

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Joint Application of

**QWEST COMMUNICATIONS
INTERNATIONAL INC. AND
CENTURYTEL, INC.**

For Approval of Indirect Transfer of
Control of Qwest Corporation, Qwest
Communications Company LLC, and
Qwest LD Corp.

DOCKET NO. UT-100820

SETTLEMENT AGREEMENT

1 This Settlement Agreement (“Settlement Agreement” or “Agreement”) is entered into between CenturyLink, Inc., a Louisiana Corporation (“CenturyLink”) and its affiliates, and Qwest Communications International Inc. (“QCII”), a Delaware Corporation and its affiliates, including Qwest Corporation (collectively “Joint Applicants”), the Staff of the Washington Utilities and Transportation Commission (“Staff”), and Public Counsel Section of the Washington Attorney General’s Office (“Public Counsel”) (collectively “Parties” or individually a “Party”). The Agreement consists of this document, entitled “Settlement Agreement,” and Appendix A attached hereto.

A. Background

2 On May 13, 2010, the Joint Applicants filed a Joint Application for Approval of Indirect Transfer of Control of Qwest Corporation, Qwest Communications Company LLC, and Qwest LD Corp. The Joint Applicants submitted testimony on May 21, 2010 and on November 1 and 15, 2010, and the Staff submitted testimony on September 27, 2010. In its testimony, Staff raised a number of issues in connection with the proposed transaction.

The Parties subsequently engaged in settlement discussions, and now enter voluntarily into

this Settlement Agreement to resolve all issues among them in the proceeding and to expedite the orderly disposition of this proceeding.

B. Nature of Agreement

3 This Settlement Agreement is a “Multiparty Settlement” within the meaning of WAC 480-07-730(3), and the Parties agree that the Settlement Agreement is in the public interest and should be accepted in resolution of all issues in this docket. The Parties further agree that with the conditions contained in Appendix A, the Transaction that is the subject of this proceeding is in the public interest and otherwise meets the standards required for approval by Chapter 80.12 RCW and Chapter 480-143 WAC. The Parties understand that this Agreement is subject to Commission approval and that any parties opposed to the Commission's adoption of this proposed settlement retain certain rights under WAC 480-07-740(2)(c).

C. Agreed Conditions on Approval of the Transaction

4 All of the conditions agreed upon by the Parties are set forth in Appendix A to this Settlement Agreement.

D. Positions Are Not Conceded

5 In reaching this Settlement Agreement, no Party necessarily accedes to any particular argument made by any other Party.

E. Agreement Subject to Commission Approval

6 The Parties understand and agree that this Settlement Agreement in no manner binds the Commission in ruling on the pending proceeding until such a time as the Commission approves the Settlement Agreement. The Settlement Agreement is expressly subject to Commission approval except for Sections I and J below.

F. Effective Date

7 The effective date of the Agreement is the date the Agreement is approved, without
change, by Commission order. Notwithstanding the effective date of the Agreement as a
whole, Sections I and J below, which require the Parties to support the Agreement
before the Commission and govern publicity regarding the Agreement, are effective on
December 23, 2010.

G. Filing of the Agreement

8 The Parties agree to use the following procedures to seek Commission approval of the
Agreement. The Joint Applicants will file this Agreement with the Commission on behalf
of the Parties and the Parties will file written testimony in support of the Agreement no
later than December 29, 2010. The transmittal letter will recommend that the Commission
accept the settlement as the complete and final resolution of all of the Parties' issues in the
case.

H. Agreement Approval Procedures

9 The Parties understand the Commission has discretion, consistent with applicable law, to
determine the appropriate procedures for determining whether it will approve this
Agreement. The Parties urge the Commission to approve the Settlement expeditiously,
consistent with the rights of any objecting parties and with necessary time for
deliberation.

I. Support of the Agreement

10 All Parties agree to use their best efforts to support the Agreement as a settlement of all
contested issues in the pending proceeding. At a minimum, the Parties will provide
supporting witnesses to sponsor the Agreement at a Commission hearing and
recommend that the Commission issue an order adopting this Agreement as the resolution
of this proceeding and to provide such other evidence or briefing that the Commission may

require pursuant to WAC 480-07-740(2). No Party to this Agreement or their agents, employees, consultants or attorneys will engage in any advocacy contrary to the Commission's prompt consideration of this Agreement or support any other party's opposition to this Agreement.

J. Publicity

11 All Parties agree: (1) to provide all other Parties the right to review in advance of publication any and all announcements or news releases that any other Party intends to make about the Agreement (with the right of review to include a reasonable opportunity to request changes to the text of such announcements) and (2) to include in any news release or announcement a statement that the Agreement is subject to Commission approval and that the Commission Staff's recommendation to approve the Settlement is not binding on the Commission itself.

K. Procedure if the Commission Provides Less Than Full Approval

12 In the event the Commission rejects this Agreement, the provisions of WAC 480-07-750(2)(a) apply. In the event the Commission accepts the Agreement upon conditions not proposed herein, each Party reserves its right, upon written notice to the Commission and the parties within five (5) business days of the Commission's Order, to state its rejection of the conditions and withdrawal from the Agreement. In such event, the Parties immediately will request that hearings be held on the appropriateness of the conditions. In any further proceedings triggered by this paragraph, the Parties agree to cooperate in the development of a hearing schedule that concludes such proceeding at the earliest possible date.

L. The Agreement as Precedent

13 The Parties have entered into this Agreement to avoid further expense, inconvenience, uncertainty and delay. Nothing in this Agreement (or any testimony, presentation or briefing supporting the Agreement) shall be asserted or deemed to mean that a Party agreed with or adopted

another Party's legal or factual assertions in this proceeding. The limitations in this paragraph shall not apply to any proceeding to enforce the terms of this Agreement or any Commission order adopting this Agreement in full. Because this Agreement represents a compromise position of the Parties, the Parties agree that no conduct, statements or documents disclosed in the negotiation of the Agreement shall be admissible as evidence in this or any other proceeding. This paragraph does not apply to non-privileged, publicly available documents.

M. Entire Agreement

14 The Parties acknowledge that this Agreement is the product of negotiations and compromise and shall not be construed against any Party on the basis that it was the drafter of any or all portions of this Agreement. This Agreement constitutes the Parties' entire agreement on all matters set forth herein, and it supersedes any and all prior oral and written understandings or agreements on such matters that previously existed or occurred in this proceeding, and no such prior understanding or agreement or related representations shall be relied upon by the Parties.

N. Integrated Agreement

15 The Parties recommend that the Commission approve this Agreement with no material changes. The Parties have agreed to this Agreement as an integrated document.

16 This Agreement is considered executed when all Parties sign the Agreement. A designated and authorized representative may sign the Agreement on a Party's behalf. The Parties may execute this Agreement in counterparts. If the Agreement is executed in counterparts, all counterparts shall constitute one agreement. A faxed signature page, or an electronically transmitted signature page containing the signature of a Party is acceptable as an original signature page signed by that Party.

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Dated this 23rd day of December, 2010.

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Dated this 23rd day of December, 2010.

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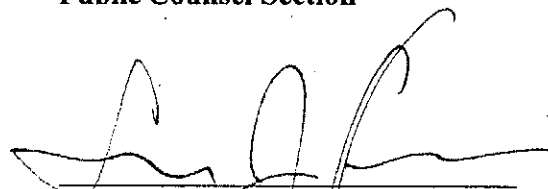
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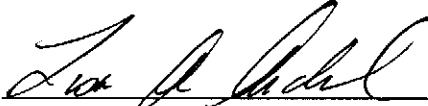
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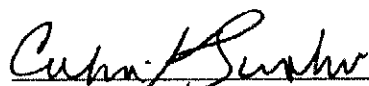
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