

Form 5500 Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Annual Return/Report of Employee Benefit Plan This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code). ► Complete all entries in accordance with the instructions to the Form 5500.	OMB Nos. 1210-0110 1210-0089
		2012
		This Form is Open to Public Inspection

Part I	Annual Report Identification Information
For calendar plan year 2012 or fiscal plan year beginning <u>01/01/2012</u> and ending <u>12/31/2012</u>	
A This return/report is for:	☐ a multiemployer plan; ☐ a multiple-employer plan; or ☒ a single-employer plan; ☐ a DFE (specify) ____
B This return/report is:	☐ the first return/report; ☐ the final return/report; ☒ an amended return/report; ☐ a short plan year return/report (less than 12 months).
C If the plan is a collectively-bargained plan, check here.	☐
D Check box if filing under:	☒ Form 5558; ☐ automatic extension; ☐ the DFVC program; ☐ special extension (enter description)

Part II	Basic Plan Information —enter all requested information
1a Name of plan <u>EMBARQ RETIREMENT PENSION PLAN</u>	1b Three-digit plan number (PN) ► <u>001</u> 1c Effective date of plan <u>05/17/2006</u>
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) <u>EMBARQ CORPORATION</u> <u>CENTURYLINK - FINANCE DEPT. 2NE700</u> <u>100 CENTURY LINK DR.</u> <u>P. O. BOX 4065</u> <u>MONROE, LA 71203</u>	2b Employer Identification Number (EIN) <u>20-2923630</u> 2c Sponsor's telephone number <u>318-388-9000</u> 2d Business code (see instructions) <u>517000</u>

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	<u>Filed with authorized/valid electronic signature.</u>	<u>12/11/2013</u>	<u>LEANNA MCGEE</u>
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)			Preparer's telephone number (optional)

3a Plan administrator's name and address ☐ Same as Plan Sponsor Name ☐ Same as Plan Sponsor Address CENTURYLINK EMPLOYEE BENEFITS COMMITTEE C/O CENTURYLINK, INC. 805 BROADWAY, 8TH FLOOR VANCOUVER, WA 98660		3b Administrator's EIN 72-0651161
		3c Administrator's telephone number 360-905-7972
4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name		4b EIN 4c PN
5 Total number of participants at the beginning of the plan year		5 48385
6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	10758
b Retired or separated participants receiving benefits.....	6b	21111
c Other retired or separated participants entitled to future benefits.....	6c	12923
d Subtotal. Add lines 6a , 6b , and 6c	6d	44792
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	2559
f Total. Add lines 6d and 6e	6f	47351
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	423
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)		7
8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristics Codes in the instructions: 1A 1G 3H		
b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristics Codes in the instructions:		
9a Plan funding arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor		9b Plan benefit arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)		
a Pension Schedules (1) ☒ R (Retirement Plan Information) (2) ☐ MB (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary (3) ☒ SB (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary		b General Schedules (1) ☒ H (Financial Information) (2) ☐ I (Financial Information – Small Plan) (3) ☒ <u>2</u> A (Insurance Information) (4) ☒ C (Service Provider Information) (5) ☒ D (DFE/Participating Plan Information) (6) ☐ G (Financial Transaction Schedules)

SCHEDULE A (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <hr/> <small>Department of Labor Employee Benefits Security Administration</small> <hr/> <small>Pension Benefit Guaranty Corporation</small>	Insurance Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ► File as an attachment to Form 5500. ► Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).	OMB No. 1210-0110 <hr/> 2012 <hr/> This Form is Open to Public Inspection
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For calendar plan year 2012 or fiscal plan year beginning **01/01/2012** and ending **12/31/2012**

A Name of plan EMBARQ RETIREMENT PENSION PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 EMBARQ CORPORATION	D Employer Identification Number (EIN) 20-2923630	

Part I	Information Concerning Insurance Contract Coverage, Fees, and Commissions Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.
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1 Coverage Information:

(a) Name of insurance carrier

AXA EQUITABLE LIFE INSURANCE COMPANY

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
13-5570651	62944	1542	82	01/01/2012	12/31/2012

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in line 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	(b) Total amount of fees paid
0	0

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4 Current value of plan's interest under this contract in the general account at year end **4** 454735**5** Current value of plan's interest under this contract in separate accounts at year end **5****6** Contracts With Allocated Funds:**a** State the basis of premium rates ▶**b** Premiums paid to carrier **6b****c** Premiums due but unpaid at the end of the year **6c****d** If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount. **6d**

Specify nature of costs ▶

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity(3) ☐ other (specify) ▶**f** If contract purchased, in whole or in part, to distribute benefits from a terminating plan check here ▶ ☐**7** Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)**a** Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee(3) ☒ guaranteed investment (4) ☐ other ▶**b** Balance at the end of the previous year **7b** 557997**c** Additions: (1) Contributions deposited during the year **7c(1)** 24870(2) Dividends and credits **7c(2)** 0(3) Interest credited during the year **7c(3)** 9941(4) Transferred from separate account **7c(4)**(5) Other (specify below) **7c(5)**(6) Total additions **7c(6)** 34811**d** Total of balance and additions (add lines **7b** and **7c(6)**). **7d** 592808**e** Deductions:(1) Disbursed from fund to pay benefits or purchase annuities during year **7e(1)** 139798(2) Administration charge made by carrier **7e(2)** 5295(3) Transferred to separate account **7e(3)**(4) Other (specify below) **7e(4)** -7020

▶ MARKET VALUE ADJUSTMENT

(5) Total deductions **7e(5)** 138073**f** Balance at the end of the current year (subtract line **7e(5)** from line **7d**). **7f** 454735

Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** ☐ Health (other than dental or vision)
b ☐ Dental
c ☐ Vision
d ☐ Life insurance
e ☐ Temporary disability (accident and sickness)
f ☐ Long-term disability
g ☐ Supplemental unemployment
h ☐ Prescription drug
i ☐ Stop loss (large deductible)
j ☐ HMO contract
k ☐ PPO contract
l ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:

a Premiums: (1) Amount received.....	9a(1)		
(2) Increase (decrease) in amount due but unpaid.....	9a(2)		
(3) Increase (decrease) in unearned premium reserve.....	9a(3)		
(4) Earned ((1) + (2) - (3)).....		9a(4)	
b Benefit charges (1) Claims paid.....	9b(1)		
(2) Increase (decrease) in claim reserves.....	9b(2)		
(3) Incurred claims (add (1) and (2)).....		9b(3)	
(4) Claims charged.....		9b(4)	
c Remainder of premium: (1) Retention charges (on an accrual basis) --			
(A) Commissions.....	9c(1)(A)		
(B) Administrative service or other fees.....	9c(1)(B)		
(C) Other specific acquisition costs.....	9c(1)(C)		
(D) Other expenses.....	9c(1)(D)		
(E) Taxes.....	9c(1)(E)		
(F) Charges for risks or other contingencies.....	9c(1)(F)		
(G) Other retention charges.....	9c(1)(G)		
(H) Total retention.....		9c(1)(H)	
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.).....		9c(2)	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement.....		9d(1)	
(2) Claim reserves.....		9d(2)	
(3) Other reserves.....		9d(3)	
e Dividends or retroactive rate refunds due. (Do not include amount entered in line 9c(2).).....		9e	

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier.....	10a	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, line 2 above, report amount.....	10b	

Specify nature of costs ▶

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE A (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Insurance Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500. ▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).	OMB No. 1210-0110 2012 This Form is Open to Public Inspection
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012	
A Name of plan EMBARQ RETIREMENT PENSION PLAN	B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 EMBARQ CORPORATION	D Employer Identification Number (EIN) 20-2923630

Part I	Information Concerning Insurance Contract Coverage, Fees, and Commissions Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.
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1 Coverage Information:

(a) Name of insurance carrier
JOHN HANCOCK LIFE INSURANCE COMPANY

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
04-1414660	65099	GAC 89 ASSN 0		01/01/2012	12/31/2012

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in line 3 the agents, brokers, and other persons in descending order of the amount paid.

(a) Total amount of commissions paid	(b) Total amount of fees paid
0	0

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).
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(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4 Current value of plan's interest under this contract in the general account at year end **4** 263349**5** Current value of plan's interest under this contract in separate accounts at year end **5****6** Contracts With Allocated Funds:**a** State the basis of premium rates ▶**b** Premiums paid to carrier **6b****c** Premiums due but unpaid at the end of the year **6c****d** If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount **6d**

Specify nature of costs ▶

e Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity(3) ☐ other (specify) ▶**f** If contract purchased, in whole or in part, to distribute benefits from a terminating plan check here ▶ ☐**7** Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)**a** Type of contract: (1) ☐ deposit administration (2) ☐ immediate participation guarantee
(3) ☐ guaranteed investment (4) ☒ other ▶ **GROUP ANNUITY CONTRACT****b** Balance at the end of the previous year **7b** 264474**c** Additions: (1) Contributions deposited during the year **7c(1)**(2) Dividends and credits **7c(2)**(3) Interest credited during the year **7c(3)** 21354(4) Transferred from separate account **7c(4)**(5) Other (specify below) **7c(5)** 676▶ **UNREALIZED APPRECIATION**(6) Total additions **7c(6)** 22030**d** Total of balance and additions (add lines **7b** and **7c(6)**) **7d** 286504**e** Deductions:(1) Disbursed from fund to pay benefits or purchase annuities during year **7e(1)** 11625(2) Administration charge made by carrier **7e(2)** 11103(3) Transferred to separate account **7e(3)**(4) Other (specify below) **7e(4)** 426▶ **REALIZED CAPITAL GAINS OR LOSSES**(5) Total deductions **7e(5)** 23154**f** Balance at the end of the current year (subtract line **7e(5)** from line **7d**) **7f** 263350

Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organizations(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** ☐ Health (other than dental or vision)
b ☐ Dental
c ☐ Vision
d ☐ Life insurance
e ☐ Temporary disability (accident and sickness)
f ☐ Long-term disability
g ☐ Supplemental unemployment
h ☐ Prescription drug
i ☐ Stop loss (large deductible)
j ☐ HMO contract
k ☐ PPO contract
l ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:

a Premiums: (1) Amount received.....	9a(1)		
(2) Increase (decrease) in amount due but unpaid.....	9a(2)		
(3) Increase (decrease) in unearned premium reserve.....	9a(3)		
(4) Earned ((1) + (2) - (3)).....		9a(4)	
b Benefit charges (1) Claims paid.....	9b(1)		
(2) Increase (decrease) in claim reserves.....	9b(2)		
(3) Incurred claims (add (1) and (2)).....		9b(3)	
(4) Claims charged.....		9b(4)	
c Remainder of premium: (1) Retention charges (on an accrual basis) --			
(A) Commissions.....	9c(1)(A)		
(B) Administrative service or other fees.....	9c(1)(B)		
(C) Other specific acquisition costs.....	9c(1)(C)		
(D) Other expenses.....	9c(1)(D)		
(E) Taxes.....	9c(1)(E)		
(F) Charges for risks or other contingencies.....	9c(1)(F)		
(G) Other retention charges.....	9c(1)(G)		
(H) Total retention.....		9c(1)(H)	
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.).....		9c(2)	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement.....		9d(1)	
(2) Claim reserves.....		9d(2)	
(3) Other reserves.....		9d(3)	
e Dividends or retroactive rate refunds due. (Do not include amount entered in line 9c(2).).....		9e	

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier.....	10a	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, line 2 above, report amount.....	10b	

Specify nature of costs ▶

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2012 This Form is Open to Public Inspection
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>EMBARQ RETIREMENT PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>EMBARQ CORPORATION</u>	D Employer Identification Number (EIN) <u>20-2923630</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2012</u>	
2 Assets:	
a Market value	2a <u>3354127147</u>
b Actuarial value	2b <u>3395724028</u>
3 Funding target/participant count breakdown:	
a For retired participants and beneficiaries receiving payment.....	3a <u>22966</u> (1) Number of participants <u>2368673009</u> (2) Funding Target
b For terminated vested participants.....	3b <u>13323</u> <u>374449008</u>
c For active participants:	
(1) Non-vested benefits.....	3c(1) <u>29899315</u>
(2) Vested benefits.....	3c(2) <u>753469210</u>
(3) Total active	3c(3) <u>12096</u> <u>783368525</u>
d Total	3d <u>48385</u> <u>3526490542</u>
4 If the plan is in at-risk status, check the box and complete lines (a) and (b)	☐
a Funding target disregarding prescribed at-risk assumptions	4a
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b
5 Effective interest rate	5 <u>6.99 %</u>
6 Target normal cost.....	6 <u>24561117</u>

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE		<u>10/09/2013</u>
<u>RONALD T. COZZOLINO</u>	Signature of actuary	Date
<u>TOWERS WATSON DELAWARE INC.</u>	Type or print name of actuary	<u>11-06794</u>
<u>191 NORTH WACKER DRIVE</u> <u>CHICAGO, IL 60606</u>	Firm name	Most recent enrollment number
	Address of the firm	<u>312-525-2500</u>
		Telephone number (including area code)

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2012
v. 120126

Part II Beginning of Year Carryover Prefunding Balances		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	104703192	
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	97906748	
9	Amount remaining (line 7 minus line 8)	6796444	
10	Interest on line 9 using prior year's actual return of <u>0.96</u> %	65246	
11	Prior year's excess contributions to be added to prefunding balance:		
a	Present value of excess contributions (line 38a from prior year)		102258961
b	Interest on (a) using prior year's effective interest rate of <u>6.25</u> % except as otherwise provided (see instructions)		1211918
c	Total available at beginning of current plan year to add to prefunding balance		103470879
d	Portion of (c) to be added to prefunding balance		103470879
12	Other reductions in balances due to elections or deemed elections	6861690	19888933
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	0	83581946

Part III Funding Percentages			
14	Funding target attainment percentage	14	93.92 %
15	Adjusted funding target attainment percentage	15	93.92 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	83.79 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and Liquidity Shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
07/11/2012	32000000				
01/14/2013	140000000				
02/01/2013	5856739				
			Totals ►	18(b)	177856739 18(c)

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:		
a Contributions allocated toward unpaid minimum required contributions from prior years.	19a	
b Contributions made to avoid restrictions adjusted to valuation date	19b	
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c	166856847
20 Quarterly contributions and liquidity shortfalls:		
a Did the plan have a "funding shortfall" for the prior year?	☒ Yes ☐ No	
b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☒ Yes ☐ No	
c If line 20a is "Yes," see instructions and complete the following table as applicable:		

Liquidity shortfall as of end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:				
a Segment rates:	1st segment: 5.54%	2nd segment: 6.85%	3rd segment: 7.52 %	☐ N/A, full yield curve used
b Applicable month (enter code).....				21b 4
22 Weighted average retirement age				22 64
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☐ Yes ☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☒ Yes ☐ No
27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of Unpaid Minimum Required Contributions For Prior Years

28 Unpaid minimum required contributions for all prior years	28	
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	29	
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum Required Contribution For Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)	31a	24561117	
b Excess assets, if applicable, but not greater than line 31a	31b		
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment	214348460	61252961	
b Waiver amortization installment			
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)...	34	85814078	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....		42180170	42180170
36 Additional cash requirement (line 34 minus line 35)	36	43633908	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	166856847	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	123222939	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	42180170	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years.....	40		

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:			
a Schedule elected	☐ 2 plus 7 years ☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011		
42 Amount of acceleration adjustment	42		
43 Excess installment acceleration amount to be carried over to future plan years	43		

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2012
		This Form is Open to Public Inspection.

For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>EMBARQ RETIREMENT PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>EMBARQ CORPORATION</u>	D Employer Identification Number (EIN) <u>20-2923630</u>

Part I Service Provider Information (see instructions)

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☐ Yes ☒ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

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(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "Yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name: DENISE PATTERSON	b EIN: 72-1197234
c Position: ACTUARY	
d Address: 191 N. WACKER DR., SUITE 2100 CHICAGO, IL 60606	e Telephone:

Explanation: CHANGE DUE TO INTERNAL CLIENT RESPONSIBILITY REALIGNMENT

a Name: MAYER HOFFMAN MCCANN P.C.	b EIN: 43-1947695
c Position: ACCOUNTANT	
d Address:	e Telephone:

Explanation: AUDITORS CHANGED DUE TO FEE CONSIDERATIONS.

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

<p style="text-align: center;">SCHEDULE D (Form 5500)</p> <p style="text-align: center; font-size: small;">Department of the Treasury Internal Revenue Service</p> <hr/> <p style="text-align: center; font-size: small;">Department of Labor Employee Benefits Security Administration</p>	<p style="text-align: center;">DFE/Participating Plan Information</p> <p style="text-align: center; font-size: small;">This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</p> <p style="text-align: center;">▶ File as an attachment to Form 5500.</p>	<p style="text-align: center; font-size: small;">OMB No. 1210-0110</p> <hr/> <p style="text-align: center; font-size: large;">2012</p> <hr/> <p style="text-align: center; font-size: small;">This Form is Open to Public Inspection.</p>
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

<p>A Name of plan EMBARQ RETIREMENT PENSION PLAN</p>	<p>B Three-digit plan number (PN) ▶</p>	<p>001</p>
<p>C Plan or DFE sponsor's name as shown on line 2a of Form 5500 EMBARQ CORPORATION</p>	<p>D Employer Identification Number (EIN) 20-2923630</p>	

Part I	Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs) (Complete as many entries as needed to report all interests in DFEs)
---------------	--

a Name of MTIA, CCT, PSA, or 103-12 IE: CENTURYLINK DB MASTER TRUST

b Name of sponsor of entity listed in (a): EMBARQ CORPORATION

c EIN-PN 84-0928963-014	d Entity code M	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) 3737315588
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
-----------------	----------------------	---

a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

c EIN-PN	d Entity code	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
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a Name of MTIA, CCT, PSA, or 103-12 IE:

b Name of sponsor of entity listed in (a):

a Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
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103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or
103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
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plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

SCHEDULE H (Form 5500) <small>Department of the Treasury Internal Revenue Service</small> <small>Department of Labor Employee Benefits Security Administration</small> <small>Pension Benefit Guaranty Corporation</small>	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110 2012 This Form is Open to Public Inspection
For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012		
A Name of plan EMBARQ RETIREMENT PENSION PLAN		B Three-digit plan number (PN) ► 001
C Plan sponsor's name as shown on line 2a of Form 5500 EMBARQ CORPORATION		D Employer Identification Number (EIN) 20-2923630

Part I Asset and Liability Statement			
1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.			
Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a	-6241029	14845
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)	45530824	33572
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	30217242	
(2) U.S. Government securities.....	1c(2)	63996199	
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)	102557057	
(B) All other.....	1c(3)(B)	284198910	
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)	6243186	
(B) Common	1c(4)(B)	503716184	
(5) Partnership/joint venture interests	1c(5)	279310590	
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts.....	1c(9)	1520486738	
(10) Value of interest in pooled separate accounts.....	1c(10)	81236000	
(11) Value of interest in master trust investment accounts	1c(11)		3737315588
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	375476058	
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)	822474	
(15) Other	1c(15)	88090706	697183

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	3375641139	3738061188

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h	4632123	180665966
i Acquisition indebtedness	1i		
j Other liabilities	1j	22392559	
k Total liabilities (add all amounts in lines 1g through 1j)	1k	27024682	180665966

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	3348616457	3557395222
---	-----------	------------	------------

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	32000000	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		32000000
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)	2563734	
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		2563734
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		

		(a) Amount	(b) Total
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		439543530
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		474107264

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	251322073	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3).....	2e(4)		251322073
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)	2210997	
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)	1888488	
(4) Other	2i(4)	9906941	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		14006426
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		265328499

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		208778765
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: POSTLETHWAITE & NETTERVILLE

(2) EIN: 72-1202445

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

4 CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete lines 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete lines 4j and 4l. MTIAs also do not complete line 4l.

During the plan year:

a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....

b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....

	Yes	No	Amount
4a		X	
4b		X	

	Yes	No	Amount
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		50000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.		X	

5a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
 If "Yes," enter the amount of any plan assets that reverted to the employer this year..... ☐ Yes ☒ No Amount:

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

5b(2) EIN(s)	5b(3) PN(s)

Part V Trust Information (optional)

6a Name of trust

6b Trust's EIN

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2012 This Form is Open to Public Inspection.
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

A Name of plan <u>EMBARQ RETIREMENT PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>EMBARQ CORPORATION</u>	D Employer Identification Number (EIN) <u>20-2923630</u>

Part I	Distributions
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	1
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>36-1561860</u>	
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.	
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	3 <u>56</u>

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☒ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)	6a		
b Enter the amount contributed by the employer to the plan for this plan year	6b		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	6c		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure or other authority providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☐ Yes	☐ No	☒ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box. If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☒ No
--	-----------------------------------	-----------------------------------	-------------------------------	--

Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.).....	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete lines 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If line 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

- 19** If the total number of participants is 1,000 or more, complete lines (a) through (c)

- a** Enter the percentage of plan assets held as:

Stock: 32.0% Investment-Grade Debt: 39.0% High-Yield Debt: 11.0% Real Estate: 5.0% Other: 13.0%

- b** Provide the average duration of the combined investment-grade and high-yield debt:

☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☒ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

- c** What duration measure was used to calculate line 19(b)?

☐ Effective duration ☐ Macaulay duration ☒ Modified duration ☐ Other (specify):

EMBARQ RETIREMENT PENSION PLAN

FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE

December 31, 2012 and 2011

(With Independent Auditors' Report Thereon)



A Professional Accounting Corporation

www.pncpa.com

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INDEPENDENT AUDITORS' REPORT

To the Plan Administrator and Trustee
of Embarq Retirement Pension Plan

We were engaged to audit the accompanying financial statements of the Embarq Retirement Pension Plan (the Plan), which comprise the statement of net assets available for benefits as of December 31, 2012, and the related statement of changes in net assets available for benefits for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 7, which was certified by Northern Trust, the trustee of the Plan, except for comparing such information with the related information included in the 2012 financial statements. We have been informed by the Plan Administrator that the trustee holds the Plan's investment assets and executes investment transactions. The Plan Administrator has obtained a certification from the trustee as of and for the year ended December 31, 2012, that the information provided to the Plan Administrator by the trustee is complete and accurate.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the 2012 financial statements. Accordingly, we do not express an opinion on the 2012 financial statements.

Other Matter – Supplemental Schedule

The supplemental schedule, Schedule H, Line 4i – Schedule of Assets (Held at End of Year) as of and for the year ended December 31, 2012 is required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedule.

Other Matter – 2011 Financial Statements

The financial statements of the Plan as of December 31, 2011, were audited by predecessor auditors. As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 (ERISA), the Plan Administrator instructed the predecessor auditors not to perform and they did not perform any auditing procedures with respect to the information certified by the trustee. Their report, dated October 15, 2012, indicated that (a) because of the significance of the information that they did not audit, they were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion and accordingly, they did not express an opinion on the financial statements and (b) the form and content of the information included in the financial statements other than that derived from the information certified by the trustee, were presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Postlethwaite & Kottmille

New Orleans, Louisiana
October 11, 2013

EMBARQ RETIREMENT PENSION PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
As of December 31, 2012 and 2011
(Dollars in thousands)

	December 31,	
	2012	2011
Assets		
Investments, at fair value (Notes 3 and 4):		
Plan's interest in the CenturyLink, Inc. Defined Benefit Master Trust	\$ 3,738,027	\$ —
Investments held outside the Master Trust	—	3,330,111
Total investments, at fair value	3,738,027	3,330,111
Dividends and interest receivables	34	11,569
Pending trades receivable	—	33,962
Total assets	3,738,061	3,375,642
Liabilities		
Securities lending obligation	176,865	—
Accrued expenses	3,801	4,632
Pending trades payable	—	22,393
Total liabilities	180,666	27,025
Net assets available for benefits	\$ 3,557,395	\$ 3,348,617

EMBARQ RETIREMENT PENSION PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
Years ended December 31, 2012 and 2011
(Dollars in thousands)

	2012	2011
Additions (reductions) to net assets attributed to:		
Investment income:		
Dividends	\$ —	\$ 26,701
Interest	—	67,724
Other	2,563	14,359
Allocable share of Master Trust Investment activities (Note 4)	83,514	—
Total investment income	86,077	108,784
Allocable share of Master Trust investment expense (Note 4)	(6,783)	—
Other plan investment expense	—	(10,308)
Net investment income	79,294	98,476
Net appreciation (depreciation) in fair value of investments (Notes 3 and 4):		
Allocable share of Master Trust Investment activities	352,217	—
Other plan identified investments	10,596	(65,320)
Total net appreciation (depreciation) in fair value of investments	362,813	(65,320)
Company contribution	32,000	164,000
Total additions, net	474,107	197,156
Deductions from net assets attributed to:		
Benefits paid to participants	251,322	242,175
Allocable share of Master Trust administrative expenses (Note 4)	1,961	—
Other plan administrative expenses	12,046	8,667
Total deductions	265,329	250,842
Net increase (decrease)	208,778	(53,686)
Net assets available for benefits:		
Beginning of year	3,348,617	3,402,303
End of year	\$ 3,557,395	\$ 3,348,617

The accompanying notes are an integral part of these financial statements.

EMBARQ RETIREMENT PENSION PLAN
Notes to Financial Statements

Note 1: Plan Description

The following description of the Embarq Retirement Pension Plan (the "Plan") provides general information only. Participants should refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan is classified as a defined-benefit pension plan under the Internal Revenue Code (the "Code") and has been adopted by substantially all of Embarq's subsidiaries. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

On July 1, 2009, Embarq Corporation ("Embarq") and CenturyLink, Inc. (the "Company"), a Louisiana corporation, completed a merger transaction whereby a wholly owned subsidiary of the Company merged with and into Embarq. As a result of the merger, Embarq became a wholly-owned subsidiary of the Company and remains the sponsor of the Plan.

Eligibility

For the majority of Embarq's employees, full-time active employees become eligible to participate in the Plan when they complete one year of continuous service under the Plan. Part-time active employees become eligible to participate after they have worked at least 1,000 hours during the first 12 months of their employment, or in any calendar year thereafter. For the Centel Corporation bargaining unit employees, all active employees become eligible to participate in the Plan on their first day of work. Non-represented employees hired after December 31, 2010 are not eligible to participate in the Plan.

Vesting

Participants become vested in their retirement benefit when they complete five years of continuous service under the Plan or upon attaining age 65 for Centel Corporation bargaining unit employees.

Pension Benefits

For participants not represented by a collective bargaining agreement, annual benefits under the Plan are determined according to a two-part formula. Part one uses average annual pay for the 60 months ended December 31, 1993, multiplied by credited years of service through December 31, 1993 times 1.5%. For part two, the amount calculated in part one is then added to 1.5% of eligible annual pay for each subsequent year after 1993 through December 31, 2010 when benefit accruals were frozen. The annual compensation of each participant taken into account in determining benefit accruals shall not exceed the compensation limit as established under Code Sec. 401(a)(17).

Pension benefits for participants represented by certain collective bargaining agreements which have bargained for benefits under the Plan are determined based on a schedule of flat dollar amounts as specified in the respective individual bargaining agreements and their credited service.

For participants who have collectively-bargained benefits under the Plan, benefits and increases, if any, are typically negotiated as part of a new collective bargaining agreement. Any changes in negotiated benefit rates are considered plan amendments in these financial statements.

The Plan provides for normal, early retirement, special early retirement, disability retirement, and deferred vested retirement, upon meeting certain conditions. Plan benefits may be paid in the form of a single life annuity or in various forms of a joint and survivor annuity, after an actuarial reduction if benefits commence before the participant's normal retirement date. Certain participants may qualify for a lump sum distribution of all or a portion of their vested accrued benefit.

Multiple amendments have been made to the Plan. Some of these amendments apply only to certain groups of employees whose rights have been preserved according to the provisions of their predecessors' company pension plans. Benefits are calculated under the current Plan formula and compared to the preserved benefit.

EMBARQ RETIREMENT PENSION PLAN
Notes to Financial Statements

Freezing of Pension Plan

Effective December 31, 2010, the Company amended the Plan so that no additional benefits will be earned or accrued for non-represented participants. Service after this date will continue to count toward vesting and benefit eligibility, but not the benefit amount. The Plan does not accept any new non-represented participants who begin their employment with Embarq after December 31, 2010. Existing retired or terminated vested participants were not affected.

Funding Policy

The Company's funding policy is to make contributions to the Plan that satisfies ERISA minimum funding requirements. The Company may also make discretionary contributions based on projected assets and liabilities of the Plan. For the 2012 and 2011 Plan years, the Company made a discretionary contribution of \$32 million and \$164 million, respectively.

Note 2: Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies of the Plan:

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis of accounting.

Plan management has evaluated subsequent events through October 11, 2013, the date these financial statements were available to be issued, and no additional matters were determined to require additional disclosure or modification to the financial statements, as issued.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles ("U.S. GAAP") requires Plan's management to make estimates and assumptions that affect reported amounts of assets, liabilities, and changes therein; disclosure of contingent assets and liabilities; and the actuarial present value of accumulated plan benefits at the date of the financial statements. Actual results could differ from those estimates.

Recently Adopted Accounting Pronouncements

In May 2011, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs* ("ASU 2011-04"), which amends ASC 820, *Fair Value Measurement*. ASU 2011-04 also requires the categorization by level for items that are only required to be disclosed at fair value and information about transfers between Level 1 and Level 2. In addition, the ASU provides guidance on measuring the fair value of financial instruments managed within a portfolio and the application of premiums and discounts on fair value measurements. The ASU requires additional disclosure for Level 3 measurements regarding the sensitivity of fair value to changes in unobservable inputs and any interrelationships between those inputs. The new guidance is effective for reporting periods beginning after December 15, 2011. The adoption did not have a material effect on the statement of net assets available for benefits and statement of changes in net assets available for benefits.

Income Recognition

Net realized and unrealized gains and losses are reflected in the statements of changes in net assets available for benefits as net appreciation or depreciation in fair value of investments. Net realized and unrealized gains and losses are the difference between the fair value at the beginning of the year or date purchased during the year and the selling price or the fair value at the end of the year.

Dividend income is recorded on the ex-dividend date, the date at which a declared dividend belongs to the seller of the security rather than the buyer. Interest income and other income are accrued when earned. Interest income includes gains and losses on interest rate swaps. Other income primarily represents partnership income and securities lending income. Purchases and sales of securities are recorded on a trade date basis.

EMBARQ RETIREMENT PENSION PLAN
Notes to Financial Statements

Administrative and Plan Expenses

Plan expenses are generally paid by the Plan with the exception of certain expenses incurred by the Company, such as Plan design and corporate functions, which are paid for by the Company. Direct expenses paid by the Plan include trustee fees, investment management fees, administration fees, and certain other expenses.

Payment of Benefits

Benefit payments are recorded when paid.

Reclassifications

Certain reclassifications to the 2011 financial statements have been made to conform to the current year presentation.

Note 3: Fair Value of Financial Instruments

Investments are reported at fair value. 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 participants who are willing and able to transact for an asset or liability at the financial statement date. Plan management uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs when determining fair value and then Plan management ranks the values based on the reliability of the inputs used following the fair value hierarchy set forth by the FASB.

The three levels of the fair value hierarchy are as follows:

Input Level	Description of Input
Level 1.....	Observable inputs such as quoted market prices in active markets.
Level 2.....	Inputs other than quoted prices in active markets that are either directly or indirectly observable.
Level 3.....	Unobservable inputs in which little or no market data exists.

Plan assets are invested in various asset categories utilizing multiple strategies and investment managers. For several of the investments detailed below, the Plan owns 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. All commingled funds held by the Plan that can be redeemed at NAV within a year of the financial statement date are classified as Level 2, otherwise the fund is classified as Level 3. 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 general partners are monitored and evaluated for reasonableness. Below is an overview of the asset categories, the underlying strategies, and the valuation inputs used to value the assets.

(a) *Investment grade bonds* – This asset category represents investments in fixed income securities as well as commingled bond funds with characteristics similar to the Barclays Capital U.S. Aggregate Bond Index. This index is 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.

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(b) *High yield bonds* – This asset category represents 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* – This asset category represents 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 net asset value, as determined by the market value of the underlying investments, and are classified as Level 1.

(d) *Convertible bonds* – This asset category primarily represents 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* – This asset category represents 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* – This asset category represents 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* – This asset category represents 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 previously. 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* – This asset category represents investments in a registered mutual fund and commingled funds comprised of stocks of companies located in developing markets. The registered mutual funds trade at the daily net asset value, 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* – This asset category 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

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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* – This asset category represents non-public investments in distressed or mezzanine debt funds, as well as certain group annuity contracts. 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. These private debt investments are classified as Level 3. Group annuity contracts are valued based on the amount the plans would receive if funds are withdrawn from these participating contracts. The cash-out factor is based on the associated underlying pool of the insurance company's general account assets consisting primarily of bond funds. The group annuity contracts are classified as Level 3.

(k) *Market neutral and 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* – This asset category 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* – This asset category includes the market value of exchange-traded futures contracts as well as privately negotiated over-the-counter derivative instruments 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* – This asset category represents 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 previously. These commingled funds can be redeemed at NAV within a year of the financial statement date and are classified as Level 2.

(o) *Securities lending obligation and collateral* – This asset category represents securities lending transactions whereby the Plan's lending agent lends stock and bond investments of the Plan to other third-party investment firms in exchange for collateral. The stock and bond securities are generally loaned for a period of less than one month and can be recalled on a day's notice. Under the terms of its securities lending agreement, the Plan typically requires collateral of a value in excess of the fair value of the loaned investments. Collateral received is then invested in certain collective investment vehicles maintained by the lending agent. Upon the maturity of the agreement, the borrower must return the same, or substantially the same, investments that were borrowed and the Plan returns the collateral. The value of the obligation is a fixed amount based on the collateral received and is classified as Level 2. The collateral received is invested in collective investment vehicles that are comprised of short-term investment grade bonds and cash equivalents, the valuations of which are described above, and is classified as Level 2.

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The table below presents the Plan's investments recognized in the statements of net assets available for benefits and measured at fair value on a recurring basis as of December 31, 2011. At the beginning of 2012, all assets were transferred to the CenturyLink, Inc. Defined Benefit Master Trust ("Master Trust") and are held with a Plan Trustee, The Northern Trust Company ("Northern Trust"). The fair values of investments held in the Master Trust as of December 31, 2012 are presented in Note 4, Investment in CenturyLink, Inc. Defined Benefit Master Trust.

It is important to note that the asset allocations below do not include market exposures that are gained with derivatives. The fair value of investments is presented net of selling costs, such as brokerage commissions, of approximately \$2.8 million as of December 31, 2011 in the table below and on the statements of net assets available for benefits.

Fair Value of investments as of December 31, 2011				
	Level 1	Level 2	Level 3	Total
(Dollars in thousands)				
Investment grade bonds ^(a)	\$ -	\$ 1,111,589	\$ -	\$1,111,589
High yield bonds ^(b)	-	96,082	855	96,937
Emerging market bonds ^(c)	-	106,167	-	106,167
Convertible bonds ^(d)	-	1,476	-	1,476
U.S. stocks ^(f)	172,256	660,999	-	833,255
Non-U.S. stocks ^(g)	287,156	416,497	-	703,653
Emerging market stocks ^(h)	51,886	-	-	51,886
Private debt ⁽ⁱ⁾	-	-	805	805
Directional hedge funds ^(k)	-	154,133	-	154,133
Real estate ^(l)	-	175,478	31,568	207,046
Derivatives ^(m)	-	(589)	-	(589)
Cash equivalents and short-term investments ⁽ⁿ⁾	-	63,753	-	63,753
Total	\$ 511,298	\$ 2,785,585	\$ 33,228	\$3,330,111

Changes in Fair Value of Level 3 assets and related Gains and Losses

The following table presents a rollforward of the Plan assets valued using Level 3 inputs for the year ended December 31, 2011. For the year ended December 31, 2012, the rollforward for the Plan's interest in the Master Trust assets valued using Level 3 inputs is presented in Note 4.

	Real estate	High yield bonds	Private debt	Total
(Dollars in thousands)				
Balance at January 1, 2011	\$ 23,446	\$ 400	\$ 910	\$ 24,756
Unrealized gain (loss) on investments, net	8,122	455	(25)	8,552
Net (dispositions) acquisitions	—	—	(80)	(80)
Balance at December 31, 2011	31,568	855	805	33,228
Net transfers to Master Trust	(31,568)	(855)	(805)	(33,228)
Balance at December 31, 2012	\$ —	\$ —	\$ —	\$ —

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Investment Valued at NAV

The table below presents a summary of the fair value, redemption frequency, and redemption notice period of commingled funds in the Plan as of December 31, 2011. The Plan's interest in the Master Trust commingled funds valued at NAV as of December 31, 2012 is presented in Note 4.

Commingled funds	Fair value	Redemption frequency	Redemption notice period	Redemption restrictions as of December 31, 2012
	(Dollars in thousands)			
Investment grade bonds	\$ 686,460	Daily	Same day	None
Emerging market bonds	90,943	Daily	5 days	None
U.S. stocks	659,985	Daily	Same day	None
Non U.S. stocks	416,497	Daily	2 days	None
Directional hedge funds	154,133	Quarterly	90 days	None
Real estate	175,478	Quarterly	45 days	None
Cash equivalents and short-term investments	41,682	Daily	Same day	None
Total commingled funds	<u>\$ 2,225,178</u>			

Unlike commingled funds, limited partnerships do not have redemption features. Investment in limited partnerships represent long term commitments, typically ten years, draw capital for investment in the first several years, and make distributions to investors in the last several years of the life of the partnership (as investments are liquidated). The distributions from the limited partnership portfolios are dependent on market conditions and unpredictable by nature, but some level of distributions can be expected each year. Plan management estimates that the majority of the currently outstanding fair value of the real estate limited partnerships would be distributed over a period of two to five years. The table below presents a summary of the fair value, redemption frequency, unfunded commitments, and average life of distribution of limited partnerships as of December 31, 2011. The Plan's interest in the Master Trust limited partnership investments valued at NAV as of December 31, 2012 is presented in Note 4.

Limited partnerships	Fair value	Redemption frequency	Unfunded commitments	Average life of distribution
	(Dollars in thousands)			
Real estate	\$ 31,568	No redemption feature	None	Approximately 2 to 5 years; See (a) below

(a) Approximately \$22.634 million or 72%, in real estate limited partnerships were in liquidation at December 31, 2011

Investments that Represent 5% or more of the Plan's Net Assets Available for Benefits

The following schedule presents individual investments (at fair value as determined by quoted market price or estimated fair value) representing 5% or more of the Plan's net assets available for benefits as of December 31, 2011. For investments as of December 31, 2012, the investments that represent 5% or more of the Master Trust are presented in Note 3.

	(Dollars in thousands)
MFO PIMCO FDS Long Duration	<u>\$ 272,356</u>
MFB NT Collective Russell 1000 Index Fund	660,169
MFB NT Collective MSCI ACWI Ex-US Index Fund	416,709
MFB NT Collective Long Term Govt	414,104

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Net Appreciation of Investments

For the years ended December 31, 2012 and 2011, net realized and unrealized (depreciation) appreciation in the fair value or estimated fair value on the Plan's investments (including those bought, sold or held during the year) was as follows:

	2012	2011
	(Dollars in thousands)	
Investment grade and high yield bonds	\$ (4,472)	\$ 78,436
Emerging market bonds	(17)	(3,161)
Convertible bonds	—	75
U.S. stocks	11,554	(63,265)
Non-U.S. and emerging market stocks	(6,216)	(90,466)
Private debt	—	(25)
Directional hedge funds	—	(7,480)
Real estate	(6,290)	25,101
Derivatives	17,284	(3,976)
Cash and equivalents	(1,247)	(559)
Total	<u>\$ 10,596</u>	<u>\$ (65,320)</u>

Derivatives

Derivative instruments are used to reduce risk as well as provide return. The Plan occasionally purchases and sells futures, swaps, forwards, and swaptions for the purpose of managing the Plan's exposure to movements in securities markets, currencies, and interest rates. Upon entering into a derivatives transaction, the Plan may be required to deposit initial margin, either cash or securities, with the derivative counterparty or exchange. Subsequent payments may be made between the Plan and the counterparty to compensate for movement in the value of the contract.

The tables below present derivative instruments held directly by the Plan as of December 31, 2011. For the year ended December 31, 2012, the Plan's interest in Master Trust derivative instruments held is presented in Note 4.

		Asset derivatives as of December 31, 2011	
	Statements of net assets available for benefits location	Notional amount	Fair value
		(Dollars in thousands)	
Interest rate swaps	Investments, at fair value	\$ 336,100	\$ 3,330
Credit default swaps	Investments, at fair value	68,563	1,286
Foreign exchange forwards	Investments, at fair value	135,351	2,690
Forward volatility agreements	Investments, at fair value	33,600	2,068
Swaptions	Investments, at fair value	20,700	71
Total		<u>\$ 594,314</u>	<u>\$ 9,445</u>

		Liability derivatives as of December 31, 2011	
	Statements of net assets available for benefits location	Notional amount	Fair value
		(Dollars in thousands)	
Interest rate swaps	Investments, at fair value	\$ 68,600	\$ 2,508
Credit default swaps	Investments, at fair value	76,814	3,353
Foreign exchange forwards	Investments, at fair value	120,431	3,130
Inflation floor agreements	Investments, at fair value	4,000	26
Swaptions	Investments, at fair value	892,100	1,017
Total		<u>\$ 1,161,945</u>	<u>\$ 10,034</u>

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The following table presents the total net gain (loss) of derivatives for the years ended December 31, 2012 and 2011:

Statements of changes in net assets available for benefits location		Total net gain (loss)	
		2012	2011
		(Dollars in thousands)	
Exchanged traded futures	Net appreciation in fair value of investments	\$ 6,169	\$ 11,560
Foreign exchange forwards	Net appreciation (depreciation) in fair value of investments	3,410	(1,469)
Swaps and options	Net appreciation (depreciation) in fair value of investments	7,705	(14,067)
Total		<u>\$ 17,284</u>	<u>\$ (3,976)</u>

Note 4: Interest in CenturyLink, Inc. Defined Benefit Master Trust

The CenturyLink, Inc. Defined Benefit Master Trust was created at the beginning of 2012 for the purpose of collective investment of the assets of participating defined benefit pension plans sponsored by the Company. The assets are allocated among the participating plans by assigning to each plan those assets and transactions that can be specifically plan identified, and allocating among all plans the net investment income, gains and losses, and expenses of the Master Trust, in proportion to the market value of the assets assigned to each plan. The assets of the Master Trust are managed by CenturyLink Investment Management ("CIM") in its capacity as investment fiduciary for the participating plans. For discussion on fair value of financial instruments, including input levels and description of Master Trust asset categories, see Note 3.

It is important to note that the asset allocations do not include market exposures that are gained with derivatives. The fair value of Master Trust investments is presented net of selling costs, such as brokerage commissions, of approximately \$21 million as of December 31, 2012 in the tables below.

At December 31, 2012, the Plan's interest in the net assets of the Master Trust was approximately 28.8%.

The following table sets forth by category and input level, within the fair value hierarchy, the Master Trust's net assets at fair value as of December 31, 2012:

	Fair Value of Master Trust Assets			
	Level 1	Level 2	Level 3	Total
(Dollars in thousands)				
Investment grade bonds ^(a)	\$ 864,621	\$ 1,517,301	\$ —	\$ 2,381,922
High yield bonds ^(b)	—	1,312,642	58,663	1,371,305
Emerging market bonds ^(c)	198,891	391,222	—	590,113
Convertible bonds ^(d)	—	379,477	—	379,477
Diversified strategies ^(e)	—	655,110	—	655,110
U.S. stocks ^(f)	1,225,317	114,604	—	1,349,921
Non-U.S. stocks ^(g)	1,213,494	178,100	—	1,391,594
Emerging market stocks ^(h)	100,734	193,471	—	294,205
Private equity ⁽ⁱ⁾	—	—	733,687	733,687
Private debt ^(j)	—	—	477,233	477,233
Market neutral hedge funds ^(k)	—	906,537	—	906,537
Directional hedge funds ^(k)	—	505,054	28,500	533,554
Real estate ^(l)	—	223,187	334,269	557,456
Derivatives ^(m)	(5,009)	(1,395)	—	(6,404)
Cash equivalents and short-term investments ⁽ⁿ⁾	330	751,373	—	751,703
Securities lending collateral ^(o)	—	613,162	—	613,162
Total investments at fair value	3,598,378	7,739,845	1,632,352	12,970,575
Securities lending obligation ^(o)	—	(613,162)	—	(613,162)
Total investments, net of securities lending obligation....	<u>\$ 3,598,378</u>	<u>\$ 7,126,683</u>	<u>\$ 1,632,352</u>	<u>\$ 12,357,413</u>
Dividends and interest receivable				117
Accrued expenses				(13,217)
Net assets available for benefits				<u>\$ 12,344,313</u>

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Securities loaned by the Master Trust totaled \$602 million. They are included in investment grade bonds, high yield bonds, emerging market bonds, convertible bonds, U.S. stocks, and non-U.S. stocks, in the preceding table in the amounts of \$162 million; \$85 million; \$33 million; \$60 million; \$216 million; and \$46 million, respectively.

During 2012, the Master Trust's investments (including investments bought and sold, as well as held during the year) appreciated (depreciated) as follows:

	(Dollars In Thousands)
Net appreciation (depreciation) in fair value of Master Trust investments:	
Investment grade bonds	\$ 133,935
High yield bonds	104,320
Emerging market bonds	61,504
Convertible bonds	39,290
Diversified strategies	100,951
U.S. stocks	198,590
Non-U.S. stocks	226,568
Emerging market stocks	30,730
Private equity	44,576
Private debt	45,482
Market neutral hedge funds	41,716
Directional hedge funds	44,332
Real estate	22,461
Derivatives	152,281
Cash equivalents and short-term investments	(84)
Total net appreciation in fair value of Master Trust investments	<u>\$ 1,246,652</u>

The net appreciation of the Master Trust's investments whose fair value was determined based upon quoted prices for identical instruments traded in active markets was approximately \$577 million for the year ended December 31, 2012. The net appreciation of investments whose fair value was determined using methods other than quoted prices for identical instruments traded in active markets was approximately \$670 million for the year ended December 31, 2012.

The following are the changes in net assets for the Master Trust for the year ended December 31, 2012.

	(Dollars In Thousands)
Changes in Master Trust Net Assets:	
Investment income:	
Dividends	\$ 66,692
Interest	143,429
Other	81,007
Total investment income	291,128
Investment expense	(23,588)
Net investment income	267,540
Net appreciation in fair value of investments	1,246,652
Net transfers to Master Trust	10,836,930
Administrative expenses	(6,809)
Net increase	12,344,313
Net assets available for benefits:	
Beginning of year	—
End of year	<u>\$ 12,344,313</u>

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Changes in Fair Value of Level 3 assets and related Gains and Losses

The following table presents a rollforward of the Master Trust assets valued using Level 3 inputs for the year ended December 31, 2012.

Master Trust assets valued using level 3 inputs						
	High yield bonds	Private equity	Private debt	Market neutral hedge funds	Directional hedge funds	Real estate
	(Dollars in thousands)					
						Total
Balance at December 31, 2011	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Net transfers to Master Trust	78,900	820,454	438,922	61,102	29,867	1,795,303
Net (dispositions) acquisitions	(9,739)	(45,463)	18,307	—	(343)	(44,042)
Net transfers – other	(12,382)	6,560	—	(61,102)	—	(93,409)
Actual return on plan assets:						
Realized gains relating to assets sold during the year	—	2,997	988	—	13	4,145
Unrealized (losses) gains relating to assets still held at year-end	1,884	(50,861)	19,016	—	(1,037)	(29,645)
Balance at December 31, 2012	<u>\$ 58,663</u>	<u>\$ 733,687</u>	<u>\$ 477,233</u>	<u>\$ —</u>	<u>\$ 28,500</u>	<u>\$ 1,632,352</u>

Master Trust Investments Valued at NAV

For commingled funds and limited partnerships described above, the Master Trust owns units in funds that invest in various types of assets. Commingled funds give investors the right, subject to predetermined redemption procedures, to redeem their investment at NAV. The table below presents a summary of the fair value, redemption frequency, and redemption notice period of commingled funds as of December 31, 2012:

Commingled funds	Fair value	Redemption frequency	Redemption notice period	Redemption restrictions as of December 31, 2012
	(Dollars in thousands)			
Investment grade bonds	\$ 392,697	Daily or monthly	Same day, 1, 2, or 30 days	None
High yield bonds	879,425	Daily, monthly, or quarterly	Same day, 10, or 90 days	None
Emerging market bonds	20,081	Daily	Same day	None
Diversified strategies	655,110	Monthly	5 days	None
U.S. stocks	99,762	Daily	Same day	None
Non U.S. stocks	171,037	Daily or semi-monthly	Same day or 5 days	None
Emerging market stocks	193,471	Daily or monthly	Same day, 30, or 60 days	None
Market neutral hedge funds	906,537	Weekly, monthly, quarterly, or semi-annually	5, 10, to 95 days	See (a) below
Directional hedge funds	505,054	Quarterly, semi-annually, or annually	45 to 90 days	None
Real estate	223,186	Quarterly or semi-annually	45 to 60 days	None
Cash equivalents and short-term investments	70,392	Daily	Same day	None
Total commingled funds	<u>\$ 4,116,752</u>			

(a) Approximately \$3.6 million or less than 1% in market neutral hedge funds commingled funds were in liquidation and could not be redeemed as of December 31, 2012.

Unlike commingled funds, limited partnerships do not have redemption features. Investment in limited partnerships represent long term commitments, typically ten years, draw capital for investment in the first several years, and make distributions to investors in the last several years of the life of the partnership (as investments are liquidated). The distributions from the limited partnership portfolios are dependent on market conditions and unpredictable by nature, but some level of distributions can be expected each year. Plan management estimates that the majority of the currently outstanding fair value of the limited partnerships would be distributed over a period of

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nine to eleven years. The table below presents a summary of the fair value, redemption frequency, unfunded commitments, and average life of distribution of limited partnerships in the Master Trust as of December 31, 2012:

Limited partnerships	Fair value (Dollars in thousands)	Redemption frequency	Unfunded commitments (Dollars in thousands)	Average life of distribution
High yield bonds	\$ 58,663	No redemption feature	None	Approximately 5 to 7 years
Directional hedge funds	28,500	No redemption feature	None	Approximately 2 years; See (a) below
Private equity	733,687	No redemption feature	\$ 160,404	Approximately 9 to 11 years
Private debt	477,233	No redemption feature	238,663	Approximately 9 to 11 years
Real estate	334,269	No redemption feature	50,939	Approximately 9 to 11 years
Total limited partnerships	<u>\$ 1,632,352</u>		<u>\$ 450,006</u>	

(a) Approximately \$2 million, or 7%, in directional hedge funds limited partnerships were in liquidation at December 31, 2012.

As detailed above, all of the Master Trust's Level 3 investments consist of limited partnerships, including three group annuity contracts categorized as private debt of \$13.9 million. The limited partnerships have been valued using NAV as reported in the audited financial statements of the respective investments (adjusted for estimated selling costs), as of December 31, 2012. The value of the group annuity contracts was determined by the respective insurance company using methodologies not readily available. These investments therefore, meet the exceptions to disclosing the quantitative information about significant unobservable inputs used in Level 3 fair value measurements.

Investments that Represent 5% or more of the Master Trust's Net Assets Available for Benefits

The following table presents investments that represent 5% or more of the Master Trust's net assets available for benefits as of December 31, 2012.

	(Dollars and shares in thousands)
Bridgewater All Weather 12% LLC Series I, 454 shares	\$ 655,540

Derivatives

Derivative instruments are used to reduce risk as well as provide return. The Master Trust uses exchange traded futures to gain exposure to equity and debt markets consistent with target asset allocations. Interest rate swaps are used in the Master Trust to reduce risk relative to measurement of the benefit obligation, which is sensitive to interest rate changes. Foreign exchange forward contracts are used primarily to manage currency exposures. Credit default swaps are used to manage credit exposure and to enhance investment returns. Options are used to provide protection or enhance returns associated with changes in interest rates. Some derivative instruments subject the Master Trust to counterparty risk. The external investment managers, along with CIM, closely 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.

Swap contracts held in the Master Trust contain credit-risk-related contingent features. For instance, if the net assets of the Master Trust declined by more than 15% per month or 30% per year, the counterparty of certain contracts could choose to terminate the contract. Other counterparties would require the posting of additional collateral equal to 1% to 2.5% of the notional value in order to maintain the existing contracts if net assets of the Master Trust drop by more than 50% in a year. For swap contracts that would require posting of additional collateral, if the feature were triggered on December 31, 2012, the Master Trust would have been required to post additional collateral of approximately \$6.8 million.

EMBARQ RETIREMENT PENSION PLAN
Notes to Financial Statements

The tables below present derivative instruments held directly by the Master Trust as of December 31, 2012. The tables exclude any derivatives that may be held in the investments in commingled and mutual funds.

Statements of net assets available for benefits location		Asset derivatives as of December 31, 2012	
		Notional amount	Fair value
		(Dollars in thousands)	
Exchanged –traded			
U.S. equity futures	Investments, at fair value	\$ 302,086	\$ 5,983
U.S. treasury futures.....	Investments, at fair value	(54,359)	258
European treasury futures	Investments, at fair value	152,269	29
Interest rate swaps.....	Investments, at fair value	573,968	12,862
Credit default swaps	Investments, at fair value	295,218	2,844
Options	Investments, at fair value	8,700	693
Foreign exchange forwards.....	Investments, at fair value	264,262	6,484
Total.....		<u>\$ 1,542,144</u>	<u>\$ 29,153</u>

Statements of net assets available for benefits location		Liability derivatives as of December 31, 2012	
		Notional amount	Fair value
		(Dollars in thousands)	
Exchanged –traded			
Non U.S. equity futures.....	Investments, at fair value	\$ 871	\$ 6
U.S. treasury futures.....	Investments, at fair value	1,701,682	11,297
Interest rate swaps.....	Investments, at fair value	494,821	11,899
Credit default swaps	Investments at fair value	169,997	1,669
Options.....	Investments, at fair value	(772,900)	2,522
Foreign exchange forwards.....	Investments, at fair value	618,920	8,187
Total.....		<u>\$ 2,213,391</u>	<u>\$ 35,580</u>

The following table presents the total net gain (loss) of derivatives for the year ended December 31, 2012:

Statements of changes in net assets available for benefits location		(Dollars in thousands)
Exchanged –traded		
U.S. equity futures.....	Net appreciation in fair value of investments	\$ 45,886
Non U.S. equity futures...	Net appreciation in fair value of investments	111
U.S. treasury futures	Net appreciation in fair value of investments	86,391
European treasury futures	Net appreciation in fair value of investments	2,443
Interest rate swaps.....	Net appreciation in fair value of investments	16,987
Credit default swaps and options	Net appreciation in fair value of investments	2,847
Options.....	Net appreciation in fair value of investments	55
Foreign exchange forwards.....	Net (depreciation) in fair value of investments	(2,439)
Total.....		<u>\$ 152,281</u>

Note 5: Securities Lending

The Master Trust participates in securities lending transactions whereby the Master Trust's lending agent lends investments of the Master Trust to other third-party investment companies in exchange for collateral. The securities are generally loaned for a period of less than a month. Under the terms of its securities lending agreement, the Master Trust typically requires collateral of a value equal to 102%, for U.S. securities, or 105%, for foreign securities, of the then fair value of the loaned investments. Collateral is then invested in a segregated account maintained by the lending agent.

EMBARQ RETIREMENT PENSION PLAN
Notes to Financial Statements

Upon the maturity of the agreement, the borrower must return the same, or substantially the same, investments that were borrowed, and the Master Trust returns the collateral. The risks to the Master Trust of securities lending transactions are that 1) the borrower may not provide additional collateral when required, 2) the borrower may not return the investments when due, or 3) the earnings on the collateral investments may be negative requiring the Master Trust to assume additional collateral obligations. The Master Trust investments loaned under securities lending transactions totaled \$602 million as of December 31, 2012. The Master Trust recognizes the securities loaned on the statements of net assets available for benefits and records a corresponding asset and liability for the collateral held and for its obligation to return the collateral to the borrower. The Master Trust's financial instruments held as collateral totaled \$613 million as of December 31, 2012. Income from securities lending transactions totaled approximately \$1 million for the year ended December 31, 2012.

As described in Note 3 – Fair Value of Financial Instruments, in addition to direct investments in stocks and fixed-income securities, the Master Trust invests in commingled funds and mutual funds. Several of these funds may also engage in securities lending.

Note 6: Actuarial Present Value of Accumulated Benefits

Accumulated plan benefits are those future periodic payments including, where applicable, lump-sum distributions, that are attributable under the Plan's provisions to the service participants have rendered. Accumulated plan benefits include benefits expected to be paid to (a) retired or terminated participants or their beneficiaries, (b) beneficiaries of participants who have died, and (c) present participants or their beneficiaries. For participants represented by collective bargaining units that have bargained for benefits, the accumulated plan benefits are based upon amounts specified in the respective bargaining agreements. For remaining participants, the accumulated plan benefits are based upon a participant's compensation and the benefit formula described in Note 1, *Description of the Plan-Pension Benefits*. Accumulated benefits under all circumstances (retirement, death, disability and termination of employment) are included to the extent they are deemed attributable to employee service rendered to the valuation date.

The actuarial present value of accumulated plan benefits is determined by the Plan's actuary (Towers Watson) and is the amount that results from applying actuarial assumptions to adjust the accumulated plan benefits to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as death, disability, withdrawal or retirements) between the valuation date and the expected date of payment. The accumulated plan benefits are based on census data and Plan provisions in effect as of January 1, 2012 and 2011. These calculations have been used to disclose accumulated plan benefits as of December 31, 2011 and 2010. The actuarial valuation as of January 1, 2012 and 2011 is not materially different than the valuation would be as of December 31, 2011 and 2010, respectively.

The significant actuarial assumptions underlying the actuarial computations made to determine the present value of accumulated plan benefits as of December 31, 2011 were as follows:

- | | |
|--------------------------------|--|
| • Discount rate | 7.5% |
| • Retirement age | Later of age 65 and 5 years of service |
| • Marriage | 80% are married |
| • No cost-of-living adjustment | |
| • Mortality * | |

* Prescribed mortality assumption under Section 430(h)(3)(a) of the Internal Revenue Code using static tables with separate mortality rates for annuitants and non-annuitants

The December 31, 2010 assumptions were the same as the December 31, 2011 assumptions, with the exception of a discount rate of 8.0%.

Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining actuarial present value of accumulated plan benefits.

EMBARQ RETIREMENT PENSION PLAN
Notes to Financial Statements

The following table presents the components of the Plan's benefit obligations as of December 31, 2011 and 2010:

	2011	2010
	(Dollars in thousands)	
Vested benefits:		
Participants currently receiving benefits	\$ 2,253,508	\$ 2,073,505
Other participants	1,073,600	1,032,497
Total vested benefits	3,327,108	3,106,002
Non-vested benefits	28,021	34,609
Actuarial present value of accumulated plan benefits	\$ 3,355,129	\$ 3,140,611

The following table presents the changes in accumulated plan benefit obligations for the year ended December 31, 2011:

	(Dollars In thousands)
Actuarial present value of accumulated plan benefits as of December 31, 2010	\$ 3,140,611
Increase/(decrease) during the year attributable to:	
Decrease in the discount period	242,483
Benefits paid	(242,825)
Benefits accumulated and actuarial gains/losses	46,352
Change in actuarial assumptions	159,759
Plan amendments and other	8,749
Net increase	214,518
Actuarial present value of accumulated plan benefits as of December 31, 2011	\$ 3,355,129

Note 7: Summary of Information Certified by the Trustee

The Plan Administrator has elected the method of annual reporting compliance permitted by 29 CFR 2520.103-8 of the DOL's Rules and Regulations for Reporting and Disclosure under ERISA. Accordingly, Northern Trust, the Trustee, has certified the following information included in the accompanying financial statements and supplemental schedule. Additionally, the investment categories, and sub categories, and fair value amounts in Notes 3 and 4 were derived from information certified by the Trustee. The Plan Administrator has obtained certifications from the Trustee that the following information is complete and accurate:

- Statements of Net Assets Available for Benefits:

2012 – 28.8% interest in Master Trust, all assets, excluding estimated selling costs of \$6.0 million and related securities lending obligation

2011 – all assets, excluding estimated selling costs of \$2.8 million

- Statements of Changes in Net Assets Available for Benefits:

2012 – 28.8% interest in Master Trust, investment income and net appreciation (depreciation) in fair value of investments, excluding \$6.0 million of estimated selling costs

2011 – investment income and net appreciation (depreciation) in fair value of investments, excluding \$2.8 million of estimated selling costs

Accordingly, the Plan Administrator instructed the Plan's independent auditor not to perform any auditing procedures with respect to the investment information certified by the Trustee as complete and accurate, except for comparing such information certified by the Trustee to information included in the Plan's financial statements and supplemental schedule.

EMBARQ RETIREMENT PENSION PLAN
Notes to Financial Statements

Note 8: Tax Status

The Plan received a favorable tax determination letter from the Internal Revenue Service ("IRS") dated May 22, 2013. Furthermore, the Plan's management believes that the Plan continues to be designed and operated in compliance with the applicable requirements of the Internal Revenue Code; therefore, it believes that the Plan was qualified, and the related trust was tax-exempt as of the financial statement date. Accordingly, no provision for income taxes has been provided for in the Plan's financial statements.

U.S. GAAP requires the Plan's management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. As of December 31, 2012 and 2011, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosures in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Note 9: Plan Termination

Although the Company has not expressed any intention to do so, it has the right to terminate the Plan subject to the provisions of ERISA. However, the Company is required to comply with all relevant provisions of the applicable labor agreements.

In the event of the Plan's termination, the net assets of the Plan will be allocated, as prescribed by ERISA and its related regulations as defined in the Plan document. All benefits for each group shall be paid or provided for before any benefits are paid for any members of the group having the next lower priority. If the funds are insufficient to pay all of the benefits for any group, the amount available shall be allocated among the members of the group in proportion to their interests.

Certain benefits under the Plan are insured by the Pension Benefit Guaranty Corporation ("PBGC") if the Plan terminates. Generally, the PBGC guarantees most vested normal retirement age benefits, early retirement benefits, and certain disability and survivor's pensions. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination. However, there is a statutory ceiling, which is adjusted periodically, on the amount of an individual's monthly benefit that the PBGC guarantees.

Whether all participants receive their benefits should the Plan be terminated at some future time will depend on the sufficiency, at that time, of the Plan's net assets to provide those benefits, the priority of those benefits to be paid, and the level and type of benefits guaranteed by the PBGC at that time. Some benefits may be fully or partially provided for by the then-existing assets and the PBGC guaranty, while other benefits may not be provided for at all.

Note 10: Related Party and Party-In-Interest Transactions

The Plan and Master Trust invests in certain commingled funds managed by the Plan's Trustee. In addition, the Master Trust reimbursed the Company approximately \$0.8 million for certain qualifying administrative and investment expenses in 2012. Direct expenses paid in 2012 by the Master Trust for the Plan, and paid in 2011 by the Plan, include trustee fees, investment management fees, administration fees, and certain other expenses. These direct expenses paid by the Master Trust for the year ended December 31, 2012 totaled \$20.8 million, and direct expenses paid by the Plan for the year ended December 31, 2011 totaled \$19.0 million. These transactions, which qualify as related party or party-in-interest transactions, are exempt from the prohibited transaction rules.

EMBARQ RETIREMENT PENSION PLAN
Notes to Financial Statements

Note 11: Concentrations, Risks and Uncertainties

As described in Note 3 – Fair Value of Financial Instruments and Note 4 – Interest in CenturyLink, Inc. Defined Benefit Master Trust, the Plan's assets include various types of investments. 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 Plan to concentrations of counterparty risk consist principally of investment contracts with high quality financial institutions.

These investment contracts are typically collateralized obligations and/or actively managed, limiting the amount of counterparty exposure to any one financial institution. Although the investments are well diversified, and there are no significant concentrations of risk, the value of Plan assets could change materially depending upon the overall market volatility, which could affect the amounts reported in the statements of net assets available for benefits and the funded status of the Plan.

Required Plan contributions and the actuarial present value of accumulated plan benefits are determined based on certain assumptions including interest rates, inflation rates, and employee demographics, which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

Note 12: Subsequent Events

Effective January 1, 2013, the Madison River Communications Corp. Employees' Retirement Plan was merged into the Embarq Retirement Pension Plan.

In September 2008, the Department of Labor – Employee Benefits Security Administration initiated a routine audit of the Plan. As of May 2013, the audit has been closed with the DOL's questions resolved and with no material adverse outcome.

EMBARQ RETIREMENT PENSION PLAN
EIN: 72-0651161 PLAN NO: 001
FORM 5500, SCHEDULE H, PART IV, LINE 4i — SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2012

Identity of Issue, Borrower or Similar Party	Description of Investment, including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(In Thousands) Current Value
* CenturyLink Defined Benefit Master Trust	Investment in Master Trust	\$ 3,738,027
Total assets held for investment purposes		<u>\$ 3,738,027</u>

* CenturyLink as Plan Sponsor is considered a party in interest.

See accompanying Independent Auditors' Report

EMBARQ RETIREMENT PENSION PLAN
EIN: 72-0651161 PLAN NO: 001
FORM 5500, SCHEDULE H, PART IV, LINE 4i — SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2012

Identity of Issue, Borrower or Similar Party	Description of Investment, including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(In Thousands) Current Value
* CenturyLink Defined Benefit Master Trust	Investment in Master Trust	\$ 3,738,027
Total assets held for investment purposes		<u>\$ 3,738,027</u>

* CenturyLink as Plan Sponsor is considered a party in interest.

See accompanying Independent Auditors' Report

Section 3: Participant data

3.1 Summary of plan participants

All monetary amounts shown in US Dollars

Census Date	01/01/2012	01/01/2011
A Active Employees		
1 Number – Union	4,626	4,934
2 Number – Non-union	7,470	7,656
3 Number – Total	12,096	12,590
4 Average age	48.40	48.53
5 Average credited service	18.16	18.79
6 Total accrued benefits	101,191,537	113,206,122
7 Average accrued benefits	8,366	8,992
B Participants with Deferred Benefits		
1 Number	13,323	13,411
2 Total annual pension	82,772,321	82,037,575
3 Average annual pension	6,213	6,117
4 Average age	51.55	51.18
5 Distribution at January 1, 2012		
	Age	Number
	Under 40	1,550
	40-44	1,594
	45-49	2,180
	50-54	2,868
	55-59	2,688
	60-64	2,082
	65 and over	361
C Participants Receiving Benefits		
1 Number ¹	22,966	22,220
2 Total annual pension	245,028,067	233,109,479
3 Average annual pension	10,669	10,491
4 Average age	69.97	69.61
5 Distribution at January 1, 2012		
	Age	Number
	Under 55	489
	55-59	1,862
	60-64	4,742
	65-69	5,651
	70-74	4,057
	75-79	2,905
	80-84	1,933
	85 and over	1,327

¹ Includes 190 and 165 Alternate Payees entitled to a benefit under a Qualified Domestic Relations Order as of 1/1/2012 and as of 1/1/2011, respectively.

3.2 Age and service distribution of participating employees

Number distributed by attained age and attained years of credited service

Attained Age	Attained Years of Credited Service and Number ¹													Total
	0	1	2	3	4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40 & Over	
Under 25	85	24	15	12	3	11	0	0	0	0	0	0	0	150
25-29	157	64	65	62	74	98	3	0	0	0	0	0	0	523
30-34	146	80	64	55	112	342	153	1	0	0	0	0	0	953
35-39	111	84	74	60	92	400	483	84	6	0	0	0	0	1,394
40-44	84	73	47	57	98	322	450	244	105	4	0	0	0	1,484
45-49	91	43	34	34	68	210	403	224	290	87	14	0	0	1,498
50-54	74	36	33	33	62	189	315	207	304	216	500	30	0	1,999
55-59	36	26	20	15	36	106	222	137	198	151	506	739	85	2,277
60-64	23	9	13	5	31	89	115	60	91	78	194	419	477	1,604
65-69	2	1	0	3	0	17	25	10	22	9	16	20	66	191
70 & over	1	2	0	0	0	3	2	2	2	1	3	1	6	23
Total	810	442	365	336	576	1,787	2,171	969	1,018	546	1,233	1,209	634	12,096
Average:	Age	48	Number of Participants:			Fully vested		10,008		Males		8,163		
	Service	18				Partially vested		0		Females		3,933		
Census data as of January 1, 2012														

¹ Ages and service totals for purposes of determining category are based on exact (not rounded) values.

Change in minimum funding requirement and funding shortfall (funding surplus)

The minimum funding requirement decreased from \$150,078,728 for the 2011 plan year to \$85,814,078 for the 2012 plan year, and the funding shortfall decreased from \$711,875,169 on January 1, 2011 to \$214,348,460 on January 1, 2012 (establishing a shortfall amortization base of (\$386,523,708)).

Significant reasons for these changes include the following:

- The plan's effective interest rate increased 74 basis points compared to the prior year, which reduced the minimum funding requirement and the funding shortfall. This change includes an increase of 152 basis points due to reflecting the interest rate corridors under MAP-21.
- The return of 0.96% on market value of assets was less than expected. However, the return of 11.4% on the actuarial value of assets was greater than expected resulting in a decrease in the minimum funding requirement and the funding shortfall.
- A contribution of \$164,000,000 was made on December 28, 2011, which decreased the minimum funding requirement and the funding shortfall.
- The sponsor elected to reduce the plan's funding balances by \$26,750,623, which reduced the funding shortfall. A reconciliation of the funding balances is provided in Section 2.4 of this report.

In summary, the actuarial gain was \$37,078,649. The components of this gain are a loss of \$183,008,805 due to investment results and a gain of \$220,087,454 for sources related to plan liabilities.

The change in effective interest rate (an increase of 74 basis points from the prior year as indicated above) decreased the liability \$279,071,026. Under the Pension Protection Act of 2006, mortality is required to be updated annually. The change in mortality increased the liability by \$7,577,251. Negotiated increases (including prospective increases) in the flat dollar benefit multipliers by certain bargaining units during 2011 increased the liability by \$11,128,550. The liability loss relating to changes in the plan population is \$40,277,771 and is 1.08% of the total expected liability. This liability loss resulted primarily from participants retiring earlier than expected with subsidized early retirement benefits.

Form 5500Department of the Treasury
Internal Revenue ServiceDepartment of Labor
Employee Benefits Security
Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code).

► **Complete all entries in accordance with the instructions to the Form 5500.**OMB Nos. 1210 - 0110
1210 - 0089**2012****This Form is Open to
Public Inspection****Part I Annual Report Identification Information**For calendar plan year 2012 or fiscal plan year beginning **01/01/2012** and ending **12/31/2012**

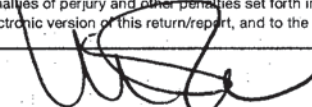
- A** This return/report is for: ☒ a multiemployer plan; ☐ a multiple-employer plan; or
☒ a single-employer plan; ☐ a DFE (specify) _____
- B** This return/report is: ☐ the first return/report; ☐ the final return/report;
☒ an amended return/report; ☐ a short plan year return/report (less than 12 months).
- C** If the plan is a collectively-bargained plan, check here ☐
- D** Check box if filing under: ☒ Form 5558; ☐ automatic extension; ☐ the DFVC program;
☐ special extension (enter description) _____

Part II Basic Plan Information - enter all requested information

1a Name of plan EMBARQ RETIREMENT PENSION PLAN	1b Three-digit plan number (PN) ► 001
	1c Effective date of plan 05/17/2006
2a Plan sponsor's name and address, include room or suite number (employer, if for a single-employer plan) EMBARQ CORPORATION CENTURYLINK - FINANCE DEPT. 2NE700 100 CENTURY LINK DR. P. O. BOX 4065 MONROE LA 71203	2b Employer Identification Number (EIN) 20-2923630 2c Sponsor's telephone number (318) 388-9000 2d Business code (see instructions) 517000

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE		12/10/13	Marina Pearson
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE
Preparer's name (including firm name, if applicable) and address; include room or suite number. (optional)			Preparer's telephone number (optional)

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

**Form 5500 (2012)
v. 120126**

SCHEDULE SB (Form 5500) <small>Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation</small>	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 <div style="border: 1px solid black; padding: 5px; text-align: center; font-weight: bold;">2012</div> This Form is Open to Public Inspection
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For calendar plan year 2012 or fiscal plan year beginning 01/01/2012 and ending 12/31/2012

► Round off amounts to nearest dollar.
 ► Caution: A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan EMBARQ RETIREMENT PENSION PLAN	B Three-digit plan number (PN) ► <u>001</u>
--	--

C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF EMBARQ CORPORATION	D Employer Identification Number (EIN) 20-2923630
---	--

E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500
---	---

Part I Basic Information

1 Enter the valuation date: Month 01 Day 01 Year 2012

2 Assets:			
a Market value	2a		3354127147
b Actuarial value	2b		3395724028
3 Funding target/participant count breakdown:			
		(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment	3a	22966	2368673009
b For terminated vested participants	3b	13323	374449008
c For active participants:			
(1) Non-vested benefits	3c(1)		29899315
(2) Vested benefits	3c(2)		753469210
(3) Total active	3c(3)	12096	783368525
d Total	3d	48385	3526490542

4 If the plan is in at-risk status, check the box and complete lines (a) and (b) ☐

a Funding target disregarding prescribed at-risk assumptions	4a	
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been in at-risk status for fewer than five consecutive years and disregarding loading factor	4b	

5 Effective interest rate	5	6.99 %
6 Target normal cost	6	24561117

Statement by Enrolled Actuary
 To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	<div style="font-family: cursive; font-size: 1.2em; margin-bottom: 10px;">RTC</div> Signature of actuary RONALD T. COZZOLINO Type or print name of actuary TOWERS WATSON DELAWARE INC. Firm name 191 NORTH WACKER DRIVE CHICAGO IL 60606 Address of the firm	<div style="font-family: cursive; font-size: 1.2em; margin-bottom: 10px;">10/09/2013</div> Date 11-06794 Most recent enrollment number 312-525-2500 Telephone number (including area code)
------------------	---	--

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF. Schedule SB (Form 5500) 2012 v.120126

Part II Beginning of Year Carryover and Prefunding Balances

	(a) Carryover balance	(b) Prefunding balance
7 Balance at beginning of prior year after applicable adjustments (line 13 from prior year)	104703192	
8 Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	97906748	
9 Amount remaining (line 7 minus line 8)	6796444	
10 Interest on line 9 using prior year's actual return of .96 %	65246	
11 Prior year's excess contributions to be added to prefunding balance:		
a Present value of excess contributions (line 38a from prior year)		102258961
b Interest on (a) using prior year's effective interest rate of 6.25 % except as otherwise provided (see instructions)		1211918
c Total available at beginning of current plan year to add to prefunding balance		103470879
d Portion of (c) to be added to prefunding balance		103470879
12 Other reductions in balances due to elections or deemed elections	6861690	19888933
13 Balance at beginning of current year (line 9 + line 10 + line 11d - line 12)	0	83581946

Part III Funding Percentages

14 Funding target attainment percentage	14	93.92 %
15 Adjusted funding target attainment percentage	15	93.92 %
16 Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement	16	83.79 %
17 If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage	17	%

Part IV Contributions and Liquidity Shortfalls

18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
07/11/2012	32000000				
01/14/2013	140000000				
02/01/2013	5856739				
Totals ▶			18(b)	177856739	18(c)

19 Discounted employer contributions - see instructions for small plan with a valuation date after the beginning of the year:	
a Contributions allocated toward unpaid minimum required contributions from prior years	19a
b Contributions made to avoid restrictions adjusted to valuation date	19b
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date	19c 166856847

20 Quarterly contributions and liquidity shortfalls:	
a Did the plan have a "funding shortfall" for the prior year?	☒ Yes ☐ No
b If line 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☒ Yes ☐ No
c If line 20a is "Yes," see instructions and complete the following table as applicable:	

Liquidity shortfall as of end of quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions Used to Determine Funding Target and Target Normal Cost

21 Discount rate:			
a Segment rates:	1st segment: 5.54 %	2nd segment: 6.85 %	3rd segment: 7.52 %
			☐ N/A, full yield curve used
b Applicable month (enter code)			21b 4
22 Weighted average retirement age			22 64
23 Mortality table(s) (see instructions)	☐ Prescribed -- combined	☒ Prescribed -- separate	☐ Substitute

Part VI Miscellaneous Items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment		☐ Yes	☒ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment		☐ Yes	☒ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment		☒ Yes	☐ No
27 If the plan is subject to alternative funding rules, enter applicable code and see instructions regarding attachment		27	

Part VII Reconciliation of Unpaid Minimum Required Contributions for Prior Years

28 Unpaid minimum required contributions for all prior years	28
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a)	29
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30 0

Part VIII Minimum Required Contribution for Current Year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)		31a	24561117
b Excess assets, if applicable, but not greater than line 31a		31b	
32 Amortization installments:			
a Net shortfall amortization installment	Outstanding Balance	Installment	
	214348460	61252961	
b Waiver amortization installment			
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month Day Year) and the waived amount.		33	
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)		34	85814078
35 Balances elected for use to offset funding requirement	Carryover balance	Prefunding balance	Total balance
		42180170	42180170
36 Additional cash requirement (line 34 minus line 35)	36		43633908
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37		166856847
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)		38a	123222939
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances		38b	42180170
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39		0
40 Unpaid minimum required contributions for all years	40		

Part IX Pension Funding Relief Under Pension Relief Act of 2010 (See Instructions)

41 If an election was made to use PRA 2010 funding relief for this plan:				
a Schedule elected		☐ 2 plus 7 years	☐ 15 years	
b Eligible plan year(s) for which the election in line 41a was made		2008	2009	2010
42 Amount of acceleration adjustment		42		
43 Excess installment acceleration amount to be carried over to future plan years		43		