

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). <p style="text-align: center;">▶ Complete all entries in accordance with the instructions to the Form 5500.</p>	OMB Nos. 1210-0110 1210-0089 <div style="text-align: center; font-size: 1.5em; font-weight: bold;">2012</div> This Form is Open to Public Inspection
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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>QWEST PENSION PLAN</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>005</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>01/01/1984</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>005</u>	1c Effective date of plan <u>01/01/1984</u>	
1b Three-digit plan number (PN) ▶	<u>005</u>				
1c Effective date of plan <u>01/01/1984</u>					
2a Plan sponsor's name and address; include room or suite number (employer, if for a single-employer plan) <u>QWEST COMMUNICATIONS INTERNATIONAL INC.</u> <u>CENTURYLINK - FINANCE DEPT. 2NE700</u> <u>100 CENTURYLINK DRIVE</u> <u>MONROE, LA 71203</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>84-1339282</u></td> </tr> <tr> <td>2c Sponsor's telephone number <u>318-388-9000</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>517000</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>84-1339282</u>	2c Sponsor's telephone number <u>318-388-9000</u>	2d Business code (see instructions) <u>517000</u>	
2b Employer Identification Number (EIN) <u>84-1339282</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	Filed with authorized/valid electronic signature. Signature of plan administrator	<u>01/27/2014</u> Date	<u>LEANNA MCGEE</u> 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 STREET, 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 84523
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	21160
b Retired or separated participants receiving benefits.....	6b	36517
c Other retired or separated participants entitled to future benefits.....	6c	18596
d Subtotal. Add lines 6a , 6b , and 6c	6d	76273
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	5221
f Total. Add lines 6d and 6e	6f	81494
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	354
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 1B 1C 1E 1G		
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) 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 QWEST PENSION PLAN	B Three-digit plan number (PN) ▶ 005
C Plan sponsor's name as shown on line 2a of Form 5500 QWEST COMMUNICATIONS INTERNATIONAL INC.	D Employer Identification Number (EIN) 84-1339282

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
THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

(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
22-1211670	68241	030339		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	
5 Current value of plan's interest under this contract in separate accounts at year end	5	139849524

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. Specify nature of costs ▶	6d	

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	
c Additions: (1) Contributions deposited during the year	7c(1)	
(2) Dividends and credits	7c(2)	
(3) Interest credited during the year	7c(3)	
(4) Transferred from separate account	7c(4)	
(5) Other (specify below)	7c(5)	
▶		
(6) Total additions	7c(6)	0
d Total of balance and additions (add lines 7b and 7c(6))	7d	
e Deductions:		
(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	
(2) Administration charge made by carrier	7e(2)	
(3) Transferred to separate account	7e(3)	
(4) Other (specify below)	7e(4)	
▶		
(5) Total deductions	7e(5)	0
f Balance at the end of the current year (subtract line 7e(5) from line 7d)	7f	

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) <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 QWEST PENSION PLAN	B Three-digit plan number (PN) ►	005
C Plan sponsor's name as shown on line 2a of Form 5500 QWEST COMMUNICATIONS INTERNATIONAL INC.	D Employer Identification Number (EIN) 84-1339282	

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

THE PRUDENTIAL INSURANCE COMPANY OF AMERICA

(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
22-1211670	68241	030057		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	
5 Current value of plan's interest under this contract in separate accounts at year end	5	149414496

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. Specify nature of costs ▶	6d	

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	
c Additions: (1) Contributions deposited during the year	7c(1)	
(2) Dividends and credits	7c(2)	
(3) Interest credited during the year	7c(3)	
(4) Transferred from separate account	7c(4)	
(5) Other (specify below)	7c(5)	
▶		
(6) Total additions	7c(6)	0
d Total of balance and additions (add lines 7b and 7c(6))	7d	
e Deductions:		
(1) Disbursed from fund to pay benefits or purchase annuities during year	7e(1)	
(2) Administration charge made by carrier	7e(2)	
(3) Transferred to separate account	7e(3)	
(4) Other (specify below)	7e(4)	
▶		
(5) Total deductions	7e(5)	0
f Balance at the end of the current year (subtract line 7e(5) from line 7d)	7f	

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>QWEST PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>005</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>QWEST COMMUNICATIONS INTERNATIONAL INC.</u>	D Employer Identification Number (EIN) <u>84-1339282</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>8070082041</u>
b	Actuarial value 2b <u>7714050061</u>
3	Funding target/participant count breakdown:
a	For retired participants and beneficiaries receiving payment..... 3a <u>40991</u> <u>4652602691</u>
b	For terminated vested participants..... 3b <u>19560</u> <u>506158846</u>
c	For active participants:
(1)	Non-vested benefits..... 3c(1) <u>80290461</u>
(2)	Vested benefits..... 3c(2) <u>1932568457</u>
(3)	Total active 3c(3) <u>23972</u> <u>2012858918</u>
d	Total 3d <u>84523</u> <u>7171620455</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>6.92 %</u>
6	Target normal cost..... 6 <u>50870687</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>08/29/2013</u>
Signature of actuary	Date
<u>CRAIG PEDERSEN</u>	<u>11-07142</u>
Type or print name of actuary	Most recent enrollment number
<u>TOWERS WATSON DELAWARE INC.</u>	<u>303-298-7878</u>
Firm name	Telephone number (including area code)
<u>950 17TH STREET SUITE 1400</u> <u>DENVER, CO 80202</u>	
Address of the firm	

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)	7243731	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)		0
9	Amount remaining (line 7 minus line 8)	7243731	
10	Interest on line 9 using prior year's actual return of <u>9.44</u> %	683808	
11	Prior year's excess contributions to be added to prefunding balance:		
a	Present value of excess contributions (line 38a from prior year)		115522468
b	Interest on (a) using prior year's effective interest rate of <u>6.17</u> % except as otherwise provided (see instructions)		7127736
c	Total available at beginning of current plan year to add to prefunding balance		122650204
d	Portion of (c) to be added to prefunding balance		122650204
12	Other reductions in balances due to elections or deemed elections		0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	7927539	122650204

Part III		Funding Percentages	
14	Funding target attainment percentage	14	105.74 %
15	Adjusted funding target attainment percentage	15	107.56 %
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	91.02 %
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
	0	0			
			Totals ▶	18(b)	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	0
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
0	0	0
		(4) 4th
		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 57
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	50870687	
b Excess assets, if applicable, but not greater than line 31a	31b	50870687	
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment	0	0	
b Waiver amortization installment		0	
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		
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....	0	0	0
36 Additional cash requirement (line 34 minus line 35)	36		
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37		
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	0	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b		
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	0	

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>QWEST PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>005</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>QWEST COMMUNICATIONS INTERNATIONAL INC.</u>	D Employer Identification Number (EIN) <u>84-1339282</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.	

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
(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
(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
(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
(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
(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: 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:

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 <u>QWEST PENSION PLAN</u></p>	<p>B Three-digit plan number (PN) ▶</p>	<p><u>005</u></p>
<p>C Plan or DFE sponsor's name as shown on line 2a of Form 5500 <u>QWEST COMMUNICATIONS INTERNATIONAL INC.</u></p>	<p>D Employer Identification Number (EIN) <u>84-1339282</u></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): QWEST COMMUNICATIONS INTERNATIONAL

c EIN-PN <u>84-0928963-014</u>	d Entity code <u>M</u>	e Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>8776832659</u>
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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)
-----------------	----------------------	---

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):

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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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)

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
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

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 <div style="font-size: 24pt; 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		
A Name of plan QWEST PENSION PLAN	B Three-digit plan number (PN) ►	005
C Plan sponsor's name as shown on line 2a of Form 5500 QWEST COMMUNICATIONS INTERNATIONAL INC.	D Employer Identification Number (EIN) 84-1339282	

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	915228	
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)		
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)	27974450	78802
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	5467349	
(2) U.S. Government securities.....	1c(2)	751374891	
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)	248706979	
(B) All other.....	1c(3)(B)	605116954	
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)	56915536	
(B) Common	1c(4)(B)	735014775	
(5) Partnership/joint venture interests	1c(5)	1917661775	
(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)	1643027693	
(10) Value of interest in pooled separate accounts.....	1c(10)	142544592	
(11) Value of interest in master trust investment accounts	1c(11)		8776832659
(12) Value of interest in 103-12 investment entities	1c(12)	1098226981	
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	415606198	
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)	592269825	14662812

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	8240823226	8791574273

Liabilities

g Benefit claims payable	1g	47545758	
h Operating payables	1h	7755438	8914892
i Acquisition indebtedness	1i		414688421
j Other liabilities	1j	162985745	
k Total liabilities (add all amounts in lines 1g through 1j)	1k	218286941	423603313

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	8022536285	8367970960
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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)		
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)	1642550	
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		1642550
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)	20797	
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		20797
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)	194941	
(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)		194941
(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)	2943026	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		2943026

		(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)		1027853412
(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		581271
d Total income. Add all income amounts in column (b) and enter total.....	2d		1033235997

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	670600668	
(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)		670600668
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)		
(2) Contract administrator fees	2i(2)	3842731	
(3) Investment advisory and management fees	2i(3)	1599116	
(4) Other	2i(4)	11758807	
(5) Total administrative expenses. Add lines 2i(1) through (4).....	2i(5)		17200654
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		687801322

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d.....	2k		345434675
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.			

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>QWEST PENSION PLAN</u>	B Three-digit plan number (PN) ▶ <u>005</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>QWEST COMMUNICATIONS INTERNATIONAL INC.</u>	D Employer Identification Number (EIN) <u>84-1339282</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>04-3581074</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>1795</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

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

Schedule R (Form 5500) 2012
v. 120126

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):

QWEST 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 Trustees
of Qwest Pension Plan

We were engaged to audit the financial accompanying financial statements of the Qwest 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 of 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 8, which was certified by Northern Trust, the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedule. We have been informed by the Plan Administrator that Northern Trust held the Plan's investment assets and executed investment transactions from January 1, 2012 to December 31, 2012, and that The Bank of New York Mellon/BNY Mellon held the Plan's investment assets and executed investment transactions from January 1, 2011 to December 31, 2011. The Plan Administrator has obtained certifications from the trustees as of and for the years ended December 31, 2012 and 2011, that the information provided to the Plan Administrator by the trustees 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) 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 (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 2012 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 & Netterville

New Orleans, Louisiana
October 11, 2013

QWEST 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 4 and 5):		
Plan's interest in the CenturyLink, Inc. Defined Benefit Master Trust	\$ 8,762,729	\$ —
Investments held outside the Master Trust	14,653	8,194,861
Total investments at fair value	8,777,382	8,194,861
Dividends and interest receivables	78	20,033
Pending trades receivable	—	8,867
Total assets	8,777,460	8,223,761
Liabilities		
Securities lending obligation	414,688	354
Accrued expenses	8,915	7,902
Pending trades payable	—	162,840
Total liabilities	423,603	171,096
Net assets available for benefits	\$ 8,353,857	\$ 8,052,665

QWEST 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	\$ 195	\$ 55,718
Interest	21	70,498
Other	—	56,282
Allocable share of Master Trust investment activities (Note 5)	197,340	—
Total investment income	197,556	182,498
Allocable share of Master Trust investment expense (Note 5)	(15,966)	—
Other plan investment expense	(1,599)	(33,595)
Net investment income	179,991	148,903
Net appreciation in fair value of investments (Notes 4 and 5):		
Allocable share of Master Trust investment activities	849,793	—
Other plan identified investment activities	3,514	554,160
Total net appreciation in fair value of investments	853,307	554,160
Company contribution	—	307,000
Transfers in from other plans	1,642	1,374
Total additions, net	1,034,940	1,011,437
Deductions from net assets attributed to:		
Benefits paid to participants	718,146	640,830
Allocable share of Master Trust administrative expenses (Note 5)	4,606	—
Other plan administrative expenses	10,996	16,002
Total deductions	733,748	656,832
Net increase	301,192	354,605
Net assets available for benefits:		
Beginning of year	8,052,665	7,698,060
End of year	\$ 8,353,857	\$ 8,052,665

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

QWEST PENSION PLAN NOTES TO THE FINANCIAL STATEMENTS

Note 1: Plan Description

The following description of the Qwest 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 a noncontributory defined benefit plan that covers substantially all management and occupational employees of Qwest Communications International Inc. and its subsidiaries (the "Company"). The Plan is subject to the regulations and requirements of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). In the regular course of doing business, the Plan is subject to review by various governmental agencies such as the Department of Labor ("DOL") and the Internal Revenue Service ("IRS").

On April 1, 2011 the Company merged with CenturyLink, Inc., a Louisiana corporation. As a result of the merger, the Company became a wholly-owned subsidiary of CenturyLink, Inc. and remains the sponsor of the Plan.

Significant Plan Amendments

The Plan was amended effective January 1, 2010 whereby the Plan no longer provides pension benefit accruals for active management employees, and no new management employees hired after January 1, 2009 are eligible to participate on or after January 1, 2010. This amendment froze final average compensation calculations under the Old Management Formula ("OMF") and Defined Lump Sum ("DLS") formulas. In addition, the Plan no longer includes service after December 31, 2009 in the calculation under the OMF, percentage credits under the DLS formula, nor compensation credits under the Account Balance Formula ("ABF"). Active management employees who participate in the Plan retain their accrued pension benefit earned as of December 31, 2009, and employees under the ABF will continue to earn interest credits on their benefit after December 31, 2009. Employees are eligible to receive their vested accrued benefit when they leave the Company.

The Plan was amended effective March 1, 2010 whereby the Plan eliminated a death benefit for beneficiaries of certain retirees who retired prior to January 1, 2004 and whose deaths occur after February 28, 2010. The effect of this amendment was reflected in the actuarial present value of accumulated benefits in the December 31, 2009 valuation.

Eligibility, Contributions, and Vesting

All employees of the Company, except for nonresident aliens employed outside of the United States, temporary employees of non-U.S. subsidiaries who work within the U.S. for finite periods, persons hired on or after January 1, 2007 to work on U.S. government contracts as defined in the Plan documents, and, as explained above, new management employees hired after January 1, 2009, are eligible to participate upon meeting the eligibility requirements defined by the Plan.

Eligible employees become participants upon completing one year of service. For eligible employees hired before January 1, 2009, 100% vesting of eligible employee pension benefits occurred upon completing five years of service, except for the management participants in the ABF, as defined in the Plan documents, who are immediately vested. For eligible employees hired on or after January 1, 2009, 100% vesting of pension benefits occurs upon completing three years of service.

QWEST PENSION PLAN NOTES TO THE FINANCIAL STATEMENTS

Plan Benefits

The Plan provides benefits to participants under five separate formulas which are 1) the pension band or pension factor formula for occupational employees, 2) the ABF for occupational employees, 3) the OMF for management employees, 4) the DLS formula for management employees, and 5) the ABF for management employees. Vested participants, upon retirement or termination, may elect any form of annuity option available, a lump sum distribution, or a combination annuity/lump sum.

Occupational employees are defined by the Plan as employees who are members of a collective bargaining unit represented by a union that has agreed to participation in this Plan on behalf of the bargaining unit and non-management non-salaried employees who are not covered by a collective bargaining agreement. The benefits provided under the terms of the Plan document to occupational employees are subject to the collective bargaining agreements negotiated by the unions and the participating companies.

For occupational employees hired or rehired prior to January 1, 2009, pension benefits are based on either the pension band or pension factor formula. The pension band formula uses a flat dollar amount per year of service in which each job title has been assigned a dollar amount (pension band). The pension factor formula, which covers occupational sales employees, uses a factor based on final average compensation times years of service. All occupational employees hired or rehired on or after January 1, 2009, upon meeting certain requirements, earn a pension under the ABF, which provides a compensation credit equal to 3% of eligible compensation plus an annual interest credit.

Management employees are defined by the Plan as employees who are classified as management salaried. In addition, under the Plan, the term "management employee" includes an employee who is represented by a union for collective bargaining purposes, but for whom it has been agreed that such employee is eligible for management employee benefits determined under the ABF for management employees. Effective January 1, 2010, occupational employees who met the eligibility criteria for determining benefit accruals under the ABF for management employees moved to the ABF for occupational employees prospectively.

For management employees, the OMF is based on final average compensation and years of service; the DLS formula is based on final average compensation and age-related service credits, and the ABF is based on a compensation credit equal to 3% of eligible compensation plus an annual interest credit. Participants who earned their pension under the OMF and DLS formulas were management participants who had completed 20 years of service by December 31, 2000 or who were service pension eligible by December 31, 2003. Employees who did not meet these requirements accrued a pension under the OMF and DLS formulas until December 31, 2000, or earlier based on the Plan's provisions, and then commenced accruing a pension under the ABF beginning on January 1, 2001. The ABF covers management participants hired after December 31, 2000 and management employees who did not have 20 years of service by December 31, 2000 or who did not become service pension eligible by December 31, 2003.

In addition to the benefits described above, the Plan provides survivor and disability benefits to certain participants.

For certain occupational and management participants described above, the Plan provides a service pension, which provides an unreduced annuity for participants at age 55 or at any age for occupational participants with 30 or more years of service. The service pension for management participants with 30 or more years of service is reduced 3% per year when payments begin prior to age 55 or 6% per year for participants with less than 30 years of service. Service pensions for occupational employees with less than 30 years of service are reduced by 6% per year when payments commence prior to age 55. The Plan also offers an enhanced lump sum distribution in lieu of a service pension.

QWEST PENSION PLAN NOTES TO THE FINANCIAL STATEMENTS

Contributions, Actuarial Method, and Funding Status

The Company's contributions to the Plan are determined by an actuarial cost method known as the "traditional unit credit" cost method in accordance with the provisions of the Pension Protection Act of 2006. The traditional unit credit cost method utilizes the funding target calculation, which is the present value of all benefits that have been accrued or earned under the Plan as of the first day of the plan year and utilizes the target normal cost, which is the present value of all benefits that are expected to accrue or be earned under the Plan during the plan year.

The Company's funding policy for the Plan is to make contributions with the objective of accumulating sufficient assets to pay all qualified pension benefits when due under the terms of the Plan. The Company did not make a cash contribution in 2012, however a cash contribution of \$307 million was made to the Plan in 2011. Cash funding requirements can be significantly impacted by earnings on investments, the applicable discount rate used to value the benefit obligation, changes in the Plan and funding laws and regulations. As a result, it is difficult to determine future funding requirements with a high level of precision; however, in general, current funding laws and regulations require funding deficits to be paid over a seven year period unless the Plan is fully funded before then. The Company will not be required to make a cash contribution to the Plan in 2013.

Note 2: Summary of Significant Accounting Policies

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 the Plan's financial statements in conformity with U.S. generally accepted accounting principles ("U.S. GAAP") requires the Plan's management to make certain estimates, judgments, and assumptions that affect the accompanying financial statements and disclosures. The most important of these estimates and assumptions relate to fair value measurements of the Plan investments and the actuarial assumptions used to calculate the actuarial present value of accumulated plan benefits. 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 early 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.

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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: Transfers in from Other Pension Plans Due to Mandatory Portability Agreement

As provided under the Mandatory Portability Agreement and the Plan, eligible covered employees transferring between the Company and the Regional Bell Operating Companies may also transfer their pension benefits and the related assets to provide those benefits. The transfers are shown in the accompanying statements of changes in net assets available for benefits as transfers in from other plans.

Note 4: 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:

<u>Input Level</u>	<u>Description of Input</u>
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 valuation inputs used to value the assets in the tables below:

(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

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and consider yields available on comparable securities of issuers with similar credit ratings. The primary observable inputs include references to the new issue market for similar securities, the secondary trading markets, and dealer quotes. Option adjusted spread models are utilized to evaluate securities such as asset backed securities that have early redemption features. These securities are classified as Level 2. The commingled funds are valued at NAV based on the market value of the underlying fixed income securities using the same valuation inputs described above. The commingled funds can be redeemed at NAV within a year of the financial statement date and are classified as Level 2.

(b) High yield bonds – 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 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 above. These commingled funds can be redeemed at NAV within a year of the financial statement date and are classified as Level 2.

(h) Emerging market stocks – 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

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

(l) *Real estate* – 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 which are classified as Level 1, as well as privately negotiated over-the-counter swaps 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

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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.

(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 a segregated account 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 a segregated account where the lending agent purchases short-term investments, primarily over-night repurchase agreements, the valuations of which are described above, and are classified as Level 2.

The tables below presents the Plan’s fair value of assets by category and the input levels used to determine these fair values as of December 31, 2012 and 2011. For the fair values as of December 31, 2012, the following table does not include the Plan’s 67.6% interest in the CenturyLink, Inc. Defined Benefit Master Trust (“Master Trust”) because that information is presented in a separate table (see Note 5). It is important to note that the asset allocations do not include market exposures that are gained with derivatives. The fair value of investments held outside the Master Trust is presented net of selling costs, such as brokerage commissions, of approximately \$10 thousand and \$17 million as of December 31, 2012 and 2011, respectively, in the tables below and on the statements of net assets available for benefits.

Fair value of investments held outside the Master Trust as of December 31, 2012

	Level 1	Level 2	Level 3	Total
	(Dollars in thousands)			
Emerging market bonds ^(c)	\$ —	\$ 5,041	\$ —	\$ 5,041
Emerging market stocks ^(h)	9,393	—	—	9,393
Cash equivalents and short-term investments ⁽ⁿ⁾	—	219	—	219
Total investments, excluding plan’s interest in Master Trust, at fair value.....	\$ 9,393	\$ 5,260	\$ —	\$ 14,653

Fair value of investments held outside the Master Trust as of December 31, 2011

	Level 1	Level 2	Level 3	Total
	(Dollars in thousands)			
Investment grade bonds ^(a)	\$ 694,273	\$ 755,918	\$ —	\$ 1,450,191
High yield bonds ^(b)	—	530,274	78,045	608,319
Emerging market bonds ^(c)	—	189,272	—	189,272
Convertible bonds ^(d)	—	335,236	—	335,236
Diversified strategies ^(e)	—	489,159	—	489,159
U.S. stocks ^(f)	224,038	85,257	—	309,295
Non-U.S. stocks ^(g)	696,868	42,218	—	739,086
Emerging market stocks ^(h)	64,824	136,185	—	201,009
Private equity ⁽ⁱ⁾	—	—	820,454	820,454
Private debt ^(j)	—	—	425,652	425,652
Market neutral hedge funds ^(k)	—	746,274	61,102	807,376
Directional hedge funds ^(k)	—	267,717	29,867	297,584
Real estate ^(l)	—	47,775	334,490	382,265
Derivatives ^(m)	11,604	(2,246)	—	9,358
Cash equivalents and short-term investments ⁽ⁿ⁾	12,680	1,117,571	—	1,130,251
Securities lending collateral ^(o)	—	354	—	354
Total investments at fair value.....	1,704,287	4,740,964	1,749,610	8,194,861
Securities lending obligation ^(o)	—	(354)	—	(354)
Total investments, net of securities lending obligation.....	\$ 1,704,287	\$ 4,740,610	\$ 1,749,610	\$ 8,194,507

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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 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 Master Trust assets valued using Level 3 inputs is presented in Note 5.

	Plan 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 January 1, 2011	\$ 113,922	\$ 862,817	\$ 520,179	\$ 60,672	\$ 30,969	\$ 300,311
Net transfers	—	—	—	—	—	—
Net (dispositions) acquisitions	(27,980)	(109,925)	(91,129)	—	(2,149)	21,246
Actual return on plan assets:						
Realized (losses) gains	3,180	79,445	25,221	—	2,490	1,356
Unrealized gains (losses)	(11,077)	(11,883)	(28,619)	430	(1,443)	11,577
Balance at December 31, 2011	78,045	820,454	425,652	61,102	29,867	334,490
Net transfers to Master Trust	(78,045)	(820,454)	(425,652)	(61,102)	(29,867)	(334,490)
Balance at December 31, 2012	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

Investments 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 Master Trust commingled funds valued at NAV as of December 31, 2012 is presented in Note 5.

Commingled funds	Fair value	Redemption frequency	Redemption notice period	Redemption restrictions as of December 31, 2011
	(Dollars in thousands)			
Investment grade bonds	\$ 390,773	Daily or monthly	Same day, 1, 2, or 30 days	None
High yield bonds	288,964	Daily, monthly, or quarterly	Same day, 10, or 90 days	None
Emerging market bonds	23,397	Daily	Same day	None
Diversified strategies	489,159	Monthly	5 days	None
U.S. stocks	84,111	Daily	Same day	See (a) below
Non U.S. stocks	42,218	Daily or semi-monthly	Same day or 5 days	None
Emerging market stocks	136,173	Daily or monthly	Same day, 30, or 60 days	None
Market neutral hedge funds	746,274	Weekly, monthly, quarterly, or semi-annually	5, 10, to 95 days	See (a) below
Directional hedge funds	267,717	Quarterly, semi-annually, or annually	45 to 90 days	None
Real estate	47,775	Quarterly or semi-annually	45 to 60 days	None
Cash equivalents and short-term investments	1,117,571	Daily	Same day	None
Total commingled funds	\$ 3,634,132			

- (a) Approximately \$111,000 or less than 1% in U.S. stocks commingled funds and approximately \$3.605 million or less than 1% in market neutral hedge funds commingled funds were in liquidation and could not be redeemed as of December 31, 2011.

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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 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 Plan as of December 31, 2011. The Plan's interest in Master Trust limited partnership investments valued at NAV as of December 31, 2012 is presented in Note 5.

Limited partnerships	Fair value	Redemption frequency	Unfunded commitments	Average life of distribution
	(Dollars in thousands)		(Dollars in thousands)	
High yield bonds	\$ 78,045	No redemption feature	---	Approximately 5 to 7 years
Private equity	820,454	No redemption feature	\$ 210,415	Approximately 9 to 11 years
Private debt	425,652	No redemption feature	137,261	Approximately 9 to 11 years
Market neutral hedge funds	61,102	No redemption feature	---	Approximately 3 years
Directional hedge funds	29,867	No redemption feature	---	Approximately 2 years; See (a) below
Real estate	334,490	No redemption feature	66,336	Approximately 9 to 11 years
Total limited partnerships	<u>\$ 1,749,610</u>		<u>\$ 414,012</u>	

(a) Approximately \$2.396 million, or 8%, in directional hedge funds 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 table presents investments that represent 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 5.

	(Dollars and shares in thousands)
Bridgewater All Weather 12% LLC Series I, 403 shares	\$ 489,217
Employee Benefit Temporary Investment Fund, 1,093,990 shares	1,093,990

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Net Appreciation of Investments

The following table presents the Plan's net realized and unrealized appreciation (depreciation) in the fair value or estimated fair value on the investments held outside the Master Trust (including those bought, sold, or held during the year) for the years ended December 31, 2012 and 2011. For the Plan's interest in the Master Trust's net realized and unrealized appreciation (depreciation) for the year ended December 31, 2012, see Note 5.

	<u>2012</u>	<u>2011</u>
	<u>(Dollars in thousands)</u>	
Investment grade and high yield bonds	\$ 48	\$ 312,630
High yield bonds	(137)	(56,144)
Emerging market bonds	620	(7,359)
Convertible bonds	129	(27,673)
Diversified strategies	—	95,190
U.S. stocks	—	(10,014)
Non-U.S. stocks	(1,331)	(103,566)
Emerging market stocks	2,583	(44,906)
Private equity	(13)	67,562
Private debt	—	3,009
Market neutral hedge funds	—	53,044
Directional hedge funds	—	(12,274)
Real estate	—	20,054
Derivatives	1,561	265,140
Cash and equivalents	54	(533)
Total	<u>\$ 3,514</u>	<u>\$ 554,160</u>

The net appreciation of the Plan's investments whose fair value was determined based upon quoted prices for identical instruments traded in active markets was approximately \$2 million and \$296 million for the years ended December 31, 2012 and 2011, respectively. 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 \$3 million and \$258 million for the years ended December 31, 2012 and 2011, respectively.

Derivatives

Derivative instruments are used to reduce risk as well as provide return. The Plan uses exchange traded futures to gain exposure to equity and Treasury markets consistent with target asset allocations. Interest rate swaps are used in the Plan to reduce risk relative to measurement of the benefit obligation, which is sensitive to interest rate changes. Foreign exchange forward contracts and total return swaps are used primarily to manage currency exposures. Some derivative instruments subject the Plan to counterparty risk. The external investment managers, along with Plan Management, 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.

Interest rate swap and total return swap contracts held directly by the Plan contain certain credit-risk-related contingent features. For the interest rate swap contracts, if the Plan were to experience a year-over-year drop in net assets of 50% or more, the counterparties of the interest rate swap contracts could require the posting of additional collateral equal to 1% of the notional value in order to maintain the existing contracts. The aggregate fair value of all interest rate swap contracts with credit-risk-related contingent features that are in a liability position on December 31, 2011 are \$6.821 million for which the Plan has posted collateral of \$5.408 million. If the feature underlying these agreements were triggered on December 31, 2011, the Plan would be required to post additional collateral of approximately \$4.3 million in 2011. For the total return swaps, if the Plan were to experience a year-over-year drop in net assets of 40% or more, the counterparty of the total return swaps could choose to terminate the contract. The aggregate fair value of all total return swaps with this credit-risk-related feature that are in a liability position is \$1.690 million as of December 31, 2011, for which there was no collateral posted by the Plan.

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The tables below present derivative instruments held by the Plan as of December 31, 2011. The tables exclude any derivatives that may be held in the investments in commingled and mutual funds. The Plan's interest in Master Trust derivative instruments held as of December 31, 2012 is presented in Note 5.

Statements of net assets available for benefits location		Asset derivatives as of December 31, 2011	
		Notional amount	Fair value
		(Dollars in thousands)	
Exchanged –traded			
Non U.S. equity futures.....	Investments, at fair value	\$ 3,153	\$ 30
Treasury futures	Investments, at fair value	1,413,353	3,264
Interest rate swaps.....	Investments, at fair value	402,900	11,714
Total return swaps.....	Investments, at fair value	-	-
Foreign exchange forwards.....	Investments, at fair value	236,437	6,213
Total.....		<u>\$ 2,055,843</u>	<u>\$ 21,221</u>

Statements of net assets available for benefits location		Liability derivatives as of December 31, 2011	
		Notional amount	Fair value
		(Dollars in thousands)	
Exchanged –traded			
U.S. equity futures	Investments, at fair value	\$ 534,937	\$ 2,038
Non U.S. equity futures.....	Investments, at fair value	433	2
Treasury futures	Investments, at fair value	(98,787)	171
Interest rate swaps	Investments, at fair value	32,000	6,821
Total return swaps	Investments, at fair value	110,000	1,690
Foreign exchange forwards.....	Investments, at fair value	142,922	1,156
Total.....		<u>\$ 721,505</u>	<u>\$ 11,878</u>

The following table presents the Plan's total net gain (loss) of derivatives held outside the Master Trust for the year 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			
U.S. equity futures	Net appreciation in fair value of investments	\$ —	\$ 28,289
Non U.S. equity futures .	Net appreciation in fair value of investments	—	919
Treasury futures	Net appreciation in fair value of investments	—	200,552
Interest rate swaps	Net appreciation in fair value of investments	—	50,467
Total return swaps	Net (depreciation) in fair value of investments	—	(13,022)
Foreign exchange forwards	Net appreciation (depreciation) in fair value of investments	1,561	(2,065)
Total		<u>\$ 1,561</u>	<u>\$ 265,140</u>

Note 5: 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

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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 held with a Plan Trustee, The Northern Trust Company ("Northern Trust") and 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 4.

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 67.6%.

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			Total
	Level 1	Level 2	Level 3	
	(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	—	1,339,921
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>	\$ 12,357,413
Dividends and interest receivable				117
Accrued expenses				(13,217)
Net assets available for benefits				<u><u>\$ 12,344,313</u></u>

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.

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NOTES TO THE FINANCIAL STATEMENTS

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>

QWEST PENSION PLAN
NOTES TO THE FINANCIAL STATEMENTS

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

QWEST PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS

the majority of the currently outstanding fair value of the limited partnerships would be distributed over a period of 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	Redemption frequency	Unfunded commitments	Average life of distribution
	(Dollars in thousands)		(Dollars in thousands)	
High yield bonds	\$ 58,663	No redemption feature	---	Approximately 5 to 7 years
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
Directional hedge funds	28,500	No redemption feature	---	Approximately 2 years; See (a) below
Real estate	334,269	No redemption feature	50,939	Approximately 9 to 11 years
Total limited partnerships	\$ 1,632,352		\$ 450,006	

(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.

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NOTES TO THE 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>
		Liability derivatives as of December 31, 2012	
Statements of net assets available for benefits location		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>

QWEST PENSION PLAN NOTES TO THE FINANCIAL STATEMENTS

Note 6: 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. 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. As of December 31, 2011, the Master Trust's investments loaned under securities lending transactions totaled less than a million. 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. As of December 31, 2011, the Plan's financial instruments held as collateral totaled less than a million. Income from securities lending transactions totaled approximately \$1 million for the years ended December 31, 2012 and 2011.

As described in Note 4 – 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 7: Actuarial Present Value of Accumulated Benefits

The actuarial present value of accumulated plan benefits is the present value of those future periodic payments, including lump sum distributions that are attributable under the Plan's provisions to the service that employees have rendered to the Company. Accumulated plan benefits include benefits expected to be paid to:

- Retired or terminated employees or their beneficiaries;
- Beneficiaries of employees who have died; and
- Present employees or their beneficiaries.

Benefits payable upon retirement, death, or disability are included to the extent they are deemed attributable to employee service rendered through the valuation date. 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.

The December 31, 2011 assumptions used to calculate the actuarial present value of accumulated plan benefits include:

- 7.5% discount rate;
- No cost-of-living adjustment;
- Assumed rates of retirement for employees retiring during the year include 10% of employees are retired at age 50, 10% of employees are retired at age 55, 19% of employees are retired at age 60, 35% of employees are retired at age 65, and 100% of employees are retired at age 70 (there are separate rates for each age from age 50 to 70); and
- The lump sum interest rate assumption used a conversion rate of 5.0% for 2012 and 6.5% thereafter.
- Plan compensation increase assumption of 3.25% per year.

The December 31, 2010 assumptions were the same as the December 31, 2011 assumptions, with the exception of a lump sum interest conversion rate of 5.5% for 2011 and 6.5% thereafter, and a plan compensation increase of

**QWEST PENSION PLAN
NOTES TO THE FINANCIAL STATEMENTS**

3.5% per year. The foregoing actuarial assumptions are based on the presumption that the Plan will continue in the future. Were the Plan to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

If the assumed discount rate for December 31, 2011 and 2010 was 100 basis points lower, the impact would have been to increase the pension obligation by approximately \$869 million and \$719 million, respectively.

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

	December 31,	
	2011	2010
	(Dollars in thousands)	
Actuarial present value of accumulated plan benefits:		
Vested benefits:		
Participants currently receiving payments	\$ 4,419,112	\$ 4,470,004
Other participants	2,380,673	2,425,373
Non vested benefits	47,036	51,451
Total actuarial present value of accumulated plan benefits	<u>\$ 6,846,821</u>	<u>\$ 6,946,828</u>

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	\$ 6,946,828
Increase (decrease) during the year due to:	
Benefits earned	39,368
Decrease in discount period	499,934
Benefits paid	(640,830)
Actuarial gain and other	(33,227)
Change in actuarial assumptions	34,748
Actuarial present value of accumulated plan benefits as of December 31, 2011	<u>\$ 6,846,821</u>

Note 8: Summary of Information Certified by the Trustees

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, the respective Trustee(s) has/have 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 4 and 5 were derived from information certified by the Trustees. The Plan Administrator has obtained certifications from the Trustees that the following information is complete and accurate:

- Statements of Net Assets Available for Benefits:

2012 –Northern Trust– 67.6% interest in Master Trust, all assets, excluding estimated selling costs of \$14.1 million, and securities lending obligation

2011 – The Bank of New York Mellon/BNY Mellon, N.A, all assets, excluding estimated selling costs of \$17.5 million

QWEST PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS

- **Statements of Changes in Net Assets Available for Benefits:**

2012 – Northern Trust– 67.6% interest in Master Trust, investment income and net appreciation (depreciation) in fair value of investments, excluding \$14.1 million of estimated selling costs, and securities lending obligation

2011 – The Bank of New York Mellon/BNY Mellon, N.A, investment income and net appreciation (depreciation) in fair value of investments, excluding \$17.5 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 Trustees as complete and accurate, except for comparing such information certified by the Trustees to information included in the Plan's financial statements and supplemental schedule.

Note 9: Tax Status

The Plan obtained its latest determination letter on December 23, 1999, in which the IRS stated that the Plan met the requirements of Section 401 (a) of the Internal Revenue Code (IRC) and was exempt from federal income taxes under Section 501 (a) of the IRC. New determination letters were requested on June 30, 2000, January 28, 2008 and January 29, 2013 and all of which are pending with the IRS. The Plan has been amended since receiving the determination letter. The Plan Administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the IRC. Therefore, the Plan Administrator believes that the Plan was qualified, and the trust that holds the plan assets was tax exempt as of December 31, 2012 and 2011.

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 Administrator believes it is no longer subject to income tax examinations for years prior to 2008.

Note 10: Reconciliation of Financial Statements to Form 5500

Each year, pursuant to ERISA Sections 104 and 4065 and Code Section 6058, the Plan files its Form 5500, which is used to report information concerning employee benefit plans and generally satisfies annual reporting requirements for the IRS and the DOL. As of December 31, 2012 and 2011, certain investments have been adjusted for updated fair values and selling costs in accordance with GAAP, however, they are not being adjusted on Form 5500. As of December 31, 2011 for Form 5500 purposes, amounts allocated to withdrawing participants are recorded for benefit claims that have been processed and approved for payment prior to the respective period end, but not yet paid as of that date. However, in accordance with GAAP, benefit withdrawals are recorded when paid.

The following is a reconciliation of net assets available for benefits as reported on the financial statements to net assets available for benefits reported on Form 5500 as of December 31, 2012 and 2011:

	December 31,	
	2012	2011
	(Dollars in thousands)	
Net assets available for benefits reported on the financial statements	\$ 8,353,857	\$ 8,052,665
Less: amounts allocated to withdrawing participants	---	(47,546)
Add: adjustment for selling cost required by GAAP	14,114	17,417
Net assets reported on Form 5500 (unaudited)	<u>\$ 8,367,971</u>	<u>\$ 8,022,536</u>

QWEST PENSION PLAN

NOTES TO THE FINANCIAL STATEMENTS

The following is a reconciliation of the net increase per the financial statements to the Form 5500 net income for the year ended December 31, 2012:

	(Dollars in thousands)
Net increase per the financial statements at December 31, 2012	\$ 301,192
Add: 2012 adjustment for investment selling costs required by GAAP	14,114
Less: 2011 adjustment for investment selling costs required by GAAP	(17,417)
Add: amounts allocated to withdrawing participants at December 31, 2011	47,546
Net income reported on Form 5500 at December 31, 2012 (unaudited)	<u>\$ 345,435</u>

Note 11: 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 12: Related Party, Party-In-Interest and Nonexempt Transactions

The Plan and Master Trust invests in certain commingled funds managed by the Plan's Trustee. In addition, the Master Trust and Plan reimbursed the Company approximately \$2.7 million for certain qualifying administrative and investment expenses in 2012 and \$3.2 million in 2011, respectively. 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 \$31.6 million, and direct expenses paid by the Plan for the year ended December 31, 2011 totaled \$49.6 million. These transactions, which qualify as related party or party-in-interest transactions, are exempt from the prohibited transaction rules.

As of December 31, 2008, the Plan had investments managed by Westridge Capital Management (Westridge) that represented approximately 1.4% of total Plan assets. The Plan was informed during the first quarter of 2009 that the Securities and Exchange Commission (SEC) and the Commodity Futures Trading Commission (CFTC) filed a civil complaint against Westridge and others alleging that investor funds had been misappropriated. Criminal securities fraud charges have been filed against some of the principals as well. At the request of the SEC and CFTC,

QWEST PENSION PLAN NOTES TO THE FINANCIAL STATEMENTS

the court issued orders to freeze the assets held by Westridge and affiliated persons and appointed a Receiver who has taken control of Westridge and affiliated entities. An appearance was filed by outside counsel in the SEC/CFTC litigation in order to pursue recovery of the Plan's funds that were being managed by Westridge at the time of the court-ordered asset freeze. In January 2011, the Receiver proposed a plan to distribute the assets of Westridge and affiliated entities. On March 21, 2011, the Court approved the Receiver's plan. Pursuant to that Court-approved distribution plan, the Plan received \$6,407,326 on or about April 21, 2011 and \$314,436 on or about April 23, 2013. A number of other Westridge investors appealed the Receiver's distribution plan, and the United States Court of Appeals denied and rejected those appeals. The Plan's ability to recoup additional funds managed by Westridge remains uncertain and subject to court proceedings. If there are any future recoveries, they are likely to be very modest in amount compared to previous distributions. The litigation is ongoing.

Note 13: Concentrations, Risks and Uncertainties

As described in Note 4 – Fair Value of Financial Instruments and Note 5 – 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 14: Subsequent Events

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.

QWEST PENSION PLAN
EIN: 72-0651161 PLAN NO: 005
FORM 5500, SCHEDULE H, PART IV, LINE 4i – SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2012

ASSET CATEGORY	SECURITY DESCRIPTION / ASSET ID		SHARES / PAR VALUE	Cost	CURRENT VALUE
	CenturyLink Defined Benefit Master Trust *	Investment in Master Trust			\$ 8,762,729,000
TOTAL INVESTMENTS IN MASTER TRUST					8,762,729,000
Corporate Debt Instruments - Other Total	NIGERIA CENTRAL BK C/WTS	VAR RT 11/15/2020	3,500	-	6,685
Corporate Stock - Common	HYUNDAI MOBIS		4,025	1,092,459	1,082,782
	SK HYNIX INC		55,120	1,172,771	1,325,773
	SAMSUNG ELECTRONICS CO LTD		4,601	3,735,737	6,541,082
	HANA FINANCIAL HOLDINGS		14,000	517,784	453,775
	SELLING COSTS			(10,000)	(10,000)
	INTEREST RECEIVABLE		1	-	1
Corporate Stock - Common - Total				6,508,751	9,393,412
Other	VENEZUELA GOVT INTL BOND	VAR RT 04/15/2020 DD 04/05/96	171,210	3,900	52,433
	KOREA (REPUBLIC OF)	4.250% 10-SEPT-2014 KRW	960,000,000	853,808	917,688
	KOREA (REPUBLIC OF)	5.250% 10-SEPT-2015 KRW10000	980,000,000	910,888	971,703
	KOREA(REPUBLIC OF)	2.750% 10-MAR-2017 KRW10000	1,099,521,065	994,339	1,114,111
	KOREA TREASURY BOND	5.000% 09/10/2014 DD 09/15/09	1,960,000,000	1,805,107	1,895,914
	KOREA TREASURY BOND	4.500% 03/10/2015 DD 03/10/10	85,000,000	75,795	82,181
Other Total				4,643,837	5,034,030
Non-Interest Bearing Cash - USD	INTEREST RECEIVABLE	BRAZIL		-	-
	INTEREST RECEIVABLE RECLAIM	POLAND		92,703	92,703
	INTEREST RECEIVABLE	SOUTH KOREA		65,404	65,404
	DIVIDENDS RECEIVABLE RECLAIM	AUSTRALIA		6,242	6,242
	DIVIDENDS RECEIVABLE RECLAIM	EURO CURRENCY GEOGRAPHIC		4,451	4,451
	DIVIDENDS RECEIVABLE RECLAIM	UNITED KINGDOM		724	724
	DIVIDENDS RECEIVABLE	SOUTH KOREA		314	314
	FOREIGN TAXES PAYABLE - DIVIDENDS	SOUTH KOREA		(52)	(52)
	DIVIDENDS RECEIVABLE RECLAIM	UNITED STATES		4,517	4,517
	DIVIDENDS RECEIVABLE RECLAIM	AUSTRALIA		1,157	1,157
	DIVIDENDS RECEIVABLE RECLAIM	EURO CURRENCY GEOGRAPHIC		2,713	2,713
	DIVIDENDS RECEIVABLE RECLAIM	AUSTRALIA		27,229	27,229
	DIVIDENDS RECEIVABLE RECLAIM	EURO CURRENCY GEOGRAPHIC		9,915	9,915
	DIVIDENDS RECEIVABLE RECLAIM	UNITED KINGDOM		2,048	2,048
	DIVIDENDS RECEIVABLE RECLAIM	UNITED STATES		1,318	1,318
Non-Interest Bearing Cash - USD Total				218,685	218,685
TOTAL INVESTMENTS HELD OUTSIDE THE TRUST, NET OF SELLING COSTS					11,371,273
TOTAL ASSETS HELD FOR INVESTMENT PURPOSES					\$ 8,777,381,812

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

See accompanying Independent Auditors' Report

SCHEDULE SB, PART V – SUMMARY OF PLAN PROVISIONS

Plan sponsor

Qwest Communications International Inc.

Plan

Qwest Pension Plan

Plan year

The twelve-month period ending December 31, 2012.

Plan Name:	Qwest Pension Plan
EIN / PN:	84-1339282 / 005
Plan Sponsor:	Qwest Communications International Inc.
Valuation Date:	January 1, 2012

SCHEDULE SB, PART V – SUMMARY OF PLAN PROVISIONS (cont.)

Section I – For Management Employees

Coverage and participation

Management employees at participating companies with at least one year of service prior to 12/31/2009.

Normal retirement benefit for protected participants

1. Eligibility: Five years of service and Protected. Employees are protected if they had 20 years of eligible service on or before 12/31/2000 or were service pension eligible by 12/31/2003. Service pension eligible is age 65 and 10 years of service or age 60 and 15 years of service or age 55 and 20 years of service or age 50 and 25 years of service or any age and 30 years of service.
2. Benefit Amount: Employees with age plus service at 1/1/1997 of 55 or more are considered Grandfathered and will receive the greater of benefits calculated under formulas A and B below. All other employees will receive the greater of the benefit accrued under Formula A as of 12/31/1996 and the benefit calculated under Formula B.

Note: Formula A produces an annual single life annuity value and Formula B produces a lump sum value. For comparison, one of the values will have to be converted to the other form.

3. Formula A Calculation

- a. 1.25% times highest consecutive 60 months average earnings out of the last 120 months (HAE) prior to 1/1/2010 up to Social Security Covered Compensation (SSCC).
- b. 1.5% times HAE in excess of SSCC.
- c. The sum of (a) and (b) multiplied by service prior to 1/1/2010 up to 35 years.
- d. (c) plus 1.25% times HAE times service prior to 1/1/2010 in excess of 35 years.

Plan Name: Qwest Pension Plan
EIN / PN: 84-1339282 / 005
Plan Sponsor: Qwest Communications International Inc.
Valuation Date: January 1, 2012

SCHEDULE SB, PART V – SUMMARY OF PLAN PROVISIONS (cont.)

4. Formula B Calculation

- a. Annual credits are granted based on the following table for service prior to 1/1/2010:

Age	Credits
Under 30	2.0%
30-34	4.0%
35-39	6.0%
40-44	8.0%
45-49	12.0%
50-54	16.0%
55 and over	18.0%

The credits are prorated by month and provided at the highest rate applicable for that month.

- b. Sum of Annual Credits times highest five-year average earnings out of last ten years (HAE) prior to 1/1/2010 up to Social Security Taxable Wage Base.
- c. HAE in excess of 50% of Social Security Taxable Wage Base times Sum of Annual Credits times 25%
- d. Account Balance is the sum of (b) and (c).
- ### 5. Payment of Benefit if Formula A is used:
- a. Immediate Annuity – If service pension eligible, amount payable is Retirement Benefit reduced by 6% per year prior to age 55 (3% if 30 or more years of service).
- b. Deferred Annuity – Retirement Benefit payable at age 65 actuarially reduced for early commencement.
- c. Immediate Lump Sum – If service pension eligible, lump sum is actuarial equivalent of deferred annuity using subsidized factors; otherwise, lump sum is actuarial equivalent.
- ### 6. Payment of Benefit if Formula B is used:
- a. Immediate Annuity – Amount equal to actuarial equivalent of Account Balance.
- b. Deferred Annuity – Amount equal to actuarial equivalent of Account Balance.
- c. Immediate Lump Sum – Amount equal to Account Balance.

Plan Name: Qwest Pension Plan
EIN / PN: 84-1339282 / 005
Plan Sponsor: Qwest Communications International Inc.
Valuation Date: January 1, 2012

SCHEDULE SB, PART V – SUMMARY OF PLAN PROVISIONS (cont.)

Account balance formula benefit for nonprotected participants

1. Eligibility: One year of service and not Protected as defined above in the Normal Retirement Benefit description.
2. Account Balance: At the end of each year prior to 1/1/2010, an amount equal to 3% of eligible compensation is credited to the Account Balance. At the end of the following year, the Account Balance from the previous year is increased with an interest credit based on the Treasury Rate (average of 30-Year Treasury Bond rates during August through December preceding such year).
3. Vesting – Immediate if hired prior to 12/31/2008, three years if hired after 12/31/2008

Frozen benefit

1. Eligibility: One year of service and not Protected as defined above in the Normal Retirement Benefit description.
2. Benefit: Employees that are Grandfathered as defined above receive the larger of Formula A and B from Normal Retirement Benefit description, calculated with service as of December 31, 2000 and HAE as of December 31, 2009.

Employees not Grandfathered receive the larger of Formula A calculated with service and HAE as of December 31, 1996 and Formula B calculated with service as of December 31, 2000 and HAE as of December 31, 2009.

3. Payment of Benefit if Formula A is used:
 - a. Immediate Annuity – If service pension eligible, amount payable is Retirement Benefit reduced by 6% per year prior to age 55 (3% if 30 or more years of service).
 - b. Deferred Annuity – Retirement Benefit payable at age 65 actuarially reduced for early commencement.
 - c. Immediate Lump Sum – If service pension eligible, lump sum is actuarial equivalent of deferred annuity using subsidized factors; otherwise, lump sum is actuarial equivalent.
4. Payment of Benefit if Formula B is used:
 - a. Immediate Annuity – Amount equal to actuarial equivalent of Account Balance.
 - b. Deferred Annuity – Amount equal to actuarial equivalent of Account Balance.
 - c. Immediate Lump Sum – Amount equal to Account Balance.

Plan Name: Qwest Pension Plan
EIN / PN: 84-1339282 / 005
Plan Sponsor: Qwest Communications International Inc.
Valuation Date: January 1, 2012

SCHEDULE SB, PART V – SUMMARY OF PLAN PROVISIONS (cont.)

Benefit at termination due to disability

1. Eligibility: Disablement after vesting.
2. Benefit: The benefit for termination due to disability is the Normal Retirement Benefit adjusted for early commencement as of the date of termination or benefit commencement date.

Pre-retirement survivor benefit

1. Eligibility: Death after vesting.
2. Benefit Payable:

Formula A: If applicable, spouse will receive the greater of the benefit calculated under the 50% joint and survivor annuity option or 45% of the pension accrued to date payable immediately and unreduced.

Formula B: If applicable, spouse or beneficiary will receive entire account balance or an annuity that is equivalent in value to the account balance.

Account Balance Formula: If applicable, spouse or beneficiary will receive entire account balance or an annuity that is equivalent in value to the account balance.

Sickness death benefit

1. Eligibility: Death as an active employee who has a mandatory beneficiary. Must have a Term of Employment date prior to March 1, 1993.
2. Benefit Payable to Beneficiary: Lump sum payment equal to annual pay at earlier of retirement or February 28, 1993.

Normal form of benefit

For married participants, the normal form is a reduced pension annuity with 50% of the reduced amount payable to the surviving spouse upon the death of the employee. If the spouse of a service pensioner dies first, the pension is restored to its unreduced value.

For single participants, the normal form is a pension payable as a single life annuity.

Plan Name: Qwest Pension Plan
EIN / PN: 84-1339282 / 005
Plan Sponsor: Qwest Communications International Inc.
Valuation Date: January 1, 2012

SCHEDULE SB, PART V – SUMMARY OF PLAN PROVISIONS (cont.)

Changes in plan provisions since last actuarial valuation

None.

Plan Name: Qwest Pension Plan
EIN / PN: 84-1339282 / 005
Plan Sponsor: Qwest Communications International Inc.
Valuation Date: January 1, 2012

SCHEDULE SB, PART V – SUMMARY OF PLAN PROVISIONS (cont.)

Section II – For Occupational Employees

Coverage and participation

“Bargained for” employees and other non-management employees at participating companies with at least one year of service.

Normal retirement benefit - Formula if hired prior to 1/1/2009

1. Eligibility: Age 65.
2. Benefit Amount: Sum of the pension band amount assigned to an employee times the months of service and 0.1% times average annual differential amounts in three calendar years prior to year of termination times months of service. The pension band amount depends on the job title for a covered employee.

For certain sales employees the benefit amount is the sum of the pension factor amount assigned to an employee times the months of service and 0.1% times average annual differential amounts in the three calendar years prior to year of termination times months of service. The pension factor depends on the average service compensation level for a covered employee.

3. Vesting – Five years.

Account balance formula benefit

1. Eligible Participants: Hired or rehired after 12/31/2008 or previously covered under the management plan provisions.
2. Account Balance: At the end of each year, an amount equal to 3% of eligible compensation is credited to the Account Balance. At the end of the following year, the Account Balance from the previous year is increased with an interest credit based on the Treasury Rate (average of 30-Year Treasury Bond rates during August through December preceding such year).
3. Vesting – Three years or one year for those hired prior to 1/1/2009.

Plan Name: Qwest Pension Plan
EIN / PN: 84-1339282 / 005
Plan Sponsor: Qwest Communications International Inc.
Valuation Date: January 1, 2012

SCHEDULE SB, PART V – SUMMARY OF PLAN PROVISIONS (cont.)

Service pension

1. Eligibility: Age 65 and 10 years of service or age 60 and 15 years of service or age 55 and 20 years of service or age 50 and 25 years of service or any age with 30 years of service.
2. Pension Benefit: Normal retirement benefit reduced by 6.0% for each year retirement precedes age 55 unless the participant has 30 or more years of service.
3. Account Balance Formula: If applicable, account balance or an annuity that is equivalent in value to the balance.

Deferred vested pension

1. Eligibility: Vested in a pension benefit.
2. Pension Benefit: Normal retirement benefit actuarially reduced for early commencement.
3. Account Balance Formula: If applicable, account balance or an annuity that is equivalent in value to the balance.

Disability pension

1. Eligibility: Disablement after 15 years of service.
2. Pension Benefit: Disabilities on or after January 1, 2002 receive, in addition to their regular pension, a Disability Pension equal to the normal retirement benefit amount payable until the earlier of age 65, death or no longer disabled as defined by the disability plan.
3. Account Balance Formula: If applicable, account balance or an annuity that is equivalent in value to the balance.

Plan Name: Qwest Pension Plan
EIN / PN: 84-1339282 / 005
Plan Sponsor: Qwest Communications International Inc.
Valuation Date: January 1, 2012

SCHEDULE SB, PART V – SUMMARY OF PLAN PROVISIONS (cont.)

Pre-retirement survivor benefit

1. Eligibility: Death after vesting.
2. Benefit Payable to Spouse: Greater of 1) 45% of the pension benefit accrued to date payable immediately and unreduced, or 2) the survivor benefit under a 50% joint and survivor annuity.
3. Benefit Payable to Non-Spouse: The survivor benefit under a 50% joint and survivor annuity.
4. Account Balance Formula: If applicable, spouse or beneficiary will receive entire account balance or an annuity that is equivalent in value to the account balance.

Sickness death benefit and accidental death benefit

1. Eligibility: Death as an active employee who has a mandatory beneficiary. Must have a Term of Employment date prior to March 1, 1993.
2. Benefit Payable to Beneficiary: Lump sum payment equal to annual pay at earlier of retirement or February 28, 1993.

Normal form of benefit

For married participants, the normal form is a reduced pension annuity with 50% of the reduced amount payable to the surviving spouse upon the death of the employee. If the spouse of a service pensioner dies first, the pension is restored to its unreduced value.

For single participants, the normal form is a pension payable as a single life annuity.

Changes in plan provisions since last actuarial valuation

None.

Plan Name:	Qwest Pension Plan
EIN / PN:	84-1339282 / 005
Plan Sponsor:	Qwest Communications International Inc.
Valuation Date:	January 1, 2012

QWEST PENSION PLAN
EIN: 72-0651161 PLAN NO: 005
FORM 5500, SCHEDULE H, PART IV, LINE 4i – SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2012

ASSET CATEGORY	SECURITY DESCRIPTION / ASSET ID		SHARES / PAR VALUE	Cost	CURRENT VALUE
	CenturyLink Defined Benefit Master Trust *	Investment in Master Trust			\$ 8,762,729,000
TOTAL INVESTMENTS IN MASTER TRUST					8,762,729,000
Corporate Debt Instruments - Other Total	NIGERIA CENTRAL BK C/WTS	VAR RT 11/15/2020	3,500	-	6,685
Corporate Stock - Common	HYUNDAI MOBIS		4,025	1,092,459	1,082,782
	SK HYNIX INC		55,120	1,172,771	1,325,773
	SAMSUNG ELECTRONICS CO LTD		4,601	3,735,737	6,541,082
	HANA FINANCIAL HOLDINGS		14,000	517,784	453,775
	SELLING COSTS			(10,000)	(10,000)
	INTEREST RECEIVABLE		1	-	1
Corporate Stock - Common - Total				6,508,751	9,393,412
Other	VENEZUELA GOVT INTL BOND	VAR RT 04/15/2020 DD 04/05/96	171,210	3,900	52,433
	KOREA (REPUBLIC OF)	4.250% 10-SEPT-2014 KRW	960,000,000	853,808	917,688
	KOREA (REPUBLIC OF)	5.250% 10-SEPT-2015 KRW10000	980,000,000	910,888	971,703
	KOREA(REPUBLIC OF)	2.750% 10-MAR-2017 KRW10000	1,099,521,065	994,339	1,114,111
	KOREA TREASURY BOND	5.000% 09/10/2014 DD 09/15/09	1,960,000,000	1,805,107	1,895,914
	KOREA TREASURY BOND	4.500% 03/10/2015 DD 03/10/10	85,000,000	75,795	82,181
Other Total				4,643,837	5,034,030
Non-Interest Bearing Cash - USD	INTEREST RECEIVABLE	BRAZIL		-	-
	INTEREST RECEIVABLE RECLAIM	POLAND		92,703	92,703
	INTEREST RECEIVABLE	SOUTH KOREA		65,404	65,404
	DIVIDENDS RECEIVABLE RECLAIM	AUSTRALIA		6,242	6,242
	DIVIDENDS RECEIVABLE RECLAIM	EURO CURRENCY GEOGRAPHIC		4,451	4,451
	DIVIDENDS RECEIVABLE RECLAIM	UNITED KINGDOM		724	724
	DIVIDENDS RECEIVABLE	SOUTH KOREA		314	314
	FOREIGN TAXES PAYABLE - DIVIDENDS	SOUTH KOREA		(52)	(52)
	DIVIDENDS RECEIVABLE RECLAIM	UNITED STATES		4,517	4,517
	DIVIDENDS RECEIVABLE RECLAIM	AUSTRALIA		1,157	1,157
	DIVIDENDS RECEIVABLE RECLAIM	EURO CURRENCY GEOGRAPHIC		2,713	2,713
	DIVIDENDS RECEIVABLE RECLAIM	AUSTRALIA		27,229	27,229
	DIVIDENDS RECEIVABLE RECLAIM	EURO CURRENCY GEOGRAPHIC		9,915	9,915
	DIVIDENDS RECEIVABLE RECLAIM	UNITED KINGDOM		2,048	2,048
	DIVIDENDS RECEIVABLE RECLAIM	UNITED STATES		1,318	1,318
Non-Interest Bearing Cash - USD Total				218,685	218,685
TOTAL INVESTMENTS HELD OUTSIDE THE TRUST, NET OF SELLING COSTS					11,371,273
TOTAL ASSETS HELD FOR INVESTMENT PURPOSES					\$ 8,777,381,812

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

See accompanying Independent Auditors' Report

SCHEDULE SB ATTACHMENTS (cont.)

Schedule SB, Line 26 Schedule of Active Participant Data as of January 1, 2012

Attained Age	Years of Credited Service																			
	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 & Over	
	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
Under 25	2		149	34,680	6		0		0		0		0		0		0		0	
25 - 29	11		376	48,128	115	53,869	9		0		0		0		0		0		0	
30 - 34	10		462	61,113	561	68,241	577	68,390	26	66,884	0		0		0		0		0	
35 - 39	17		484	74,244	954	83,360	1,509	74,995	187	67,443	8		0		0		0		0	
40 - 44	26	83,405	470	87,972	878	95,374	1,639	80,146	324	74,085	169	71,242	3		0		0		0	
45 - 49	14		333	93,401	680	99,356	1,204	81,244	319	77,118	304	79,746	184	81,928	106	61,626	0		0	
50 - 54	28	66,124	279	88,455	593	94,847	1,084	78,257	302	79,854	326	81,210	446	88,655	1,427	72,668	54	66,228	0	
55 - 59	54	64,312	322	84,284	444	86,804	685	80,919	230	74,167	189	79,394	252	87,216	1,294	75,629	990	76,016	87	66,455
60 - 64	47	71,034	227	81,023	285	85,493	342	79,137	126	72,341	100	82,645	93	88,620	349	75,181	547	78,532	269	72,223
65 - 69	4		54	75,369	63	88,512	78	80,566	22	72,947	11		5		23	72,556	41	77,312	58	74,385
70 & Over	0		3		6		15		0		1		0		1		0		0	

Plan Name: Qwest Pension Plan
EIN / PN: 84-1339282 / 005
Plan Sponsor: Qwest Communications International Inc.
Valuation Date: January 1, 2012

SCHEDULE SB ATTACHMENTS (cont.)

Schedule SB, Line 26

Schedule of Active Participant Data for Cash Balance Plans as of January 1, 2012

	Years of Credited Service																			
Attained Age	Under 1		1 to 4		5 to 9		10 to 14		15 to 19		20 to 24		25 to 29		30 to 34		35 to 39		40 & Over	
	No.	Avg. Bal.	No.	Avg. Bal.	No.	Avg. Bal.	No.	Avg. Bal.	No.	Avg. Bal.	No.	Avg. Bal.	No.	Avg. Bal.	No.	Avg. Bal.	No.	Avg. Bal.	No.	Avg. Bal.
Under 25	2		110	1,895	0		0		0		0		0		0		0		0	
25 – 29	11		273	3,229	15		0		0		0		0		0		0		0	
30 – 34	10		361	4,861	324	14,423	122	17,497	0		0		0		0		0		0	
35 - 39	15		393	7,134	708	20,121	573	23,047	38	18,941	0		0		0		0		0	
40 - 44	23	8,337	407	9,197	686	25,019	682	26,681	102	24,184	46	22,800	0		0		0		0	
45 - 49	14		278	10,630	541	27,025	526	28,392	95	30,454	114	29,887	87	28,232	0		0		0	
50 - 54	26	3,536	239	9,645	413	27,942	439	28,279	104	31,601	123	31,797	188	30,592	3		0		0	
55 - 59	54	5,122	261	9,068	274	25,409	286	29,125	65	30,632	74	31,627	117	29,659	4		2		0	
60 - 64	47	4,850	177	9,257	170	25,237	148	28,499	32	29,011	48	30,864	41	30,761	2		2		1	
65 - 69	4		45	7,996	35	26,551	43	29,713	7		7		1		1		0		0	
70 & Over	0		2		1		4		0		0		0		0		0		0	

Plan Name: Qwest Pension Plan
EIN / PN: 84-1339282 / 005
Plan Sponsor: Qwest Communications International Inc.
Valuation Date: January 1, 2012

SCHEDULE SB ATTACHMENTS (cont.)

Schedule SB, Line 24 - Change in Actuarial Assumptions as of January 1, 2012

- The plan compensation increase assumption was changed from 3.50% to 3.25% per year.

Plan Name: Qwest Pension Plan
EIN / PN: 84-1339282 / 005
Plan Sponsor: Qwest Communications International Inc.
Valuation Date: January 1, 2012

SCHEDULE SB, PART V – STATEMENT OF ACTUARIAL ASSUMPTIONS/METHODS

Economic Assumptions

Interest rate basis:

● Applicable month	September
● Yield curve basis	3-Segment Rates
● MAP-21 applied for funding	Yes
● MAP-21 applied for benefit restrictions	Yes

Interest rates:

	Reflecting Corridors	Not Reflecting Corridors
● First segment rate	5.54%	2.06%
● Second segment rate	6.85%	5.25%
● Third segment rate	7.52%	6.32%
● Effective interest rate	6.92%	5.34%

Annual rates of increase

● Compensation:	3.25%
● Future Social Security wage bases	3.00%

Assumed cost of living adjustments

None.

Band increases (occupational only)

None.

Plan Name: Qwest Pension Plan
 EIN / PN: 84-1339282 / 005
 Plan Sponsor: Qwest Communications International Inc.
 Valuation Date: January 1, 2012

SCHEDULE SB, PART V – STATEMENT OF ACTUARIAL ASSUMPTIONS/METHODS (cont.)

Demographic Assumptions

Inclusion date

The valuation date coincident with or next following the date on which the employee reaches one year of service.

New or rehired employees

It was assumed there will be no new or rehired employees.

Mortality

Healthy/Disabled Separate rates for non-annuitants based on RP-2000 “Employees” table without collar or amount adjustments, projected to 2027 using Scale AA and annuitants based on RP-2000 “Healthy Annuitants” table without collar or amount adjustments, projected to 2019 using Scale AA.

Termination rates

Representative ultimate termination rates not due to disability, retirement or mortality

Attained Age	Percentage leaving during the year			
	Management		Occupational	
	Male	Females	Males	Females
20	10.00%	10.00%	6.00%	10.00%
25	10.00%	10.00%	6.00%	10.00%
30	10.00%	10.00%	6.00%	10.00%
35	10.00%	10.00%	6.00%	10.00%
40	8.50%	8.50%	6.00%	8.50%
45	7.00%	7.00%	6.00%	7.00%
50	6.00%	6.00%	6.00%	6.00%
55	6.00%	6.00%	6.00%	6.00%
60	6.00%	6.00%	6.00%	6.00%

Plan Name: Qwest Pension Plan
 EIN / PN: 84-1339282 / 005
 Plan Sponsor: Qwest Communications International Inc.
 Valuation Date: January 1, 2012

SCHEDULE SB, PART V – STATEMENT OF ACTUARIAL ASSUMPTIONS/METHODS (cont.)

Disability rates

The rates at which participants become disabled by age and gender are shown below:

	Percentage becoming disabled during the year	
Age	Males	Females
20	0.03%	0.11%
25	0.03%	0.11%
30	0.03%	0.11%
35	0.03%	0.14%
40	0.04%	0.21%
45	0.09%	0.36%
50	0.27%	0.62%
55	0.64%	0.92%
60	2.02%	1.25%

Retirement rates

For purposes of determining the Funding Target and Target Normal Cost (both disregarding at-risk assumptions), the rates at which participants retire by age and gender are shown below.

	Percentage retiring during the year	
Age	Males	Females
50	10.0%	10.0%
55	10.0%	10.0%
60	19.0%	19.0%
65	35.0%	35.0%
70	100.0%	100.0%

Form of payment

Service Pension Eligible Occupational employees are assumed to elect a lump sum 50% of the time and a life annuity 50% of the time. Service Pension Eligible Management employees are assumed to elect a lump sum 70% of the time and a life annuity 30% of the time. All other employees are assumed to elect a lump sum 80% of the time and a life annuity 20% of the time.

Plan Name: Qwest Pension Plan
EIN / PN: 84-1339282 / 005
Plan Sponsor: Qwest Communications International Inc.
Valuation Date: January 1, 2012

SCHEDULE SB, PART V – STATEMENT OF ACTUARIAL ASSUMPTIONS/METHODS (cont.)

Percent married

Percentages of participants assumed married varies by age.

Spouse age

Wife three years younger than husband.

Plan compensation

Plan compensation was frozen for management employees effective 12/31/2009.

Certain occupational sales employees have a compensation based benefit formula. The assumed compensation beginning on the valuation date for these occupational employees is based upon the prior year's rate of pay plus bonuses, commissions, differentials, and overtime.

The ABF plan earnings for the prior year are provided by CenturyLink. This generally includes salary, wages, overtime, commissions and bonuses if included in taxable income plus deferrals for 401(k) and under a cafeteria plan.

Administrative expenses

The amount included this year for plan-related expenses is \$11,000,000. This amount was provided by CenturyLink Investment Management as an estimate of 2012 expenses for non-Trust related services based on 2011 experience and was adjusted for expected PBGC premiums for 2012.

Actuarial Equivalence for Lump Sums

The prescribed actuarial equivalence is used for lump sum payments subject to 417(e). The subsidized lump sum for Service Pension Eligible retirements is the greater of the 417(e) lump sum value and the lump sum value determined using 0.0% between decrement and age 65 with GATT mortality.

Employees

It was assumed that there will be no new or rehired employees.

Timing of benefit payments

Annuity payments are payable monthly at the beginning of the month and lump sum payments are payable on date of decrement.

Plan Name:	Qwest Pension Plan
EIN / PN:	84-1339282 / 005
Plan Sponsor:	Qwest Communications International Inc.
Valuation Date:	January 1, 2012

SCHEDULE SB, PART V – STATEMENT OF ACTUARIAL ASSUMPTIONS/METHODS (cont.)

Methods

Valuation date

First day of plan year.

Funding target

Present value of accrued benefits.

Target normal cost

Present value of benefits expected to accrue during plan year plus plan-related expenses expected to be paid from plan assets during plan year.

Actuarial value of assets

Average of the fair market value of assets on the valuation date and the two immediately preceding valuation dates, adjusted for contributions, benefits, administrative expenses and expected earnings (with such expected earnings limited as described in IRS Notice 2009-22) . The average asset value must be within 10% of market value, including discounted contributions receivable (discounted using the effective interest rate for the 2011 plan year.)

The method of computing the actuarial value of assets complies with rules governing the calculation of such values under the Pension Protection Act of 2006 (PPA). These rules produce smoothed values that reflect the underlying market value of plan assets but fluctuate less than the market value. As a result, the actuarial value of assets will be lower than the market value in some years and greater in other years. However, over the long term under PPA's smoothing rules, the method has a significant bias to produce an actuarial value of assets that is below the market value of assets.

Benefits not valued

We believe that we have reflected all significant Plan provisions in this valuation.

Participant data

Data on employees and former employees were supplied by the employer and its vendors to allow Towers Watson to assist with the administration of the Plan. The provided information was combined by Towers Watson during the administrative process and extracted as of the valuation date.

Plan Name:	Qwest Pension Plan
EIN / PN:	84-1339282 / 005
Plan Sponsor:	Qwest Communications International Inc.
Valuation Date:	January 1, 2012

SCHEDULE SB, PART V – STATEMENT OF ACTUARIAL ASSUMPTIONS/METHODS (cont.)

Tax policy

The actuarial valuation performed for the plan year ending December 31, 2012 is used to determine the maximum deductible contribution for the tax year ending December 31, 2012.

PBGC Premium Funding Target

The PBGC Premium Funding Target was determined using the alternative method.

Nature of actuarial calculations

The results documented in this report are estimates based on data that may be imperfect and on assumptions about future events. Certain plan provisions may be approximated or deemed insignificant and therefore are not valued. Assumptions may be made about participant data or other factors. Reasonable efforts were made in this valuation to ensure that items that are significant in the context of the actuarial liabilities or costs are treated appropriately, and not excluded or included inappropriately.

A range of results, different from those presented in this report could be considered reasonable. The numbers are not rounded, but this is for convenience only and should not imply precision, which is not inherent in actuarial calculations. Certain percentages determined in this report, such as the Funding Target Attainment Percentage, are truncated to be consistent with the rounding specified for Schedule SB of the Form 5500.

The assumptions selected for this valuation other than those prescribed by law, generally reflect long-term average expectations. If overall future plan experience is less favorable than assumed, the relative level of plan costs or contribution requirements determined in this valuation will likely increase in future valuations. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for the measurements (such as the end of an amortization period); and changes in plan provisions or applicable law. It is beyond the scope of this actuarial valuation to analyze the potential range of future pension contributions, but we can do so upon request.

Plan Name:	Qwest Pension Plan
EIN / PN:	84-1339282 / 005
Plan Sponsor:	Qwest Communications International Inc.
Valuation Date:	January 1, 2012

SCHEDULE SB, PART V – STATEMENT OF ACTUARIAL ASSUMPTIONS/METHODS (cont.)

Changes in assumptions and methods since last actuarial valuation

- The segment rates used to determine minimum funding requirements and benefit restrictions were revised by applying the corridors of MAP-21.
- The required mortality table used to calculate the funding target and target normal cost was updated to include one additional year of projected mortality improvements.
- The assumed plan-related expenses added to the target normal cost were changed from \$11,300,000 for 2011 to \$11,000,000 for 2012.
- The plan compensation increase assumption was changed from 3.50% to 3.25% per year.

Plan Name: Qwest Pension Plan
EIN / PN: 84-1339282 / 005
Plan Sponsor: Qwest Communications International Inc.
Valuation Date: January 1, 2012

SCHEDULE SB, PART V – STATEMENT OF ACTUARIAL ASSUMPTIONS/METHODS (cont.)

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Plan Name: Qwest Pension Plan
EIN / PN: 84-1339282 / 005
Plan Sponsor: Qwest Communications International Inc.
Valuation Date: January 1, 2012

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 QWEST PENSION PLAN	1b Three-digit plan number (PN) ► 005
	1c Effective date of plan 01/01/1984
2a Plan sponsor's name and address, include room or suite number (employer, if for a single-employer plan) QWEST COMMUNICATIONS INTERNATIONAL INC. CENTURYLINK - FINANCE DEPT. 2NE700 100 CENTURYLINK DRIVE MONROE LA 71203	2b Employer Identification Number (EIN) 84-1339282 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 	<u>1/20/14</u>	<u>Marina Pearson</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)

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

Form 5500 (2012)
v. 120126

**SCHEDULE SB
(Form 5500)**Department of the Treasury
Internal Revenue ServiceDepartment 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**

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 Qwest Pension Plan	B Three-digit plan number (PN) ► 005
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF Qwest Communications Int'l Inc.	D Employer Identification Number (EIN) 84-1339282
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>1</u> Day <u>1</u> Year <u>2012</u>		
2 Assets:		
a Market value	2a	8,070,082,041
b Actuarial value	2b	7,714,050,061
3 Funding target/participant count breakdown:	(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment.....	3a 40,991	4,652,602,691
b For terminated vested participants.....	3b 19,560	506,158,846
c For active participants:		
(1) Non-vested benefits	3c(1)	80,290,461
(2) Vested benefits	3c(2)	1,932,568,457
(3) Total active.....	3c(3) 23,972	2,012,858,918
d Total.....	3d 84,523	7,171,620,455
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	6.92 %
6 Target normal cost	6	50,870,687

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	Craig Pedersen	08/29/2013
	Signature of actuary	Date
Craig Pedersen		11-07142
	Type or print name of actuary	Most recent enrollment number
Towers Watson Delaware Inc.		(303) 298-7878
	Firm name	Telephone number (including area code)
950 17th Street Suite 1400		
	Address of the firm	
Denver	CO 80202	

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)	7,243,731	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9	Amount remaining (line 7 minus line 8)	7,243,731	0
10	Interest on line 9 using prior year's actual return of <u>9.44</u> %	683,808	
11	Prior year's excess contributions to be added to prefunding balance:		
	a Present value of excess contributions (line 38a from prior year)		115,522,468
	b Interest on (a) using prior year's effective interest rate of <u>6.17</u> % except as otherwise provided (see instructions)		7,127,736
	c Total available at beginning of current plan year to add to prefunding balance		122,650,204
	d Portion of (c) to be added to prefunding balance		122,650,204
12	Other reductions in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12)	7,927,539	122,650,204

Part III Funding Percentages			
14	Funding target attainment percentage	14	105.74 %
15	Adjusted funding target attainment percentage	15	107.56 %
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	91.02 %
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
Totals ►			18(b)	0	18(c)
				0	0

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	0

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 57
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	50,870,687
b Excess assets, if applicable, but not greater than line 31a		31b	50,870,687
32 Amortization installments:	Outstanding Balance	Installment	
a Net shortfall amortization installment.....	0	0	
b Waiver amortization installment		0	
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	0	
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33) ..	34	0	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement.....	0	0	0
36 Additional cash requirement (line 34 minus line 35).....	36	0	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	0	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)		38a	0
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances		38b	0
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	0	

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	0	
43 Excess installment acceleration amount to be carried over to future plan years	43	0	