (ii) eligible employees retiring after certain dates to receive benefits on a shared cost basis. The post-retirement health care plans are primarily funded by us and we expect to continue funding these post-retirement obligations as benefits are paid.

In connection with the acquisition of Qwest on April 1, 2011, we assumed post-retirement benefit plans sponsored by Qwest for certain of its employees. At April 1, 2011, we recognized a $2.5 billion liability for the unfunded status of Qwest's post-retirement benefit plans, reflecting estimated accumulated post-retirement benefit obligations of $3.3 billion in excess of the $762 million fair value of the plan assets.

No contributions were made to the post-retirement trusts in 2013, and we do not expect to make a contribution in 2014. However, in 2013 we paid approximately $157 million of benefits (net of participant contributions and direct subsidies) that were not payable by the trusts, and we estimate that in 2014 we will pay approximately $182 million of benefits (net of participant contributions and direct subsidies) that are not payable by the trusts.

A change of 100 basis points in the assumed initial health care cost trend rate would have had the following effects in 2013:

	100 Basis Points Change	
	Increase	**(Decrease)**
	(Dollars in millions)	
Effect on the aggregate of the service and interest cost components of net periodic post-retirement benefit expense (consolidated statement of operations)	$ 3	(3)
Effect on benefit obligation (consolidated balance sheet)	87	(80)

We expect our health care cost trend rate to decrease by 0.25% per year from 6.50% in 2014 to an ultimate rate of 4.50% in 2022. Our post-retirement health care expense, for certain eligible Legacy Qwest retirees and certain eligible Legacy CenturyLink retirees, is capped at a set dollar amount. Therefore, those health care benefit obligations are not subject to increasing health care trends after the effective date of the caps.

Expected Cash Flows

The qualified pension, non-qualified pension and post-retirement health care benefit payments and premiums and life insurance premium payments are paid by us or distributed from plan assets. The estimated benefit payments provided below are based on actuarial assumptions using the demographics of the employee and retiree populations and have been reduced by estimated participant contributions.

	Pension Plans	Post-Retirement Benefit Plans	Medicare Part D Subsidy Receipts
		(Dollars in millions)	
Estimated future benefit payments:			
2014	$ 1,036	352	(13)
2015	1,002	341	(10)
2016	990	329	(10)
2017	977	319	(10)
2018	962	308	(10)
2019 - 2023	4,559	1,369	(40)

Net Periodic Benefit Expense

The actuarial assumptions used to compute the net periodic benefit expense for our qualified pension, non-qualified pension and post-retirement benefit plans are based upon information available as of the beginning of the year, as presented in the following table.

	Pension Plans			Post-Retirement Benefit Plans		
	2013	2012	2011(1)	2013	2012	2011(2)
Actuarial assumptions at beginning of year:						
Discount rate	3.50% - 4.20%	4.25% - 5.10%	5.00% - 5.50%	3.60%	4.60% - 4.80%	5.30%
Rate of compensation increase	3.25%	3.25%	3.25%	N/A	N/A	N/A
Expected long-term rate of return on plan assets	7.50%	7.50%	7.50% - 8.00%	7.30%	6.00% - 7.50%	7.25%
Initial health care cost trend rate	N/A	N/A	N/A	6.50% - 7.00%	8.00%	8.50%
Ultimate health care cost trend rate	N/A	N/A	N/A	4.50%	5.00%	5.00%
Year ultimate trend rate is reached	N/A	N/A	N/A	2022	2018	2018

N/A-Not applicable

(1) This column does not consider Qwest's actuarial assumptions for its pension plan as of the beginning of the year due to the acquisition date of April 1, 2011. Qwest had the following actuarial assumptions as of April 1, 2011: discount rate of 5.40%; expected long-term rate of return on plan assets 7.50%; and a rate of compensation increase of 3.50%.

(2) This column does not consider Qwest's actuarial assumptions for its post-retirement benefit plan as of the beginning of the year due to the acquisition date of April 1, 2011. Qwest had the following actuarial assumptions as of April 1, 2011: discount rate of 5.30%; expected long-term rate of return on plan assets of 7.50%; initial health care cost trend rate of 7.50% and ultimate health care trend rate of 5.00% to be reached in 2016.

Net periodic pension benefit (income) expense, which includes the effects of the Qwest acquisition subsequent to April 1, 2011, included the following components:

	Pension Plans Years Ended December 31,		
	2013	2012	2011 (1)
	(Dollars in millions)		
Service cost	$ 91	87	70
Interest cost	544	625	560
Expected return on plan assets	(896)	(847)	(709)
Settlements	—	—	1
Amortization of unrecognized prior service cost	5	4	2
Amortization of unrecognized actuarial loss	84	35	13
Net periodic pension benefit (income) expense	$ (172)	(96)	(63)

(1) Includes $58 million of income related to the Qwest plans subsequent to the April 1, 2011 acquisition date.

Net periodic post-retirement benefit expense (income), which includes the effects of the Qwest acquisition subsequent to April 1, 2011, included the following components:

	Post-Retirement Plans Years Ended December 31,		
	2013	2012	2011 (1)
	(Dollars in millions)		
Service cost	$ 24	22	18
Interest cost	140	173	152
Expected return on plan assets	(39)	(45)	(41)
Amortization of unrecognized prior service cost	—	—	(2)
Amortization of unrecognized actuarial loss	4	—	—
Net periodic post-retirement benefit expense (income)	$ 129	150	127

(1) Includes $92 million related to the Qwest plans subsequent to the April 1, 2011 acquisition date.

Benefit Obligations

The actuarial assumptions used to compute the funded status for the plans are based upon information available as of December 31, 2013 and 2012 and are as follows:

	Pension Plans		Post-Retirement Benefit Plans	
	December 31,		December 31,	
	2013	2012	2013	2012
Actuarial assumptions at end of year:				
Discount rate	4.20% - 5.10%	3.25% - 4.20%	4.50%	3.60%
Rate of compensation increase	3.25%	3.25%	N/A	N/A
Initial health care cost trend rate	N/A	N/A	6.50% / 7.00%	6.75% / 7.50%
Ultimate health care cost trend rate	N/A	N/A	4.50%	4.50%
Year ultimate trend rate is reached	N/A	N/A	2022 / 2024	2022 / 2024

N/A-Not applicable

The following table summarizes the change in the benefit obligations for the pension and post-retirement benefit plans:

	Pension Plans Years Ended December 31,		
	2013	2012	2011
	(Dollars in millions)		
Change in benefit obligation			
Benefit obligation at beginning of year	$ 14,881	13,596	4,534
Service cost	91	87	70
Interest cost	544	625	560
Plan amendments	—	14	12
Acquisitions	—	—	8,267
Actuarial (gain) loss	(1,179)	1,565	930
Benefits paid by company	(5)	(5)	(16)
Benefits paid from plan assets	(931)	(1,001)	(761)
Benefit obligation at end of year	$ 13,401	14,881	13,596

	Post-Retirement Benefit Plans Years Ended December 31,		
	2013	2012	2011
	(Dollars in millions)		
Change in benefit obligation			
Benefit obligation at beginning of year	$ 4,075	3,930	558
Service cost	24	22	18
Interest cost	140	173	152
Participant contributions	96	86	64
Plan amendments	141	—	31
Acquisitions	—	—	3,284
Direct subsidy receipts	13	19	22
Actuarial (gain) loss	(399)	260	153
Benefits paid by company	(266)	(268)	(219)
Benefits paid from plan assets	(136)	(147)	(133)
Benefit obligation at end of year	$ 3,688	4,075	3,930

Our aggregate benefit obligation as of December 31, 2013, 2012 and 2011 was $17.089 billion, $18.956 billion and $17.499 billion, respectively.

Plan Assets

We maintain plan assets for our qualified pension plans and certain post-retirement benefit plans. The qualified pension plan assets are used for the payment of pension benefits and certain eligible plan expenses. The post-retirement benefit plan's assets are used to pay health care benefits and premiums on behalf of eligible retirees and to pay certain eligible plan expenses. The expected rate of return on plan assets is the long-term rate of return we expect to earn on the plans' assets. The rate of return is determined by the strategic allocation of plan assets and the long-term risk and return forecast for each asset class. The forecasts for each asset class are generated primarily from an analysis of the long-term expectations of various third party investment management organizations. The expected rate of return on plan assets is reviewed annually and revised, as necessary, to reflect changes in the financial markets and our investment strategy. The following tables summarize the change in the fair value of plan assets for the pension and post-retirement benefit plans:

	Pension Plans Years Ended December 31,		
	2013	2012	2011
	(Dollars in millions)		
Change in plan assets			
Fair value of plan assets at beginning of year	$ 12,321	11,814	3,732
Return on plan assets	810	1,476	479
Acquisitions	—	—	7,777
Employer contributions	146	32	587
Benefits paid from plan assets	(931)	(1,001)	(761)
Fair value of plan assets at end of year	$ 12,346	12,321	11,814

	Post-Retirement Benefit Plans Years Ended December 31,		
	2013	2012	2011
	(Dollars in millions)		
Change in plan assets			
Fair value of plan assets at beginning of year	$ 626	693	54
Actual gain on plan assets	45	80	4
Acquisitions	—	—	768
Benefits paid from plan assets	(136)	(147)	(133)
Fair value of plan assets at end of year	$ 535	626	693

Pension Plans: Our investment objective for the pension plan assets is to achieve an attractive risk-adjusted return over time that will provide for the payment of benefits and minimize the risk of large losses. Our pension plan investment strategy is designed to meet this objective by broadly diversifying plan assets across numerous strategies with differing expected returns, volatilities and correlations. The pension plan assets have target allocations of 55.5% to interest rate sensitive investments and 44.5% to investments designed to provide higher expected returns than the interest rate sensitive investments. Interest rate sensitive investments include 36% of plan assets targeted primarily to long-duration investment grade bonds, 13.5% targeted to high yield, emerging market bonds and convertible bonds and 6% targeted to diversified strategies, which primarily have exposures to global government, corporate and inflation-linked bonds, as well as some exposures to global stocks and commodities. Assets expected to provide higher returns than the interest rate sensitive assets include broadly diversified equity investments with targets of approximately 14% to U.S. stocks and 14% to developed and emerging market non-U.S. stocks. Approximately 11.5% is allocated to other private markets investments including funds primarily invested in private equity, private debt and hedge funds. Real estate investments are targeted at 5% of plan assets. At the beginning of 2014, our expected annual long-term rate of return on pension assets is assumed to be 7.5%.

Post-Retirement Benefit Plans: Our investment objective for the post-retirement benefit plan assets is to achieve an attractive risk-adjusted return and minimize the risk of large losses over the expected life of the assets. Investment risk is managed by broadly diversifying assets across numerous strategies with differing expected returns, volatilities and correlations. Our investment strategy is designed to be consistent with the investment objective, with particular focus on providing liquidity for the reimbursement of our union-represented employees post-retirement health care costs. The post-retirement benefit plan assets have target allocations of 37% to equities and 63% to non-equity investments. Specific target allocations within these broad categories are allowed to vary to provide liquidity in order to meet reimbursement requirements. Equity investments are broadly diversified with exposure to publicly traded U.S., non-U.S. and emerging market stocks and private equity. While no new private equity investments have been made in recent years, the percent allocation to existing private equity investments is expected to increase as liquid, publicly traded stocks are drawn down for the reimbursement of health care costs. The 63% non-equity allocation includes investment grade bonds, high yield bonds, convertible bonds, emerging market debt, real estate, hedge funds, private debt and diversified strategies. At the beginning of 2014, our expected annual long-term rate of return on post-retirement benefit plan assets is assumed to be 7.3%.

Permitted investments: Plan assets are managed consistent with the restrictions set forth by the Employee Retirement Income Security Act of 1974, as amended, which requires diversification of assets and also generally prohibits defined benefit and welfare plans from investing more than 10% of their assets in securities issued by the sponsor company. At December 31, 2013 and 2012, the pension and post-retirement benefit plans did not directly own any shares of our common stock or any of our debt.

Derivative instruments: Derivative instruments are used to reduce risk as well as provide return. The pension and post-retirement benefit plans use exchange traded futures to gain exposure to equity and Treasury markets consistent with target asset allocations. Interest rate swaps are used in the pension plans to reduce risk relative to measurement of the benefit obligation, which is sensitive to interest rate changes. Foreign exchange forward contracts are used to manage currency exposures. Credit default swaps are used to manage credit risk exposures in a cost effective and targeted manner relative to transacting with physical corporate fixed income securities. Options are currently used to manage interest rate exposure taking into account the implied volatility and current pricing of the specific underlying market instrument. Some derivative instruments subject the plans to counterparty risk. The external investment managers, along with Plan Management, monitor counterparty exposure and mitigate this risk by diversifying the exposure among multiple high credit quality counterparties, requiring collateral and limiting exposure by periodically settling contracts.

The gross notional exposure of the derivative instruments directly held by the plans is shown below. The notional amount of the derivatives corresponds to market exposure but does not represent an actual cash investment.

	Gross Notional Exposure			
	Pension Plans		Post-Retirement Benefit Plans	
	Years Ended December 31,			
	2013	2012	2013	2012
	(Dollars in millions)			
Derivative instruments:				
Exchange-traded U.S. equity futures	$ 95	302	16	30
Exchange-traded non-U.S. equity futures	—	1	—	—
Exchange-traded Treasury futures	3,011	1,763	—	—
Interest rate swaps	556	1,471	—	—
Credit default swaps	253	495	—	—
Foreign exchange forwards	938	726	29	21
Options	261	768	—	—

Fair Value Measurements: Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between independent and knowledgeable parties who are willing and able to transact for an asset or liability at the measurement date. We use valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs when determining fair value and then we rank the estimated values based on the reliability of the inputs used following the fair value hierarchy set forth by the FASB. For additional information on the fair value hierarchy, see Note 11—Fair Value Disclosure.

At December 31, 2013, we used the following valuation techniques to measure fair value for assets. There were no changes to these methodologies during 2013:

- Level 1—Assets were valued using the closing price reported in the active market in which the individual security was traded.
- Level 2—Assets were valued using quoted prices in markets that are not active, broker dealer quotations, net asset value of shares held by the plans and other methods by which all significant input were observable at the measurement date.
- Level 3—Assets were valued using unobservable inputs in which little or no market data exists as reported by the respective institutions at the measurement date.

The tables below presents the fair value of plan assets by category and the input levels used to determine those fair values at December 31, 2013. It is important to note that the asset allocations do not include market exposures that are gained with derivatives.

	Fair Value of Pension Plan Assets at December 31, 2013			
	Level 1	Level 2	Level 3	Total
	(Dollars in millions)			
Investment grade bonds (a)	$ 813	1,504	—	$ 2,317
High yield bonds (b)	—	1,265	26	1,291
Emerging market bonds (c)	196	367	—	563
Convertible bonds (d)	—	389	—	389
Diversified strategies (e)	—	723	—	723
U.S. stocks (f)	1,408	92	—	1,500
Non-U.S. stocks (g)	1,159	299	—	1,458
Emerging market stocks (h)	—	110	—	110
Private equity (i)	—	—	721	721
Private debt (j)	—	—	436	436
Market neutral hedge funds (k)	—	867	99	966
Directional hedge funds (k)	—	582	32	614
Real estate (l)	—	306	265	571
Derivatives (m)	—	(34)	—	(34)
Cash equivalents and short-term investments (n)	—	721	—	721
Total investments	$ 3,576	7,191	1,579	12,346
Accrued expenses				—
Total pension plan assets				$ 12,346

	Fair Value of Post-Retirement Plan Assets at December 31, 2013			
	Level 1	Level 2	Level 3	Total
	(Dollars in millions)			
Investment grade bonds (a)	$ 21	56	—	$ 77
High yield bonds (b)	—	56	—	56
Emerging market bonds (c)	—	37	—	37
Diversified strategies (e)	—	86	—	86
U.S. stocks (f)	56	—	—	56
Non-U.S. stocks (g)	58	—	—	58
Emerging market stocks (h)	—	12	—	12
Private equity (i)	—	—	40	40
Private debt (j)	—	—	5	5
Market neutral hedge funds (k)	—	35	—	35
Directional hedge funds (k)	—	14	—	14
Real estate (l)	—	22	12	34
Cash equivalents and short-term investments (n)	—	24	—	24
Total investments	$ 135	342	57	534
Contribution Receivable				1
Total post-retirement plan assets				$ 535

The tables below presents the fair value of plan assets by category and the input levels used to determine those fair values at December 31, 2012. It is important to note that the asset allocations do not include market exposures that are gained with derivatives. Investments include dividend and interest receivable, pending trades, trades payable and accrued expenses.

	Fair Value of Pension Plan Assets at December 31, 2012			
	Level 1	Level 2	Level 3	Total
	(Dollars in millions)			
Investment grade bonds (a)	$ 830	1,555	—	$ 2,385
High yield bonds (b)	—	1,303	59	1,362
Emerging market bonds (c)	199	396	—	595
Convertible bonds (d)	—	374	—	374
Diversified strategies (e)	—	655	—	655
U.S. stocks (f)	1,225	119	—	1,344
Non-U.S. stocks (g)	1,212	178	—	1,390
Emerging market stocks (h)	111	193	—	304
Private equity (i)	—	—	711	711
Private debt (j)	—	—	465	465
Market neutral hedge funds (k)	—	906	—	906
Directional hedge funds (k)	—	340	194	534
Real estate (l)	—	223	337	560
Derivatives (m)	(5)	3	—	(2)
Cash equivalents and short-term investments (n)	—	750	—	750
Total investments	$ 3,572	6,995	1,766	12,333
Accrued expenses				(12)
Total pension plan assets				$ 12,321

	Fair Value of Post-Retirement Plan Assets at December 31, 2012			
	Level 1	Level 2	Level 3	Total
	(Dollars in millions)			
Investment grade bonds (a)	$ 22	86	—	$ 108
High yield bonds (b)	—	90	—	90
Emerging market bonds (c)	—	40	—	40
Convertible bonds (d)	—	2	—	2
Diversified strategies (e)	—	72	—	72
U.S. stocks (f)	55	—	—	55
Non-U.S. stocks (g)	58	1	—	59
Emerging market stocks (h)	—	20	—	20
Private equity (i)	—	—	45	45
Private debt (j)	—	—	6	6
Market neutral hedge funds (k)	—	41	—	41
Directional hedge funds (k)	—	24	—	24
Real estate (l)	—	21	28	49
Cash equivalents and short-term investments (n)	5	21	—	26
Total investments	$ 140	418	79	637
Accrued expenses				(1)
Reimbursement accrual				(10)
Total post-retirement plan assets				$ 626

The plans' assets are invested in various asset categories utilizing multiple strategies and investment managers. For several of the investments in the tables above and discussed below, the plans own units in commingled funds and limited partnerships that invest in various types of assets. Interests in commingled funds are valued using the net asset value ("NAV") per unit of each fund. The NAV reported by the fund manager is based on the market value of the underlying investments owned by each fund, minus its liabilities, divided by the number of shares outstanding. Commingled funds held by the plans that can be redeemed at NAV within a year of the financial statement date are generally classified as Level 2. Investments in limited partnerships represent long-term commitments with a fixed maturity date, typically ten years. Valuation inputs for these limited partnership interests are generally based on assumptions and other information not observable in the market and are classified as Level 3 investments. The assumptions and valuation methodologies of the pricing vendors, account managers, fund managers and partnerships are monitored and evaluated for reasonableness. Below is an overview of the asset categories, the underlying strategies and valuation inputs used to value the assets in the preceding tables:

(a) *Investment grade bonds* represent investments in fixed income securities as well as commingled bond funds comprised of U.S. Treasury securities, agencies, corporate bonds, mortgage-backed securities, asset-backed securities and commercial mortgage-backed securities. Treasury securities are valued at the bid price reported in the active market in which the security is traded and are classified as Level 1. The valuation inputs of other investment grade bonds primarily utilize observable market information and are based on a spread to U.S. Treasury securities and consider yields available on comparable securities of issuers with similar credit ratings. The primary observable inputs include references to the new issue market for similar securities, the secondary trading markets and dealer quotes. Option adjusted spread models are utilized to evaluate securities such as asset backed securities that have early redemption features. These securities are classified as Level 2. The commingled funds are valued at NAV based on the market value of the underlying fixed income securities using the same valuation inputs described above. The commingled funds can be redeemed at NAV within a year of the financial statement date and are classified as Level 2.

(b) *High yield bonds* represent investments in below investment grade fixed income securities as well as commingled high yield bond funds. The valuation inputs for the securities primarily utilize observable market information and are based on a spread to U.S. Treasury securities and consider yields available on comparable securities of issuers with similar credit ratings. These securities are classified as Level 2. The commingled funds are valued at NAV based on the market value of the underlying high yield instruments using the same valuation inputs described above. Commingled funds that can be redeemed at NAV within a year of the financial statement date are classified as Level 2. Commingled funds that cannot be redeemed at NAV or that cannot be redeemed at NAV within a year of the financial statement date are classified as Level 3.

(c) *Emerging market bonds* represent investments in securities issued by governments and other entities located in developing countries as well as registered mutual funds and commingled emerging market bond funds. The valuation inputs for the securities utilize observable market information and are primarily based on dealer quotes or a spread relative to the local government bonds. These securities are classified as Level 2. The commingled funds are valued at NAV based on the market value of the underlying emerging market bonds using the same valuation inputs described above. The commingled funds can be redeemed at NAV within a year of the financial statement date and are classified as Level 2. The registered mutual funds trade at the daily NAV, as determined by the market value of the underlying investments, and are classified as Level 1.

(d) *Convertible bonds* primarily represent investments in corporate debt securities that have features that allow the debt to be converted into equity securities under certain circumstances. The valuation inputs for the individual convertible bonds primarily utilize observable market information including a spread to U.S. Treasuries and the value and volatility of the underlying equity security. Convertible bonds are classified as Level 2.

(e) *Diversified strategies* represent an investment in a commingled fund that primarily has exposures to global government, corporate and inflation linked bonds, global stocks and commodities. The commingled fund is valued at NAV based on the market value of the underlying investments. The valuation inputs utilize observable market information including published prices for exchange traded securities, bid prices for government bonds, and spreads and yields available for comparable fixed income securities with similar credit ratings. This fund can be redeemed at NAV within a year of the financial statement date and is classified as Level 2.

(f) *U.S. stocks* represent investments in stocks of U.S. based companies as well as commingled U.S. stock funds. The valuation inputs for U.S. stocks are based on the last published price reported on the major stock market on which the securities are traded and are classified as Level 1. The commingled funds are valued at NAV based on the market value of the underlying investments using the same valuation inputs described above. These commingled funds can be redeemed at NAV within a year of the financial statement date and are classified as Level 2.

(g) *Non-U.S. stocks* represent investments in stocks of companies based in developed countries outside the U.S. as well as commingled funds. The valuation inputs for non-U.S. stocks are based on the last published price reported on the major stock market on which the securities are traded and are classified as Level 1. The commingled funds are valued at NAV based on the market value of the underlying investments using the same valuation inputs described above. These commingled funds can be redeemed at NAV within a year of the financial statement date and are classified as Level 2.

(h) *Emerging market stocks* represent investments in a registered mutual fund and commingled funds comprised of stocks of companies located in developing markets. Registered mutual funds trade at the daily NAV, as determined by the market value of the underlying investments, and are classified as Level 1. The commingled funds are valued at NAV based on the market value of the underlying investments using the same valuation inputs described previously for individual stocks. These commingled funds can be redeemed at NAV within a year of the financial statement date and are classified as Level 2.

(i) *Private equity* represents non-public investments in domestic and foreign buy out and venture capital funds. Private equity funds are structured as limited partnerships and are valued according to the valuation policy of each partnership, subject to prevailing accounting and other regulatory guidelines. The partnerships use valuation methodologies that give consideration to a range of factors, including but not limited to the price at which investments were acquired, the nature of the investments, market conditions, trading values on comparable public securities, current and projected operating performance, and financing transactions subsequent to the acquisition of the investments. These valuation methodologies involve a significant degree of judgment. Private equity investments are classified as Level 3.

(j) *Private debt* represents non-public investments in distressed or mezzanine debt funds. Mezzanine debt instruments are debt instruments that are subordinated to other debt issues and may include embedded equity instruments such as warrants. Private debt funds are structured as limited partnerships and are valued according to the valuation policy of each partnership, subject to prevailing accounting and other regulatory guidelines. The valuation of underlying fund investments are based on factors including the issuer's current and projected credit worthiness, the security's terms, reference to the securities of comparable companies, and other market factors. These valuation methodologies involve a significant degree of judgment. Private debt investments are classified as Level 3.

(k) *Market neutral hedge funds* hold investments in a diversified mix of instruments that are intended in combination to exhibit low correlations to market fluctuations. These investments are typically combined with futures to achieve uncorrelated excess returns over various markets. *Directional hedge funds*—This asset category represents investments that may exhibit somewhat higher correlations to market fluctuations than the market neutral hedge funds. Investments in hedge funds include both direct investments and investments in diversified funds of funds. Hedge Funds are valued at NAV based on the market value of the underlying investments which include publicly traded equity and fixed income securities and privately negotiated debt securities. The hedge funds are valued by third party administrators using the same valuation inputs previously described. Hedge funds that can be redeemed at NAV within a year of the financial statement date are classified as Level 2. Hedge fund investments that cannot be redeemed at NAV or that cannot be redeemed at NAV within a year of the financial statement date are classified as Level 3.

(l) *Real estate* represents investments in commingled funds and limited partnerships that invest in a diversified portfolio of real estate properties. These investments are valued at NAV according to the valuation policy of each fund or partnership, subject to prevailing accounting and other regulatory guidelines. The valuation inputs of the underlying properties are generally based on third-party appraisals that use comparable sales or a projection of future cash flows to determine fair value. Real estate investments that can be redeemed at NAV within a year of the financial statement date are classified as Level 2. Real estate investments that cannot be redeemed at NAV or that cannot be redeemed at NAV within a year of the financial statement date are classified as Level 3.

(m) *Derivatives* include the market value of exchange traded futures contracts which are classified as Level 1, as well as privately negotiated over-the-counter swaps and options that are valued based on the change in interest rates or a specific market index and classified as Level 2. The market values represent gains or losses that occur due to fluctuations in interest rates, foreign currency exchange rates, security prices, or other factors.

(n) *Cash equivalents and short-term investments* represent investments that are used in conjunction with derivatives positions or are used to provide liquidity for the payment of benefits or other purposes. U.S. Treasury Bills are valued at the bid price reported in the active market in which the security is traded and are classified as Level 1. The valuation inputs of other securities are based on a spread to U.S. Treasury Bills, the Federal Funds Rate, or London Interbank Offered Rate and consider yields available on comparable securities of issuers with similar credit ratings and are classified as Level 2. The commingled funds are valued at NAV based on the market value of the underlying investments using the same valuation inputs described above. These commingled funds can be redeemed at NAV within a year of the financial statement date and are classified as Level 2.

Concentrations of Risk: Investments, in general, are exposed to various risks, such as significant world events, interest rate, credit, foreign currency and overall market volatility risk. These risks are managed by broadly diversifying assets across numerous asset classes and strategies with differing expected returns, volatilities and correlations. Risk is also broadly diversified across numerous market sectors and individual companies. Financial instruments that potentially subject the plans to concentrations of counterparty risk consist principally of investment contracts with high quality financial institutions. These investment contracts are typically collateralized obligations and/or are actively managed, limiting the amount of counterparty exposure to any one financial institution. Although the investments are well diversified, the value of plan assets could change materially depending upon the overall market volatility, which could affect the funded status of the plans.

The table below presents a rollforward of the pension plan assets valued using Level 3 inputs:

	Pension Plan Assets Valued Using Level 3 Inputs						
	High Yield Bonds	Private Equity	Private Debt	Market Neutral Hedge Fund	Directional Hedge Funds	Real Estate	Total
	(Dollars in millions)						
Balance at December 31, 2011	$ 79	791	461	188	183	535	2,237
Net transfers	(12)	—	—	(188)	—	(105)	(305)
Acquisitions	1	70	120	—	—	18	209
Dispositions	(11)	(109)	(102)	—	—	(121)	(343)
Actual return on plan assets:							
Gains relating to assets sold during the year	—	3	1	—	—	—	4
Gains (losses) relating to assets still held at year-end	2	(44)	(15)	—	11	10	(36)
Balance at December 31, 2012	59	711	465	—	194	337	1,766
Net transfers	—	—	—	—	(165)	—	(165)
Acquisitions	5	82	71	100	—	9	267
Dispositions	(43)	(179)	(144)	—	(1)	(97)	(464)
Actual return on plan assets:							
Gains relating to assets sold during the year	12	68	18	—	—	11	109
(Losses) gains relating to assets still held at year-end	(7)	39	26	(1)	4	5	66
Balance at December 31, 2013	$ 26	721	436	99	32	265	1,579

The table below presents a rollforward of the post-retirement plan assets valued using Level 3 inputs:

	Post-Retirement Plan Assets Valued Using Level 3 Inputs			
	Private Equity	Private Debt	Real Estate	Total
	(Dollars in millions)			
Balance at December 31, 2011	$ 60	8	26	94
Acquisitions	1	—	—	1
Dispositions	(15)	(3)	(1)	(19)
Actual return on plan assets:				
Gains (losses) relating to assets sold during the year	4	2	(1)	5
(Losses) gains relating to assets still held at year-end	(5)	(1)	4	(2)
Balance at December 31, 2012	45	6	28	79
Acquisitions	1	—	—	1
Dispositions	(11)	(1)	(18)	(30)
Actual return on plan assets:				
Gains (losses) relating to assets sold during the year	4	—	(1)	3
Gains relating to assets still held at year-end	1	—	3	4
Balance at December 31, 2013	$ 40	5	12	57

Certain gains and losses are allocated between assets sold during the year and assets still held at year-end based on transactions and changes in valuations that occurred during the year. These allocations also impact our calculation of net acquisitions and dispositions.

For the year ended December 31, 2013, the investment program produced actual gains on qualified pension and post-retirement plan assets of $855 million as compared to the expected returns of $935 million for a difference of $80 million. For the year ended December 31, 2012, the investment program produced actual gains on pension and post-retirement plan assets of $1.556 billion as compared to the expected returns of $892 million for a difference of $664 million. The short-term annual returns on plan assets will almost always be different from the expected long-term returns and the plans could experience net gains or losses, due primarily to the volatility occurring in the financial markets during any given year.

Unfunded Status

The following table presents the unfunded status of the pensions and post-retirement benefit plans:

	Pension Plans		Post-Retirement Benefit Plans	
	Years Ended December 31,		Years Ended December 31,	
	2013	2012	2013	2012
	(Dollars in millions)			
Benefit obligation	$ (13,401)	(14,881)	(3,688)	(4,075)
Fair value of plan assets	12,346	12,321	535	626
Unfunded status	(1,055)	(2,560)	(3,153)	(3,449)
Current portion of unfunded status	$ (5)	(6)	(154)	(160)
Non-current portion of unfunded status	$ (1,050)	(2,554)	(2,999)	(3,289)

The current portion of our post-retirement benefit obligations is recorded on our consolidated balance sheets in accrued expenses and other current liabilities-salaries and benefits.

Accumulated Other Comprehensive Loss-Recognition and Deferrals

The following tables present cumulative items not recognized as a component of net periodic benefits expense as of December 31, 2012, items recognized as a component of net periodic benefits expense in 2013, additional items deferred during 2013 and cumulative items not recognized as a component of net periodic benefits expense as of December 31, 2013. The items not recognized as a component of net periodic benefits expense have been recorded on our consolidated balance sheets in accumulated other comprehensive loss:

	As of and for the Years Ended December 31,				
	2012	Recognition of Net Periodic Benefits Expense	Deferrals	Net Change in AOCI	2013
	(Dollars in millions)				
Accumulated other comprehensive loss:					
Pension plans:					
Net actuarial (loss) gain	$ (2,236)	84	1,094	1,178	(1,058)
Prior service (cost) benefit	(38)	5	—	5	(33)
Deferred income tax benefit (expense)	875	(34)	(419)	(453)	422
Total pension plans	(1,399)	55	675	730	(669)
Post-retirement benefit plans:					
Net actuarial (loss) gain	(446)	4	405	409	(37)
Prior service (cost) benefit	(22)	—	(141)	(141)	(163)
Deferred income tax benefit (expense)	179	(1)	(100)	(101)	78
Total post-retirement benefit plans	(289)	3	164	167	(122)
Total accumulated other comprehensive loss	$ (1,688)	58	839	897	(791)

The following table presents estimated items to be recognized in 2014 as a component of net periodic benefit expense of the pension, non-qualified pension and post-retirement benefit plans:

		Pension Plans	Post-Retirement Plans
		(Dollars in millions)	
Estimated recognition of net periodic benefit expense in 2014:			
Net actuarial loss	$	(17)	—
Prior service cost		(5)	(17)
Deferred income tax benefit		8	6
Estimated net periodic benefit expense to be recorded in 2014 as a component of other comprehensive income (loss)	$	(14)	(11)

Medicare Prescription Drug, Improvement and Modernization Act of 2003

We sponsor post-retirement health care plans with several benefit options that provide prescription drug benefits that we deem actuarially equivalent to or exceeding Medicare Part D. We recognize the impact of the federal subsidy received under the Medicare Prescription Drug, Improvement and Modernization Act of 2003 in the calculation of our post-retirement benefit obligation and net periodic post-retirement benefit expense.

Other Benefit Plans

Health Care and Life Insurance

We provide health care and life insurance benefits to essentially all of our active employees. We are largely self-funded for the cost of the health care plan. Our health care benefit expenses for current employees was $362 million, $360 million and $377 million for the years ended December 31, 2013, 2012 and 2011, respectively. Union-represented employee benefits are based on negotiated collective bargaining agreements. Employees contributed $117 million, $113 million and $90 million for the years ended December 31, 2013, 2012 and 2011, respectively. Our group life insurance plans are fully insured and the premiums are paid by us.

401(k) Plan

We sponsor qualified defined contribution benefit plans covering substantially all of our employees. Under these plans, employees may contribute a percentage of their annual compensation up to certain maximums, as defined by the plans and by the Internal Revenue Service ("IRS"). Currently, we match a percentage of employee contributions in cash. At December 31, 2013 and December 31, 2012, the assets of the plans included approximately 9 million and 10 million shares of our common stock, respectively, as a result of the combination of previous employer match and participant directed contributions. We recognized expenses related to these plans of $89 million, $76 million and $70 million and for the years ended December 31, 2013, 2012 and 2011, respectively.

Deferred Compensation Plans

We sponsored non-qualified unfunded deferred compensation plans for various groups that included certain of our current and former highly compensated employees. The value of assets and liabilities related to these plans was not significant.

(9) Share-based Compensation

We maintain equity programs that allow our Board of Directors (through its Compensation Committee or our Chief Executive Officer as its delegate) to grant incentives to certain employees and our outside directors in any one or a combination of several forms, including incentive and non-qualified stock options, stock appreciation rights, restricted stock awards, restricted stock units and market and performance shares. Stock options generally expire ten years from the date of grant. We also offer an ESPP, which allows eligible employees to purchase our common stock at a 15% discount based on the lower of the beginning or ending stock price during recurring six month offering periods.

Company Name: CenturyTel of Montana, Inc. d/b/a CenturyLink

Other Post Employment Benefits (OPEBS)

Year: 2013

	Item	Current Year	Last Year	% Change
1	**Regulatory Treatment:**			
2	Commission authorized - most recent			
3	Docket number: ____________			
4	Order number: ____________			
5	Amount recovered through rates			
6	**Weighted-average Assumptions as of Year End**			
7	Discount rate			
8	Expected return on plan assets			
9	Medical Cost Inflation Rate			
10	Actuarial Cost Method			
11	Rate of compensation increase			
12	**List each method used to fund OPEBs (ie: VEBA, 401(h)) and if tax advantaged:**			
13				
14				
15	**Describe any Changes to the Benefit Plan:**			
16				
17	TOTAL COMPANY			
18	**Change in Benefit Obligation**			
19	Benefit obligation at beginning of year			
20	Service cost			
21	Interest Cost			
22	Plan participants' contributions			
23	Amendments			
24	Actuarial Gain			
25	Acquisition			
26	Benefits paid			
27	Benefit obligation at end of year			
28	**Change in Plan Assets**			
29	Fair value of plan assets at beginning of year			
30	Actual return on plan assets			
31	Acquisition			
32	Employer contribution			
33	Plan participants' contributions			
34	Benefits paid			
35	Fair value of plan assets at end of year			
36	**Funded Status**			
37	Unrecognized net actuarial loss			
38	Unrecognized prior service cost			
39	Prepaid (accrued) benefit cost			
40	**Components of Net Periodic Benefit Costs**			
41	Service cost			
42	Interest cost			
43	Expected return on plan assets			
44	Amortization of prior service cost			
45	Recognized net actuarial loss			
46	Net periodic benefit cost	97,153	271,556	-64.22%
47	**Accumulated Post Retirement Benefit Obligation**			
48	Amount Funded through VEBA			
49	Amount Funded through 401(h)			
50	Amount Funded through Other ________________			
51	TOTAL			
52	Amount that was tax deductible - VEBA			
53	Amount that was tax deductible - 401(h)			
54	Amount that was tax deductible - Other __________			
55	TOTAL			

(A) The actuary provides information on a total plan basis only. Information regarding the OPEB plan is included in the attached copy of Footnote 8 of the CenturyTel, Inc. 2013 Form 10-K behind Schedule 19.

Company Name: CenturyTel of Montana, Inc. d/b/a CenturyLink **SCHEDULE 20**

Other Post Employment Benefits (OPEBS) Continued

Year: 2013

	Item	Current Year	Last Year	% Change
1	**Number of Company Employees:**			
2	Covered by the Plan	78	71	9.86%
3	Not Covered by the Plan	4	1	
4	Active	71	67	5.97%
5	Retired	11	5	120.00%
6	Spouses/Dependants covered by the Plan	49	53	-7.55%
7	**Montana**			
8	**Change in Benefit Obligation**			
9	Benefit obligation at beginning of year			
10	Service cost			
11	Interest Cost			
12	Plan participants' contributions			
13	Amendments			
14	Actuarial Gain			
15	Acquisition			
16	Benefits paid			
17	Benefit obligation at end of year			
18	**Change in Plan Assets**			
19	Fair value of plan assets at beginning of year			
20	Actual return on plan assets			
21	Acquisition			
22	Employer contribution			
23	Plan participants' contributions			
24	Benefits paid			
25	Fair value of plan assets at end of year			
26	**Funded Status**			
27	Unrecognized net actuarial loss			
28	Unrecognized prior service cost			
29	Prepaid (accrued) benefit cost			
30	**Components of Net Periodic Benefit Cccosts**			
31	Service cost			
32	Interest cost			
33	Expected return on plan assets			
34	Amortization of prior service cost			
35	Recognized net actuarial loss			
36	Net periodic benefit cost			
37	**Accumulated Post Retirement Benefit Obligation**			
38	Amount Funded through VEBA			
39	Amount Funded through 401(h)			
40	Amount Funded through other ____________			
41	TOTAL			
42	Amount that was tax deductible - VEBA			
43	Amount that was tax deductible - 401(h)			
44	Amount that was tax deductible - Other			
45	TOTAL			
46	**Montana Intrastate Costs:**			
47	Pension Costs			
48	Pension Costs Capitalized			
49	Accumulated Pension Asset (Liability) at Year End			
50	**Number of Montana Employees:**			
51	Covered by the Plan			
52	Not Covered by the Plan			
53	Active			
54	Retired			
55	Spouses/Dependants covered by the Plan			

(A) The actuary provides information on a total plan basis only. Information regarding the OPEB plan is included in the attached copy of Footnote 8 of the CenturyTel, Inc. 2013 Form 10-K behind Schedule 19.

Company Name: CenturyTel of Montana, Inc. d/b/a CenturyLink

Payments for Services to Persons Other Than Employees

Year: 2013

Line No.	Name of Recipient (a)	Nature of Service (b)	Total Company Cost (c)	Total State Cost (d)	Intrastate Cost (e)
1	Flathead Janitorial, Inc.	Janitorial Services	74,785	74,785	48,597
2	Montana Dept. of Revenue	Public Service Reg. Fee and	40,279	40,279	40,279
3		Consumer Council Fee			
4	Montana One Call Center	Locating & Utility Services	38,317	38,317	27,999
5	One Call Locators, Ltd.	Locating & Utility Services	193,140	193,140	141,134
6	Johnson Controls, Inc.	Bldg. Maintenance- Heat & A/C	77,325	77,325	50,247
7	Rocky Mountain Contractors	C & W Maintenance	1,782,471	1,782,471	1,302,505
8	Vision Net Inc.	Warrantee & Switching Services	182,254	182,254	98,331
9	The Berry Company	Directory Services	106,350	106,350	74,709
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					
44					
45					
46					
47					
48					
49	**Total**		2,494,920	2,494,920	1,783,801

Subscriber Line Usage Data

Year: 2013

Line No.	Description (a)	This Year (b)	% of Total (c)	Last Year (d)	% of Total (e)
1	Toll Usage:				
2	Interstate, InterLATA	95,183,652	80.97%	110,856,708	82.38%
3	Interstate, IntraLATA	1,092	0.00%	1,169	0.00%
4	**Total Interstate Usage**	95,184,744	80.97%	110,857,877	82.38%
5	Intrastate, InterLATA	7,100,861	6.04%	8,496,058	6.31%
6	Intrastate, IntraLATA	15,274,631	12.99%	15,209,254	11.30%
7	**Total Intrastate Usage**	22,375,492	19.03%	23,705,312	17.62%
8	**Total Toll Usage**	117,560,236	100.00%	134,563,189	100.00%
9	Centrex				
10	Local				
11	**Total Minutes**	117,560,236	100.00%	134,563,189	100.00%

Company Name: CenturyTel of Montana, Inc. d/b/a CenturyLink

SCHEDULE 23

Cental Office and Access Line Statistics

Year: 2013

Line No.	Wire Center (a)	Type of Office (b)	Residential (c)	ISDN (d)	ADSL (e)	Lifeline Customers (f)	Residential 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	*Big Fork*	*Digital*	*2,280*			*109*		*172*	*269*			*240*		2,961
2	*Columbia Falls*	*Digital*	*2,396*	*10*		*334*		*147*	*324*			*630*		3,507
3	*Elmo*	*Digital*	*531*			*61*		*17*	*19*			*5*		572
4	*Finley Point*	*Digital*	*249*			*44*		*6*	*9*			*1*		265
5	*Hungry Horse*	*Digital*	*767*			*168*		*55*	*62*			*31*		915
6	*Kalispell*	*Digital*	*11,319*	*291*		*2,435*		*930*	*2,429*			*3,161*		18,130
7	*Lakeside*	*Digital*	*773*			*51*		*41*	*72*			*52*		938
8	*Marion*	*Digital*	*333*			*43*		*13*	*16*			*9*		371
9	*McGregor Lake*	*Digital*	*125*			*12*		*7*	*16*			*12*		160
10	*Olney*	*Digital*	*120*			*12*		*10*	*11*			*11*		152
11	*Polson*	*Digital*	*2,044*	*20*		*656*		*162*	*451*			*572*		3,249
12	*Somers*	*Digital*	*479*			*33*		*30*	*26*			*36*		571
13	*Swan Lake*	*Digital*	*149*					*7*	*5*			*1*		162
14	*Whitefish*	*Digital*	*3,394*	*42*		*556*		*249*	*619*			*994*		5,298
15	*Yellow Bay*	*Digital*	*202*					*6*	*5*			*5*		218
16														
17														
18														
19														
20														
21														
22														
23														
24														
25														
26														
27														
28														
29														
30														
31														
32														
33	**Total**		25,161	363		4,514		1,852	4,333			5,760		37,469

NOTE: Additional blank schedules are being provided for your convenience.

Central Office and Switch Information

Year: 2013

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	Bigfork	Remote	Digital	NORTEL	DUAL RSC	4,252	1985
2	Columbia Falls	Remote	Digital	NORTEL	DUAL RSC	4,399	1988
3	Elmo	Remote	Digital	NORTEL	RLCM	445	1990
4	Finley Point	Remote	Digital	NORTEL	RLCM	508	1990
5	Hungry Horse	Remote	Digital	NORTEL	RSC	1,553	1989
6	Kalispell	Host	Digital	NORTEL	DMS100	26,738	1981
7	Lakeside	Remote	Digital	NORTEL	RSC	1,383	1990
8	Marion(MT)	Remote	Digital	ALCATEL	LITESPAN 2000	478	1999
9	McGregor Lake	Remote	Digital	NORTEL	RLCM	248	1995
10	Olney	Remote	Digital	ALCATEL	LITESPAN 2000	225	1999
11	Polson	Remote	Digital	NORTEL	DUAL RSCS	4,276	1993
12	Somers	Remote	Digital	NORTEL	RSC	854	1995
13	Swan Lake	Remote	Digital	ALCATEL	LITESPAN 2000	313	1999
14	Whitefish	Remote	Digital	NORTEL	DUAL RSCS	7,113	1994
15	Yellow Bay	Remote	Digital	NORTEL	RLCM	496	1989
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							
44							
45							
46							
47							
48							

NOTE: Additional blank schedules are being provided for your convenience.

Construction Budget - Montana

Year: 2014

Line No.	Description (a)	2014 (b)
1	**Central Office Assets:**	
2		
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	Total Switching and Central Office Projects over $500,000	
28	Miscellaneous Central Office Projects not over $500,000	398,378
29	**Total Central Office Budget (Total of Line 27 & Line 28)**	398,378
30	**Other Projects over $500,000:**	
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41	Total Other Projects over $500,000	
42	Miscellaneous projects not over $500,000	1,863,462
43	**Total Construction Budget (Total of Lines 29, 41 & 42)**	2,261,840

Montana Total State Construction Expenditures

Line No.	FCC Part 32 Account No. (a)	Description (b)	This Year (c)	Last Year (d)	Percent Change (e)
1	2110	General Support Assets	-	-	
2	2210	Central Office Assets	**7,977**	**28,891**	-72.39%
3	2220	Operator Systems			
4	2230	Central Office Transmission	**952,897**	**1,682,835**	-43.38%
5	2310	Information/Termination Assets			
6	2410	Cable and Wire Facilities Assets	**1,667,478**	**888,536**	87.67%
7	2680	Amortizable Tangible Assets			
8	2690	Intangibles			
9		**Total Construction Expenditures**	**2,628,351**	**2,600,262**	1.08%

Montana Employee Counts

Year: 2013

Line No.	Category (a)	Beginning of Year (b)	End of Year (c)
1	Vice President and Managers	3	3
2	Supervisors & Superintendants	6	6
3	Comm. Technicians	9	9
4	Plant Technicians	19	19
5	Cable Technicians	5	5
6	Engineers/Drafting	6	6
7	Facility & Test Board Technicians	1	1
8	Special Apparatus Technicians		
9	Commercial & General	12	12
10	Secretaries	2	2
11	LAN Administrator	1	1
12	Plant Support Technicans	6	6
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)**	70	70

Compensation of Top 10 Montana Based Employees

Year: 2013

Line No.	Name/Title (a)	Base Salary (b)	Bonuses (c)	Other Compensation (d)	Total Compensation (e)	Total Compensation Last Year (f)	% Increase Total Compensation (g)
1	In order to protect the privacy interests of the company's employees, this schedule has historically been submitted as confidential and subject to protective order. In the past the company has submitted the information on Schedule 27 under separate cover subject to the protective order currently in place. According to Docket Number N2011.3.27 (Waiver of Annual Report Salary Schedule Filing), the company is not required to provide this schedule.						
2							
3							
4							
5							
6							
7							
8							
9							
10							
11	**Totals (Sum L.1 to L.10)**						

Compensation of Top 5 Corporate Employees - SEC Information

Line No.	Name/Title (a)	Base Salary (b)	Bonuses (c)	Other Compensation (d)	Total Compensation (e)	Total Compensation Last Year (f)	% Increase Total Compensation (g)
1							
	Note: CenturyTel of Montana, Inc. does not submit SEC information. See Schedule 27, Compensation of Top 10 Montana based employees.						
2							
3							
4							
5							
6	**Totals (Sum L.1 to L.5)**						

Montana Composite Statistics

Year: 2013

Line No.	Account No.	Description (a)	Amount (b)
1		**Plant (Intrastate Only) (000 Omitted)**	
2	2001	Plant in Service	111,734
3	2003 - 2004	Construction Work in Progress	409
4	2005	Plant Acquisition Adjustments	
5	2002	Plant Held for Future Use	
6	1220	Materials & Supplies	1
7		(Less):	
8	3100 - 3400	Depreciation & Amortization Reserves	(84,046)
9	4360.2	Contributions in Aid of Construction	
10		**NET BOOK COSTS**	28,098
11		**Revenues & Expenses (Intrastate Only) (000 Omitted)**	
12	5000 - 5300	Operating Revenues	19,853
13	6560	Depreciation & Amortization Expenses	3,513
14		Federal & State Income Taxes	1,359
15		Other Taxes	1,331
16		Other Operating Expenses	11,582
17		TOTAL Operating Expenses	17,785
18		Net Operating Income	2,068
19		Other Income	
20		Other Deductions	
21		**NET INCOME**	2,068
22		**Access Lines in Service (Intrastate Only)**	
23		Residential Access Lines	25,161
24		Business Access Lines	6,185
25		PBX Access Lines	1,723
26		Other Access Lines	4,400
27		**Total Number of Access Lines**	37,469
28		**Average Number of Calls Per Access Line**	
29		Local Calls	N/A
30		Toll Calls (Intra- or Interstate)	117,560,236
31		**Total Number of Calls Per Access Line (Total of Line 29 & Line 30 divided by Line 27)**	3,138
32		**Other Statistics (Intrastate Only)**	
33		Average Residential Monthly Bill	N/A
34		Gross Plant Investment per Access Line (Line 2 divided by Line 27)	2.98

Depreciation - Montana Intrastate Regulated

Year: 2013

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense $ (d)
1	2112	Motor Vehicles	16.20%	73,600
2	2114	Special Purpose Vehicles		
3	2115	Garage Work Equipment		
4	2116	Other work Equipment	9.38%	28,125
5	2121	Buildings	3.04%	118,701
6	2122	Furniture	8.19%	897
7	2123.1	Office Support Equipment	13.06%	
8	2123.2	Company Communications Equipment		
9	2124	General Purpose Computers	17.26%	5,030
10	2211	Analog Electronic Switching Equipment		
11	2212	Digital Electronic Switching Equipment	9.39%	565,839
12	2215	Step By Step Switching Equipment		
13	2215	Crossbar Switching Equipment		
14	2220	Operator System		
15	2231	Radio Systems	9.39%	16
16	2232	Circuit DDS		
17	2232	Circuit Digital	9.39%	1,467,849
18	2232	Circuit Analog		
19	2351	Public Telephone Terminating Equipment		
20	2362	Other Terminal Equipment		
21	2411	Poles	11.29%	14,416
22	2421	Aerial Cable Metallic	9.32%	37,879
23	2421	Aerial Cable Nonmetallic	9.32%	16,075
24	2422	Underground Cable Metallic	3.41%	56,057
25	2422	Underground Cable Nonmetallic	3.41%	6,462
26	2423	Buried Cable Metallic	4.43%	2,964,455
27	2423	Buried Cable Nonmetallic	4.43%	439,001
28	2424	Submarine Cable Metallic	3.30%	192
29	2424	Submarine Cable Nonmetallic		
30	2426	Intrabuilding Network Cable Metallic	4.43%	1,689
31	2426	Intrabuilding Network Cable Nonmetallic		
32	2431	Aerial Wire	9.09%	22
33	2441	Conduit Systems	2.37%	33,938
34				
35		**COMPOSITE TOTAL**		5,830,243
36				
37		**Please list the Montana Public Service Commssion Docket Order No. approving these depreciation rates**		
38				
39		Docket Number 83.9.88 Order Number 5052		
40				

Amortization - Montana Intrastate Regulated

Year: 2013

Line No.	Acct No. (a)	Description (b)	Composite Rate % (c)	Total Expense $ (d)
1				
2		**NOT APPLICABLE**		
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				
31				
32				
33				
34				
35		**COMPOSITE TOTAL**		
36				
37	**Please list the Montana Public Service Commission Docket Order No. approving these amortization rates**			
38				
39	Docket Number ______________ Order Number ____________			
40				

Company Name: CenturyTel of Montana, Inc. d/b/a CenturyLink **SCHEDULE 31**

Montana Regulatory Capital Structure & Costs

Year: 2013

Line No.	Description (a)		% Cap. Str. (b)	% Cost Rate (c)	Weighted Cost (d)
	Commission Accepted - Most Recent				
1	Docket Number	92.7.32			
2	Order Number	5638C			
3					
4	Common Equity				
5	Preferred Stock				
6	Long Term Debt				
7	Other				
8	**Total**				
9					
10	**Actual at Year End**				
11					
12	Common Equity	32,496,440	99.91%	13.700%	13.69%
13	Preferred Stock	29,000	0.09%	9.310%	0.01%
14	Long Term Debt				
15	Other				
16	**Total**	32,525,440	100.00%		13.70%

Company Name: CenturyTel of I **SCHEDULE 32**

Network Access - Charges and Revenues

Year: 2013

Line No.	Description (a)	Access Charges Paid (b)	Access Revenues Received (c)
1	Montana - Total State	(13,567)	19,768,752
2			
3	Montana - Intrastate	(13,567)	1,390,340
4			
5	Montana - Intrastate Regulated	(13,567)	1,102,661
6			
7			
8			
9			
10			
11			
12			
13			

Company Name: **CenturyTel of Montana, Inc. d/b/a CenturyLink**

Affiliate Transactions - Products & Services Provided to Utility

Year: 2013

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	CenturyTel Service Group, LLC	Management, Accounting,	Contract Year - 2003	2,391,774		2,391,774
2		Operating and Miscellaneous				
3		Services & Supplies				
4	Qwest Corporation	"	Contract Year - 2011	2,553,382		2,553,382
5	United Telephone Company of Pennsylvania, LLC	"	Contract Year - 2011	63,739		63,739
6	CenturyTel Holdings Missouri, Inc.	"	Contract Year - 2002	60,644		60,644
7	Embarq Management Company	"	Contract Year - 2009	1,328,370		1,328,370
8	Embarq Mid-Atlantic Management Services Company	"	Contract Year - 2009	124,004		124,004
9	Embarq Midwest Management Services Company	"	Contract Year - 2009	157,702		157,702
10	United Telephone Company of the Northwest	"	Contract Year - 2009	327,778		327,778
11	Embarq Florida, Inc. - Central Florida	"	Contract Year - 2009	141,495		141,495
12	Century Marketing Soulutions	"	Contract Year - 1998	85,728		85,728
13	Embarq United Tel - OH	"	Contract Year - 2009	52,814		52,814
14						
15	All Other			264,796		264,796
16						
17			For all Affiliates Contract			
18			Price Determined by Fully			
19			Distributed Costs			
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30	**TOTAL**			$7,552,225		$7,552,225

Company Name: **CenturyTel of Montana, Inc. d/b/a CenturyLink** **SCHEDULE 34**

Affiliate Transactions - Products & Services Provided by Utility

Year: 2013

Line No.	Affiliate Name (a)	Products & Services (b)	Method to Determine Price (c)	Charges to Affiliate (d)	% Total Affil. Revenues (e)	Charges to MT Utility (f)
1	CenturyTel Broadband Services, LLC	Management, Billing & Coll.,	Contract Year - 2001	5,698,172	62.0%	5,698,172
2	CenturyTel Long Distance, LLC	Operating, DSL, and	Contract Year - 2001	707,595	7.7%	707,595
3	CenturyTel Fiber Company II, LLC	"	"	700,075	7.6%	700,075
4	Qwest Communications Company, LLC	"	Contract Year - 2011	758,073	8.3%	758,073
5	CenturyTel Long Distance Montana, Inc.	"	"	711,828	7.7%	711,828
6	Embarq Communications, Inc - KS	"	Contract Year - 2009	181,567	6.6%	181,567
7	Embarq Communications, Inc.	"	Contract Year - 2009	305,069	3.3%	305,069
8	All Other			122,913	6.6%	122,913
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30	**TOTAL**			$9,185,292		$9,185,292

Montana Intrastate Regulated Earned Rate of Return

Year: 2013

Line No.		Description Rate Base (a)	This Year (b)	Last Year (c)	Percent Change (d)
1					
2	2001	Plant in Service	109,344,960	108,473,972	0.80%
3	2002	Prop. Held for Future Telecommunications Use			
4	3100-3200	(Less) Accumulated Depreciation	(82,296,178)	(79,418,774)	3.62%
5		**Plant in Service**	27,048,782	29,055,198	-6.91%
6					
7		**Additions**			
8	1220	Materials & Supplies	859	168	411.58%
9	1280	Prepayments			
10		Other Additions	456,921	451,875	1.12%
11		**TOTAL Additions**	457,780	452,043	1.27%
12					
13		**Deductions**			
14	4100	Current Deferred Operating Income Taxes			
15	4320	Unamortized Operating Investment Tax Credits			
16	4340	Noncurrent Deferred Operating Income Taxes	6,661,762	6,907,928	-3.56%
17		Customer Advances for Construction			
18		Other Deductions			
19		**TOTAL Deductions**	6,661,762	6,907,928	-3.56%
20		**TOTAL Rate Base**	20,844,800	22,599,313	-7.76%
21					
22		**Net Earnings**	(1,028,739)	(170,440)	-503.58%
23					
24		**Rate of Return on Average Rate Base**	-4.935%	-0.754%	-554.38%
25					
26		**Rate of Return on Average Equity**	-3.037%	-0.486%	-524.81%
27					
28	Major Normalizing Adjustments & Commission				
29	Ratemaking adjustments to Utility Operations				
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43		**Adjusted Rate of Return on Average Rate Base**			
44					
45		**Adjusted Rate of Return on Average Equity**			

Other Taxes Paid

Year: 2013

Line No.	Description (a)	Last Year (b)	This Year (c)
1	Montana Telephone Company License Tax	672,071	646,643
2	Montana Public Service Commission Tax	6,911	30,151
3	Montana Consumer Counsel Tax	4,687	10,129
4	911 Emergency Telephone Fee	486,838	457,422
5	Montana Telecommunications Access Service (TDD)	49,005	45,975
6	Montana Corporate License Tax	433,310	289,290
7	Personal Property Tax		
8	Real Property Tax	2,055,394	2,016,672
9			
10			
11			
12	**Total**	3,708,216	3,496,281

SCHEDULE 37

Universal Service Funds Received

Year: 2013

Line No.	Description (a)	Last Year (b)	This Year (c)
13	Funds received from Montana Sources	-	-
14	Funds received from Federal Sources	51,138	-
15			
16			
17			
18			
19			
20			
21			
22			
23			
24	**Total**	51138	-