

QWEST CORPORATION
AFFILIATED INTEREST REPORTING PROGRAM
2012 ANNUAL REPORT
FOR 2011 TRANSACTIONS

2012 APR 30 A 10:09
COMMUNICATIONS

PREPARED FOR:
THE MONTANA PUBLIC SERVICE COMMISSION
April 30, 2012

INTRODUCTION

MONTANA ANNUAL AFFILIATED INTEREST REPORT

Attached is the 2012 Affiliated Interest Report. This report covers affiliate transactions for the year 2011.

This report is offered to satisfy the Affiliated Interest Reporting requirements agreed upon in the Stipulation and Report of Qwest Corporation, Inc. and the Montana Consumer Counsel approved by the Montana Public Service Commission in Order No. 5354g, issued February 4, 1994.

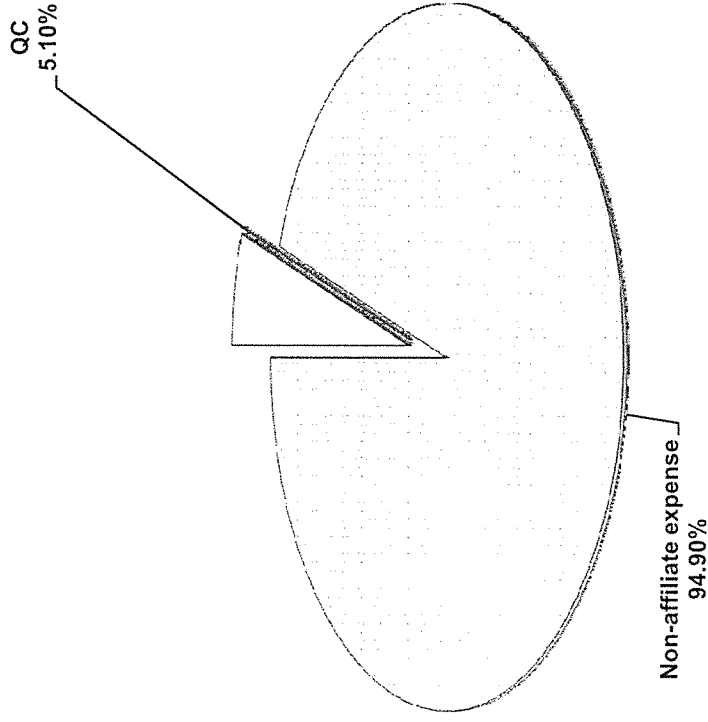
The requirements under this agreement are:

- Annual Reporting of intrastate amounts paid by QC to affiliates and by affiliates to QC;
- Information regarding creation and dissolution of affiliates whose operations affect Montana, and new or changed affiliate contracts having a Montana intrastate effect of \$250,000 or more;
- A list of intrastate dollar amounts charged to Montana for research performed by Advanced Technologies;
- Information from QC's cost manual pursuant to Part 64 rules; (Due to the FCC forbearance (FCC 08-203), 2007 was the last cost manual filed);
- Annual balance sheets and income statements;
- FCC reports under the Automated Reporting Management Information System (ARMIS) (Due to the FCC forbearance (FCC 08-203), 2007 reports were the last reports filed.

QWEST CORPORATION
2012 AFFILIATED INTEREST REPORT
FOR THE MONTANA PUBLIC SERVICE COMMISSION
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**2011 MONTANA INTRASTATE
TOTAL INTRASTATE OPERATING EXPENSE**



Qwest Corporation
5.10%

Non-affiliate expense
94.90%

AFFILIATED INTEREST PAYMENTS =	\$2,256,731	5.10%
NON-AFFILIATE PAYMENTS =	\$41,970,885	94.90%

NOTE: Non-affiliate expense excludes depreciation.
Source: Summary MR YTD 1990's Report, line 22 - Line 19

**2011 AFFILIATED INTEREST
SUMMARY OF PAYMENTS TO AFFILIATES**

Administrative and other functions of Qwest Services Corporation (QSC) were moved to Qwest Corporation and two wholly owned subsidiaries of QSC were merged into Qwest Corporation: Qwest Information Technologies, Inc. merged into Qwest Business Resources, Inc. and Qwest Business Resources, Inc. merged into Qwest Corporation effective 1/31/2008. With this reorganization of affiliates this chart no longer contains meaningful relationships between the entities since their previous operating relationships no longer exist.

2011 AFFILIATED INTEREST - MONTANA ANNUAL REPORT
 QWEST CORPORATION PAYMENTS TO AFFILIATES

AFFILIATE	SERVICE CATEGORY	ACCT	2011 QWEST FCC REGULATED	MONTANA STATE FCC REGULATED	MONTANA INTRASTATE FCC REGULATED
QWEST BROADBAND SERVICES, INC.	CORP GEN & ADMIN SERVICES	6121	55,273.11	-	-
	TOTAL		55,273.11	310.92	222.10
CENTURYTEL FIBER, COMPANY	COMMUNICATIONS SERVICES	6724	15,173.11	24.33	17.38
	COMMUNICATIONS SERVICES	6728	2,051.10	458.42	327.47
	CORP GEN & ADMIN SERVICES	6113	22,316.80		
	CORP GEN & ADMIN SERVICES	6121	70.54		
	CORP GEN & ADMIN SERVICES	6623	2,462.38	244.80	209.46
	CORP GEN & ADMIN SERVICES	6724	245,866.36	5,038.14	3,599.00
	CORP GEN & ADMIN SERVICES	6728	1,714.53		
	LEASED ASSETS & FACILITIES	6121	564.30		
	MARKETING & SALES	6613	12,903,038.69	277,931.44	195,617.63
	NETWORK SERVICES	6441	5,837.40		
	NETWORK SERVICES	6531	4,189.48		
	NETWORK SERVICES	6540	29,140.06	3,078.93	
	NETWORK SERVICES	6623	46.59	42.39	
	TOTAL		13,232,471.35	287,129.37	200,029.31
CENTURYTEL OF CO	MARKETING & SALES	6612	64,756.13	1,425.27	1,003.15
	NETWORK SERVICES	6728	491.25	13.72	9.80
	TOTAL		65,247.38	1,438.99	1,012.95
CENTURYTEL OF COWICHE	NETWORK SERVICES	6540	8,897.67		
	TOTAL		8,897.67		
CENTURYTEL OF EAGLE, INC.	COMMUNICATIONS SERVICES	6728	3,617.18		
	CORP GEN & ADMIN SERVICES	6623	3,250.17		
	LEASED ASSETS & FACILITIES	6728	29,766.49		
	NETWORK SERVICES	6540	116,500.26		
	NETWORK SERVICES	6623	325.17		
	NETWORK SERVICES	6728	89,299.48		
	TOTAL		242,758.75		
CENTURYTEL OF OREGON, INC	COMMUNICATIONS SERVICES	6728	1,181.65		
	CORP GEN & ADMIN SERVICES	6623	1,995.01		
	LEASED ASSETS & FACILITIES	6728	2,636.76		
	NETWORK SERVICES	6540	626,455.39		
	NETWORK SERVICES	6728	7,935.10		
	TOTAL		640,203.91		
CENTURYTEL FIBER CO-LIGHTCORE	NETWORK SERVICES	6728	14,102.65	205.50	146.80
	TOTAL		14,102.65	205.50	146.80
CENTURYTEL OF GEM STATE (ID)	CORP GEN & ADMIN SERVICES	6623	2.79		
	NETWORK SERVICES	6540	83.63		
	NETWORK SERVICES	6623	0.18		
	TOTAL		86.60		
CENTURYTEL OF INTER ISLAND	NETWORK SERVICES	6540	8,168.97		
	TOTAL		8,168.97		
CENTURYLINK MARKETINGSOLUTION	MARKETING & SALES	6613	1,356,397.31	29,216.80	20,563.78
	TOTAL		1,356,397.31	29,216.80	20,563.78
CENTURYTEL OF MINNESOTA	COMMUNICATIONS SERVICES	6728	647.15		
	CORP GEN & ADMIN SERVICES	6121	10,915.85		
	CORP GEN & ADMIN SERVICES	6623	2,650.04		
	CORP GEN & ADMIN SERVICES	6728	8.04	13.25	9.46
	LEASED ASSETS & FACILITIES	6121	18,193.08		

**2011 AFFILIATED INTEREST - MONTANA ANNUAL REPORT
QWEST CORPORATION PAYMENTS TO AFFILIATES**

Attachment B

AFFILIATE	SERVICE CATEGORY	ACCT	2011 QWEST FCC REGULATED	MONTANA STATE FCC REGULATED	MONTANA INTRASTATE FCC REGULATED
CENTURYTEL OF OREGON, INC	NETWORK SERVICES	6540	3,637.04		
	TOTAL		36,051.19	13.25	9.46
	CORP GEN & ADMIN SERVICES	6623	1,788.86		
	NETWORK SERVICES	6540	185,574.77		
	TOTAL		187,363.63		
	CORP GEN & ADMIN SERVICES	6113	149,063.22	3,061.99	2,187.33
	CORP GEN & ADMIN SERVICES	6728	25,039,460.50	511,630.64	365,483.51
	TOTAL		25,188,523.72	514,692.63	367,670.84
	LEASED ASSETS & FACILITIES	6728	10,650.98		
	NETWORK SERVICES	6540	378,085.48		
CENTURYTEL OF WASHINGTON	NETWORK SERVICES	6728	31,951.84		
	CORP GEN & ADMIN SERVICES	6623	308.25		
	NETWORK SERVICES	6540	563.79		
	NETWORK SERVICES	6623	30.96		
	TOTAL		421,591.31		
	COMMUNICATIONS SERVICES	6728	556.29	11.39	8.13
	TOTAL		556.29	11.39	8.13
	COMMUNICATIONS SERVICES	6728	1,847.81	37.82	27.02
	TOTAL		1,847.81	37.82	27.02
	COMMUNICATIONS SERVICES	6728	78,283.81	1,602.47	1,144.72
EMBARQ-MN	COMMUNICATIONS SERVICES	6122	3,034.81	62.66	44.76
	CORP GEN & ADMIN SERVICES	6123	398.49	8.22	5.87
	CORP GEN & ADMIN SERVICES	6124	1,210.58	24.83	17.74
	CORP GEN & ADMIN SERVICES	6711	5,950.45	122.60	87.58
	CORP GEN & ADMIN SERVICES	6721	162,794.36	3,329.11	2,378.15
	CORP GEN & ADMIN SERVICES	6723	985.31	20.46	14.62
	CORP GEN & ADMIN SERVICES	6724	13,877.33	281.93	201.40
	CORP GEN & ADMIN SERVICES	6725	110,684.78	2,294.83	1,639.31
	CORP GEN & ADMIN SERVICES	6728	381,200.28	7,808.94	5,578.32
	CORP GEN & ADMIN SERVICES	6611	771,394.85	16,615.84	11,694.80
QWEST GOVERNMENT SERVICES, INC.	MARKETING & SALES	6612	3,433,864.78	75,072.14	52,838.33
	MARKETING & SALES	6722	92,672.61	1,906.32	1,361.78
	TOTAL		5,056,352.45	109,150.35	77,007.38
	COMMUNICATIONS SERVICES	6728	65,836,484.12	1,348,215.00	963,097.79
	CORP GEN & ADMIN SERVICES	6121	6,015.87		
	CORP GEN & ADMIN SERVICES	6728	34,674.11	708.50	506.11
	LEASED ASSETS & FACILITIES	6121	14,990,538.50		
	LEASED ASSETS & FACILITIES	6728	(614.25)	(5,072.18)	(3,623.32)
	NETWORK SERVICES	6422	16,190.46		
	NETWORK SERVICES	6423	1,254,804.40		
QWEST COMMUNICATIONS CORPORATION	NETWORK SERVICES	6535	(1,895,315.94)		
	NETWORK SERVICES	6728	1,648,476.75		
	TOTAL		81,891,254.02		
	CORP GEN & ADMIN SERVICES	6711	8,200.02		
	CORP GEN & ADMIN SERVICES	6728	14,290,163.44		
	TOTAL		14,298,363.45		
	CORP GEN & ADMIN SERVICES	6728	8,834.41		
	TOTAL		8,834.41		
	CORP GEN & ADMIN SERVICES	6724	24,705,965.79	506,259.36	361,646.53
	Qwest Telecom Software Services Private Limited				

2011 AFFILIATED INTEREST - MONTANA ANNUAL REPORT
 QWEST CORPORATION PAYMENTS TO AFFILIATES

Attachment B

AFFILIATE	SERVICE CATEGORY	ACCT	2011 QWEST FCC REGULATED	MONTANA STATE FCC REGULATED	MONTANA INTRASTATE FCC REGULATED
UNITED TEL-OR	TOTAL		24,705,965.79	506,259.36	361,646.53
	COMMUNICATIONS SERVICES	6728	561.96	11.50	8.22
	CORP GEN & ADMN SERVICES	6623	(21.68)		
	NETWORK SERVICES	6540	253,280.50		
UNITEDTEL-WA	TOTAL		253,820.78	11.50	8.22
	COMMUNICATIONS SERVICES	6728	204.08	4.18	2.98
	CORP GEN & ADMN SERVICES	6623	10.90		
	LEASED ASSETS & FACILITIES	6728	917.30		
UNITEDTELWEST-NE	NETWORK SERVICES	6540	162,521.08		
	NETWORK SERVICES	6728	1,835.25		
	TOTAL		165,488.62	4.18	2.98
	CORP GEN & ADMN SERVICES	6623	474.25		
	LEASED ASSETS & FACILITIES	6121	61,885.44		
	NETWORK SERVICES	6540	5,484.83		
	TOTAL		67,844.52		
	GRAND TOTAL		167,907,465.69	3,169,834.26	2,256,731.09

2011 AFFILIATED INTEREST - MONTANA ANNUAL REPORT
QWEST CORPORATION PAYMENTS FROM AFFILIATES

AFFILIATE	SERVICE CATEGORY	ACCT	2011 QWEST FCC REGULATED	MONTANA STATE FCC REGULATED	MONTANA INTRASTATE FCC REGULATED	
QWEST BROADBAND SERVICES, INC	COMMUNICATIONS SERVICES	5263	324,374.80	10.05	8.80	
	COMMUNICATIONS SERVICES	5270	804,260.16	564.18		
	CORP GEN & ADMIN SERVICES	5240	444,638.24	9,093.07	6,985.57	
	CORP GEN & ADMIN SERVICES	5250	1,998,869.76	(690.57)	(494.01)	
	CORP GEN & ADMIN SERVICES	5262	28,792.06			
	CORP GEN & ADMIN SERVICES	5263	583,625.24			
	LEASED ASSETS & FACILITIES	5240	921,958.68	536.78	412.37	
	LEASED ASSETS & FACILITIES	5263	2,196,590.21			
	MARKETING & SALES	5262	149,418.69			
	NETWORK SERVICES	5240	9,085.36			
	NETWORK SERVICES	5263	1,789,883.57	6,914.07	6,051.75	
	NETWORK SERVICES	6232	736,530.40			
	NETWORK SERVICES	6311	228,813.58			
	NETWORK SERVICES	6362	289,808.95			
	NETWORK SERVICES	6534	1,138,030.76	20,137.02	13,374.49	
	NETWORK SERVICES	6535	(115,117.22)	(2,547.74)	(1,692.14)	
	NETWORK SERVICES	8720	43,030.27			
	TOTAL			11,573,193.51	34,016.86	24,646.83
	CENTURYTEL SERVICE GROUP	CORP GEN & ADMIN SERVICES	5250	232,379.12		
	TOTAL			232,379.12		
EL PASO TELEPHONE COMPANY	CORP GEN & ADMIN SERVICES	5240	60,093.55	431.11	331.20	
	CORP GEN & ADMIN SERVICES	5250	360,970.66	(78.89)	(56.44)	
	CORP GEN & ADMIN SERVICES	5262	268,028.17			
	CORP GEN & ADMIN SERVICES	5263	59,051.50			
	LEASED ASSETS & FACILITIES	5240	28,513.44	38.95	29.92	
	MARKETING & SALES	5082	599.40			
	NETWORK SERVICES	5240	33,930.01			
	NETWORK SERVICES	5263	(1,026.16)			
	NETWORK SERVICES	6112	22,181.61			
	NETWORK SERVICES	6116	6,017.67			
	NETWORK SERVICES	6311	155,770.81			
	NETWORK SERVICES	6534	255,903.11			
	NETWORK SERVICES	6535	1,137.49			
NETWORK SERVICES	8720	123,142.17				
TOTAL			1,374,313.42	391.17	304.68	
QWEST GOVERNMENT SERVICES, INC	COMMUNICATIONS SERVICES	5250	203,100.80			
	COMMUNICATIONS SERVICES	5263	600,359.20	12,364.56	10,822.47	
	CORP GEN & ADMIN SERVICES	5240	1,367,160.24	27,837.19	21,385.37	
	CORP GEN & ADMIN SERVICES	5250	11,666,778.41	(10,851.65)	(7,762.94)	
	CORP GEN & ADMIN SERVICES	5262	7,809.88			
	CORP GEN & ADMIN SERVICES	5263	3,428,915.16			
	LEASED ASSETS & FACILITIES	5240	4,399,026.24	6,445.04	4,951.27	
	NETWORK SERVICES	5240	47,907.97	7.54	6.60	
NETWORK SERVICES	5263	3,926.15				

2011 AFFILIATED INTEREST -MONTANA ANNUAL REPORT
QWEST CORPORATION PAYMENTS FROM AFFILIATES

AFFILIATE	SERVICE CATEGORY	ACCT	2011 QWEST FCC REGULATED	MONTANA STATE FCC REGULATED	MONTANA INTRASTATE FCC REGULATED
QWEST COMMUNICATIONS COMPANY, LLC	NETWORK SERVICES	6534	3,791.84	57.49	38.18
	NETWORK SERVICES	6535	33,264.22		
	NETWORK SERVICES	8720	1,369.00		
	TOTAL		21,763,409.12	35,860.17	29,440.95
	COMMUNICATIONS SERVICES	5084	6,898.33	109.78	109.78
	COMMUNICATIONS SERVICES	5250	1,332,369.22	1,864.92	1,334.11
	COMMUNICATIONS SERVICES	5263	2,108,059.21	43,413.68	37,999.17
	COMMUNICATIONS SERVICES	5264	596,306.21	12,820.20	11,221.28
	COMMUNICATIONS SERVICES	5270	342,333.80	6,793.31	39.24
	COMMUNICATIONS SERVICES	6534	586.24		
QWEST LD CORP	CONDUIT	5240	15.47		
	CORP GEN & ADMIN SERVICES	5240	45,009,716.95	921,917.59	708,244.81
	CORP GEN & ADMIN SERVICES	5250	168,242,668.65	(281,478.71)	(201,361.39)
	CORP GEN & ADMIN SERVICES	5262	298,634.53		
	CORP GEN & ADMIN SERVICES	5263	75,920,014.21	1,323.43	1,158.37
	LEASED ASSETS & FACILITIES	5240	103,429,170.11	240,470.09	184,736.35
	MARKETING & SALES	5262	236,632,283.61		
	MARKETING & SALES	5263	8,403.14		
	NETWORK SERVICES	5240	2,612,874.34	44,536.71	34,214.44
	NETWORK SERVICES	5263	1,740,243.40	19,810.73	17,339.95
	NETWORK SERVICES	6212	94,662.16		
	NETWORK SERVICES	6232	102,700.46		
	NETWORK SERVICES	6422	3,172.58		
	NETWORK SERVICES	6532	1,107,177.21		
	NETWORK SERVICES	6533	908,958.18		
	NETWORK SERVICES	6534	5,320,104.46	97,897.04	65,020.70
	NETWORK SERVICES	6535	11,042,687.27	36,720.07	24,388.53
	NETWORK SERVICES	8720	11,501,479.90	61,557.32	61,557.32
	TOTAL		668,361,519.63	1,207,756.16	946,002.66
	QWEST TRANSOCEANIC, INC.	COMMUNICATIONS SERVICES	5084	9,273.95	187.95
COMMUNICATIONS SERVICES		5264	2,488,857.88	57,102.59	49,980.81
COMMUNICATIONS SERVICES		5270	79,987,617.24	1,881,551.62	745,888.74
CORP GEN & ADMIN SERVICES		5240	6,519,819.78	133,641.47	102,667.39
CORP GEN & ADMIN SERVICES		5250	18,733,499.07	(12,779.93)	(9,142.38)
CORP GEN & ADMIN SERVICES		5262	38,653.00		
CORP GEN & ADMIN SERVICES		5263	4,518,546.81		
LEASED ASSETS & FACILITIES		5240	4,939,956.40	9,793.91	7,523.97
MARKETING & SALES		5262	48,805,992.86		
MARKETING & SALES		5263	9.70		
QWEST TRANSOCEANIC, INC.	NETWORK SERVICES	5240	78,688.72		
	NETWORK SERVICES	5263	159,222.20		
	TOTAL		166,280,137.62	2,069,497.61	897,106.48
QWEST TRANSOCEANIC, INC.	CORP GEN & ADMIN SERVICES	5240	146,489.55	1,564.78	1,202.11
	CORP GEN & ADMIN SERVICES	5250	839,195.65	(486.56)	(348.07)

2011 AFFILIATED INTEREST -MONTANA ANNUAL REPORT
 QWEST CORPORATION PAYMENTS FROM AFFILIATES

AFFILIATE	SERVICE CATEGORY	ACCT	2011 QWEST FCC REGULATED	MONTANA STATE FCC REGULATED	MONTANA INTRASTATE FCC REGULATED	
UNITEDTEL-OR	CORP GEN & ADMIN SERVICES	5262	847.72			
	CORP GEN & ADMIN SERVICES	5263	200,763.30			
	LEASED ASSETS & FACILITIES	5240	170,182.60	219.31	168.48	
	MARKETING & SALES	5262	418,700.49			
	MARKETING & SALES	5263	8.38			
	NETWORK SERVICES	5240	10,365.17			
	NETWORK SERVICES	6535	5,586.71			
	NETWORK SERVICES	8720	155,755.90			
	TOTAL			1,947,895.47	1,297.53	1,022.52
	CORP GEN & ADMIN SERVICES	6623		2.24		
TOTAL			2.24			
QWEST WIRELESS, LLC	COMMUNICATIONS SERVICES	5270	12,993.08	211.80	2.86	
	TOTAL		12,993.08	211.80	2.86	
	GRAND TOTAL		871,545,843.21	3,349,031.30	1,898,526.98	

**2011 AFFILIATED INTEREST
MONTANA ANNUAL REPORT
PAYMENTS TO AFFILIATES**

2010/2011 VARIANCE

Affiliate	2010 MONTANA INTRASTATE REGULATED	2011 MONTANA INTRASTATE REGULATED	2010/2011 MONTANA INTRASTATE VARIANCE %	Explanation of Variance 2011 vs 2010
CenturyLink Marketing Solution		20,564	100.00%	New affiliate following the merger of CenturyLink and Qwest April 1, 2011
CenturyTel Fiber Co-Lightcore		147	100.00%	New affiliate following the merger of CenturyLink and Qwest April 1, 2011
CenturyTel Fiber, Company		200,029	100.00%	New affiliate following the merger of CenturyLink and Qwest April 1, 2011
CEnturyTel of CO		1,013	100.00%	New affiliate following the merger of CenturyLink and Qwest April 1, 2011
CenturyTel of Minnesota		9	100.00%	New affiliate following the merger of CenturyLink and Qwest April 1, 2011
CenturyTel Service Group		367,671	100.00%	New affiliate following the merger of CenturyLink and Qwest April 1, 2011
Embarq Management CO		8	100.00%	New affiliate following the merger of CenturyLink and Qwest April 1, 2011
Embarq-MN		27	100.00%	New affiliate following the merger of CenturyLink and Qwest April 1, 2011
Qwest Communications Company, LLC	848,631	1,016,459	19.75%	Increase billing in Network Services
Qwest Government Services	79,153	77,007	-2.71%	Decrease Billing in Marketing and Sales
Qwest Services Corporation	(7,318)	212,009	-2997.25%	No credit billing in Account 6728 in 2011
Qwest Transoceanic, Inc.		129	100.00%	New billing in Corp Gen & Admin Services account 6728
Self Service Software Services Private LTD.	274,135	361,647	31.92%	Increase billing in Account 6724
United Tel-OR		8	100.00%	New affiliate following the merger of CenturyLink and Qwest April 1, 2011
United Tel-WA		3	100.00%	New affiliate following the merger of CenturyLink and Qwest April 1, 2011
GRAND TOTAL	\$1,194,802	\$2,256,731	88.88%	

Affiliated Interest 2011 Contracts

2011 Affiliated Interest contracts or Summary of Affiliate Transactions have been provided by electronic media.

Agreements:

Qwest Communications Company, LLC (QCC)

Affiliate Billing MT Sp Constr executed 04.13.11
ICNAM Amd 1 executed 01.12.11
ICNAM Services Agreement QC-QCC executed 01.06.11
Lease Affiliated ofc space AMD 1 QCC_QC executed 02.18.11
QC_QCC WAS amd 36 agreement executed 11.02.11
QC AMD 27 T-2 executed 02.08.11
QC Amd 28 Settlement executed 03.14.11
QC amd 29 agreement T-2 PL2 CPA_DIF executed 03.21.11
QC amd 30 agreement executed 04.20.11
QC amd 31 CPA DIF executed 05.06.11
QC amd 32 CPA DIF executed 06.11.11
QC amd 35 ATCOT executed 07.14.11
QC WSA Amd 33 (N1N2) executed 07.01.11
QCC_QC lease amd2 executed 05.11.11
QC_QCC amd 34 to the QSA for CPA-DIF executed 07.14.11
WDSA QCC amd 8 Qwave promo executed 02.18.11

Qwest Government Services(QGS):

Affiliate Office Lease QC-QGSI AMD 1 executed 02.11.11
Affiliate Office Lease QC-QGSI AMD 2 Executed 05.11.11

**Qwest Corporation
COST
ALLOCATION
MANUAL**

SECTION IV: Chart of Corporate Affiliates

SECTION V: Statement of Transactions with Affiliates

SECTION V1: Cost Allocation Tables

(as filed with FCC on December 31, 2007)

**THE ABOVE WERE FILED IN ELECTRONIC FORM ONLY WITH THE
QWEST CORPORATION 2007 ANNUAL REPORT.
AS A RESULT OF THE FOREBEARANCE ORDER OF THE FCC
(FCC-08-203) THAT IS THE LAST COST ALLOCATION MANUAL.**

2011

AFFILIATED COMPANIES

BALANCE SHEETS

AND

INCOME STATEMENTS

ARE PROPRIETARY

CONFIDENTIAL/PROPRIETARY INFORMATION CLASSIFICATION RATIONALE

STATE: Montana

**DESCRIPTION/TITLE
OF INFORMATION:** Subsidiaries Balance Sheet & Income Statement
Information

Confidential/Proprietary Designation Rationale:

Knowledge of detailed balance sheet and income statement information for each subsidiary is limited to employees who have a business need to know each of the respective subsidiaries and at corporate headquarters. Specific measures to guard the confidentiality of this information cover not only disclosure, but also transmission, reproduction, and destruction of this proprietary information.

Disclosure of balance sheet and income statement information for individual subsidiaries is not made available outside of Qwest unless it is for business reasons such as financial loan or contractual requirements. In these cases, the information is required to be kept confidential. Disclosure of financial information to the public is generally limited to the consolidated Qwest Services Corporation level, in accordance with SEC regulations. The individual subsidiary financial statements may be considered material insider information under Federal and State Securities laws.

The revenue, expenses and balance sheet information is tantamount in many instances to line of business data that can give competitors valuable insights into specific Qwest subsidiaries and their activities regarding pricing and expenditure strategies and give them an unfair advantage to attract Qwest customers. This information discloses line of business profitability, sales and investment data. In other instances, the corporation could be negatively affected in its competitive environment if information regarding its cost structure and R&D activity is released publicly.

Significant expenditures have been made in the design, development, and maintenance of systems that initiate process and collect financial data. The need to protect confidential information is stressed throughout the process and is the ongoing subject of internal audit review.

Qwest Corporation – Montana

Calendar Year 2011 ARMIS Reports

By orders FCC 08-120, FCC 08-203 and FCC 08-271, the Federal Communications Commission (FCC) granted AT&T, Verizon and Qwest forbearance from most ARMIS reporting requirements. Consequently, beginning with calendar year 2008, and with limited exceptions, Qwest no longer files ARMIS reports. The exceptions include the ARMIS Operating Data Report, Table III, cols. FC, FD, FE (FCC 08-203 ¶19) and FI (FCC 08-203 ¶20). In addition, Qwest must collect data required for the ARMIS Service Quality and Customer Satisfaction Reports until September 6, 2010 and make the data publicly available. (FCC 08-203 ¶¶12, 21 and ¶48)

All ARMIS data that Qwest files with the FCC can be obtained at the FCC's ARMIS website: <http://www.fcc.gov/wcb/armis/>