



Qwest Communications International Inc.

Historical Financial Information

As of March 31, 2009

QWEST COMMUNICATIONS INTERNATIONAL INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (1) (2)
(UNAUDITED)

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

	Three Months Ended									Years Ended December 31,	
	3/31/07	6/30/07	9/30/07	12/31/07	3/31/08	6/30/08	9/30/08	12/31/08	3/31/09	2007	2008
Operating revenue.....	\$ 3,446	\$ 3,463	\$ 3,434	\$ 3,435	\$ 3,399	\$ 3,382	\$ 3,379	\$ 3,315	\$ 3,173	\$ 13,778	\$ 13,475
Operating expenses:											
Cost of sales (exclusive of depreciation and amortization).....	1,178	1,169	1,172	1,184	1,181	1,149	1,232	1,023	928	4,703	4,585
Selling.....	521	545	550	546	550	532	575	551	548	2,162	2,208
General, administrative and other operating.....	616	600	914	568	572	559	519	581	575	2,698	2,231
Depreciation and amortization.....	612	615	619	613	576	578	599	601	573	2,459	2,354
Total operating expenses.....	2,927	2,929	3,255	2,911	2,879	2,818	2,925	2,756	2,624	12,022	11,378
Other expense (income)—net:											
Interest expense on long-term borrowings and capital leases—net.....	292	285	283	279	272	270	263	264	260	1,139	1,069
Other—net.....	(5)	14	(9)	(3)	3	(4)	(27)	5	(9)	(3)	(23)
Total other expense (income)—net.....	287	299	274	276	275	266	236	269	251	1,136	1,046
Income (loss) before income taxes.....	232	235	(95)	248	245	298	218	290	298	620	1,051
Income tax (expense) benefit.....	(2)	—	2,166	106	(95)	(118)	(73)	(113)	(92)	2,270	(399)
Net income	\$ 230	\$ 235	\$ 2,071	\$ 354	\$ 150	\$ 180	\$ 145	\$ 177	\$ 206	\$ 2,890	\$ 652
Earnings per common share:											
Basic.....	\$ 0.12	\$ 0.13	\$ 1.14	\$ 0.20	\$ 0.08	\$ 0.10	\$ 0.08	\$ 0.10	\$ 0.12	\$ 1.57	\$ 0.38
Diluted.....	\$ 0.12	\$ 0.12	\$ 1.08	\$ 0.19	\$ 0.08	\$ 0.10	\$ 0.08	\$ 0.10	\$ 0.12	\$ 1.50	\$ 0.37
Weighted average common shares outstanding:											
Basic.....	1,864,951	1,841,295	1,818,683	1,792,953	1,763,306	1,742,294	1,713,127	1,696,833	1,702,069	1,829,244	1,728,731
Diluted.....	1,952,370	1,943,628	1,911,169	1,849,526	1,769,165	1,744,961	1,713,745	1,697,665	1,706,822	1,915,167	1,730,206

(1) We have reclassified certain prior year amounts to conform to the current quarter presentation.

(2) Effective January 1, 2009, we adopted FSP APB 14-1. The adoption of this FSP resulted in us retrospectively adjusting previously reported net income, interest expense on long-term borrowings and capital leases—net and income tax (expense) benefit for all periods presented.

QWEST COMMUNICATIONS INTERNATIONAL INC.

CONDENSED CONSOLIDATED BALANCE SHEETS (1)

(UNAUDITED)

(Dollars in millions)

	<u>3/31/07</u>	<u>6/30/07</u>	<u>9/30/07</u>	<u>12/31/07</u>	<u>3/31/08</u>	<u>6/30/08</u>	<u>9/30/08</u>	<u>12/31/08</u>	<u>3/31/09</u>
ASSETS									
Current assets:									
Cash and cash equivalents.....	\$ 887	\$ 869	\$ 1,119	\$ 902	\$ 634	\$ 755	\$ 586	\$ 565	\$ 541
Accounts receivable—net.....	1,510	1,497	1,586	1,576	1,510	1,561	1,454	1,465	1,360
Deferred income taxes—net.....	126	123	658	654	609	583	577	572	589
Prepaid expenses and other.....	671	598	406	441	415	359	349	368	377
Total current assets.....	3,194	3,087	3,769	3,573	3,168	3,258	2,966	2,970	2,867
Property, plant and equipment—net.....	14,274	14,076	13,849	13,671	13,499	13,450	13,301	13,045	12,816
Capitalized software—net.....	812	817	824	853	868	862	864	875	880
Deferred income taxes—net.....	17	20	1,638	1,526	1,491	1,404	1,192	2,168	2,051
Prepaid pension.....	1,320	1,329	1,338	1,672	1,682	1,691	1,697	—	—
Other.....	1,080	1,056	1,232	1,176	1,180	1,178	1,172	1,083	1,097
Total assets.....	<u>\$ 20,697</u>	<u>\$ 20,385</u>	<u>\$ 22,650</u>	<u>\$ 22,471</u>	<u>\$ 21,888</u>	<u>\$ 21,843</u>	<u>\$ 21,192</u>	<u>\$ 20,141</u>	<u>\$ 19,711</u>
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY									
Current liabilities:									
Current portion of long-term borrowings.....	\$ 1,688	\$ 1,304	\$ 1,727	\$ 601	\$ 852	\$ 851	\$ 1,240	\$ 820	\$ 587
Accounts payable.....	893	917	942	1,008	933	930	933	820	791
Accrued expenses and other.....	1,440	1,519	1,983	1,999	1,546	1,567	1,417	1,641	1,268
Deferred revenue and advance billings.....	613	610	603	601	593	585	587	572	565
Total current liabilities.....	4,634	4,350	5,255	4,209	3,924	3,933	4,177	3,853	3,211
Long-term borrowings—net.....	13,013	13,031	12,615	13,497	13,261	13,241	12,699	12,735	12,755
Post-retirement and other post-employment benefits obligations—net.....	2,364	2,346	2,325	2,188	2,180	2,170	2,173	3,232	3,239
Deferred revenue.....	506	509	551	538	537	537	528	519	515
Other.....	1,531	1,534	1,510	1,384	1,372	1,381	1,199	1,188	1,155
Total liabilities.....	<u>22,048</u>	<u>21,770</u>	<u>22,256</u>	<u>21,816</u>	<u>21,274</u>	<u>21,262</u>	<u>20,776</u>	<u>21,527</u>	<u>20,875</u>
Stockholders' (deficit) equity:									
Preferred stock.....	—	—	—	—	—	—	—	—	—
Common stock.....	19	18	18	18	18	17	17	17	17
Additional paid-in capital.....	43,260	43,007	42,739	42,508	42,348	42,287	42,138	42,167	42,190
Treasury stock.....	(28)	(33)	(51)	(18)	(20)	(20)	(20)	(20)	(22)
Accumulated deficit.....	(45,674)	(45,439)	(43,368)	(43,156)	(43,015)	(42,975)	(42,967)	(43,063)	(42,857)
Accumulated other comprehensive (loss) income.....	1,072	1,062	1,056	1,303	1,283	1,272	1,248	(487)	(492)
Total stockholders' (deficit) equity.....	<u>(1,351)</u>	<u>(1,385)</u>	<u>394</u>	<u>655</u>	<u>614</u>	<u>581</u>	<u>416</u>	<u>(1,386)</u>	<u>(1,164)</u>
Total liabilities and stockholders' (deficit) equity.....	<u>\$ 20,697</u>	<u>\$ 20,385</u>	<u>\$ 22,650</u>	<u>\$ 22,471</u>	<u>\$ 21,888</u>	<u>\$ 21,843</u>	<u>\$ 21,192</u>	<u>\$ 20,141</u>	<u>\$ 19,711</u>

(1) Effective January 1, 2009, we adopted FSP APB 14-1. The adoption of this FSP resulted in us retrospectively adjusting previously reported deferred income taxes—net, long-term borrowings—net, other assets and liabilities, additional paid-in capital, accumulated deficit and stockholders' (deficit) equity for all periods presented.

QWEST COMMUNICATIONS INTERNATIONAL INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (1)

(UNAUDITED)

(Dollars in millions)

	3 Mos Ended 3/31/07	6 Mos Ended 6/30/07	9 Mos Ended 9/30/07	12 Mos Ended 12/31/07	3 Mos Ended 3/31/08	6 Mos Ended 6/30/08	9 Mos Ended 9/30/08	12 Mos Ended 12/31/08	3 Mos Ended 3/31/09
Operating activities:									
Net income.....	\$ 230	\$ 465	\$ 2,536	\$ 2,890	\$ 150	\$ 330	\$ 475	\$ 652	\$ 206
Adjustments to reconcile net income to net cash provided by operating activities:									
Depreciation and amortization.....	612	1,227	1,846	2,459	576	1,154	1,753	2,354	573
Deferred income taxes.....	—	(2)	(2,194)	(2,299)	94	209	347	450	98
Provision for bad debt—net.....	43	80	124	173	43	69	123	162	49
Other non-cash charges—net.....	24	63	96	130	32	72	116	173	29
Changes in operating assets and liabilities:									
Accounts receivable.....	47	23	(110)	(142)	23	(54)	(5)	(65)	58
Prepaid expenses and other current assets.....	(50)	22	(26)	11	(5)	39	35	42	(28)
Accounts payable and accrued expenses and other current liabilities.....	(584)	(447)	21	23	(433)	(375)	(546)	(530)	(263)
Deferred revenue and advance billings.....	(8)	(8)	27	12	(9)	(17)	(24)	(48)	(19)
Other non-current assets and liabilities.....	(46)	(50)	(194)	(231)	(83)	(130)	(251)	(259)	(46)
Cash provided by operating activities.....	<u>268</u>	<u>1,373</u>	<u>2,126</u>	<u>3,026</u>	<u>388</u>	<u>1,297</u>	<u>2,023</u>	<u>2,931</u>	<u>657</u>
Investing activities:									
Expenditures for property, plant and equipment and capitalized software.....	(318)	(744)	(1,164)	(1,669)	(416)	(950)	(1,416)	(1,777)	(334)
Proceeds from sale of investment securities.....	6	31	192	203	31	42	56	65	6
Purchases of investment securities.....	—	(24)	(64)	(64)	—	—	—	—	—
Other.....	4	9	13	(71)	5	7	17	19	(8)
Cash used for investing activities.....	<u>(308)</u>	<u>(728)</u>	<u>(1,023)</u>	<u>(1,601)</u>	<u>(380)</u>	<u>(901)</u>	<u>(1,343)</u>	<u>(1,693)</u>	<u>(336)</u>
Financing activities:									
Proceeds from long-term borrowings.....	—	500	500	500	—	—	—	—	—
Repayments of long-term borrowings, including current maturities.....	(9)	(900)	(911)	(1,176)	(9)	(23)	(205)	(631)	(239)
Proceeds from issuances of common stock.....	34	66	96	113	5	17	31	42	16
Dividends paid.....	—	—	—	—	(142)	(282)	(420)	(556)	(137)
Repurchases of common stock.....	(393)	(681)	(925)	(1,170)	(169)	(258)	(432)	(432)	—
Other.....	54	(2)	15	(31)	39	3	30	2	15
Cash used by financing activities.....	<u>(314)</u>	<u>(1,017)</u>	<u>(1,225)</u>	<u>(1,764)</u>	<u>(276)</u>	<u>(543)</u>	<u>(996)</u>	<u>(1,575)</u>	<u>(345)</u>
Cash and cash equivalents:									
Decrease in cash and cash equivalents.....	(354)	(372)	(122)	(339)	(268)	(147)	(316)	(337)	(24)
Beginning balance.....	1,241	1,241	1,241	1,241	902	902	902	902	565
Ending balance.....	<u>\$ 887</u>	<u>\$ 869</u>	<u>\$ 1,119</u>	<u>\$ 902</u>	<u>\$ 634</u>	<u>\$ 755</u>	<u>\$ 586</u>	<u>\$ 565</u>	<u>\$ 541</u>

(1) Effective January 1, 2009, we adopted FSP APB 14-1. The adoption of this FSP resulted in us retrospectively adjusting previously reported net income, deferred income taxes, other non-cash charges—net and other non-current assets and liabilities for all periods presented.

QWEST COMMUNICATIONS INTERNATIONAL INC.

SELECTED DATA—TOTAL COMPANY (1)

(UNAUDITED)

(Dollars in millions, access lines in thousands)

	Three Months Ended									Years Ended December 31,	
	3/31/07	6/30/07	9/30/07	12/31/07	3/31/08	6/30/08	9/30/08	12/31/08	3/31/09	2007	2008
Operating revenue by product :											
Segment revenue:											
Data, Internet and video services.....	\$ 1,199	\$ 1,221	\$ 1,251	\$ 1,298	\$ 1,302	\$ 1,333	\$ 1,373	\$ 1,397	\$ 1,363	\$ 4,969	\$ 5,405
Voice services.....	2,028	2,010	1,950	1,908	1,887	1,833	1,797	1,729	1,675	7,896	7,246
Wireless services.....	133	133	137	132	129	125	116	89	55	535	459
Total segment revenue.....	3,360	3,364	3,338	3,338	3,318	3,291	3,286	3,215	3,093	13,400	13,110
Other revenue (primarily USF surcharges).....	86	99	96	97	81	91	93	100	80	378	365
Total operating revenue.....	\$ 3,446	\$ 3,463	\$ 3,434	\$ 3,435	\$ 3,399	\$ 3,382	\$ 3,379	\$ 3,315	\$ 3,173	\$ 13,778	\$ 13,475
Expenses:											
Cost of sales (exclusive of depreciation and amortization):											
Facility costs.....	\$ 589	\$ 567	\$ 558	\$ 550	\$ 556	\$ 552	\$ 550	\$ 463	\$ 419	\$ 2,264	\$ 2,121
Employee-related costs.....	350	347	347	339	375	314	373	308	295	1,383	1,370
Equipment sales costs.....	118	122	127	151	119	137	146	121	95	518	523
Other.....	121	133	140	144	131	146	163	131	119	538	571
Total cost of sales.....	1,178	1,169	1,172	1,184	1,181	1,149	1,232	1,023	928	4,703	4,585
Selling:											
Employee-related costs.....	279	293	287	281	292	291	295	291	294	1,140	1,169
Marketing, advertising and external commissions.....	135	150	153	164	149	139	151	148	137	602	587
Other.....	107	102	110	101	109	102	129	112	117	420	452
Total selling.....	521	545	550	546	550	532	575	551	548	2,162	2,208
General, administrative and other operating:											
Employee-related costs.....	144	118	118	112	119	110	121	139	158	492	489
Taxes and fees.....	159	178	164	161	163	123	155	148	145	662	589
Real estate and occupancy costs.....	111	111	114	109	117	114	117	106	108	445	454
Other.....	202	193	518	186	173	212	126	188	164	1,099	699
Total general, administrative and other operating.....	616	600	914	568	572	559	519	581	575	2,698	2,231
Total cost of sales, selling and general, administrative and other operating.....	\$ 2,315	\$ 2,314	\$ 2,636	\$ 2,298	\$ 2,303	\$ 2,240	\$ 2,326	\$ 2,155	\$ 2,051	\$ 9,563	\$ 9,024
Capital expenditures (2).....	\$ 318	\$ 426	\$ 420	\$ 505	\$ 416	\$ 534	\$ 466	\$ 361	\$ 334	\$ 1,669	\$ 1,777
Access lines:											
Business markets	2,845	2,822	2,807	2,791	2,748	2,713	2,680	2,636	2,582		
Mass markets.....	9,273	9,065	8,887	8,707	8,502	8,266	8,022	7,796	7,537		
Wholesale markets.....	1,433	1,385	1,338	1,291	1,247	1,210	1,167	1,133	1,103		
Total access lines.....	13,551	13,272	13,032	12,789	12,497	12,189	11,869	11,565	11,222		
Employees.....	38,011	37,585	37,026	36,843	36,519	35,111	34,656	32,937	32,838		

(1) We have reclassified certain prior year amounts to conform to the current quarter presentation.

(2) Capital expenditures exclude assets acquired through capital leases.

QWEST COMMUNICATIONS INTERNATIONAL INC.

SELECTED DATA—RECONCILIATION OF SEGMENT INCOME TO NET INCOME (1)

(UNAUDITED)

(Dollars in millions)

	Three Months Ended									Years Ended December 31,	
	3/31/07	6/30/07	9/30/07	12/31/07	3/31/08	6/30/08	9/30/08	12/31/08	3/31/09	2007	2008
Business markets:											
Revenue.....	\$ 963	\$ 968	\$ 976	\$ 1,005	\$ 992	\$ 1,013	\$ 1,044	\$ 1,050	\$ 1,017	\$ 3,912	\$ 4,099
Expense.....	568	584	585	643	617	632	675	656	621	2,380	2,580
Income	<u>395</u>	<u>384</u>	<u>391</u>	<u>362</u>	<u>375</u>	<u>381</u>	<u>369</u>	<u>394</u>	<u>396</u>	<u>1,532</u>	<u>1,519</u>
Margin percentage.....	41.0%	39.7%	40.1%	36.0%	37.8%	37.6%	35.3%	37.5%	38.9%	39.2%	37.1%
Mass markets:											
Revenue.....	1,493	1,499	1,500	1,487	1,484	1,454	1,426	1,376	1,324	5,979	5,740
Expense.....	766	769	787	790	763	725	751	640	600	3,112	2,879
Income	<u>727</u>	<u>730</u>	<u>713</u>	<u>697</u>	<u>721</u>	<u>729</u>	<u>675</u>	<u>736</u>	<u>724</u>	<u>2,867</u>	<u>2,861</u>
Margin percentage.....	48.7%	48.7%	47.5%	46.9%	48.6%	50.1%	47.3%	53.5%	54.7%	48.0%	49.8%
Wholesale markets:											
Revenue.....	904	897	862	846	842	824	816	789	752	3,509	3,271
Expense.....	415	387	378	334	358	356	356	302	277	1,514	1,372
Income	<u>489</u>	<u>510</u>	<u>484</u>	<u>512</u>	<u>484</u>	<u>468</u>	<u>460</u>	<u>487</u>	<u>475</u>	<u>1,995</u>	<u>1,899</u>
Margin percentage.....	54.1%	56.9%	56.1%	60.5%	57.5%	56.8%	56.4%	61.7%	63.2%	56.9%	58.1%
Total revenue.....	3,360	3,364	3,338	3,338	3,318	3,291	3,286	3,215	3,093	13,400	13,110
Total expense.....	1,749	1,740	1,750	1,767	1,738	1,713	1,782	1,598	1,498	7,006	6,831
Total segment income.....	<u>\$ 1,611</u>	<u>\$ 1,624</u>	<u>\$ 1,588</u>	<u>\$ 1,571</u>	<u>\$ 1,580</u>	<u>\$ 1,578</u>	<u>\$ 1,504</u>	<u>\$ 1,617</u>	<u>\$ 1,595</u>	<u>\$ 6,394</u>	<u>\$ 6,279</u>
Total segment margin percentage.....	47.9%	48.3%	47.6%	47.1%	47.6%	47.9%	45.8%	50.3%	51.6%	47.7%	47.9%
Reconciliation of segment income to net income:											
Total segment income.....	\$ 1,611	\$ 1,624	\$ 1,588	\$ 1,571	\$ 1,580	\$ 1,578	\$ 1,504	\$ 1,617	\$ 1,595	\$ 6,394	\$ 6,279
Other revenue (primarily USF surcharges).....	86	99	96	97	81	91	93	100	80	378	365
Unassigned expenses (primarily general and administrative).....	(566)	(574)	(886)	(531)	(565)	(527)	(544)	(557)	(553)	(2,557)	(2,193)
EBITDA (2).....	1,131	1,149	798	1,137	1,096	1,142	1,053	1,160	1,122	4,215	4,451
Depreciation and amortization.....	(612)	(615)	(619)	(613)	(576)	(578)	(599)	(601)	(573)	(2,459)	(2,354)
Total other expenses—net.....	(287)	(299)	(274)	(276)	(275)	(266)	(236)	(269)	(251)	(1,136)	(1,046)
Income tax (expense) benefit.....	(2)	—	2,166	106	(95)	(118)	(73)	(113)	(92)	2,270	(399)
Net income.....	<u>\$ 230</u>	<u>\$ 235</u>	<u>\$ 2,071</u>	<u>\$ 354</u>	<u>\$ 150</u>	<u>\$ 180</u>	<u>\$ 145</u>	<u>\$ 177</u>	<u>\$ 206</u>	<u>\$ 2,890</u>	<u>\$ 652</u>

(1) Effective January 1, 2009, we adopted FSP APB 14-1. The adoption of this FSP resulted in us retrospectively adjusting previously reported net income, interest expense on long-term borrowings and capital leases—net and income tax (expense) benefit for all periods presented.

(2) EBITDA is a non-GAAP financial measure. Other companies may calculate this measure (or similarly titled measures) differently. We believe this measure provides useful information to investors in evaluating our capital-intensive business because it reflects our operating performance before the impacts of non-cash items and is an indicator of our ability to service debt, pay taxes and fund discretionary spending such as capital expenditures. Management also uses EBITDA for a number of purposes, including setting targets for compensation and assessing the performance of our operations.

QWEST COMMUNICATIONS INTERNATIONAL INC.

**SELECTED DATA—BUSINESS MARKETS SEGMENT
(UNAUDITED)**

(Dollars in millions, access lines in thousands)

	Three Months Ended									Years Ended December 31,	
	3/31/07	6/30/07	9/30/07	12/31/07	3/31/08	6/30/08	9/30/08	12/31/08	3/31/09	2007	2008
Business markets revenue:											
Data and Internet services.....	\$ 578	\$ 586	\$ 602	\$ 637	\$ 618	\$ 644	\$ 679	\$ 696	\$ 660	\$ 2,403	\$ 2,637
Voice services.....	385	382	374	368	374	369	365	354	357	1,509	1,462
Total business markets revenue.....	963	968	976	1,005	992	1,013	1,044	1,050	1,017	3,912	4,099
Business markets expenses:											
Direct segment expenses.....	246	267	261	307	282	292	339	327	292	1,081	1,240
Assigned facility, network and other expenses.....	322	317	324	336	335	340	336	329	329	1,299	1,340
Total business markets expenses.....	568	584	585	643	617	632	675	656	621	2,380	2,580
Business markets income.....	\$ 395	\$ 384	\$ 391	\$ 362	\$ 375	\$ 381	\$ 369	\$ 394	\$ 396	\$ 1,532	\$ 1,519
<i>Business markets margin percentage.....</i>	<i>41.0 %</i>	<i>39.7 %</i>	<i>40.1 %</i>	<i>36.0 %</i>	<i>37.8 %</i>	<i>37.6 %</i>	<i>35.3 %</i>	<i>37.5 %</i>	<i>38.9 %</i>	<i>39.2 %</i>	<i>37.1 %</i>
<i>Data and Internet services as a % of revenue.....</i>	<i>60.0 %</i>	<i>60.5 %</i>	<i>61.7 %</i>	<i>63.4 %</i>	<i>62.3 %</i>	<i>63.6 %</i>	<i>65.0 %</i>	<i>66.3 %</i>	<i>64.9 %</i>	<i>61.4 %</i>	<i>64.3 %</i>
	3/31/07	6/30/07	9/30/07	12/31/07	3/31/08	6/30/08	9/30/08	12/31/08	3/31/09		
Business markets access lines.....	2,845	2,822	2,807	2,791	2,748	2,713	2,680	2,636	2,582		

QWEST COMMUNICATIONS INTERNATIONAL INC.

SELECTED DATA—MASS MARKETS SEGMENT

(UNAUDITED)

(Dollars in millions except ARPU amounts, access lines and connections in thousands)

	Three Months Ended									Years Ended December 31,	
	3/31/07	6/30/07	9/30/07	12/31/07	3/31/08	6/30/08	9/30/08	12/31/08	3/31/09	2007	2008
Mass markets revenue:											
Data, Internet and video services.....	\$ 276	\$ 290	\$ 305	\$ 315	\$ 333	\$ 340	\$ 340	\$ 344	\$ 350	\$ 1,186	\$ 1,357
Voice services.....	1,084	1,076	1,058	1,040	1,022	989	970	943	919	4,258	3,924
Wireless services.....	133	133	137	132	129	125	116	89	55	535	459
Total mass markets revenue.....	1,493	1,499	1,500	1,487	1,484	1,454	1,426	1,376	1,324	5,979	5,740
Mass markets expenses:											
Direct segment expenses.....	356	355	368	375	354	328	323	294	288	1,454	1,299
Assigned facility, network and other expenses.....	410	414	419	415	409	397	428	346	312	1,658	1,580
Total mass markets expenses.....	766	769	787	790	763	725	751	640	600	3,112	2,879
Mass markets income.....	\$ 727	\$ 730	\$ 713	\$ 697	\$ 721	\$ 729	\$ 675	\$ 736	\$ 724	\$ 2,867	\$ 2,861
Mass markets margin percentage.....	48.7 %	48.7 %	47.5 %	46.9 %	48.6 %	50.1 %	47.3 %	53.5 %	54.7 %	48.0 %	49.8 %
Data, Internet, and video services as a % of revenue.....	18.5 %	19.3 %	20.3 %	21.2 %	22.4 %	23.4 %	23.8 %	25.0 %	26.4 %	19.8 %	23.6 %
Consumer ARPU (1).....	\$ 50.76	\$ 51.87	\$ 53.05	\$ 53.79	\$ 55.01	\$ 55.36	\$ 56.24	\$ 56.78	\$ 57.84	\$ 52.37	\$ 55.85
Connections:											
Access lines:											
Consumer primary lines.....	7,200	7,015	6,860	6,705	6,539	6,339	6,134	5,961	5,765		
Consumer additional lines.....	740	713	686	660	631	603	573	543	511		
Small business lines.....	1,333	1,337	1,341	1,342	1,332	1,324	1,315	1,292	1,261		
Total access lines.....	9,273	9,065	8,887	8,707	8,502	8,266	8,022	7,796	7,537		
Other connections:											
Broadband subscribers (2).....	2,305	2,405	2,516	2,611	2,701	2,732	2,793	2,847	2,889		
Video subscribers.....	491	554	605	649	690	722	761	798	832		
Wireless subscribers (2).....	812	807	819	824	816	811	772	717	747		
Total other connections.....	3,608	3,766	3,940	4,084	4,207	4,265	4,326	4,362	4,468		
Total mass markets connections.....	12,881	12,831	12,827	12,791	12,709	12,531	12,348	12,158	12,005		

(1) Consumer ARPU (Average Revenue Per Unit) is measured as consumer revenue, which includes revenue from data, Internet and video services and voice services, in the period divided by the average number of primary access lines for the period. We believe this metric can be a useful measure of the revenue performance of our consumer business within our mass markets segment on a per-customer basis. We use ARPU internally to assess the revenue performance of our consumer business within our mass markets segment and the impact on this business of periodic customer initiatives and product roll-outs. ARPU is not a measure determined in accordance with accounting principles generally accepted in the United States of America, or GAAP, and should not be considered as a substitute for our mass markets segment revenue or any other measure determined in accordance with GAAP. During the first quarter of 2008, we revised the consumer ARPU calculation to exclude Universal Service Fund revenue, which was previously reported in voice services revenue. This change is consistent with our current presentation of segment revenue described above. We have adjusted all prior period amounts to conform to the current period presentation.

(2) Broadband and wireless subscribers include an immaterial number of business markets customers.

QWEST COMMUNICATIONS INTERNATIONAL INC.

**SELECTED DATA—WHOLESALE MARKETS SEGMENT
(UNAUDITED)**

(Dollars in millions, access lines in thousands)

	Three Months Ended									Years Ended December 31,	
	3/31/07	6/30/07	9/30/07	12/31/07	3/31/08	6/30/08	9/30/08	12/31/08	3/31/09	2007	2008
Wholesale markets revenue:											
Data and Internet services.....	\$ 345	\$ 345	\$ 344	\$ 346	\$ 351	\$ 349	\$ 354	\$ 357	\$ 353	\$ 1,380	\$ 1,411
Voice services.....	559	552	518	500	491	475	462	432	399	2,129	1,860
Total wholesale markets revenue.....	904	897	862	846	842	824	816	789	752	3,509	3,271
Wholesale markets expenses:											
Direct segment expenses.....	53	48	48	19	45	46	45	43	49	168	179
Assigned facility, network and other expenses.....	362	339	330	315	313	310	311	259	228	1,346	1,193
Total wholesale markets expenses.....	415	387	378	334	358	356	356	302	277	1,514	1,372
Wholesale markets income.....	\$ 489	\$ 510	\$ 484	\$ 512	\$ 484	\$ 468	\$ 460	\$ 487	\$ 475	\$ 1,995	\$ 1,899
Wholesale markets margin percentage.....	54.1 %	56.9 %	56.1 %	60.5 %	57.5 %	56.8 %	56.4 %	61.7 %	63.2 %	56.9 %	58.1 %
Data and Internet services as a % of revenue.....	38.2 %	38.5 %	39.9 %	40.9 %	41.7 %	42.4 %	43.4 %	45.2 %	46.9 %	39.3 %	43.1 %
Minutes of use from carriers and CLECS (in millions).....	11,690	10,859	10,635	10,448	10,431	9,986	9,770	9,440	9,377	43,632	39,627
	<u>3/31/07</u>	<u>6/30/07</u>	<u>9/30/07</u>	<u>12/31/07</u>	<u>3/31/08</u>	<u>6/30/08</u>	<u>9/30/08</u>	<u>12/31/08</u>	<u>3/31/09</u>		
Wholesale markets access lines (1).....	1,433	1,385	1,338	1,291	1,247	1,210	1,167	1,133	1,103		

(1) Wholesale markets access lines include UNE (Unbundled Network Elements) lines.

QWEST COMMUNICATIONS INTERNATIONAL INC.

SELECTED DATA—SPECIAL ITEMS

(UNAUDITED)

(Dollars in millions)

	Three Months Ended									Years Ended December 31,	
	3/31/07	6/30/07	9/30/07	12/31/07	3/31/08	6/30/08	9/30/08	12/31/08	3/31/09	2007	2008
Special items (1):											
Operating expenses:											
Legal reserve.....	\$ (40)	\$ —	\$ (353)	\$ —	\$ —	\$ (40)	\$ —	\$ —	\$ —	\$ (393)	\$ (40)
Property tax settlement.....	—	—	—	—	—	40	—	—	—	—	40
Realignment, severance and related costs.....	—	—	—	—	(45)	(2)	(30)	(19)	(23)	—	(96)
Subtotal operating expenses.....	(40)	—	(353)	—	(45)	(2)	(30)	(19)	(23)	(393)	(96)
Other expense (income)—net:											
Gain on sale of assets.....	—	—	—	—	—	—	—	—	—	—	—
Tax sharing settlement	—	—	—	—	—	—	—	—	—	—	—
Subtotal other expense (income)—net.....	—	—	—	—	—	—	—	—	—	—	—
Income tax sharing settlement.....	—	—	—	—	—	—	—	—	—	—	—
Reversal of income tax valuation allowance.....	—	—	2,174	—	—	—	—	—	—	2,174	—
Total special items—(charges) benefits.....	\$ (40)	\$ —	\$ 1,821	\$ —	\$ (45)	\$ (2)	\$ (30)	\$ (19)	\$ (23)	\$ 1,781	\$ (96)

(1) Special items will only be identified herein when they are considered to be material. Although certain costs associated with the items described above continue to be incurred, they are not considered to be material and, therefore, are not detailed above.

QWEST COMMUNICATIONS INTERNATIONAL INC.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES—EBITDA (1) (2)

(UNAUDITED)

(Dollars in millions)

	Three Months Ended									Years Ended December 31,	
	3/31/07	6/30/07	9/30/07	12/31/07	3/31/08	6/30/08	9/30/08	12/31/08	3/31/09	2007	2008
EBITDA—as adjusted:.....	\$ 1,171	\$ 1,149	\$ 1,151	\$ 1,137	\$ 1,141	\$ 1,144	\$ 1,083	\$ 1,179	\$ 1,145	\$ 4,608	\$ 4,547
Less: Legal reserve.....	(40)	—	(353)	—	—	(40)	—	—	—	(393)	(40)
Less: Property tax settlement.....	—	—	—	—	—	40	—	—	—	—	40
Less: Realignment, severance and related costs.....	—	—	—	—	(45)	(2)	(30)	(19)	(23)	—	(96)
EBITDA:.....	\$ 1,131	\$ 1,149	\$ 798	\$ 1,137	\$ 1,096	\$ 1,142	\$ 1,053	\$ 1,160	\$ 1,122	\$ 4,215	\$ 4,451
Depreciation and amortization.....	(612)	(615)	(619)	(613)	(576)	(578)	(599)	(601)	(573)	(2,459)	(2,354)
Total other (expense) income—net.....	(287)	(299)	(274)	(276)	(275)	(266)	(236)	(269)	(251)	(1,136)	(1,046)
Income tax (expense) benefit.....	(2)	—	2,166	106	(95)	(118)	(73)	(113)	(92)	2,270	(399)
Net income.....	<u>\$ 230</u>	<u>\$ 235</u>	<u>\$ 2,071</u>	<u>\$ 354</u>	<u>\$ 150</u>	<u>\$ 180</u>	<u>\$ 145</u>	<u>\$ 177</u>	<u>\$ 206</u>	<u>\$ 2,890</u>	<u>\$ 652</u>
EBITDA margin percentage—as adjusted:											
EBITDA—as adjusted :.....	\$ 1,171	\$ 1,149	\$ 1,151	\$ 1,137	\$ 1,141	\$ 1,144	\$ 1,083	\$ 1,179	\$ 1,145	\$ 4,608	\$ 4,547
Divided by total operating revenue.....	\$ 3,446	\$ 3,463	\$ 3,434	\$ 3,435	\$ 3,399	\$ 3,382	\$ 3,379	\$ 3,315	\$ 3,173	\$ 13,778	\$ 13,475
<i>EBITDA margin percentage—as adjusted.....</i>	<i>34.0 %</i>	<i>33.2 %</i>	<i>33.5 %</i>	<i>33.1 %</i>	<i>33.6 %</i>	<i>33.8 %</i>	<i>32.1 %</i>	<i>35.6 %</i>	<i>36.1 %</i>	<i>33.4 %</i>	<i>33.7 %</i>
EBITDA margin percentage:											
EBITDA.....	\$ 1,131	\$ 1,149	\$ 798	\$ 1,137	\$ 1,096	\$ 1,142	\$ 1,053	\$ 1,160	\$ 1,122	\$ 4,215	\$ 4,451
Divided by total operating revenue.....	\$ 3,446	\$ 3,463	\$ 3,434	\$ 3,435	\$ 3,399	\$ 3,382	\$ 3,379	\$ 3,315	\$ 3,173	\$ 13,778	\$ 13,475
<i>EBITDA margin percentage.....</i>	<i>32.8 %</i>	<i>33.2 %</i>	<i>23.2 %</i>	<i>33.1 %</i>	<i>32.2 %</i>	<i>33.8 %</i>	<i>31.2 %</i>	<i>35.0 %</i>	<i>35.4 %</i>	<i>30.6 %</i>	<i>33.0 %</i>

(1) EBITDA, EBITDA margin percentage, EBITDA—as adjusted and EBITDA margin percentage—as adjusted are non-GAAP financial measures. Other companies may calculate these measures (or similarly titled measures) differently. We believe these measures provide useful information to investors in evaluating our capital-intensive business because they reflect our operating performance before the impacts of non-cash items and are indicators of our ability to service debt, pay taxes and fund discretionary spending such as capital expenditures. Management also uses EBITDA for a number of purposes, including setting targets for compensation and assessing the performance of our operations.

(2) We have reclassified certain prior year amounts to conform to the current quarter presentation.

QWEST COMMUNICATIONS INTERNATIONAL INC.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES—NET DEBT (1) (2)

(UNAUDITED)

(Dollars in millions)

	Three Months Ended								
	<u>3/31/07</u>	<u>6/30/07</u>	<u>9/30/07</u>	<u>12/31/07</u>	<u>3/31/08</u>	<u>6/30/08</u>	<u>9/30/08</u>	<u>12/31/08</u>	<u>3/31/09</u>
Net debt:									
Current portion of long-term borrowings.....	\$ 1,688	\$ 1,304	\$ 1,727	\$ 601	\$ 852	\$ 851	\$ 1,240	\$ 820	\$ 587
Long-term borrowings—net.....	<u>13,013</u>	<u>13,031</u>	<u>12,615</u>	<u>13,497</u>	<u>13,261</u>	<u>13,241</u>	<u>12,699</u>	<u>12,735</u>	<u>12,755</u>
Total borrowings—net.....	14,701	14,335	14,342	14,098	14,113	14,092	13,939	13,555	13,342
Less: cash and cash equivalents	<u>(887)</u>	<u>(869)</u>	<u>(1,119)</u>	<u>(902)</u>	<u>(634)</u>	<u>(755)</u>	<u>(586)</u>	<u>(565)</u>	<u>(541)</u>
Net debt.....	<u>\$ 13,814</u>	<u>\$ 13,466</u>	<u>\$ 13,223</u>	<u>\$ 13,196</u>	<u>\$ 13,479</u>	<u>\$ 13,337</u>	<u>\$ 13,353</u>	<u>\$ 12,990</u>	<u>\$ 12,801</u>
Ratio of net debt to annualized EBITDA—as adjusted: (3) (4)									
Total net debt.....	\$ 13,814	\$ 13,466	\$ 13,223	\$ 13,196	\$ 13,479	\$ 13,337	\$ 13,353	\$ 12,990	\$ 12,801
Divided by annualized EBITDA—as adjusted	\$ 4,484	\$ 4,524	\$ 4,541	\$ 4,608	\$ 4,578	\$ 4,573	\$ 4,505	\$ 4,547	\$ 4,551
Ratio of net debt to annualized EBITDA—as adjusted.....	3.1	3.0	2.9	2.9	2.9	2.9	3.0	2.9	2.8

(1) Net debt is a non-GAAP financial measure that we calculate as our total borrowings—net (current plus long-term) less our cash and cash equivalents. We believe net debt is helpful in analyzing our leverage, and management uses this measure in making decisions regarding potential financings. Net debt is not a measure determined in accordance with GAAP and should not be considered as a substitute for “current portion of long-term borrowings” or “long-term borrowings—net” or any other measure determined in accordance with GAAP.

(2) Effective January 1, 2009, we adopted FSP APB 14-1. The adoption of this FSP resulted in us retrospectively adjusting previously reported net income and long-term borrowings—net for all periods presented.

(3) EBITDA—as adjusted is a non-GAAP financial measure that reflects our operating performance before the impacts of certain non-cash items and after removing the effects of items that we believe are not representative of our core ongoing telecommunications operations, such as severance charges, restructuring charges and charges for securities-related litigation. We provide this information to supplement our GAAP financial measures because we believe that investors commonly use this information to analyze the results of our core operations, to identify financial trends in these results and to compare our operating performance to that of our competitors. Management also uses these measures for a number of purposes, including setting targets for compensation and assessing the performance of our operations.

(4) The ratio of net debt to annualized EBITDA—as adjusted is a non-GAAP financial measure that we calculate as net debt divided by a rolling four quarters of EBITDA—as adjusted. Other companies may calculate this measure differently. We believe this measure provides useful information to our investors about our debt level relative to our performance and about our ability to meet our financial obligations.

QWEST COMMUNICATIONS INTERNATIONAL INC.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES—FREE CASH FLOW FROM OPERATIONS (1)

(UNAUDITED)

(Dollars in millions)

	Three Months Ended									Years Ended December 31,	
	3/31/07	6/30/07	9/30/07	12/31/07	3/31/08	6/30/08	9/30/08	12/31/08	3/31/09	2007	2008
Free cash flow from operations:											
Cash provided by operating activities.....	\$ 268	\$ 1,105	\$ 753	\$ 900	\$ 388	\$ 909	\$ 726	\$ 908	\$ 657	\$ 3,026	\$ 2,931
Less: Expenditures for property, plant and equipment and capitalized software.....	(318)	(426)	(420)	(505)	(416)	(534)	(466)	(361)	(334)	(1,669)	(1,777)
Free cash flow from operations.....	(50)	679	333	395	(28)	375	260	547	323	1,357	1,154
Add: certain one-time settlements.....	200	—	—	245	84	85	70	46	16	445	285
Adjusted free cash flow from operations.....	<u>\$ 150</u>	<u>\$ 679</u>	<u>\$ 333</u>	<u>\$ 640</u>	<u>\$ 56</u>	<u>\$ 460</u>	<u>\$ 330</u>	<u>\$ 593</u>	<u>\$ 339</u>	<u>\$ 1,802</u>	<u>\$ 1,439</u>

(1) Free cash flow and adjusted free cash flow from operations are non-GAAP financial measures that indicate cash generated by our business after operating expenses, capital expenditures, interest expense and income tax expense. We believe these measures provide useful information to our investors for purposes of evaluating our ability to satisfy our debt and other mandatory payment obligations and because they reflect cash flows available for financing activities, voluntary debt repayment and to strengthen our balance sheet. This is of particular relevance for our business given our significant debt balance. We also use free cash flow and adjusted free cash flow from operations internally for a variety of purposes, including setting targets for compensation and budgeting our cash needs. These measures are not determined in accordance with GAAP and should not be considered as a substitute for “income before income taxes” or “cash provided by operating activities” or any other measure determined in accordance with GAAP. Due to the forward-looking nature of expected free cash flow amounts for 2009, information to reconcile this non-GAAP financial measure is not available at this time.