QWEST COMMUNICATIONS INTERNATIONAL INC
Form 425
July 22, 2010

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- In connection with the proposed transaction, CenturyLink filed with the Securities and Exchange Commission (the SEC) a registration statement on Form S-4 (Registration No. 333-167339) that includes a joint preliminary proxy statement of CenturyLink and Qwest Communications International Inc. (Qwest) and that also constitutes a preliminary prospectus of CenturyLink. CenturyLink and Qwest will mail the definitive joint proxy statement/prospectus to their respective stockholders when it becomes available. Investors and security holders are urged to read the joint definitive proxy statement/prospectus and any other relevant documents filed with the SEC when they become available, because they will contain important information about Qwest, CenturyLink and the proposed transaction. The joint proxy statement/prospectus and other documents relating to the proposed transaction (when they are available) can be obtained free of charge from the SEC s website at *www.sec.gov*.
  These documents (when they are available) can also be obtained free of charge from Qwest upon written request to Qwest Communications International Inc., 1801 California Street, 51st floor, Denver, Colorado 80202, Attention: Shareowner Relations or by calling 1-800-567-7296, or from CenturyLink, upon written request to CenturyLink, 100 CenturyTel Drive, Monroe, Louisiana, 71203, Attention: Corporate Secretary. Qwest, CenturyLink and certain of their respective directors and executive officers may be deemed to be participants in the solicitation of proxies from stockholders in connection with the proposed transaction under the rules of the SEC. Information about the directors and executive officers of Qwest may be found in its 2009 Annual Report on Form 10-K filed with the SEC on February 16, 2010, and in its definitive proxy statement relating to its 2010 Annual Meeting of Stockholders filed with the SEC on March 17, 2010. Information about the directors and executive officers of CenturyLink may be found in its 2009 Annual Report on Form 10-K filed with the SEC on March 1, 2010, and definitive proxy statement relating to its 2010 Annual Meeting of Shareholders filed with the SEC on April 7, 2010. These documents can be obtained free of charge from the sources indicated above. Additional information regarding the interests of these participants will also be included in the definitive joint proxy statement/prospectus regarding the proposed transaction when it becomes available.
- This communication does not constitute an offer to sell or the solicitation of an offer to sell or the solicitation of an offer to buy any securities, nor will there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offer of securities will be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended.

Our **vision** is to be a profitable growth company known for Perfecting the Customer Experience. **Our Vision** is what we **aspire to be**, it s the main focus of **everything we do**, to **differentiate** us from competitors. It drives our strategies, priorities and goals.

- Ed Mueller

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES EBITDA(1)
(UNAUDITED)
(Dollars in millions)

	Three Months Ended			
	3/31/08	**3/31/09**	**12/31/09**	**3/31/10**
EBITDA as adjusted	$ 1,141	$ 1,145	$ 1,085	$ 1,124
Less: Legal reserve				
Less: Property tax settlement				
Less: Realignment, severance and related costs	(45)	(23)	(56)	(11)
EBITDA:	$ 1,096	$ 1,122	$ 1,029	$ 1,113
Depreciation and amortization	(576)	(573)	(579)	(545)
Total other expense net	(275)	(251)	(273)	(321)
Income tax expense	(95)	(92)	(69)	(209)
Net income	$ 150	$ 206	$ 108	$ 38
EBITDA margin percentage as adjusted:				
EBITDA as adjusted	$ 1,141	$ 1,145	$ 1,085	$ 1,124
Divided by total operating revenue	$ 3,399	$ 3,173	$ 2,994	$ 2,966
EBITDA margin percentage as adjusted	*33.6 %*	*36.1 %*	*36.2 %*	*37.9 %*
EBITDA margin percentage:				
EBITDA	$ 1,096	$ 1,122	$ 1,029	$ 1,113
Divided by total operating revenue	$ 3,399	$ 3,173	$ 2,994	$ 2,966
EBITDA margin percentage	*32.2 %*	*35.4 %*	*34.4 %*	*37.5 %*

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

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES FREE CASH FLOW FROM OPERATIONS (1)
(UNAUDITED)
(Dollars in millions)

	Years Ended December 31,		
	2007	**2008**	**2009**
Free cash flow from operations:			
Cash provided by operating activities	$ 3,026	$ 2,931	$ 3,307
Less: Expenditures for property, plant and equipment and capitalized software.	(1,669)	(1,777)	(1,409)
Free cash flow from operations	1,357	1,154	1,898
Add: certain one-time settlements	445	285	32
Adjusted free cash flow from operations	$ 1,802	$ 1,439	$ 1,930

(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.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES NET DEBT (1)
(UNAUDITED)
(Dollars in millions)

	3/31/07	3/31/08	3/31/09	3/31/10
Net debt:				
Current portion of long-term borrowings	$ 1,688	$ 852	$ 587	$ 2,046
Long-term borrowings net	13,013	13,261	12,755	11,500
Total borrowings net	14,701	14,113	13,342	13,546
Less: cash and cash equivalents	(887)	(634)	(541)	(1,196)
Less: short-term investments	(242)	(48)	(6)	(656)
Net debt	$ 13,572	$ 13,431	$ 12,795	$ 11,694
Ratio of net debt to annualized EBITDA as adjusted: (2) (3)				
Total net debt	$ 13,572	$ 13,431	$ 12,795	$ 11,694
Divided by annualized EBITDA as adjusted	$ 4,484	$ 4,578	$ 4,551	$ 4,394
Ratio of net debt to annualized EBITDA as adjusted	3.0	2.9	2.8	2.7

(1) Net debt is a non-GAAP financial measure that we calculate as our total borrowings net (current plus long-term) less our cash and cash equivalents and short-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 net or any other measure determined in accordance with GAAP.

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

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