



Qwest Communications International Inc.

Historical Financial Information

As of March 31, 2008

QWEST COMMUNICATIONS INTERNATIONAL INC.

**CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)**

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

	Three Months Ended									Years Ended December 31,	
	3/31/06	6/30/06	9/30/06	12/31/06	3/31/07	6/30/07	9/30/07	12/31/07	3/31/08	2006	2007
Operating revenue.....	\$ 3,476	\$ 3,472	\$ 3,487	\$ 3,488	\$ 3,446	\$ 3,463	\$ 3,434	\$ 3,435	\$ 3,399	\$ 13,923	\$ 13,778
Operating expenses (1):											
Cost of sales (exclusive of depreciation and amortization).....	1,231	1,213	1,219	1,258	1,174	1,166	1,168	1,180	1,177	4,921	4,688
Selling.....	519	500	542	555	517	540	544	537	545	2,116	2,138
General, administrative and other operating.....	681	650	635	595	624	608	924	581	581	2,561	2,737
Depreciation and amortization.....	691	693	691	695	612	615	619	613	576	2,770	2,459
Total operating expenses.....	3,122	3,056	3,087	3,103	2,927	2,929	3,255	2,911	2,879	12,368	12,022
Other expense (income)—net:											
Interest expense on long-term borrowings and capital leases—net.....	296	298	291	284	282	274	272	267	261	1,169	1,095
Other—net.....	(28)	(17)	(42)	(84)	(5)	14	(9)	(3)	3	(171)	(3)
Total other expense (income)—net.....	268	281	249	200	277	288	263	264	264	998	1,092
Income (loss) before income taxes.....	86	135	151	185	242	246	(84)	260	256	557	664
Income tax benefit (expense).....	2	(18)	43	9	(2)	—	2,149	106	(99)	36	2,253
Net income	\$ 88	\$ 117	\$ 194	\$ 194	\$ 240	\$ 246	\$ 2,065	\$ 366	\$ 157	\$ 593	\$ 2,917
Earnings per share:											
Basic.....	\$ 0.05	\$ 0.06	\$ 0.10	\$ 0.10	\$ 0.13	\$ 0.13	\$ 1.14	\$ 0.20	\$ 0.09	\$ 0.31	\$ 1.59
Diluted.....	\$ 0.05	\$ 0.06	\$ 0.09	\$ 0.10	\$ 0.12	\$ 0.13	\$ 1.08	\$ 0.20	\$ 0.09	\$ 0.30	\$ 1.52
Weighted average shares outstanding:											
Basic.....	1,874,313	1,882,398	1,901,372	1,900,925	1,864,951	1,841,295	1,818,683	1,792,953	1,763,306	1,889,857	1,829,244
Diluted.....	1,911,376	1,951,728	2,004,502	1,992,133	1,958,535	1,950,056	1,916,478	1,854,042	1,774,299	1,971,545	1,920,766

(1) During the first quarter of 2008, we changed the definitions we use to classify expenses as cost of sales, selling expenses or general, administrative and other operating expenses, and as a result certain prior period expenses in our condensed consolidated statements of operations have been reclassified. We have adjusted all prior period amounts to conform to the current period presentation.

QWEST COMMUNICATIONS INTERNATIONAL INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(UNAUDITED)

(Dollars in millions)

	<u>3/31/06</u>	<u>6/30/06</u>	<u>9/30/06</u>	<u>12/31/06</u>	<u>3/31/07</u>	<u>6/30/07</u>	<u>9/30/07</u>	<u>12/31/07</u>	<u>3/31/08</u>
ASSETS									
Current assets:									
Cash and cash equivalents.....	\$ 610	\$ 1,189	\$ 962	\$ 1,241	\$ 887	\$ 869	\$ 1,119	\$ 902	\$ 634
Accounts receivable—net.....	1,541	1,477	1,718	1,600	1,510	1,497	1,586	1,576	1,510
Deferred income taxes.....	132	114	142	187	126	123	658	654	609
Prepaid expenses and other.....	<u>741</u>	<u>773</u>	<u>753</u>	<u>626</u>	<u>671</u>	<u>598</u>	<u>406</u>	<u>441</u>	<u>415</u>
Total current assets.....	3,024	3,553	3,575	3,654	3,194	3,087	3,769	3,573	3,168
Property, plant and equipment—net.....	15,273	15,016	14,828	14,579	14,274	14,076	13,849	13,671	13,499
Capitalized software—net.....	927	885	840	818	812	817	824	853	868
Deferred income taxes.....	—	—	—	—	17	20	1,696	1,584	1,545
Prepaid pension.....	1,147	1,129	1,111	1,311	1,320	1,329	1,338	1,672	1,682
Other.....	<u>755</u>	<u>709</u>	<u>760</u>	<u>877</u>	<u>1,084</u>	<u>1,060</u>	<u>1,235</u>	<u>1,179</u>	<u>1,182</u>
Total assets.....	<u>\$ 21,126</u>	<u>\$ 21,292</u>	<u>\$ 21,114</u>	<u>\$ 21,239</u>	<u>\$ 20,701</u>	<u>\$ 20,389</u>	<u>\$ 22,711</u>	<u>\$ 22,532</u>	<u>\$ 21,944</u>
LIABILITIES AND STOCKHOLDERS' DEFICIT OR EQUITY									
Current liabilities:									
Current portion of long-term borrowings.....	\$ 604	\$ 2,683	\$ 1,685	\$ 1,686	\$ 1,688	\$ 1,304	\$ 1,727	\$ 601	\$ 852
Accounts payable.....	1,079	1,041	1,030	992	893	917	942	1,008	933
Accrued expenses and other.....	1,642	1,762	1,807	1,861	1,440	1,519	1,983	1,999	1,546
Deferred revenue and advance billings.....	<u>622</u>	<u>609</u>	<u>622</u>	<u>621</u>	<u>613</u>	<u>610</u>	<u>603</u>	<u>601</u>	<u>593</u>
Total current liabilities.....	3,947	6,095	5,144	5,160	4,634	4,350	5,255	4,209	3,924
Long-term borrowings—net.....	14,834	12,693	13,228	13,206	13,199	13,207	12,779	13,650	13,402
Post-retirement and other post-employment benefit obligations.....	3,441	3,439	3,436	2,366	2,364	2,346	2,325	2,188	2,180
Deferred revenue.....	514	508	516	506	506	509	551	538	537
Other.....	<u>1,450</u>	<u>1,383</u>	<u>1,366</u>	<u>1,446</u>	<u>1,532</u>	<u>1,533</u>	<u>1,510</u>	<u>1,384</u>	<u>1,371</u>
Total liabilities.....	<u>24,186</u>	<u>24,118</u>	<u>23,690</u>	<u>22,684</u>	<u>22,235</u>	<u>21,945</u>	<u>22,420</u>	<u>21,969</u>	<u>21,414</u>
Stockholders' deficit or equity:									
Preferred stock.....	—	—	—	—	—	—	—	—	—
Common stock.....	19	19	19	19	19	18	18	18	18
Additional paid-in capital.....	43,355	43,475	43,531	43,384	43,022	42,770	42,576	42,344	42,185
Treasury stock.....	(17)	(17)	(18)	(24)	(28)	(33)	(51)	(18)	(20)
Accumulated deficit.....	(46,412)	(46,295)	(46,101)	(45,907)	(45,619)	(45,373)	(43,308)	(43,084)	(42,936)
Accumulated other comprehensive (loss) income.....	<u>(5)</u>	<u>(8)</u>	<u>(7)</u>	<u>1,083</u>	<u>1,072</u>	<u>1,062</u>	<u>1,056</u>	<u>1,303</u>	<u>1,283</u>
Total stockholders' deficit or equity.....	<u>(3,060)</u>	<u>(2,826)</u>	<u>(2,576)</u>	<u>(1,445)</u>	<u>(1,534)</u>	<u>(1,556)</u>	<u>291</u>	<u>563</u>	<u>530</u>
Total liabilities and stockholders' deficit or equity.....	<u>\$ 21,126</u>	<u>\$ 21,292</u>	<u>\$ 21,114</u>	<u>\$ 21,239</u>	<u>\$ 20,701</u>	<u>\$ 20,389</u>	<u>\$ 22,711</u>	<u>\$ 22,532</u>	<u>\$ 21,944</u>

QWEST COMMUNICATIONS INTERNATIONAL INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED)

(Dollars in millions)

	<u>3 Mos Ended 3/31/06</u>	<u>6 Mos Ended 6/30/06</u>	<u>9 Mos Ended 9/30/06</u>	<u>12 Mos Ended 12/31/06</u>	<u>3 Mos Ended 3/31/07</u>	<u>6 Mos Ended 6/30/07</u>	<u>9 Mos Ended 9/30/07</u>	<u>12 Mos Ended 12/31/07</u>	<u>3 Mos Ended 3/31/08</u>
Operating activities:									
Net income.....	\$ 88	\$ 205	\$ 399	\$ 593	\$ 240	\$ 486	\$ 2,551	\$ 2,917	\$ 157
Adjustments to reconcile net income to net cash provided by operating activities:									
Depreciation and amortization.....	691	1,384	2,075	2,770	612	1,227	1,846	2,459	576
Deferred income taxes.....	(1)	(2)	(3)	(5)	—	(2)	(2,177)	(2,283)	98
Provision for bad debt—net.....	44	71	108	155	43	80	124	173	43
Other non-cash charges—net.....	16	26	39	(6)	14	42	64	87	20
Changes in operating assets and liabilities:									
Accounts receivable.....	(60)	(23)	(294)	(223)	47	23	(110)	(142)	23
Prepaid expenses and other current assets.....	(37)	28	50	168	(50)	22	(26)	11	(5)
Accounts payable and accrued expenses and other current liabilities.....	(368)	(284)	(236)	(372)	(584)	(447)	21	23	(433)
Deferred revenue and advance billings.....	(19)	(38)	(25)	(33)	(8)	(8)	27	12	(9)
Other non-current assets and liabilities.....	(214)	(190)	(184)	(258)	(46)	(50)	(194)	(231)	(82)
Cash provided by operating activities.....	<u>140</u>	<u>1,177</u>	<u>1,929</u>	<u>2,789</u>	<u>268</u>	<u>1,373</u>	<u>2,126</u>	<u>3,026</u>	<u>388</u>
Investing activities:									
Expenditures for property, plant and equipment and capitalized software.....	(390)	(832)	(1,226)	(1,632)	(318)	(744)	(1,164)	(1,669)	(416)
Proceeds from sale of investment securities.....	7	42	56	70	6	31	192	203	31
Purchases of investment securities.....	(36)	(146)	(173)	(217)	—	(24)	(64)	(64)	—
Other.....	27	47	(38)	79	4	9	13	(71)	5
Cash used for investing activities.....	<u>(392)</u>	<u>(889)</u>	<u>(1,381)</u>	<u>(1,700)</u>	<u>(308)</u>	<u>(728)</u>	<u>(1,023)</u>	<u>(1,601)</u>	<u>(380)</u>
Financing activities:									
Proceeds from long-term borrowings.....	—	—	600	600	—	500	500	500	—
Repayments of long-term borrowings, including current maturities.....	(41)	(47)	(1,145)	(1,180)	(9)	(900)	(911)	(1,176)	(9)
Proceeds from issuances of common stock.....	57	102	150	205	34	66	96	113	5
Dividends paid.....	—	—	—	—	—	—	—	—	(142)
Repurchases of common stock.....	—	—	—	(209)	(393)	(681)	(925)	(1,170)	(169)
Other.....	—	—	(37)	(110)	54	(2)	15	(31)	39
Cash (used for) provided by financing activities.....	<u>16</u>	<u>55</u>	<u>(432)</u>	<u>(694)</u>	<u>(314)</u>	<u>(1,017)</u>	<u>(1,225)</u>	<u>(1,764)</u>	<u>(276)</u>
Cash and cash equivalents:									
(Decrease) increase in cash and cash equivalents.....	(236)	343	116	395	(354)	(372)	(122)	(339)	(268)
Beginning balance.....	846	846	846	846	1,241	1,241	1,241	1,241	902
Ending balance.....	<u>\$ 610</u>	<u>\$ 1,189</u>	<u>\$ 962</u>	<u>\$ 1,241</u>	<u>\$ 887</u>	<u>\$ 869</u>	<u>\$ 1,119</u>	<u>\$ 902</u>	<u>\$ 634</u>

QWEST COMMUNICATIONS INTERNATIONAL INC.

SELECTED DATA—TOTAL COMPANY

(UNAUDITED)

(Dollars in millions, access lines in thousands)

	Three Months Ended									Years Ended December 31,	
	3/31/06	6/30/06	9/30/06	12/31/06	3/31/07	6/30/07	9/30/07	12/31/07	3/31/08	2006	2007
Operating revenue by product :											
Segment revenue:											
Voice services.....	\$ 2,134	\$ 2,103	\$ 2,096	\$ 2,047	\$ 2,007	\$ 1,984	\$ 1,921	\$ 1,881	\$ 1,860	\$ 8,380	\$ 7,793
Data, Internet and video services.....	1,102	1,122	1,165	1,223	1,221	1,247	1,279	1,326	1,329	4,612	5,073
Wireless services.....	133	137	134	135	133	133	137	131	129	539	534
Total segment revenue.....	3,369	3,362	3,395	3,405	3,361	3,364	3,337	3,338	3,318	13,531	13,400
Other revenue (primarily USF surcharges).....	107	110	92	83	85	99	97	97	81	392	378
Total operating revenue.....	\$ 3,476	\$ 3,472	\$ 3,487	\$ 3,488	\$ 3,446	\$ 3,463	\$ 3,434	\$ 3,435	\$ 3,399	\$ 13,923	\$ 13,778
Expenses (1):											
Cost of sales (exclusive of depreciation and amortization):											
Facility costs.....	\$ 628	\$ 622	\$ 597	\$ 642	\$ 589	\$ 567	\$ 558	\$ 550	\$ 553	\$ 2,489	\$ 2,264
Employee-related costs.....	347	347	375	347	348	345	345	337	373	1,416	1,375
Equipment sales costs.....	137	120	117	136	118	122	127	151	119	510	518
Other.....	119	124	130	133	119	132	138	142	132	506	531
Total cost of sales.....	1,231	1,213	1,219	1,258	1,174	1,166	1,168	1,180	1,177	4,921	4,688
Selling:											
Employee-related costs.....	273	271	293	292	279	293	287	280	292	1,129	1,139
Marketing, advertising and external commissions.....	141	134	139	142	131	145	148	156	144	556	580
Other.....	105	95	110	121	107	102	109	101	109	431	419
Total selling.....	519	500	542	555	517	540	544	537	545	2,116	2,138
General, administrative and other operating:											
Employee-related costs.....	182	178	179	179	146	121	119	115	121	718	501
Taxes and fees.....	184	161	181	124	159	178	163	161	163	650	661
Real estate and occupancy costs.....	112	107	113	112	111	110	113	109	117	444	443
Other.....	203	204	162	180	208	199	529	196	180	749	1,132
Total general, administrative and other operating.....	681	650	635	595	624	608	924	581	581	2,561	2,737
Total cost of sales, selling and general, administrative and other operating.....	\$ 2,431	\$ 2,363	\$ 2,396	\$ 2,408	\$ 2,315	\$ 2,314	\$ 2,636	\$ 2,298	\$ 2,303	\$ 9,598	\$ 9,563
Capital expenditures (2).....	\$ 390	\$ 442	\$ 394	\$ 406	\$ 318	\$ 426	\$ 420	\$ 505	\$ 416	\$ 1,632	\$ 1,669
	<u>3/31/06</u>	<u>6/30/06</u>	<u>9/30/06</u>	<u>12/31/06</u>	<u>3/31/07</u>	<u>6/30/07</u>	<u>9/30/07</u>	<u>12/31/07</u>	<u>3/31/08</u>		
Access lines:											
Business markets	2,969	2,931	2,909	2,878	2,853	2,830	2,817	2,803	2,758		
Mass markets.....	9,910	9,728	9,564	9,422	9,265	9,057	8,877	8,694	8,493		
Wholesale markets.....	1,667	1,624	1,564	1,495	1,433	1,385	1,338	1,292	1,246		
Total access lines.....	14,546	14,283	14,037	13,795	13,551	13,272	13,032	12,789	12,497		
Employees.....	39,127	39,315	39,163	38,383	38,011	37,585	37,026	36,843	36,519		

(1) During the first quarter of 2008, we changed the definitions we use to classify expenses as cost of sales, selling expenses or general, administrative and other operating expenses, and as a result certain prior period expenses in our condensed consolidated statements of operations have been reclassified. We have adjusted all prior period amounts to conform to current period presentation.

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

QWEST COMMUNICATIONS INTERNATIONAL INC.

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

(UNAUDITED)

(Dollars in millions)

	Three Months Ended									Years Ended December 31,	
	3/31/06	6/30/06	9/30/06	12/31/06	3/31/07	6/30/07	9/30/07	12/31/07	3/31/08	2006	2007
Segment operating revenue:											
Business markets.....	\$ 1,006	\$ 989	\$ 987	\$ 989	\$ 965	\$ 970	\$ 978	\$ 1,008	\$ 995	\$ 3,971	\$ 3,921
Mass markets.....	1,459	1,470	1,471	1,484	1,492	1,496	1,499	1,484	1,482	5,884	5,971
Wholesale markets.....	905	902	937	932	904	897	861	846	841	3,676	3,508
Total segment operating revenue.....	3,370	3,361	3,395	3,405	3,361	3,363	3,338	3,338	3,318	13,531	13,400
Segment expenses:											
Business markets.....	578	568	548	567	570	583	581	645	616	2,261	2,379
Mass markets.....	792	767	803	805	771	771	790	788	765	3,167	3,120
Wholesale markets.....	411	396	402	430	401	376	370	325	348	1,639	1,472
Total segment expenses.....	1,781	1,731	1,753	1,802	1,742	1,730	1,741	1,758	1,729	7,067	6,971
Segment income:											
Business markets.....	428	421	439	422	395	387	397	363	379	1,710	1,542
Mass markets.....	667	703	668	679	721	725	709	696	717	2,717	2,851
Wholesale markets.....	494	506	535	502	503	521	491	521	493	2,037	2,036
Total segment income.....	\$ 1,589	\$ 1,630	\$ 1,642	\$ 1,603	\$ 1,619	\$ 1,633	\$ 1,597	\$ 1,580	\$ 1,589	\$ 6,464	\$ 6,429
Segment margins:											
Business markets.....	42.5%	42.6%	44.5%	42.7%	40.9%	39.9%	40.6%	36.0%	38.1%	43.1%	39.3%
Mass markets.....	45.7%	47.8%	45.4%	45.8%	48.3%	48.5%	47.3%	46.9%	48.4%	46.2%	47.7%
Wholesale markets.....	54.6%	56.1%	57.1%	53.9%	55.6%	58.1%	57.0%	61.6%	58.6%	55.4%	58.0%
Reconciliation of segment income to net income:											
Total segment income.....	\$ 1,589	\$ 1,630	\$ 1,642	\$ 1,603	\$ 1,619	\$ 1,633	\$ 1,597	\$ 1,580	\$ 1,589	\$ 6,464	\$ 6,429
Other revenue (primarily USF surcharges).....	107	110	92	83	85	99	97	97	81	392	378
Unassigned expenses (primarily general and administrative).....	(651)	(631)	(643)	(606)	(573)	(583)	(896)	(540)	(574)	(2,531)	(2,592)
EBITDA (2).....	1,045	1,109	1,091	1,080	1,131	1,149	798	1,137	1,096	4,325	4,215
Depreciation and amortization.....	(691)	(693)	(691)	(695)	(612)	(615)	(619)	(613)	(576)	(2,770)	(2,459)
Total other expenses—net.....	(268)	(281)	(249)	(200)	(277)	(288)	(263)	(264)	(264)	(998)	(1,092)
Income tax benefit (expense).....	2	(18)	43	9	(2)	—	2,149	106	(99)	36	2,253
Net income.....	\$ 88	\$ 117	\$ 194	\$ 194	\$ 240	\$ 246	\$ 2,065	\$ 366	\$ 157	\$ 593	\$ 2,917

(1) During the first quarter of 2008, we changed our segments. Our new segments are business markets, mass markets and wholesale markets. We centrally manage revenue from USF (Universal Service Fund) surcharges, consequently, it is not assigned to any of our segments. We have adjusted all prior period revenue amounts to conform to the current period presentation. We have also adjusted access line amounts to conform to this new presentation.

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

QWEST COMMUNICATIONS INTERNATIONAL INC.

SELECTED DATA—BUSINESS MARKETS SEGMENT (1)

(UNAUDITED)

(Dollars in millions, access lines in thousands)

	Three Months Ended									Years Ended December 31,	
	3/31/06	6/30/06	9/30/06	12/31/06	3/31/07	6/30/07	9/30/07	12/31/07	3/31/08	2006	2007
Business markets revenue:											
Voice services.....	\$ 422	\$ 409	\$ 406	\$ 395	\$ 385	\$ 383	\$ 375	\$ 370	\$ 375	\$ 1,632	\$ 1,513
Data and Internet services.....	584	580	581	594	580	587	603	638	620	2,339	2,408
Total business markets revenue.....	<u>1,006</u>	<u>989</u>	<u>987</u>	<u>989</u>	<u>965</u>	<u>970</u>	<u>978</u>	<u>1,008</u>	<u>995</u>	<u>3,971</u>	<u>3,921</u>
Business markets expenses:											
Direct segment expenses.....	246	233	230	248	246	267	261	307	282	957	1,081
Assigned facility, network and other expenses.....	332	335	318	319	324	316	320	338	334	1,304	1,298
Total business markets expenses.....	<u>578</u>	<u>568</u>	<u>548</u>	<u>567</u>	<u>570</u>	<u>583</u>	<u>581</u>	<u>645</u>	<u>616</u>	<u>2,261</u>	<u>2,379</u>
Business markets segment income.....	<u>\$ 428</u>	<u>\$ 421</u>	<u>\$ 439</u>	<u>\$ 422</u>	<u>\$ 395</u>	<u>\$ 387</u>	<u>\$ 397</u>	<u>\$ 363</u>	<u>\$ 379</u>	<u>\$ 1,710</u>	<u>\$ 1,542</u>
<i>Business markets margin.....</i>	<i>42.5 %</i>	<i>42.6 %</i>	<i>44.5 %</i>	<i>42.7 %</i>	<i>40.9 %</i>	<i>39.9 %</i>	<i>40.6 %</i>	<i>36.0 %</i>	<i>38.1 %</i>	<i>43.1 %</i>	<i>39.3 %</i>
<i>Data and Internet services as a % of revenue.....</i>	<i>58.1 %</i>	<i>58.6 %</i>	<i>58.9 %</i>	<i>60.1 %</i>	<i>60.1 %</i>	<i>60.5 %</i>	<i>61.7 %</i>	<i>63.3 %</i>	<i>62.3 %</i>	<i>58.9 %</i>	<i>61.4 %</i>
	3/31/06	6/30/06	9/30/06	12/31/06	3/31/07	6/30/07	9/30/07	12/31/07	3/31/08		
Business markets access lines.....	2,969	2,931	2,909	2,878	2,853	2,830	2,817	2,803	2,758		

(1) During the first quarter of 2008, we changed our segments. Our new segments are business markets, mass markets and wholesale markets. We centrally manage revenue from USF (Universal Service Fund) surcharges, consequently, it is not assigned to any of our segments. We have adjusted all prior period revenue amounts to conform to the current period presentation. We have also adjusted access line amounts to conform to this new presentation.

QWEST COMMUNICATIONS INTERNATIONAL INC.

SELECTED DATA—MASS MARKETS SEGMENT (1)

(UNAUDITED)

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

	Three Months Ended									Years Ended December 31,	
	3/31/06	6/30/06	9/30/06	12/31/06	3/31/07	6/30/07	9/30/07	12/31/07	3/31/08	2006	2007
Mass markets revenue:											
Voice services.....	\$ 1,136	\$ 1,129	\$ 1,113	\$ 1,098	\$ 1,083	\$ 1,074	\$ 1,057	\$ 1,038	\$ 1,020	\$ 4,476	\$ 4,252
Data, Internet and video services.....	190	204	224	251	276	289	305	315	333	869	1,185
Wireless services.....	133	137	134	135	133	133	137	131	129	539	534
Total mass markets revenue.....	1,459	1,470	1,471	1,484	1,492	1,496	1,499	1,484	1,482	5,884	5,971
Mass markets expenses:											
Direct segment expenses.....	372	354	371	372	352	349	363	366	349	1,469	1,430
Assigned facility, network and other expenses.....	420	413	432	433	419	422	427	422	416	1,698	1,690
Total mass markets expenses.....	792	767	803	805	771	771	790	788	765	3,167	3,120
Mass markets segment income.....	\$ 667	\$ 703	\$ 668	\$ 679	\$ 721	\$ 725	\$ 709	\$ 696	\$ 717	\$ 2,717	\$ 2,851
Mass markets margin.....	45.7 %	47.8 %	45.4 %	45.8 %	48.3 %	48.5 %	47.3 %	46.9 %	48.4 %	46.2 %	47.7 %
Data, Internet, and video services as a % of revenue.....	13.0 %	13.9 %	15.2 %	16.9 %	18.5 %	19.3 %	20.3 %	21.2 %	22.5 %	14.8 %	19.8 %
Consumer ARPU (2).....	\$ 47	\$ 48	\$ 48	\$ 50	\$ 51	\$ 52	\$ 53	\$ 54	\$ 55	\$ 48	\$ 52
Connections:											
Access lines:											
Consumer primary lines.....	7,749	7,592	7,454	7,333	7,200	7,015	6,860	6,705	6,539		
Consumer additional lines.....	876	840	803	770	740	713	686	660	631		
Small business lines.....	1,285	1,296	1,307	1,319	1,325	1,329	1,331	1,329	1,323		
Total access lines.....	9,910	9,728	9,564	9,422	9,265	9,057	8,877	8,694	8,493		
Other connections:											
Broadband subscribers (3).....	1,678	1,798	1,973	2,138	2,305	2,405	2,516	2,611	2,701		
Video subscribers (3).....	210	249	338	411	491	554	605	649	699		
Wireless subscribers.....	784	777	781	801	812	807	819	824	816		
Total other connections.....	2,672	2,824	3,092	3,350	3,608	3,766	3,940	4,084	4,216		
Total mass markets connections.....	12,582	12,552	12,656	12,772	12,873	12,823	12,817	12,778	12,709		

(1) During the first quarter of 2008, we changed our segments. Our new segments are business markets, mass markets and wholesale markets. We centrally manage revenue from USF (Universal Service Fund) surcharges, consequently, it is not assigned to any of our segments. We have adjusted all prior period revenue amounts to conform to the current period presentation. We have also adjusted access line amounts to conform to this new presentation.

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

(3) Broadband and video subscribers include certain business markets customers.

QWEST COMMUNICATIONS INTERNATIONAL INC.

SELECTED DATA—WHOLESALE MARKETS SEGMENT (1)

(UNAUDITED)

(Dollars in millions, access lines in thousands)

	Three Months Ended									Years Ended December 31,	
	3/31/06	6/30/06	9/30/06	12/31/06	3/31/07	6/30/07	9/30/07	12/31/07	3/31/08	2006	2007
Wholesale markets revenue:											
Voice services.....	\$ 577	\$ 564	\$ 577	\$ 554	\$ 539	\$ 526	\$ 490	\$ 473	\$ 465	\$ 2,272	\$ 2,028
Data and Internet services.....	328	338	360	378	365	371	371	373	376	1,404	1,480
Total wholesale markets revenue.....	905	902	937	932	904	897	861	846	841	3,676	3,508
Wholesale markets expenses:											
Direct segment expenses.....	53	39	49	61	53	47	48	20	45	202	168
Assigned facility, network and other expenses.....	358	357	353	369	348	329	322	305	303	1,437	1,304
Total wholesale markets expenses.....	411	396	402	430	401	376	370	325	348	1,639	1,472
Wholesale markets segment income.....	\$ 494	\$ 506	\$ 535	\$ 502	\$ 503	\$ 521	\$ 491	\$ 521	\$ 493	\$ 2,037	\$ 2,036
Wholesale markets margin.....	54.6 %	56.1 %	57.1 %	53.9 %	55.6 %	58.1 %	57.0 %	61.6 %	58.6 %	55.4 %	58.0 %
Data and Internet services as a % of revenue.....	36.2 %	37.5 %	38.4 %	40.6 %	40.4 %	41.4 %	43.1 %	44.1 %	44.7 %	38.2 %	42.2 %
Minutes of use from carriers and CLECS (in millions).....	12,442	12,047	11,796	11,765	11,690	10,859	10,635	10,448	10,431	48,050	43,632
	<u>3/31/06</u>	<u>6/30/06</u>	<u>9/30/06</u>	<u>12/31/06</u>	<u>3/31/07</u>	<u>6/30/07</u>	<u>9/30/07</u>	<u>12/31/07</u>	<u>3/31/08</u>		
Wholesale markets access lines (2).....	1,667	1,624	1,564	1,495	1,433	1,385	1,338	1,292	1,246		

(1) During the first quarter of 2008, we changed our segments. Our new segments are business markets, mass markets and wholesale markets. We centrally manage revenue from USF (Universal Service Fund) surcharges, consequently, it is not assigned to any of our segments. We have adjusted all prior period revenue amounts to conform to the current period presentation. We have also adjusted access line amounts to conform to this new presentation.

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

QWEST COMMUNICATIONS INTERNATIONAL INC.

SELECTED DATA—SPECIAL ITEMS

(UNAUDITED)

(Dollars in millions)

	Three Months Ended									Years Ended December 31,	
	3/31/06	6/30/06	9/30/06	12/31/06	3/31/07	6/30/07	9/30/07	12/31/07	3/31/08	2006	2007
Special items (1):											
Operating expenses:											
Legal reserve.....	\$ —	\$ —	\$ —	\$ —	\$ (40)	\$ —	\$ (353)	\$ —	\$ —	\$ —	\$ (393)
Realignment, severance and related costs.....	(22)	—	(43)	—	—	—	—	—	(45)	(65)	—
Subtotal operating expenses.....	(22)	—	(43)	—	(40)	—	(353)	—	(45)	(65)	(393)
Other expense (income)—net:											
Gain on sale of assets.....	—	—	—	64	—	—	—	—	—	64	—
Tax sharing settlement	—	—	53	—	—	—	—	—	—	53	—
Subtotal other expense (income)—net.....	—	—	53	64	—	—	—	—	—	117	—
Income tax sharing settlement.....	—	—	39	—	—	—	—	—	—	39	—
Reversal of income tax valuation allowance.....	—	—	—	—	—	—	2,174	—	—	—	2,174
Total special items—(charges) benefits.....	\$ (22)	\$ —	\$ 49	\$ 64	\$ (40)	\$ —	\$ 1,821	\$ —	\$ (45)	\$ 91	\$ 1,781

(1) Effective for the quarter ended June 30, 2006, special items will only be identified herein when they are considered to be material. Although certain costs associated with the items described above continue to be incurred, they are not considered to be material and, therefore, are not detailed above.

QWEST COMMUNICATIONS INTERNATIONAL INC.

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

(UNAUDITED)

(Dollars in millions)

	Three Months Ended									Years Ended December 31,	
	3/31/06	6/30/06	9/30/06	12/31/06	3/31/07	6/30/07	9/30/07	12/31/07	3/31/08	2006	2007
EBITDA—as adjusted:.....	\$ 1,067	\$ 1,109	\$ 1,134	\$ 1,080	\$ 1,171	\$ 1,149	\$ 1,151	\$ 1,137	\$ 1,141	\$ 4,390	\$ 4,608
Less: Legal reserve.....	—	—	—	—	(40)	—	(353)	—	—	—	(393)
Less: Realignment, severance and related costs.....	(22)	—	(43)	—	—	—	—	—	(45)	(65)	—
EBITDA:.....	\$ 1,045	\$ 1,109	\$ 1,091	\$ 1,080	\$ 1,131	\$ 1,149	\$ 798	\$ 1,137	\$ 1,096	\$ 4,325	\$ 4,215
Depreciation and amortization.....	(691)	(693)	(691)	(695)	(612)	(615)	(619)	(613)	(576)	(2,770)	(2,459)
Total other expense (income)—net.....	(268)	(281)	(249)	(200)	(277)	(288)	(263)	(264)	(264)	(998)	(1,092)
Income tax benefit (expense).....	2	(18)	43	9	(2)	—	2,149	106	(99)	36	2,253
Net income.....	<u>\$ 88</u>	<u>\$ 117</u>	<u>\$ 194</u>	<u>\$ 194</u>	<u>\$ 240</u>	<u>\$ 246</u>	<u>\$ 2,065</u>	<u>\$ 366</u>	<u>\$ 157</u>	<u>\$ 593</u>	<u>\$ 2,917</u>
EBITDA margin—as adjusted:											
EBITDA—as adjusted :.....	\$ 1,067	\$ 1,109	\$ 1,134	\$ 1,080	\$ 1,171	\$ 1,149	\$ 1,151	\$ 1,137	\$ 1,141	\$ 4,390	\$ 4,608
Divided by total operating revenue.....	\$ 3,476	\$ 3,472	\$ 3,487	\$ 3,488	\$ 3,446	\$ 3,463	\$ 3,434	\$ 3,435	\$ 3,399	\$ 13,923	\$ 13,778
EBITDA margin.....	30.7 %	31.9 %	32.5 %	31.0 %	34.0 %	33.2 %	33.5 %	33.1 %	33.6 %	31.5 %	33.4 %
EBITDA margin:											
EBITDA.....	\$ 1,045	\$ 1,109	\$ 1,091	\$ 1,080	\$ 1,131	\$ 1,149	\$ 798	\$ 1,137	\$ 1,096	\$ 4,325	\$ 4,215
Divided by total operating revenue.....	\$ 3,476	\$ 3,472	\$ 3,487	\$ 3,488	\$ 3,446	\$ 3,463	\$ 3,434	\$ 3,435	\$ 3,399	\$ 13,923	\$ 13,778
EBITDA margin.....	30.1 %	31.9 %	31.3 %	31.0 %	32.8 %	33.2 %	23.2 %	33.1 %	32.2 %	31.1 %	30.6 %

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

QWEST COMMUNICATIONS INTERNATIONAL INC.

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

(UNAUDITED)

(Dollars in millions)

	<u>3/31/06</u>	<u>6/30/06</u>	<u>9/30/06</u>	<u>12/31/06</u>	<u>3/31/07</u>	<u>6/30/07</u>	<u>9/30/07</u>	<u>12/31/07</u>	<u>3/31/08</u>
Net debt:									
Current borrowings.....	\$ 604	\$ 2,683	\$ 1,685	\$ 1,686	\$ 1,688	\$ 1,304	\$ 1,727	\$ 601	\$ 852
Long-term borrowings—net.....	<u>14,834</u>	<u>12,693</u>	<u>13,228</u>	<u>13,206</u>	<u>13,199</u>	<u>13,207</u>	<u>12,779</u>	<u>13,650</u>	<u>13,402</u>
Total borrowings—net.....	15,438	15,376	14,913	14,892	14,887	14,511	14,506	14,251	14,254
Less: cash and cash equivalents	(610)	(1,189)	(962)	(1,241)	(887)	(869)	(1,119)	(902)	(634)
Less: short-term investments.....	(130)	(205)	(218)	(248)	(242)	(240)	—	(79)	(48)
Less: long-term investments.....	—	—	—	—	—	—	(119)	(126)	(118)
Net debt.....	<u>\$ 14,698</u>	<u>\$ 13,982</u>	<u>\$ 13,733</u>	<u>\$ 13,403</u>	<u>\$ 13,758</u>	<u>\$ 13,402</u>	<u>\$ 13,268</u>	<u>\$ 13,144</u>	<u>\$ 13,454</u>

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

QWEST COMMUNICATIONS INTERNATIONAL INC.

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

(UNAUDITED)

(Dollars in millions)

	Three Months Ended									Years Ended December 31,	
	3/31/06	6/30/06	9/30/06	12/31/06	3/31/07	6/30/07	9/30/07	12/31/07	3/31/08	2006	2007
Free cash flow from operations:											
Cash provided by operating activities.....	\$ 140	\$ 1,037	\$ 752	\$ 860	\$ 268	\$ 1,105	\$ 753	\$ 900	\$ 388	\$ 2,789	\$ 3,026
Less: Expenditures for property, plant and equipment and capitalized software.....	(390)	(442)	(394)	(406)	(318)	(426)	(420)	(505)	(416)	(1,632)	(1,669)
Free cash flow from operations.....	(250)	595	358	454	(50)	679	333	395	(28)	1,157	1,357
Add: certain one-time settlements.....	100	—	—	140	200	—	—	245	84	240	445
Adjusted free cash flow from operations.....	<u>\$ (150)</u>	<u>\$ 595</u>	<u>\$ 358</u>	<u>\$ 594</u>	<u>\$ 150</u>	<u>\$ 679</u>	<u>\$ 333</u>	<u>\$ 640</u>	<u>\$ 56</u>	<u>\$ 1,397</u>	<u>\$ 1,802</u>

(1) Free cash flow and adjusted free cash flow from operations are non-GAAP financial measures that indicate cash generated by our business after operating expenses, capital expenditures, interest expense and income tax expense. We believe these measures provide useful information to our investors for purposes of evaluating our ability to satisfy our debt and other mandatory payment obligations and because they reflect cash flows available for financing activities, voluntary debt repayment and to strengthen our balance sheet. This is of particular relevance for our business given our significant debt balance. We also use free cash flow and adjusted free cash flow from operations internally for a variety of purposes, including setting targets for compensation and budgeting our cash needs. These measures are not determined in accordance with GAAP and should not be considered as a substitute for “income before income taxes” or “cash provided by operating activities” or any other measure determined in accordance with GAAP. Due to the forward-looking nature of expected free cash flow amounts for 2008, information to reconcile this non-GAAP financial measure is not available at this time.