SEMPRA ENERGY
Form DEF 14A
March 16, 2006
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

SEMPRA ENERGY

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

Notes:

Reg. (S) 240.14a-101.

SEC 1913 (3-99)

Table of Contents

SEMPRA ENERGY

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD ON MAY 4, 2006

Our Annual Meeting of Shareholders will be at The Hilton Costa Mesa, 3050 Bristol Street, Costa Mesa, California on Thursday, May 4, 2006 at 10:00 a.m., local time. The following matters will be considered and voted upon at the meeting:

1. The election of four directors for a term of three years.

2. Ratification of independent auditors.

3. Articles amendment for the annual election of all directors.

4. If properly presented at the meeting, a shareholder proposal regarding performance-based stock options.

5. Such other matters that may properly come before the meeting.

Only our shareholders and their guests may attend the Annual Meeting. If your shares are registered in your name or held through our Direct Stock Purchase Plan or Employee Savings Plans, an admission ticket is attached to the enclosed proxy card. If you plan to attend the meeting, please bring this ticket with you. It will admit you and a guest.

If you do not bring an admission ticket, you must establish your share ownership at our admission desk to be admitted to the meeting. If your shares are registered in your name, we will be able to verify your share ownership from our share register upon your presentation of appropriate identification. If your shares are not registered in your name (which is likely to be the case if they are held by a bank, brokerage firm, or other account custodian), your name will not appear in our share register and you must present proof of beneficial ownership of our shares (such as a brokerage statement showing shares held for your account) and appropriate identification to the admission desk.

To help us plan for the Annual Meeting, please check the attendance box on the enclosed proxy card if you plan to attend the meeting in person. Doors will open at 9:00 a.m.

Catherine C. Lee

Corporate Secretary

March 10, 2006

San Diego, California

The Board of Directors has fixed March 10, 2006 as the record date to determine shareholders entitled to notice of, and to vote at, the Annual Meeting or any adjournment or postponement. Whether or not you plan to attend the Annual Meeting, please vote your shares promptly by completing and mailing the accompanying proxy or voting instruction or by submitting your vote over the Internet or by telephone. Please refer to Voting Information How You Can Vote on page 4 of the accompanying Proxy Statement.

Table of Contents

TABLE OF CONTENTS

Table of Contents

SEMPRA ENERGY

PROXY STATEMENT

We are soliciting proxies and voting instructions for our Annual Meeting of Shareholders to be held on May 4, 2006. We are doing so to give all shareholders an opportunity to vote on matters to be considered at the meeting. This proxy statement and the accompanying proxy or voting instruction card are being mailed to shareholders beginning March 21, 2006.

ABOUT SEMPRA ENERGY

We are a Fortune 500 energy services holding company with approximately 240,000 shareholders. Our shares are traded on the New York Stock Exchange under the symbol SRE . Our companies provide a wide spectrum of value-added electric and natural gas products and services to a diverse range of customers.

Sempra utilities, San Diego Gas & Electric Company and Southern California Gas Company, serve 23 million consumers from California s Central Valley to the Mexican border. SDG&E serves 3.4 million consumers through 1.3 million electric meters and more than 825,000 natural gas meters in a service area that encompasses 4,100 square miles. SoCalGas, the nation s largest natural gas distribution utility, serves 19.8 million consumers through 5.6 million meters in a service area that encompasses 20,000 square miles.

Sempra Global companies acquire, develop and operate infrastructure assets related to the production and distribution of energy and provide risk-management products and services:

Sempra Commodities a wholesale and retail marketer of physical and financial energy products, including natural gas, power, crude oil and other commodities, and base metals.

Sempra Generation owns and operates power plants, provides energy services and facilities management, and owns mineral rights in properties that produce petroleum and natural gas.

Sempra LNG develops receipt facilities for the importation of liquefied natural gas.

Sempra Pipelines & Storage develops and owns natural gas pipelines and storage facilities in the United States and Mexico, holds interests in companies that provide natural gas or electricity services to over 2.9 million customers in Argentina, Chile, Mexico and Peru, and owns and operates two small natural gas distribution utilities in the eastern United States.

Sempra Financial holds investments in tax-advantaged limited partnerships which own 1,300 affordable housing properties throughout the United States.

We are headquartered at:

101 Ash Street
San Diego, California 92101-3017

Telephone (toll-free) (877) 736-7721

In San Diego (619) 696-2034

1

Table of Contents

COMPARATIVE TOTAL SHAREHOLDER RETURNS

The following graph compares the percentage change in the cumulative total shareholder return on our common stock for the period January 1, 2001 through December 31, 2005 with the performance over the same period of the Standard & Poor s 500 Index and the Standard & Poor s Utilities Index.

These returns were calculated assuming an initial investment of $100 in our common stock, the S&P 500 Index and the S&P Utilities Index on January 1, 2001 and the reinvestment of all dividends.

Table of Contents

VOTING INFORMATION

Shares Outstanding

On March 10, 2006, our outstanding shares consisted of 260,499,854 shares of common stock. A majority of these shares must be represented in person or by proxy to conduct the Annual Meeting.

Voting of Shares

All registered holders of our common stock at the close of business on March 10, 2006 are entitled to vote at the Annual Meeting. Each share is entitled to one vote on each matter properly brought before the meeting. All shares represented by properly submitted proxies and voting instructions that are timely received, and not revoked or superseded, will be voted as specified.

You may vote shares that are registered in your name by signing and returning the enclosed proxy card or by attending the Annual Meeting and casting a ballot. You also may vote by submitting your proxy over the Internet or by telephone. Please refer to How You Can Vote on page 4.

Shares that you own through a brokerage firm, bank or other account custodian are usually registered in the name of the custodian or its nominee. You may vote these shares by signing and returning the enclosed voting instruction card instructing the registered owner how to vote the shares on your behalf. You also may submit your voting instructions over the Internet or by telephone. Please refer to How You Can Vote on page 4. If you do not specify how your shares are to be voted, the registered holder may be authorized to vote the shares in its own discretion on some or all of the matters to be considered at the meeting.

If you participate in our Employee Savings Plans your proxy card represents the number of shares held in your plan account, as well as any other shares that are registered in the same name. The proxy card will instruct the plan trustees how to vote your plan shares. If your voting instructions are not timely received by the trustees, your plan shares will be voted in the same manner and proportion as shares for which voting instructions are received from other plan participants.

If you participate in our Direct Stock Purchase Plan, your proxy card represents shares that you own through the plan as well as any other shares that are registered in the same name.

If you properly submit a proxy or voting instruction but do not specify how your shares are to be voted, they will be voted in accordance with the recommendations of our Board of Directors as set forth in this proxy statement and also on the enclosed proxy or voting instruction card. The proxy holders will vote in their discretion on any other matter that may properly come before the meeting.

Confidential Voting

Shareholders may elect that their identity and individual vote be held confidential. Confidentiality elections will not apply to the extent that voting disclosure is required by law or is appropriate to assert or defend any claim relating to voting. They also will not apply with respect to any matter for which votes are solicited in opposition to the director nominees or voting recommendations of our Board of Directors unless the persons engaged in the opposing solicitation provide shareholders with voting confidentiality comparable to that which we provide. Our Employee Savings Plans automatically provide confidential voting.

Required Votes

Directors are elected by a plurality of votes. Consequently, the nominees for the four director positions who receive the greatest number of votes at the Annual Meeting will be elected directors. Each share is entitled to one vote for each of the four director positions, but cumulative voting is not permitted. Shares for which votes are withheld for the election of one or more director nominees will not be counted in determining the number of votes cast for those nominees.

Table of Contents

Shareholder approval of the proposal to amend our articles to provide for the annual election of all directors requires the favorable vote of the holders of two-thirds of our outstanding shares. Consequently, abstaining or otherwise failing to vote on the proposal would have the same affect as voting against it.

Shareholder approval of the other proposals to be considered at the meeting requires the favorable vote of a majority of the votes cast on the proposal, and the favorable majority vote must also represent more than 25% of our outstanding shares.

Under certain circumstances, brokers, banks and other registered holders of shares are prohibited from exercising discretionary voting authority for the beneficial owners of shares unless they have been provided with voting instructions. In cases of these broker non-votes and in cases where shareholders abstain from voting on a particular matter, these unvoted shares will be counted only for the purpose of determining if a quorum is present and not as votes cast.

How You Can Vote

You may vote your shares by signing the enclosed proxy or voting instruction card and returning it in a timely manner. Please mark the appropriate boxes on the card and sign, date and return the card promptly. A postage-paid return envelope is enclosed for your convenience.

Registered Shareholders, Direct Stock Purchase Plan and Employee Savings Plan Participants

If your shares are registered in your name or held through our Direct Stock Purchase Plan or Employee Savings Plans, you also may vote your shares over the Internet or by telephone. You may submit your proxy at any time (24 hours a day, seven days a week) over the Internet at the following address on the World Wide Web:

www.computershare.com/us/proxy

or by using a touch-tone telephone and calling the following toll-free number from anywhere in the United States or Canada:

1-800-652-8683

Proxies submitted over the Internet or by telephone must be received by 12:00 midnight, Eastern time, on Wednesday, May 3, 2006. However, proxies that include shares held in our Employee Savings Plans must be received by 9:00 a.m., Eastern time on Monday, May 1, 2006, to provide timely instructions for voting shares held in the plans.

Brokerage Firm and Bank Shareholdings

If your shares are held in an account at a brokerage firm or bank that participates in a voting program provided by ADP Investor Communication Services, you also may submit your voting instruction at any time (24 hours a day, seven days a week) over the Internet at the following address on the World Wide Web:

www.proxyvote.com

or by using a touch-tone telephone and calling from anywhere in the United States, the toll-free number shown on your voting instruction card.

If your shares are held through a broker, bank or other account custodian that does not participate in a voting program provided by ADP Investor Communication Services, you may vote your shares only by signing and

Table of Contents

timely returning the enclosed voting instruction card or providing other proper voting instructions to the registered owner of your shares.

* * * * * * *

There may be costs associated with electronic access, such as usage charges from Internet access providers and telephone companies, charged to you when you submit your proxy or voting instructions over the Internet. There are no charges to use telephone voting procedures. If you submit your proxy or voting instruction over the Internet or by telephone, you need not mail the enclosed card.

Your vote is important. Please vote your shares promptly

even if you plan to attend the Annual Meeting in person.

Revocation of Proxies and Voting Instructions

If you own shares that are registered in your name, you may revoke your proxy at any time before it is voted by timely submitting a written notice of revocation or a proxy bearing a later date, or by attending the Annual Meeting in person and casting a ballot.

If your shares are not registered in your name, you may revoke or change your voting instructions only by timely providing a proper notice or other proper voting instructions to the registered holder of your shares.

Table of Contents

CORPORATE GOVERNANCE

Our business and affairs are managed and all corporate powers are exercised under the direction of our Board of Directors. The board establishes broad corporate policies and oversees the performance of the company and our chief executive officer and other officers to whom the board has delegated day-to-day business operations.

The board has adopted Corporate Governance Guidelines that set forth expectations for directors, director independence standards, board committee structure and functions, and other policies for the governance of the company. It has also adopted a Code of Business Conduct and Ethics for Directors and Officers, and officers are also subject to Business Conduct Guidelines that apply to all employees.

Several standing committees assist the board in carrying out its responsibilities. Each operates under a written charter adopted by the board.

Our governance guidelines, committee charters and codes of conduct are posted on our website at www.sempra.com. Printed copies may be obtained upon request by writing to: Corporate Secretary, Sempra Energy, 101 Ash Street, San Diego, CA 92101-3017.

Board of Directors

Functions

In addition to its general oversight role, the Board of Directors performs a number of specific functions, including:

- Selecting the chief executive officer and overseeing his or her performance and that of other senior management in the operation of the company.
- Reviewing and monitoring strategic, financial and operating plans and budgets and their development and implementation by management.
- Assessing and monitoring risks and risk management strategies.
- Reviewing and approving significant corporate actions.
- Reviewing and monitoring processes designed to maintain the integrity of the company, including financial reporting, compliance with legal and ethical obligations, and relationships with shareholders, employees, customers, suppliers and others.
- Planning for management succession.
- Selecting director nominees, appointing board committee members and overseeing effective corporate governance.

Director Independence

Our Corporate Governance Guidelines contemplate that substantially all of our directors will be independent. The Board of Directors annually reviews the independence of our directors and our governance guidelines also provide that no person (other than a current or former officer) will be appointed or nominated by the board as a director unless he or she would be independent.

Under our governance guidelines, a director is independent, only if the board affirmatively determines that he or she has no direct or indirect material relationship with the company. Material relationships may include commercial, industrial, consulting, legal, accounting, charitable,

family and other business, professional and personal relationships.

Table of Contents

The board has established categorical standards and guidelines for evaluating director relationships. They specify particular relationships that by their nature or magnitude would preclude a conclusion of director independence. They also provide that relationships that arise solely from a director s position as a director, limited partner or holder of less than a 10% equity interest in another company are immaterial for independence purposes. They additionally provide that transactions involving directors that do not require proxy statement disclosure are immaterial for independence purposes unless they constitute a specific independence disqualifying relationship.

The board s independence principles and standards are derived from but are more rigorous than those adopted by the New York Stock Exchange. The board believes that the independence of all directors should be measured by identical independence standards rather than by applying less rigorous standards to directors who are not audit committee members as NYSE standards would permit. Accordingly, the board s independence standards apply both the NYSE s general independence standards and the NYSE s additional, more-rigorous audit committee independence standards to all directors. The board s standards also include more-rigorous independence-disqualifying relationships than those of the NYSE.

Applying these standards, the board has affirmatively determined that all of its non-officer directors are independent directors.

Board and Committee Meetings; Executive Sessions; Annual Meetings of Shareholders

At regularly scheduled board and committee meetings, directors review and discuss management reports regarding the company s performance, prospects and plans as well as immediate issues facing the company. At least once a year the board also reviews management s long-term strategic and financial plans and management s expectations regarding strategic and financial issues that the company may face in the foreseeable future.

The Chairman of the Board establishes the agenda for each board meeting. Directors are encouraged to suggest agenda items and any director also may raise at any meeting subjects that are not on the agenda.

Information and other materials important to understanding the business to be conducted at board and committee meetings are distributed in writing to the directors in advance of the meeting. Additional information also may be presented at the meeting.

An executive session of non-management board members is held at each regularly scheduled board meeting and any director may call for an executive session at any special meeting. During 2005, the board held six executive sessions. Executive sessions are presided over by the Chair of the Compensation Committee or, in the event of his or her absence, by the Chair of the Corporate Governance Committee.

During 2005, the board held 12 meetings and the committees of the board held 20 meetings. Directors, on an aggregate basis, attended over 97% of the combined number of these meetings and each director attended at least 80% of the combined number of meetings of the board and each committee of which he or she was a member.

The board also encourages attendance at the annual meeting of shareholders by all nominees for election as directors and all directors whose terms of office will continue after the meeting. Last year all but one director attended the annual meeting.

Evaluation of Board and Director Performance

Our Corporate Governance Committee annually reviews and evaluates the performance of the board. The committee assesses the board s contribution as a whole and identifies areas in which the board or senior management believes a better contribution may be made. The purpose of the review is to increase the effectiveness of the board and the results are reviewed with the board and its committees.

Table of Contents

The Board of Directors annually reviews the individual performance and qualifications of each director whose term of office will expire at the next annual meeting of shareholders and who may wish to be considered for nomination to an additional term. The evaluations are reviewed by the Corporate Governance Committee, which makes recommendations to the board regarding nominees for election as directors.

Evaluation and Compensation of the Chief Executive Officer

Our Compensation Committee annually evaluates the performance of our Chief Executive Officer and reports the results of its evaluation to the Board of Directors for its consideration. The evaluation is based principally upon objective criteria, including business performance, accomplishment of strategic and financial objectives, development of management and other matters relevant to the short-term and long-term success of the company and the creation of shareholder value. The results of the committee s evaluation and the board s consideration of the evaluation are communicated to our Chief Executive Officer and considered by the committee and the board in their deliberations with respect to his compensation. All determinations regarding his compensation are made by the committee subject to ratification by the board acting solely through the independent directors.

Succession Planning and Management Development

Our Compensation Committee annually reports to the Board of Directors on succession planning, including policies and principles for executive officer selection. In accordance with the board s previously announced succession plan, Donald E. Felsinger succeeded Stephen L. Baum as Chairman of the Board and Chief Executive Officer upon Mr. Baum s retirement from those positions on January 31, 2006 and December 31, 2005, respectively. Neal E. Schmale succeeded Mr. Felsinger as President and Chief Operating Officer and Mark A. Snell succeeded Mr. Schmale as Executive Vice President and Chief Financial Officer.

Director Orientation and Education Programs

Every new director participates in an orientation program and receives materials and briefings to acquaint him or her with our business, industry, management and corporate governance policies and practices. Continuing education is provided for all directors through board materials and presentations, discussions with management, visits to corporate facilities and other sources.

Board Access to Senior Management, Independent Auditors and Counsel

Directors have complete access to our independent auditors, and to senior management and other employees. They also have complete access to counsel, advisers and experts of their choice with respect to any issues relating to the board s discharge of its duties.

Table of Contents

Board Committees

Audit Committee	Compensation Committee	Corporate Governance Committee
James G. Brocksmith, Jr., *Chair*	William C. Rusnack, *Chair*	William G. Ouchi, *Chair*
Wilford D. Godbold, Jr.	Richard A. Collato	James G. Brocksmith, Jr.
William D. Jones	William G. Ouchi	Richard A. Collato
Richard G. Newman	William P. Rutledge	Richard G. Newman
William C. Rusnack		William P. Rutledge

Executive Committee	Technology Committee
Donald E. Felsinger, *Chair*	William P. Rutledge, *Chair*
James G. Brocksmith, Jr.	Donald E. Felsinger
William G. Ouchi	Wilford D. Godbold, Jr.
William C. Rusnack	William D. Jones
William P. Rutledge	
Audit Committee	

Our Audit Committee is comprised entirely of independent directors. It is directly responsible and has sole authority for appointing, compensating, retaining and overseeing the work of our independent auditors. The independent auditors report directly to the committee, which pre-approves all services that the auditors provide and prepares the report reprinted under the caption Audit Committee Report. The committee also assists the Board of Directors in fulfilling oversight responsibilities regarding:

- The integrity of our financial statements.
- Our compliance with legal and regulatory requirements.
- Our internal audit function.

The Board of Directors has determined that each member of the Audit Committee is financially literate. It has also determined that Mr. Brocksmith, who chairs the committee, is an audit committee financial expert (as defined by the rules of the Securities and Exchange Commission) and his service on the audit committees of three other public companies does not impair his ability to serve effectively on our audit committee.

During 2005 the Audit Committee held eight meetings.

Table of Contents

Compensation Committee

Our Compensation Committee is comprised entirely of independent directors. It assists the Board of Directors in the evaluation and compensation of executives. It establishes our compensation principles and policies, oversees our executive compensation program and prepares the report on executive compensation reprinted under the caption Compensation Committee Report. The committee has direct responsibility to:

- Review and approve corporate goals and objectives relevant to the compensation of our Chief Executive Officer.
- Evaluate our Chief Executive Officer s performance in light of these goals and objectives and approve (subject to ratification by the board acting solely through the independent directors) his compensation based on the committee s performance evaluation.
- Make recommendations to the board with respect to the compensation program for other executive officers, incentive compensation plans and equity-based plans.

During 2005, the Compensation Committee held four meetings.

Corporate Governance Committee

Our Corporate Governance Committee is comprised entirely of independent directors. It assists the Board of Directors with respect to corporate governance matters. The committee s responsibilities include:

- Identifying individuals qualified to become board members.
- Recommending nominees for election as directors and the selection of candidates to fill board vacancies.
- Recommending directors for appointment as members of board committees.
- Developing and recommending corporate governance principles.
- Overseeing the evaluation of the board.

The committee reviews with the board the skills and characteristics required of directors in the context of current board membership and develops and maintains a pool of qualified director candidates. It solicits the names of candidates from various sources, including board members and search firms, and considers candidates submitted by shareholders.

The committee reviews biographical data and other relevant information regarding potential board candidates, and may request additional information from the candidates or any other source and, if the committee deems it appropriate, interviews candidates, references of candidates and others who may assist in candidate evaluation. It evaluates all candidates in the same manner whether identified by shareholders or other sources.

In considering potential director candidates, the committee evaluates each candidate s integrity, independence, judgment, knowledge, experience and other relevant factors to develop an informed opinion of his or her qualifications and ability and commitment to meet the board s expectations for directors set forth in our Corporate Governance Guidelines.

The committee s deliberations reflect the board s requirement that all director nominees (other than current or former officers) must be independent and all directors must be financially literate or must become financially literate within a reasonable time after appointment or election to the board. They also reflect the board s view regarding the appropriate number of directors and the composition of the board, including its belief that the membership of the board should reflect a diversity of experience, gender, race, ethnicity and age.

During 2005, the Corporate Governance Committee held six meetings.

Table of Contents

Executive Committee

Our Executive Committee meets on call by the Chairman of the Board during the intervals between meetings of the Board of Directors when scheduling or other requirements make it difficult to convene the full board. The committee did not meet during 2005.

Technology Committee

Our Technology Committee:

- Reviews the application of technology to our long-term strategic goals and objectives.
- Reviews our major technology positions and strategies relative to emerging technologies.

During 2005, the Technology Committee held two meetings.

Shareholder Communications with the Board

Shareholders who wish to communicate with the board, non-management directors as a group, a committee of the board or a specific director may do so by letters addressed to the care of our Corporate Secretary. These letters are reviewed by the Corporate Secretary and relayed to the addressees consistent with a screening policy providing that routine items and items unrelated to the duties and responsibilities of the board not be relayed on to directors. Any communication that is not relayed on to directors is recorded in a log and made available to directors.

Shareholders who wish to submit the names of potential candidates for consideration as directors by the Corporate Governance Committee may do so by writing to the chair of the committee to the care of our Corporate Secretary. The letter should contain a statement from the candidate that he or she would give favorable consideration to serving on the board and include sufficient biographical and other information concerning the candidate and his or her qualifications to permit the committee to make an informed decision as to whether further consideration of the candidate would be warranted.

The address for these communications is: Corporate Secretary, Sempra Energy, 101 Ash Street, San Diego, California 92101-3017.

Share Ownership Guidelines

Our Board of Directors has established share ownership guidelines for directors and officers to further strengthen the link between company performance and compensation. The guidelines set forth minimum levels of share ownership that our directors and officers are encouraged to achieve and maintain. For non-employee directors the guideline is ownership of a number of shares having a market value equal to four times the annual retainer. For officers, the guidelines are:

Executive Level	Share Ownership Guidelines
Chief Executive Officer	4 × Base Salary
President and Group Presidents	3 × Base Salary
Executive Vice Presidents	3 × Base Salary
Senior Vice Presidents	2 × Base Salary
Other Vice Presidents	1 × Base Salary

Table of Contents

The guidelines are expected to be met or exceeded within five years from becoming a director or officer. For purposes of the guidelines, shares owned include phantom shares into which compensation is deferred and the vested portion of certain in-the-money stock options as well as shares owned directly or through benefit plans. All of our directors and officers meet or exceed the share ownership levels established by the guidelines. Information concerning their shareholdings is set forth under the caption Share Ownership.

Director Compensation

Directors who are not employees of Sempra Energy receive an annual base retainer of $40,000 and the following fees for each board or committee meeting that they attend:

Board Meetings	$ 1,000
Audit Committee Meetings	
Chair	$ 3,000
Other Members	$ 1,500
Other Committee Meetings	
Chair	$ 2,000
Other Members	$ 1,000

Directors also receive an additional $14,500 each quarter which is deferred into phantom shares of our common stock that are retained until retirement. They may also elect to receive the balance of their fees in shares or to defer the balance into an interest-bearing account, a phantom investment fund or phantom shares.

Upon becoming a director, each non-employee director is granted a ten-year option to purchase 15,000 shares of our common stock. At each annual meeting (other than the annual meeting that coincides with or first follows the director s election to the board) each non-employee director who continues to serve as a director is granted an additional ten-year option for 5,000 shares. Each option is granted at an option exercise price equal to the fair market value of the option shares at the date of grant and becomes fully exercisable commencing with the first annual meeting following that date or upon the director s earlier death, disability, retirement or involuntary termination of board service other than for cause.

Four non-employee directors who were directors of our predecessor companies are entitled to receive retirement benefits following the conclusion of board service and all but one have attained maximum years of service credit. The annual benefit is an amount equal to the sum of our then current annual retainer and ten times the then current board meeting fee at the time the benefit is paid. It commences upon the later of the conclusion of board service or attaining age 65 and continues for a maximum period not to exceed the director s years of service as a director of the predecessor companies and up to ten years of service as a director of Sempra Energy. The actuarial equivalent of the total retirement benefit is paid to the retiring director in a single lump sum upon the conclusion of board service unless the director has elected to receive the annual benefit in lieu of a single lump sum payment.

Table of Contents

AUDIT COMMITTEE REPORT

The Audit Committee of the Board of Directors is comprised of the five directors named below, all of whom have been determined by the board to be independent directors. The board has also determined that all members of the committee are financially literate and the chair of the committee is an audit committee financial expert as defined by the rules of the Securities and Exchange Commission. The committee s charter, adopted by the board, is reprinted as the appendix to this proxy statement and also is posted on the company s website at www.sempra.com.

The committee s responsibilities include appointing the company s independent auditors, pre-approving both audit and non-audit services to be provided by the independent auditors and assisting the board in providing oversight to the company s financial reporting process. In fulfilling its oversight responsibilities, the committee meets with the company s independent auditors, internal auditors and management to review accounting, auditing, internal controls and financial reporting matters.

It is not the committee s responsibility to plan or conduct audits or to determine that the company s financial statements and disclosures are complete, accurate and in accordance with accounting principles generally accepted in the United States and applicable laws, rules and regulations. Management is responsible for the company s financial statements, including the estimates and judgments on which they are based, as well as the company s financial reporting process, accounting policies, internal audit function, internal accounting controls, and disclosure controls and procedures. The independent auditors, Deloitte & Touche LLP, are responsible for performing an audit of the company s annual financial statements, expressing an opinion as to the conformity of the annual financial statements with generally accepted accounting principles, expressing opinions as to the effectiveness of the company s internal controls over financial reporting and management s assessment of internal controls, and reviewing the company s quarterly financial statements.

The committee has discussed with Deloitte & Touche the matters required to be discussed by Statement of Auditing Standards 61 (Communications with Audit Committees), which requires the independent auditors to provide the committee with information regarding the scope and results of their audit of the company s financial statements, including information with respect to the independent auditors responsibilities under generally accepted auditing standards, significant accounting policies, management judgments and estimates, any significant audit adjustments, any disagreements with management and any difficulties encountered in performing the audit.

The committee also has received from Deloitte & Touche a letter providing the disclosures required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees) with respect to any relationships between the independent auditors and the company that in the professional judgment of Deloitte & Touche may reasonably be thought to bear on its independence. Deloitte & Touche also has discussed its independence with the committee and confirmed in the letter that, in its professional judgment, it is independent of the company within the meaning of the federal securities laws. The committee also considered whether Deloitte & Touche s provision of non-audit services to the company and its affiliates is compatible with its independence.

The committee also has reviewed and discussed with the company s senior management the audited financial statements included in the company s Annual Report on Form 10-K for the year ended December 31, 2005 and management s reports on the financial statements and internal controls. Management has confirmed to the committee that the financial statements have been prepared with integrity and objectivity and that management has maintained an effective system of internal controls. Deloitte & Touche has expressed its professional opinions that the financial statements conform with generally accepted accounting principles, management has maintained an effective system of internal controls and management s report on internal controls is fairly stated. In addition, the company s Chief Executive Officer and Chief Financial Officer have reviewed with the committee the certifications that each will file with the Securities and Exchange Commission pursuant to the requirements of the Sarbanes-Oxley Act of 2002 and the policies and procedures management has adopted to support the certifications.

Table of Contents

Based on these considerations, the Audit Committee has recommended to the Board of Directors that the company s audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2005.

AUDIT COMMITTEE

James G. Brocksmith, Jr., *Chair*

Wilford D. Godbold, Jr.

William D. Jones

Richard G. Newman

William C. Rusnack

February 15, 2006

Table of Contents

SHARE OWNERSHIP

The following table shows the number of shares of our common stock beneficially owned at March 1, 2006 by each of our directors, by each of our current executive officers named in the executive compensation tables in this proxy statement, and by all of our directors and executive officers as a group. These shares, upon giving effect to the exercise of exercisable options, total approximately 1.7% of our outstanding shares.

Name	Current Beneficial Holdings	Shares Subject To Exercisable Options (A)	Phantom Shares (B)	Total
James G. Brocksmith, Jr.	235	25,000	8,606	33,841
Richard A. Collato	6,459	30,000	5,065	41,534
Donald E. Felsinger	430,549	997,435	55,589	1,483,573
Wilford D. Godbold, Jr.	3,006	45,000	9,893	57,899
Edwin A. Guiles	241,027	468,395	29,126	738,548
William D. Jones	3,481	45,000	5,565	54,046
Richard G. Newman	6,007	20,000	4,880	30,887
William G. Ouchi	10,702	45,000	5,516	61,218
William C. Rusnack	4,446	25,000	5,424	34,870
William P. Rutledge	2,732	25,000	5,592	33,324
Neal E. Schmale	342,843	588,734	63,785	995,362
Mark A. Snell	135,077	40,000	1,828	176,905
Directors and Executive Officers as a group (15 persons)	1,469,330	2,688,392	209,545	4,367,267

(A) Shares which may be acquired through the exercise of stock options that are currently exercisable or will become exercisable within 60 days.

(B) Represents deferred compensation deemed invested in shares of our common stock. These phantom shares cannot be voted or transferred but track the performance of our shares.

Sempra Energy has approximately 240,000 shareholders. The only persons known to us to beneficially own more than 5% of our outstanding shares are Barclays Global Investors, N.A., 45 Fremont Street, San Francisco, California 94105, and UBS AG, Bahnhofstrasse 45, Zurich, Switzerland. Barclay s Global Investors has reported that as of December 31, 2005, it and related entities beneficially owned 13,995,912 shares (including 12,163,048 shares for which they had sole voting power) for which they had sole dispositive power. UBS has reported that at December 31, 2005, it and related entities beneficially owned 13,244,016 shares (including 7,496,573 shares for which they had sole voting power) for which they had shared dispositive power. The shares reported as beneficially owned by Barclay s Global and UBS represent 5.4% and 5.1%, respectively, of our shares outstanding at March 1, 2006.

Our employee savings and stock ownership plans held 20,019,086 shares of our common stock (approximately 7.7% of the outstanding shares) for the benefit of employees at March 1, 2006.

Table of Contents

PROPOSAL 1: ELECTION OF DIRECTORS

Our Board of Directors consists of ten directors. The board currently is divided into three classes whose terms are staggered so that approximately one-third of our directors are elected at each Annual Meeting. Please refer to Proposal 3: Articles Amendment to Provide for the Annual Election of All Directors for a discussion of a proposal recommended by your board to declassify the board and phase in the annual election of all directors.

At the 2006 Annual Meeting four directors will be elected for three-year terms expiring 2009. The board has determined that each of its non-officer nominees for election as a director and each non-officer director whose term of office will continue after the Annual Meeting is an independent director. Information concerning the board s independence standards is contained under the caption Corporate Governance Board of Directors Director Independence.

Nominees

The Corporate Governance Committee has recommended and the Board of Directors has nominated the following four individuals, all of whom are currently directors, for election as directors:

James G. Brocksmith, Jr.

Donald E. Felsinger

William D. Jones

William G. Ouchi

The proxies and voting instructions solicited by the board will be voted for these four nominees unless other instructions are specified. If any nominee should become unavailable to serve, the proxies may be voted for a substitute nominee designated by the board or the board may reduce the authorized number of directors. If you do not want your shares to be voted for one or more of these nominees, you may so indicate as provided on your proxy or voting instruction card.

Information concerning each director nominee and the directors serving unexpired terms that will continue after the Annual Meeting is shown below. The year shown as election as a director is that of first election as a director of Sempra Energy or its predecessors. Unless otherwise indicated, each director has held his or her principal occupation or other positions with the same or predecessor organizations for at least the last five years.

Table of Contents

Nominees for election for terms expiring in 2009:

James G. Brocksmith, Jr., 65, has been a director since 2001. He is an independent financial consultant and the former Deputy Chairman and Chief Operating Officer for the U.S. operations of KPMG Peat Marwick LLP. He is a director of AAR Corp., Alberto-Culver Co. and Nationwide Financial Services.

Donald E. Felsinger, 58, has been a director since 2004. He is the Chairman of the Board and Chief Executive Officer of Sempra Energy.

William D. Jones, 50, has been a director since 1994. He is the President and Chief Executive Officer and a director of CityLink Investment Corporation and City Scene Management Company. From 1989 to 1993, he served as General Manager/Senior Asset Manager and Investment Manager with certain real estate subsidiaries of The Prudential. Prior to joining The Prudential, he served as a San Diego City Council member from 1982 to 1987. Mr. Jones is a director of Southwest Water Company and the San Diego Padres baseball club, and a trustee of the Francis Parker School. He is a former director of The Price Real Estate Investment Trust and former Chairman of the Board of the Los Angeles Branch of the Federal Reserve Bank of San Francisco.

William G. Ouchi, Ph.D., 62, has been a director since 1998. He is the Sanford and Betty Sigoloff Professor in Corporate Renewal in the Anderson Graduate School of Management at UCLA. Dr. Ouchi is a director of AECOM, Inc., FirstFed Financial Corp. and Water-Pik Technologies. He is a director of College Ready Public Schools, The Cardiovascular Tranplantation and Research Foundation and The Japanese American National Museum.

Directors whose terms expire in 2007:

Wilford D. Godbold, Jr., 67, has been a director since 1990. He is the retired President and Chief Executive Officer of ZERO Corporation, an international manufacturer primarily of enclosures and thermal management equipment for the electronics market. He is a director of K2, Inc. and Learning Tree International, a past President of the Board of Trustees of Marlborough School and a past Chairman of the Board of Directors of the California Chamber of Commerce and The Employers Group.

Richard G. Newman, 71, has been a director since 2002. He is the Chairman of AECOM Technology Corp. Mr. Newman is a director of Southwest Water Company and of 13 mutual funds under Capital Research and Management Company. He has been a member of the College of Fellows of the Institute for the Advancement of Engineering and a member of the Chief Executives Organization, American Society of Civil Engineers and National Society of Professional Engineers.

Table of Contents

Neal E. Schmale, 59, has been a director since 2004. He is the President and Chief Operating Officer of Sempra Energy. He is also a director of Murphy Oil Corporation and WD-40 Company.

Directors whose terms expires in 2008:

Richard A. Collato, 62, has been a director since 1993. He is President and Chief Executive Officer of the YMCA of San Diego County. He is a former director of Y-Mutual Ltd., a reinsurance company, and The Bank of San Diego. Mr. Collato is a former trustee of Springfield College, and currently is a trustee of the YMCA Retirement Fund and Bauce Foundation, and a director of Micro Vision Optical, Inc., Project Design Consultants and WD-40 Company.

William C. Rusnack, 61, has been a director since 2001. Until 2002 he was the President and Chief Executive Officer and a director of Premcor, Inc. Prior to 1998, he was an executive of Atlantic Richfield Company. He is also a director of Flowserve and Peabody Energy. He is a member of the American Petroleum Institute, the Dean s Advisory Council of the Graduate School of Business at the University of Chicago and the National Council of the Olin School of Business at the Washington University in St. Louis.

William P. Rutledge, 64, has been a director since 2001. He was Chairman of Communications and Power Industries from 1999 to 2004. Prior to 1998, he was President and Chief Executive Officer of Allegheny Teledyne. He is also a director of AECOM, Inc. and First Federal Bank of California. He is a Trustee of Lafayette College and St. John s Hospital and Health Center.

Table of Contents

PROPOSAL 2: RATIFICATION OF INDEPENDENT AUDITORS

The Audit Committee of the Board of Directors has selected Deloitte & Touche LLP, an independent registered public accounting firm, to audit our financial statements and the effectiveness of our internal control over financial reporting for 2006. Representatives of Deloitte & Touche are expected to attend the Annual Meeting. They will have the opportunity to make a statement if they desire to do so and to respond to appropriate questions from shareholders.

The following table shows the fees that we paid Deloitte & Touche for 2004 and 2005.

	2004		2005	
	Fees	**% of Total**	**Fees**	**% of Total**
Audit Fees				
Sempra Energy Consolidated Financial Statement and Internal Control Audit	$ 7,390,000		$ 6,025,000	
Subsidiary, Statutory and Other Audits	2,937,000		3,045,000	
SEC Filings and Related Services	156,000		161,000	
Total Audit Fees	10,483,000	80%	9,231,000	80%
Audit-Related Fees				
Employee Benefit Plan Audits	440,000		460,000	
Accounting Consultation	304,000		332,000	
Other Audit-Related Services	122,000		90,000	
Total Audit-Related Fees	866,000	6%	882,000	8%
Tax Fees				
Tax Planning and Compliance	1,585,000		1,089,000	
Other Tax Services	244,000		281,000	
Total Tax Fees	1,829,000	14%	1,370,000	12%
All Other Fees	-0-		-0-	
Total Fees	$ 13,178,000		$ 11,483,000	

The Audit Committee is directly responsible and has sole authority for appointing, compensating, retaining and overseeing the work of our independent auditors and pre-approves all audit and permissible non-audit services provided by Deloitte & Touche. The committee s pre-approval policies and procedures provide for the general pre-approval of specific types of services, give detailed guidance to management as to the specific services that are eligible for general pre-approval and provide specific cost limits for each service on an annual basis. They require specific pre-approval of all other permitted services. For both types of pre-approval, the committee considers whether the services to be provided are consistent with maintaining the independent auditors independence. The policies and procedures also delegate authority to the chair of the committee to address any requests for pre-approval of services between committee meetings, with any pre-approval decisions to be reported to the committee at its next scheduled meeting.

At the Annual Meeting, shareholders will be asked to ratify the appointment of Deloitte & Touche as our independent auditors for 2006. Ratification would be advisory only, but the Audit Committee would reconsider the appointment if it were not ratified. Ratification requires the favorable vote of a majority of the votes cast and the approving majority must also represent more than 25% of our outstanding shares.

YOUR BOARD OF DIRECTORS AND ITS AUDIT COMMITTEE

RECOMMEND THAT YOU VOTE FOR PROPOSAL 2

Table of Contents

PROPOSAL 3: ARTICLES AMENDMENT FOR THE

ANNUAL ELECTION OF ALL DIRECTORS

The Board of Directors, upon the recommendation of its Corporate Governance Committee, has unanimously approved and recommends that shareholders approve an amendment to our Articles of Incorporation to provide for the annual election of all directors.

Our Articles of Incorporation currently divide the Board of Directors into three classes with directors elected for staggered three-year terms. Consequently, about one-third of our directors are elected by shareholders at each annual meeting. At prior annual meetings, our shareholders have approved proposals recommending that all directors be elected at each annual meeting. The amendment would implement that recommendation by declassifying the board and phasing in the annual election of all directors as the terms of incumbent directors expire.

The amendment would replace the board classification provision currently contained in our Articles of Incorporation with a provision that directors elected after the effective date of the amendment would hold office until the next annual meeting of shareholders and until a successor has been elected and qualified. Directors elected prior to the effective date of the amendment, including those elected at the 2006 Annual Meeting, would continue to hold office until the expiration of the staggered three-year terms for which they were elected. As the terms of incumbent directors expire, their successors as well as any directors elected to fill vacancies in the board would be elected for terms expiring at the next annual meeting. Consequently, about one-third of our directors would be elected at the 2007 annual meeting and two-thirds at the 2008 annual meeting. All of our directors would be elected at the 2009 Annual Meeting and each subsequent annual meeting.

Our Board of Directors and its Corporate Governance Committee regularly review our corporate governance practices to determine if they are in the best interests of shareholders. The committee historically has viewed our classified board as desirable to promote board continuity and stability and to encourage persons considering an acquisition of the company to negotiate with the board rather than pursue unilateral takeover proposals. The committee and the board continue to believe that these are important concerns; however, they have also considered the strong level of shareholder support for the annual election of all directors, and the views of annual election proponents that annual elections promote board accountability and classified boards may discourage favorable takeover proposals. Accordingly, upon recommendation of the committee, the board approved and recommends that shareholders approve the proposed amendment.

Approval of the amendment requires the favorable vote of the holders of not less than two-thirds of our outstanding shares. Consequently, abstaining or otherwise failing to vote on the amendment would have the same effect as a vote against its approval.

YOUR BOARD OF DIRECTORS RECOMMENDS

THAT YOU VOTE FOR PROPOSAL 3

Table of Contents

PROPOSAL 4: SHAREHOLDER PROPOSAL REGARDING

PERFORMANCE-BASED STOCK OPTIONS

We have included the following shareholder proposal in this proxy statement in accordance with the Securities and Exchange Commission s shareholder proposal rule. It is presented as submitted by the shareholder proponent whose name and address will be promptly provided to any shareholder who orally or in writing requests the information from our Corporate Secretary.

The shareholder proposal will be voted upon at the Annual Meeting only if properly presented by the shareholder proponent or the proponent s qualified representative. To be approved by shareholders, the proposal must receive the favorable vote of a majority of the votes cast on the proposal and the approving majority must also represent more than 25% of our outstanding shares.

FOR THE REASONS STATED BELOW, YOUR BOARD OF DIRECTORS

RECOMMENDS A VOTE AGAINST THE FOLLOWING SHAREHOLDER PROPOSAL

Beginning of Shareholder Proposal

Performance-Based Options Proposal

Resolved: That the shareholders of Sempra Energy (the Company) request that the Compensation Committee of the Board of Directors adopt a policy that a significant portion of future stock option grants to senior executives shall be performance-based. Performance-based options are defined as follows: (1) indexed options, in which the exercise price is linked to an industry or well-defined peer group index; (2) premium-priced stock options, in which the exercise price is set above the market price on the grant date; or (3) performance-vesting options, which vest when a performance target is met.

Supporting Statement: As long-term shareholders of the Company, we support executive compensation policies and practices that provide challenging performance objectives and serve to motivate executives to enhance long-term corporate value. We believe that standard fixed-price stock option grants can and often do provide levels of compensation well beyond those merited, by reflecting stock market value increases, not performance superior to the company s peer group.

Our shareholder proposal advocates performance-based stock options in the form of indexed, premium-priced or performance-vesting stock options. With indexed options, the option exercise price moves with an appropriate peer group index so as to provide compensation value only to the extent that the company s stock price performance is superior to the companies in the peer group utilized. Premium-priced options entail the setting of an option exercise price above the exercise price used for standard fixed-price options so as to provide value for stock price performance that exceeds the premium option price. Performance-vesting options encourage strong corporate performance by conditioning the vesting of granted options on the achievement of demanding stock and/or operational performance measures.

Our Company s Board recommended against a similar proposal filed last year. The Corporate Library, an independent research firm providing corporate governance data, commented on this in an Analyst Alert entitled Board Responses at Sempra Energy: a microcosm of misunderstanding executive pay, March 3, 2005. This alert stated:

In response to a perfectly reasonable shareholder proposal that the company begin granting performance-based stock options, the Sempra Energy board responded in its latest proxy with this rebuttal [The Alert then quotes three paragraphs of the Board s argument against the Proposal.]

. . . .

Table of Contents

What are we trying to achieve here? A true and proper link between pay and performance, or the delivery of a targeted level of compensation to executives regardless of performance?

. . . .

The proper job of a board, and particularly a compensation committee, is to drive performance through the use of efficiently designed incentive packages. It is not to design pay packages to achieve targeted levels of compensation.

We believe the use of performance-based options will help place a strong emphasis on rewarding superior corporate performance. We urge your support for this important executive compensation reform.

End of Shareholder Proposal

Table of Contents

The Board of Directors Position

FOR THE REASONS STATED BELOW, YOUR BOARD OF DIRECTORS

RECOMMENDS A VOTE AGAINST PROPOSAL 4

The Board of Directors and its Compensation Committee believe that this proposal is unnecessary and that its implementation would not be in the best interests of shareholders.

The underlying premise of the proposal is to ensure that our executives receive the benefit of equity-based incentives only when merited by the overall performance of the company. It is unnecessary because the company s approach to executive compensation is already primarily based on company performance and its approach to equity-based compensation is heavily weighted toward performance-based restricted stock.

As described under the caption Compensation Committee Report the company emphasizes pay-for-performance with a substantial portion of total compensation reflecting corporate, business unit and individual performance and a greater portion of compensation placed at risk as levels of executive responsibilities increase. In addition, in recent years the company has placed increasing emphasis on performance-based restricted stock awards for long-term equity compensation and they now comprise about 80% of the estimated value of long-term incentive awards. As described under the caption Executive Compensation Performance-Based Restricted Stock Awards these awards are subject to forfeiture and typically vest based only on the company s total return to shareholders over a four-year period in comparison to that of market indexes and the performance of peer companies.

The balance of our long-term equity compensation, about 20% of the estimated value of long-term incentive awards, is in the form of stock options. They are granted at an exercise price that is not less than 100% of the fair market value of the option shares on the date the option is granted and the exercise price may not thereafter be reduced. Although they do not meet the proposal s narrow definition of performance-based, these options have value to the executive only if the price of our shares increases over the market price at the date the option was granted. Thus, they too serve to align the interests of executives with those of shareholders.

Although the company has decreased its emphasis on stock options, the Board of Directors and the Compensation Committee believe that the company should continue to maintain the flexibility to determine the form of stock options that may be granted to executives and should not be limited to the narrow categories of options that the proposal characterizes as performance-based. A failure to maintain that flexibility could impair the company s ability to provide competitive long-term incentive programs necessary to attract and retain executives of outstanding ability and to motivate them to achieve superior performance.

THE BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE AGAINST PROPOSAL 4

Table of Contents

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board of Directors has the responsibility for establishing the company s compensation principles and strategies and designing a compensation program for senior executive officers. It is comprised of the four directors named below, all of whom have been determined by the board to be independent under independence standards more rigorous than those established by the New York Stock Exchange.

The committee reviews and approves corporate goals and objectives relevant to the compensation of the company s Chief Executive Officer, evaluates his performance in light of these goals and objectives and approves his compensation based upon that evaluation. The committee also makes recommendations to the board with respect to the compensation program for other executive officers, incentive compensation plans and equity-based plans.

The committee has sole authority for compensating and retaining consultants and advisors to assist the committee in performing its responsibilities. As its compensation consultants, the committee has retained Hewitt Associates an internationally recognized compensation and benefits consulting firm**.**

Compensation Principles and Strategies

In developing compensation principles and strategies, the Compensation Committee considers the current and prospective business environment for Sempra Energy and takes into account numerous factors, including:

- The rapidly changing and increasingly competitive environment in which the company operates.
- The need to attract and retain executives of outstanding ability and proven experience who demonstrate the highest standards of integrity and ethics.
- The need to motivate executives to achieve superior performance.
- The need to strongly link executive compensation to both annual and long-term corporate, business unit and individual performance.
- The need to align the interests of executives and shareholders.

To reflect these factors and assist the company in realizing its objective of creating superior shareholder value, the committee has developed policies and programs that include the following elements:

- An emphasis on total compensation and pay-for-performance, with a substantial portion of total compensation reflecting corporate, business unit and individual performance.
- An emphasis on performance-based incentives that closely align the interests of executives and shareholders.
- An appropriate balance of short-term and long-term compensation to reward long-term strategic results and encourage share ownership.

An emphasis on placing at risk, through equity and other performance-based incentives, a greater portion of executive compensation as levels of responsibilities increase.

In accordance with these principles and strategies the committee establishes base salaries at competitive levels with those of companies of comparable size. It provides performance-based annual cash and equity-based long-term incentives that provide opportunities to earn total compensation at significantly higher levels for superior performance.

The committee also considers provisions of the Internal Revenue Code limiting to $1,000,000 the annual amount of compensation (other than compensation that qualifies as qualified performance-based compensation) that publicly held companies may deduct for federal income tax purposes for certain executive officers. The

Table of Contents

committee believes that tax deductibility is an important factor but only one factor to be considered in evaluating a compensation program. It believes competitive and other circumstances may require that the interests of the company and its shareholders are best served by providing compensation that is not fully tax deductible. Accordingly, the committee may continue to exercise discretion to provide base salaries or other compensation that may not be fully tax deductible to the company.

Compensation Program

The primary components of Sempra Energy s compensation program are base salaries, annual cash incentive opportunities and long-term equity and equity-based incentive opportunities.

Base Salaries

Base salaries for executives are reviewed annually by the committee and generally targeted at the median of salaries at general industry companies of similar size. The committee believes that this strategy, along with annual and long-term incentive opportunities at general industry levels, allows the company to attract and retain top-quality executive talent.

Survey data for assessing base salaries are based upon companies in the Fortune 500 and size-adjusted based upon the company s revenues using regression analysis. The committee believes that the company s competitors for executive talent are not limited to energy companies, and the Fortune 500 appropriately reflects a broader group with which it competes to attract and retain highly skilled and talented executives.

Annual base salaries for executive officers are set taking into consideration the approximate mid-range of these salary data, individual performance and experience, executive responsibilities, market characteristics, succession planning and other pertinent factors.

Annual Incentives

Annual performance-based incentive opportunities are provided to executive officers through cash bonuses under an Executive Incentive Plan approved by shareholders. The plan permits the payment of bonuses based upon the attainment of objective financial performance goals. Bonus opportunities vary with the individual officer s position and prospective contribution to the attainment of these goals, and no bonuses are paid unless a threshold performance level is attained for the year. Bonus opportunities increase for performance above the threshold level, with performance at targeted levels intended to produce bonuses at the mid-point of those for executives with comparable levels of responsibility at Fortune 500 companies.

Executive Incentive Plan bonuses for 2005 were based on an earnings target of $800 million, an increase of 22% over the earnings target for the prior year, with maximum bonuses for earnings of $900 million, an increase of 23% over the maximum performance threshold for the prior year. Bonuses for targeted earnings performance were set at levels ranging from 100% of base salary for the Chief Executive Officer to 45% of base salary for Vice Presidents, with maximum bonuses ranging from 200% to 90% of base salary, subject to discretionary adjustments by the Compensation Committee for extraordinary performance.

Earnings for 2005 were $920 million, exceeding that required for maximum bonuses. The committee also approved an increased bonus for Stephen L. Baum, who retired as Chief Executive Officer on December 31, 2005, in recognition of his leadership in obtaining an agreement to settle major litigation, his willingness to remain available for consultation during 2006, and the company s overall strong position and outstanding financial performance. Bonus amounts are set forth under the caption Executive Compensation Compensation Summary.

Long-Term Incentives

Long-term incentive opportunities are provided by performance-based awards under a Long-Term Incentive Plan approved by shareholders. The plan permits a wide variety of equity and equity-based incentive awards to

Table of Contents

allow the company to respond to changes in market conditions and compensation practices. Long-term incentive awards are made annually and set at estimated grant date values ranging from 345% of base salary for the Chief Executive Officer to 90% of base salary for Vice Presidents.

Beginning in 2002, the Compensation Committee decreased its emphasis on stock options as incentive awards. Approximately 80% of the estimated value of 2005 long-term incentive awards was performance-based restricted stock with the balance in stock options. These awards are summarized under the captions Executive Compensation Stock Options and Executive Compensation Restricted Stock.

Evaluation and Compensation of the Chief Executive Officer

The Compensation Committee annually reviews and approves corporate goals and objectives relevant to the compensation of the Chief Executive Officer. These are based primarily upon objective criteria, including business performance, accomplishment of strategic and financial objectives, development of management, and other matters relevant to the short-term and long-term success of the company and the creation of shareholder value.

The committee also annually evaluates the Chief Executive Officer s performance in light of these criteria, reports the results of its evaluation to the board for its consideration, and communicates the results of the committee s evaluation and the board s consideration to him. Based upon this evaluation and subject to ratification by the board acting solely through the independent directors, the committee determines the Chief Executive Officer s compensation level, including base salary and performance standards and awards under annual and long-term incentive plans. In determining the long-term component of his compensation, the committee considers the company s performance and relative shareholder return, the value of incentive awards to chief executive officers at comparable companies and the awards granted in past years.

Evaluation and Compensation of Other Corporate Officers

The Compensation Committee also recommends a compensation program to the Board of Directors and oversees the evaluation and compensation of other members of the senior officer group.

In consultation with the Chief Executive Officer the committee reviews and approves the compensation level, including base salary and performance standards and awards under annual and long-term incentive plans for each member of the senior officer group. The committee also reviews the compensation of those corporate officers and other key management personnel who are not members of the senior officer group.

The committee also considers, from time to time, all aspects of the elements of compensation to all corporate officers, including benefits, short-term and long-term incentives.

Share Ownership Guidelines

The Compensation Committee believes that a commitment to significant share ownership by executives is an important element in aligning the interests of executives with those of shareholders. This belief has influenced the design of the company s compensation plans and, in addition, the Board of Directors has established share ownership guidelines to further strengthen the link between company performance and compensation. These guidelines are summarized under the caption Corporate Governance Share Ownership Guidelines.

COMPENSATION COMMITTEE

William C. Rusnack, *Chair*

Richard A. Collato

William G. Ouchi

William P. Rutledge

February 16, 2006

Table of Contents

EXECUTIVE COMPENSATION

Compensation Summary

The table below summarizes, for the last three years, the compensation that we paid or accrued to each of the five named executive officers.

Summary Compensation Table

		Annual Compensation		Long-term Compensation Awards		Payouts	
Name and Principal Position	Year	Salary	Bonus	Restricted Stock Awards (A)(B)(C)	Shares Underlying Stock Options	LTIP Payouts (A)(C)	All Other Compensation (D)
Stephen L. Baum (E)	2005	$ 1,128,526	$ 3,000,000	$ -0-	95,800	$ -0-	$ 881,231
Chairman and	2004	$ 1,090,563	$ 2,183,400	$ -0-	155,300	$ -0-	$ 540,560
Chief Executive Officer	2003	$ 1,053,739	$ 2,159,400	$ -0-	209,600	$ -0-	$ 739,403
Donald E. Felsinger (E)	2005	$ 775,289	$ 1,242,100	$ -0-	118,300	$ -0-	$ 368,734
President and	2004	$ 704,366	$ 1,134,700	$ -0-	98,200	$ -0-	$ 329,939
Chief Operating Officer	2003	$ 630,823	$ 884,000	$ -0-	101,800	$ -0-	$ 217,901
Neal E. Schmale (E)	2005	$ 620,192	$ 869,400	$ -0-	42,800	$ -0-	$ 279,076
Executive Vice President	2004	$ 563,174	$ 787,800	$ 3,389,000	46,600	$ -0-	$ 262,642
and Chief Financial Officer	2003	$ 499,328	$ 600,000	$ -0-	62,000	$ -0-	$ 223,704
Edwin A. Guiles	2005	$ 573,151	$ 803,500	$ -0-	39,500	$ -0-	$ 182,688
Group President Sempra	2004	$ 553,742	$ 776,200	$ -0-	64,000	$ -0-	$ 170,043
Energy Utilities	2003	$ 532,515	$ 746,200	$ -0-	86,000	$ -0-	$ 156,431
Mark A. Snell (E)	2005	$ 443,461	$ 621,900	$ -0-	30,600	$ 207,594	$ 68,816
Group President Sempra	2004	$ 363,062	$ 459,300	$ -0-	21,500	$ 171,741	$ 77,338
Global	2003	$ 311,677	$ 244,800	$ -0-	28,800	$ 162,108	$ 113,600

(A) Performance-based restricted stock awards are reported under the caption Executive Compensation Performance-Based Restricted Stock in the year awarded and in the Summary Compensation Table as LTIP Payouts in the year the awards vest.

(B) Represents the fair market value at the date of grant (without any deduction for forfeiture conditions or transfer restrictions) of shares subject to restricted stock awards that are not performance-based. Consists solely of a 100,000 share award to Mr. Schmale one-half of which will vest in 2008 and the remaining one-half in 2010 subject to continued employment and to earlier vesting upon a change of control and various other events.

(C) The aggregate holdings/value of unvested shares of restricted stock held on December 31, 2005 were 451,413 shares/$20,241,375 for Mr. Baum; 277,061 shares/$12,423,406 for Mr. Felsinger; 258,680 shares/$11,599,193 for Mr. Schmale; 185,729 shares/$8,328,070 for Mr. Guiles; and 86,699 shares/$3,887,562 for Mr. Snell. These include additional shares purchased, at then fair market value, with dividends paid on restricted stock that become subject to the same forfeiture conditions and transfer restrictions as the shares to which the dividends relate. In accordance with Mr. Baum s employment agreement, all of his restricted stock became fully vested and all forfeiture conditions and transfer restrictions terminated upon his retirement on January 31, 2006.

(D) All other compensation includes (i) interest on deferred compensation above 120% of the applicable federal rate, (ii) executive medical, life and personal liability insurance premiums, (iii) financial and estate planning services, (iv) contributions to defined contribution plans and related supplemental plans, and (v) car allowances. The respective amounts for 2005 were $190,632, $552,452, $13,488, $110,359 and

$14,300 for

Table of Contents

Mr. Baum; $87,565, $192,414, $10,000, $64,455 and $14,300 for Mr. Felsinger; $62,942, $143,871, $10,000, $47,963 and $14,300 for Mr. Schmale; $517, $111,804 $10,000, $46,067 and $14,300 for Mr. Guiles; and $1,320, $43,198, $0, $9,998 and $14,300 for Mr. Snell.

(E) Mr. Baum retired as Chief Executive Officer on December 31, 2005 and as Chairman of the Board on January 31, 2006. Mr. Felsinger has succeeded Mr. Baum as Chairman of the Board and Chief Executive Officer; Mr. Schmale has succeeded Mr. Felsinger as President and Chief Operating Officer; and Mr. Snell has succeeded Mr. Schmale as Executive Vice President and Chief Financial Officer.

Frank H. Ault is a Senior Vice President and the Controller of the company. His daughter is employed by a subsidiary of the company at a 2005 salary and bonus of approximately $75,000.

Stock Options

The following table shows information as to stock options granted during 2005 to our executive officers named in the Summary Compensation Table. All options were granted at an exercise price of 100% of the fair market value of the option shares on the date of the grant and for a ten-year term subject to earlier expiration following termination of employment. They become exercisable in cumulative installments of one-fourth of the shares initially subject to the option on each of the first four anniversaries of the date of grant, with immediate exercisability upon a change of control or various events specified in the executive s employment or severance pay agreement.

Option Grants in 2005

Name	Number of Shares Underlying Options Granted	% of Total Options Granted to Employees in 2005	Exercise Price ($/Share)	Expiration Date	Grant Date Present Value (A)
Stephen L. Baum	95,800	10.57%	$ 36.30	1-2-15	$ 779,812
Donald E. Felsinger	57,300	6.32%	$ 36.30	1-2-15	$ 466,422
	61,000	6.73%	$ 44.64	12-5-15	$ 540,460
Neal E. Schmale	42,800	4.72%	$ 36.30	1-1-15	$ 348,392
Edwin A. Guiles	39,500	4.36%	$ 36.30	1-1-15	$ 321,530
Mark A. Snell	30,600	3.38%	$ 36.30	1-1-15	$ 249,084

(A) We used a modified Black Scholes option pricing model to develop the theoretical values set forth in this column. Grant date present value per option share for the options granted at an exercise price of $36.30 was $8.14 based on the following assumptions: share volatility 27.75%; dividend yield 2.75%; risk-free rate of return 4.19%; and outstanding term 10 years. Grant date present value for the options granted at an exercise price of $44.64 was $8.86 based on the following assumptions: share volatility 20.48%; dividend yield 2.60%; risk-free rate of return 4.22%; and outstanding term 10 years.

Table of Contents

The following table shows information as to the exercise of stock options during 2005 and unexercised options held on December 31, 2005 by our executive officers named in the Summary Compensation Table.

Option Exercises and Holdings

Name	Shares Acquired on Exercise	Value Realized	Number of Shares Underlying Unexercised Options at Year-End Exercisable	Number of Shares Underlying Unexercised Options at Year-End Unexercisable	Value of Unexercised In-the-Money Options at Year-End (A) Exercisable	Value of Unexercised In-the-Money Options at Year-End (A) Unexercisable
Stephen L. Baum (B)	680,400	$ 14,123,923	1,506,625	494,275	$ 31,316,223	$ 8,224,986
Donald E. Felsinger	222,600	$ 4,953,174	852,610	328,950	$ 17,927,799	$ 4,287,736
Neal E. Schmale	96,700	$ 1,873,978	499,409	160,225	$ 10,333,887	$ 2,544,853
Edwin A. Guiles	100,000	$ 1,707,290	480,820	203,200	$ 9,918,839	$ 3,379,349
Mark A. Snell	-0-	$ -0-	19,775	61,125	$ 373,458	$ 792,162

(A) The exercise price of outstanding options ranges from $19.06 to $44.64.

(B) In accordance with Mr. Baum s employment agreement, all of his stock options became fully vested and immediately exercisable upon his retirement on January 31, 2006 and remain exercisable throughout their original ten-year term.

Performance-Based Restricted Stock

The following table shows information as to performance-based restricted stock granted during 2005 to our executive officers named in the Summary Compensation Table.

Performance-Based Restricted Stock Awards in 2005

Name	Number of Restricted Shares	Performance Period Until Payout	Estimated Future Payouts (A)
Stephen L. Baum (B)	132,200	Four Years	$ 4,798,860
Donald E. Felsinger (C)	101,400	Four Years	$ 3,867,636
Neal E. Schmale	59,000	Four Years	$ 2,141,700
Edwin A. Guiles	54,500	Four Years	$ 1,978,350
Mark A. Snell	42,200	Four Years	$ 1,531,860

(A) The estimated future payout amount represents the entire fair market value on the grant dates of the shares subject to the restricted stock award without any reduction for forfeiture conditions or transfer restrictions. The actual payout (if any) will depend upon the extent to which performance goals are achieved and upon the then fair market value of our common stock.

(B) In accordance with Mr. Baum s employment agreement, all of his restricted stock became fully vested and all forfeiture conditions and transfer restrictions terminated upon his retirement on January 31, 2006.

(C) Mr. Felsinger received a grant of 79,000 shares in January 2005 and an additional grant of 22,400 shares in December 2005.

Performance-based restricted stock consists of shares of our common stock that are subject to forfeiture conditions and transfer restrictions that terminate upon the satisfaction of long-term performance criteria. During the performance period, the executive is entitled to vote the shares but they cannot be sold or otherwise transferred and dividends are reinvested to purchase additional shares, at then fair market value, which become subject to the same forfeiture conditions and transfer restrictions as the shares to which the dividends relate. If the performance criteria are not satisfied or the executive s employment is terminated during the performance period (other than by death or retirement after attaining age 55) the restricted shares are forfeited to the company and canceled subject to earlier vesting upon a change of control or various events specified in the executive s employment or severance pay agreement.

Table of Contents

The forfeiture conditions and transfer restrictions on performance-based restricted stock granted during 2005 will terminate at the end of four-year performance periods if the company has then achieved a cumulative total return to shareholders for the applicable performance period that places it among the top 50% of the companies in the Standard & Poor s Utility Index or the Standard & Poor s 500 Composite Stock Price Index. If neither of these performance criteria is satisfied, the forfeiture conditions and transfer restrictions may be terminated as to a portion of the shares if the company s cumulative total shareholder return for the four-year performance period is among the top 70% of the companies in the S&P Utility Index. They will terminate as to 80% of the shares for performance among the top 55% of the companies in the S&P Utility Index with the percentage of shares as to which the restrictions may terminate declining ratably to 20% for performance among the top 70% of the companies in the S&P Utility Index. Any performance-based restricted stock for which forfeiture conditions and transfer restrictions are not terminated as of the end of applicable performance period will be forfeited to the company and canceled.

Pension Plans

The following table shows the estimated single life annual pension annuity benefit to be provided to executive officers under our supplemental executive retirement plan (combined with benefits payable under our other pension plans in which the officers also participate) based on the specified compensation levels and years of credited service and retirement at age 65.

Pension Plan Table

($000 s)

	Years of Service				
Pension Plan Compensation	**5**	**10**	**20**	**30**	**40**
$ 500	$ 100	$ 200	$ 300	$ 313	$ 325
$1,000	$ 200	$ 400	$ 600	$ 625	$ 650
$1,500	$ 300	$ 600	$ 900	$ 938	$ 975
$2,000	$ 400	$ 800	$ 1,200	$ 1,250	$ 1,300
$2,500	$ 500	$ 1,000	$ 1,500	$ 1,563	$ 1,625

Pension benefits are based on average salary for the highest two years of service and the average of the three highest annual bonuses during the last ten years of service and are paid without any offset for Social Security benefits. Years of service for the executive officers named in the Summary Compensation Table are 21 years for Mr. Baum, 33 years for Mr. Felsinger, 8 years for Mr. Schmale, 33 years for Mr. Guiles and 5 years for Mr. Snell.

Messrs. Baum, Felsinger and Guiles are each entitled to pension benefits at the greater of that provided by our pension plans or that to which they would have been entitled under the pension plans (including a supplemental pension plan) of a predecessor company had those plans remained in effect. Under the predecessor plans and retirement after attaining age 62, they would each be entitled to a monthly pension benefit of 60% of final pay. Final pay is defined as the monthly base pay rate in effect during the month immediately preceding retirement, plus one-twelfth of the average of the highest three years gross bonus awards. The plans provide for reduced pension benefits for retirement between the ages of 55 and 61, and surviving spouse and disability benefits equal to 100% of pension benefits. Mr. Baum retired on January 31, 2006 and, pursuant to deferral elections made in 2003 and 2005, the lump sum actuarial equivalent of substantially all of his $178,880 monthly pension benefit was deferred for future receipt under the company s deferred compensation plan.

Table of Contents

Employment and Employment-Related Agreements

Stephen L. Baum

Stephen L. Baum retired as our Chief Executive Officer on December 31, 2005 and as our Chairman of the Board on January 31, 2006. In accordance with Mr. Baum s employment agreement, upon his retirement all outstanding equity-based incentive compensation awards that had been granted to him immediately vested and became exercisable or payable and all restrictions on the awards immediately lapsed. Also in accordance with the agreement, for a period of five years the company will continue Mr. Baum s participation in the company s executive and personal liability insurance plans; will continue to match Mr. Baum s charitable contributions in a matching amount not to exceed $20,000 in any calendar year; and will provide Mr. Baum with administrative support and services. Under the agreement, the company will also provide Mr. Baum s family with financial planning services until two years after the death of Mr. Baum and his wife.

Donald E. Felsinger

We have a severance pay agreement with Donald E. Felsinger, who succeeded Mr. Baum as our Chairman of the Board and Chief Executive Officer, for an initial term ending on August 17, 2007 and subject to automatic one-year extensions on August 17, 2006 and on each August 17 thereafter unless we or Mr. Felsinger elect not to extend the term. The agreement provides for an annual base salary for Mr. Felsinger of not less than $750,000.

Mr. Felsinger s severance pay agreement provides that if we were to terminate his employment (other than for cause, death or disability) or he were to do so for good reason, he would receive a lump sum payment equal to (i) the sum of his annual base salary and the greater of his target bonus for the year of termination or the average of the three years highest gross annual bonus awards in the five years preceding the year of termination, and in the event of termination within two years following a change in control such payment would be multiplied by two and (ii) a pro rata portion for the year of termination of the target amount payable under any annual incentive compensation awards for that year or, if greater, the average of the three years highest gross bonus awards paid to him in the five years preceding the year of termination. In addition, (i) all equity-based incentive compensation awards would immediately vest and become exercisable or payable and all restrictions on the awards would immediately lapse with any performance criteria assumed to have been achieved at target levels; (ii) all cash-based long-term incentive awards would be paid pro rata at target amounts; (iii) life, disability, accident and health insurance benefits would be continued for two years; and (iv) financial planning and outplacement services would be provided for two years, and an additional one year in the event of termination following a change in control. Mr. Felsinger s agreement also provides for two additional years of age and service credit (three additional years in the event of termination within two years following a change in control) for purposes of the calculation of retirement benefits.

The agreement also provides that in the event we were terminate the Mr. Felsinger s employment (other than for cause, death or disability) or he were to do so for good reason and he were to agree to provide consulting services to the company for two years and abide by certain covenants regarding non-solicitation of employees and information confidentiality, he would receive an additional lump sum payment equal to the sum of his annual base salary and the greater of his target bonus for the year of termination or the average of the three years highest gross annual bonus awards in the five years preceding the year of termination, and life, disability, accident and health insurance benefits would also be continued for one additional year.

The agreement also provides for a gross-up payment to offset the effects of any excise taxes imposed on Mr. Felsinger under Section 4999 of the Internal Revenue Code.

Good reason is defined in the agreement to include an adverse change in Mr. Felsinger s title, authority, duties, responsibilities or reporting lines; a reduction in his annual base salary or aggregate annualized compensation and benefit opportunities other than across-the-board reductions prior to a change in control that similarly affect all executives whose compensation is directly determined by the Compensation Committee; and a substantial increase in his business travel obligations. It also defines good reason to include a relocation of

Table of Contents

Mr. Felsinger s principal place of employment that occurs following a change in control. A change in control is defined to include the acquisition by one person or group of 20% or more of our share voting power; the election of a new majority of the board comprised of individuals who are not recommended for election by two-thirds of the current directors or successors to the current directors who were so recommended for election; certain mergers, consolidations or sales of assets that result in our shareholders owning less than 60% of the voting power of the company or of the surviving entity or its parent; and approval by our shareholders of the liquidation or dissolution of the company.

Other Named Executive Officers

We also have a severance pay agreement with each of our three other executive officers named in the Summary Compensation Table. Each agreement is for a remaining term of two years, subject to automatic annual extensions for an additional year unless we or the executive elect not to extend the term.

The severance pay agreements provide that in the event we were to terminate the executive s employment (other than for cause, death or disability) or the executive were to do so for good reason, the executive would receive (i) a lump sum cash payment equal to the executive s annual base salary and the greater of the executive s average annual bonus or average annual target bonus for the two years prior to termination; (ii) continuation of health insurance benefits for a period of one year; and (iii) financial planning and outplacement services for two years. If the termination were to occur within two years after a change in control of the company (i) the lump sum cash payment would be multiplied by two; (ii) an additional lump sum payment would be paid equal to the pro rata portion for the year of termination of the target amount payable under any annual incentive compensation award for that year or, if greater, the average of the three highest gross annual bonus awards paid to the executive in the five years preceding the year of termination; (iii) all equity-based incentive compensation awards would immediately vest and become exercisable or payable and any restrictions on the awards would automatically lapse; (iv) a lump sum cash payment would be made equal to the present value of the executive s benefits under our supplemental executive retirement plan calculated on the basis of the greater of actual years of service and years of service that would have been completed upon attaining age 62 and applying certain early retirement factors, or in the case of Neal Schmale calculated with three additional years of age and service credits; (v) life, disability, accident and health insurance benefits would be continued for two years and (vi) financial planning and outplacement services would be provided for three years.

The agreements also provide that in the event we were to terminate the executive s employment (other than for cause, death or disability) or the executive were to do so for good reason and the executive agrees to provide consulting services to Sempra Energy for two years and abide by certain covenants regarding non-solicitation of employees and information confidentiality, (i) the executive would receive an additional lump sum payment equal to the executive s annual base salary and the greater of the executive s target bonus for the year of termination or the average of the two or three highest gross annual bonus awards paid to the executive in the five years prior to termination and (ii) health insurance benefits would be continued for one additional year.

The agreements also provide for a gross up payment to offset the effects of any excise tax imposed on the executive under Section 4999 of the Internal Revenue Code.

Good reason is defined in the severance agreements to include the assignment to the executive of duties materially inconsistent with those appropriate to a senior executive of the company; a material reduction in the executive s overall standing and responsibilities within the company; and a material reduction in the executive s annualized compensation and benefit opportunities other than across-the-board reductions affecting all similarly situated executives of comparable rank. Following a change in control of the company, good reason is defined to include an adverse change in the executive s title, authority, duties, responsibilities or reporting lines; reduction in the executive s annualized compensation opportunities other than across-the-board reductions of less than 10% similarly affecting all similarly situation executives of comparable rank; relocation of the executive s principal place of employment by more than 30 miles; and a substantial increase in business travel obligations. A change in control is defined in the same manner as in the agreement with Mr. Felsinger that is summarized above.

Table of Contents

GENERAL INFORMATION

Other Matters to be Voted Upon

We do not know of any matter that may be voted on at the Annual Meeting that is not described in this proxy statement other than shareholder proposals that have been excluded in accordance with the rules of the Securities and Exchange Commission. The holders of the proxies that we are soliciting are authorized to vote them in accordance with their best judgment on the excluded proposals and any other matter that may be voted on at the meeting as well as on matters incident to the conduct of the meeting.

Shareholder Proposals for the 2007 Proxy Statement

Any shareholder satisfying the Securities and Exchange Commission s eligibility requirements who wishes to submit a proposal to be included in the proxy statement for our 2007 Annual Meeting of Shareholders should do so in writing to our Corporate Secretary, Sempra Energy, 101 Ash Street, San Diego, California 92101-3017. We must receive the proposal by November 22, 2006 to consider it for inclusion in the proxy statement.

Director Nominees or Other Business for Presentation at Annual Meetings

Shareholders who wish to present director nominations or other business at an Annual Meeting must notify our Corporate Secretary of their intention to do so at least 60 days, but not more than 120 days, before the date corresponding to the date of the last annual meeting. The notice must also provide the information required by our bylaws.

The deadline for notification of these matters for the 2006 Annual Meeting has expired. The period for notification for the 2007 Annual Meeting will begin on January 4, 2007 and end on March 5, 2007. This requirement does not apply to the deadline for submitting shareholder proposals for inclusion in our proxy statement that is described above or to questions a shareholder may wish to ask at the meeting.

Share Ownership Reporting

Our directors and executive officers are required to file with the Securities and Exchange Commission reports regarding their ownership of our shares. Based solely on a review of copies of the reports that have been furnished to us and written representations from directors and officers that no other reports were required, we believe that all filing requirements were timely met during 2005.

Other Information

Our consolidated financial statements are included in our Annual Report to Shareholders that is being mailed together with this proxy statement. Additional information regarding the company is included in our Annual Report on Form 10-K, which we file with the Securities and Exchange Commission, 450 Fifth Street, N.W., Washington, D.C. 20549. We will furnish a copy of our 2005 Form 10-K (excluding exhibits) without charge to any shareholder who requests the report. The Form 10-K, other reports we file with the commission, and other information regarding the company are available on our website at www.sempra.com.

Shareholders may also obtain, without charge, a copy of our bylaws, corporate governance guidelines, codes of conduct and charters of our board committees. They are also available on our website at www.sempra.com.

Only one proxy statement and the accompanying Annual Report to Shareholders may be delivered to multiple shareholders who share the same address unless we receive contrary instructions from one or more of the shareholders. A shareholder at a shared address who does not receive but wishes to receive a separate set of these documents may request them, orally or in writing, from our Shareholders Services Department and we will

Table of Contents

promptly deliver them to him or her. Shareholders who share an address and are receiving multiple sets of these documents but who wish in the future to receive only one set should also call or write our Shareholder Services Department.

Requests to Shareholder Services relating to any of these documents may be submitted by calling (877) 736-7727 or writing to: Shareholder Services, Sempra Energy, 101 Ash Street, San Diego, California 92101-3017.

Solicitation of Proxies

We will pay the cost of soliciting proxies. We have retained Morrow & Co., Inc. to assist us in the solicitation. Morrow & Co. may solicit proxies by mail, in person or by telephone at an estimated cost to us of $12,500 plus reimbursement of reasonable out-of-pocket expenses. Our employees may also solicit proxies on behalf of the Company.

This Notice of Annual Meeting and Proxy Statement are sent by order of the Sempra Energy Board of Directors.

Catherine C. Lee

Corporate Secretary

Dated: March 10, 2006

Table of Contents

APPENDIX

Sempra Energy

Audit Committee Charter

The Audit Committee is a committee of the Board of Directors of Sempra Energy. Its charter was adopted by the board on December 2, 2003 and amended through November 8, 2005.

I

Purpose

The purpose of the Audit Committee is to assist the Board of Directors in fulfilling the board s oversight responsibilities regarding:

- The integrity of the corporation s financial statements.
- The corporation s compliance with legal and regulatory requirements.
- The independent auditor s qualifications and independence.
- The performance of the corporation s internal audit function and independent auditor.

The committee also prepares the committee report as required by the rules of the Securities and Exchange Commission to be included in the corporation s proxy statement.

The committee s responsibilities are limited to oversight. Management of the corporation is responsible for the corporation s financial statements, including the estimates and judgments on which they are based, as well as the corporation s financial reporting process, accounting policies, internal audit function, internal accounting controls and disclosure controls and procedures. The independent auditor is responsible for performing an audit of the corporation s annual financial statements, expressing an opinion as to the conformity of the annual financial statements with generally accepted accounting principles and reviewing the corporation s quarterly financial statements. It is not the responsibility of the committee to plan or conduct audits or to determine that the corporation s financial statements and disclosures are complete and accurate and in accordance with generally accepted accounting principles and applicable laws, rules and regulations.

Each member of the committee is entitled to rely on the persons within the corporation and the professionals and experts (including the independent auditor and the corporation s internal auditor) from which the committee receives information and upon the accuracy of the financial and other information they provide to the committee.

The members of the committee are not auditors and in fulfilling their responsibilities under this charter are not expected to follow the policies or procedures of independent or internal auditors. In particular, the term review as used in this charter is not intended to have the meaning set forth in Statement of Accounting Standards No. 71 (which defines the term review to include a particular set of required procedures to be undertaken by independent auditors) and should not be interpreted to suggest that the committee members should follow the procedures required of auditors.

Table of Contents

II

Structure

2.1 Membership

The committee consists of no fewer than three members of the board. The committee s members, including its chair, are appointed by the board upon the recommendation of the board s Corporate Governance Committee. The board, upon such recommendation, also may appoint one or more additional members of the board as alternate members of the committee to replace any absent member at any committee meeting.

Members of the committee are not required to be financial, accounting or auditing professionals and, consequently, some members or alternate members may not be expert in financial matters or in matters involving accounting or auditing. However, each member and alternate member must be independent and financially literate and at least one member must be an audit committee financial expert within the meaning of the corporation s Corporate Governance Guidelines and the rules and regulations of the New York Stock Exchange and the Securities and Exchange Commission.

No member or alternate member of the committee may simultaneously serve on the audit committee of more than two other public companies, unless the board has affirmatively determined that such simultaneous service would not impair his or her ability to serve effectively on the committee and such determination is disclosed in the corporation s proxy statement.

All committee members and alternate members serve at the pleasure of the board and any member or alternate member may be removed, with or without cause, by the board.

2.2 Power and Authority

In addition to the powers and responsibilities expressly delegated to the committee in this charter, the committee may exercise any other powers and carry out any other responsibilities from time to time delegated to it by the board. The committee also may conduct or authorize investigations into any matter within the scope of the duties and responsibilities delegated to the committee.

The powers and responsibilities delegated to the committee may be exercised in any manner the committee deems appropriate (including delegation to subcommittees) and without any requirement for board approval except as otherwise specified in this charter or the board s delegation. Any decision by the committee, including any decision to exercise or refrain from exercising any of its delegated powers, is at the committee s sole discretion. While acting within the scope of the powers and responsibilities delegated to it, the committee may exercise all the powers and authority of the board and, to the fullest extent permitted by law, has the authority to determine which matters are within the scope of its delegated authority.

The committee has the authority to retain and compensate independent counsel, consultants and other experts and advisors (accounting, financial or otherwise) and also may use the services of the corporation s regular counsel or other advisors to the corporation. The corporation will provide appropriate funding, as determined by the committee, for payment of compensation to the independent auditor for the purpose of preparing or issuing an audit report or performing other audit, review or attest services, for payment of compensation to any experts or advisors retained by the committee and for payment of ordinary administrative expenses of the committee.

2.3 Procedures

The committee will determine its own rules of procedure with respect to the call, place, time and frequency of its meetings. In the absence of such rules, the committee will meet at the call of its chair as appropriate to accomplish the purposes of the committee, but the committee will meet on a regularly scheduled basis at least

Table of Contents

once each quarter and periodically meet separately with management, with the internal auditor, with the independent auditor and with the chief legal officer.

A majority of the members of the committee will constitute a quorum for the transaction of business. Notice of meetings of the committee will be given as provided in the corporation s bylaws.

Directors who are not members of the committee may attend and observe meetings of the committee, but shall not be entitled to vote. The committee may, at its discretion, include in its meetings members of management, representatives of the independent auditor, the internal auditor, any other accounting or professional personnel employed or retained by the corporation or any other person whose presence the committee believes to be desirable and appropriate. Notwithstanding the foregoing, the committee may exclude from its meetings any non-member who it deems appropriate to exclude.

The chair of the committee will report on the committee s activities to the board at appropriate times and as otherwise requested by the chairman of the board.

2.4 Committee Secretary

The secretary of the corporation will act as the committee s secretary. The secretary will attend all meetings; keep minutes of the committee s proceedings; advise members of all meetings; arrange with the committee chair or other convening authority for preparation and distribution of committee agenda and supporting material for each meeting; at the direction of the committee chair, make logistical and other arrangements for each meeting; and carry out other functions as may be assigned from time to time by the committee.

III

Duties and Responsibilities

3.1 Interaction with the Independent Auditor

(a) *Appointment and Oversight.* The committee is directly responsible and has sole authority for the appointment, compensation, retention and oversight of the work of the independent auditor (including resolution of any disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work or performing other audit, review or attest services for the corporation, and the independent auditor reports directly to the committee.

(b) *Pre-Approval of Services*. Before the independent auditor is engaged by the corporation or its subsidiaries to render audit or non-audit services, the committee will pre-approve the engagement. Committee pre-approval of audit and non-audit services is not required if the engagement for the services is entered into pursuant to pre-approval policies and procedures established by the committee that are detailed as to the particular service, do not include delegation of the committee s responsibilities under the Securities Exchange Act of 1934 to the corporation s management, and the committee is informed of each service provided. The committee may delegate to one or more designated members of the committee the authority to grant pre-approvals, provided such approvals are presented to the committee at a subsequent meeting. Committee pre-approval of non-audit services (other than review and attest services) also will not be required if such services fall within available exceptions established by the Securities and Exchange Commission.

Table of Contents

(c) *Independence of the Independent Auditor.* The committee will, at least annually, review the independence and quality control procedures of the independent auditor and the experience and qualifications of the independent auditor s senior personnel that are providing audit services to the corporation. In conducting its review:

(i) The committee will obtain and review a report prepared by the independent auditor describing:

The auditing firm s internal quality-control procedures.

Any material issues raised by the most recent internal quality control review, or peer review, of the auditing firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the auditing firm, and any steps taken to deal with any such issues.

(ii) The committee will discuss with the independent auditor its independence from the corporation, and obtain and review a written statement prepared by the independent auditor describing all relationships between the independent auditor and the corporation, consistent with Independence Standards Board Standard 1, and consider the impact that any relationships or services may have on the objectivity and independence of the independent auditor.

(iii) The committee will confirm with the independent auditor that the independent auditor is in compliance with the partner rotation requirements established by the Securities and Exchange Commission.

(iv) The committee will, if applicable, consider whether the independent auditor s provision of any permitted information technology services or other non-audit services to the corporation is compatible with maintaining the independence of the independent auditor.

3.2 Annual Financial Statements and Annual Audit

(a) *Meetings with Management, the Independent Auditor and the Internal Auditor*. The committee will:

(i) Meet with management, the independent auditor and the internal auditor in connection with each annual audit to discuss the scope of the audit, the procedures to be followed and the staffing of the audit.

(ii) Review and discuss with management and the independent auditor*:*

Major issues regarding accounting principles and financial statement presentation, including any significant changes in the corporation s selection or application of accounting principles, and major issues as to the adequacy of the corporation s internal controls and any special audit steps adopted in light of material control deficiencies.

Analyses prepared by management or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the corporation s financial statements, including analyses of the effects of alternative generally accepted accounting principles on the corporation s financial statements.

The effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the corporation s financial statements.

(iii) Review and discuss the annual audited financial statements with management and the independent auditor, including the corporation s disclosures under Management s Discussion and Analysis of Financial Condition and Results of Operations.

(b) *Separate Meetings with the Independent Auditor.* In separate meetings with the independent auditors, the committee will:

(i) Review with the independent auditor any problems or difficulties the auditor may have encountered during the course of its audit work, including any restrictions on the scope of its

Table of Contents

activities or access to required information or any significant disagreements with management and management s responses to such matters. Among the items that the committee should consider reviewing with the independent auditor are:

Any accounting adjustments that were noted or proposed by the independent auditor but were passed as immaterial or otherwise.

Any communications between the audit team and the independent auditor s national office respecting auditing or accounting issues presented by the engagement.

Any management or internal control letter issued, or proposed to be issued, by the independent auditor to the corporation.

The committee will obtain from the independent auditor assurances that Section 10A(b) of the Securities Exchange Act of 1934 has not been implicated.

(ii) Discuss with the independent auditor the report that the auditor is required to make to the committee regarding:

All accounting policies and practices to be used that the independent auditor identifies as critical.

All alternative treatments within generally accepted accounting principles for policies and practices related to material items that have been discussed among management and the independent auditor, including the ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the auditor.

Other material written communications between the independent auditor and management of the corporation, such as any management letter, management representation letter, reports on observations and recommendations on internal controls, independent auditor s engagement and independence letters, schedule of unadjusted audit differences and any listing of adjustments and reclassifications not recorded.

(iii) Discuss with the independent auditor the matters required to be discussed by Statement on Auditing Standards No. 61, Communication with Audit Committees, as then in effect.

(iv) Discuss the responsibilities, budget and staffing of the corporation s internal audit function.

(c) *Recommendation to Include Financial Statements in Annual Report*. The committee will, based on the review and discussions in paragraphs 3.2 (a)(iii) and 3.2 (b)(iii) above, and based on the disclosures received from the independent auditor regarding its independence and discussions with the auditor regarding such independence pursuant to paragraph 3.1 (c)(ii) above, determine whether to recommend to the board that the audited financial statements be included in the corporation s annual report on Form 10-K for the fiscal year subject to the audit.

3.3 Quarterly Financial Statements

The committee will review and discuss the quarterly financial statements with management and the independent auditor, including the corporation s disclosures under Management s Discussion and Analysis of Financial Condition and Results of Operations.

3.4 Internal Audit

(a) *Appointment.* The committee will approve the appointment and replacement of the internal auditor.

(b) S*eparate Meetings with the Internal Auditor.* The committee will meet periodically with the corporation s internal auditor to discuss the responsibilities, budget and staffing of the corporation s internal audit function and any issues that the internal auditor believes warrant audit committee

Table of Contents

attention. The committee will discuss with the internal auditor any significant reports to management prepared by the internal auditor and any responses from management.

3.5 Other Duties and Responsibilities

(a) The committee will discuss with management and the independent auditor the corporation s earnings press releases (with particular focus on any use of pro forma, adjusted or other non-GAAP financial information), as well as financial information and earnings guidance provided to analysts and rating agencies. The committee s discussion in this regard may be general in nature (a discussion of the types of information to be disclosed and the type of presentation to be made) and need not take place in advance of each earnings release or each instance in which the corporation may provide earnings guidance.

(b) The committee will discuss with management and the independent auditor any related-party transactions brought to the committee s attention which could reasonably be expected to have a material impact on the corporation s financial statements.

(c) The committee will discuss with management and the independent auditor any correspondence that is brought to its attention from or with regulators or governmental agencies, or any published reports that raise material issues regarding the corporation s financial statements, financial reporting processes, accounting policies or internal audit functions.

(d) The committee will establish procedures for the receipt, retention and treatment of complaints received by the corporation regarding accounting, internal accounting controls or auditing matters and also establish procedures for the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

(e) The committee will discuss with the corporation s chief legal officer any legal matters brought to the committee s attention that could reasonably be expected to have a material impact on the corporation s financial statements and periodically will meet separately with the chief legal officer to discuss legal matters and with the chief compliance officer to discuss compliance matters.

(f) The committee will discuss with management the corporation s policies with respect to risk assessment and risk management, significant financial risk exposures and the actions management has taken to limit, monitor or control such exposures.

(g) The committee will set clear hiring policies for employees or former employees of the corporation s independent auditor.

(h) The committee will consider whether the corporation should adopt a rotation of the annual audit among independent auditing firms.

(i) The committee will provide the corporation with the report of the committee with respect to the audited financial statements for inclusion in the corporation s proxy statement.

(j) The committee, through its chair, will report regularly to, and review with, the board any issues that arise with respect to the quality or integrity of the corporation s financial statements, the corporation s compliance with legal or regulatory requirements, the performance and independence of the corporation s independent auditor, the performance of the corporation s internal audit function or any other matter the committee determines is necessary or advisable to report to the board.

Communications from Shareholders, Employees and Others

Shareholders, employees and other interested persons who wish to communicate with the committee (including communicating complaints regarding the corporation s accounting, internal accounting controls or

Table of Contents

auditing matters) may do so by writing to the committee care of the corporation s Corporate Secretary. Letters will be reviewed by the Corporate Secretary and relayed to the chair of the committee if the subject matter is within the duties of the committee, in a manner consistent with the screening policies adopted by the board. Employees may also submit concerns regarding questionable accounting or auditing matters by calling the corporation s Ethics Helpline at 800-241-5689 on a confidential and anonymous basis.

V

Committee Self-Evaluation and Charter Review

The committee will evaluate its own performance on an annual basis, including its compliance with this charter. It will also review this charter and provide the board with any recommendations for changes in the charter or in policies or other procedures governing the committee.

VI

Charter Availability

This charter will be posted on the corporation s investor website, and the posting and the availability of printed copies to requesting shareholders will be published in the corporation s Annual Report on Form 10-K. It will also be included as an appendix to the corporation s proxy statement no less frequently than every four years.

Table of Contents

Annual Meeting Admission Ticket

000000000.000 ext
000000000.000 ext
000000000.000 ext
000000000.000 ext
000000000.000 ext
000000000.000 ext
000000000.000 ext

MR A SAMPLE
DESIGNATION (IF ANY)
ADD 1
ADD 2
ADD 3
ADD 4
ADD 5
ADD 6

2006 Annual Meeting of

Sempra Energy Shareholders

Thursday, May 4, 2006 10:00 a.m.

The Hilton Costa Mesa

Costa Mesa, California

Upon arrival, please present this

admission ticket and photo identification

at the registration desk.

PLEASE REFER TO THE REVERSE SIDE FOR TELEPHONE AND INTERNET VOTING INSTRUCTIONS.

Sempra Energy Annual Meeting Proxy Card

123456 C0123456789 12345

This Proxy when properly executed will be voted in the manner directed herein by the undersigned shareholder(s). If no direction is made, this Proxy will be voted FOR Items 1, 2 and 3 and AGAINST Item 4.

+

C 1234567890 J N T

A Proposals

The Board of Directors recommends a vote FOR the Election of Directors.

1. Election of Directors:

¨ **To Vote FOR All Nominees**

¨ **To WITHHOLD Vote From All Nominees**

¨ **For All Except** - To withhold a vote for a specific nominee, mark this box with an X and the appropriately numbered box from the list on the reverse side.

01 - ¨ 02 - ¨ 03 - ¨ 04 - ¨

B Options

Please mark this box with an X if you plan to attend the Annual Meeting in person. ¨

Please mark this box with an X if you want confidential voting. ¨

The Board of Directors recommends a vote FOR Proposals 2, and 3.

	For	Against	Abstain
2. Ratification of Independent Auditors	¨	¨	¨
3. Articles Amendment for the Annual Election of all Directors	¨	¨	¨

Please mark this box with an X if you receive more than one Annual Report and do not wish to receive extra copy(ies). This will not affect the distribution of dividends or proxy statements. ¨

The Board of Directors recommends a vote <u>AGAINST</u> Proposal 4.

Please mark this box with an X if your address has changed and print the new address below. ¨

	For	Against	Abstain
4. Shareholder Proposal Regarding Performance-Based Stock Options	¨	¨	¨

_____

_____

_____

C Authorized Signatures - Sign Here - This section must be completed for your instructions to be executed.

NOTE: Please sign exactly as name appears hereon. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such.

Signature 1 - Please keep signature within the box	Signature 2 - Please keep signature within the box	Date (mm/dd/yyyy)
		/ /

n 5 U P X C O Y +

Table of Contents

2006 ANNUAL MEETING OF SHAREHOLDERS

ADMISSION TICKET

Thursday, May 4, 2006 10:00 a.m.

The Hilton Costa Mesa

Costa Mesa, California

ADMIT ONE SHAREHOLDER AND GUEST

YOUR VOTE IS IMPORTANT:

Even if you plan to attend the Annual Meeting in person

please vote your shares.

Doors will open at 9:00 A.M.

Cameras, tape recorders and similar devices will not be allowed in the meeting rooms.

Annual Meeting of Shareholders May 4, 2006

Solicited on Behalf of the Board of Directors

DONALD E. FELSINGER, JAVADE CHAUDHRI and CATHERINE C. LEE, jointly or individually and with full power of substitution, are authorized to represent and vote the shares of the undersigned at the 2006 Annual Meeting of Shareholders of Sempra Energy, and at any adjournment or postponement thereof, in the manner directed on the reverse side of this card and in their discretion on all other matters that may properly come before the meeting.

This card also provides voting instructions for shares held in the Sempra Energy Direct Stock Purchase Plan and Employee Savings Plans of Sempra Energy and its subsidiaries, as described under Voting Information in the accompanying Proxy Statement.

Election of Directors, Nominees:

01. James G. Brocksmith, Jr.

02. Donald E. Felsinger

03. William D. Jones

04. William G. Ouchi

(Continued and to be signed on other side)

Telephone and Internet Voting Instructions

You can vote by telephone or Internet! Available 24 hours a day 7 days a week!

Your vote is important. Please vote immediately.

To vote using the Telephone	To vote using the Internet	To vote by Mail
(within U.S. and Canada) Call toll free 1-800-652-VOTE (8683) in the United States or Canada any time on a touch tone telephone. There is **NO CHARGE** to you for the call.	Go to the following web site: **WWW.COMPUTERSHARE.COM/US/PROXY**	Mark, Sign and date the proxy card.
	Enter the information requested on your computer screen and follow the simple instructions.	Return the proxy card in the postage-paid envelope provided.
Follow the simple instructions provided by the recorded message.		

YOUR LOGIN VALIDATION DETAILS ARE LOCATED ON THE REVERSE OF THIS FORM IN THE COLORED BAR.

If you vote by telephone or the Internet, please DO NOT mail back this proxy card.

THANK YOU FOR VOTING

es to timely and successfully receive the required approvals for or in connection with the merger from (i) regulatory agencies free of conditions materially adverse to the parties, (ii) the stockholders of Savvis and (iii) certain of Savvis vendors or customers; the possibility that the anticipated benefits from the merger cannot be fully realized or may take longer to realize than expected; the possibility that costs, difficulties or disruptions related to the integration of Savvis operations into CenturyLink will be greater than expected, particularly in light of CenturyLink s currently pending integration of the operations of Embarq and Qwest into CenturyLink s operations; the ability of CenturyLink to retain and hire key personnel; the timing, success and overall effects of competition from a wide variety of competitive providers; the risks inherent in rapid technological change; the effects of ongoing changes in the regulation of the communications industry, including changes recently proposed by the FCC; the ability of CenturyLink following the merger to (i) effectively adjust to changes in the communications industry, (ii) effectively adjust to changes in the composition of its markets and product mix resulting from recently completed or pending acquisitions, including those associated with

Table of Contents

offering new services and operations in new markets as a result of acquiring Savvis, and (iii) successfully introduce other new product or service offerings on a timely and cost-effective basis;

continued access to credit markets on acceptable terms;

the outcome of pending litigation, including (i) litigation relating to the merger agreement that could delay or impede the completion of the merger and (ii) KPNQwest litigation matters in which the plaintiffs have sought from Qwest, in the aggregate, billions of dollars in damages;

changes in the future cash requirements of CenturyLink following the merger, whether caused by unanticipated increases in capital expenditures, increases in pension funding requirements or otherwise; and

general market, labor and economic and related uncertainties.

Due to these risks and uncertainties, there can be no assurances that the results anticipated by the forward-looking statements of CenturyLink or the forecasts or other forward-looking statements of Savvis will occur, that their respective judgments or assumptions will prove correct, or that unforeseen developments will not occur. Accordingly, you are cautioned not to place undue reliance upon any forecasts or other forward-looking statements of CenturyLink or Savvis, which speak only as of the date made. CenturyLink and Savvis undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future events, changed circumstances or otherwise.

Table of Contents

THE COMPANIES

Savvis

SAVVIS, Inc.
1 Savvis Parkway
Town & Country, Missouri 63017
(314) 628-7000

Savvis provides information technology services including cloud services, managed hosting, managed security, colocation, professional services and network services through Savvis global infrastructure to businesses and government agencies around the world. Savvis suite of products can be purchased individually, in various combinations, or as part of a total or partial outsourcing arrangement. Savvis colocation solutions meet the specific needs of clients who require control of their physical assets, while Savvis managed hosting solution offerings provide clients with access to Savvis services and infrastructure without the upfront capital costs associated with equipment acquisition. Shares of Savvis common stock currently trade on the NASDAQ under the stock symbol SVVS.

Additional information about Savvis and its subsidiaries is included in documents incorporated by reference into this proxy statement/prospectus. See Where You Can Find More Information on page [ ].

CenturyLink

CenturyLink, Inc.
100 CenturyLink Drive
Monroe, Louisiana 71203
(318) 388-9000

CenturyLink is an integrated communications company primarily engaged in providing an array of communications services, including local and long distance voice, data, Internet access, broadband, and satellite video services in select markets throughout a substantial portion of the continental United States. In certain local and regional markets, CenturyLink also sells communications equipment and provides fiber transport, competitive local exchange carrier, security monitoring, and other communications, professional and business information services. Shares of CenturyLink common stock trade on the NYSE under the stock symbol CTL.

On April 1, 2011, CenturyLink acquired Qwest in a merger transaction, which substantially expanded the size and scope of its business. CenturyLink estimates that immediately following that merger it operated approximately 15.0 million access lines and served approximately 5.4 million broadband customers and 1.7 million satellite video subscribers, based upon operating data of CenturyLink and Qwest as of March 31, 2011.

Additional information about CenturyLink and its subsidiaries is included in documents incorporated by reference into this proxy statement/prospectus. See Where You Can Find More Information on page [ ].

Mimi Acquisition Company

Mimi Acquisition Company, a wholly owned subsidiary of CenturyLink, is a Delaware corporation formed on April 26, 2011 for the purpose of effecting the merger. Upon completion of the merger, Mimi Acquisition Company will be merged with and into Savvis and the name of the resulting company will be SAVVIS, Inc.

Mimi Acquisition Company has not conducted any activities other than those incidental to its formation and the matters contemplated by the merger agreement, including the preparation of applicable regulatory filings in connection with the merger.

Table of Contents

THE SAVVIS SPECIAL MEETING

Date, Time and Place

The special meeting of Savvis stockholders is scheduled to be held at [: A.M.], local time, on [ ], 2011 at 1 Savvis Parkway, Town & Country, Missouri 63017.

Purpose of the Savvis Special Meeting

The special meeting of Savvis stockholders is being held:

to adopt the Agreement and Plan of Merger, dated as of April 26, 2011, among CenturyLink, Mimi Acquisition Company, a wholly owned subsidiary of CenturyLink, and Savvis, pursuant to which Mimi Acquisition Company will be merged with and into Savvis and each outstanding share of common stock of Savvis (other than shares held by stockholders who properly exercise dissenters rights) will be converted into the right to receive $30.00 in cash, and a fraction of a share of CenturyLink common stock equal to (x) $10.00 divided by (y) the volume weighted average trading price of CenturyLink common stock over the 30 trading day period ending three trading days prior to the closing, which we refer to as the CenturyLink 30-day average price, except that if the CenturyLink 30-day average price is less than or equal to $34.42, each such Savvis share will instead be converted into the right to receive $30.00 in cash and 0.2905 of a CenturyLink share, in each case with cash paid in lieu of fractional shares;

to vote upon an adjournment of the special meeting of Savvis stockholders, if necessary or appropriate, in the view of the Savvis board of directors, to solicit additional proxies in favor of the proposal to adopt the merger agreement if there are not sufficient votes at the time of such adjournment to adopt the merger agreement; and

to approve, on a (non-binding) advisory basis, the compensation to be paid to Savvis named executive officers that is based on or otherwise relates to the merger, discussed under the section entitled The Merger Financial Interests of Savvis Directors and Executive Officers in the Merger Potential Payments upon a Termination In Connection with a Change in Control beginning on page [ ].

Recommendations of the Board of Directors of Savvis

The Savvis board of directors has determined that entering into the merger agreement was in the best interests of Savvis and its stockholders and declared the merger agreement advisable.

The Savvis board of directors unanimously recommends that you vote FOR the proposal to adopt the merger agreement, FOR the adjournment proposal and FOR the named executive officer merger-related compensation proposal.

Record Date; Stock Entitled to Vote

Only holders of record of shares of Savvis common stock at the close of business on [ ], 2011 are entitled to notice of, and to vote at, the Savvis special meeting and at an adjournment of the meeting. We refer to this date as the record date for the meeting. A complete list of stockholders of record of Savvis entitled to vote at the Savvis special meeting will be available for the 10 days before the Savvis special meeting at Savvis executive offices and principal place of business at 1 Savvis Parkway, Town & Country, Missouri 63017 for inspection by stockholders of Savvis during

ordinary business hours for any purpose germane to the Savvis special meeting. The list will also be available at the Savvis special meeting for examination by any stockholder of Savvis of record present at the special meeting.

In connection with the execution of the merger agreement, Welsh, Carson, Anderson & Stowe VIII, L.P., which we refer to as WCAS, and certain related parties (which we refer to collectively with WCAS as the WCAS stockholders) have entered into a voting agreement, dated as of April 26, 2011, with CenturyLink. As of May 16, 2011, there were 13,105,304 shares, constituting approximately 22.8% of the outstanding common

Table of Contents

stock of Savvis, subject to the voting agreement. The WCAS stockholders have agreed in the voting agreement to vote all shares of Savvis common stock beneficially owned by them (i) in favor of the adoption of the merger agreement and any action reasonably requested by CenturyLink in furtherance thereof, (ii) against any action or agreement that would reasonably be expected to result in a breach of the merger agreement by Savvis or the voting agreement by any WCAS stockholder, (iii) against any change in the board of directors of Savvis and (iv) against any alternative takeover proposals with a third party and any action involving Savvis that is intended, or would reasonably be expected, to interfere with or delay the merger, among other things.

As of the record date for the Savvis special meeting, the directors and executive officers of Savvis as a group owned and were entitled to vote [ ] shares of the common stock of Savvis, or approximately [ ]% of the outstanding shares of the common stock of Savvis on that date. Savvis currently expects that its directors and executive officers will vote their shares in favor of adoption of the merger agreement, but, other than Patrick J. Welsh and Thomas E. McInerney, who, as WCAS stockholders, are parties to the voting agreement with CenturyLink, none of Savvis directors or executive officers have entered into any agreement obligating them to do so.

Quorum

A quorum is necessary to hold a valid special meeting of Savvis stockholders. A quorum will be present at the Savvis special meeting if the holders of a majority of the outstanding shares of the common stock of Savvis entitled to vote on the record date are present, in person or by proxy. If a quorum is not present at the Savvis special meeting, Savvis expects the presiding officer to adjourn the special meeting in order to solicit additional proxies. Abstentions and broker non-votes will be counted as present for purposes of determining whether a quorum is present.

Required Vote

The adoption of the merger agreement requires the affirmative vote of holders of a majority of the outstanding shares of common stock of Savvis entitled to vote on the proposal. The adjournment proposal and the named executive officer merger-related compensation proposal each requires the affirmative vote of holders of a majority of the shares of Savvis common stock entitled to vote on the proposal present or represented by proxy at the special meeting.

Abstentions and Broker Non-Votes

Your failure to vote, or failure to instruct your broker, bank or nominee to vote, will have the same effect as a vote against the proposal to adopt the merger agreement, but will have no effect on the adjournment proposal or the named executive officer merger-related compensation proposal. Your abstention from voting will have the same effect as a vote against the proposal to adopt the merger agreement, the adjournment proposal and the named executive officer merger-related compensation proposal.

Voting at the Special Meeting

Whether or not you plan to attend the Savvis special meeting, please promptly vote your shares of Savvis common stock by proxy to ensure your shares are represented at the meeting. You may also vote in person at the Savvis special meeting.

Voting in Person

If you plan to attend the Savvis special meeting and wish to vote in person, you will be given a ballot at the special meeting. Please note, however, that if your shares of Savvis common stock are held in street name, which means your shares of Savvis common stock are held of record by a broker, bank or other nominee, and you wish to vote at the

Savvis special meeting, you must bring to the Savvis special meeting a proxy from the record holder (your broker, bank or nominee) of the shares of Savvis common stock authorizing you to vote at the Savvis special meeting.

Table of Contents

Voting by Proxy

You should vote your proxy even if you plan to attend the Savvis special meeting. You can always change your vote at the Savvis special meeting.

Your enclosed proxy card includes specific instructions for voting your shares of Savvis common stock. Savvis electronic voting procedures are designed to authenticate your identity and to ensure that your votes are accurately recorded. When the accompanying proxy is returned properly executed, the shares of Savvis common stock represented by it will be voted at the Savvis special meeting or any adjournment thereof in accordance with the instructions contained in the proxy.

If you return your signed proxy card without indicating how you want your shares of Savvis common stock to be voted with regard to a particular proposal, your shares of Savvis common stock will be voted in favor of each such proposal. Proxy cards that are returned without a signature will not be counted as present at the Savvis special meeting and cannot be voted.

If your shares of Savvis common stock are held in an account with a broker, bank or other nominee, you have received a separate voting instruction card in lieu of a proxy card and you must follow those instructions in order to vote.

Revocation of Proxies or Voting Instructions

You have the power to revoke your proxy at any time before your proxy is voted at the Savvis special meeting. You can revoke your proxy or voting instructions in one of four ways:

- you can grant a new, valid proxy bearing a later date;
- you can send a signed notice of revocation;
- if you are a holder of record of Savvis common stock on the record date for the Savvis special meeting, you can attend the Savvis special meeting and vote in person, which will automatically cancel any proxy previously given, or you can revoke your proxy in person, but your attendance alone will not revoke any proxy that you have previously given; or
- if your shares of Savvis common stock are held in an account with a broker, bank or other nominee, you must follow the instructions on the voting instruction card you received in order to change or revoke your instructions.

If you choose either of the first two methods, your notice of revocation or your new proxy must be received by Savvis Corporate Secretary at 1 Savvis Parkway, Town & Country, Missouri 63017 no later than the beginning of the Savvis special meeting.

Solicitation of Proxies

In accordance with the merger agreement, the cost of proxy solicitation for the Savvis special meeting will be borne by Savvis. In addition to the use of the mail, proxies may be solicited by officers and directors and regular employees of Savvis, without additional remuneration, by personal interview, telephone, facsimile or otherwise. Savvis will also request brokers, banks and nominees to forward proxy materials to the beneficial owners of shares of Savvis common

stock held of record on the record date and will provide customary reimbursement to such firms for the cost of forwarding these materials. Savvis has retained Innisfree M&A Incorporated to assist in its solicitation of proxies and has agreed to pay them a fee of approximately $25,000, plus reasonable expenses, for these services.

Table of Contents

THE MERGER

Effects of the Merger

Upon completion of the merger, Mimi Acquisition Company, a wholly owned subsidiary of CenturyLink formed for the purpose of effecting the merger, will merge with and into Savvis. Savvis will be the surviving corporation in the merger and will thereby become a wholly owned subsidiary of CenturyLink.

In the merger, each outstanding share of Savvis common stock (other than shares owned by Savvis, CenturyLink, or Mimi Acquisition Company, which will be cancelled, and other than shares held by holders who properly exercise dissenters rights) will be converted on the effective date of the merger into the right to receive (i) $30.00 in cash and (ii) a fraction of a share of CenturyLink common stock at an exchange ratio equal to (x) $10.00 divided by (y) the volume-weighted average trading price of CenturyLink common stock over the 30 trading day period ending three trading days prior to the closing (which we refer to as the CenturyLink 30-day average price), except that if the CenturyLink 30-day average price is less than or equal to $34.42, each such Savvis share will be converted into the right to receive $30.00 in cash and 0.2905 of a CenturyLink share. The exchange ratio mechanism effectively provides for the stock consideration to have a fixed value (based on the CenturyLink 30-day average price) of $10.00 per share of Savvis common stock so long as the CenturyLink 30-day average price is at least $34.42. Cash will be paid in lieu of any fractional shares.

See Comparison of Shareholder Rights beginning on page [ ] for a summary of the material differences between the rights of holders of CenturyLink common stock and the rights of holders of Savvis common stock.

Background of the Merger

Savvis operates in a rapidly changing, capital-intensive industry that is increasingly characterized by larger competitors with a lower cost of capital and greater resources. Savvis board of directors and management periodically reviews and assesses its position in the market, as well as financial and strategic alternatives that would maximize stockholder value.

As part of these periodic reviews, the Savvis board of directors regularly discussed the prospects of Savvis network business, including the portions of Savvis network services that are either in slower growth or declining markets or are not directly tied to the future growth of Savvis network and hosting businesses, which portions we refer to as the sustaining network business. In particular, the Savvis board of directors has previously evaluated the impact of Savvis sustaining network business on the company s overall growth profile, and considered whether to divest the sustaining network business or its entire network business as well as other strategic alternatives. But for several reasons, including the difficulty of separating out the portions of the network business that are necessary to support the hosting business, the Savvis board of directors believed that such a divestiture was not a feasible strategy.

Over the past year, the hosting industry has seen rapid and significant consolidation, as new well-capitalized entrants have invested in the industry and existing competitors have sought to lower their operating costs by combining operations. Amidst this consolidation and increasing competitive pressure caused by larger competitors with lower cost of capital, the Savvis board of directors continued to focus on ways to maximize stockholder value, including evaluating various potential strategic alternatives, such as raising capital to fund organic growth or acquisitions, joint ventures, divesting Savvis sustaining network business, and a potential sale of all of the stock or assets of Savvis.

At a meeting of the Savvis board of directors held on August 4, 2010, Barclays Capital, which had been invited to present to the Savvis board of directors in connection with the board s evaluation of ways to maximize Savvis stockholder value, gave a detailed presentation on numerous topics, including Savvis competitive position, market perception, current market environment, current market value, relevant strategic transactions, and how Savvis could continue to create incremental value for its stockholders. Barclays Capital did not enter into an engagement letter with Savvis with respect to a possible transaction. The Savvis board of

Table of Contents

directors reviewed the company s record of executing against the existing management plan, and evaluated and discussed several strategic options including acquisition opportunities, partial divestitures and a potential sale of Savvis.

Following the board meeting, Savvis Chairman and Chief Executive Officer, James E. Ousley, and Chief Financial Officer, Gregory W. Freiberg, had ongoing, periodic discussions with several large investment banking firms and boutique financial advisory firms to discuss Savvis existing valuation, market position and the prospects for either a sale of Savvis or a strategic transaction to support its long-term growth in the hosting industry.

In November of 2010, Savvis largest stockholder, Welsh, Carson, Anderson & Stowe, VIII, L.P., which we refer to as WCAS, informed Mr. Ousley of its intent to explore opportunities to exit its long term, mature investment in Savvis. On November 26, 2010, Savvis entered into a non-disclosure agreement with a significant stockholder of Savvis, which we refer to as Company A. Company A requested that Savvis provide Company A with certain investor rights in connection with a proposed purchase by Company A of a block of Savvis common stock from WCAS. In connection with considering Company A s request, the Savvis board of directors sought appropriate safeguards to protect value for all Savvis stockholders, including a standstill agreement. Discussions with respect to this proposed transaction were terminated in December 2010 as the parties ultimately could not reach agreement on certain terms.

On December 7, 2010, WCAS distributed 5 million shares of Savvis, or approximately one quarter of its equity stake at that time, to its general and limited partners.

In early January 2011, Company A approached Savvis again, this time to discuss a substantial direct equity investment in Savvis combined with a purchase of Savvis shares then held by WCAS. The Savvis board of directors considered using the proceeds of this proposed issuance for various capital expenditures and to fund international expansion or selective acquisitions that would further Savvis ability to compete in a consolidating industry with significant capital expenditure requirements.

On January 13, 2011, Company A provided Savvis with an indicative term sheet setting forth the proposed terms of the equity issuance. The Savvis board of directors considered this offer, but did not reach agreement with Company A due to valuation concerns, and authorized Mr. Ousley to continue to negotiate in an effort to increase the valuation offered by Company A. As negotiations progressed, Mr. Ousley had discussions with several large investment banking firms and boutique financial advisory firms in an effort to evaluate the value that would be delivered by the proposed transaction with Company A.

As part of the efforts to evaluate value, in late January 2011, Savvis began exploratory discussions regarding several potential strategic transactions.

On January 23, 2011, Mr. Ousley and Mr. Freiberg met with members of management of CenturyLink, including Glen F. Post, III, its Chief Executive Officer and President, R. Stewart Ewing, Jr., its Chief Financial Officer, and Stacey W. Goff, its Executive Vice President, General Counsel and Secretary. Also at the meeting were representatives of Barclays Capital, who had arranged the meeting between Savvis and CenturyLink representatives. CenturyLink had from time to time over the past several years assessed strategic opportunities in the hosting sector, including possible acquisitions of hosting companies, and Barclays Capital had previously discussed with CenturyLink possible acquisition opportunities in the hosting sector, including at a meeting of the CenturyLink board of directors in November 2010. At the January 23, 2011 meeting, the parties discussed the benefits of potential strategic alternatives, such as potential commercial arrangements as well as a possible business combination. No specific proposal was made, however, and the parties agreed to continue discussions of possible strategic alternatives.

On January 24, 2011, Mr. Ousley met with representatives of another potential strategic buyer, which we refer to as Company B, to discuss potential strategic alternatives. The parties discussed the consolidation in the industry and the strategic advantages of a possible combination between Savvis and Company B.

On January 25, 2011, the Savvis board of directors held a telephonic meeting. During this meeting, the Savvis board of directors discussed the proposed terms of the equity investment by Company A. Mr. Ousley

Table of Contents

also provided the Savvis board of directors with an update regarding initial discussions with CenturyLink and Company B regarding a potential strategic transaction. The Savvis board of directors failed to reach agreement on Company A s proposal, but authorized Mr. Ousley to continue negotiations with Company A to increase the valuation proposed by Company A. Shortly thereafter, Mr. Ousley resumed discussions with Company A, but Mr. Ousley and Company A could not reach agreement on valuation and certain other terms, and as a result both parties agreed to defer negotiations of the proposed term sheet and definitive transaction documentation until after Savvis released its fiscal year 2010 financial results on February 8, 2011.

On January 27, 2011, Terremark Worldwide, Inc., a competitor of Savvis and one of the leading managed hosting companies in the industry, announced it had entered into a definitive merger agreement with Verizon Communications, Inc. In the days following this announcement, Savvis experienced significant appreciation in its stock price, which Savvis believed to be the result of market anticipation that Savvis would also become an acquisition target.

On January 28, 2011, Mr. Ousley and Mr. Post spoke again and discussed several different potential strategic transaction structures and the possible benefits of a potential strategic transaction, including the creation of an enhanced network platform with growth opportunities in the hosting business. Mr. Post indicated that CenturyLink would be willing to consider an acquisition of Savvis at a premium to current market prices.

On January 31, 2011, Company B approached Savvis with an interest to pursue more detailed discussions regarding a potential strategic transaction. In connection with Company B s expression of interest, Company B delivered a draft non-disclosure agreement that would protect the confidentiality of any such discussions. After negotiation, on February 3, 2011 Savvis signed a non-disclosure agreement with Company B and provided Company B with initial information regarding Savvis.

On February 1, 2011, NaviSite, Inc., another competitor of Savvis and a managed hosting company, announced it had entered into a definitive merger agreement with Time Warner Cable Inc. Following this announcement, Savvis experienced further appreciation in its stock price, which Savvis believed to be the result of continued speculation that Savvis would also become an acquisition target.

On February 1, 2011, Mr. Ousley received a call from a representative of an international telecommunications company and existing partner of Savvis, which we refer to as Company C, who expressed interest in exploring strategic options with Savvis. The parties agreed to draft a non-disclosure agreement to facilitate further discussions.

During the month of February, Savvis met with a number of large investment banking firms, including Morgan Stanley, and boutique financial advisory firms, in connection with its consideration of potential financial advisors to assist it regarding the evaluation of strategic options, including by assessing the competitive landscape, exploring alternative financing options and developing a list of potential candidates to contact regarding a potential acquisition of Savvis.

From February 4, 2011 through February 11, 2011, Savvis negotiated a non-disclosure agreement with CenturyLink. On February 11, 2011, Savvis entered into a non-disclosure agreement with a subsidiary of CenturyLink, CenturyTel Service Group, LLC, and Qwest. Qwest had previously entered into a merger agreement with CenturyLink, and the merger was expected to be completed shortly.

On February 9, 2011, Mr. Ousley and Mr. Freiberg met with several representatives of another financial advisory firm to discuss Savvis valuation, the strategic landscape in the hosting industry and the prospects for an acquisition of Savvis.

On February 11, 2011, representatives of CenturyLink led by Dennis Huber, Executive Vice President, Network Services, had a discussion with representatives of Savvis, including Mr. Freiberg, Michael A. Taylor, Vice President, Network Engineering and Operations, Jens P. Teagan, Vice President, Corporate Development, Bryan S. Doerr, Chief Technology Officer and William D. Fathers, President, regarding business due diligence on Savvis network business. After the meeting, the parties agreed to continue discussions.

Table of Contents

On February 16, 2011, representatives of Savvis, including Messrs. Ousley, Doerr, Fathers, Freiberg and Teagan, and Brian Klingbeil, General Manager, met with representatives from Company B to provide Company B with an overview of Savvis business. After the meeting, the parties agreed to continue discussions.

On February 17, 2011, Savvis met with representatives of Morgan Stanley to consider whether to retain Morgan Stanley as its financial advisor. Savvis also interviewed other large investment banking firms and boutique financial advisory firms in connection with its search for a financial advisor to assist it in exploring potential strategic options.

Also on February 17, 2011, Savvis entered into a non-disclosure agreement with Company C and representatives of Savvis engaged in initial discussions with Company C regarding various strategic transaction structures. Such discussions did not result in any proposal by Company C regarding a potential transaction.

In the middle of February, Company A indicated that it was no longer interested in a strategic investment in Savvis due to the significant appreciation in Savvis stock price from the time that Company A initially began negotiations with Savvis.

On February 22, 2011, at the request of CenturyLink, Merrill Lynch, Pierce, Fenner & Smith Incorporated, which we also refer to as BofA Merrill Lynch, which had been a financial advisor to CenturyLink in its merger transaction with Embarq, made a presentation to the CenturyLink board of directors regarding the hosting industry, CenturyLink s competitive and strategic position in the hosting segment, various potential strategic targets, including Savvis, and a specific evaluation of Savvis as a potential acquisition candidate.

On February 23, 2011, Mr. Ousley and Mr. Fathers met with representatives from Company B to discuss a potential strategic transaction in greater detail. During this discussion, the parties also followed up on their most recent diligence meeting and discussed next steps.

Later in the day on February 23, 2011, Mr. Ousley and Mr. Post continued discussions regarding a potential strategic transaction between Savvis and CenturyLink. At this meeting, the parties also followed up on their most recent diligence meeting and discussed next steps.

On February 24, 2011, at a meeting of the Savvis board of directors, Morgan Stanley reviewed with the board various potential alternatives for maximizing Savvis stockholder value, including potential strategic transactions for Savvis, such as the potential sale of Savvis, potential acquirers, and a preliminary valuation framework including implied valuations for Savvis based on customary methodologies. Also at this meeting, the Savvis board of directors evaluated and considered a spectrum of strategic options including an equity investment by or sale of the entire company to potential strategic or financial acquirers, refinancing Savvis existing debt and raising additional debt to finance acquisitions by Savvis or organic international expansion capital expenditures. Based on Morgan Stanley s presentation and a presentation of the chairman of the Savvis board of directors in executive session, the Savvis board of directors considered both potential strategic and financial acquirers, with an emphasis on acquirers with a strategic rationale to acquire Savvis that would maximize valuation. At that time, the Savvis board of directors evaluated the alternatives and authorized continued discussions with the two potential acquirers that had already begun due diligence, CenturyLink and Company B, as well as additional potential buyers. The Savvis board of directors also authorized Savvis management to pursue a process to maximize stockholder value with the assistance of Morgan Stanley.

On March 2, Mr. Ousley updated the board of directors on discussions with CenturyLink and Company B as well as the results to date of Morgan Stanley s ongoing consideration of potential buyers.

On March 9, 2011, Mr. Ousley and Mr. Post met and discussed a potential transaction, including the strategic advantages of combining the two companies.

On March 10, 2011, Morgan Stanley contacted Company B to determine whether Company B was interested in further discussing a potential transaction with Savvis. Company B indicated that it was interested in continuing to review information and pursuing discussions.

Table of Contents

On March 11, 2011, Savvis discussed a potential transaction with another potential strategic acquirer, which we refer to as Company D, and the parties agreed to continue discussions. Such discussions did not result in any proposal by Company D regarding a potential transaction.

On March 15, 2011, Savvis executed a non-disclosure agreement with another potential strategic acquirer, which we refer to as Company E, to facilitate Company E s due diligence on Savvis and exploration of a potential transaction.

On March 15, 2011, Mr. Ousley briefed the Savvis board of directors on discussions with CenturyLink and Company B, including the results of and feedback from in person diligence sessions that had been conducted with each, as well as the non-disclosure agreement and initial information provided to Company E.

In mid-March, at the direction of Savvis, Morgan Stanley contacted Company D again, as well as two other potential strategic acquirers, which we refer to as Company F and Company G, to assess their interest in a potential transaction with or acquisition of Savvis.

On March 16, 2011, Morgan Stanley briefed Savvis management about its discussions with Company F and indicated that, based on Company F s response, it did not appear that an acquisition proposal on attractive terms was a likely outcome. As a result, Savvis instructed Morgan Stanley to keep Company F apprised of developments but to prioritize other potential buyers who had expressed stronger interest in a potential transaction. At the direction of Savvis, Morgan Stanley also engaged in additional efforts to solicit interest from Company E in a potential transaction with Savvis.

On March 22, 2011, Morgan Stanley reported that a potential strategic acquirer, which we refer to as Company H, had requested a meeting to determine whether to move forward with a potential strategic transaction. Savvis instructed Morgan Stanley to arrange such a meeting.

On March 23, 2011, representatives from CenturyLink, including Mr. Ewing, attended in-depth business presentations from the Savvis leadership team, including Messrs. Fathers, Doerr, Freiberg, Klingbeil and Teagan and Jeffrey H. Von Deylen, Senior Vice President, Global Operations and Global Client Services. At this meeting, CenturyLink provided Savvis with information on its hosting business and the anticipated structure of CenturyLink following the closing of its acquisition of Qwest. Savvis gave a comprehensive presentation about its business, potential growth opportunities, a financial overview and the benefits and possible cost and revenue synergies that might result from a strategic transaction with CenturyLink. In the meeting, CenturyLink representatives indicated that they thought Savvis was a good cultural fit, and that CenturyLink was prepared to further pursue a potential transaction. As a result of the meeting, Savvis determined that CenturyLink was seriously interested in pursuing a potential transaction, but at that time was focused on the closing of the Qwest transaction.

At a meeting of the CenturyLink board of directors, also on March 23, 2011, Mr. Post provided an update to the board regarding discussions held to date between the managements of CenturyLink and Savvis, preliminary due diligence findings, timing considerations, certain strategic considerations, and certain risks associated with such a transaction.

Also on March 23, 2011, at the direction of Savvis, Morgan Stanley spoke with Company E and Company H. Each of these companies later indicated that it was unwilling to pursue a potential transaction.

On March 24, 2011, at the direction of Savvis, Morgan Stanley talked with certain senior management of Company F about a potential transaction. Company F did not indicate any interest in pursuing a potential transaction.

On March 25, 2011, Mr. Post communicated to Mr. Ousley that CenturyLink would like to continue discussions regarding a potential transaction.

On March 29, 2011, Company E confirmed to Morgan Stanley that it had decided not to pursue a potential transaction with Savvis. Also on that date, Morgan Stanley spoke with Mr. Ewing of CenturyLink, who indicated that CenturyLink was interested in additional discussions with Savvis following the closing of the Qwest acquisition, which was scheduled for April 1, 2011.

Table of Contents

On March 31, 2011, CenturyLink requested that Barclays Capital, which had been a financial advisor to CenturyLink in its merger transactions with Embarq and Qwest, serve as its financial advisor, along with BofA Merrill Lynch, in connection with the potential transaction with Savvis.

In the course of discussions in late March and early April, CenturyLink proposed a merger with consideration of $38.00 per share of which 75% would be cash and 25% would be stock, based on a fixed exchange ratio.

On April 4, 2011, executive officers of Savvis and CenturyLink engaged in discussions regarding the potential valuation of Savvis in the context of an acquisition of Savvis by CenturyLink. At that time, the parties were unable to agree on valuation.

On April 7, 2011, a representative of Morgan Stanley spoke with Mr. Post who reaffirmed that he strongly believed in the strategic logic of the transaction, but remained concerned about valuation. In response to questions from the representative of Morgan Stanley, Mr. Post indicated that valuation was the principal issue regarding a potential transaction.

On April 8, 2011, Mr. Freiberg and Mr. Teagan from Savvis and Mr. Ewing and Bryan Taylor, Vice President, Corporate Development of CenturyLink had a call to discuss the potential transaction. On this call, CenturyLink made extensive diligence requests in order to better understand Savvis and Savvis indicated that it would not provide CenturyLink access to further due diligence data until CenturyLink could confirm that it was authorized to, and did in fact, increase its proposed price for Savvis. Also on April 8, 2011, Company G informed Morgan Stanley that it had decided not to pursue a potential transaction with Savvis.

On April 12, 2011, Mr. Post and Mr. Ousley discussed a potential price of $40.00 per share. At this point, Savvis agreed to provide CenturyLink with access to its due diligence dataroom, which was opened to CenturyLink on April 15, 2011. On April 13, 2011, Barclays Capital conveyed on behalf of CenturyLink to Morgan Stanley a request that Savvis enter into a 35-day exclusivity agreement, which Savvis declined. However, CenturyLink continued its due diligence efforts.

On April 13, 2011, at the direction of Savvis, Morgan Stanley contacted another potential strategic acquirer, which we refer to as Company I, who asked for additional information, including some of Savvis public filings. On April 16, 2011, Company I indicated that it was not interested in pursuing a transaction with Savvis.

On April 14, 2011, Peter J. Bazil, Savvis Vice President, General Counsel and Secretary, and Mr. Goff of CenturyLink had an initial discussion regarding the potential transaction. During the call, Mr. Goff informed Mr. Bazil that he had instructed Wachtell, Lipton, Rosen & Katz, counsel to CenturyLink, which we refer to as Wachtell Lipton, to begin drafting a merger agreement.

On April 15, 2011, on a call among representatives of CenturyLink, Wachtell Lipton, Jones, Walker, Waechter, Poitevent, Carrère & Denègre L.L.P., which we refer to as Jones Walker, also counsel to CenturyLink, Savvis and Wilson Sonsini Goodrich & Rosati, which we refer to as WSGR, counsel to Savvis, the parties began preliminary discussion and negotiation of certain key terms of a potential transaction, including, price and structure, financing, regulatory matters, diligence and timing, exclusivity, deal protection features, treatment of equity awards and closing conditions. With respect to price and structure, CenturyLink proposed a merger with consideration of $40.00 per share of which 75% would be cash and 25% would be stock, based on a fixed exchange ratio. Savvis indicated that the structure of the exchange ratio for any equity component of the merger consideration would require further discussion, in order to minimize price risk to Savvis stockholders. In regards to timing, Savvis suggested the parties work towards signing a definitive agreement by April 27, 2011, the date of Savvis planned release of its first quarter earnings. CenturyLink requested that Savvis enter into a 35-day exclusivity agreement commencing on April 19 after meetings

of the respective boards of directors. The representative of Wachtell Lipton previewed certain terms that CenturyLink

Table of Contents

proposed to include in its draft merger agreement, including that the closing of the transaction be conditioned upon certain key employees of Savvis remaining in place at closing pursuant to employment agreements to be entered into with CenturyLink at the time of execution of the merger agreement, a termination fee equal to 3.5% of the equity value of the proposed transaction, a force the vote provision requiring Savvis to hold its stockholder meeting to approve the proposed transaction even if the Savvis board of directors were to change its recommendation with respect to the proposed transaction, and a requirement that WCAS and certain related parties, which we refer to collectively with WCAS as the WCAS stockholders, enter into a voting agreement in connection with the transaction, which we refer to as the voting agreement. The representative of WSGR indicated that all of these proposed terms would require further discussion and negotiation between the parties.

On April 17, 2011, the Savvis board of directors held a special meeting, at which meeting Savvis senior management and representatives from WSGR and Morgan Stanley were present. A representative of Morgan Stanley provided an overview of CenturyLink s preliminary proposal and reviewed a preliminary valuation analysis of Savvis and CenturyLink. Morgan Stanley also reported on the status of their discussions with potential acquirers, including Company B s lack of interest in taking further steps to pursue a potential strategic transaction with Savvis despite an ongoing dialogue with Company B and Morgan Stanley concerning such steps. The representative of WSGR then reviewed the fiduciary duties of the board of directors in connection with a potential transaction, including considerations relating to the request by CenturyLink for an exclusivity agreement. At the meeting, the Savvis board of directors resolved to establish a Mergers and Acquisitions Committee to facilitate effective communications and for administrative convenience, which we refer to as the Mergers and Acquisitions Committee or the Committee, chaired by Dr. Pellow and consisting of Dr. Pellow, Mr. Heintzelman and Mr. McInerney, all of whom are independent directors and one of whom (Mr. McInerney) is associated with WCAS. The Savvis board of directors also authorized management to enter into an exclusivity agreement with CenturyLink, with an exclusivity period not to exceed 14 days, with other specific terms as approved by the Mergers and Acquisitions Committee.

On April 19, 2011, at a meeting of the CenturyLink board of directors, the board received a presentation regarding Savvis from Messrs. Ousley, Fathers and Von Deylen and a presentation, including preliminary financial analyses, from Barclays Capital and BofA Merrill Lynch. The CenturyLink board discussed a proposed transaction with Savvis and authorized management to continue negotiations. Following the board meeting, Mr. Ousley and Mr. Post discussed the status of the transaction, and Savvis interest in seeking to enter into and announce a transaction as soon as practicable. Also on that day, Wachtell Lipton delivered a draft merger agreement to WSGR. Among other things, the merger agreement reflected a fixed exchange ratio, a force-the-vote provision, the voting agreement, an $85 million termination fee, which was equal to approximately 3.5% of the equity value of the proposed transaction, a provision giving CenturyLink five business days to match any superior proposal submitted by a third party before the Savvis board could change its recommendation with respect to the CenturyLink transaction, a provision permitting either party to terminate the agreement if the closing did not occur by January 31, 2012 (subject to possible extension in certain circumstances), a requirement for certain key employees to agree to employment arrangements with CenturyLink at signing and be in place following the closing, no financing contingency, a commitment to pursue required regulatory approvals, a definition of material adverse effect with numerous exceptions to what constitutes a material adverse effect, and rollover of Savvis equity awards into CenturyLink equity awards.

On April 20, 2011, the Mergers and Acquisitions Committee held a meeting at which Mr. Ousley and Mr. Bazil were present. Mr. Bazil reviewed the terms of the draft merger agreement provided by CenturyLink, which Mr. Bazil had provided to the Committee. In his review, Mr. Bazil reviewed CenturyLink s proposed fixed exchange ratio and the cash and stock nature of CenturyLink s proposal. Mr. Bazil also reviewed certain key deal protection measures, including the proposed force-the-vote provision, the voting agreement, $85 million termination fee, and the request by CenturyLink for a five business day right to match any superior proposal submitted by a third party. Mr. Bazil then reviewed matters impacting the likelihood that the transaction would close including the proposed conditions to closing of the merger, the requirement that certain key executives remain employed at closing, regulatory matters, and

the financing of the transaction. Mr. Bazil also discussed the potential treatment of equity awards in the transaction, including the potential

impact of such treatment on employee retention for the period between signing of the merger agreement and closing of the transaction and the effect that failing to retain key employees may have in the event that the transaction was not consummated. The members of the Mergers and Acquisitions Committee discussed the draft agreement and authorized management to provide a revised draft of the merger agreement to CenturyLink and instructed management and WSGR to discuss and negotiate the draft agreement with CenturyLink and Wachtell Lipton. The Mergers and Acquisitions Committee discussed the proposed terms of the draft exclusivity agreement presented by CenturyLink. After discussion and consideration of factors relevant to entering into an exclusivity arrangement, including the relatively brief duration of the exclusivity agreement, the lack of responses or inquiries from other third parties notwithstanding the efforts by Savvis to solicit other business combination proposals from strategic buyers, and the terms and conditions of the CenturyLink proposal, the Mergers and Acquisitions Committee authorized Savvis to enter into the exclusivity agreement with an expiration date of May 3, 2011 and certain other terms more favorable to Savvis than the draft provided by CenturyLink.

On April 21, 2011, the exclusivity agreement between Savvis and CenturyLink was executed, which provided for an exclusivity period through May 3, 2011.

Also on April 21, 2011, Wachtell Lipton delivered a draft of the voting agreement to WCAS, Savvis and Ropes & Gray, counsel to WCAS.

On April 22, 2011, Ropes & Gray delivered a revised draft of the voting agreement to CenturyLink and Wachtell Lipton, which provided that the voting agreement would terminate in the event that the Savvis board of directors changed its recommendation in response to a superior proposal. Also on April 22, 2011, Wachtell Lipton delivered to Savvis draft employment agreements to be entered into by Messrs. Ousley, Fathers, Doerr and Von Deylen that were substantially similar to their existing employment agreements with Savvis.

On April 23, 2011, the Mergers and Acquisitions Committee held a meeting at which Savvis senior management and outside legal counsel, WSGR, and financial advisors, Morgan Stanley, were present. A representative of WSGR reviewed the terms of the most recent draft of the Merger Agreement received from CenturyLink, including a review of the parties respective positions with regard to certain key terms. A representative of Morgan Stanley then updated the Committee on Morgan Stanley s discussions with BofA Merrill Lynch and Barclays Capital, the financial advisors to CenturyLink, regarding the exchange ratio for the portion of the purchase price that would be paid in stock, which CenturyLink continued to insist should be fixed in order to provide certainty as to the number of shares issuable in the transaction. The members of the Committee discussed the terms of the draft Merger Agreement. The Committee then discussed retention of key management during the period between signing of the merger agreement and closing of the transaction and the effect that failing to retain key employees may have in the event that the transaction was not consummated, and noted the importance of the treatment of employee equity awards to retaining key management during the period between signing and closing. The Committee authorized management to continue to negotiate the terms of the proposed merger agreement.

Throughout this period, CenturyLink and Savvis and their respective advisors engaged in discussions on the terms of the merger agreement and CenturyLink, Savvis, WCAS and their respective advisors engaged in discussions on the terms of the voting agreement, and the parties exchanged drafts of these agreements reflecting these negotiations. On April 25, 2011, representatives of CenturyLink and Savvis reached an agreement at a meeting in St. Louis on terms to propose to their respective boards of directors. Regarding the stock component of the merger consideration, the parties agreed to a floating exchange ratio based on the volume-weighted average trading price of CenturyLink common stock over a 30 trading day period prior to closing, subject to a downside collar pursuant to which the exchange ratio would cease to increase if such average price fell more than 15% from the volume-weighted average trading price of CenturyLink s common stock over the 30 trading day period ending on April 25, 2011. The parties also agreed on deal protection mechanisms as well as the treatment of Savvis outstanding equity awards in the merger.

In addition, although the parties had held discussions concerning the possible continued employment of Messrs. Ousley, Fathers, Doerr and Von Deylen following the closing of the merger and providing such executive officers with retention awards either pursuant to the new employment agreements or as stand-alone

Table of Contents

arrangements, CenturyLink determined to defer any further discussions with respect to these matters until after execution of the merger agreement.

Also on April 25, 2011, Wachtell Lipton delivered a revised draft of the voting agreement to WCAS, Ropes & Gray, Savvis and WSGR, providing that such voting agreement would terminate in the event that the Savvis board of directors changed its recommendation in response to a superior proposal.

On April 26, 2011, CenturyLink, Wachtell Lipton and Jones Walker and Savvis and WSGR continued to negotiate the terms of the merger agreement. Wachtell Lipton then delivered a revised draft of the merger agreement to Savvis and WSGR.

On April 26, 2011, the Mergers and Acquisitions Committee met. Messrs. Ousley and Bazil and representatives of WSGR and Morgan Stanley were also present. Mr. Ousley reviewed the terms of the most recent draft merger agreement provided by CenturyLink, as well as the proposed resolution of certain key terms based upon discussions between Mr. Ousley and Mr. Bazil and their counterparts Mr. Post and Mr. Goff, at CenturyLink. Mr. Ousley reviewed the proposed terms resulting from negotiation with CenturyLink, including the proposed floating exchange ratio, subject to up to 15% downside collar protection, equity award treatment, force-the-vote provision, the voting agreement, including that such agreement would terminate upon a board change of recommendation in response to a superior proposal, $85 million termination fee, and lack of any closing conditions requiring certain key executives to be in place at closing. The Mergers and Acquisitions Committee then reviewed the results and progress in negotiations with CenturyLink, the results of the efforts by Savvis and its financial advisor to solicit alternative proposals prior to the exclusivity period, and the financial terms of the proposed transaction with CenturyLink. After discussion, the Committee unanimously resolved to recommend that the board of directors of Savvis adopt and approve the draft Merger Agreement.

On April 26, 2011, CenturyLink s board of directors met to consider the negotiated terms of the proposed transaction. Mr. Post provided an update on and overview of the transaction to the board, following which members of CenturyLink management summarized the due diligence conducted by CenturyLink and its advisors on Savvis. A representative of Wachtell Lipton then reviewed the directors fiduciary duties in connection with their consideration of the transaction.Mr. Ewing then discussed the potential synergies of the transaction, following which representatives of BofA Merrill Lynch and Barclays Capital provided a presentation regarding the transaction. A representative of Wachtell Lipton and Mr. Goff then reviewed the terms of the merger agreement and voting agreement, and discussed employee matters in connection with the transaction. Following discussion, CenturyLink s board of directors declared by unanimous vote of the directors present that the merger and the other transactions contemplated by the merger agreement were advisable and in the best interests of CenturyLink and its shareholders and approved the merger agreement.

On April 26, 2011, the Savvis board of directors met. Messrs. Ousley, Freiberg and Bazil as well as representatives of WSGR and Morgan Stanley were present. A representative of Morgan Stanley summarized the due diligence conducted by Savvis and its advisors on CenturyLink, including short-term and long-term estimates of CenturyLink s financial results derived from public sources, and CenturyLink s integration of Qwest. The representatives of Morgan Stanley then summarized the key terms of the proposed transaction and provided an overview of the process conducted by Savvis and its financial advisor. The representatives of Morgan Stanley then reviewed with the board of directors its financial analyses regarding the proposed transaction with CenturyLink, following which the representatives of Morgan Stanley delivered to the board of directors of Savvis its oral opinion that, as of such date, and based upon and subject to the various assumptions, considerations, qualifications and limitations set forth in its written opinion, the consideration to be received by holders of shares of Savvis common stock (other than holders of certain excluded shares) pursuant to the merger agreement was fair, from a financial point of view, to such holders. Morgan Stanley subsequently confirmed this opinion in writing. See The Merger Opinion of Morgan Stanley & Co.

Incorporated. A representative of WSGR reviewed the directors fiduciary duties. Prior to the meeting, the board of directors was provided with a full written presentation regarding the directors fiduciary duties and a detailed summary of the terms of the transaction and the proposed merger agreement. Representatives of WSGR then reviewed the terms of the proposed merger agreement as well as the results of the legal due

Table of Contents

diligence conducted by WSGR with respect to CenturyLink. Dr. Pellow provided an overview of the Mergers and Acquisitions Committee s process and discussed the efforts previously undertaken to solicit business combination proposals from other potential acquirers. Dr. Pellow, on behalf of the Mergers and Acquisition Committee, presented the Mergers and Acquisitions Committee s formal unanimous recommendation that the board of directors approve the merger agreement. Following discussion, the Savvis board of directors declared by unanimous vote of all directors present that the merger agreement and the merger with CenturyLink were advisable and in the best interests of Savvis stockholders, approved the merger agreement and the merger and recommended that Savvis stockholders adopt the merger agreement.

Following the board meetings, CenturyLink and Savvis and their respective legal advisors finalized the merger agreement, the terms of which are more fully described below under the section entitled The Merger The Merger Agreement beginning on page [ ], and CenturyLink, Savvis and Mimi Acquisition Company executed the merger agreement. CenturyLink and Savvis issued a joint press release before the market opened on April 27, 2011 announcing the entry into the merger agreement.

Savvis Reasons for the Merger and Recommendation of the Savvis Board of Directors

In reaching its conclusion that the merger agreement is advisable and in the best interests of Savvis and its stockholders, the Savvis board of directors consulted with management and legal, financial and other advisors, and considered a variety of factors weighing in favor of or relevant to the merger, including the factors and reasons described below.

Based on the closing price of Savvis common stock as of April 26, 2011, the last full trading day immediately prior to the meeting of the Savvis board of directors held on the evening of April 26, 2011, the merger consideration represented at that time a premium of approximately 11% to Savvis stockholders over the closing price of Savvis common stock on April 26, 2011 and 51% over the closing price on January 26, 2011, the day prior to the announcement of the proposed acquisition of Terremark Worldwide by Verizon Communications, after which Savvis stock price increased substantially due principally, Savvis believes, to market anticipation that Savvis would also become an acquisition target;

The certainty of value and liquidity to Savvis stockholders from the fact that approximately 75% of the consideration is in cash and that the exchange ratio for the stock consideration is designed to offer a fixed value as long as the CenturyLink 30-day average price is at least $34.42, as described more fully in the section entitled The Merger Agreement beginning on page [ ]) and the liquidity offered by CenturyLink s common stock;

Savvis stockholders will receive a portion of the merger consideration in the form of shares of CenturyLink common stock, which will allow Savvis stockholders to share in growth and other opportunities of the combined company;

Savvis financial outlook and prospects if it were to remain an independent company, including the risks associated with successfully executing Savvis business plan and strategy, the impact of general economic conditions, market trends and competition on Savvis operations, and the general risks of market conditions that could reduce the trading price of the shares of Savvis common stock, as well as the other risks and uncertainties discussed in Savvis public filings with the SEC;

The fact that Savvis, as a stand-alone company, would need to grow organically given the limited acquisition opportunities available to Savvis to accelerate realization of Savvis strategic cloud computing emphasis and enhancement of stockholder value;

The limited number of strategic buyers willing and able to purchase and integrate Savvis global network and the possibility that the number of potentially interested strategic buyers could decrease over time as they pursued their own internal or external growth plans;

Savvis worsening prospects due to industry consolidation if it proceeded on a stand-alone basis;

Table of Contents

The difficulties posed by divesting the Company s network business generally or the sustaining network business which is not core to Savvis future growth in its hosting and network business;

The limited strategic alternatives available to Savvis and worsening prospects due to industry consolidation if Savvis engaged in alternative transactions such as international acquisitions or a sale of equity in Savvis;

Savvis need in a highly capital intensive business to potentially supplement operating cash flows with external debt or equity financing, which, depending on market conditions, may not be available to Savvis on terms that are commercially reasonable or at a cost of capital comparable to that of its competitors;

The oral opinion of Morgan Stanley to the Savvis board of directors on April 26, 2011 (which was subsequently confirmed in writing by delivery of Morgan Stanley s written opinion) that, as of such date, and based upon and subject to the various assumptions, considerations, qualifications and limitations set forth in the written opinion, the consideration to be received by holders of shares of the Savvis common stock (other than holders of certain excluded shares) pursuant to the merger agreement was fair from a financial point of view to such holders;

The inherent uncertainty of attaining management s internal financial projections, including those set forth in the section entitled Certain Forecasts Prepared by the Management of Savvis beginning on page [ ], including management s qualifications thereof and management s statements with respect to the inherent uncertainty of, and risks in achieving, such projections and the facts that Savvis actual financial results in future periods could differ materially from management s forecasted results;

Savvis management s view of the expected realization of synergies following the combination of CenturyLink and Savvis, the strength of the combined company s network and balance sheet, and its ability to pursue opportunities that may not be available to Savvis as a stand-alone company;

The achievability of the publicly available forecasts relating to CenturyLink s stand-alone business;

The structure of the merger and the terms and conditions of the merger agreement, including the provisions requiring both CenturyLink and Savvis to use efforts to obtain required approvals and satisfy the closing conditions to the merger (see the section entitled The Merger Agreement beginning on page [ ]);

The strategic review process undertaken by the Savvis board of directors and its Mergers and Acquisitions Committee, in which numerous potential parties were contacted;

That the merger agreement permits Savvis under certain circumstances to have negotiations with respect to unsolicited alternative proposals and that the voting agreement terminates in the event that the Savvis board of directors changes its recommendation in response to a superior proposal;

The recent and historical market prices of Savvis common stock;

The likelihood that the merger would be completed based on, among other things (not in any relative order of importance): the reputation of CenturyLink, the absence of a financing condition in the merger agreement, Savvis ability, under certain circumstances pursuant to the merger agreement, to seek specific performance to prevent breaches of the merger agreement and to enforce specifically the terms of the merger agreement, and that the provision of the merger agreement permitting either party to terminate if the closing did not occur by January 31, 2012 (subject to possible extension in certain circumstances) provided sufficient time to

consummate the merger;

Savvis understanding of CenturyLink s management, business, operations, financial condition and prospects as supplemented by information provided by representatives of CenturyLink and the due diligence investigation of CenturyLink by Savvis management and financial and other advisors; and

The similarity of the corporate cultures of CenturyLink and Savvis.

Table of Contents

In the course of its deliberations, the Savvis board of directors also considered a variety of risks and countervailing factors related to entering into the merger agreement and the proposed merger, including:

Completion of the merger will preclude Savvis stockholders from having the opportunity to participate fully in Savvis future earnings growth and the future appreciation of the value of its capital stock that could be expected if its strategic plan were successfully implemented on a stand-alone basis;

The conditions to the merger agreement requiring receipt of certain regulatory approvals and clearances;

The risk that the merger may not be consummated despite the parties efforts or that consummation may be unduly delayed, even if the requisite approval is obtained from Savvis stockholders, including the possibility that conditions to the parties obligations, including with respect to required antitrust and other regulatory approvals, to complete the merger may not be satisfied;

The risk that Savvis stockholders could under certain circumstances receive stock consideration valued at less than $10.00 per share of Savvis common stock, and that the value of the stock consideration (based on the CenturyLink 30-day average price) will not be greater than $10.00 per share of Savvis common stock even if the price per share of CenturyLink common stock increases between execution of the merger agreement and completion of the merger;

The costs involved in connection with entering into and completing the merger and the time and effort of management required to complete the merger and related disruptions to the operation of Savvis business;

The restrictions on the conduct of Savvis business prior to the completion of the proposed merger, which may delay or prevent Savvis from undertaking business opportunities that may arise or any other action it would otherwise take with respect to the operations of Savvis pending completion of the proposed merger;

The risks and costs to Savvis if the proposed merger does not close, including the diversion of management and employee attention, potential employee attrition and the potential disruptive effect on business and customer relationships;

Terms of the merger agreement that may deter others from proposing an alternative transaction that may be more advantageous to Savvis stockholders, including those providing CenturyLink with four business days to match superior proposals, obligating Savvis to hold its special meeting to adopt the merger agreement even if a third party had made an alternative proposal to acquire Savvis prior to the special meeting or the Savvis board of directors had changed its recommendation to its stockholders to vote for the proposal to adopt the merger agreement prior to the special meeting, and obligating Savvis to pay a termination fee of $85 million if the merger agreement is terminated in certain circumstances;

The fact that the transaction will be taxable to Savvis stockholders that are United States holders for United States federal income tax purposes;

The fact that some of our directors and executive officers have interests in the merger that are different from, or in addition to, the interests of our stockholders generally, as described in the section entitled The Merger Financial Interests of Savvis Directors and Executive Officers in the Merger ;

The risks associated with successful implementation of the combined company s long term business plan and strategy;

The risk of not capturing all of the anticipated synergies between CenturyLink and Savvis and the risk that other anticipated benefits may not be fully realized;

The risk that integration of the two businesses may be more costly, and may divert management attention for a greater period of time, than anticipated;

The fact that CenturyLink has recently acquired Embarq and Qwest in July 2009 and April 2011, respectively, that its integration of these companies has not been fully completed, and that the

Table of Contents

completion of these integration efforts may be more costly than expected and divert management s attention from both operating the combined company and the integration efforts related to Savvis;

The risk that changes in the regulatory landscape may adversely affect the benefits anticipated to result from the merger, including the possibility that such changes could disproportionately impact CenturyLink in an adverse manner; and

The other risks described in the sections entitled Risk Factors beginning on page [ ] and Cautionary Statement Regarding Forward-Looking Statements beginning on page [ ].

While the Savvis board of directors considered potentially negative and potentially positive factors, the Savvis board of directors concluded that, overall, the potentially positive factors outweighed the potentially negative factors.

The foregoing discussion summarizes the material information and factors considered by the Savvis board of directors in its consideration of the merger, but is not intended to be exhaustive and may not include all of the factors considered by the Savvis board of directors. The Savvis board of directors reached the decision to approve the merger agreement in light of the factors described above and other factors that each member of the Savvis board of directors voting on approval of the merger agreement felt were appropriate. In view of the variety of factors and the quality and amount of information considered, the Savvis board of directors as a whole did not find it practicable to and did not quantify or otherwise assign relative weights to the specific factors considered in reaching its determination but conducted an overall analysis of the transaction. Individual members of the Savvis board of directors may have given different relative considerations to different factors. It should be noted that this explanation of the reasoning of the Savvis board of directors and certain information presented in this section is forward-looking in nature and, therefore, the information should be read in light of the factors discussed in the section entitled Cautionary Statement Regarding Forward-Looking Statements in this proxy statement-prospectus, beginning on page [ ].

The Savvis board of directors has determined that the terms of the merger are advisable and in the best interest of Savvis and its stockholders, has approved the terms of the merger agreement and the merger, and unanimously recommends that the stockholders of Savvis vote FOR the proposal to adopt the merger agreement.

Opinion of Morgan Stanley & Co. Incorporated

Savvis retained Morgan Stanley to provide it with financial advisory services and a financial opinion in connection with a possible merger, sale or other strategic business combination. Savvis selected Morgan Stanley to act as its financial advisor based on Morgan Stanley s qualifications, expertise and reputation and its knowledge of the business and affairs of Savvis. At a telephonic meeting of the Savvis board of directors on April 26, 2011, Morgan Stanley rendered its oral opinion, subsequently confirmed in writing, that as of April 26, 2011, and based upon and subject to the various assumptions, considerations, qualifications and limitations set forth in the written opinion, the consideration to be received by holders of shares of Savvis common stock (other than holders of certain excluded shares, namely, shares owned by Savvis, CenturyLink, or Mimi Acquisition Company, which will be cancelled, and shares held by holders who properly exercise dissenters rights) pursuant to the merger agreement was fair from a financial point of view to such holders.

The full text of the written opinion of Morgan Stanley, dated as of April 26, 2011, is attached to this proxy statement as Annex B. The opinion sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the scope of the review undertaken by Morgan Stanley in rendering its opinion. We encourage you to read the entire opinion carefully and in its entirety. Morgan Stanley s opinion is directed to the Savvis board of directors and addresses only the fairness from a financial point of view of the consideration to be received by holders of shares of Savvis common stock (other than holders of certain

excluded shares) pursuant to the merger agreement, as of the date of the opinion. It does not address any other aspects of the merger or the prices at which the CenturyLink common stock will trade at any time, and does not constitute a recommendation to any holder of Savvis common stock as to how to vote at any stockholder s meeting held in connection with

Table of Contents

the merger or whether to take any other action with respect to the merger. The summary of the opinion of Morgan Stanley set forth below is qualified in its entirety by reference to the full text of the opinion.

In connection with rendering its opinion, Morgan Stanley, among other things:

- reviewed certain publicly available financial statements and other business and financial information of Savvis and CenturyLink, respectively;
- reviewed certain internal financial statements and other financial and operating data concerning Savvis and CenturyLink, respectively;
- reviewed certain financial projections prepared by the management of Savvis, including those described in Certain Forecasts Prepared by the Management of Savvis beginning on page [ ];
- reviewed information relating to certain strategic, financial and operational benefits anticipated from the merger, prepared by the management of Savvis;
- discussed the past and current operations and financial condition and the prospects of Savvis, including information relating to certain strategic, financial and operational benefits anticipated from the merger, with senior executives of Savvis;
- discussed the past and current operations and financial condition and the prospects of CenturyLink;
- reviewed the pro forma impact of the merger on CenturyLink s cash flow, consolidated capitalization and financial ratios;
- reviewed the reported prices and trading activity for Savvis common stock and the CenturyLink common stock;
- compared the financial performance of Savvis and CenturyLink and the prices and trading activity of Savvis common stock and the CenturyLink common stock with that of certain other publicly traded companies comparable with Savvis and CenturyLink, respectively, and their securities;
- reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;
- participated in certain discussions and negotiations among representatives of Savvis and CenturyLink and certain parties and their financial and legal advisors;
- reviewed the merger agreement, the voting agreement and certain related documents; and
- performed such other analyses and reviewed such other information and considered such other factors as Morgan Stanley deemed appropriate.

In arriving at its opinion, Morgan Stanley assumed and relied upon, with the consent of the Savvis board of directors and without independent verification, the accuracy and completeness of the information that was publicly available or supplied or otherwise made available to Morgan Stanley by Savvis and CenturyLink and formed a substantial basis for its opinion. With respect to the financial projections, including information relating to certain strategic, financial and operational benefits anticipated from the merger, Morgan Stanley assumed, with the consent of the Savvis board of directors, that they had been reasonably prepared on bases reflecting the best currently available estimates and

judgments of the respective managements of Savvis and CenturyLink of the future financial performance of Savvis and CenturyLink. In addition, Morgan Stanley assumed, with the consent of the Savvis board of directors, that the merger will be consummated in accordance with the terms set forth in the merger agreement without any waiver, amendment or delay of any terms or conditions, that the definitive merger agreement would not differ in any material respect from the draft furnished to Morgan Stanley and that CenturyLink will have sufficient committed financing for purposes of consummating the merger. Morgan Stanley assumed, with the consent of the Savvis board of directors, that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents required for the proposed merger, no delays, limitations, conditions or restrictions will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived in the proposed merger.

Table of Contents

Morgan Stanley is not a legal, tax or regulatory advisor. Morgan Stanley is a financial advisor only and relied upon, without independent verification, the assessment of Savvis and its legal, tax or regulatory advisors with respect to legal, tax or regulatory matters. Morgan Stanley expressed no view on, and its opinion did not address, any other term or aspect of the merger agreement or the merger or any term or aspect of any other agreement or instrument contemplated by the merger agreement or entered into in connection with the merger, including, without limitation, the voting agreement, or the fairness of the transactions contemplated thereby to or any consideration received in connection therewith by, the holders of any class of securities or instruments, creditors or other constituencies of Savvis. Morgan Stanley also expressed no opinion with respect to the fairness of the amount or nature of the compensation to any of Savvis officers, directors or employees, or any class of such persons, relative to the consideration to be received by the holders of shares of Savvis common stock in the merger. Morgan Stanley s opinion did not address the relative merits of the merger as compared to any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or were available. Morgan Stanley did not make any independent valuation or appraisal of the assets or liabilities of Savvis or CenturyLink nor was Morgan Stanley furnished with any such valuations or appraisals. Morgan Stanley s opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to Morgan Stanley as of, April 26, 2011. Events occurring after April 26, 2011 may affect its opinion and the assumptions used in preparing it, and Morgan Stanley did not assume any obligation to update, revise or reaffirm its opinion.

The following is a brief summary of the material analyses performed by Morgan Stanley in connection with its oral opinion and the preparation of its written opinion letter dated April 26, 2011. The various analyses summarized below were based on the closing price of $37.08 per share of Savvis common stock as of April 25, 2011, the last full trading day prior to the date of the meeting of the Savvis board of directors to consider and approve the execution of the merger agreement. For purposes of its analyses, Morgan Stanley assumed that the consideration per share of Savvis common stock pursuant to the merger agreement had a value of $40.00. Certain of these summaries of financial analyses include information presented in tabular format. In order to fully understand the financial analyses used by Morgan Stanley, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses.

Historical Trading Prices

Morgan Stanley performed a trading range analysis with respect to the historical share prices of Savvis common stock. Morgan Stanley reviewed the range of closing prices of Savvis common stock for various periods ending on April 25, 2011. Morgan Stanley observed the following:

Period Ending April 25, 2011	**Range of Closing Prices**
Beginning October 21, 2010	$ 21.10 37.68
Trailing 12 months	$ 14.75 37.68

Morgan Stanley observed that Savvis common stock closed at $37.08 on April 25, 2011 (the last full trading day prior to the date of the meeting of the Savvis board of directors to consider and approve the execution of the merger agreement) and closed at $36.02 on April 26, 2011 (the last full trading day prior to the announcement of execution of the merger agreement and prior to the meeting of the Savvis board of directors). Morgan Stanley noted that the assumed value of the consideration per share of Savvis common stock of $40.00 pursuant to the merger agreement reflected a 8.0% and 11.0% premium to the respective closing price per share of Savvis common stock as of April 25, 2011 and April 26, 2011, respectively.

Equity Research Analysts Future Price Targets

Morgan Stanley reviewed and analyzed future public market trading price targets for Savvis common stock prepared and published by equity research analysts following February 8, 2011 and prior to April 25, 2011. These one-year forward targets reflected each analyst s estimate of the future public market trading price of Savvis common stock and are not discounted to reflect present values. The range of undiscounted

Table of Contents

analyst price targets for Savvis common stock was $32.00 to $45.00 per share as of April 25, 2011 and Morgan Stanley noted that the median undiscounted analyst price target was $38.00 per share. The range of analyst price targets per share for Savvis common stock discounted at 11.0% to reflect Savvis estimated cost of equity capital was $28.83 to $40.54 per share as of April 25, 2011, and Morgan Stanley noted that the median discounted analyst price target was $34.23 per share.

Morgan Stanley noted that the research price targets have risen over the past six months as strategic acquisition activity in the sector has accelerated. Therefore, Morgan Stanley also reviewed and analyzed those future public market trading price targets for Savvis common stock prepared and published by equity research analysts prior to the announcement of the acquisition of Terremark Worldwide, Inc. by Verizon Communications Inc. on January 27, 2011. The range of these undiscounted analyst price targets for Savvis common stock prior to January 27, 2011 was $25.00 to $35.00 per share and Morgan Stanley noted that the median undiscounted analyst price target prior to January 27, 2011 was $30.00 per share. The median discounted analysts price target for Savvis common stock prior to January 27, 2011 discounted at 11% to reflect Savvis estimated cost of equity capital was $27.03 per share.

The public market trading price targets published by equity research analysts do not necessarily reflect current market trading prices for Savvis common stock and these estimates are subject to uncertainties, including the future financial performance of Savvis and future financial market conditions.

Public Trading Comparables Analysis

Morgan Stanley performed a public trading comparables analysis, which attempts to provide an implied value of a company by comparing it to similar companies that are publicly traded. Morgan Stanley compared certain financial information of Savvis with comparable publicly available consensus equity research estimates for companies that share similar business characteristics such as those that provide cloud hosting and networking information technology services, which we refer to as the comparable companies. The comparable companies were:

Rackspace Hosting, Inc.

Equinix, Inc.

Internap Network Services Corporation

For purposes of this comparative analysis, Morgan Stanley analyzed for each of these comparable companies the multiple of market capitalization plus total debt less cash and cash equivalents, which we refer to as aggregate value, to estimated earnings before interest, taxes, depreciation and amortization, which we refer to as EBITDA, for calendar years 2011 and 2012 (in each case, based on publicly available consensus estimates).

Based on the analysis of the relevant metrics for each of the comparable companies, Morgan Stanley selected representative ranges of financial multiples and applied these ranges of multiples to the relevant Savvis financial statistic. For purposes of estimated calendar year 2011 EBITDA, Morgan Stanley utilized publicly available estimates prepared by equity research analysts and available to Morgan Stanley as of April 25, 2011, which we refer to as the research case.

Based on the number of shares of Savvis common stock outstanding on a fully diluted basis (including outstanding options, restricted stock units, and convertible debt) as of April 25, 2011, Morgan Stanley calculated the estimated implied value per share of common stock of Savvis as of April 25, 2011.

The following table summarizes Morgan Stanley s analysis:

Comparable Company	Comparable Company Multiple	Implied Value per Share of Savvis
Rackspace	18.1x	$ 72.35
Equinix	9.0x	$ 30.50
Internap	7.9x	$ 25.37

Table of Contents

Morgan Stanley observed that Savvis common stock closed at $37.08 on April 25, 2011 (the last full trading day prior to the date of the meeting of the Savvis board of directors to consider and approve the execution of the merger agreement).

No company utilized in the public trading comparables analysis is identical to Savvis. In evaluating the comparability of companies to Savvis and selecting the comparable companies listed above, Morgan Stanley made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of Savvis, such as the impact of competition on the businesses of Savvis and the industry generally, industry growth and the absence of any adverse material change in the financial condition and prospects of Savvis or the industry or in the financial markets in general. Mathematical analysis (such as determining the average or median) is not in itself a meaningful method of using comparable company data.

Discounted Equity Value Analysis

Morgan Stanley performed a discounted equity value analysis, which is designed to imply a future value of a company s common equity as a function of its estimated future EBITDA and a potential range of aggregate value to EBITDA multiples. The resulting value is subsequently discounted to arrive at a present value for such company s stock price. In connection with this analysis, Morgan Stanley calculated a range of present equity values per share of Savvis common stock. To calculate the discounted equity value, Morgan Stanley used forecasts from the research case and estimates prepared by Savvis management, which we refer to as the management case. For purposes of this analysis, Morgan Stanley used calendar year 2013 EBITDA forecasts from the research case and estimates of income from continuing operations before depreciation, amortization, accretion and non-cash equity-based compensation, and excluding acquisition and integration costs, which we refer to as Adjusted EBITDA, from the management case. Morgan Stanley applied a range of EBITDA multiples to these estimates and applied a discount rate ranging from 10.0% to 12.0% to reflect Savvis estimated cost of equity capital.

The following table summarizes Morgan Stanley s analysis:

	Calendar Year 2013 Assumed EBITDA	**Comparable Company Representative Multiple Range**	**Implied Present Value per Share of Savvis**
Research Case	$ 379MM (EBITDA)	7.0x 10.4x	$ 26.39 45.06
Management Case	$ 420MM (Adjusted EBITDA)	7.0x 10.4x	$ 30.81 51.54

Morgan Stanley also calculated ranges of implied equity values per share for CenturyLink, based on discounted equity values that were based on estimated leveraged free cash flow, which we sometimes refer to as LFCF, and EBITDA for calendar years 2012, 2013 and 2014 utilizing wall street analyst estimates from FactSet. In arriving at the estimated equity values per share of CenturyLink s common stock, Morgan Stanley applied a 9.3x multiple to CenturyLink s estimated leveraged free cash flow for calendar years 2012, 2013 and 2014 and a 5.6x EBITDA multiple to CenturyLink s estimated EBITDA for calendar years 2012, 2013 and 2014. Morgan Stanley then added the projected value of the projected dividends paid on CenturyLink s common stock over the periods and calculated the present value of these resulting numbers utilizing a 10% cost of capital.

The following table summarizes Morgan Stanley s analysis:

		Implied Present Value per Share of CenturyLink
Calendar Year 2012 Assumed EBITDA	$ 7,815MM	$ 40.93
Calendar Year 2012 Assumed LFCF	$ 2,753MM	$ 41.99
Calendar Year 2013 Assumed EBITDA	$ 7,816MM	$ 41.42
Calendar Year 2013 Assumed LFCF	$ 3,322MM	$ 48.43
Calendar Year 2014 Assumed EBITDA	$ 7,783MM	$ 42.22
Calendar Year 2014 Assumed LFCF	$ 3,435MM	$ 48.16

Table of Contents

Morgan Stanley noted that the closing stock price of CenturyLink common stock on April 25, 2011, the last full trading day prior to the date of the meeting of the Savvis board of directors to consider and approve the execution of the merger agreement, was $39.39.

Analysis of Precedent Transactions

Morgan Stanley performed a precedent transactions analysis, which is designed to imply a value of a company based on publicly available financial terms of selected transactions that share some characteristics with the merger. In connection with its analysis of precedent transactions, Morgan Stanley compared publicly available statistics for ten selected transactions announced from April 2010 to April 2011 that Morgan Stanley deemed to be similar in certain respects to the merger because such transactions involved companies in industry sectors in which Savvis operates. Morgan Stanley reviewed the price paid and calculated the ratio of aggregate value implied by the price paid to EBITDA for the forward calendar year (based on publicly available information). Based on this analysis, Morgan Stanley selected a range of multiples implied by these transactions and applied this range of multiples to Savvis projected Adjusted EBITDA for calendar year 2011 utilizing the management case to imply a value per share of Savvis common stock based on such multiples.

For this analysis Morgan Stanley reviewed the following transactions and selected the three most recently announced transactions in calculating the comparable company multiple range:

Selected Sector Transactions

Target	Acquiror	Announcement Date
ViaWest, Inc.	Oak Hill Capital Partners	April 20, 2010
CyrusOne	Cincinnati Bell Inc.	May 12, 2010
SoftLayer Technologies	GI Partners	July 1, 2010
Fusepoint Managed Services Inc.	Savvis, Inc.	June 1, 2010
Rockwood Capital/365 Main Portfolio	Digital Realty Trust, Inc.	June 1, 2010
ThePlanet	SoftLayer Technologies, Inc.	November 10, 2010
Peak 10 Inc.	Welsh, Carson, Anderson & Stowe	September 1, 2010
Hosted Solutions Acquisition, LLC	Windstream Corp.	November 4, 2010
Terremark Worldwide, Inc.	Verizon Communications Inc.	January 27, 2011
NaviSite, Inc.	Time Warner Cable Inc.	February 1, 2011

The following table summarizes Morgan Stanley s analysis:

Ratio	Comparable Company Multiple Range	Implied Value per Share
Aggregate Value to 2011 Estimated Adjusted EBITDA	8.9x 15.2x	$ 30.64 60.51

Morgan Stanley noted that the assumed value of the consideration to be received by holders of shares of Savvis common stock pursuant to the merger agreement was $40.00 per share.

No company or transaction utilized in the precedent transactions analysis is identical to Savvis or the merger. In evaluating the selected sector transactions and selecting the three precedent transactions, Morgan Stanley made

judgments and assumptions with regard to industry performance, general business, market and financial conditions and other matters, which are beyond the control of Savvis and CenturyLink, such as the impact of competition on the business of Savvis, CenturyLink or the industry generally, growth of the industry and the absence of any adverse material change in the financial condition of Savvis, CenturyLink or the industry or in the financial markets in general, which could affect the public trading value of the companies and the aggregate value and equity value of the transactions to which they are being compared.

Table of Contents

Discounted Cash Flow Analysis

Morgan Stanley performed a discounted cash flow analysis as of April 25, 2011 which is designed to imply a value of Savvis by calculating the present value of projected unlevered future free cash flows of Savvis. Morgan Stanley calculated ranges of implied equity values per share for Savvis, based on a discounted cash flow analysis utilizing publicly available estimates of leveraged free cash flow from the research case and estimates of leveraged free cash flow from the management case for the calendar years 2011 through 2015. In arriving at the estimated equity values per share of Savvis common stock, Morgan Stanley calculated a terminal value by applying terminal multiples ranging from 6.0x to 8.0x for fiscal year 2015 EBITDA from the research case and fiscal year 2015 Adjusted EBITDA from the management case. The unlevered free cash flows and the terminal value were then discounted to present values using a range of weighted average cost of capital from 9.0% to 10.0%. The weighted average cost of capital is a measure of the average expected return on all of a given company s equity securities and debt based on their proportions in such company s capital structure. The discounted cash flow analysis implied a range of $23.64 per share to $35.16 per share using the research case, and $29.49 per share to $42.85 per share using the management case. Morgan Stanley noted that the assumed value of the consideration to be received by holders of shares of Savvis common stock pursuant to the merger agreement was $40.00 per share.

Leveraged Buyout Analysis

Morgan Stanley performed an illustrative leveraged buyout analysis to estimate the theoretical prices at which a financial sponsor might effect a leveraged buyout of Savvis. For purposes of this analysis, Morgan Stanley assumed that a financial buyer would attempt to realize a return on its investment in fiscal year 2015, with a valuation of Savvis realized by the financial sponsor in such subsequent exit transaction based on an 6.0x to 8.0x aggregate value to fiscal year 2015 EBITDA multiple for the research case and fiscal year 2015 Adjusted EBITDA multiple for the management case. Morgan Stanley utilized EBITDA projections from the research case and Adjusted EBITDA projections from the management case in performing its analysis. For purposes of this analysis, Morgan Stanley assumed an illustrative multiple of debt to last-twelve-months EBITDA or Adjusted EBITDA at the transaction date of 6.0x. Morgan Stanley then derived a range of theoretical purchase prices based on an assumed required internal rate of return for a financial buyer of between 17.5% and 22.5%. This analysis implied a value range of $22.56 per share to $31.76 per share using the research case and $26.08 per share to $37.22 per share using the management case. Morgan Stanley noted that the assumed value of the consideration to be received by holders of shares of Savvis common stock pursuant to the merger agreement was $40.00 per share.

General

In connection with the review of the merger by the Savvis board of directors, Morgan Stanley performed a variety of financial and comparative analyses for purposes of rendering its opinion. The preparation of a financial opinion is a complex process and is not necessarily susceptible to a partial analysis or summary description. In arriving at its opinion, Morgan Stanley considered the results of all of its analyses as a whole and did not attribute any particular weight to any analysis or factor it considered. Morgan Stanley believes that selecting any portion of its analyses, without considering all analyses as a whole, would create an incomplete view of the process underlying its analyses and opinion. In addition, Morgan Stanley may have given various analyses and factors more or less weight than other analyses and factors, and may have deemed various assumptions more or less probable than other assumptions. As a result, the ranges of valuations resulting from any particular analysis described above should not be taken to be Morgan Stanley s view of the actual value of Savvis or CenturyLink. In performing its analyses, Morgan Stanley made numerous assumptions with respect to industry performance, general business and economic conditions and other matters. Many of these assumptions are beyond the control of Savvis or CenturyLink. Any estimates contained in Morgan Stanley s analyses are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by such estimates.

Morgan Stanley conducted the analyses described above solely as part of its analysis of the fairness of the consideration pursuant to the merger agreement from a financial point of view to holders of shares of Savvis

Table of Contents

common stock (other than holders of certain excluded shares) and in connection with the delivery of its opinion, dated April 26, 2011, to the Savvis board of directors. These analyses do not purport to be appraisals or to reflect the prices at which shares of common stock of Savvis or CenturyLink might actually trade.

The per share merger consideration to be received by the holders of shares of Savvis common stock was determined through arm s length negotiations between Savvis and CenturyLink and was approved by the Savvis board of directors. Morgan Stanley provided advice to the Savvis board of directors during these negotiations. Morgan Stanley did not, however, recommend any specific consideration to Savvis or its board of directors or that any specific consideration constituted the only appropriate consideration for the merger.

Morgan Stanley s opinion and its presentation to the Savvis board of directors was one of many factors taken into consideration by the Savvis board of directors in deciding to approve the execution of the merger agreement. Consequently, the Morgan Stanley analyses as described above should not be viewed as determinative of the opinion of the Savvis board of directors with respect to the merger consideration, or of whether the Savvis board of directors would have been willing to agree to different consideration.

The Savvis board of directors retained Morgan Stanley based upon Morgan Stanley s qualifications, experience and expertise and its knowledge of the business affairs of Savvis. Morgan Stanley is a global financial services firm engaged in the securities, investment management and individual wealth management businesses. Its securities business is engaged in securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trading, prime brokerage, as well as providing investment banking, financing and financial advisory services. Morgan Stanley, its affiliates, directors and officers may at any time invest on a principal basis or manage funds that invest, hold long or short positions, finance positions, and may trade or otherwise structure and effect transactions, for their own account or the accounts of its customers, in debt or equity securities or loans of CenturyLink, Savvis, or any other company, or any currency or commodity, that may be involved in the merger, or any related derivative instrument.

Under the terms of its engagement letter, Morgan Stanley provided Savvis financial advisory services and a financial opinion in connection with the merger, and Savvis has agreed to pay Morgan Stanley an aggregate fee of approximately $19.7 million for its services, which fee may vary based on the stock consideration issued in the merger. As part of the aggregate fee due to Morgan Stanley, $1.0 million was payable upon announcement of the merger and the remaining amount is contingent upon the closing of the merger. Savvis has also agreed to reimburse Morgan Stanley for its reasonable documented expenses, including fees of outside counsel and other professional advisors, incurred in connection with its services, which expenses shall not exceed $75,000 without the prior consent of Savvis, such consent not to be unreasonably withheld. In addition, Savvis has agreed to indemnify Morgan Stanley and its affiliates, their respective directors, officers, agents and employees and each person, if any, controlling Morgan Stanley or any of its affiliates against certain liabilities and expenses relating to or arising out of Morgan Stanley s engagement. In the two years prior to the date of its opinion, Morgan Stanley has provided financial advisory and financing services for both CenturyLink and Savvis and has received fees in connection with such services, including receiving a fee of approximately $14.0 million for providing financial advisory services to CenturyLink in its acquisition of Embarq and receiving a fee of approximately $2.4 million for providing financing services in connection with Savvis 2010 $550 million term loan. Morgan Stanley may also seek to provide such services to CenturyLink and Savvis in the future and expects to receive fees for the rendering of these services. Morgan Stanley s opinion was approved by a committee of Morgan Stanley investment banking and other professionals in accordance with its customary practice.

Directors and Management After the Merger

Upon completion of the merger, the board of directors and executive officers of CenturyLink are expected to remain unchanged, except that Mr. James E. Ousley, currently the Chairman and Chief Executive Officer of Savvis, is expected to become an executive officer of CenturyLink. For information on CenturyLink s current directors and executive officers, please see CenturyLink s proxy statement dated April 4, 2011. See Where You Can Find More Information beginning on page [ ].

Table of Contents

CenturyLink anticipates integrating its hosting business and Savvis managed hosting and cloud service operations into a single CenturyLink business unit. This integrated hosting business will be based in St. Louis and is expected to be led primarily by key members of the Savvis leadership team, including Savvis Chairman and Chief Executive Officer, James E. Ousley.

Material U.S. Federal Income Tax Consequences of the Merger

The following is a summary of the material United States federal income tax consequences of the merger to United States holders (as defined below) of Savvis common stock whose shares are converted into the right to receive the merger consideration pursuant to the merger. This summary is based on the Internal Revenue Code of 1986, as amended, applicable Treasury regulations, and administrative and judicial interpretations thereof, all as in effect as of the date of this proxy statement/prospectus, and all of which may change, possibly with retroactive effect. This summary assumes that shares of Savvis common stock are held as capital assets (generally, property held for investment). It does not address all of the United States federal income tax consequences that may be relevant to United States holders in light of their particular circumstances, or to other types of holders, including, without limitation:

- banks, insurance companies or other financial institutions;
- broker-dealers;
- traders;
- expatriates;
- tax-exempt organizations;
- persons who are not United States holders;
- pass-through entities and persons who are investors in a pass-through entity;
- persons who are subject to alternative minimum tax;
- persons who hold their shares of common stock as a position in a straddle or as part of a hedging or conversion transaction;
- persons deemed to sell their shares of Savvis common stock under the constructive sale provisions of the Internal Revenue Code;
- persons that have a functional currency other than the United States dollar; or
- persons who acquired their shares of Savvis common stock upon the exercise of stock options or otherwise as compensation.

In addition, this discussion does not address any United States state or local or non-United States tax consequences of the merger.

CenturyLink and Savvis urge each Savvis stockholder to consult its own tax advisor regarding the United States federal income or other tax consequences of the merger to the stockholder.

For purposes of this discussion, a United States holder means a holder of Savvis common stock who is, for United States federal income tax purposes:

a citizen or resident of the United States;

a corporation or an entity treated as a corporation created or organized in, or under the laws of, the United States, any state thereof or the District of Columbia;

an estate the income of which is subject to United States federal income taxation regardless of its source; or

Table of Contents

a trust (i) (a) the administration over which a United States court can exercise primary supervision and (b) all of the substantial decisions of which one or more United States persons have the authority to control or (ii) that has a valid election in effect to be treated as a United States person.

If a partnership (or other entity treated as a partnership for United States federal income tax purposes) holds Savvis common stock, the tax treatment of a partner in the partnership (or other entity) will generally depend upon the status of the partner and the activities of the partnership (or other entity). If you are a partner of a partnership (or other entity) holding Savvis common stock, you should consult your tax advisor regarding the tax consequences of the merger.

Consequences of the Merger

The receipt of the merger consideration in exchange for shares of Savvis common stock pursuant to the merger will be a taxable transaction for United States federal income tax purposes. In general, a United States holder who receives the merger consideration in exchange for shares of Savvis common stock pursuant to the merger will recognize capital gain or loss for United States federal income tax purposes equal to the difference, if any, between (i) the fair market value of the CenturyLink common stock as of the effective time of the merger and the amount of cash received and (ii) the holder s adjusted tax basis in the shares of Savvis common stock exchanged for the merger consideration pursuant to the merger. Any gain or loss would be long-term capital gain or loss if the holding period for the shares of Savvis common stock exceeds one year at the effective time of the merger. Long-term capital gains of noncorporate United States holders (including individuals) generally are eligible for preferential rates of United States federal income tax. There are limitations on the deductibility of capital losses under the Internal Revenue Code.

A United States holder s aggregate tax basis in CenturyLink common stock received in the merger will equal the fair market value of the stock as of the effective time of the merger. The holding period of the CenturyLink common stock received in the merger will begin on the day after the merger.

Backup Withholding

Backup withholding at a rate of 28% may apply to payments made in connection with the merger. Backup withholding will not apply, however, to a holder who (i) furnishes a correct taxpayer identification number and certifies that it is not subject to backup withholding on the substitute Internal Revenue Service Form W-9 included in the letter of transmittal to be delivered to holders of Savvis common stock prior to completion of the merger, (ii) provides a certification of non-United States status on the applicable Internal Revenue Service Form W-8 (typically Internal Revenue Service Form W-8BEN) or appropriate successor form or (iii) is otherwise exempt from backup withholding. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against the holder s United States federal income tax liability provided the required information is timely furnished to the Internal Revenue Service. Please consult your own tax advisor to see if you qualify for exemption from backup withholding and, if so, to understand the procedure for obtaining that exemption.

THE FOREGOING DOES NOT PURPORT TO BE A COMPLETE ANALYSIS OF THE POTENTIAL TAX CONSIDERATIONS RELATING TO THE MERGER, AND IS NOT TAX ADVICE. THEREFORE, HOLDERS OF SAVVIS COMMON STOCK ARE URGED TO CONSULT THEIR TAX ADVISORS AS TO THE SPECIFIC TAX CONSEQUENCES TO THEM OF THE MERGER, INCLUDING THE APPLICABILITY OF UNITED STATES FEDERAL, STATE OR LOCAL, NON-UNITED STATES AND OTHER TAX LAWS.

Accounting Treatment

CenturyLink prepares its financial statements in accordance with GAAP. The merger will be accounted for by applying the acquisition method using the accounting guidance for business combinations, ASC 805, which requires the determination of the acquirer, the acquisition date, the fair value of assets and liabilities of the acquiree and the measurement of goodwill. Based on the guidance of ASC 805, CenturyLink will be the acquirer of Savvis for accounting purposes. This means that CenturyLink will allocate the purchase price to

Table of Contents

the fair value of Savvis assets and liabilities at the acquisition date, with any excess purchase price being recorded as goodwill. Assuming the CenturyLink 30-day average price is equal to or exceeds $34.42, CenturyLink anticipates that the aggregate value of the merger consideration (based on such average price) to be paid at closing will approximate $2.5 billion, based on the number of Savvis shares outstanding on the date of this proxy statement/prospectus.

Regulatory Approvals Required for the Merger

HSR Act and Antitrust

The merger is subject to the requirements of the HSR Act, which prevents CenturyLink and Savvis from completing the merger until required information and materials are furnished to the Antitrust Division of the DOJ and the FTC and the HSR Act s waiting period is terminated or expires. On May 16, 2011, CenturyLink and Savvis filed the requisite notification and report forms under the HSR Act with the DOJ and the FTC. The waiting period will expire at 11:59 p.m. on June 15, 2011, unless early terminated by the FTC. The DOJ or the FTC may extend the waiting period by requesting additional information or documentary material or the parties may otherwise agree to extend the waiting period. If the antitrust agencies make such a second request for information, the waiting period will expire at 11:59 p.m. on the thirtieth day after CenturyLink and Savvis have substantially complied with this request, unless the waiting period is terminated earlier or the parties otherwise agree to extend the waiting period. If the waiting period expires on a Saturday, Sunday or legal public holiday, then the period is extended until 11:59 p.m. the next day that is not a Saturday, Sunday or legal public holiday. The DOJ, the FTC and others may challenge the merger on antitrust grounds either before or after expiration or termination of the waiting period. Accordingly, at any time before or after the completion of the merger, any of the DOJ, the FTC or others could take action under the antitrust laws, including without limitation seeking to enjoin the completion of the merger or permitting completion subject to regulatory concessions or conditions. We cannot assure you that a challenge to the merger will not be made or that, if a challenge is made, it will not succeed.

FCC Approval

The Federal Communications Act of 1934, as amended, requires the approval of the FCC, prior to any transfer of control of certain types of licenses and other authorizations issued by the FCC. CenturyLink and Savvis expect to promptly file the required applications for FCC consent to the transfer of control to CenturyLink of the FCC licenses and authorizations held by Savvis and one of its subsidiaries. Savvis has advised the FCC staff of a 2007 change of control transaction that may have required FCC consent. The failure to obtain this consent prior to the 2007 change of control transaction could result in penalties or delays in receiving approval of the transaction contemplated under the merger agreement.

Other Regulatory Matters

CenturyLink and Savvis are required to provide (i) notification of the merger or supplemental information to the public utility commissions of two states in the U.S. and (ii) notification of the merger to certain regulatory bodies in various foreign countries where Savvis holds licenses.

Litigation Relating to the Merger

Savvis and the members of the Savvis board of directors, CenturyLink and Mimi Acquisition Company have been named as defendants in a putative stockholder class action lawsuit filed on April 29, 2011 in the St. Louis County, Missouri Circuit Court, captioned Michael Jiannaras v. Savvis, Inc., et al., Case No. 11SL-CC01752, and three putative stockholder class action lawsuits filed in the Delaware Court of Chancery, the first filed on May 2, 2011, captioned Hilary Kramer v. James E. Ousley, et al., Case No. 6438, the second filed on May 6, 2011, captioned

Tatyana Andreyeva v. James E. Ousley, et al., Case No. 6459, and the third filed on May 17, 2011, captioned Teamsters Union 25 Health Services & Insurance Plan v. James E. Ousley, et al., Case No. 6491. All four complaints assert, among other things, that Savvis directors allegedly breached their fiduciary duties and failed to maximize the value to be received by Savvis stockholders in the

Table of Contents

merger, and that the other defendants aided and abetted those breaches. All four complaints seek, among other things, to enjoin the defendants from consummating the merger. Savvis believes all four lawsuits are without merit and will defend the lawsuits vigorously.

Exchange of Shares in the Merger

Prior to the effective time of the merger, CenturyLink will appoint an exchange agent to handle the exchange of shares of Savvis common stock for the merger consideration the holder is entitled to receive under the merger agreement. Promptly after the effective time of the merger (and in no event later than 10 business days after such time), the exchange agent will send to each holder of record of Savvis common stock at the effective time of the merger who holds shares of Savvis common stock in certificated form a letter of transmittal and instructions for effecting the exchange of Savvis common stock certificates for the merger consideration. Upon surrender of stock certificates for cancellation along with the executed letter of transmittal and other documents described in the instructions, a Savvis stockholder will receive the per share cash consideration and one or both of the following: (1) one or more shares of CenturyLink common stock; and (2) cash in lieu of fractional shares of CenturyLink common stock. After the effective time of the merger, Savvis will not register any transfers of the shares of Savvis common stock. Unless you specifically request to receive CenturyLink stock certificates, the shares of CenturyLink stock you receive in the merger will be issued in book-entry form.

Upon completion of the merger, shares of Savvis common stock held in the book-entry form will be automatically converted, at the exchange ratio, into the merger consideration, with any whole shares of CenturyLink common stock issued as stock consideration being issued in book-entry form. An account statement will be mailed to you confirming this automatic conversion, along with the cash consideration to which you are entitled and any cash in lieu of fractional shares of CenturyLink common stock.

Financial Interests of Savvis Directors and Executive Officers in the Merger

In considering the recommendation of the Savvis board of directors to adopt the merger agreement, Savvis stockholders should be aware that certain Savvis directors and executive officers have interests in the merger that are different from, or in addition to, those of Savvis stockholders generally. These interests, which may create actual or potential conflicts of interest, are, to the extent material, described below. The Savvis board of directors was aware of these potential conflicts of interest and considered them, among other matters, in evaluating and negotiating the merger agreement, in reaching its decision to approve the merger agreement, and in recommending to Savvis stockholders that the merger agreement be adopted. For the purposes of all of the Savvis agreements and arrangements described below, the completion of the transactions contemplated by the merger agreement will constitute a change in control of Savvis.

Treatment of Savvis Equity Awards

The treatment of all equity awards, including those held by the executive officers of Savvis, is summarized below.

Treatment of Stock Options. Pursuant to, and as further described in, the merger agreement, at the effective time of the merger, each option to purchase Savvis common stock under the Savvis stock plans outstanding immediately prior to the effective time will be assumed by CenturyLink and be converted into a vested option (whether or not previously vested) to purchase a number of CenturyLink common shares equal to the product of (i) the number of shares of Savvis common stock subject to the option and (ii) the stock award exchange ratio, as defined below, rounded down to the nearest whole share. The per share exercise price such assumed stock option will be equal to (i) the per share exercise price of the Savvis stock option divided by (ii) the stock award exchange ratio, rounded up to the nearest whole cent. Except as set forth above, each assumed stock option will be subject to the same terms and conditions as

were applicable to the corresponding option to purchase Savvis common stock immediately prior to the effective time of the merger.

Treatment of Restricted Stock Units Other Than Restricted Stock Units Granted Under the Annual Incentive Plan. Pursuant to, and as further described in, the merger agreement, with respect to the unvested

Table of Contents

restricted stock units outstanding immediately prior to the effective time of the merger under the Savvis stock plans, other than those granted pursuant to the Savvis annual incentive plan, 50% of such restricted stock units held by each holder thereof will become vested, without regard to any applicable performance targets, at the effective time of the merger and be converted into the right to receive cash and CenturyLink common shares on the same terms as shares of Savvis common stock, subject to applicable tax withholdings.

The remaining 50% of such restricted stock units will be assumed by CenturyLink and converted at the effective time of the merger into CenturyLink restricted stock units, on the same terms and conditions as were applicable under such restricted stock units immediately prior to the effective time of the merger (other than with respect to any performance goals, which will cease to apply), reflecting the right to receive a number of CenturyLink common shares rounded to the nearest whole share, equal to the product of (i) the applicable number of shares of Savvis common stock subject to the restricted stock units multiplied by (ii) the stock award exchange ratio, except that the restricted stock units that do not vest at the effective time of the merger will vest, subject to the holder s continued employment, on the later of the first anniversary of the closing date or December 31, 2012 (unless the holder s employment is terminated without cause (as defined in the SAVVIS 2003 Incentive Compensation Plan) or the holder resigns for good reason (as defined in the merger agreement) prior to the vesting date, in which case the converted restricted stock units will immediately vest and settle upon the date of such holder s termination of employment).

Treatment of Restricted Stock Units Granted Pursuant to the Annual Incentive Plan. Pursuant to, and as further described in, the merger agreement, each unvested restricted stock unit outstanding immediately prior to the effective time of the merger under the Savvis annual incentive plan for the performance year in which the effective time of the merger occurs will be converted into the right to receive a cash payment equal to the product of (i) the number of shares of Savvis common stock earned based on the actual achievement of the applicable performance measures as of the effective time of the merger in accordance with the Savvis annual incentive plan (prorated for the portion of the year prior to the closing date), multiplied by (ii) the sum of $30 plus 25% of the closing price per share of CenturyLink common shares on the NYSE on the last trading day immediately preceding the closing date, multiplied by (iii) the quotient of the number of days in the applicable performance year through the closing date divided by 365.

For the purposes of the conversion of the Savvis stock options and Savvis restricted stock units described above, the stock award exchange ratio is the sum of (i) the exchange ratio and (ii) the quotient of $30.00 divided by the closing price per share for CenturyLink common shares on the NYSE on the last trading day immediately preceding the closing date.

Treatment of Restricted Stock. Pursuant to, and as further described in, the merger agreement, each Savvis restricted stock award will vest in full immediately prior to the effective time and be converted into a right to receive cash and CenturyLink common shares on the same terms as other shares of Savvis common stock.

The following table identifies, for each executive officer of Savvis, the number of Savvis stock options that will vest and become exercisable, the number of Savvis restricted stock units (including restricted stock units granted under the Savvis annual incentive plan) that will vest and the number of shares of Savvis restricted stock that will vest, assuming for these purposes only that the employment of each of the executive officers is terminated on August 1, 2011, under circumstances that would entitle them to receive full accelerated vesting of their outstanding equity, and to receive full payment on the outstanding unvested

Table of Contents

restricted stock units granted under the annual incentive plan, or AIP, as if all performance conditions had been satisfied.

Name and Principal Position	Number of Unvested Options That will Vest and Become Exercisable(1)	Number of Savvis RSUs That will Vest(1)(2)	Number of Savvis Restricted Stock That will Vest(1)	Number of Savvis RSUs Granted Under the AIP That will Vest(1)(3)
James E. Ousley Chief Executive Officer	375,000	368,750	0	13,181
William D. Fathers President	82,151	160,000	0	8,188
Gregory W. Freiberg Senior Vice President, Chief Financial Officer	162,500	50,000	0	4,248
Jeffrey H. Von Deylen Senior Vice President, Global Operations and Client Services	38,189	50,000	0	4,837
Bryan S. Doerr Chief Technology Officer	22,354	74,584	0	3,774
James D. Mori Senior Vice President, Americas Sales	39,838	59,167	0	0
Peter J. Bazil Vice President, General Counsel and Secretary	3,157	31,500	0	1,699
Paul S. Hott Vice President, Human Resources	3,765	69,000	0	2,304
Independent directors, as a group	0	0	0(4)	0

(1) The number of unvested equity awards was determined as of August 1, 2011.

(2) The number of restricted stock units disclosed in this column does not include restricted stock units granted under the Savvis annual incentive plan.

(3) The number of restricted stock units granted under the Savvis annual incentive plan prorated for the portion of the year prior to closing assuming 100% performance.

(4) 2,400 shares of restricted stock will vest pursuant to their existing terms, without regard to the merger, on July 31, 2011.

Employee Stock Purchase Plan

Each of the executive officers are eligible to participate in the SAVVIS, Inc. Amended and Restated Employee Stock Purchase Plan, or the ESPP. Pursuant to the merger agreement, any offering period under the ESPP underway will be shortened and will terminate upon exercise no later than immediately prior to the effective time and the ESPP will terminate immediately prior to the effective time.

Employment Agreements with Savvis

Each of the executive officers of Savvis named below is a party to an employment agreement with Savvis that provides for severance benefits upon a termination of employment under certain circumstances and, in some cases, additional benefits upon a termination of employment following a change in control. The material severance related terms of each of the employment agreements are summarized below.

Each employment agreement requires the following conditions, requirements and obligations to have occurred in order for each Savvis executive officer to receive (or continue to receive) any severance benefits:

execution of a general release of claims in favor of Savvis;

Table of Contents

resignation from all offices, directorships and fiduciary positions with Savvis;

continued compliance with the applicable requirements in the employment agreement regarding the treatment of Savvis confidential information; and

an agreement, for a period of 12 months (18 months for Mr. Von Deylen) following any termination of employment: (i) to not compete against Savvis; (ii) not to solicit any customer of Savvis; (iii) not to solicit any employee or consultant of Savvis; (iv) reasonable cooperation to assist with the transition of executive s duties to any successor; and (v) not to disparage Savvis or any of its directors, officers or employees.

James E. Ousley. Pursuant to the terms of Mr. Ousley s employment agreement, if his employment is terminated without cause (as defined in his employment agreement) or he resigns with good reason (as defined in his employment agreement), he will receive:

100% of his then current annual base salary for 18 months;

at the discretion of the Savvis compensation committee, a pro-rated portion of the bonus that he would have been entitled to receive under the Savvis annual incentive plan;

to the extent not previously paid, payment for the prior year s annual bonus under the applicable Savvis annual incentive plan; and

continued company paid employer premiums for medical and dental coverage for 18 months.

If Mr. Ousley s employment is terminated without cause or he resigns with good reason within 12 months following a change in control of Savvis, in addition to the severance described above, all of Mr. Ousley s outstanding equity awards will fully vest and, to the extent applicable, become exercisable, provided that such equity awards remain outstanding following the change in control. Mr. Ousley will have the right to exercise any outstanding stock option until the earlier to occur of 12 months from the change in control and the expiration of such equity award and would be entitled to receive a pro-rated portion of his target bonus (rather than at the discretion of the Savvis compensation committee as is the case prior to a change in control of Savvis) for the year of termination under the applicable Savvis annual incentive plan.

In the event that a change in control of Savvis is consummated on or prior to December 31, 2011, Mr. Ousley s employment agreement provides for a gross-up payment to make him whole for any federal excise tax imposed on payments or benefits received by Mr. Ousley under Section 4999 of the Internal Revenue Code, and any federal, state and local taxes associated with the gross-up payment.

Peter J. Bazil, Bryan S. Doerr, William D. Fathers, Gregory W. Freiberg, and Paul S. Hott. Messrs. Bazil, Doerr, Fathers, Freiberg, and Hott are each party to substantially similar employment agreements. Pursuant to the employment agreements, if the executive s employment is terminated without cause (as defined in the applicable employment agreement) or if the executive terminates for good reason (as defined in the applicable employment agreement), he will receive:

100% of the executive s then current annual base salary for one year;

at the discretion of the Savvis compensation committee, a pro-rated portion of the bonus that the executive would have been entitled to receive under the Savvis annual incentive plan;

to the extent not previously paid, payment for the prior year s annual bonus under the applicable Savvis annual incentive plan; and

continued company paid employer premiums for medical and dental coverage for 12 months.

If the executive s employment is terminated without cause or the executive terminates for good reason within 12 months of a change in control of Savvis, then, in addition to the severance payments described above, all of his outstanding equity awards shall fully vest and, to the extent applicable, become exercisable, provided that such equity awards remain outstanding following the change in control. The executive shall have the right to exercise any outstanding stock options until the earlier to occur of 12 months from the change in

Table of Contents

control and the expiration of such stock option. In addition, the executive shall be entitled to receive a pro-rated portion of his target bonus for the year of termination (rather than at the discretion of the Savvis compensation committee as is the case prior to a change in control of Savvis) under the applicable Savvis annual incentive plan (rather than such payment being at the discretion of the compensation committee).

James D. Mori. Mr. Mori s employment agreement with Savvis provides that, if (i) Mr. Mori s employment is terminated without cause or (ii) Mr. Mori resigns his employment following (a) an entity other than WCAS becoming the holder of more than 30% of the voting shares of Savvis, (b) being instructed to relocate from the St. Louis metropolitan area or (c) being reassigned to a position entailing materially reduced responsibilities or opportunities for compensation including, but not limited to, being reassigned to a position that has a lower total compensation opportunity than what is set forth in his employment agreement, then Mr. Mori would be entitled to:

a severance payment equal to two months base salary per year of service;

an additional severance payment equal to $450,000; and

immediate vesting of all options.

Jeffrey H. Von Deylen. Mr. Von Deylen s employment agreement provides that if his employment is terminated without cause (as defined in his employment agreement) or if he terminates his employment for good reason (as defined in his employment agreement), he is entitled to receive:

continuation of base salary for 18 months;

continued company paid employer premiums for medical and dental coverage for 18 months; and

his target bonus for the year of termination, prorated to the date of termination.

In addition to the foregoing, upon a change in control of Savvis following which Mr. Von Deylen no longer has the same job title, role or responsibilities, all equity based awards granted to Mr. Von Deylen will fully vest and, to the extent applicable, become exercisable six months following the change in control of Savvis, or if Mr. Von Deylen s employment is terminated without cause following a change in control of Savvis, all equity-based awards granted to Mr. Von Deylen will become fully vested and, to the extent applicable, exercisable, immediately following such termination of employment. Mr. Von Deylen s employment agreement also provides for a gross-up payment to make him whole for any federal excise tax imposed on payments or benefits received by Mr. Von Deylen under Section 4999 of the Internal Revenue Code, and any federal, state and local taxes associated with the gross-up payment.

Possible Employment and Retention Arrangements

As indicated above in the section entitled The Merger Background of the Merger, during the negotiations with respect to the merger agreement, CenturyLink had discussions concerning the possible continued employment of Messrs. Ousley, Fathers, Doerr and Von Deylen following the closing of the merger. CenturyLink proposed entering into new employment agreements that were substantially similar to their existing employment agreements with Savvis and the parties discussed providing such executive officers with retention awards either pursuant to the new employment agreements or as stand-alone arrangements. No such employment agreements or arrangements have been entered into, although discussions on these matters are ongoing.

Potential Payments upon a Termination In Connection with a Change in Control

Named Executive Officers. The following table reflects the compensation and benefits that will be paid or provided to each of the named executive officers in the event a named executive officer s employment is terminated by Savvis without cause or the named executive officer voluntarily resigns for good reason, in each case within 12 months following a change in control of Savvis (and based on the named executive officer s current base salary and target bonus opportunity). Regardless of the manner in which a named executive officer s employment terminates, the executive is entitled to receive amounts already earned during his term of

Table of Contents

employment, such as base salary earned through the date of termination and accrued vacation pay. Please note that the amounts indicated below are estimates based on multiple assumptions that may or may not actually occur, including assumptions described in this proxy statement/prospectus. Some of these assumptions are based on information currently available and, as a result, the actual amounts, if any, to be received by a named executive officer may differ in material respects from the amounts set forth below.

Golden Parachute Compensation (1)

Name	Cash ($)(2)	Single Trigger Equity ($)(3)	Double Trigger Equity ($)(4)	Pro-rated Earned AIP ($)(5)	Perquisites/ Benefits ($)(6)	Tax Reimbursement ($)(7)	Total ($)
James E. Ousley, Chairman and Chief Executive Officer	$ 825,000	$ 16,150,000	$ 7,375,000	$ 527,224	$ 22,857	$ 3,963,153	$ 28,863,234
Gregory W. Freiberg, Senior Vice President and Chief Financial Officer	$ 325,000	$ 5,701,125	$ 1,000,000	$ 169,925	$ 15,238		$ 7,211,288
William D. Fathers, President	$ 430,000	$ 5,360,060	$ 3,200,000	$ 327,514	$ 15,238		$ 9,332,812
Jeffrey H. Von Deylen, Senior Vice President Global Operations and Client Services	$ 555,000	$ 2,081,866	$ 1,000,000	$ 193,460	$ 18,753		$ 3,849,079
James D. Mori, Senior Vice President America	$ 1,088,083	$ 2,187,272	$ 1,183,340		$ 9,377		$ 4,468,072

Sales

(1) The merger agreement provides that outstanding Savvis stock awards are converted using a stock award exchange ratio, which is the sum of (i) the exchange ratio and (ii) the quotient of $30.00 divided by the closing price per share for CenturyLink common shares on the NYSE on the last trading day immediately preceding the closing date. Solely for the purpose of this disclosure, the cash value of merger consideration was determined to be $40.00 per share, calculated as the sum of (i) the $30.00 in cash consideration and (ii) $10.00 in stock consideration, calculated as the product of $40.52 (which was the average per share closing price of CenturyLink common shares for the first five trading days after the public announcement of the deal) and the quotient of $10.00 divided by $40.52. The number of unvested options was determined as of August 1, 2011.

(2) Reflects the total amount of cash severance which would be owed to each individual if he was terminated without cause or voluntarily resigned for good reason following the closing of the merger (double trigger severance payments).

(3) Reflects the aggregate market value of unvested Savvis stock options and fifty percent (50%) of the Savvis restricted stock units (other than the restricted stock units granted under the Savvis annual incentive plan). which, pursuant to the terms of the merger agreement, will be fully accelerated as of the effective time of the merger (single trigger vesting acceleration). The value of the accelerated Savvis stock options was determined by multiplying (i) the number of unvested Savvis stock options by (ii) the difference between $40.00 and the applicable exercise price of such Savvis stock options. For Savvis restricted stock units (other than the restricted stock units granted under the Savvis annual incentive plan) the value was determined by multiplying (i) fifty percent (50%) of such outstanding Savvis restricted stock units as of the closing of the merger by (ii) $40.00 per share.

(4) Reflects the aggregate market value of the fifty percent (50%) of Savvis restricted stock units (other than the restricted stock units granted under the Savvis annual incentive plan), which, pursuant to the terms of the merger agreement, will be assumed by CenturyLink as of the effective time of the merger. The value was computed by multiplying (i) the number of assumed Savvis restricted stock units (other than the restricted stock units granted under the Savvis annual incentive plan) by (ii) $40.00 per share (the assumed per share merger consideration) and assumes a termination without cause or a voluntary resignation for good reason promptly after the closing which would require such assumed Savvis restricted stock units

Table of Contents

(other than the restricted stock units granted under the Savvis annual incentive plan) to become fully vested.

(5) Represents a cash payment determined by multiplying (i) the number of outstanding Savvis restricted stock units granted under the annual incentive plan (assuming achievement at 100% of performance) by (ii) $40.00, and such product multiplied by (iii) the quotient of the number of days in the applicable performance year through the closing date (assumed for this purpose to be August 1, 2011) divided by 365.

(6) Estimated value of COBRA payments for medical and dental coverage continuation after termination of employment is calculated as 18 months for Messrs. Ousley and Von Deylen, 12 months for Messrs. Fathers and Freiberg and 32 weeks for Mr. Mori.

(7) Estimated 280G gross-up payments are subject to change based on the actual closing of the merger, date of termination of employment (if any) of the named executive officer, interest rates then in effect and certain other assumptions used in the calculations. The estimates do not take into account the value of any non-competition agreement with a named executive officer or certain amounts that may be reasonable compensation provided to the named executive officer, either before or after the closing of the merger, each of which may, in some cases, significantly reduce the amount of the potential 280G gross-up payments.

Potential Severance Payments and Benefits for Executive Officers Other than Named Executive Officers. As described above, Messrs. Bazil, Doerr and Hott are entitled to severance upon a termination of employment by Savvis without cause or a resignation of employment for good reason following a change in control of Savvis. Assuming that each of the executive officers were terminated without cause or resign for good reason, in each case within 12 months following a change in control of Savvis, Messrs. Bazil, Doerr and Hott would be entitled to severance payments and benefits (including the value of continuation of benefits) of $195,000, $315,000 and $235,000, respectively.

No Compensation Payable to CenturyLink Named Executive Officers. None of CenturyLink s executive officers are entitled to receive compensation that is based on or otherwise relates to the merger.

Director and Officer Indemnification

Savvis directors and officers are entitled to continued indemnification and insurance coverage under the merger agreement for a period of six years after the merger is completed. For a more complete description, please see The Merger Agreement Indemnification and Insurance on page [ ].

Dividends

CenturyLink currently pays an annual dividend of $2.90 per share. Savvis does not currently pay an annual dividend and has agreed in the merger agreement that it will not do so prior to the completion of the merger without CenturyLink s prior written consent. Following the closing of the merger, CenturyLink expects to continue its current dividend for shareholders of the combined company, subject to any factors that its board of directors in its discretion deems relevant. See CenturyLink cannot assure you that it will be able to continue paying dividends at the current rate, in Risk Factors Other Risks. For additional information on the treatment of dividends under the merger agreement, see The Merger Agreement Conduct of Business.

Listing of CenturyLink Common Stock

CenturyLink s common shares currently trade on the NYSE under the stock symbol CTL . It is a condition to the completion of the merger that the CenturyLink common stock issuable in the merger be approved for listing on the NYSE, subject to official notice of issuance. CenturyLink has agreed to use its reasonable best efforts to cause the

CenturyLink common shares issuable in connection with the merger to be approved for listing on the NYSE and expects to obtain NYSE s approval to list such shares prior to completion of the merger, subject to official notice of issuance.

Table of Contents

De-Listing and Deregistration of Savvis Common Stock

Shares of Savvis common stock currently trade on the NASDAQ Global Select Market, or NASDAQ, under the stock symbol SVVS . When the merger is completed, the Savvis common stock currently listed on NASDAQ will cease to be quoted on NASDAQ and will be deregistered under the Exchange Act.

Certain Forecasts Prepared by the Management of Savvis

Savvis does not as a matter of course make public forecasts as to future performance, earnings or other results beyond the current fiscal year, and Savvis is especially reluctant to disclose forecasts for extended periods due to the unpredictability of the underlying assumptions and estimates. However, Savvis has included below certain information that was furnished to third parties and that was considered by Savvis financial advisor, Morgan Stanley, and by the board of directors of Savvis for the purposes of evaluating the merger. Note that the forecasts set forth below include the forecasts that are referred to as the management case in the section of this proxy statement/prospectus entitled Opinion of Morgan Stanley & Co. Incorporated beginning on page [ ].

	2011	2012	2013	2014	2015
			(In millions)		
Adjusted EBITDA(1)	$ 290	$ 351	$ 420	$ 488	$ 560
Leveraged free cash flow(2)	$ (17)	$ 85	$ 148	$ 178	$ 230

(1) Adjusted EBITDA represents income from continuing operations before depreciation, amortization, accretion and non-cash equity-based compensation and excludes acquisition and integration costs.

(2) Leveraged Free Cash Flow represents adjusted EBITDA less cash acquisition and integration costs, less cash capital expenditures and less cash interest, net.

The internal financial forecasts were not prepared with a view toward public disclosure, nor were they prepared with a view toward compliance with published guidelines of the SEC, the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of financial forecasts, or GAAP. In addition, the projections were not prepared with the assistance of, or reviewed, compiled or examined by, independent accountants. The summary of these internal financial forecasts is not being included in this proxy statement/prospectus to influence your decision whether to vote for the merger, but because these internal financial forecasts were provided by Savvis to CenturyLink as well as to Savvis and CenturyLink s financial advisors.

These internal financial forecasts were based on numerous variables and assumptions that are inherently uncertain and may be beyond the control of Savvis management. Important factors that may affect actual results and cause the internal financial forecasts not to be achieved include, but are not limited to, risks and uncertainties relating to Savvis business (including its ability to achieve strategic goals, objectives and targets over applicable periods), industry performance, the regulatory environment, general business and economic conditions and other factors described under Cautionary Statement Regarding Forward-Looking Statements beginning on page [ ]. The internal financial forecasts also reflect assumptions as to certain business decisions that are subject to change. As a result, actual results may differ materially from those contained in these internal financial forecasts. Accordingly, there can be no assurance that the internal financial forecasts will be realized.

The inclusion of these internal financial forecasts in this proxy statement/prospectus should not be regarded as an indication that any of Savvis, CenturyLink or their respective affiliates, advisors or representatives considered the internal financial forecasts to be predictive of actual future events, and the internal financial forecasts should not be relied upon as such. None of Savvis, CenturyLink or their respective affiliates, advisors, officers, directors, partners or representatives can give you any assurance that actual results

Table of Contents

will not differ from these internal financial forecasts, and none of them undertakes any obligation to update or otherwise revise or reconcile these internal financial forecasts to reflect circumstances existing after the date the internal financial forecasts were generated or to reflect the occurrence of future events even in the event that any or all of the assumptions underlying the projections are shown to be in error. Savvis does not intend to make publicly available any update or other revision to these internal financial forecasts. Since the date of the internal financial forecasts, Savvis has made publicly available its actual results of operations for the quarter ended March 31, 2011. You should review Savvis Quarterly Report on Form 10-Q for the quarter ended March 31, 2011 for this information. None of Savvis or its affiliates, advisors, officers, directors, partners or representatives has made or makes any representation to any stockholder or other person regarding Savvis ultimate performance compared to the information contained in these internal financial forecasts or that forecasted results will be achieved. Savvis has made no representation to CenturyLink, in the merger agreement or otherwise, concerning these internal financial forecasts.

The Merger Agreement

The following summarizes material provisions of the merger agreement, which is attached as Annex A to this proxy statement/prospectus and is incorporated by reference herein. The rights and obligations of the parties are governed by the express terms and conditions of the merger agreement and not by this summary or any other information contained in this proxy statement/prospectus. Savvis stockholders are urged to read the merger agreement carefully and in its entirety as well as this proxy statement/prospectus before making any decisions regarding the merger.

In reviewing the merger agreement, please remember that it is included to provide you with information regarding its terms and is not intended to provide any other factual information about CenturyLink or Savvis. The merger agreement contains representations and warranties by each of the parties to the merger agreement. These representations and warranties have been made solely for the benefit of the other parties to the merger agreement and:

- may be intended not as statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;
- have been qualified by certain disclosures that were made to the other party in connection with the negotiation of the merger agreement, which disclosures are not reflected in the merger agreement; and
- may apply standards of materiality in a way that is different from what may be viewed as material by you or other investors.

Accordingly, the representations and warranties and other provisions of the merger agreement should not be read alone, but instead should be read together with the information provided elsewhere in this proxy statement/prospectus and in the documents incorporated by reference herein. See Where You Can Find More Information on page [ ].

Terms of the Merger

The merger agreement provides for the merger of Mimi Acquisition Company with and into Savvis. Savvis will be the surviving corporation in the merger and will become a subsidiary of CenturyLink. Each share of Savvis common stock issued and outstanding immediately prior to the completion of the merger, except for any shares of Savvis common stock held by Savvis, CenturyLink or Mimi Acquisition Company and shares held by holders who properly exercise dissenters rights, will be converted into the right to receive (i) $30.00 in cash and (ii) a fraction of a share of CenturyLink common stock equal to (x) $10.00 divided by (y) the volume-weighted average trading price per share taken to four decimal places of CenturyLink common stock as reported on the NYSE over the 30 trading day period ending three trading days prior to the closing, as calculated by Bloomberg Financial LP under the function VWAP, provided that if this average price is less than or equal to $34.42, each such Savvis share will be converted into the

right to receive $30.00 in cash and 0.2905 of a share of CenturyLink common stock.

Table of Contents

CenturyLink will not issue any fractional shares of CenturyLink common stock in the merger. Instead, a Savvis stockholder who otherwise would have received a fraction of a share of CenturyLink common stock will receive an amount in cash equal to such fractional amount multiplied by the last reported sale price of CenturyLink common stock on the NYSE on the last complete trading day prior to the effective time of the merger.

Completion of the Merger

Unless the parties agree otherwise, the closing of the merger will take place on a date specified by the parties, but no later than the fifth business day after all closing conditions have been satisfied or waived. The merger will be completed when the parties file a certificate of merger with the Delaware Secretary of State, unless the parties agree to a later time for the completion of the merger and specify that time in the certificate of merger.

We currently expect to complete the merger in the second half of 2011, subject to receipt of required stockholder and regulatory approvals and to the satisfaction or waiver of the other conditions to the merger described below.

Conditions to Completion of the Merger

The obligations of CenturyLink and Savvis to complete the merger are subject to the satisfaction or waiver of the following conditions:

the adoption of the merger agreement by Savvis stockholders;

the approval for listing by the NYSE, subject to official notice of issuance, of the CenturyLink common stock issuable to Savvis stockholders in the merger;

the termination or expiration of any applicable waiting period under the HSR Act;

the receipt of any required authorizations of the FCC (or after the receipt of such authorizations, if the parties so agree, the termination or expiration of certain challenges to any such authorization);

the receipt of other requisite regulatory approvals, unless failure to obtain them would not, individually or in the aggregate, have a substantial detriment, as defined in the merger agreement, or provide a reasonable basis to conclude that either party or their officers or directors would be subject to the risk of criminal liability;

the absence of any judgment or other legal prohibition or binding order of any court or other governmental entity, or pending action or proceeding by a governmental entity which is reasonably likely to result in such a legal restraint, that prohibits the merger;

the absence of any judgment or other legal prohibition or binding order of any court or other governmental entity, or pending action or proceeding by a governmental entity which is reasonably likely to result in such a legal restraint, that is reasonably likely to result in any limitation on the ability of CenturyLink to control Savvis following the merger, any limitation on the ownership or operation by Savvis or CenturyLink of any portion of the business, property or assets of Savvis or CenturyLink, Savvis or CenturyLink being compelled to dispose of or hold separate any portion of the business, properties or assets of Savvis or CenturyLink as a result of the merger, or any limitation on the ability of CenturyLink to own and vote any shares of Savvis subsidiaries, in each case, which would reasonably be expected to have a substantial detriment, as defined in the merger agreement; and

the SEC having declared effective the registration statement of which this proxy statement/prospectus forms a part.

The merger agreement also provided that the obligations of CenturyLink and Savvis to complete the merger would be subject to the satisfaction or waiver of the receipt of any consents required to be obtained pursuant to certain regulations under the Indian Competition Act of 2002 that had not yet been promulgated at

Table of Contents

the time the merger agreement was executed. These regulations have since been issued, however, and no consent is required with respect to the merger under such regulations.

In addition, each of CenturyLink s and Savvis obligations to effect the merger is subject to the satisfaction or waiver of the following additional conditions:

- the representation and warranty as to the absence of a material adverse effect being true and correct in all respects, certain representations and warranties of the other party being true and correct in all material respects and all other representations and warranties of the other party being true and correct, subject to the material adverse effect standard provided in the merger agreement and summarized below;
- the other party having performed or complied with, in all material respects, all material obligations required to be performed or complied with by it under the merger agreement; and
- the receipt of an officer s certificate executed by an executive officer of the other party certifying that the two preceding conditions have been satisfied.

We cannot be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed.

Reasonable Best Efforts to Obtain Required Stockholder Vote

Savvis has agreed to hold a meeting of its stockholders as soon as is reasonably practicable for the purpose of Savvis stockholders voting on the adoption of the merger agreement. Savvis has agreed to use its reasonable best efforts to obtain such stockholder approval. The merger agreement requires Savvis to submit the merger agreement to a stockholder vote even if its board of directors no longer recommends adoption of the merger agreement. The board of directors of Savvis approved the merger and directed that the merger be submitted to Savvis stockholders for their consideration.

No Solicitation of Alternative Proposals

Savvis has agreed that, from the time of the execution of the merger agreement until the consummation of the merger or the termination of the merger agreement, none of Savvis or its affiliates, subsidiaries, officers, directors, employees or representatives will directly or indirectly solicit, initiate or knowingly encourage, induce or facilitate any inquiry, proposal or offer with respect to any merger, consolidation, share exchange, business combination or similar transaction involving Savvis or any of its subsidiaries, or any sale of assets, sale of voting securities or similar transaction involving Savvis or any of its subsidiaries meeting certain 20% thresholds described in the merger agreement, which we refer to as takeover proposals. Additionally, Savvis has agreed that it will not participate in any discussions or negotiations regarding, or furnish any information with respect to, any takeover proposal by a third party.

Nevertheless, the board of directors of Savvis will be permitted, prior to the receipt of the requisite stockholder approval, to furnish information with respect to Savvis and its subsidiaries to a person making a bona fide written takeover proposal (and such person s advisors and financing sources) and participate in discussions and negotiations with respect to such bona fide written takeover proposal received by Savvis if its board of directors determines in good faith (after consultation with outside legal counsel and financial advisors) that such proposal constitutes or is reasonably likely to lead to a takeover proposal that is superior from a financial point of view to its stockholders and that is reasonably likely to be completed, taking into account all financial, regulatory, legal and other aspects of such proposal. The merger agreement requires that Savvis notify CenturyLink if any takeover proposals are presented to

Savvis.

The merger agreement requires Savvis and its subsidiaries to cease and terminate any existing discussions or negotiations with any persons conducted prior to the execution of the merger agreement regarding an alternative takeover proposal, request the prompt return or destruction of all confidential information previously furnished to any such persons or their representatives and immediately terminate all access to data previously granted to any such person or their representatives.

Table of Contents

Change in Board Recommendation

Subject to the following sentence, Savvis has agreed that its board of directors will not, and will not publicly propose to, withdraw or modify in a manner adverse to CenturyLink its recommendation related to the merger, or recommend any alternative takeover proposal, any acquisition agreement related to a takeover proposal, or any acquisition agreement inconsistent with the merger. The board of directors of Savvis may nonetheless withdraw or modify its recommendation or recommend an alternative takeover proposal if it determines in good faith (after consultation with outside legal counsel and financial advisors) that a failure to do so would be inconsistent with its fiduciary duties to stockholders, subject to informing CenturyLink of its proposed decision to change its recommendation and giving CenturyLink four business days to respond to such decision, including by proposing changes to the merger agreement. If the Savvis board of directors withdraws or modifies its recommendation, or recommends any alternative takeover proposal or acquisition agreement, Savvis will nonetheless continue to be obligated to hold its stockholder meeting and submit the proposals described in this proxy statement/prospectus to its stockholders.

Termination of the Merger Agreement

The merger agreement may be terminated at any time prior to the effective time of the merger, even after the receipt of the requisite stockholder approval, under the following circumstances:

by mutual written consent of CenturyLink and Savvis;

by either CenturyLink or Savvis:

if the merger is not consummated by January 31, 2012; provided that such date may be extended by either party for one or more periods of up to 60 days per extension, up to three months in the aggregate, if certain regulatory approvals have not been obtained but the required approval by Savvis stockholders has been obtained; provided further that if the required FCC authorization has been obtained but the parties have agreed that certain challenges to such authorization constitute a failure to satisfy the related closing condition, then neither party may terminate the agreement until the 60th day after the parties have made such determination;

if a court or governmental entity issues a final and nonappealable order, decree or ruling or takes any other action that permanently restrains, enjoins or otherwise prohibits the merger; or

if Savvis stockholders fail to adopt the merger agreement at Savvis stockholder meeting or at any adjournment or postponement at which the vote to obtain the approval required for this transaction is taken;

by CenturyLink upon a breach of any representation, warranty, covenant or agreement on the part of Savvis, such that the conditions to CenturyLink s obligations to complete the merger would not then be satisfied and such breach is not reasonably capable of being cured by January 31, 2012 (subject to extension as provided in the merger agreement) or Savvis is not diligently attempting to cure such breach after receiving written notice from CenturyLink;

by Savvis upon a breach of any representation, warranty, covenant or agreement on the part of CenturyLink, such that the conditions to Savvis obligations to complete the merger would not then be satisfied and is not reasonably capable of being cured by January 31, 2012 (subject to extension as provided in the merger agreement) or CenturyLink is not diligently attempting to cure such breach after receiving written notice from Savvis; or

by CenturyLink if, prior to obtaining the approval of the Savvis stockholders required to consummate the merger, the board of directors of Savvis withdraws, modifies or proposes publicly to withdraw or modify its approval or recommendation with respect to the merger agreement or approves, recommends or proposes to approve or recommend any alternative takeover proposal with a third party.

Table of Contents

Expenses and Termination Fees

Except as provided below, each party shall pay all fees and expenses incurred by it in connection with the merger and the other transactions contemplated by the merger agreement.

If the merger agreement is validly terminated, the agreement will become void and have no effect, without any liability or obligation on the part of any party except in the case of any statement, act or failure to act by a party that is intended to be a misrepresentation or breach of any covenant or agreement contained in the merger agreement. The provisions of the merger agreement relating to the effects of termination, fees and expenses, termination payments, governing law, jurisdiction, waiver of jury trial, specific performance and absence of recourse to lenders, as well as the confidentiality agreement entered into between CenturyLink subsidiaries and Savvis, will continue in effect notwithstanding termination of the merger agreement. Upon a termination, Savvis will become obligated to pay to CenturyLink an $85 million termination fee (which will, in any case, only be payable once) if:

the merger agreement is terminated by CenturyLink if, prior to obtaining the approval of Savvis stockholders of the merger, the board of directors of Savvis withdraws, modifies or proposes publicly to withdraw or modify its approval or recommendation with respect to the merger agreement or approves, recommends or proposes to approve or recommend any alternative takeover proposal with a third party;

the merger agreement is terminated by CenturyLink as a result of Savvis breach of its obligations to hold the Savvis special meeting and to use its reasonable best efforts to solicit its stockholder approval of the merger if, in either case, such breach occurs after an alternative takeover proposal has been made to Savvis or its stockholders;

prior to the Savvis special meeting, an alternative takeover proposal is made to Savvis or its stockholders and not withdrawn, Savvis or CenturyLink terminate the merger agreement because Savvis does not obtain stockholder approval of the merger or because the merger is not consummated by January 31, 2012 (subject to any applicable extensions described under the section entitled Termination of the Merger Agreement above) and within 12 months of such termination, Savvis enters into a definitive agreement with respect to or consummates any alternative takeover proposal, except that references to 20% in the definition of takeover proposal will be deemed to be references to 50.1% for this purpose; or

prior to the Savvis special meeting, an alternative takeover proposal is made to Savvis or its stockholders which is withdrawn, Savvis or CenturyLink terminate the merger agreement because Savvis does not obtain stockholder approval of the merger or because the merger is not consummated by January 31, 2012 (subject to any applicable extensions described under the section entitled Termination of the Merger Agreement above), and within 12 months of such termination, Savvis enters into a definitive agreement with respect to or consummates an alternative takeover proposal with the person or an affiliate of such person who originally made such withdrawn alternative takeover proposal, except that references to 20% in the definition of takeover proposal will be deemed to be references to 50.1% for this purpose.

Conduct of Business

Under the merger agreement, each of Savvis and CenturyLink has agreed to restrict the conduct of its respective business between the date of the merger agreement and the effective time of the merger.

In general, Savvis has agreed to (i) conduct its business in the ordinary course consistent with past practice in all material respects and (ii) use its reasonable best efforts to preserve intact its business organization and advantageous

business relationships and keep available the services of its current officers and employees.

In addition, between the date of the merger agreement and the effective time of the merger, Savvis has agreed to various specific restrictions relating to the conduct of its business, including restrictions on the

Table of Contents

following (subject in each case to exceptions specified in the merger agreement or previously disclosed in writing to CenturyLink as provided in the merger agreement):

declaring or paying dividends or other distributions;

splitting, combining, subdividing or reclassifying any of its capital stock or issuing any other securities in substitution for shares of its capital stock;

repurchasing, redeeming or otherwise acquiring its own capital stock;

issuing or selling shares of capital stock, voting securities or other equity interests;

amending its charter or bylaws or equivalent organizational documents;

granting any current or former director or officer any increase in compensation or benefits; or promoting any employee, filling any open employee position, or changing any employee job description outside the ordinary course of business consistent with past practice; or granting any person any severance, retention, change in control or termination compensation or benefits;

entering into any material benefit plan or amending in any material respect an existing benefit plan;

making any material change in financial accounting methods, except as required by a change in GAAP;

acquiring or agreeing to acquire any equity interest in, or business of, any corporation, partnership, association or other similar business entity if the aggregate amount of consideration paid for such interests would exceed $5 million;

selling, leasing, mortgaging, encumbering or otherwise disposing of any properties or assets (other than sales of products and services in the ordinary course of business) that have an aggregate fair market value greater than $5 million;

incurring indebtedness except for (i) indebtedness in the ordinary course of business consistent with past practice not to exceed $25 million, (ii) indebtedness in replacement of existing indebtedness, (iii) guarantees of indebtedness of wholly owned subsidiaries or (iv) borrowing under an existing revolving credit facility with the intent to repay within 90 days;

making capital expenditures in excess of specified amounts;

entering into contracts that would reasonably be expected to prevent or materially impede or delay the consummation of the merger or adversely affect in any material respect the expected benefits of the merger;

entering into any material contract to the extent that consummation of the merger or compliance with the merger agreement would cause a default, create an obligation or lien, or cause a loss of a benefit under such material contract;

entering into any collective bargaining or other labor union contract;

assigning, leasing, canceling or failing to renew any material permit issued by the FCC that is necessary to hold its properties and assets or to conduct its businesses;

waiving, releasing, assigning or settling any claim, action or proceeding, other than for an amount equal to or lesser than its reserves or an aggregate amount of $2 million;

abandoning, encumbering, conveying or exclusively licensing any material intellectual property rights or entering into agreements that impose material restrictions on itself or its subsidiaries with respect to intellectual property rights owned by any third party;

entering into, amending or modifying certain material contracts including non-compete agreements, joint ventures, and partnerships;

entering into certain indemnification, employment, consulting or other material agreements with any director or executive officer;

Table of Contents

making any material tax election or settling any material tax liability or refund, other than in the ordinary course of business;

entering into a new line of business outside its existing business;

taking any action or omitting to take any action that would be reasonably likely to result in one of the closing conditions not being satisfied, result in additional regulatory approvals being required for the merger that would materially delay the consummation of the merger or materially impair the ability of any party to consummate the merger;

failing to pay any maintenance and similar fees or failing to take other appropriate actions as necessary to prevent the abandonment, loss or impairment of any owned intellectual property that is material to the conduct of Savvis business;

selling, leasing, mortgaging, encumbering or otherwise disposing of any intellectual property, other than in the ordinary course of business consistent with past practice; or

authorizing or committing to any, or participating in any discussions with any other person regarding any, of the foregoing actions.

In addition, between the date of the merger agreement and the effective time of the merger, CenturyLink has agreed to various specific restrictions relating to the conduct of its business, including the following (subject in each case to exceptions specified in the merger agreement or previously disclosed in writing to Savvis as provided in the merger agreement):

declaring or paying dividends or other distributions, other than regular quarterly cash dividends;

splitting, combining, subdividing or reclassifying any of its capital stock or issuing any other securities in substitution for shares of its capital stock;

repurchasing, redeeming or otherwise acquiring its own capital stock, other than open market purchases;

issuing or selling shares of capital stock, voting securities or other equity interests in excess of 15% of the outstanding CenturyLink common shares;

amending its charter or bylaws or equivalent organizational documents, except as would not affect the holders of Savvis common stock whose shares are converted to CenturyLink common shares at the effective time of the merger in a manner different than holders of CenturyLink common shares prior to the effective time of the merger;

taking any action or omitting to take any action that would be reasonably likely to result in one of the closing conditions not being satisfied, result in additional regulatory approvals being required for the merger that would materially delay the consummation of the merger or materially impair the ability of any party to consummate the merger; or

authorizing or committing to any of the foregoing actions.

Other Covenants and Agreements

The merger agreement contains certain other covenants and agreements, including covenants relating to:

- cooperation between CenturyLink and Savvis in the preparation of this proxy statement/prospectus;
- confidentiality and access by CenturyLink to certain information about Savvis during the period prior to the effective time of the merger;
- holding the Savvis special meeting and soliciting the Savvis stockholder approval of the merger;
- the use of each party s respective reasonable best efforts to take all actions reasonably appropriate to consummate the merger;

Table of Contents

cooperation between CenturyLink and Savvis to obtain all governmental approvals, consents and waiting period expirations required to complete the merger;

participation by CenturyLink in the defense or settlement of any stockholder litigation against Savvis relating to the merger;

cooperation between CenturyLink and Savvis in connection with public announcements; and

the use of reasonable best efforts by CenturyLink to cause the shares of CenturyLink common stock to be issued in the merger to be approved for listing on the NYSE, subject to official notice of issuance, prior to the closing date.

Indemnification and Insurance

Pursuant to the merger agreement, CenturyLink has agreed that all indemnification rights of the current or former directors, officers or employees of Savvis existing at the time of execution of the merger agreement for acts or omissions occurring at or prior to the effective time of the merger as provided in the charter documents of Savvis or any indemnification or similar agreements of Savvis will continue in full force and effect. The merger agreement provides that from and after the effective time of the merger, Savvis, as the surviving corporation in the merger, will indemnify and hold harmless each current director or officer of Savvis, its subsidiaries or another party, at the request of Savvis, against losses relating to such role to the fullest extent permitted by law. CenturyLink will guarantee Savvis post-closing obligations related to these matters. Savvis will also maintain directors and officers and fiduciary liability insurance policies for six years following the effective time of the merger, subject to certain limitations on the amount of premiums payable under such policies. In lieu of such insurance, Savvis may, prior to the closing of the merger and with the prior written consent of CenturyLink, purchase a tail directors and officers liability insurance policy for Savvis and its current and former directors and officers who are currently covered by the liability insurance coverage currently maintained by Savvis.

Employee Benefits Matters

CenturyLink and Savvis have agreed that, during the 12-month period following the consummation of the merger, CenturyLink will provide Savvis employees who remain employed by CenturyLink with compensation that is substantially comparable in the aggregate to the compensation provided to such employees of Savvis immediately prior to the consummation of the merger and benefits that are substantially comparable, in the aggregate, to either the benefits provided to such employees immediately prior to the consummation of the merger or to the benefits provided to similarly situated employees of CenturyLink.

CenturyLink and Savvis have also agreed that, with respect to Savvis employees who continue to be employed by CenturyLink following consummation of the merger, CenturyLink will:

establish a new bonus plan for the remaining portion of the calendar year during which the consummation of the merger occurs, upon terms and conditions that are substantially similar to Savvis 2011 Annual Incentive Plan;

for purposes of determining eligibility, level of benefits (other than benefit accruals and early retirement subsidies under a defined benefit plan) and vesting under CenturyLink employee benefit plans in which such employees become eligible to participate, treat service recognized by Savvis prior to consummation of the merger as service with CenturyLink, except that (1) the date of initial participation of such employees in

CenturyLink benefit plans will be no earlier than the date of consummation of the merger and (2) CenturyLink need not recognize such service if (i) under any CenturyLink retiree medical plan or program or (ii) to the extent that (A) the applicable Savvis benefit plan did not recognize such service or recognition or (B) such service would result in any duplication of benefits;

waive all limitations as to pre-existing conditions and exclusions with respect to participation and coverage requirements under CenturyLink welfare plans in which such employees become eligible to

Table of Contents

participate, to the extent that such conditions and exclusions were satisfied or did not apply to such employees under the analogous Savvis welfare plan prior to consummation of the merger;

provide each such employee with credit for any co-payments and deductibles paid and for out-of-pocket maximums incurred prior to consummation of the merger and during the portion of the plan year of the applicable Savvis welfare plan ending upon consummation of the merger in satisfying any analogous deductible or out-of-pocket maximum under any CenturyLink welfare plan in which such employee becomes eligible to participate;

assume and honor all employment, change in control and severance agreements between Savvis and any Savvis employee who remains employed by CenturyLink following the consummation of the transaction, including with respect to any payments, benefits or rights arising as a result of the merger pursuant to the terms of the applicable agreements; and

assume, honor and continue the Savvis Severance Plan for at least 12 months following the effective time of the merger and the Savvis Paid Time Off (PTO) Policy through the later to occur of (i) the end of the calendar year in which the effective time of the merger occurs or (ii) December 31, 2011.

CenturyLink and Savvis have also agreed that, prior to the consummation of the merger, each party will not, without the prior written consent of the other party, directly or indirectly solicit for hire or hire any director-level or more senior employee of the other party. The merger agreement does not, however, prohibit either CenturyLink or Savvis from hiring any person who has not been employed by the other party during the preceding six months or from making a general public solicitation.

Financing

CenturyLink has received an executed commitment letter from Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Barclays Bank PLC to provide CenturyLink, under certain circumstances and subject to certain conditions, with up to $2.0 billion in debt financing to fund the payment of the cash portion the merger consideration, the refinancing of certain existing credit facilities of Savvis in connection with the merger and certain fees and expenses to be incurred in connection with the merger, in whole or in part. For additional information with respect to this debt financing, see Description of Debt Financing on page [ ]. CenturyLink has agreed in the merger agreement to use its reasonable best efforts to arrange the debt financing on the terms and conditions described in the commitment letter and to obtain alternative financing from alternative sources if any portion becomes unavailable. Savvis has agreed in the merger agreement to cooperate and to use its reasonable best efforts to cause its representatives to cooperate with CenturyLink in connection with the arrangement of the debt financing as may be reasonably requested by CenturyLink.

Representations and Warranties

CenturyLink and Savvis have each made representations and warranties to the other, many of which will be deemed untrue, inaccurate or incorrect as a consequence of the existence or absence of any fact, circumstance or event only if that fact, circumstance or event, individually or when taken together with all other facts, circumstances, effects, changes, events and developments, has had or would reasonably be expected to have a material adverse effect on the company making the representation. In determining whether a material adverse effect has occurred or would reasonably be expected to occur, the parties (subject to certain exceptions) will disregard any effects resulting from (i) changes or conditions generally affecting the industries in which such party operates, except if such effect has a materially disproportionate effect on such party relative to others in such industries, (ii) general economic or political conditions or securities, credit, financial or other capital markets conditions, except if such effect has a materially

disproportionate effect on such party relative to others in the industries in which such party operates, (iii) any failure, in and of itself, by such party to meet any internal or published projections, forecasts, estimates or predictions in respect of revenues, earnings or other financial or operating metrics for any period, (iv) the execution and delivery of the merger agreement or the public announcement or pendency of the merger, (v) any change in the market price or trading volume of such party s securities, (vi) any change in applicable law, regulation or GAAP, except if

Table of Contents

such effect has a materially disproportionate effect on such party relative to others in the industries in which such party operates, (vii) geopolitical conditions, the outbreak or escalation of hostilities, any acts of war, sabotage or terrorism, except if such effect has a materially disproportionate effect on such party relative to others in the industries in which such party operates, or (viii) any natural disaster, except if such effect has a materially disproportionate effect on such party relative to others in the industries in which such party operates.

Savvis representations and warranties relate to, among other topics, the following:

organization, standing and corporate power, charter documents and ownership of subsidiaries;

capital structure;

authority relative to execution and delivery of the merger agreement and the absence of conflicts with, or violations of, organizational documents or other obligations as a result of the merger;

consents and approvals relating to the merger;

SEC documents, financial statements, internal controls and accounting or auditing practices;

absence of undisclosed liabilities and off-balance-sheet arrangements;

accuracy of information supplied or to be supplied in the registration statement and this proxy statement/prospectus;

absence of any fact, change or event that would reasonably be expected to have a material adverse effect, as defined in the merger agreement, on Savvis and the absence of certain other events and changes;

tax matters;

benefits matters and ERISA compliance;

absence of certain litigation;

compliance with applicable laws and permits, including all applicable rules of the FCC and other governmental entities;

environmental matters;

material contracts;

owned and leased real property;

intellectual property;

possession of all approvals, authorizations, certificates and licenses issued by the FCC, and all other material regulatory permits, approvals, licenses and other authorizations that are required for Savvis to conduct its business;

absence of certain agreements with regulatory agencies;

absence of collective bargaining agreements and other labor matters;

broker s fees payable in connection with the merger;

receipt of opinions from Savvis financial advisor;

insurance policies;

affiliate transactions;

compliance with the U.S. Foreign Corrupt Practices Act;

top customers;

Table of Contents

facilities and operations;

product liability and service level agreements; and

accounts receivable.

CenturyLink s representations and warranties relate to, among other topics, the following:

organization, standing and corporate power, charter documents and ownership of subsidiaries;

capital structure;

authority relative to execution and delivery of the merger agreement and the absence of conflicts with, or violations of, organizational documents or other obligations as a result of the merger;

consents and approvals relating to the merger;

SEC documents, financial statements, internal controls and accounting or auditing practices;

absence of undisclosed liabilities and off-balance-sheet arrangements;

accuracy of information supplied or to be supplied in the registration statement and this proxy statement/prospectus;

absence of any fact, change or event that would reasonably be expected to have a material adverse effect, as defined in the merger agreement, on CenturyLink and the absence of certain other events and changes;

benefits matters and ERISA compliance;

absence of certain litigation;

compliance with applicable laws and permits, including all applicable rules of the FCC and other governmental entities;

broker s fees payable in connection with the merger; and

validity of the commitment letter and other matters relating to the proposed debt financing.

The merger agreement also contains certain representations and warranties of CenturyLink with respect to its wholly owned subsidiary, Mimi Acquisition Company, including its corporate organization and authorization, lack of prior business activities, capitalization and execution of the merger agreement.

Amendments, Extensions and Waivers

Amendment. The merger agreement may be amended by the parties at any time before or after the receipt of the approval of the Savvis stockholders required to consummate the merger. However, after such stockholder approval, there may not be, without further approval of Savvis stockholders, any amendment of the merger agreement for which applicable laws requires further approval by the stockholders of Savvis.

Extension; Waiver. At any time prior to the effective time of the merger, with certain exceptions, any party may (i) extend the time for performance of any obligations or other acts of the other party, (ii) waive any inaccuracies in the representations and warranties of the other party contained in the merger agreement or in any document delivered pursuant to the merger agreement or (iii) waive compliance by another party with any of the agreements or conditions contained in the merger agreement.

THE SAVVIS BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE PROPOSAL TO ADOPT THE MERGER AGREEMENT.

Table of Contents

The Voting Agreement

Overview

In connection with the execution of the merger agreement, Welsh, Carson, Anderson & Stowe VIII, L.P., which we refer to as WCAS, and certain related parties (which we refer to collectively with WCAS as the WCAS stockholders), have entered into a voting agreement, dated as of April 26, 2011, with CenturyLink, which we refer to as the voting agreement. As of May 16, 2011, there were 13,105,304 shares, constituting approximately 22.8% of the outstanding common stock of Savvis, subject to the voting agreement.

The WCAS stockholders have agreed in the voting agreement to vote all shares of Savvis common stock beneficially owned by them:

- in favor of the adoption of the merger agreement and any action reasonably requested by CenturyLink in furtherance thereof, including any proposal to adjourn or postpone to a later date any meeting of the Savvis stockholders at which the adoption of the merger agreement has been submitted for the consideration and vote of the Savvis stockholders if there are not sufficient votes for approval of such matters on the date on which such meeting is held; and

- against action or agreement that would reasonably be expected to:

  - result in a breach of any covenant, representation or warranty or other obligation or agreement of Savvis contained in the merger agreement or of any WCAS stockholder in the voting agreement; or

  - result in any of the conditions to the completion of the merger not being satisfied on or before January 31, 2012;

- against any change in the Savvis board of directors;

- against any alternative takeover proposals with a third party and any action involving Savvis that is intended, or would reasonably be expected, to interfere with or delay the merger, including:

  - any extraordinary corporate transaction, such as a merger, consolidation or other business combination involving Savvis or any of its subsidiaries (other than the merger with CenturyLink);

  - any sale, lease or transfer of a material amount of Savvis or any of its subsidiaries assets or any reorganization, recapitalization or liquidation involving Savvis or any of its subsidiaries;

  - any change in the present capitalization of Savvis; or

  - any amendment or other change to Savvis certificate of incorporation or by-laws.

Non-Solicitation and Restriction on Transfers

The WCAS stockholders have agreed that they will not, and they will not authorize or permit their respective affiliates, to directly or indirectly solicit or initiate, or knowingly encourage, induce or facilitate any alternative takeover proposal or any inquiry or proposal that may reasonably be expected to lead to an alternative takeover

proposal or participate in any discussions or negotiations regarding, or furnish any information or cooperate with any person with respect to, any takeover proposal by a third party. Notwithstanding these non-solicitation obligations, if Savvis is engaging in activities with respect to a takeover proposal that the WCAS stockholders reasonably believe are in compliance with the provisions of the merger agreement, the WCAS stockholders, and their respective affiliates and representatives, may participate with Savvis in such activities. The voting agreement also requires the WCAS stockholders to, and to cause their respective affiliates and representatives to, cease and terminate any existing discussions or negotiations with any persons conducted prior to the execution of the voting agreement regarding an alternative takeover proposal.

Table of Contents

The WCAS stockholders also have agreed to comply with restrictions on the disposition and encumbrance of their shares of Savvis common stock and to refrain from, and have agreed to cause their respective representatives to refrain from, making any press release, public announcement or other public communication that criticizes or disparages the voting agreement, the merger agreement or the transactions contemplated thereby, including the merger, without the prior written consent of CenturyLink.

Other Provisions

In the voting agreement, the WCAS stockholders waived their dissenters rights with respect to the merger and have agreed not to commence or participate in any claim against CenturyLink, Mimi Acquisition Company or Savvis relating to the merger, including any claim challenging or seeking to enjoin any provision of the voting agreement or the merger agreement or alleging a breach of fiduciary duty by the board of directors of Savvis in connection with the merger agreement or the transactions contemplated thereby, including the merger.

Termination

Pursuant to its terms, the voting agreement will terminate upon the earlier of:

receipt of Savvis stockholder approval of the merger;

termination of the merger agreement in accordance with its terms;

a change in the Savvis board of directors favorable recommendation with respect to the merger agreement in response to a superior proposal; and

the effective date of any waiver, amendment or other modification of the merger agreement that reduces the per share merger consideration, or changes the cash/equity per share allocation of the consideration to be received (other than by adding cash consideration).

Description of the Debt Financing

Overview

In connection with the merger, CenturyLink has entered into a commitment letter with Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Barclays Bank PLC, which we refer to as the lenders. The following is a summary of the terms of the commitment letter and the debt financing contemplated thereby. The actual terms and conditions of any definitive debt financing documents to be entered into between CenturyLink and the lenders may include terms and conditions that are different than those described herein.

Pursuant to this commitment letter, the lenders have committed to provide, under certain circumstances and subject to certain conditions, up to $2.0 billion in new senior unsecured term loans, which we refer to as the bridge facility. Any borrowings under the bridge facility will be used to fund the payment of the cash portion of the merger consideration, to refinance certain existing credit facilities of Savvis in connection with the merger and to pay for fees and expenses to be incurred in connection with the merger and related transactions, in whole or in part. Under the terms of the commitment letter, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Barclays Capital, the investment banking division of Barclays Bank PLC, will be the joint book managers and joint lead arrangers with respect to the financing and Bank of America, N.A. or one of its affiliates will act as the exclusive administrative agent for the lenders. Barclays Capital will act as syndication agent. The joint lead arrangers, joint book managers and syndication agent are currently in the process of syndicating the $2.0 billion unsecured senior term loans to a number of other financial

institutions and other prospective lenders.

As discussed further below, the commitments of the lenders to provide the bridge facility are subject to a number of conditions, and such debt financing should not be considered assured. In the event that the debt financing is not available to CenturyLink or CenturyLink anticipates that the financing may not be available due to the failure of a condition thereto or for any other reason, CenturyLink would seek alternative financing

Table of Contents

arrangements in connection with the merger. Such alternative financing may not be available on acceptable terms, in a timely manner or at all. The potential alternative financing arrangements may include one or more bank financings or credit facilities or issuances of debt securities by CenturyLink. As of the date of this proxy statement/prospectus, no alternative financing arrangements or alternative financing plans have been made in the event the bridge facility is not available as anticipated and as contemplated by the commitment letter.

Bridge Loans

Subject to various conditions, the lenders are committed to make up to $2.0 billion of unsecured senior term loans upon completion of the merger. This amount may be reduced by the aggregate amount of certain specified alternative financings arranged by CenturyLink prior to the closing. Any term loans made pursuant to the bridge facility will mature in 364 days.

Conditions Precedent

The commitments of the lenders to provide the bridge facility are subject to certain conditions, including the absence of a material adverse effect (as such term is defined in the commitment letter) with respect to Savvis or CenturyLink and Savvis on a combined basis after giving effect to the merger, the accuracy of certain representations of Savvis in the merger agreement, the accuracy of certain specified representations of CenturyLink to be included in the definitive financing documents regarding corporate status, corporate power and authority, due execution, delivery and enforceability of the definitive financing documents and related documentation and solvency of CenturyLink, and other customary conditions, such as the delivery of required financial statements of Savvis as well as pro forma financial statements giving effect to the merger and the delivery of customary legal opinions and closing certificates.

Interest

At the option of CenturyLink, borrowings under the bridge facility will bear interest at either a base rate or at the London Interbank Offered Rate, which we refer to in this proxy statement/prospectus as LIBOR, plus, in each case, an applicable margin. CenturyLink currently anticipates that the applicable margins for borrowings outstanding under the unsecured senior term loans will range from 2.25% to 3.50% for LIBOR-based borrowings, and from 1.25% to 2.50% for base rate-based borrowings, depending on the credit rating of CenturyLink s debt at the time of the loan.

Guarantors

All obligations under the bridge facility will be fully and unconditionally guaranteed by each of Embarq Corporation, Qwest Services Corporation, Qwest Communications International Inc. and any other subsidiary that is a guarantor under CenturyLink s existing revolving credit facility, as well as CenturyLink s existing and future wholly-owned U.S. subsidiaries that become guarantors under CenturyLink s existing revolving credit facility, subject to certain exceptions.

Covenants and Events of Default

Pursuant to the terms of the commitment letter, the bridge facility will contain certain prepayment requirements and customary affirmative and negative covenants which are expected to be substantially similar to the covenants applicable to CenturyLink under its existing four-year revolving credit facility.

Amounts outstanding under the bridge facility may be accelerated upon specified events of default, including failures to make payments when due, defaults of obligations under certain other debt, breaches of representations, warranties or covenants, commencement of bankruptcy proceedings and certain other failures to discharge specified obligations

or comply with specified laws.

Table of Contents

ADVISORY VOTE ON NAMED EXECUTIVE OFFICER MERGER-RELATED COMPENSATION ARRANGEMENTS

As required by Section 14A of the Exchange Act and the applicable SEC rules issued thereunder, which were enacted pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or the Dodd-Frank Act, Savvis is required to submit a proposal to Savvis stockholders for a (non-binding) advisory vote to approve the payment of certain compensation to the named executive officers of Savvis that is based on or otherwise relates to the merger. This proposal, commonly known as say-on-golden parachute, and which we refer to as the named executive officer merger-related compensation proposal, gives Savvis stockholders the opportunity to express their views on the compensation that Savvis named executive officers may be entitled to receive that is based on or otherwise relates to the merger.

The compensation that Savvis named executive officers may be entitled to receive that is based on or otherwise relates to the merger is summarized in the table entitled Golden Parachute Compensation, which is included in The Merger Financial Interests of Savvis Directors and Executive Officers in the Merger Potential Payments upon a Termination In Connection with a Change in Control beginning on page [ ]. This summary includes all compensation and benefits that may be paid or provided following a change in control.

We have entered into employment agreements providing the benefits referred to above for a number of reasons, including that:

- in our industry, which has been characterized by significant volatility, we believe that such arrangements are necessary to attract and retain excellent executive officers, due to the perception by candidates for senior positions that there is significant difficulty in finding like employment following a change in control and the significant disruption during the transition between employment opportunities;

- we believe that such arrangements align the interests of our named executive officers with those of our stockholders by incentivizing our named executive officers to maximize stockholder value; and

- we believe that the double-trigger aspect of such arrangements, which requires both a change in control and a subsequent adverse employment event, properly addresses the concerns above while limiting payments made solely upon a change in control.

The Savvis board of directors unanimously recommends that the stockholders of Savvis approve the following resolution:

RESOLVED, that the stockholders of SAVVIS, Inc. approve, on an advisory basis, the compensation to be paid to its named executive officers that is based on or otherwise relates to the merger as disclosed in the Golden Parachute Compensation Table and the related narrative disclosures.

Approval of this proposal is not a condition to completion of the merger, and as an advisory vote, the result will not be binding on Savvis or on CenturyLink, or the board of directors or the compensation committees of Savvis or CenturyLink. Therefore, if the merger is approved by the stockholders of Savvis and completed, the compensation based on or otherwise relating to the merger will be paid to the Savvis named executive officers regardless of whether the stockholders of Savvis approve this proposal. Proxies submitted without direction pursuant to this solicitation will be voted FOR the approval of the compensation to be paid to the Savvis named executive officers that is based on or otherwise relates to the merger, as disclosed in this proxy statement/prospectus.

THE BOARD OF DIRECTORS OF SAVVIS UNANIMOUSLY RECOMMENDS THAT ITS STOCKHOLDERS VOTE FOR THE APPROVAL, ON AN ADVISORY BASIS, OF THE COMPENSATION TO BE PAID TO ITS NAMED EXECUTIVE OFFICERS THAT IS BASED ON OR OTHERWISE RELATES TO THE MERGER, AS DISCLOSED IN THIS PROXY STATEMENT/PROSPECTUS.

Table of Contents

COMPARATIVE STOCK PRICES AND DIVIDENDS

CenturyLink common stock is traded on the NYSE under the symbol CTL and Savvis common stock is traded on the NASDAQ under the symbol SVVS. The following table presents trading information for CenturyLink and Savvis common shares on April 26, 2011, the last trading day before the public announcement of the execution of the merger agreement, and May 16, 2011, the latest practicable trading day before the date of this proxy statement/prospectus.

	CTL Common Stock			SVVS Common Stock		
Date	**High**	**Low**	**Close**	**High**	**Low**	**Close**
April 26, 2011	$ 40.36	$ 39.48	$ 40.32	$ 37.44	$ 35.98	$ 36.02
May 16, 2011	$ 42.80	$ 42.15	$ 42.27	$ 39.34	$ 39.25	$ 39.27

For illustrative purposes, the following table provides Savvis equivalent per share information on each of the specified dates. Savvis equivalent per share values are calculated as the sum of $30.00 plus the product of (i) the CenturyLink per share values as of such specified dates and (ii) the exchange ratio calculated as (a) $10.00 divided by (b) the volume-weighted average trading price of CenturyLink common stock as reported by the NYSE over the 30 trading day period ended as of the specified dates.

			SVVS Equivalent Per Share Information		
Date	**Average Price**	**Exchange Ratio**	**High**	**Low**	**Close**
April 26, 2011	$ 40.5688	0.2465	$ 39.95	$ 39.73	$ 39.94
May 16, 2011	$ 40.4966	0.2469	$ 40.57	$ 40.41	$ 40.44

Market Prices and Dividend Data

The following table sets forth the high and low sales prices of CenturyLink s and Savvis common stock as reported by the NYSE and the NASDAQ, respectively, and the quarterly cash dividends declared per share in respect of the common stock of each company, for the calendar quarters indicated.

	CenturyLink Common Stock			Savvis Common Stock		
	High	**Low**	**Cash Dividends Declared**	**High**	**Low**	**Cash Dividends Declared**
Fiscal Year Ended December 31, 2011:						
Second Quarter (through May 16, 2011)	$ 42.80	$ 38.66		$ 39.43	$ 34.25	
First Quarter	$ 46.78	$ 39.45	$ 0.7250	$ 37.71	$ 25.76	
Fiscal Year Ended December 31, 2010:						
Fourth Quarter	$ 46.87	$ 39.18	$ 0.7250	$ 29.00	$ 18.90	
Third Quarter	$ 40.00	$ 32.92	$ 0.7250	$ 22.00	$ 14.47	

Second Quarter	$ 36.73	$ 14.16(1)	$ 0.7250	$ 20.63	$ 14.70
First Quarter	$ 37.00	$ 32.98	$ 0.7250	$ 18.22	$ 14.05
Fiscal Year Ended December 31, 2009:					
Fourth Quarter	$ 37.16	$ 32.25	$ 0.7000	$ 18.46	$ 12.36
Third Quarter	$ 34.00	$ 28.90	$ 0.7000	$ 18.03	$ 9.57
Second Quarter	$ 33.62	$ 25.26	$ 0.7000	$ 14.45	$ 5.79
First Quarter	$ 29.22	$ 23.41	$ 0.7000	$ 8.58	$ 5.03

(1) During the widely publicized temporary market malfunction that occurred on the afternoon of May 6, 2010, CenturyLink s common stock momentarily traded as low as $14.16 in markets other than the NYSE. The opening and closing prices of CenturyLink s common stock on May 6, 2010, were $34.48 and $33.52, respectively.

Table of Contents

COMPARISON OF SHAREHOLDER RIGHTS

If the merger is consummated, stockholders of Savvis will become shareholders of CenturyLink. The rights of CenturyLink shareholders are governed by and subject to the provisions of the Louisiana Business Corporation Law and the articles of incorporation and bylaws of CenturyLink, rather than the provisions of Delaware General Corporation Law and the certificate of incorporation and bylaws of Savvis. The following is a summary of the material differences between the rights of holders of CenturyLink common stock and the rights of holders of Savvis common stock, but does not purport to be a complete description of those differences and is qualified in its entirety by reference to the relevant provisions of (i) the Louisiana Business Corporation Law, which we refer to as Louisiana law, (ii) the DGCL, (iii) the Amended and Restated Articles of Incorporation of CenturyLink, which we refer to as the CenturyLink charter, (iv) the Amended and Restated Certificate of Incorporation of Savvis, which we refer to as the Savvis charter, (v) the bylaws of CenturyLink, which we refer to as the CenturyLink bylaws, (vi) the amended and restated bylaws of Savvis, which we refer to as the Savvis bylaws, and (vii) the description of CenturyLink common stock contained in CenturyLink s Form 8-A/A filed with the SEC on July 1, 2009 and any amendment or report filed with the SEC for the purpose of updating such description.

This section does not include a complete description of all differences among the rights of CenturyLink shareholders and Savvis stockholders, nor does it include a complete description of the specific rights of such holders. Furthermore, the identification of some of the differences in the rights of such holders as material is not intended to indicate that other differences that may be equally important do not exist. You are urged to read carefully the relevant provisions of the DGCL and Louisiana law, as well as the governing corporate instruments of each of CenturyLink and Savvis, copies of which are available, without charge, to any person, including any beneficial owner to whom this proxy statement/prospectus is delivered, by following the instructions listed under Where You Can Find More Information.

Authorized Capital Stock

CenturyLink is currently authorized under the CenturyLink charter to issue an aggregate of 802 million shares of capital stock, consisting of 800 million shares of common stock, $1.00 par value per share, and two million shares of preferred stock, $25.00 par value per share. Savvis is authorized under the Savvis charter to issue an aggregate of 1.55 billion shares of capital stock, consisting of 1.5 billion shares of common stock, $.01 par value per share, and 50 million shares of preferred stock, $.01 par value per share.

Common Stock. Under the CenturyLink charter, each share of CenturyLink common stock, including those to be issued in connection with the merger, entitles the holder thereof to one vote per share on all matters duly submitted to shareholders for their vote or consent. Holders of CenturyLink stock do not have cumulative voting rights. As a result, the holders of more than 50% of the voting power would be able to elect all of the directors.

The holders of Savvis common stock are entitled to one vote per share on all matters duly submitted to stockholders for their vote or consent.

Preferred Stock. Under the CenturyLink charter, the board of directors of CenturyLink is authorized, without shareholder action, to issue preferred stock from time to time and to establish the designations, preferences and relative, optional or other special rights and qualifications, limitations and restrictions thereof, as well as to establish and fix variations in the relative rights as between holders of any one or more series thereof. The authority of the board of directors includes, but is not limited to, the determination or establishment of the following with respect to each series of CenturyLink preferred stock that may be issued: (i) the designation of such series, (ii) the number of shares initially constituting such series, (iii) the dividend rate (fixed or variable) and conditions, (iv) the dividend,

liquidation and other preferences, if any, in respect of CenturyLink preferred stock or among the series of CenturyLink preferred stock, (v) whether, and upon what terms, CenturyLink preferred stock would be convertible into or exchangeable for other securities of CenturyLink, (vi) whether, and to what extent, holders of CenturyLink preferred stock will have voting rights, and (vii) the restrictions, if any, that are to apply on the issue or reissue of any additional shares of CenturyLink preferred stock.

Table of Contents

As of May 13, 2011, there were outstanding 9,434 shares of CenturyLink s Series L Preferred Stock, which were convertible into a total of 12,864 shares of CenturyLink common stock. Each holder of the currently outstanding CenturyLink preferred stock is entitled to receive cumulative dividends prior to the distribution or declaration of dividends in respect of the CenturyLink common stock and is entitled to vote as a class with the CenturyLink common stock. Upon the dissolution, liquidation or winding up of CenturyLink, the holders of CenturyLink s currently outstanding Series L Preferred Stock are entitled to receive, pro rata with all other such holders, a per share amount equal to $25.00 plus any unpaid and accumulated dividends thereon prior to any payments on the CenturyLink common stock. Aside from the shares of Series L Preferred Stock, no other shares of CenturyLink preferred stock are outstanding as of the date of this proxy statement/prospectus.

For a discussion of the possible antitakeover effects of the existence of undesignated CenturyLink preferred stock, see Laws and Organizational Document Provisions with Possible Antitakeover Effects beginning on page [ ].

Under the Savvis charter, the board of directors is authorized, without stockholder action, to issue preferred stock, which we refer to as Savvis preferred stock. Savvis preferred stock may be issued by the board of directors from time to time in one or more series, each of which is to have the powers, designations, preferences and relative, participating, optional or other special rights and qualifications, limitations or restrictions as are established by the Savvis board of directors and stated in the Savvis charter or related certificates of designations. As of the date of this proxy statement/prospectus, there were no shares of Savvis preferred stock outstanding.

Dividends, Redemptions, Stock Repurchases and Reversions

Under the DGCL and Louisiana law, dividends may be declared by the board of directors of a corporation and paid out of surplus, and, if no surplus is available, out of any net profits for the then current fiscal year or the preceding fiscal year, or both, provided that such payment would not reduce capital below the amount of capital represented by all classes of outstanding stock having a preference as to the distribution of assets upon liquidation of the corporation. Louisiana law further provides that no dividend may be paid when a corporation is insolvent or would thereby be made insolvent and that shareholders must be notified of any dividend paid out of capital surplus.

Under Louisiana law, a corporation may redeem or repurchase its shares out of surplus or, in certain circumstances, stated capital, provided in either event that it is solvent and will not be rendered insolvent thereby, and provided further that the net assets are not reduced to a level below the aggregate liquidation preferences of any shares that will remain outstanding after the redemption. Under the DGCL, a corporation may redeem or repurchase its outstanding shares provided that (i) its capital is not impaired and will not become impaired by such redemption or repurchase and (ii) the price for which any shares are repurchased is not then in excess of the price for which they may then be redeemed.

The CenturyLink charter, in accordance with Louisiana law, provides that cash, property or share dividends, shares issuable to shareholders in connection with a reclassification of stock, and the redemption price of redeemed shares that are not claimed by the shareholders entitled thereto within one year after the dividend or redemption price became payable or the shares became issuable revert in full ownership to CenturyLink, and CenturyLink s obligation to pay such dividend or redemption price or issue such shares, as appropriate, will thereupon cease, subject to the power of the board of directors to authorize such payment or issuance following the reversion. Neither the Savvis charter nor the Savvis bylaws contain a similar provision.

Election of Directors

The CenturyLink charter provides for three classes of directors serving staggered three-year terms, all of whom are elected pursuant to CenturyLink s bylaws by a majority of the votes cast by shareholders at any meeting for the

election of directors where a quorum is present. The Savvis bylaws provide that all directors are elected annually by a plurality of the votes cast with respect to the election of any such directors at any meeting for the election of directors at which a quorum is present.

Table of Contents

Charter Amendments and Approval of Other Extraordinary Transactions

To authorize a (i) merger or consolidation, (ii) sale, lease or exchange of all or substantially all of a corporation s assets, (iii) voluntary liquidation or (iv) amendments to the certificate of incorporation of a corporation, the DGCL requires, subject to certain limited exceptions, the affirmative vote of the holders of a majority of the outstanding shares of the voting stock. To authorize these same transactions, Louisiana law requires, subject to certain limited exceptions, the affirmative vote of the holders of two-thirds (or such larger or smaller proportion, not less than a majority, as the articles of incorporation may provide) of the voting power present or represented at the shareholder meeting at which the transaction is considered and voted upon.

The CenturyLink charter provides that certain articles thereof (primarily those relating to approving certain business combinations, holding shareholder meetings, removing directors, considering tender offers and amending bylaws) may be amended only upon, among other things, the affirmative vote of 80% of the votes entitled to be cast by all shareholders and two-thirds of the votes entitled to be cast by all shareholders other than related persons (which is defined therein). For a discussion of certain supermajority votes required to approve certain business combinations or to amend the CenturyLink bylaws, see the discussion below under Laws and Organizational Document Provisions with Possible Antitakeover Effects Louisiana Fair Price Statute on page [ ] and Amendment to the Bylaws on page [ ].

The Savvis charter does not provide that any particular corporate action must be approved by a supermajority vote; rather, the Savvis bylaws provide that all questions and elections (other than the election of directors discussed above) are, unless otherwise provided by law, to be decided by the vote of the holders of a majority of the aggregate voting power of the issued and outstanding stock of Savvis entitled to vote thereon present in person or by proxy at the meeting, provided that, unless otherwise required by law, the board of directors may require a larger vote upon any question or election.

The DGCL and Louisiana law provide that the holders of outstanding shares of a class of stock shall be entitled to vote as a class in connection with any proposed amendment to the corporation s certificate or articles of incorporation, whether or not such holders are entitled to vote thereon by the certificate or articles of incorporation, if such amendment would have certain specified adverse effects on the holders of such class of stock.

Shareholder Proposals and Nominations

The CenturyLink bylaws provide that any shareholder of record entitled to vote thereon may nominate one or more persons for election as directors and properly bring other matters before a meeting of the shareholders only if written notice has been received by the secretary of CenturyLink, in the event of an annual meeting of shareholders, not more than 180 days and not less than 90 days in advance of the first anniversary of the preceding year s annual meeting of shareholders or, in the event of a special meeting of shareholders or annual meeting scheduled to be held either 30 days earlier or later than such anniversary date, within 15 days of the earlier of the date on which notice of such meeting is first mailed to shareholders or public disclosure of the meeting date is made.

The Savvis bylaws provide that any stockholder of record entitled to vote at the meeting may nominate individuals for election as directors at, and properly bring business before, an annual meeting of stockholders only if written notice has been received by the secretary of Savvis not later than the close of business on the 90th day and not earlier than the close of business on the 120th day prior to the date of the first anniversary of the immediately preceding year s annual meeting of stockholders; provided, however, that in the event that the annual meeting is called for a date that is not within 30 days before or after the date of the immediately preceding year s annual meeting of stockholders, notice

by the stockholder must be received not earlier than the close of business on the 120th day prior to the date of the annual meeting and not later than the close of business on the later of the 90th day prior to the date of the annual meeting and the close of business on the 10th day following the day on which public announcement of the date of the annual meeting is first made by Savvis.

Table of Contents

The bylaws of both CenturyLink and Savvis require that the above-described notices include certain detailed information concerning the shareholder, the matter the shareholder proposes to bring before the meeting and, in the case of a nomination for director, the nominee.

Limitation of Personal Liability of Directors and Officers

Under both the DGCL and Louisiana law, shareholders are entitled to bring suit, generally in an action on behalf of the corporation, to recover damages caused by breaches of the duty of care and the duty of loyalty owed to a corporation and its shareholders by directors and officers. Both the DGCL and Louisiana law permit corporations to (i) include provisions in their certificate or articles of incorporation that limit personal liability of directors (and, under Louisiana law only, officers) for monetary damages resulting from breaches of the duty of care, subject to certain exceptions that are substantially the same under each state s law, and (ii) indemnify officers and directors in certain circumstances for their expenses and liabilities incurred in connection with defending pending or threatened suits, as more fully described below.

The CenturyLink charter includes a provision that eliminates the personal liability of a director or officer to CenturyLink and its shareholders for monetary damages resulting from breaches of the duty of care to the full extent permitted by Louisiana law and further provides that any amendment or repeal of this provision will not affect the elimination of liability accorded to any director or officer for acts or omissions occurring prior to such amendment or repeal. The Savvis charter contains a similar provision, but only with respect to directors.

Under both the DGCL and Louisiana law, corporations are permitted, and in some circumstances required, to indemnify, among others, current and prior officers, directors, employees or agents of the corporation for expenses and liabilities incurred by such parties in connection with defending pending or threatened suits instituted against them in their corporate capacities, provided certain specified standards of conduct are determined to have been met. These corporate statutes further permit corporations to purchase insurance for indemnifiable parties against liability asserted against or incurred by such parties in their corporate capacities.

Under the CenturyLink bylaws, CenturyLink is obligated to indemnify its current or former directors and officers, except that if any of its current or former directors or officers are held liable under or settle any derivative suit, CenturyLink is permitted, but not obligated to, indemnify the indemnified person to the fullest extent permitted by Louisiana law. The Savvis bylaws provide for mandatory indemnification for, among others, current and former directors and officers of Savvis.

Appraisal and Dissent Rights

Under Louisiana law, a shareholder has the right to dissent from most types of mergers or consolidations, or from the sale, lease, exchange or other disposition of all or substantially all of the corporation s assets, if such transaction is approved by less than 80% of the corporation s total voting power. The right to dissent is not available with respect to sales pursuant to court orders or sales for cash on terms requiring distribution of all or substantially all of the net proceeds to the shareholders in accordance with their respective interests within one year after the date of the sale. Moreover, no dissenters rights are available with respect to (i) shareholders holding shares of any class of stock that are listed on a national securities exchange, subject to certain exceptions, or (ii) shareholders of a surviving corporation whose approval is not required in connection with the transaction. In order to exercise dissenters rights under Louisiana law, a dissenting shareholder must follow certain procedures similar to the procedures that a dissenting stockholder must follow under the DGCL.

Neither the CenturyLink charter nor the CenturyLink bylaws contain any additional provisions relating to dissenters rights of appraisal. Accordingly, holders of CenturyLink stock may not be entitled to appraisal rights in connection

with mergers or consolidations involving CenturyLink, or with the sale, lease, exchange or other disposition of all or substantially all of CenturyLink s assets, depending on the consideration payable in connection therewith.

Table of Contents

Under the DGCL, stockholders who dissent from a merger or consolidation of the corporation have the right to demand and receive payment of the fair value of their stock in cash as appraised by the Delaware Chancery Court. The DGCL provides that dissenters rights are inapplicable (i) to stockholders of a surviving corporation whose vote is not required to approve the merger or consolidation, and (ii) to any class of stock listed on a national securities exchange or designated as a Nasdaq National market security or held of record by over 2,000 stockholders, unless, in either case, such stockholders are required in the merger to accept in exchange for their shares anything other than (1) shares of the surviving corporation, (2) stock of another corporation which is either listed on a national securities exchange or designated as a Nasdaq National market, (3) cash in lieu of fractional shares of such corporations (4) or any combination of the above.

Neither the Savvis charter nor the Savvis bylaws contain any additional provisions relating to dissenters rights of appraisal. Holders of Savvis stock may not be entitled to appraisal rights in connection with mergers or consolidations involving Savvis, depending on the consideration payable in connection therewith. As noted above, the holders of Savvis stock are entitled to appraisal rights in connection with the merger. See Appraisal Rights.

Access to Corporate Records and Accounts

Under Louisiana law, any shareholder, except a business competitor, who has been the holder of record of at least 5% of the outstanding shares of any class of the corporation s stock for a minimum of six months has the right to examine the records and accounts of the corporation for any proper and reasonable purpose. Two or more shareholders who have each held shares for six months may aggregate their stock holdings to attain the required 5% threshold. Business competitors, however, must have owned at least 25% of all outstanding shares for a minimum of six months to obtain such inspection rights. As shareholders of a public company subject to the Exchange Act, CenturyLink shareholders are entitled to receive periodic reports concerning CenturyLink s operations and performance.

Under the DGCL, any stockholder, in person or by attorney or other agent, upon written demand under oath stating the purpose thereof, has the right, subject to certain limited exceptions, to examine for any proper purpose the corporation s relevant books and accounts, and to make copies and extracts from the corporation s stock ledger, a list of its stockholders, its other books and records and a subsidiary s books and records, to the extent that the corporation has actual possession and control of such records or the corporation could obtain such records through the exercise of control over such subsidiary. If after five business days the corporation fails to reply or refuses to comply with such a request, the stockholder may apply to the Court of Chancery to compel compliance.

Laws and Organizational Document Provisions with Possible Antitakeover Effects

Both the DGCL and Louisiana law permit corporations to include in their articles or certificate of incorporation any provisions not inconsistent with law that regulates the internal affairs of the corporation, including provisions that are intended to encourage any person desiring to acquire a controlling interest in the corporation to do so pursuant to a transaction negotiated with the corporation s board of directors rather than through a hostile takeover attempt. These provisions are intended to assure that any acquisition of control of the corporation will be subject to review by the board to take into account the interests of all of the corporation s stockholders. However, some stockholders may find these provisions to be disadvantageous to the extent that they could limit or preclude meaningful stockholder participation in certain transactions such as mergers or tender offers and render more difficult or discourage certain takeovers in which stockholders might receive for some or all of their shares a price that is higher than the prevailing market price at the time the takeover attempt is commenced. These provisions might further render more difficult or discourage proxy contests, the assumption of control by a person of a large block of the corporation s voting stock or any other attempt to influence or replace the corporation s incumbent management.

Unlike the Savvis charter, the CenturyLink charter contains provisions that are designed to ensure meaningful participation of the board of directors in connection with proposed takeovers. Moreover, Louisiana has adopted a greater number of statutes that regulate takeover attempts than Delaware has. Set forth below is

a discussion of the provisions of the CenturyLink charter and Louisiana law that may reasonably be expected to affect the incidence and outcome of takeover attempts, together with a discussion of a Delaware statute designed to regulate takeovers.

Louisiana Fair Price Statute. Louisiana has adopted a statute, which we refer to as the Louisiana Fair Price Statute, that is intended to deter the use of two-tier tender offers in which an interested shareholder obtains in a business combination a controlling interest in the shares of a Louisiana corporation having 100 or more beneficial shareholders at a price substantially in excess of the market value of the corporation s voting stock and subsequently seeks in the second tier to compel a business combination in which the consideration paid to the remaining stockholders is greatly reduced. Under the statute, an interested shareholder is defined to include any person (other than the corporation, its subsidiaries or its employee benefit plans) who is the beneficial owner of shares of capital stock representing 10% or more of the total voting power of a corporation. The term business combination is broadly defined to include most corporate actions that an interested shareholder might contemplate after acquiring a controlling interest in a corporation in order to increase his or her share ownership or reduce his or her acquisition debt. These second tier transactions include any merger or consolidation of the corporation involving an interested shareholder, any disposition of assets of the corporation to an interested shareholder, any issuance to an interested shareholder of securities of the corporation meeting certain threshold amounts and any reclassification of securities of the corporation having the effect of increasing the voting power or proportionate share ownership of an interested shareholder. Under the Louisiana Fair Price Statute, a business combination must be recommended by the board of directors and approved by the affirmative vote of the holders of 80% of the corporation s total voting power and two-thirds of the total voting power excluding the shares held by the interested shareholder (in addition to any other votes required under law or the corporation s articles of incorporation), unless the transaction is approved by the board of directors prior to the time the interested shareholder first obtained such status or the business combination satisfies certain minimum price, form of consideration and procedural requirements. Although the statute protects shareholders by encouraging an interested shareholder to negotiate with the board of directors or to satisfy the minimum price, form of consideration and procedural requirements imposed thereunder, it does not prevent an acquisition of a controlling interest of a corporation by an interested shareholder who does not contemplate initiating a second tier transaction. The CenturyLink charter avails CenturyLink of the provisions of the statute and contains an article that provides for substantially similar protections.

Louisiana Control Share Statute. The Louisiana Control Share Statute provides that, subject to certain exceptions, any shares of certain publicly traded Louisiana corporations acquired by a person or group other than an employee benefit plan or related trust of the corporation, in an acquisition that causes such acquiror to have the power to vote or direct the voting of shares in the election of directors in excess of 20%, 331/3% or 50% thresholds shall have only such voting power as shall be accorded by the affirmative vote of, among others, the holders of a majority of the votes of each voting group entitled to vote separately on the proposal, excluding all interested shares (as defined therein), at a meeting that, subject to certain exceptions, is required to be called for that purpose upon the acquiror s request. The statute permits the articles of incorporation or bylaws of a corporation to exclude from its application share acquisitions occurring after the adoption of the statute. The CenturyLink bylaws contain such a provision.

Delaware Business Combination Statute. Section 203 of the DGCL generally prohibits business combinations, including mergers, sales and leases of assets, issuances of securities and similar transactions, by a corporation or a subsidiary with an interested stockholder who beneficially owns 15% or more of a corporation s voting stock, within three years after the person or entity becomes an interested stockholder, unless: (i) the transaction that will cause the person or entity to become an interested stockholder is approved by the board of directors of the corporation prior to the transaction; (ii) after the completion of the transaction in which the person or entity becomes an interested stockholder, the interested stockholder holds at least 85% of the voting stock of the corporation not including shares held by officers and directors of interested stockholders or shares held by specified employee benefit plans; or (iii) after the person or entity becomes an interested stockholder, the business combination is approved by the

corporation s board of directors and holders of at least two-thirds of the corporation s outstanding voting stock, excluding shares held by the

interested stockholder. Delaware corporations may elect not to be governed by Section 203. Savvis has not made such an election.

Evaluation of Tender Offers. The CenturyLink charter expressly requires, and Louisiana law expressly permits, the board of directors, when considering a tender offer, exchange offer, or business combination (defined therein substantially similarly to the definition of such term set forth above under Louisiana Fair Price Statute), to consider, among other factors, the social and economic effects of the proposal on the corporation, its subsidiaries, and their respective employees, customers, creditors and communities. The availability of this statute may increase the likelihood that directors reviewing a tender offer will consider factors other than the price offered by a potential acquiror. Other effects of this provision may be (i) to discourage, in advance, an acquisition proposal to the extent it strengthens the position of the CenturyLink board of directors in dealing with any potential offeror who seeks to enter into a negotiated transaction with CenturyLink prior to or during a takeover attempt and (ii) to dissuade shareholders who might potentially be displeased with the board s response to an acquisition proposal from engaging CenturyLink in costly and time-consuming litigation.

Shareholder Rights Plan. Neither CenturyLink nor Savvis currently has a shareholder rights plan in effect, but under applicable law their respective boards could adopt such a plan without shareholder approval.

Unissued Stock. As discussed above under Preferred Stock, the board of directors of CenturyLink is authorized, without action of its shareholders, to issue CenturyLink preferred stock. One of the effects of the existence of undesignated preferred stock (and authorized but unissued common stock) may be to enable the board of directors to make more difficult or to discourage an attempt to obtain control of CenturyLink by means of a merger, tender offer, proxy contest or otherwise, and thereby to protect the continuity of CenturyLink s management. If, in the due exercise of its fiduciary obligations, the board of directors were to determine that a takeover proposal was not in CenturyLink s best interest, such shares could be issued by the board of directors without shareholder approval in one or more transactions that might prevent or make more difficult or costly the completion of the takeover transaction by diluting the voting or other rights of the proposed acquiror or insurgent shareholder group, by creating a substantial voting block in institutional or other hands that might undertake to support the position of the incumbent board of directors, by effecting an acquisition that might complicate or preclude the takeover, or otherwise. In this regard, the CenturyLink charter grants the board of directors broad power to establish the rights and preferences of the authorized and unissued CenturyLink preferred stock, one or more series of which could be issued entitling holders (i) to vote separately as a class on any proposed merger or consolidation; (ii) to elect directors having terms of office or voting rights greater than those of other directors; (iii) to convert CenturyLink preferred stock into a greater number of shares of CenturyLink Stock or other securities; (iv) to demand redemption at a specified price under prescribed circumstances related to a change of control; or (v) to exercise other rights designed to impede or discourage a takeover. The issuance of shares of CenturyLink preferred stock pursuant to the board of directors authority described above may adversely affect the rights of the holders of CenturyLink stock.

Classified Board of Directors. Both the DGCL and Louisiana law permit boards of directors to be divided into classes of directors, with each class to be as nearly equal in size as possible, serving staggered multi-year terms. The CenturyLink charter provides for three classes of directors serving staggered three-year terms, all of whom are elected pursuant to CenturyLink s bylaws by a majority of the votes cast by shareholders at any meeting for the election of directors where a quorum is present. Classification of the board of directors of CenturyLink tends to make more difficult the change of a majority of its composition and to assure the continuity and stability of CenturyLink s management and policies, since a majority of the directors at any given time will have served on the board of directors for at least one year. Absent the removal of directors, a minimum of two annual meetings of shareholders is necessary to effect a change in control of the board of directors. The classified board provision applies to every election of directors, regardless of whether CenturyLink is or has been the subject of an unsolicited takeover attempt. The shareholders may, therefore, find it more difficult to change the composition of the board of directors for any reason,

including performance, and the classified board structure will thereby tend to perpetuate existing management of CenturyLink. In addition, because the provision will make it more difficult to change control of the board of

Table of Contents

directors, it may discourage tender offers or other transactions that shareholders may believe would be in their best interests.

Neither the Savvis charter nor the Savvis bylaws provide for a classified board of directors. Directors are elected by a plurality of the votes cast with respect to the election of any such directors at any meeting for the election of directors at which a quorum is present.

Removal of Directors. Under Louisiana law, subject to certain exceptions, the shareholders by vote of a majority of the total voting power may, at any special meeting called for such purpose, remove from office any director. The CenturyLink charter, however, provides that directors of CenturyLink may be removed from office only for cause and only by vote of both of the holders of a majority of the total voting power, voting together as a single class, and, at any time that there is a related person (as defined in the charter), the holders of a majority of the votes entitled to be cast by all shareholders other than the related person, voting as a separate group. This provision precludes a third party from gaining control of the CenturyLink board of directors by removing incumbent directors without cause and filling the vacancies created thereby with his or her own nominees. However, such provision also tends to reduce, and in some instances eliminate, the power of shareholders, even those with a majority interest in CenturyLink, to remove incumbent directors.

The DGCL provides that each director shall hold office for the term for which he or she is elected and until his or her successor is elected and qualified. Unless otherwise provided for in the certificate of incorporation or bylaws, the DGCL provides that any director or the entire board of directors may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote for the election of directors. Neither the Savvis charter nor the Savvis bylaws provide an alternative mechanism for the removal of directors.

Restrictions on Taking Shareholder Action. The Savvis bylaws and the CenturyLink charter provide that shareholders may effect corporate action only at a duly called annual or special meeting. Under the Savvis bylaws, only the chairman of the board, the vice chairman of the board, the chief executive officer or the board of directors may call a special meeting of stockholders. Under the CenturyLink charter, holders of a majority of the total voting power, as well as the board of directors, are entitled to call a special meeting of shareholders.

Amendment to the Bylaws

Under the CenturyLink charter, the CenturyLink bylaws may be amended and new bylaws may be adopted by (i) the shareholders, but only upon the affirmative vote of both 80% of the total voting power, voting together as a single group, and two-thirds of the total voting power entitled to be cast by the independent shareholders (as defined therein) present or duly represented at a shareholder meeting, voting as a separate group, or (ii) the board of directors, but only upon the affirmative vote of both a majority of the directors then in office and a majority of the continuing directors (as defined therein), voting as a separate group. Under the Savvis charter and the Savvis bylaws, the board of directors is expressly authorized and empowered to make, alter or repeal bylaws, subject to the power conferred by the DGCL to the Savvis stockholders to alter or repeal any bylaw made by the board of directors.

Filling Vacancies on the Board of Directors

Under Louisiana law, any vacancy on the board of directors (including those resulting from an increase in the authorized number of directors) may be filled by the remaining directors, subject to the right of the shareholders to fill such vacancy. Under the CenturyLink charter, changes in the number of directors may not be made without, among other things, the affirmative vote of 80% of the directors. Unlike the DGCL, Louisiana law expressly provides that a board of directors may declare vacant the office of a director if he or she is interdicted or adjudicated an incompetent, is adjudicated a bankrupt or has become incapacitated by illness or other infirmity and cannot perform his or her

duties for a period of six months or longer.

Pursuant to the Savvis bylaws, any vacancy on the board of directors of Savvis may be filled by a majority vote of the remaining directors.

Table of Contents

APPRAISAL RIGHTS

Under Section 262 of the DGCL, any holder of Savvis common stock who does not wish to accept the merger consideration may elect to exercise appraisal rights in lieu of receiving the merger consideration. A stockholder who exercises appraisal rights may petition the Delaware Court of Chancery to determine the fair value of his, her or its shares and receive payment of fair value in cash, together with interest, if any. However, the stockholder must comply with the provisions of Section 262 of the DGCL.

The following discussion is a summary of the law pertaining to appraisal rights under the DGCL and is qualified in its entirety by the full text of Section 262 of the DGCL that is attached to this proxy statement/prospectus as Annex C. All references in Section 262 of the DGCL and in this summary to a stockholder are to the record holder of the shares of Savvis common stock who exercises appraisal rights.

Under Section 262 of the DGCL, when a merger is submitted for approval at a meeting of stockholders, as in the case of the merger agreement, the company, not less than 20 days prior to the meeting, must notify each of its stockholders entitled to appraisal rights that appraisal rights are available and include in the notice a copy of Section 262 of the DGCL. This proxy statement/prospectus constitutes the required notice, and the applicable statutory provisions are attached to this proxy statement/prospectus as Annex C. This summary of appraisal rights is not a complete summary of the law pertaining to appraisal rights under the DGCL and is qualified in its entirety by the text of Section 262 of the DGCL attached as Annex C. Any holder of Savvis common stock who wishes to exercise appraisal rights or who wishes to preserve the right to do so should review the following discussion and Annex C carefully. Failure to strictly comply with the procedures of Section 262 of the DGCL in a timely and proper manner will result in the loss of appraisal rights. A stockholder who loses his, her or its appraisal rights will be entitled to receive the merger consideration described in the merger agreement.

Stockholders wishing to exercise the right to seek an appraisal of their shares must do ALL of the following:

- the stockholder must not vote in favor of the proposal to adopt the merger agreement. Because a proxy that does not contain voting instructions will, unless revoked, be voted in favor of the merger agreement, a stockholder who votes by proxy and who wishes to exercise appraisal rights must vote against the adoption of the merger agreement, abstain or not vote its shares;

- the stockholder must deliver to Savvis a written demand for appraisal before the vote on the merger agreement at the special meeting;

- the stockholder must continuously hold the shares from the date of making the demand through the effective time of the merger. A stockholder will lose appraisal rights if the stockholder transfers the shares before the effective time of the merger; and

- the stockholder or the surviving company must file a petition in the Delaware Court of Chancery requesting a determination of the fair value of the shares within 120 days after the effective time of the merger. The surviving company is under no obligation to file any petition and has no intention of doing so.

Voting, in person or by proxy, against, abstaining from voting on or failing to vote on the proposal to adopt the merger agreement will not constitute a written demand for appraisal as required by Section 262 of the DGCL. The written demand for appraisal must be in addition to and separate from any proxy or vote.

Only a holder of record of shares of Savvis common stock issued and outstanding immediately prior to the effective time of the merger may assert appraisal rights for the shares of stock registered in that holder s name. A demand for appraisal must be executed by or on behalf of the stockholder of record, fully and correctly, as the stockholder s name appears on the stock certificates. The demand must reasonably inform Savvis of the identity of the stockholder and that the stockholder intends to demand appraisal of his, her or its common stock.

Table of Contents

STOCKHOLDERS WHO HOLD THEIR SHARES IN BANK OR BROKERAGE ACCOUNTS OR OTHER NOMINEE FORMS, AND WHO WISH TO EXERCISE APPRAISAL RIGHTS, SHOULD CONSULT WITH THEIR BROKERS, BANKS AND NOMINEES, AS APPLICABLE, TO DETERMINE THE APPROPRIATE PROCEDURES FOR THE BROKER, BANK OR NOMINEE HOLDER TO MAKE A DEMAND FOR APPRAISAL OF THOSE SHARES. A PERSON HAVING A BENEFICIAL INTEREST IN SHARES HELD OF RECORD IN THE NAME OF ANOTHER PERSON, SUCH AS A BROKER, BANK OR NOMINEE, MUST ACT PROMPTLY TO CAUSE THE RECORD HOLDER TO FOLLOW PROPERLY AND IN A TIMELY MANNER THE STEPS NECESSARY TO PERFECT APPRAISAL RIGHTS.

A stockholder who elects to exercise appraisal rights under Section 262 of the DGCL should mail or deliver a written demand to:

SAVVIS, Inc.
1 Savvis Parkway,
Town & Country, Missouri 63017
Attention: General Counsel

If the merger is completed, CenturyLink will give written notice of the effective time within 10 days after the effective time to each former Savvis stockholder who did not vote in favor of the merger agreement and who made a written demand for appraisal in accordance with Section 262 of the DGCL. Within 120 days after the effective time of the merger, but not later, either the surviving company or any dissenting stockholder who has complied with the requirements of Section 262 of the DGCL may file a petition in the Delaware Court of Chancery demanding a determination of the value of the shares of Savvis common stock held by all dissenting stockholders. The surviving company is under no obligation to file any petition and has no intention of doing so. Stockholders who desire to have their shares appraised should initiate any petitions necessary for the perfection of their appraisal rights within the time periods and in the manner prescribed in Section 262 of the DGCL.

Within 120 days after the effective time, any stockholder who, to that point in time, has complied with the provisions of Section 262 of the DGCL, may receive from the surviving company, upon written request, a statement setting forth the aggregate number of shares not voted in favor of the merger agreement and with respect to which Savvis has received demands for appraisal, and the aggregate number of holders of those shares. The surviving company must mail this statement to the stockholder within the later of 10 days of receipt of the request or 10 days after expiration of the period for delivery of demands for appraisal.

If any party files a petition for appraisal in a timely manner, the Delaware Court of Chancery will determine which stockholders are entitled to appraisal rights and may require the stockholders demanding appraisal who hold certificated shares to submit their stock certificates to the court for notation of the pendency of the appraisal proceedings and any stockholder who fails to comply with this direction may be dismissed from the proceedings. The Delaware Court of Chancery will thereafter determine the fair value of the shares of Savvis common stock held by dissenting stockholders, exclusive of any element of value arising from the accomplishment or expectation of the merger transaction, but together with interest, if any, to be paid on the amount determined to be fair value.

In determining the fair value, the Delaware Court of Chancery is required to take into account all relevant factors. The Delaware Supreme Court has stated that proof of value by any techniques or methods that are generally considered acceptable in the financial community and otherwise admissible in court should be considered in the appraisal proceedings. In addition, Delaware courts have decided that the statutory appraisal remedy, in cases of unfair dealing, may or may not be a dissenter s exclusive remedy. If no party files a petition for appraisal in a timely manner, then stockholders will lose the right to an appraisal, and will instead receive the merger consideration described in the merger agreement. The fair value of their shares as determined under Section 262 of the DGCL could be greater than,

the same as, or less than the value of the merger consideration. An opinion of an investment banking firm as to the fairness from a financial point of view of the consideration payable in a merger is not an opinion as to, and does not in any manner address, fair value under Section 262 of the DGCL.

Table of Contents

The Delaware Court of Chancery will determine the costs of the appraisal proceeding and will allocate those costs to the parties as the Delaware Court of Chancery determines to be equitable under the circumstances. Upon application of a stockholder, the Delaware Court of Chancery may order all or a portion of the expenses incurred by any stockholder in connection with the appraisal proceeding, including reasonable attorneys fees and the fees and expenses of experts, to be charged pro rata against the value of all shares entitled to appraisal.

Any stockholder who has duly demanded an appraisal in compliance with Section 262 of the DGCL may not, after the effective time, vote the shares subject to the demand for any purpose or receive any dividends or other distributions on those shares, except dividends or other distributions payable to holders of record of shares as of a record date prior to the effective time.

Any stockholder may withdraw a demand for appraisal and accept the merger consideration by delivering a written withdrawal of the demand for appraisal to the surviving company, except that any attempt to withdraw made more than 60 days after the effective time will require written approval of the surviving company, and no appraisal proceeding in the Delaware Court of Chancery will be dismissed as to any stockholder without the approval of the Delaware Court of Chancery, and may be conditioned on the terms the Delaware Court of Chancery deems just. If the stockholder fails to perfect, successfully withdraws or loses the appraisal right, the stockholder s shares will be converted into the right to receive the merger consideration.

Failure to follow the steps required by Section 262 of the DGCL for perfecting appraisal rights may result in the loss of appraisal rights. In that event, you will be entitled to receive the consideration for your dissenting shares in accordance with the merger agreement. In view of the complexity of the provisions of Section 262 of the DGCL, if you are a Savvis stockholder and are considering exercising your appraisal rights under the DGCL, you should consult your own legal advisor.

Table of Contents

LEGAL MATTERS

The validity of the shares of CenturyLink common stock to be issued in the merger will be passed upon by Jones, Walker, Waechter, Poitevent, Carrère & Denègre L.L.P.

EXPERTS

CenturyLink

The consolidated financial statements and the related financial statement schedule of CenturyLink, Inc. as of December 31, 2010 and 2009 and for each of the years in the three-year period ended December 31, 2010 and management s assessment of the effectiveness of internal control over financial reporting as of December 31, 2010 have been incorporated into this proxy statement/prospectus by reference to CenturyLink, Inc. s Annual Report on Form 10-K for the year ended December 31, 2010 in reliance upon the reports of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

Qwest

The consolidated financial statements of Qwest Communications International Inc. as of December 31, 2010 and 2009 and for each of the years in the three-year period ended December 31, 2010 and management s assessment of the effectiveness of internal control over financial reporting as of December 31, 2010 have been incorporated into this proxy statement/prospectus by reference to Qwest Communications International Inc. s Annual Report on Form 10-K for the year ended December 31, 2010 in reliance upon the reports of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

Savvis

The consolidated financial statements of SAVVIS, Inc. incorporated into this proxy statement/prospectus by reference to Savvis Annual Report on Form 10-K for the year ended December 31, 2010 (including the schedules appearing therein), and the effectiveness of Savvis internal control over financial reporting as of December 31, 2010 have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, which are incorporated herein by reference. Such consolidated financial statements and schedules and SAVVIS, Inc. management s assessment of the effectiveness of internal control over financial reporting as of December 31, 2010 have been so incorporated in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

STOCKHOLDER PROPOSALS

Savvis 2011 annual meeting of stockholders, which we refer to as the 2011 annual meeting, is scheduled for September 15, 2011. The deadline for bringing any business (including director nominations) before the 2011 annual meeting pursuant to Savvis bylaws has passed. Savvis currently intends to hold a 2012 annual meeting of stockholders, which we refer to as the 2012 annual meeting, only if the merger agreement is terminated. Any Savvis stockholder who wishes to submit a proposal pursuant to Rule 14a-8 under the Exchange Act for inclusion in Savvis proxy statement and proxy card for the 2012 annual meeting must submit the proposal to Savvis Corporate Secretary at 1 Savvis Parkway, Town & Country, Missouri 63017, no later than December 3, 2011. SEC rules set forth

standards as to which stockholder proposals are required to be included in a proxy statement. In addition, any stockholder who wishes to bring business (including director nominations) before the 2012 annual meeting must comply with Savvis bylaws, which currently require that written notice of such business be provided to Savvis Corporate Secretary no earlier than May 18, 2012 and no later than June 17, 2012. For additional requirements, Savvis stockholders should refer to Savvis bylaws, Section 1.11, Director Nominations and Stockholder Business at Stockholders Meetings, a current copy of which may be obtained from Savvis Corporate Secretary. If Savvis does not receive timely notice pursuant to Savvis bylaws, any proposal may be excluded from consideration at the meeting, regardless of any earlier notice provided in accordance with Rule 14a-8.

Table of Contents

OTHER MATTERS

As of the date of this proxy statement/prospectus, the Savvis board of directors knows of no matters that will be presented for consideration at the Savvis special meeting other than as described in this proxy statement/prospectus. If any other matters properly come before the Savvis special meeting or any adjournments or postponements of the meeting and are voted upon, the enclosed proxy will confer discretionary authority on the individuals named as proxy to vote the shares represented by the proxy as to any other matters. The individuals named as proxies intend to vote in accordance with their best judgment as to any other matters.

Table of Contents

WHERE YOU CAN FIND MORE INFORMATION

CenturyLink and Savvis file annual, quarterly and special reports, proxy statements and other information with the SEC under the Exchange Act. You may read and copy any of this information at the SEC s Public Reference Room at 100 F Street, N.E., Room 1580, Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the Public Reference Room. The SEC also maintains an Internet website that contains reports, proxy and information statements, and other information regarding issuers, including CenturyLink and Savvis, who file electronically with the SEC. The address of that site is *www.sec.gov*.

Investors may also consult Savvis website for more information concerning the merger described in this proxy statement/prospectus. Savvis website is *www.savvis.com*. Information included on this website is not incorporated by reference into this proxy statement/prospectus.

CenturyLink has filed with the SEC a registration statement of which this proxy statement/prospectus forms a part. The registration statement registers the shares of CenturyLink common stock to be issued to Savvis stockholders in connection with the merger. The registration statement, including the attached exhibits and schedules, contains additional relevant information about CenturyLink common stock. The rules and regulations of the SEC allow CenturyLink and Savvis to omit certain information included in the registration statement from this proxy statement/prospectus.

In addition, the SEC allows CenturyLink and Savvis to disclose important information to you by referring you to other documents filed separately with the SEC. This information is considered to be a part of this proxy statement/prospectus, except for any information that is superseded by information included directly in this proxy statement/prospectus.

This proxy statement/prospectus incorporates by reference the documents listed below that CenturyLink and its subsidiary, Qwest, have previously filed with the SEC; provided, however, that we are not incorporating by reference, in each case, any documents, portions of documents or information deemed to have been furnished and not filed in accordance with SEC rules. They contain important information about CenturyLink, Qwest, their financial condition and other matters.

CenturyLink Filings (File No. 001-07784)	**Period**
Annual Report on Form 10-K, as amended by Amendment No. 1 thereto	Filed on March 1, 2011 for the fiscal year ended December 31, 2010, and amended on March 30, 2011.
Proxy Statement on Schedule 14A	Filed on April 6, 2011, in connection with the solicitation of proxies for the CenturyLink 2011 annual meeting of shareholders.
Quarterly Report on Form 10-Q	Filed on May 6, 2011 for the quarterly period ended March 31, 2011.
Current Reports on Form 8-K	Filed on January 24, 2011, February 15, 2011, April 6, 2011, April 27, 2011, May 17, 2011 and [ ] (other than documents or portions of those documents not deemed to be filed).
Description of CenturyLink common stock contained in CenturyLink s Form 8-A/A	Filed with the SEC on July 1, 2009.

Table of Contents

Qwest Filings (File No. 001-15577)	Period
Annual Report on Form 10-K, as amended by Amendment No. 1 thereto	Filed on February 15, 2011 for the fiscal year ended December 31, 2010, and amended on March 24, 2011.
Quarterly Report on Form 10-Q	Filed on May 6, 2011 for the quarterly period ended March 31, 2011.
Current Reports on Form 8-K	Filed on December 22, 2011, February 15, 2011, February 23, 2011 and April 5, 2011 (other than documents or portions of those documents not deemed to be filed).

In addition, CenturyLink incorporates by reference herein any future filings it makes with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this proxy statement/prospectus and prior to the date of the Savvis special meeting. Such documents are considered to be a part of this proxy statement/prospectus, effective as of the date such documents are filed. In the event of conflicting information in these documents, the information in the latest filed document should be considered correct.

You can obtain any of the documents listed above from the SEC, through the SEC s website at the address described above or from CenturyLink by requesting them in writing or by telephone at the following address:

CenturyLink, Inc.
100 CenturyLink Drive
Monroe, Louisiana 71203
Attention: Investor Relations
Telephone: (318) 388-9000

These documents are available from CenturyLink without charge, excluding any exhibits to them unless the exhibit is specifically listed as an exhibit to the registration statement of which this proxy statement/prospectus forms a part.

If you would like more information on Embarq s operations or financial performance prior to its acquisition by CenturyLink on July 1, 2009, you can obtain annual, quarterly and special reports, proxy statements and other information that Embarq filed with the SEC under the Exchange Act prior to that date. If you would like more information on Qwest s operations or financial performance prior to its acquisition by CenturyLink on April 1, 2011, you can obtain annual, quarterly and special reports, proxy statements and other information that Qwest filed with the SEC under the Exchange Act prior to that date. You can obtain these documents from the SEC or through the SEC s website at the address described above.

This proxy statement/prospectus incorporates by reference the documents listed below that Savvis has previously filed with the SEC; provided, however, that we are not incorporating by reference, in each case, any documents, portions of documents or information deemed to have been furnished and not filed in accordance with SEC rules. They contain important information about Savvis, its financial condition and other matters.

Table of Contents

Savvis Filings (File No. 000-29375)	Period
Annual Report on Form 10-K	Filed on March 4, 2011 for the fiscal year ended December 31, 2010.
Proxy Statement on Schedule 14A	Filed on April 1, 2011, in connection with the solicitation of proxies for the Savvis 2011 annual meeting of stockholders.
Quarterly Report on Form 10-Q	Filed on May 9, 2011 for the quarterly period ended March 31, 2011.
Current Reports on Form 8-K	Filed on January 20, 2011, February 8, 2011, February 25, 2011, April 1, 2011, April 28, 2011 (Items 1.01, 8.01 and 9.01), April 28, 2011 (Items 2.02 and 9.01) and [ ] (other than documents or portions of those documents not deemed to be filed).

In addition, Savvis incorporates by reference herein any future filings it makes with the SEC under Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this proxy statement/prospectus and prior to the date of the Savvis special meeting. Such documents are considered to be a part of this document, effective as of the date such documents are filed. In the event of conflicting information in these documents, the information in the latest filed document should be considered correct.

You can obtain any of the documents listed above from the SEC, through the SEC s website at the address described above or from Savvis by requesting them in writing or by telephone at the following address:

SAVVIS, Inc.
1 Savvis Parkway
Town & Country, Missouri 63017
(314) 628-7000

These documents are available from Savvis without charge, excluding any exhibits to them unless the exhibit is specifically listed as an exhibit to the registration statement of which this proxy statement/prospectus forms a part.

If you would like to request documents, please do so by [ ], 2011 to receive them before the Savvis special meeting. If you request any documents from CenturyLink or Savvis, CenturyLink or Savvis will mail them to you by first class mail, or another equally prompt means, within one business day after CenturyLink or Savvis receives your request.

This document is a prospectus of CenturyLink and is a proxy statement of Savvis for the Savvis special meeting. Neither CenturyLink nor Savvis has authorized anyone to give any information or make any representation about the merger or CenturyLink or Savvis that is different from, or in addition to, that contained in this proxy statement/prospectus or in any of the materials that CenturyLink or Savvis has incorporated by reference into this proxy statement/prospectus. Therefore, if anyone does give you information of this sort, you should not rely on it. The information contained in this proxy statement/prospectus speaks only as of the date of this proxy statement/prospectus unless the information specifically indicates that another date applies.

Table of Contents

ANNEX A

AGREEMENT AND PLAN OF MERGER
Dated as of April 26, 2011,
Among
SAVVIS, INC.,
CENTURYLINK, INC.
and
MIMI ACQUISITION COMPANY

Table of Contents

TABLE OF CONTENTS

Table of Contents

Table of Contents

Table of Contents

AGREEMENT AND PLAN OF MERGER (this Agreement) dated as of April 26, 2011, among SAVVIS, INC., a Delaware corporation (the Company), CENTURYLINK, INC., a Louisiana corporation (Parent), and MIMI ACQUISITION COMPANY, a Delaware corporation and a wholly owned subsidiary of Parent (Merger Sub).

WHEREAS the Board of Directors of the Company, the Board of Directors of Parent, and the Board of Directors of Merger Sub have approved this Agreement, determined that the terms of this Agreement are in the best interests of the Company, Parent or Merger Sub, as applicable, and their respective stockholders or shareholders, as applicable, and declared the advisability of this Agreement;

WHEREAS the Board of Directors of the Company and the Board of Directors of Merger Sub have recommended adoption or approval, as applicable, of this Agreement by their respective stockholders, as applicable;

WHEREAS concurrently with the execution of this Agreement, certain stockholders, who are the beneficial owners of an aggregate of 13,105,304 shares of common stock, par value $0.01, of the Company (the Company Common Stock), are entering into an agreement with Parent pursuant to which such stockholders have agreed to vote all shares of Company Common Stock beneficially owned by such stockholders in favor of the adoption of this Agreement (the Voting Agreement); and

WHEREAS the Company, Parent and Merger Sub desire to make certain representations, warranties, covenants and agreements in connection with the Merger and also to prescribe various conditions to the Merger.

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties and covenants herein and intending to be legally bound, the parties hereto agree as follows:

ARTICLE I

The Merger

Section 1.01. *The Merger*. On the terms and subject to the conditions set forth in this Agreement, and in accordance with the General Corporation Law of the State of Delaware (the DGCL), on the Closing Date, Merger Sub shall be merged with and into the Company (the Merger). At the Effective Time, the separate corporate existence of Merger Sub shall cease and the Company shall continue as the surviving company in the Merger (the Surviving Company).

Section 1.02. *Closing*. The closing (the Closing) of the Merger shall take place at the offices of Wachtell, Lipton, Rosen & Katz, 51 West 52nd Street, New York, New York 10019 at 10:00 a.m., New York City time, on a date to be specified by the Company and Parent, which shall be no later than the fifth Business Day following the satisfaction or (to the extent permitted by Law) waiver by the party or parties entitled to the benefits thereof of the conditions set forth in Article VII (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or (to the extent permitted by Law) waiver of those conditions), or at such other place, time and date as shall be agreed in writing between the Company and Parent; provided, however, that if all the conditions set forth in Article VII shall not have been satisfied or (to the extent permitted by Law) waived on such fifth Business Day, then the Closing shall take place on the fifth Business Day on which all such conditions shall have been satisfied or (to the extent permitted by Law) waived, or at such other place, time and date as shall be agreed in writing between the Company and Parent. The date on which the Closing occurs is referred to in this Agreement as the Closing Date.

Section 1.03. *Effective Time*. Subject to the provisions of this Agreement, as soon as practicable on the Closing Date, the parties shall file with the Secretary of State of the State of Delaware the certificate of merger relating to the Merger (the Certificate of Merger), executed and acknowledged in accordance with the relevant provisions of the DGCL, and, as soon as practicable on or after the Closing Date, shall make all other filings required under the DGCL

or by the Secretary of State of the State of Delaware in connection with the Merger. The Merger shall become effective at the time that the Certificate of Merger has been duly

filed with the Secretary of State of the State of Delaware, or at such later time as the Company and Parent shall agree and specify in the Certificate of Merger (the time the Merger becomes effective being the Effective Time).

Section 1.04. *Effects*. The Merger shall have the effects set forth in this Agreement and Section 259 of the DGCL.

Section 1.05. *Certificate of Incorporation and By-Laws*. The certificate of incorporation of Merger Sub, as in effect immediately prior to the Effective Time, shall be the certificate of incorporation of the Surviving Company until thereafter changed or amended as provided therein or by applicable Law, except that the name of the Surviving Company shall be SAVVIS, INC. The by-laws of Merger Sub, as in effect immediately prior to the Effective Time, shall be the by-laws of the Surviving Company until thereafter changed or amended as provided therein or by applicable Law, except that references to the name of Merger Sub shall be replaced by references to the name of the Surviving Company.

Section 1.06. *Directors and Officers of Surviving Company*. The directors of Merger Sub immediately prior to the Effective Time shall be the directors of the Surviving Company until the earlier of their resignation or removal or until their respective successors are duly elected and qualified, as the case may be. The officers of the Company immediately prior to the Effective Time shall be the officers of the Surviving Company until the earlier of their resignation or removal or until their respective successors are duly elected or appointed and qualified, as the case may be.

ARTICLE II

Effect on the Capital Stock of the Constituent Entities; Exchange of Certificates

Section 2.01. *Effect on Capital Stock*. At the Effective Time, by virtue of the Merger and without any action on the part of the Company, Parent, Merger Sub or the holder of any shares of Company Common Stock or Merger Sub Common Stock:

(i) *Conversion of Merger Sub Common Stock*. Each share of common stock, par value $0.01 per share, in Merger Sub (the Merger Sub Common Stock) issued and outstanding immediately prior to the Effective Time shall be converted into 1 fully paid and nonassessable share of common stock, par value $0.01 per share, of the Surviving Company with the same rights, powers and privileges as the shares so converted and shall constitute the only outstanding shares of capital stock of the Surviving Company. From and after the Effective Time, all certificates representing shares of Merger Sub Common Stock shall be deemed for all purposes to represent the number of shares of common stock of the Surviving Company into which they were converted in accordance with the immediately preceding sentence.

(ii) *Cancellation of Treasury Stock and Parent-Owned Stock*. Each share of Company Common Stock that is owned by the Company as treasury stock and each share of Company Common Stock that is owned by Parent or Merger Sub immediately prior to the Effective Time shall no longer be outstanding and shall automatically be canceled and shall cease to exist, and no consideration shall be delivered in exchange therefor.

(iii) *Conversion of Company Common Stock*. Subject to Sections 2.02 and 2.03, each share of Company Common Stock issued and outstanding immediately prior to the Effective Time (other than shares to be canceled in accordance with Section 2.01(ii) and Dissenting Shares) shall be converted into the right to receive (x) the fraction of a share of Parent Common Stock (rounding to the nearest ten-thousandth of a share) equal to the quotient (the Exchange Ratio) obtained by dividing (A) $10.00 by (B) the Parent Trading Price (as defined below); provided, however, that if the Parent Trading Price is equal to or less than $34.42, the Exchange Ratio shall equal 0.2905 (the Stock Consideration) and (y) $30.00 in cash (the Cash Consideration and, together with the Stock Consideration, the Merger Consideration). All such shares of Company Common Stock, when so converted, shall no longer be outstanding and

shall automatically be canceled and shall cease to exist, and each holder of a certificate (or evidence of shares in book-entry form) that immediately prior to the Effective Time represented any

such shares of Company Common Stock (each, a Certificate) shall cease to have any rights with respect thereto, except the right to receive the Merger Consideration and any cash in lieu of fractional shares of Parent Common Stock to be issued or paid in consideration therefor and any dividends or other distributions to which holders become entitled upon the surrender of such Certificate in accordance with Section 2.02, without interest. For purposes of this Agreement, (i) Parent Common Stock means the common stock, par value $1.00 per share, of Parent and (ii) Parent Trading Price means the volume-weighted sales price per share taken to four decimal places of Parent Common Stock as reported by the New York Stock Exchange for the consecutive period of thirty trading days beginning at 9:30 a.m. New York time on the thirty-third trading day immediately preceding the Closing Date and concluding at 4:00 p.m. New York time on the third trading day immediately preceding the Closing Date, as calculated by Bloomberg Financial LP under the function VWAP. Notwithstanding the foregoing, if between the date of this Agreement and the Effective Time the outstanding shares of Parent Common Stock or Company Common Stock shall have been changed into a different number of shares or a different class, by reason of any stock dividend, subdivision, reclassification, recapitalization, split, combination or exchange of shares, or any similar event shall have occurred, then any number or amount contained herein which is based upon the number of shares of Parent Common Stock or Company Common Stock, as the case may be, will be appropriately adjusted to provide to Parent and the holders of Company Common Stock the same economic effect as contemplated by this Agreement prior to such event. As provided in Section 2.02(j), the right of any holder of a Certificate to receive the Merger Consideration shall be subject to and reduced by the amount of any required withholding under applicable Tax Law.

Section 2.02. *Exchange of Certificates*. (a) *Exchange Agent*. Prior to the Effective Time, Parent shall appoint a bank or trust company reasonably acceptable to the Company to act as exchange agent (the Exchange Agent) for the payment and delivery of the Merger Consideration. At or prior to the Effective Time, Parent shall deposit with the Exchange Agent, for the benefit of the holders of Certificates, for exchange in accordance with this Article II through the Exchange Agent, (i) certificates representing the shares of Parent Common Stock to be issued as Stock Consideration and (ii) cash sufficient to (x) pay the Cash Consideration and (y) make payments in lieu of fractional shares pursuant to Section 2.02(f). All such Parent Common Stock and cash deposited with the Exchange Agent is hereinafter referred to as the Exchange Fund.

(b) *Letter of Transmittal*. As promptly as reasonably practicable after the Effective Time (and in any event within ten Business Days after the Effective Time), Parent shall cause the Exchange Agent to mail to each holder of record of Company Common Stock a form of letter of transmittal (the Letter of Transmittal) (which shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon delivery of the Certificates to the Exchange Agent and shall be in such form and have such other provisions (including customary provisions with respect to delivery of an agent s message with respect to shares held in book-entry form) as Parent may specify subject to the Company s reasonable approval), together with instructions thereto.

(c) *Merger Consideration Received in Connection with Exchange*. Upon (i) in the case of shares of Company Common Stock represented by a Certificate, the surrender of such Certificate for cancellation to the Exchange Agent, or (ii) in the case of shares of Company Common Stock held in book-entry form, the receipt of an agent s message by the Exchange Agent, in each case together with the Letter of Transmittal, duly, completely and validly executed in accordance with the instructions thereto, and such other documents as may reasonably be required by the Exchange Agent, the holder of such shares shall be entitled to receive in exchange therefor (i) the Merger Consideration into which such shares of Company Common Stock have been converted pursuant to Section 2.01 and (ii) any cash in lieu of fractional shares which the holder has the right to receive pursuant to Section 2.02(f) and in respect of any dividends or other distributions which the holder has the right to receive pursuant to Section 2.02(d). In the event of a transfer of ownership of Company Common Stock which is not registered in the transfer records of the Company, the Merger Consideration and cash in lieu of fractional shares which the holder has the right to receive pursuant to Section 2.02(f) and in respect of any dividends or other distributions which the holder has the right to receive pursuant to Section 2.02(d) may be issued to a transferee if the Certificate representing such Company Common Stock (or,

if such Company Common Stock is held in book-entry form, proper evidence of such transfer) is presented to the Exchange Agent, accompanied by all documents required to evidence and effect such transfer and by evidence that any applicable stock transfer Taxes have been paid. Until surrendered as contemplated by this Section 2.02(c), each share of Company Common Stock, and any Certificate with respect thereto, shall be deemed at any time from and after the Effective Time to represent only the right to receive upon such surrender the Merger Consideration which the holders of shares of Company Common Stock were entitled to receive in respect of such shares pursuant to Section 2.01 (and cash in lieu of fractional shares pursuant to Section 2.02(f) and in respect of any dividends or other distributions pursuant to Section 2.02(d)). No interest shall be paid or shall accrue on the cash payable upon surrender of any Certificate (or shares of Company Common Stock held in book-entry form).

(d) *Treatment of Unexchanged Shares*. No dividends or other distributions declared or made with respect to Parent Common Stock with a record date after the Effective Time shall be paid to the holder of any unsurrendered Certificate (or shares of Company Common Stock held in book-entry form) with respect to the shares of Parent Common Stock issuable upon surrender thereof, and no cash payment with respect to the Cash Consideration or in lieu of fractional shares shall be paid to any such holder, until the surrender of such Certificate (or shares of Company Common Stock held in book-entry form) in accordance with this Article II. Subject to escheat, Tax or other applicable Law, following surrender of any such Certificate (or shares of Company Common Stock held in book-entry form), there shall be paid to the holder of the certificate representing whole shares of Parent Common Stock issued in exchange therefor, without interest, (i) at the time of such surrender, the amount of any cash payable in lieu of a fractional share of Parent Common Stock to which such holder is entitled pursuant to Section 2.02(f) and the amount of dividends or other distributions with a record date after the Effective Time theretofore paid with respect to such whole shares of Parent Common Stock and (ii) at the appropriate payment date, the amount of dividends or other distributions with a record date after the Effective Time but prior to such surrender and a payment date subsequent to such surrender payable with respect to such whole shares of Parent Common Stock.

(e) *No Further Ownership Rights in Company Common Stock*. The shares of Parent Common Stock issued and cash paid in accordance with the terms of this Article II upon conversion of any shares of Company Common Stock (including any cash paid pursuant to Section 2.02(f)) shall be deemed to have been issued and paid in full satisfaction of all rights pertaining to such shares of Company Common Stock. From and after the Effective Time, there shall be no further registration of transfers on the stock transfer books of the Surviving Company of shares of Company Common Stock that were outstanding immediately prior to the Effective Time. If, after the Effective Time, any Certificates formerly representing shares of Company Common Stock (or shares of Company Common Stock held in book-entry form) are presented to Parent or the Exchange Agent for any reason, they shall be canceled and exchanged as provided in this Article II.

(f) *No Fractional Shares*. No certificates or scrip representing fractional shares of Parent Common Stock shall be issued upon the conversion of Company Common Stock pursuant to Section 2.01. Notwithstanding any other provision of this Agreement, each holder of shares of Company Common Stock converted pursuant to the Merger who would otherwise have been entitled to receive a fraction of a share of Parent Common Stock (after taking into account all shares of Company Common Stock exchanged by such holder) shall receive, in lieu thereof, cash (without interest) in an amount equal to such fractional amount multiplied by the last reported sale price of Parent Common Stock on the New York Stock Exchange (the NYSE) (as reported in The Wall Street Journal or, if not reported therein, in another authoritative source mutually selected by Parent and the Company) on the last complete trading day prior to the date of the Effective Time.

(g) *Termination of Exchange Fund*. Any portion of the Exchange Fund (including any interest received with respect thereto) that remains undistributed to the holders of Company Common Stock for 180 days after the Effective Time shall be delivered to Parent, and any holder of Company Common Stock who has not theretofore complied with this Article II shall thereafter look only to Parent for payment of its claim for Merger Consideration, any cash in lieu of

fractional shares and any dividends and distributions to which such holder is entitled pursuant to this Article II, in each case without any interest thereon.

Table of Contents

(h) *No Liability*. None of the Company, Parent, Merger Sub or the Exchange Agent shall be liable to any Person in respect of any portion of the Exchange Fund delivered to a public official pursuant to any applicable abandoned property, escheat or similar Law. Any portion of the Exchange Fund which remains undistributed to the holders of Certificates for two years after the Effective Time (or immediately prior to such earlier date on which the Exchange Fund would otherwise escheat to, or become the property of, any Governmental Entity), shall, to the extent permitted by applicable Law, become the property of Parent, free and clear of all claims or interest of any Person previously entitled thereto.

(i) *Investment of Exchange Fund*. The Exchange Agent shall invest any cash in the Exchange Fund as directed by Parent. Any interest and other income resulting from such investments shall be paid to Parent.

(j) *Withholding Rights*. Each of Parent and the Exchange Agent (without duplication) shall be entitled to deduct and withhold from the consideration otherwise payable to any holder of Company Common Stock pursuant to this Agreement such amounts as are required to be deducted and withheld with respect to the making of such payment under applicable Tax Law. Amounts so withheld and paid over to the appropriate taxing authority shall be treated for all purposes of this Agreement as having been paid to the holder of Company Common Stock in respect of which such deduction or withholding was made.

(k) *Lost Certificates*. If any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the Person claiming such Certificate to be lost, stolen or destroyed and, if required by Parent, the posting by such Person of a bond, in such reasonable and customary amount as Parent may direct, as indemnity against any claim that may be made against it with respect to such Certificate, the Exchange Agent shall, in exchange for such lost, stolen or destroyed Certificate, issue the Stock Consideration and pay the Cash Consideration, any cash in lieu of fractional shares and any dividends and distributions on such Certificate, in each case deliverable in respect thereof pursuant to this Agreement.

Section 2.03. *Dissenters Rights*. Notwithstanding any other provision contained in this Agreement, no shares of Company Common Stock that are issued and outstanding as of the Effective Time and that are held by a stockholder who has properly exercised such stockholder s appraisal rights in respect of such shares (any such shares being referred to herein as Dissenting Shares) under Section 262 of the DGCL shall be converted into the right to receive the Merger Consideration as provided in Section 2.01(iii) and instead shall be entitled to such rights as are granted by Section 262 of the DGCL (unless and until such stockholder shall have failed to timely perfect, or shall have effectively withdrawn or lost, such stockholder s right to dissent from the Merger under the DGCL) and to receive such consideration as may be determined to be due with respect to such Dissenting Shares pursuant to and subject to the requirements of the DGCL. The Company (i) shall give Parent prompt notice of any notice or demand for appraisal or payment for shares of Company Common Stock or any withdrawals of such demands received by the Company, (ii) shall give Parent the opportunity to participate in and direct all negotiations and proceedings with respect to any such demands and (iii) shall not, without the prior written consent of Parent, voluntarily make any payment with respect to, or settle, offer to settle or otherwise negotiate, any such demands.

ARTICLE III

Representations and Warranties of Parent and Merger Sub

Parent and Merger Sub jointly and severally represent and warrant to the Company that the statements contained in this Article III are true and correct except as set forth in the Parent SEC Documents filed and publicly available after January 1, 2011 and prior to the date of this Agreement (the Filed Parent SEC Documents) (excluding any disclosures in the Filed Parent SEC Documents in any risk factors section, in any section related to forward looking statements and other disclosures that are predictive or forward-looking in nature) or in the disclosure letter delivered by Parent to

the Company at or before the execution and delivery by Parent and Merger Sub of this Agreement (the Parent Disclosure Letter). The Parent Disclosure Letter shall be arranged in numbered and lettered sections corresponding to the numbered and lettered sections contained in this Article III, and the disclosure in any section shall be deemed to qualify other sections in this

Table of Contents

Article III to the extent (and only to the extent) that it is reasonably apparent from the face of such disclosure that such disclosure also qualifies or applies to such other sections.

Section 3.01. *Organization, Standing and Power*. Each of Parent and each of Parent s Subsidiaries (the Parent Subsidiaries) is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is organized (in the case of good standing, to the extent such jurisdiction recognizes such concept), except, in the case of the Parent Subsidiaries, where the failure to be so organized, existing or in good standing, individually or in the aggregate, has not had and would not reasonably be expected to have a Parent Material Adverse Effect. Each of Parent and the Parent Subsidiaries has all requisite power and authority and possesses all governmental franchises, licenses, permits, authorizations, variances, exemptions, orders and approvals (collectively, Permits) necessary to enable it to own, lease or otherwise hold its properties and assets and to conduct its businesses as presently conducted (the Parent Permits), except where the failure to have such power or authority or to possess Parent Permits, individually or in the aggregate, has not had and would not reasonably be expected to have a Parent Material Adverse Effect. Each of Parent and the Parent Subsidiaries is duly qualified or licensed to do business in each jurisdiction where the nature of its business or the ownership or leasing of its properties make such qualification necessary, other than in such jurisdictions where the failure to be so qualified or licensed, individually or in the aggregate, has not had and would not reasonably be expected to have a Parent Material Adverse Effect. Parent has delivered or made available to the Company, prior to execution of this Agreement, true and complete copies of (a) the amended and restated articles of incorporation of Parent in effect as of the date of this Agreement (the Parent Articles) and the by-laws of Parent in effect as of the date of this Agreement (the Parent By-laws) and (b) the constituent documents of Merger Sub.

Section 3.02. *Parent Subsidiaries*. (a) All the outstanding shares of capital stock or voting securities of, or other equity interests in, each Parent Subsidiary have been validly issued and are fully paid and nonassessable and are owned by Parent, by another Parent Subsidiary or by Parent and another Parent Subsidiary, free and clear of all material pledges, liens, charges, mortgages, deeds of trust, rights of first offer or first refusal, options, encumbrances and security interests of any kind or nature whatsoever (collectively, with covenants, conditions, restrictions, easements, encroachments, title retention agreements or other third party rights or title defect of any kind or nature whatsoever, Liens), and free of any other restriction (including any restriction on the right to vote, sell or otherwise dispose of such capital stock, voting securities or other equity interests), except for restrictions imposed by applicable securities laws.

(b) Except for the capital stock and voting securities of, and other equity interests in, the Parent Subsidiaries, neither Parent nor any Parent Subsidiary owns, directly or indirectly, any capital stock or voting securities of, or other equity interests in, or any interest convertible into or exchangeable or exercisable for, any capital stock or voting securities of, or other equity interests in, any firm, corporation, partnership, company, limited liability company, trust, joint venture, association or other entity.

Section 3.03. *Capital Structure*. (a) The authorized capital stock of Parent consists of 800,000,000 shares of Parent Common Stock and 2,000,000 shares of preferred stock, par value $25.00 per share (the Parent Preferred Stock and, together with the Parent Common Stock, the Parent Capital Stock), of which 325,000 shares have been designated as 5% Cumulative Convertible Series L Preferred Stock (the Parent Series L Shares). At the close of business on April 25, 2011, (i) 600,481,913 shares of Parent Common Stock were issued and outstanding, of which 1,958,322 were Parent Restricted Shares, (ii) 9,434 shares of Parent Series L Shares were issued and outstanding, (iii) 323,698 shares of Parent Common Stock were held by Parent in its treasury, (iv) 31,145,731 shares of Parent Common Stock were reserved and available for issuance pursuant to the Parent Stock Plans, of which 11,500,212 shares were issuable upon exercise of outstanding Parent Stock Options, (v) 108,809 shares of Parent Common Stock were reserved for issuance upon the vesting of Parent RSUs, (vi) 12,864 shares of Parent Common Stock were reserved for issuance upon conversion of the Parent Series L Shares, (vii) 3,838,932 shares of Parent Common Stock were reserved for issuance pursuant to the Parent 2001 Employee Stock Purchase Plan (the Parent

ESPP), and (viii) 550,987 shares of Parent Common Stock were reserved for issuance pursuant to the Parent Automatic Dividend Reinvestment and Stock Repurchase Service (the Parent DRIP). Except as set forth in this Section 3.03(a), at the close of business on April 25, 2011, no shares of capital stock or voting securities

of, or other equity interests in, Parent were issued, reserved for issuance or outstanding. From the close of business on April 25, 2011 to the date of this Agreement, there have been no issuances by Parent of shares of capital stock or voting securities of, or other equity interests in, Parent other than the issuance of Parent Common Stock upon the exercise of Parent Stock Options outstanding at the close of business on April 25, 2011, and issuances pursuant to rights under the Parent ESPP and Parent DRIP, in each case in accordance with their terms in effect as of April 25, 2011.

(b) All outstanding shares of Parent Capital Stock are, and, at the time of issuance, all such shares that may be issued upon the exercise or vesting of Parent Stock Options or Parent RSUs or pursuant to the Parent Stock Plans, the Parent ESPP or the Parent DRIP will be, duly authorized, validly issued, fully paid and nonassessable and not subject to, or issued in violation of, any purchase option, call option, right of first refusal, preemptive right, subscription right or any similar right under any provision of the Louisiana Business Corporation Law (the LBCL), the Parent Articles, the Parent By-laws or any Contract to which Parent is a party or otherwise bound. The shares of Parent Common Stock constituting the Stock Consideration will be, when issued, duly authorized, validly issued, fully paid and nonassessable and not subject to, or issued in violation of, any purchase option, call option, right of first refusal, preemptive right, subscription right or any similar right under any provision of the LBCL, the Parent Articles, the Parent By-laws or any Contract to which Parent is a party or otherwise bound. Except as set forth above in this Section 3.03 or pursuant to the terms of this Agreement, there are not issued, reserved for issuance or outstanding, and there are not any outstanding obligations of Parent or any Parent Subsidiary to issue, deliver or sell, or cause to be issued, delivered or sold, (x) any capital stock of Parent or any Parent Subsidiary or any securities of Parent or any Parent Subsidiary convertible into or exchangeable or exercisable for shares of capital stock or voting securities of, or other equity interests in, Parent or any Parent Subsidiary, (y) any warrants, calls, options or other rights to acquire from Parent or any Parent Subsidiary, or any other obligation of Parent or any Parent Subsidiary to issue, deliver or sell, or cause to be issued, delivered or sold, any capital stock or voting securities of, or other equity interests in, Parent or any Parent Subsidiary, or (z) any rights issued by or other obligations of Parent or any Parent Subsidiary that are linked in any way to the price of any class of Parent Capital Stock or any shares of capital stock of any Parent Subsidiary, the value of Parent, any Parent Subsidiary or any part of Parent or any Parent Subsidiary or any dividends or other distributions declared or paid on any shares of capital stock of Parent or any Parent Subsidiary. Except for acquisitions, or deemed acquisitions, of Parent Common Stock or other equity securities of Parent in connection with (i) the payment of the exercise price of Parent Stock Options with Parent Common Stock (including but not limited to in connection with net exercises), (ii) required tax withholding in connection with the exercise of Parent Stock Options, the vesting of Parent Restricted Shares or Parent RSUs and the vesting or delivery of other awards pursuant to the Parent Stock Plans and (iii) forfeitures of Parent Stock Options, Parent Restricted Shares and Parent RSUs, there are not any outstanding obligations of Parent or any of the Parent Subsidiaries to repurchase, redeem or otherwise acquire any shares of capital stock or voting securities or other equity interests of Parent or any Parent Subsidiary or any securities, interests, warrants, calls, options or other rights referred to in clause (x), (y) or (z) of the immediately preceding sentence. There are no bonds, debentures, notes or other Indebtedness of Parent having the right to vote (or convertible into, or exchangeable for, securities having the right to vote) on any matters on which shareholders of Parent may vote (Parent Voting Debt). Neither Parent nor any of the Parent Subsidiaries is a party to any voting agreement with respect to the voting of any capital stock or voting securities of, or other equity interests in, Parent.

Section 3.04. *Authority; Execution and Delivery; Enforceability*. (a) Each of Parent and Merger Sub has all requisite corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and thereunder and to consummate the Merger and the other transactions contemplated by this Agreement, subject, in the case of the Merger, to the approval of this Agreement by Parent as the sole stockholder of Merger Sub. The Board of Directors of Parent (the Parent Board) has adopted resolutions, by unanimous vote of the directors present at a meeting duly called at which a quorum of directors of Parent was present, (i) approving the execution, delivery and performance of this Agreement and (ii) determining that entering into this Agreement is in the best interests of Parent

and its shareholders. As of the date of this Agreement, such resolutions have not been amended or withdrawn. The Board of Directors of Merger Sub has adopted resolutions (i) approving the execution, delivery and performance of this Agreement, (ii) determining

that the terms of this Agreement are in the best interests of Merger Sub and Parent, as its sole stockholder, (iii) declaring this Agreement advisable and (iv) recommending that Parent, as sole stockholder of Merger Sub, adopt this Agreement and directing that this Agreement be submitted to Parent, as sole stockholder of Merger Sub, for adoption. As of the date of this Agreement, such resolutions have not been amended or withdrawn. Parent, as sole stockholder of Merger Sub, will, immediately following the execution and delivery of this Agreement by each of the parties hereto, adopt this Agreement. Except for the adoption of this Agreement by Parent as the sole stockholder of Merger Sub, no other corporate proceedings on the part of Parent or Merger Sub are necessary to authorize, adopt or approve, as applicable, this Agreement or to consummate the Merger and the other transactions contemplated by this Agreement (except for the filing of the Certificate of Merger as required by the DGCL). Each of Parent and Merger Sub has duly executed and delivered this Agreement and, assuming the due authorization, execution and delivery by the Company, this Agreement constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms except, in each case, as enforcement may be limited by bankruptcy, insolvency, reorganization or similar Laws affecting creditors rights generally and by general principles of equity.

(b) No fair price , moratorium , control share acquisition or other similar antitakeover statute or similar statute or regulation applies with respect to this Agreement, the Merger or any of the other transactions contemplated by this Agreement.

Section 3.05. *No Conflicts; Consents*. (a) The execution and delivery by each of Parent and Merger Sub of this Agreement does not, and the performance by each of Parent and Merger Sub of its obligations hereunder and the consummation of the Merger and the other transactions contemplated by this Agreement will not, conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation, any obligation to make an offer to purchase or redeem any Indebtedness or capital stock or any loss of a material benefit under, or result in the creation of any Lien upon any of the properties or assets of Parent or any Parent Subsidiary under, any provision of (i) the Parent Articles, the Parent By-laws or the comparable charter or organizational documents of any Parent Subsidiary, (ii) any contract, lease, license, indenture, note, bond, agreement, concession, franchise or other instrument (a Contract) to which Parent or any Parent Subsidiary is a party or by which any of their respective properties or assets is bound or any Parent Permit or (iii) subject to the filings and other matters referred to in Section 3.05(b), any judgment, order or decree (Judgment) or statute, law (including common law), ordinance, rule or regulation (Law), in each case, applicable to Parent or any Parent Subsidiary or their respective properties or assets, other than, in the case of clauses (ii) and (iii) above, any matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Parent Material Adverse Effect (it being agreed that for purposes of this Section 3.05(a), effects resulting from or arising in connection with the matters set forth in clause (iv) of the definition of the term Material Adverse Effect shall not be excluded in determining whether a Parent Material Adverse Effect has occurred or would reasonably be expected to occur) and would not prevent or materially impede, interfere with, hinder or delay the consummation of the Merger.

(b) No consent, approval, clearance, waiver, Permit or order (Consent) of or from, or registration, declaration, notice or filing made to or with any Federal, national, state, provincial or local, whether domestic or foreign, government or any court of competent jurisdiction, administrative agency or commission or other governmental authority or instrumentality, whether domestic, foreign or supranational (a Governmental Entity), is required to be obtained or made by or with respect to Parent or any Parent Subsidiary in connection with the execution and delivery of this Agreement or its performance of its obligations hereunder or the consummation of the Merger and the other transactions contemplated by this Agreement, other than (i) (A) the filing with the Securities and Exchange Commission (the SEC), and declaration of effectiveness under the Securities Act of 1933, as amended (the Securities Act), of the registration statement on Form S-4 in connection with the issuance by Parent of the Stock Consideration, in which the Proxy Statement will be included as a prospectus (the Form S-4), and (B) the filing with the SEC of such reports under, and such other compliance with, the Securities Exchange Act of 1934, as amended (the Exchange Act), and the Securities Act, and the rules and regulations thereunder, as may be required in connection with this

Agreement, the Merger and the other transactions contemplated by this Agreement, (ii) compliance with and

Table of Contents

filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the HSR Act), the regulations under the Indian Competition Act of 2002 regarding mergers and acquisitions anticipated to come into effect on June 1, 2011 (the Indian Competition Law) (if required), and such other Consents, registrations, declarations, notices or filings as are required to be made or obtained under any foreign antitrust, competition, trade regulation or similar Laws, (iii) the filing of the Certificate of Merger with the Secretary of State of the State of Delaware and appropriate documents with the relevant authorities of the other jurisdictions in which Parent and the Company are qualified to do business, (iv) such Consents, registrations, declarations, notices or filings as are required to be made or obtained under the securities or blue sky laws of various states in connection with the issuance of the Stock Consideration, (v) such Consents from, or registrations, declarations, notices or filings made to or with, the Federal Communications Commission (the FCC) or any other Governmental Entities (other than with respect to securities, antitrust, competition, trade regulation or similar Laws), in each case as may be required in connection with this Agreement, the Merger or the other transactions contemplated by this Agreement and are required with respect to mergers, business combinations or changes in control of telecommunications companies generally, (vi) such filings with and approvals of the NYSE as are required to permit the consummation of the Merger and the listing of the Stock Consideration and (vii) such other matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Parent Material Adverse Effect (it being agreed that for purposes of this Section 3.05(b), effects resulting from or arising in connection with the matters set forth in clause (iv) of the definition of the term Material Adverse Effect shall not be excluded in determining whether a Parent Material Adverse Effect has occurred or would reasonably be expected to occur) and would not prevent or materially impede, interfere with, hinder or delay the consummation of the Merger.

Section 3.06. *SEC Documents; Undisclosed Liabilities*. (a) Parent has furnished or filed all reports, schedules, forms, statements and other documents (including exhibits and other information incorporated therein) required to be furnished or filed by Parent with the SEC since January 1, 2009 (such documents, together with any documents filed with the SEC during such period by Parent on a voluntary basis on a Current Report on Form 8-K, but excluding the Form S-4, being collectively referred to as the Parent SEC Documents).

(b) Each Parent SEC Document (i) at the time filed, complied in all material respects with the requirements of the Sarbanes-Oxley Act of 2002 (SOX) and the Exchange Act or the Securities Act, as the case may be, and the rules and regulations of the SEC promulgated thereunder applicable to such Parent SEC Document and (ii) did not at the time it was filed (or if amended or superseded by a filing or amendment prior to the date of this Agreement, then at the time of such filing or amendment) contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Each of the consolidated financial statements of Parent included in the Parent SEC Documents complied at the time it was filed as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, was prepared in accordance with United States generally accepted accounting principles (GAAP) (except, in the case of unaudited statements, as permitted by Form 10-Q of the SEC) applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) and fairly presented in all material respects the consolidated financial position of Parent and its consolidated Subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods shown (subject, in the case of unaudited statements, to normal year-end audit adjustments).

(c) Except (i) as reflected or reserved against in Parent s consolidated audited balance sheet as of December 31, 2010 (or the notes thereto) as included in the Filed Parent SEC Documents and (ii) for liabilities and obligations incurred in connection with or contemplated by this Agreement, neither Parent nor any Parent Subsidiary has any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) that, individually or in the aggregate, have had or would reasonably be expected to have a Parent Material Adverse Effect.

(d) Each of the chief executive officer of Parent and the chief financial officer of Parent (or each former chief executive officer of Parent and each former chief financial officer of Parent, as applicable) has made all

Table of Contents

applicable certifications required by Rule 13a-14 or 15d-14 under the Exchange Act and Sections 302 and 906 of SOX with respect to the Parent SEC Documents, and the statements contained in such certifications are true and accurate. For purposes of this Agreement, chief executive officer and chief financial officer shall have the meanings given to such terms in SOX. None of Parent or any of the Parent Subsidiaries has outstanding, or has arranged any outstanding, extensions of credit to directors or executive officers within the meaning of Section 402 of SOX.

(e) Parent maintains a system of internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) sufficient to provide reasonable assurance (A) that transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP, consistently applied, (B) that transactions are executed only in accordance with the authorization of management and (C) regarding prevention or timely detection of the unauthorized acquisition, use or disposition of Parent s properties or assets.

(f) The disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) utilized by Parent are reasonably designed to ensure that all information (both financial and non-financial) required to be disclosed by Parent in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and that all such information required to be disclosed is accumulated and communicated to the management of Parent, as appropriate, to allow timely decisions regarding required disclosure and to enable the chief executive officer and chief financial officer of Parent to make the certifications required under the Exchange Act with respect to such reports.

(g) Neither Parent nor any of the Parent Subsidiaries is a party to, or has any commitment to become a party to, any joint venture, off-balance sheet partnership or any similar Contract (including any Contract or arrangement relating to any transaction or relationship between or among Parent and any of the Parent Subsidiaries, on the one hand, and any unconsolidated Affiliate, including any structured finance, special purpose or limited purpose entity or Person, on the other hand, or any off-balance-sheet arrangements (as defined in Item 303(a) of Regulation S-K under the Exchange Act)), where the result, purpose or intended effect of such Contract is to avoid disclosure of any material transaction involving, or material liabilities of, Parent or any of the Parent Subsidiaries in Parent s or such Parent Subsidiary s published financial statements or other Parent SEC Documents.

(h) Since January 1, 2009, none of Parent, Parent s independent accountants, the Parent Board or the audit committee of the Parent Board has received any oral or written notification of any (x) significant deficiency in the internal controls over financial reporting of Parent, (y) material weakness in the internal controls over financial reporting of Parent or (z) fraud, whether or not material, that involves management or other employees of Parent who have a significant role in the internal controls over financial reporting of Parent. For purposes of this Agreement, the terms significant deficiency and material weakness shall have the meanings assigned to them in Auditing Standard No. 5 of the Public Company Accounting Oversight Board, as in effect on the date of this Agreement.

(i) None of the Parent Subsidiaries is, or has at any time since January 1, 2009 been, subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act, other than Qwest Corporation and, until April 14, 2011, Qwest Communications International Inc.

Section 3.07. *Information Supplied*. None of the information supplied or to be supplied by Parent or Merger Sub for inclusion or incorporation by reference in (i) the Form S-4 will, at the time the Form S-4 or any amendment or supplement thereto is declared effective under the Securities Act, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading or (ii) the Proxy Statement will, at the date it is first mailed to the Company s stockholders or at the time of the Company Stockholders Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. The Form S-4 will comply as to form in all material respects with the

requirements of the Securities Act and the rules and regulations thereunder, except that no representation is made by Parent or Merger Sub with respect to

statements made or incorporated by reference therein based on information supplied by the Company for inclusion or incorporation by reference therein.

Section 3.08. *Absence of Certain Changes or Events*. Since December 31, 2010, there has not occurred any fact, circumstance, effect, change, event or development that, individually or in the aggregate, has had or would reasonably be expected to have a Parent Material Adverse Effect. From December 31, 2010 to the date of this Agreement, each of Parent and the Parent Subsidiaries has conducted its respective business in the ordinary course in all material respects, and during such period there has not occurred any declaration, setting aside or payment of any dividend or other distribution (whether in cash, stock or property or any combination thereof) in respect of any capital stock or voting securities of, or other equity interests in, Parent or the capital stock or voting securities of, or other equity interests in, any of the Parent Subsidiaries (other than (x) regular quarterly cash dividends payable by Parent in respect of shares of Parent Common Stock and (y) dividends or other distributions by a direct or indirect wholly owned Parent Subsidiary to its parent) or any repurchase for value by Parent of any capital stock or voting securities of, or other equity interests in, Parent or the capital stock or voting securities of, or other equity interests in, any of the Parent Subsidiaries.

Section 3.09. *Benefits Matters; ERISA Compliance*. Section 3.09 of the Parent Disclosure Letter sets forth, as of the date of this Agreement, a complete and correct list identifying any material Parent Benefit Plan. Parent has delivered or made available to the Company true and complete copies of (i) all material Parent Benefit Plans or, in the case of any unwritten material Parent Benefit Plan, a description thereof, (ii) the most recent annual report on Form 5500 (other than Schedule SSA thereto) filed with the Internal Revenue Service (the IRS) with respect to each material Parent Benefit Plan (if any such report was required), (iii) the most recent summary plan description for each material Parent Benefit Plan for which such summary plan description is required, (iv) each trust agreement and group annuity contract relating to any material Parent Benefit Plan and (v) the most recent financial statements and actuarial reports for each Parent Benefit Plan (if any). For purposes of this Agreement, Parent Benefit Plans means, collectively (i) all employee pension benefit plans (as defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended (ERISA)), other than any plan which is a multiemployer plan within the meaning of Section 4001(a)(3) of ERISA (a Parent Multiemployer Plan), employee welfare benefit plans (as defined in Section 3(1) of ERISA) and all other bonus, pension, profit sharing, retirement, deferred compensation, incentive compensation, equity or equity-based compensation, severance, retention, change in control, disability, vacation, death benefit, hospitalization, medical or other plans, arrangements or understandings providing, or designed to provide, material benefits to any current or former directors, officers, employees or consultants of Parent or any Parent Subsidiary and (ii) all employment, consulting, indemnification, severance, retention, change of control or termination agreements or arrangements (including collective bargaining agreements) between Parent or any Parent Subsidiary and any current or former directors, officers, employees or consultants of Parent or any Parent Subsidiary.

Section 3.10. *Litigation*. There is no suit, action or other proceeding pending or, to the Knowledge of Parent, threatened against Parent or any Parent Subsidiary or any of their respective properties or assets that, individually or in the aggregate, has had or would reasonably be expected to have a Parent Material Adverse Effect, nor is there any Judgment outstanding against or, to the Knowledge of Parent, investigation by any Governmental Entity involving Parent or any Parent Subsidiary or any of their respective properties or assets that, individually or in the aggregate, has had or would reasonably be expected to have a Parent Material Adverse Effect (it being agreed that for purposes of this Section 3.10, effects resulting from or arising in connection with the matters set forth in clause (iv) of the definition of the term Material Adverse Effect shall not be excluded in determining whether a Parent Material Adverse Effect has occurred or would reasonably be expected to occur).

Section 3.11. *Compliance with Applicable Laws*. Except for matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Parent Material Adverse Effect, Parent and the Parent Subsidiaries are in compliance with all applicable Laws and Parent Permits, including all applicable rules, regulations, directives or policies of the FCC or any other Governmental Entity. To the Knowledge of Parent, except for matters

that, individually or in the aggregate, have not had and would not reasonably be expected to have a Parent Material Adverse Effect, no action, demand or investigation by or

before any Governmental Entity is pending or threatened alleging that Parent or a Parent Subsidiary is not in compliance with any applicable Law or Parent Permit or which challenges or questions the validity of any rights of the holder of any Parent Permit.

Section 3.12. *Brokers Fees and Expenses.* No broker, investment banker, financial advisor or other Person, other than Barclays Capital Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated, the fees and expenses of which will be paid by Parent, is entitled to any broker s, finder s, financial advisor s or other similar fee or commission in connection with the Merger or any of the other transactions contemplated by this Agreement based upon arrangements made by or on behalf of Parent.

Section 3.13. *Financing.* Parent has delivered to the Company complete and correct copies of an executed commitment letter (the Commitment Letter) from the lenders named therein to provide Parent with at least $2.0 billion in debt financing (together with any bond, note, debenture or other capital markets debt financing that may be used in lieu of such debt financing, the Financing). Parent has made available to the Company all other side letters or other Contracts or arrangements related to the Commitment Letter; provided that Parent may redact in such documents the fee amounts payable to their financing sources under the Commitment Letter. As of the date of this Agreement, the Commitment Letter is in full force and effect and is a legal, valid and binding obligation of Parent and, to the Knowledge of Parent, the other parties thereto. As of the date of this Agreement, no event has occurred which, with or without notice, lapse of time or both, would constitute a default or breach on the part of Parent under any term or condition of the Commitment Letter. As of the date hereof, there are no conditions relating to the funding of the full amount of the Financing, other than as set forth in the Commitment Letter. As of the date of this Agreement, Parent has no reason to believe any of the conditions relating to the funding of the full amount of the Financing will not be satisfied on or prior to the Closing Date. Parent has fully paid any and all commitment fees or other fees required by the Commitment Letter to be paid on or prior to the date of this Agreement and shall in the future pay any such fees as they become due.

Section 3.14. *Merger Sub.* Parent is the sole stockholder of Merger Sub. Since its date of incorporation, Merger Sub has not carried on any business nor conducted any operations other than the execution of this Agreement, the performance of its obligations hereunder and matters ancillary thereto.

Section 3.15. *No Other Representations or Warranties.* Except for the representations and warranties contained in this Article III, the Company acknowledges that none of Parent, the Parent Subsidiaries or any other Person on behalf of Parent makes any other express or implied representation or warranty in connection with the transactions contemplated by this Agreement.

ARTICLE IV

Representations and Warranties of the Company

The Company represents and warrants to Parent and Merger Sub that the statements contained in this Article IV are true and correct except as set forth in the Company SEC Documents filed and publicly available after January 1, 2011 and prior to the date of this Agreement (the Filed Company SEC Documents) (excluding any disclosures in the Filed Company SEC Documents in any risk factors section, in any section related to forward looking statements and other disclosures that are predictive or forward-looking in nature) or in the disclosure letter delivered by the Company to Parent at or before the execution and delivery by the Company of this Agreement (the Company Disclosure Letter). The Company Disclosure Letter shall be arranged in numbered and lettered sections corresponding to the numbered and lettered sections contained in this Article IV, and the disclosure in any section shall be deemed to qualify other sections in this Article IV to the extent (and only to the extent) that it is reasonably apparent from the face of such disclosure that such disclosure also qualifies or applies to such other sections.

Section 4.01. *Organization, Standing and Power*. Each of the Company and each of the Company s Subsidiaries (the Company Subsidiaries) is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is organized (in the case of good standing, to the extent such jurisdiction recognizes such concept), except, in the case of the Company Subsidiaries, where the failure to be so

organized, existing or in good standing, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect. Each of the Company and the Company Subsidiaries has all requisite power and authority and possesses all Permits necessary to enable it to own, lease or otherwise hold its properties and assets and to conduct its businesses as presently conducted (the Company Permits), except where the failure to have such power or authority or to possess Company Permits, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect. Each of the Company and the Company Subsidiaries is duly qualified or licensed to do business in each jurisdiction where the nature of its business or the ownership or leasing of its properties make such qualification necessary, other than in such jurisdictions where the failure to be so qualified or licensed, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect. The Company has delivered or made available to Parent, prior to execution of this Agreement, true and complete copies of the amended and restated certificate of incorporation of the Company in effect as of the date of this Agreement (the Company Charter) and the by-laws of the Company in effect as of the date of this Agreement (the Company By-laws).

Section 4.02. *Company Subsidiaries*. (a) All the outstanding shares of capital stock or voting securities of, or other equity interests in, each Company Subsidiary have been validly issued and are fully paid and nonassessable and are owned by the Company, by another Company Subsidiary or by the Company and another Company Subsidiary, free and clear of all material Liens, and free of any other restriction (including any restriction on the right to vote, sell or otherwise dispose of such capital stock, voting securities or other equity interests), except for restrictions imposed by applicable securities laws. Section 4.02(a) of the Company Disclosure Letter sets forth, as of the date of this Agreement, a true and complete list of the Company Subsidiaries.

(b) Except for the capital stock and voting securities of, and other equity interests in, the Company Subsidiaries, neither the Company nor any Company Subsidiary owns, directly or indirectly, any capital stock or voting securities of, or other equity interests in, or any interest convertible into or exchangeable or exercisable for, any capital stock or voting securities of, or other equity interests in, any firm, corporation, partnership, company, limited liability company, trust, joint venture, association or other entity.

Section 4.03. *Capital Structure*. (a) The authorized capital stock of the Company consists of 1,500,000,000 shares of Company Common Stock and 50,000,000 shares of preferred stock, par value $0.01 per share (the Company Preferred Stock and together with the Company Common Stock, the Company Capital Stock). At the close of business on April 25, 2011, (i) 57,512,633 shares of Company Common Stock were issued and outstanding, of which 22,814 were Company Restricted Shares, (ii) no shares of Company Preferred Stock were issued and outstanding, (iii) 6,568,656 shares of Company Common Stock were reserved and available for issuance pursuant to the Company Stock Plans, of which (A) 2,575,038 shares were issuable upon exercise of outstanding Company Stock Options and (B) 2,588,185 shares were potentially issuable under outstanding Company RSUs, including performance-based Company RSUs and Annual Incentive Company RSUs, (iv) 73,271 shares of Company Common Stock were reserved for issuance under the Company Amended and Restated Employee Stock Purchase Plan (the Company ESPP), and (v) (x) 44,132 shares of Company Common Stock were reserved for issuance upon conversion of the Company s 3.0% Convertible Senior Notes due May 15, 2012 (the Company Convertible Notes) and (y) the Conversion Rate (as defined in the indenture governing the terms of the Company Convertible Notes) was 14.2086 shares of Company Common Stock per $1,000 principal amount of Company Convertible Notes and no adjustments had been made to the table or any amount therein set forth in section 10.13(c) of such indenture since the execution of such indenture. Except as set forth in this Section 4.03(a), at the close of business on April 25, 2011, no shares of capital stock or voting securities of, or other equity interests in, the Company were issued, reserved for issuance or outstanding. From the close of business on April 25, 2011 to the date of this Agreement, there have been no issuances by the Company of shares of capital stock or voting securities of, or other equity interests in, the Company, other than the issuance of Company Common Stock upon the exercise of Company Stock Options outstanding at the close of business on April 25, 2011 and in accordance with their terms in effect at such time.

Table of Contents

(b) All outstanding shares of Company Common Stock (including Company Restricted Shares) are, and, at the time of issuance, all such shares that may be issued upon the exercise of Company Stock Options or pursuant to the Company Stock Plans or the Company ESPP will be, duly authorized, validly issued, fully paid and nonassessable and not subject to, or issued in violation of, any purchase option, call option, right of first refusal, preemptive right, subscription right or any similar right under any provision of the DGCL, the Company Charter, the Company By-laws or any Contract to which the Company is a party or otherwise bound. Except as set forth above in this Section 4.03, there are not issued, reserved for issuance or outstanding, and there are not any outstanding obligations of the Company or any Company Subsidiary to issue, deliver or sell, or cause to be issued, delivered or sold, (x) any capital stock of the Company or any Company Subsidiary or any securities of the Company or any Company Subsidiary convertible into or exchangeable or exercisable for shares of capital stock or voting securities of, or other equity interests in, the Company or any Company Subsidiary, (y) any warrants, calls, options or other rights to acquire from the Company or any Company Subsidiary, or any other obligation of the Company or any Company Subsidiary to issue, deliver or sell, or cause to be issued, delivered or sold, any capital stock or voting securities of, or other equity interests in, the Company or any Company Subsidiary or (z) any rights issued by or other obligations of the Company or any Company Subsidiary that are linked in any way to the price of any class of Company Capital Stock or any shares of capital stock of any Company Subsidiary, the value of the Company, any Company Subsidiary or any part of the Company or any Company Subsidiary or any dividends or other distributions declared or paid on any shares of capital stock of the Company or any Company Subsidiary. Except for acquisitions, or deemed acquisitions, of Company Common Stock or other equity securities of the Company in connection with (i) the payment of the exercise price of Company Stock Options with Company Common Stock (including but not limited to in connection with net exercises), (ii) required tax withholding in connection with the exercise of Company Stock Options, the vesting of Company Restricted Shares and the vesting or delivery of other awards pursuant to the Company Stock Plans, and (iii) forfeitures of Company Stock Options and Company Restricted Shares, there are not any outstanding obligations of the Company or any of the Company Subsidiaries to repurchase, redeem or otherwise acquire any shares of capital stock or voting securities or other equity interests of the Company or any Company Subsidiary or any securities, interests, warrants, calls, options or other rights referred to in clause (x), (y) or (z) of the immediately preceding sentence. With respect to Company Stock Options, (i) each grant of a Company Stock Option was duly authorized no later than the date on which the grant of such Company Stock Option was by its terms to be effective (the Grant Date) for such option by all necessary corporate action, including, as applicable, approval by the Company Board (or a duly constituted and authorized committee or subcommittee thereof), and (ii) the per share exercise price of each Company Stock Option was at least equal to the fair market value of a share of Company Common Stock on the applicable Grant Date. There are no debentures, bonds, notes or other Indebtedness of the Company having the right to vote (or, other than the Company Convertible Notes, convertible into, or exchangeable for, securities having the right to vote) on any matters on which stockholders of the Company may vote (Company Voting Debt). Neither the Company nor any of the Company Subsidiaries is a party to any voting agreement with respect to the voting of any capital stock or voting securities of, or other equity interests in, the Company. Neither the Company nor any of the Company Subsidiaries is a party to any agreement pursuant to which any Person is entitled to elect, designate or nominate any director of the Company or any of the Company Subsidiaries.

(c) If any holder of the Company Convertible Notes exercises its conversion rights thereunder, the Company has the right to pay cash in lieu of all shares that would otherwise be issuable upon such conversion. The Company Convertible Notes are not, as of the date hereof, convertible by the holders thereof and the Company has not issued any shares of Company Common Stock upon conversion of the Company Convertible Notes.

Section 4.04. *Authority; Execution and Delivery; Enforceability*. (a) The Company has all requisite corporate power and authority to execute and deliver this Agreement, to perform its obligations hereunder and to consummate the Merger and the other transactions contemplated by this Agreement, subject, in the case of the Merger, to the receipt of the Company Stockholder Approval. The Board of Directors of the Company (the Company Board) has adopted resolutions, by unanimous vote of the directors present at a meeting duly called at which a quorum of directors of the

Company was present, (i) approving the execution, delivery and

performance of this Agreement, (ii) determining that entering into this Agreement is in the best interests of the Company and its stockholders, (iii) declaring this Agreement advisable and (iv) recommending that the Company s stockholders adopt this Agreement and directing that this Agreement be submitted to the Company s stockholders for adoption at a duly held meeting of such stockholders for such purpose (the Company Stockholders Meeting). As of the date of this Agreement, such resolutions have not been amended or withdrawn. Except for the adoption of this Agreement by the affirmative vote of a majority of the outstanding shares of Company Common Stock entitled to vote at the Company Stockholders Meeting (the Company Stockholder Approval), no other corporate proceedings on the part of the Company are necessary to authorize or adopt this Agreement or to consummate the Merger and the other transactions contemplated by this Agreement (except for the filing of the appropriate merger documents as required by the DGCL). The Company has duly executed and delivered this Agreement and, assuming the due authorization, execution and delivery by Parent and Merger Sub, this Agreement constitutes its legal, valid and binding obligation, enforceable against it in accordance with its terms except as enforcement may be limited by bankruptcy, insolvency, reorganization or similar Laws affecting creditors rights generally and by general principles of equity.

(b) The Company Board has adopted such resolutions as are necessary to render inapplicable to this Agreement, the Merger, the Voting Agreement and the other transactions contemplated hereby or thereby the restrictions on business combinations (as defined in Section 203 of the DGCL) as set forth in Section 203 of the DGCL. No fair price , moratorium , control share acquisition or other similar antitakeover statute or similar statute or regulation applies with respect to this Agreement, the Merger, the Voting Agreement or any of the other transactions contemplated hereby or thereby.

Section 4.05. *No Conflicts; Consents.* (a) The execution and delivery by the Company of this Agreement does not, and the performance by it of its obligations hereunder and the consummation of the Merger and the other transactions contemplated by this Agreement will not, conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation, any obligation to make an offer to purchase or redeem any Indebtedness or capital stock or any loss of a material benefit under, or result in the creation of any Lien upon any of the properties or assets of the Company or any Company Subsidiary under, any provision of (i) the Company Charter, the Company By-laws or the comparable charter or organizational documents of any Company Subsidiary (assuming that the Company Stockholder Approval is obtained), (ii) any Contract to which the Company or any Company Subsidiary is a party or by which any of their respective properties or assets is bound or any Company Permit or (iii) subject to the filings and other matters referred to in Section 4.05(b), any Judgment or Law, in each case, applicable to the Company or any Company Subsidiary or their respective properties or assets (assuming that the Company Stockholder Approval is obtained), other than, in the case of clauses (ii) and (iii) above, any matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect (it being agreed that for purposes of this Section 4.05(a), effects resulting from or arising in connection with the matters set forth in clause (iv) of the definition of the term Material Adverse Effect shall not be excluded in determining whether a Company Material Adverse Effect has occurred or would reasonably be expected to occur) and would not prevent or materially impede, interfere with, hinder or delay the consummation of the Merger.

(b) No Consent of or from, or registration, declaration, notice or filing made to or with any Governmental Entity is required to be obtained or made by or with respect to the Company or any Company Subsidiary in connection with the execution and delivery of this Agreement or its performance of its obligations hereunder or the consummation of the Merger and the other transactions contemplated by this Agreement, other than (i) (A) the filing with the SEC of the Proxy Statement in definitive form, and (B) the filing with the SEC of such reports under, and such other compliance with, the Exchange Act and the Securities Act, and the rules and regulations thereunder, as may be required in connection with this Agreement, the Merger and the other transactions contemplated by this Agreement, (ii) compliance with and filings under the HSR Act, the Indian Competition Law (if required), and such other Consents, registrations, declarations, notices or filings as are required to be made or obtained under any foreign

antitrust, competition,

trade regulation or similar Laws, (iii) the filing of the Certificate of Merger with the Secretary of State of the State of Delaware and appropriate documents with the relevant authorities of the other jurisdictions in which Parent and the Company are qualified to do business, (iv) such Consents, registrations, declarations, notices or filings as are required to be made or obtained under the securities or blue sky laws of various states in connection with the issuance of the Stock Consideration, (v) such Consents from, or registrations, declarations, notices or filings made to or with, the FCC or any other Governmental Entities (other than with respect to securities, antitrust, competition, trade regulation or similar Laws), in each case as may be required in connection with this Agreement, the Merger or the other transactions contemplated by this Agreement and are required with respect mergers, business combinations or changes in control of telecommunications companies generally, (vi) such filings with and approvals of the NASDAQ Stock Market LLC (NASDAQ) as are required to permit the consummation of the Merger and (vii) such other matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect (it being agreed that for purposes of this Section 4.05(b), effects resulting from or arising in connection with the matters set forth in clause (iv) of the definition of the term Material Adverse Effect shall not be excluded in determining whether a Company Material Adverse Effect has occurred or would reasonably be expected to occur) and would not prevent or materially impede, interfere with, hinder or delay the consummation of the Merger.

Section 4.06. *SEC Documents; Undisclosed Liabilities.* (a) The Company has furnished or filed all reports, schedules, forms, statements and other documents (including exhibits and other information incorporated therein) required to be furnished or filed by the Company with the SEC since January 1, 2009 (such documents, together with any documents filed with the SEC during such period by the Company on a voluntary basis on a Current Report on Form 8-K, but excluding the Proxy Statement, being collectively referred to as the Company SEC Documents).

(b) Each Company SEC Document (i) at the time filed, complied in all material respects with the requirements of SOX and the Exchange Act or the Securities Act, as the case may be, and the rules and regulations of the SEC promulgated thereunder applicable to such Company SEC Document and (ii) did not at the time it was filed (or if amended or superseded by a filing or amendment prior to the date of this Agreement, then at the time of such filing or amendment) contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Each of the consolidated financial statements of the Company included in the Company SEC Documents complied at the time it was filed as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, was prepared in accordance with GAAP (except, in the case of unaudited statements, as permitted by Form 10-Q of the SEC) applied on a consistent basis during the periods involved (except as may be indicated in the notes thereto) and fairly presented in all material respects the consolidated financial position of the Company and its consolidated Subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods shown (subject, in the case of unaudited statements, to normal year-end audit adjustments).

(c) Except (i) as reflected or reserved against in the Company s consolidated audited balance sheet as of December 31, 2010 (or the notes thereto) as included in the Filed Company SEC Documents and (ii) for liabilities and obligations incurred in connection with or contemplated by this Agreement, neither the Company nor any Company Subsidiary has any liabilities or obligations of any nature (whether accrued, absolute, contingent or otherwise) that, individually or in the aggregate, have had or would reasonably be expected to have a Company Material Adverse Effect.

(d) Each of the chief executive officer of the Company and the chief financial officer of the Company (or each former chief executive officer of the Company and each former chief financial officer of the Company, as applicable) has made all applicable certifications required by Rule 13a-14 or 15d-14 under the Exchange Act and Sections 302 and 906 of SOX with respect to the Company SEC Documents, and the statements contained in such certifications are true and accurate. None of the Company or any of the Company Subsidiaries has outstanding, or has arranged any outstanding, extensions of credit to directors or executive officers within the meaning of Section 402 of SOX.

Table of Contents

(e) The Company maintains a system of internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) sufficient to provide reasonable assurance (A) that transactions are recorded as necessary to permit preparation of financial statements in conformity with GAAP, consistently applied, (B) that transactions are executed only in accordance with the authorization of management and (C) regarding prevention or timely detection of the unauthorized acquisition, use or disposition of the Company s properties or assets.

(f) The disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act) utilized by the Company are reasonably designed to ensure that all information (both financial and non-financial) required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the rules and forms of the SEC and that all such information required to be disclosed is accumulated and communicated to the management of the Company, as appropriate, to allow timely decisions regarding required disclosure and to enable the chief executive officer and chief financial officer of the Company to make the certifications required under the Exchange Act with respect to such reports.

(g) Neither the Company nor any of the Company Subsidiaries is a party to, or has any commitment to become a party to, any joint venture, off-balance sheet partnership or any similar Contract (including any Contract or arrangement relating to any transaction or relationship between or among the Company and any of the Company Subsidiaries, on the one hand, and any unconsolidated Affiliate, including any structured finance, special purpose or limited purpose entity or Person, on the other hand, or any off-balance sheet arrangements (as defined in Item 303(a) of Regulation S-K under the Exchange Act)), where the result, purpose or intended effect of such Contract is to avoid disclosure of any material transaction involving, or material liabilities of, the Company or any of the Company Subsidiaries in the Company s or such Company Subsidiary s published financial statements or other Company SEC Documents.

(h) Since January 1, 2009, none of the Company, the Company s independent accountants, the Company Board or the audit committee of the Company Board has received any oral or written notification of any (x) significant deficiency in the internal controls over financial reporting of the Company, (y) material weakness in the internal controls over financial reporting of the Company or (z) fraud, whether or not material, that involves management or other employees of the Company who have a significant role in the internal controls over financial reporting of the Company.

(i) None of the Company Subsidiaries is, or has at any time since January 1, 2009 been, subject to the reporting requirements of Section 13(a) or 15(d) of the Exchange Act.

Section 4.07. *Information Supplied*. None of the information supplied or to be supplied by the Company for inclusion or incorporation by reference in (i) the Form S-4 will, at the time the Form S-4 or any amendment or supplement thereto is declared effective under the Securities Act, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading or (ii) the Proxy Statement will, at the date it is first mailed to the Company s stockholders or at the time of the Company Stockholders Meeting, contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they are made, not misleading. The Proxy Statement will comply as to form in all material respects with the requirements of the Exchange Act and the rules and regulations thereunder, except that no representation is made by the Company with respect to statements made or incorporated by reference therein based on information supplied by Parent or Merger Sub for inclusion or incorporation by reference therein.

Section 4.08. *Absence of Certain Changes or Events*. Since January 1, 2011, there has not occurred any fact, circumstance, effect, change, event or development that, individually or in the aggregate, has had or would reasonably

be expected to have a Company Material Adverse Effect. From January 1, 2011 to the date

of this Agreement, each of the Company and the Company Subsidiaries has conducted its respective business in the ordinary course in all material respects, and during such period there has not occurred:

(a) any declaration, setting aside or payment of any dividend or other distribution (whether in cash, stock or property or any combination thereof) in respect of any capital stock or voting securities of, or other equity interests in, the Company or the capital stock or voting securities of, or other equity interests in, any of the Company Subsidiaries (other than dividends or other distributions by a direct or indirect wholly owned Company Subsidiary to its parent) or any repurchase for value by the Company of any capital stock or voting securities of, or other equity interests in, the Company or the capital stock or voting securities of, or other equity interests in, any of the Company Subsidiaries;

(b) any incurrence of material Indebtedness for borrowed money or any guarantee of such Indebtedness for another Person, or any issue or sale of debt securities, warrants or other rights to acquire any debt security of the Company or any Company Subsidiary other than draws on existing revolving credit facilities in the ordinary course of business;

(c) (i) any transfer, lease, license, sale, mortgage, pledge or other disposal or encumbrance of any of the Company s or the Company Subsidiaries property or assets outside of the ordinary course of business consistent with past practice with a fair market value in excess of $5,000,000 or (ii) any acquisitions of businesses, whether by merger, consolidation, purchase of property or assets or otherwise;

(d) (i) any granting by the Company or any Company Subsidiary to any current or former director or officer of the Company or any Company Subsidiary of any material increase in compensation, bonus or fringe or other benefits or any granting of any type of compensation or benefits to any such Person not previously receiving or entitled to receive such type of compensation or benefits, except in the ordinary course of business consistent with past practice or as was required under any Company Benefit Plan in effect as of January 1, 2011, (ii) any granting by the Company or any Company Subsidiary to any Person of any rights to severance, retention, change in control or termination compensation or benefits or any material increase therein, except with respect to new hires and promotions in the ordinary course of business and except as was required under any Company Benefit Plan in effect as of January 1, 2011, or (iii) any entry into or adoption of any material Company Benefit Plan or any material amendment of any such material Company Benefit Plan;

(e) any change in accounting methods, principles or practices by the Company or any Company Subsidiary, except insofar as may have been required by a change in GAAP;

(f) any transfer, lease, license, sale, mortgage, pledge or other disposal or encumbrance of any of the Company Intellectual Property owned by the Company or any Company Subsidiary, other than in the ordinary course of business consistent with past practice; or

(g) any material elections or changes thereto with respect to Taxes by the Company or any Company Subsidiary or any settlement or compromise by the Company or any Company Subsidiary of any material Tax liability or material Tax refund, other than in the ordinary course of business.

Section 4.09. *Taxes*. (a) Except for matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect: (i) each of the Company and each Company Subsidiary has timely filed, taking into account any extensions, all Tax Returns required to have been filed and such Tax Returns are accurate and complete; (ii) each of the Company and each Company Subsidiary has paid all Taxes required to have been paid by it other than Taxes that are not yet due or that are being contested in good faith in appropriate proceedings; (iii) no deficiency for any Tax has been asserted or assessed by a taxing authority against the Company or any Company Subsidiary which deficiency has not been paid or is not being contested in good faith in appropriate proceedings; (iv) neither the Company nor any Company Subsidiary has failed to withhold, collect, or

timely remit all amounts required to have been withheld, collected and remitted in respect of Taxes with respect to any payments to a vendor, employee, independent contractor, creditor, shareholder, or any other Person; (v) neither the Company nor any Company Subsidiary is subject to income Tax in a jurisdiction in which it does not file income Tax Returns, and no claim has been made in writing by any Taxing Authority that the Company or any Company Subsidiary is or

may be subject to taxation in a jurisdiction in which it does not file Tax Returns; (vi) no Company Subsidiary is subject to income tax in a country other than the country of its incorporation or legal establishment by virtue of maintaining a permanent establishment (within the meaning of any applicable income tax treaty) or other place of business in such country; and (vii) each Company Subsidiary established outside the United States that is characterized as a corporation for U.S. federal income tax purposes is a controlled foreign corporation (as defined in Section 957(a) of the Code).

(b) Neither the Company nor any Company Subsidiary is a party to or is bound by any material Tax sharing, allocation or indemnification agreement or arrangement (other than such an agreement or arrangement exclusively between or among the Company and wholly owned Company Subsidiaries).

(c) Within the past two years, neither the Company nor any Company Subsidiary has been a distributing corporation or a controlled corporation in a distribution intended to qualify for tax-free treatment under Section 355 of the Code.

(d) Neither the Company nor any Company Subsidiary has been a party to a transaction that, as of the date of this Agreement, constitutes a listed transaction for purposes of Section 6011 of the Code and applicable Treasury Regulations thereunder (or a similar provision of state law).

Section 4.10. *Benefits Matters; ERISA Compliance*. (a) Section 4.10(a) of the Company Disclosure Letter sets forth, as of the date of this Agreement, a complete and correct list identifying any material Company Benefit Plan. The Company has delivered or made available to Parent true and complete copies of (i) all material Company Benefit Plans or, in the case of any unwritten material Company Benefit Plan, a description thereof, (ii) the most recent annual report on Form 5500 (other than Schedule SSA thereto) filed with the IRS with respect to each material Company Benefit Plan (if any such report was required), (iii) the most recent summary plan description for each material Company Benefit Plan for which such summary plan description is required, (iv) each trust agreement and group annuity contract relating to any material Company Benefit Plan and (v) the most recent financial statements and actuarial reports for each Company Benefit Plan (if any). For purposes of this Agreement, Company Benefit Plans means, collectively (A) all employee pension benefit plans (as defined in Section 3(2) of ERISA), other than any plan which is a multiemployer plan within the meaning of Section 4001(a)(3) of ERISA (a Company Multiemployer Plan), employee welfare benefit plans (as defined in Section 3(1) of ERISA) and all other bonus, pension, profit sharing, retirement, deferred compensation, incentive compensation, equity or equity-based compensation, severance, retention, change in control, disability, vacation, death benefit, hospitalization, medical or other plans, arrangements or understandings providing, or designed to provide, material benefits to any current or former directors, officers, employees or consultants of the Company or any Company Subsidiary and (B) all employment, consulting, indemnification, severance, retention, change of control or termination agreements or arrangements (including collective bargaining agreements) between the Company or any Company Subsidiary and any current or former directors, officers, employees or consultants of the Company or any Company Subsidiary.

(b) All Company Benefit Plans which are intended to be qualified and exempt from Federal income Taxes under Sections 401(a) and 501(a), respectively, of the Code, have been the subject of or have timely applied for, as of the date of this Agreement, determination letters from the IRS to the effect that such Company Benefit Plans and the trusts created thereunder are so qualified and tax-exempt, and no such determination letter has been revoked nor, to the Knowledge of the Company, has revocation been threatened, nor has any such Company Benefit Plan been amended since the date of its most recent determination letter or application therefor in any respect that would adversely affect its qualification or materially increase its costs.

(c) Neither the Company nor any Company Subsidiary has, during the six-year period ending on the date of this Agreement, maintained, contributed to or been required to contribute to any Company Benefit Plan that is subject to Title IV of ERISA, Section 302 of ERISA, Section 412 of the Code or Section 4971 of the Code (a Company Pension

Plan). Except as, individually or in the aggregate, has not had, and could not reasonably be expected to have, a Material Adverse Effect, (i) neither the Company nor any Company Subsidiary has any unsatisfied liability under Title IV of ERISA, (ii) to the Knowledge of the Company, no condition exists that presents a risk to the Company or any Company Subsidiary of incurring a liability under

Title IV of ERISA, (iii) no Company Benefit Plans and trusts have been terminated, nor is there any intention or expectation to terminate any Company Benefit Plans and trusts, (iv) no Company Benefit Plans and trusts are the subject of any proceeding by any Person, including any Governmental Entity, that could be reasonably expected to result in a termination of any Company Benefit Plan or trust, (v) no event has occurred, and to the Knowledge of the Company or any Company Subsidiary no condition exists, that could be reasonably expected to subject the Company or any Subsidiary to any Tax, fine, Lien, penalty or other liability imposed by ERISA, the Code or other applicable laws, rules and regulations, and (vi) neither the Company nor any Company Subsidiary has, or within the past six years had, contributed to, been required to contribute to, or has any liability (including withdrawal liability within the meaning of Title IV of ERISA) with respect to, any Company Multiemployer Plan.

(d) With respect to each Company Benefit Plan that is an employee welfare benefit plan, such Company Benefit Plan (including any Company Benefit Plan covering retirees or other former employees) may be amended subject to applicable Law to reduce benefits or limit the liability of the Company or the Company Subsidiaries or terminated, in each case, without material liability to the Company and the Company Subsidiaries on or at any time after the Effective Time.

(e) No Company Benefit Plan provides health, medical or other welfare benefits after retirement or other termination of employment (other than for continuation coverage required under Section 4980(B)(f) of the Code or applicable Law).

(f) Except for matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect, (i) each Company Benefit Plan and its related trust, insurance contract or other funding vehicle has been administered in accordance with its terms and is in compliance with ERISA (if applicable), the Code and all other Laws applicable to such Company Benefit Plan and (ii) the Company and each of the Company Subsidiaries is in compliance with ERISA, the Code and all other Laws applicable to the Company Benefit Plans.

(g) Except for matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect, there are no pending or, to the Knowledge of the Company, threatened claims by or on behalf of any participant in any of the Company Benefit Plans, or otherwise involving any such Company Benefit Plan or the assets of any Company Benefit Plan, other than routine claims for benefits.

(h) None of the execution and delivery of this Agreement, the obtaining of the Company Stockholder Approval or the consummation of the Merger or any other transaction contemplated by this Agreement (alone or in conjunction with any other event, including any termination of employment on or following the Effective Time) will (A) entitle any current or former director, officer, employee or consultant of the Company or any of the Company Subsidiaries to any compensation or benefit, (B) accelerate the time of payment or vesting, or trigger any payment or funding, of any compensation or benefits or trigger any other material obligation under any Company Benefit Plan or (C) result in any breach or violation of, default under or limit the Company s right to amend, modify or terminate any material Company Benefit Plan.

(i) Each Company Benefit Plan that is a nonqualified deferred compensation plan (as defined in Section 409A(d)(1) of the Code) that is subject to Section 409A of the Code has since (i) January 1, 2005 been maintained and operated in good faith compliance with Section 409A of the Code and Notice 2005-1, (ii) October 3, 2004, not been materially modified (within the meaning of Notice 2005-1) and (iii) January 1, 2009, been in documentary and operational compliance in all material respects with Section 409A of the Code.

(j) Except as, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect, all contributions required to be made to any Company Benefit Plan by applicable Law,

regulation, any plan document or other contractual undertaking, and all premiums due or payable with respect to insurance policies funding any Plan, for any period through the date hereof have been timely made or paid in full or, to the extent not required to be made or paid on or before the date hereof, have been fully reflected on the financial statements set forth in the Company SEC Documents. Each Company

Table of Contents

Benefit Plan that is an employee welfare benefit plan under Section 3(1) of ERISA either (i) is funded through an insurance company contract and is not a welfare benefit fund with the meaning of Section 419 of the Code or (ii) is unfunded.

(k) Except as, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect, there does not now exist, nor do any circumstances exist that could result in, any Controlled Group Liability that would be a liability of the Company or any Company Subsidiary following the Closing. Without limiting the generality of the foregoing, except as, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect, neither the Company nor any Company Subsidiary, nor any of their respective ERISA Affiliates, has engaged in any transaction described in (i) Section 4069 or (ii) Section 4204 or 4212 of ERISA with respect to any Company Multiemployer Plans.

(l) Except as, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect, all Company Benefit Plans subject to the laws of any jurisdiction outside the United States (i) have been maintained in accordance with all applicable requirements, (ii) if they are intended to qualify for special tax treatment, meet all the requirements for such treatment, and (iii) if they are intended to be funded and/or book-reserved, are fully funded and/or book reserved, as appropriate, based upon reasonable actuarial assumptions.

Section 4.11. *Litigation*. There is no suit, action or other proceeding pending or, to the Knowledge of the Company, threatened against the Company or any Company Subsidiary or any of their respective properties or assets that, individually or in the aggregate, has had or would reasonably be expected to have a Company Material Adverse Effect, nor is there any Judgment outstanding against or, to the Knowledge of the Company, investigation by any Governmental Entity involving the Company or any Company Subsidiary or any of their respective properties or assets that, individually or in the aggregate, has had or would reasonably be expected to have a Company Material Adverse Effect (it being agreed that for purposes of this Section 4.11, effects resulting from or arising in connection with the matters set forth in clause (iv) of the definition of the term Material Adverse Effect shall not be excluded in determining whether a Company Material Adverse Effect has occurred or would reasonably be expected to occur).

Section 4.12. *Compliance with Applicable Laws*. Except for matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect, the Company and the Company Subsidiaries are in compliance with all applicable Laws and Company Permits, including all applicable rules, regulations, directives or policies of the FCC or any other Governmental Entity. To the Knowledge of the Company, except for matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect, no action, demand or investigation by or before any Governmental Entity is pending or threatened alleging that the Company or a Company Subsidiary is not in compliance with any applicable Law or Company Permit or which challenges or questions the validity of any rights of the holder of any Company Permit. This section does not relate to Tax matters, employee benefits matters, environmental matters or Intellectual Property Rights matters, which are the subjects of Sections 4.09, 4.10, 4.13 and 4.16, respectively.

Section 4.13. *Environmental Matters*. (a) Except for matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect:

(i) the Company and the Company Subsidiaries are in compliance with all Environmental Laws, and neither the Company nor any Company Subsidiary has received any written communication from a Governmental Entity that alleges that the Company or any Company Subsidiary is in violation of, or has liability under, any Environmental Law or any Permit issued pursuant to Environmental Law;

(ii) the Company and the Company Subsidiaries have obtained and are in compliance with all Permits issued pursuant to any Environmental Law applicable to the Company, the Company Subsidiaries and the Company Properties and all such Permits are valid and in good standing and will not be subject to modification or revocation as a result of the transactions contemplated by this Agreement (it being agreed that for purposes of this Section 4.13(a)(ii), effects resulting from or arising in connection with the

matters set forth in clause (iv) of the definition of the term Material Adverse Effect shall not be excluded in determining whether a Company Material Adverse Effect has occurred or would reasonably be expected to occur);

(iii) there are no Environmental Claims pending or, to the Knowledge of the Company, threatened against the Company or any of the Company Subsidiaries;

(iv) there have been no Releases of any Hazardous Material that could reasonably be expected to form the basis of any Environmental Claim against the Company or any of the Company Subsidiaries or against any Person whose liabilities for such Environmental Claims the Company or any of the Company Subsidiaries has, or may have, retained or assumed, either contractually or by operation of Law; and

(v) neither the Company nor any of the Company Subsidiaries has retained or assumed, either contractually or by operation of law, any liabilities or obligations that could reasonably be expected to form the basis of any Environmental Claim against the Company or any of the Company Subsidiaries.

(b) As used herein:

(i) *Environmental Claim* means any administrative, regulatory or judicial actions, suits, orders, demands, directives, claims, liens, investigations, proceedings or written or oral notices of noncompliance or violation by or from any Person alleging liability of whatever kind or nature arising out of, based on or resulting from (y) the presence or Release of, or exposure to, any Hazardous Materials at any location; or (z) the failure to comply with any Environmental Law or any Permit issued pursuant to Environmental Law.

(ii) *Environmental Laws* means all applicable Federal, national, state, provincial or local Laws, Judgments, or Contracts issued, promulgated or entered into by or with any Governmental Entity, relating to pollution, natural resources or protection of endangered or threatened species, human health or the environment (including ambient air, surface water, groundwater, land surface or subsurface strata).

(iii) *Hazardous Materials* means (y) any petroleum or petroleum products, explosive or radioactive materials or wastes, asbestos in any form, and polychlorinated biphenyls; and (z) any other chemical, material, substance or waste that in relevant form or concentration is prohibited, limited or regulated under any Environmental Law.

(iv) *Release* means any actual or threatened release, spill, emission, leaking, dumping, injection, pouring, deposit, disposal, discharge, dispersal, leaching or migration into or through the environment (including ambient air, surface water, groundwater, land surface or subsurface strata) or within any building, structure, facility or fixture.

Section 4.14. *Contracts*. (a) As of the date of this Agreement, neither the Company nor any Company Subsidiary is a party to any Contract required to be filed by the Company as a material contract pursuant to Item 601(b)(10) of Regulation S-K under the Securities Act (a Filed Company Contract) that has not been so filed.

(b) Section 4.14 of the Company Disclosure Letter sets forth, as of the date of this Agreement, a true and complete list, and the Company has made available to Parent true and complete copies, of (i) other than Company Permits imposing geographical limitations on operations, each agreement, Contract, understanding, or undertaking to which the Company or any of the Company Subsidiaries is a party that restricts in any material respect the ability of the Company or its Affiliates to compete in any business or with any Person in any geographical area, (ii) each loan and credit agreement, Contract, note, debenture, bond, indenture, mortgage, security agreement, pledge, capital and financing method leases or other similar agreement pursuant to which any material Indebtedness of the Company or any of the Company Subsidiaries is outstanding or may be incurred, other than any such agreement solely between or among the Company and the wholly owned Company Subsidiaries, (iii) each partnership, joint venture or similar

agreement, Contract, understanding or undertaking to which the Company or any of the Company Subsidiaries is a party relating to the formation, creation, operation, management or control of any partnership or joint venture or to the ownership of any equity interest in any entity or business enterprise other than the Company Subsidiaries, in each case material

to the Company and the Company Subsidiaries, taken as a whole, (iv) each indemnification, employment, consulting, or other material agreement, Contract, understanding or undertaking with (x) any member of the Company Board or (y) any executive officer of the Company, in each case, other than those Contracts filed as exhibits (including exhibits incorporated by reference) to any Filed Company SEC Documents or Contracts terminable by the Company or any of the Company Subsidiaries on no more than 30 days notice without liability or financial obligation to the Company or any of the Company Subsidiaries, (v) each agreement, Contract, understanding or undertaking relating to the disposition or acquisition by the Company or any of the Company Subsidiaries, with obligations remaining to be performed or liabilities continuing after the date of this Agreement, of any material business or any material amount of assets other than in the ordinary course of business, (vi) each material hedge, collar, option, forward purchasing, swap, derivative, or similar agreement, Contract, understanding or undertaking, (vii) each Contract or binding understanding or undertaking containing any standstill provisions or provisions of similar effect to which the Company or any of the Company Subsidiaries is a party or of which the Company or any of the Company Subsidiaries is a beneficiary, (viii) each Contract or binding understanding or undertaking with a Top Customer, (ix) each Contract or binding understanding or undertaking (A) pursuant to which the Company or any of the Company Subsidiaries is granting any material Intellectual Property License (other than the Company s or the Company Subsidiaries customer Contracts (including such Contracts with resellers, distributors and systems integrators)), or (B) that purports to materially limit, curtail or restrain the ability of the Company or any of the Company Subsidiaries to exploit any of the material Company Intellectual Property owned by the Company or any Company Subsidiary, (x) each Contract pursuant to which the Company or any of the Company Subsidiaries is being granted any material Intellectual Property License (it being agreed that this clause (x) shall be limited, in the case of Software, to the 10 largest license Contracts for Software (based on annual cost) of the Company and the Company Subsidiaries, and shall exclude all of the Company s and the Company Subsidiaries other license Contracts for Software), (xi) each Contract with a vendor of the Company or any Company Subsidiary pursuant to which payments of at least $1, 500,000 over the year ended on March 31, 2011 were made and (xii) each Contract for the use of dark fiber used by the Company or any of the Company Subsidiaries and owned by a third party. Each agreement, Contract, understanding or undertaking of the type described in this Section 4.14(b) and each Filed Company Contract is referred to herein as a Material Contract.

(c) Except for matters which, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect (it being agreed that for purposes of this Section 4.14(c), effects resulting from or arising in connection with the matters set forth in clause (iv) of the definition of the term Material Adverse Effect shall not be excluded in determining whether a Company Material Adverse Effect has occurred or would reasonably be expected to occur), (i) each Material Contract (including, for purposes of this Section 4.14(c), any Contract entered into after the date of this Agreement that would have been a Material Contract if such Contract existed on the date of this Agreement) is a valid, binding and legally enforceable obligation of the Company or one of the Company Subsidiaries, as the case may be, and, to the Knowledge of the Company, of the other parties thereto, except, in each case, as enforcement may be limited by bankruptcy, insolvency, reorganization or similar Laws affecting creditors rights generally and by general principles of equity, (ii) each such Material Contract is in full force and effect, and (iii) none of the Company or any of the Company Subsidiaries is (with or without notice or lapse of time, or both) in breach or default under any such Material Contract and, to the Knowledge of the Company, no other party to any such Material Contract is (with or without notice or lapse of time, or both) in breach or default thereunder.

(d) Except to the extent permitted by Section 5.01(b)(viii) and for any Filed Company Contracts, neither the Company nor any of the Company Subsidiaries are parties to or bound by any loan agreement, credit agreement, note, debenture, bond, indenture, mortgage, security agreement, pledge, capital or financing method leases or other similar agreement that prevents or restricts the Company, any Company Subsidiary or any direct or indirect Subsidiary thereof from (i) paying dividends or distributions to the Person or Persons who owns such entity, (ii) incurring or guaranteeing Indebtedness or (iii) creating Liens that secure Indebtedness.

Section 4.15. *Properties*. (a) The Company and each Company Subsidiary has good and valid title to, or good and valid leasehold interests in, all their respective properties and assets (the Company Properties)

except in respects that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect. The Company Properties are, in all respects, adequate and sufficient, and in satisfactory condition, to support the operations of the Company and the Company Subsidiaries as presently conducted, except in respects that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect. All of the Company Properties are free and clear of all Liens, except for Liens on material Company Properties that, individually or in the aggregate, do not materially impair and would not reasonably be expected to materially impair, the continued use and operation of such material Company Property to which they relate in the conduct of the Company and the Company Subsidiaries as presently conducted and Liens on other Company Properties that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect. This Section 4.15 does not relate to Intellectual Property Rights matters, which are the subject of Section 4.16.

(b) The Company and each of the Company Subsidiaries has complied with the terms of all leases, subleases and licenses entitling it to the use of real property owned by third parties (Company Leases), and all Company Leases are valid and in full force and effect, except as, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect. The Company and each Company Subsidiary is in exclusive possession of the properties or assets purported to be leased under all the Company Leases, except for such failures to have such possession of material properties or assets as, individually or in the aggregate, do not materially impair and would not reasonably be expected to materially impair, the continued use and operation of such material assets to which they relate in the conduct of the Company and Company Subsidiaries as presently conducted and failures to have such possession of immaterial properties or assets as, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect.

Section 4.16. *Intellectual Property*. (a) The Company and the Company Subsidiaries own, or are validly licensed or otherwise have the right to use, all Company Intellectual Property as used in their business as presently conducted, except where the failure to have the right to use such Company Intellectual Property, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect. No actions, suits or other proceedings are pending or, to the Knowledge of the Company, threatened that the Company or any of the Company Subsidiaries is infringing, misappropriating or otherwise violating the rights of any Person with regard to any Intellectual Property Right, except for matters that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect. To the Knowledge of the Company, no Person is infringing, misappropriating or otherwise violating the rights of the Company or any of the Company Subsidiaries with respect to any Company Intellectual Property, except for such infringement, misappropriation or violation that, individually or in the aggregate, has not had and would not reasonably be expected to have, a Company Material Adverse Effect. Since January 1, 2009, no prior or current employee or officer or any prior or current consultant or contractor of the Company or any of the Company Subsidiaries has asserted or, to the Knowledge of the Company, has any ownership in any Company Intellectual Property owned or purported to be owned by the Company or the Company Subsidiaries, except as has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(b) Neither the Company nor any of the Company Subsidiaries has incorporated any open source, freeware, shareware or other Software having similar licensing or distribution models (Open Source) in any Software that is both owned by the Company or any of the Company Subsidiaries and distributed by the Company or any of the Company Subsidiaries to third parties in a manner that requires the contribution or disclosure to any third party, including the Open Source community, of any portion of the source code of any such Software product, and the Company and the Company Subsidiaries are in compliance with their Open Source obligations, except any such required contribution, required disclosure or non-compliance as has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(c) The Company and the Company Subsidiaries are in compliance with SAS70 Type II, U.S.-E.U. Safe Harbor Framework, ISO 27001, and PCI-DSS physical security standards, except for noncompliance that,

individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect.

(d) Neither the Company nor any of the Company Subsidiaries has disclosed, delivered or licensed to any Person that is not an Affiliate, agreed to disclose, deliver or license to any Person that is not an Affiliate, or permitted the disclosure or delivery to any escrow agent or other Persons that are not Affiliates of material Company Source Code, which disclosure, delivery or license has had or would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect. To the Knowledge of the Company, no event has occurred that (with or without notice or lapse of time, or both) has or would reasonably be expected to result in the disclosure or delivery by the Company or the Company Subsidiaries of any Company Source Code to any Person that is not an Affiliate, which disclosure or delivery had or would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect.

(e) No university, college, other educational institution or research center has any right, interest, license obtained from the Company or claim against the Company with respect to any Company Intellectual Property owned or purported to be owned by the Company or Company Subsidiaries other than pursuant to a non-exclusive license granted in the ordinary course of business by the Company or any of the Company Subsidiaries pursuant to the terms of a customer Contract.

(f) As used herein:

(i) *Company Intellectual Property* means all Intellectual Property Rights used in or necessary for the conduct of the business of the Company or any of its Subsidiaries, or owned or held for use by or licensed to the Company or any of its Subsidiaries.

(ii) *Company Source Code* means, collectively, any humanly readable written software code, annotations, commentary or algorithm contained in or relating to any software source code, of any Software forming part of the Technology used in or necessary for the conduct of the business of the Company or any of the Company Subsidiaries, or owned or held for use by or licensed to the Company or any of the Company Subsidiaries.

(iii) *Intellectual Property Rights* means all patents, patent applications, patent rights, trademarks, trademark rights, trade names, trade name rights, service marks, service mark rights, copyrights, know-how and trade secret rights, domain names, sui generis database rights, and other corresponding, similar or analogous proprietary intellectual property rights.

(iv) *Software* means computer programs, including any and all software implementations of algorithms, models and methodologies whether in source code or object code form, associated databases and compilations.

(v) *Technology* means, collectively, all designs, formulas, algorithms, procedures, techniques, ideas, know-how, Software (whether in source code, object code or humanly readable form), databases and data collections, Internet websites and web content, tools, inventions (whether patentable or unpatentable and whether or not reduced to practice), invention disclosures, developments, creations, improvements, works of authorship, other similar materials and all recordings, graphs, drawings, reports, analyses, other writings and any other embodiment of the above, in any form or media, whether or not specifically listed herein, and all related technology, documentation and other materials used in, incorporated in, embodied in or displayed by any of the foregoing, or used or useful in the design, development, reproduction, maintenance or modification of any of the foregoing.

Section 4.17. *Communications Regulatory Matters.* (a) The Company and each Company Subsidiary hold (i) all approvals, authorizations, certificates and licenses issued by the FCC that are required for the Company and each

Company Subsidiary to conduct its business, as presently conducted, which approvals, authorizations, certificates and licenses are set forth in Section 4.17(a) of the Company Disclosure Letter, and (ii) all other material regulatory permits, approvals, licenses and other authorizations, including franchises, ordinances and other agreements granting access to public rights of way, issued or granted to the Company or any Company Subsidiary by a Governmental Entity that are required for the Company and each Company

Table of Contents

Subsidiary to conduct its business, as presently conducted (clause (i) and (ii) collectively, the "Company Licenses"). No approvals, authorizations, certificates or licenses issued by any state or local public service or public utility commissions or other similar state or local regulatory bodies are required for the Company or any Company Subsidiary to conduct its business, as presently conducted.

(b) Each Company License is valid and in full force and effect and has not been suspended, revoked, canceled or adversely modified, except where the failure to be in full force and effect, or the suspension, revocation, cancellation or modification of which has not and would not reasonably be expected, individually or in the aggregate, to materially impair the ability of the Company or any Company Subsidiary to conduct its business as presently conducted. No Company License is subject to (i) any conditions or requirements that have not been imposed generally upon licenses in the same service, unless such conditions or requirements have not and would not reasonably be expected, individually or in the aggregate, to materially impair the ability of the Company or any Company Subsidiary to conduct its business as presently conducted, or (ii) any pending regulatory proceeding or judicial review before the FCC or any other Governmental Entity, unless such pending regulatory proceeding or judicial review has not and would not reasonably be expected, individually or in the aggregate, to materially impair the ability of the Company or any Company Subsidiary to conduct its business as presently conducted. The Company has no Knowledge of any event, condition or circumstance that would preclude any Company License from being renewed in the ordinary course (to the extent that such Company License is renewable by its terms), except where the failure to be renewed has not and would not reasonably be expected, individually or in the aggregate, to materially impair the ability of the Company or any Company Subsidiary to conduct its business as presently conducted.

(c) The licensee of each Company License is in compliance with each Company License and has fulfilled and performed all of its obligations with respect thereto, including all reports, notifications and applications required by the Communications Act or the rules, regulations, policies, instructions and orders of the FCC (the "FCC Rules"), and the payment of all regulatory fees and contributions, except (i) for exemptions, waivers or similar concessions or allowances and (ii) where such failure to be in compliance, fulfill or perform its obligations or pay such fees or contributions has not, or would not reasonably be expected, individually or in the aggregate, to materially impair the ability of the Company or any Company Subsidiary to conduct its business as presently conducted. Each licensee of each Company License is in good standing with the FCC and all other Governmental Entities, and no such licensee is subject to any formal complaint, investigation, audit, inquiry, subpoena, forfeiture, or petition to suspend before the FCC, the Universal Service Administrative Company ("USAC"), or any other Governmental Entity (each an "Enforcement Proceeding"), except where any such Enforcement Proceedings have not and would not reasonably be expected, individually or in the aggregate, to materially impair the ability of the Company or any Company Subsidiary to conduct its business as presently conducted.

(d) The Company or a Company Subsidiary owns 100% of the equity and controls 100% of the voting power and decision-making authority of each licensee of the Company Licenses.

(e) This Section 4.17 does not relate to environmental matters, Environmental Laws or any Permits issued pursuant to Environmental Law, which are the subject of Section 4.13.

Section 4.18. *Agreements with Regulatory Agencies.* Neither the Company nor any of the Company Subsidiaries is subject to any material cease-and-desist or other material order or enforcement action issued by, or is a party to any material written agreement, consent agreement or memorandum of understanding with, or is a party to any material commitment letter or similar undertaking to, or is subject to any material order or directive by, or has been ordered to pay any material civil money penalty by, the FCC, the USAC or any other Governmental Entity (other than a taxing authority, which is covered by Section 4.09), other than those of general application that apply to similarly situated providers of the same services or their Subsidiaries (each item in this sentence, whether or not set forth in the Company Disclosure Letter, a "Company Regulatory Agreement"), nor has the Company or any of the Company

Subsidiaries been advised in writing since January 1, 2009, by any Governmental Entity that it is considering issuing, initiating, ordering or requesting any such Company Regulatory Agreement.

Table of Contents

Section 4.19. *Labor Matters*. Neither the Company nor any of the Company Subsidiaries is a party to or bound by any collective bargaining agreement, labor union contract, trade union agreement or foreign works council contract (Collective Bargaining Agreement) and no Collective Bargaining Agreement is applicable to any employees of the Company or any of the Company Subsidiaries. To the Knowledge of the Company, as of the date of this Agreement, no labor organization or group of employees of the Company or any Company Subsidiary has made a pending demand for recognition or certification, and there are no representation or certification proceedings or petitions seeking a representation proceeding presently pending or threatened to be brought or filed, with the National Labor Relations Board or any other labor relations tribunal or authority. To the Knowledge of the Company, there are no organizing activities, strikes, work stoppages, slowdowns, lockouts, material arbitrations or material grievances, or other material labor disputes pending or threatened against or involving the Company or any Company Subsidiary. Neither the Company nor any Company Subsidiary (a) as of the date of this Agreement, has entered into any agreement, arrangement or understanding, whether written or oral, with any union, trade union, works council or other employee representative body or any material number or category of its employees which would prevent, restrict or materially impede the consummation of the Merger or other transactions contemplated by this Agreement or the implementation of any layoff, redundancy, severance or similar program within its or their respective workforces (or any part of them) or (b) has any express commitment, whether legally enforceable or not, to, or not to, modify, change or terminate any material Company Benefit Plan.

Section 4.20. *Brokers Fees and Expenses*. No broker, investment banker, financial advisor or other Person, other than Morgan Stanley & Co. Incorporated (the Company Financial Advisor), the fees and expenses of which will be paid by the Company, is entitled to any broker s, finder s, financial advisor s or other similar fee or commission in connection with the Merger or any of the other transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Company. The Company has furnished to Parent true and complete copies of all agreements between the Company and the Company Financial Advisor relating to the Merger or any of the other transactions contemplated by this Agreement.

Section 4.21. *Opinion of Financial Advisor*. The Company has received the oral opinion of the Company Financial Advisor, to be confirmed in writing (with a copy provided to Parent promptly upon receipt by the Company), to the effect that, as of the date of this Agreement, the Merger Consideration is fair, from a financial point of view, to the holders of Company Common Stock.

Section 4.22. *Insurance*. Each of the Company and the Company Subsidiaries maintains insurance policies with reputable insurance carriers against all risks of a character and in such amounts as are usually insured against by similarly situated companies in the same or similar businesses. Except as has not had and would not reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect, each insurance policy of the Company or any Company Subsidiary is in full force and effect and was in full force and effect during the periods of time such insurance policy is purported to be in effect, and neither the Company nor any of the Company Subsidiaries is (with or without notice or lapse of time, or both) in breach or default (including any such breach or default with respect to the payment of premiums or the giving of notice) under any such policy. There is no material claim by the Company or any of the Company Subsidiaries pending under any such policies that (a) has been denied or disputed by the insurer other than denials and disputes in the ordinary course of business consistent with past practice or (b) if not paid would constitute a Company Material Adverse Effect.

Section 4.23. *Affiliate Transactions*. Except for (i) employment-related Contracts filed or incorporated by reference as an exhibit to the Filed Company SEC Documents, (ii) Company Benefits Plans or (iii) Contracts or arrangements entered into in the ordinary course of business with customers, suppliers or service providers, Section 4.23 of the Company Disclosure Letter sets forth a correct and complete list of the contracts or arrangements that are in existence as of the date of this Agreement between the Company or any of its Subsidiaries, on the one hand, and, on the other hand, any (x) present executive officer or director of either the Company or any of the Company Subsidiaries or any

person that has served as such an executive officer or director within the last five years or any of such officer s or director s immediate family members, (y) record or beneficial owner of more than 5% of the shares of Company Common Stock as of the date

hereof or (z) to the Knowledge of the Company, any affiliate of any such officer, director or owner (other than the Company or any of the Company Subsidiaries).

Section 4.24. *Foreign Corrupt Practices Act*. Except as, individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect, (a) the Company and its Affiliates, directors, officers and employees have complied with the U.S. Foreign Corrupt Practices Act of 1977, as amended (15 U.S.C. §§ 78a et seq. (1997 and 2000)) (the Foreign Corrupt Practices Act), and any other applicable foreign or domestic anticorruption or antibribery laws; (b) the Company and its Affiliates have developed and implemented a Foreign Corrupt Practices Act compliance program which includes corporate policies and procedures designed to ensure compliance with the Foreign Corrupt Practices Act and any other applicable anticorruption and antibribery laws; and (c) except for facilitating payments (as such term is defined in the Foreign Corrupt Practices Act and other applicable Laws), neither the Company nor any of its Affiliates, directors, officers, employees, agents or other representatives acting on its behalf have directly or indirectly (i) used any corporate funds for unlawful contributions, gifts, entertainment or other unlawful expenses relating to political activity, (ii) offered, promised, paid or delivered any fee, commission or other sum of money or item of value, however characterized, to any finder, agent or other party acting on behalf of or under the auspices of a governmental or political employee or official or governmental or political entity, political agency, department, enterprise or instrumentality, in the United States or any other country, that was illegal under any applicable Law, (iii) made any payment to any customer or supplier, or to any officer, director, partner, employee or agent of any such customer or supplier, for the unlawful sharing of fees to any such customer or supplier or any such officer, director, partner, employee or agent for the unlawful rebating of charges, (iv) engaged in any other unlawful reciprocal practice, or made any other unlawful payment or given any other unlawful consideration to any such customer or supplier or any such officer, director, partner, employee or agent or (v) taken any action or made any omission in violation of any applicable law governing imports into or exports from the United States or any foreign country, or relating to economic sanctions or embargoes, corrupt practices, money laundering, or compliance with unsanctioned foreign boycotts.

Section 4.25. *Top Customers*. To the Knowledge of the Company, since January 1, 2011, there has not been any material adverse change in the business relationship of the Company or any of the Company Subsidiaries with any of their 20 largest customers based on consolidated revenues (each, a Top Customer), and neither the Company nor any of the Company Subsidiaries has received any written communication or written notice from any Top Customer to the effect that such Top Customer (a) has, in any material and adverse respect, changed, modified, amended or reduced, or intends to, in any material and adverse respect, change, modify, amend or reduce, its business relationship with the Company or any of the Company Subsidiaries, or (b) will fail to perform in any material respect, or intends to fail to perform in any material respect, its obligations under any of its Contracts with the Company or any of the Company Subsidiaries.

Section 4.26. *Facilities and Operations*. (a) Section 4.26(a) of the Company Disclosure Letter sets forth the following information relating to the Facilities as of the date hereof: (i) per Facility, the space currently in use by customers versus space currently available and ready for use by customers versus space available but not ready for use by customers (i.e. unfinished space); and (ii) any pending sale or sublease of any of the foregoing other than in the ordinary course of business consistent with past practice.

(b) Each of the Facilities (i) is, in all respects, adequate and sufficient, and in satisfactory condition to support the operations of the Company and the Company Subsidiaries at such Facility, (ii) is operated, installed and maintained by the Company and the Company Subsidiaries (or their respective contractors) in a manner that is in compliance, in all material respects, with (A) generally accepted industry standards for the industry in which the Company and the Company Subsidiaries operate, (B) performance requirements in service agreements with customers of the Company and the Company Subsidiaries and (C) all applicable Laws and (iii) has sufficient sources of power to support the operations of the Company and the Company Subsidiaries at such Facility as presently conducted, except, in the case

of clauses (i) through (iii), in respects that, individually or in the aggregate, have not had and would not reasonably be expected to have a Company Material Adverse Effect.

(c) Section 4.26(c) of the Company Disclosure Letter sets forth for the Company s current operations a complete list as of the date hereof of material customer service level agreement outage credits owed during the period from January 1, 2009 through December 31, 2010.

(d) Section 4.26(d) of the Company Disclosure Letter sets forth a complete and correct list of the Facilities as of the date hereof. As used herein, Facilities means, collectively, (i) each of the Company s and the Company Subsidiaries owned, leased or operated network access points or data centers, in each case exceeding 50,000 square feet of raised floor , and (ii) each of the 39 locations from which the Company or any of the Company Subsidiaries provides managed services as described in Item 1 of the Company s Annual Report on Form 10-K for the year ended December 31, 2010 (including, in the case of each of clause (i) and (ii), to the extent owned by the Company or any of the Company Subsidiaries, land and buildings, and cables, wires, conduits, switches, servers, routers and other equipment and real or personal property) and related material operating support systems, whether used to provide or support colocation, network connectivity, managed hosting, cloud computing, disaster recovery or continuity of operations, exchange point or other services provided by the Company or any of the Company Subsidiaries.

Section 4.27. *Product Liability; Service Level Agreements*. To the Knowledge of the Company, neither the Company nor any of the Company Subsidiaries have any material liability (and to the Knowledge of the Company, there is no reasonable basis for any action, suit or other proceeding that may give rise to any material liability) for replacement or repair of or other damages in connection with any products or services sold, distributed, licensed, installed, used or otherwise delivered in connection with the business of the Company or any of the Company Subsidiaries (including under any service level agreements) in excess, in each case, of the reserves for such liabilities that the Company and the Company Subsidiaries have recorded in the Company s financial statements as of March 31, 2011.

Section 4.28. *Accounts Receivable*. All accounts receivable of the Company and the Company Subsidiaries as of March 31, 2011 are as set forth in Section 4.28 of the Company Disclosure Letter (the Accounts Receivable). The Accounts Receivable represent valid receivables, subject to no setoffs or counterclaims except as recorded as accounts payable in the Company s financial statements as of March 31, 2011, and are collectible subject to the reserve for bad debts and the reserve for credits each of which is set forth in Section 4.28 of the Company Disclosure Letter.

Section 4.29. *No Other Representations or Warranties*. Except for the representations and warranties contained in this Article IV, Parent acknowledges that none of the Company, the Company Subsidiaries or any other Person on behalf of the Company makes any other express or implied representation or warranty in connection with the transactions contemplated by this Agreement.

ARTICLE V

Covenants Relating to Conduct of Business

Section 5.01. *Conduct of Business*. (a) *Conduct of Business by Parent*. Except for matters set forth in the Parent Disclosure Letter or otherwise expressly permitted or expressly contemplated by this Agreement or with the prior written consent of the Company (which shall not be unreasonably withheld, conditioned or delayed), from the date of this Agreement to the Effective Time, Parent shall not, and shall not permit any Parent Subsidiary to, do any of the following:

(i) (A) declare, set aside or pay any dividends on, or make any other distributions (whether in cash, stock or property or any combination thereof) in respect of, any of its capital stock, other equity interests or voting securities, other than (x) regular quarterly cash dividends payable by Parent in respect of shares of Parent Common Stock and (y) dividends and distributions by a direct or indirect Parent Subsidiary, (B) split, combine, subdivide or reclassify any of its capital stock, other equity interests or voting securities, or securities convertible into or exchangeable or exercisable for

capital stock or other equity interests or voting securities or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for its capital stock, other equity interests or voting securities, other than as permitted by Section 5.01(a)(ii), or (C) repurchase, redeem or otherwise acquire, or offer to repurchase, redeem or

otherwise acquire, any capital stock or voting securities of, or equity interests in, Parent or any Parent Subsidiary or any securities of Parent or any Parent Subsidiary convertible into or exchangeable or exercisable for capital stock or voting securities of, or equity interests in, Parent or any Parent Subsidiary, or any warrants, calls, options or other rights to acquire any such capital stock, securities or interests, except for acquisitions, or deemed acquisitions, of Parent Common Stock or other equity securities of Parent in connection with (i) the payment of the exercise price of Parent Stock Options with Parent Common Stock (including but not limited to in connection with net exercises), (ii) required tax withholding in connection with the exercise of Parent Stock Options, the vesting of Parent Restricted Shares and the vesting or delivery of other awards pursuant to the Parent Stock Plans, (iii) forfeitures of Parent Stock Options and Parent Restricted Shares and (iv) open market purchases of Parent Common Stock;

(ii) issue, deliver, sell, grant, pledge or otherwise encumber or subject to any Lien (A) any shares of capital stock of Parent or any Parent Subsidiary (other than the issuance of Parent Common Stock (1) upon the exercise of Parent Stock Options and the vesting or delivery of other awards pursuant to the Parent Stock Plans and (2) pursuant to the Parent ESPP in accordance with its terms), (B) any other equity interests or voting securities of Parent or any Parent Subsidiary, (C) any securities convertible into or exchangeable or exercisable for capital stock or voting securities of, or other equity interests in, Parent or any Parent Subsidiary, (D) any warrants, calls, options or other rights to acquire any capital stock or voting securities of, or other equity interests in, Parent or any Parent Subsidiary, (E) any rights issued by Parent or any Parent Subsidiary that are linked in any way to the price of any class of Parent Capital Stock or any shares of capital stock of any Parent Subsidiary, the value of Parent, any Parent Subsidiary or any part of Parent or any Parent Subsidiary or any dividends or other distributions declared or paid on any shares of capital stock of Parent or any Parent Subsidiary or (F) any Parent Voting Debt, except, in the case of each of the foregoing clauses (A) through (F), for (1) the issuance in (i) an underwritten transaction, (ii) a merger, acquisition or other business combination, or (iii) otherwise on arms length terms of capital stock or other securities constituting (or that are convertible into or exchangeable or exercisable for capital stock or other securities constituting) not in excess of 15% of (x) the outstanding shares of Parent Common Stock or (y) the securities entitled to vote in an election of directors of Parent and (2) the issuance of Parent Stock Options or other awards pursuant to the Parent Stock Plans;

(iii) (A) amend the Parent Articles or the Parent By-laws or (B) amend in any material respect the charter or organizational documents of any Parent Subsidiary, except, in the case of each of the foregoing clauses (A) and (B), (i) as may be required by Law or the rules and regulations of the SEC or the NYSE or (ii) as would not affect the holders of Company Common Stock whose shares are converted into Parent Common Stock at the Effective Time in a manner different than holders of Parent Common Stock prior to the Effective Time;

(iv) take any actions or omit to take any actions that would or would be reasonably likely to (i) result in any of the conditions set forth in Article VII not being satisfied, (ii) result in new or additional required approvals from any Governmental Entity in connection with the Merger and other transactions contemplated by this Agreement that would materially delay the consummation of the Merger or (iii) materially impair the ability of Parent, the Company or Merger Sub to consummate the Merger and other transactions contemplated by this Agreement in accordance with the terms or this Agreement or materially delay such consummation; or

(v) authorize any of, or commit, resolve or agree to take any of the foregoing actions.

(b) *Conduct of Business by the Company*. Except for matters set forth in the Company Disclosure Letter or otherwise expressly permitted or expressly contemplated by this Agreement or required by applicable Law or with the prior written consent of Parent (which shall not be unreasonably withheld, conditioned or delayed), from the date of this Agreement to the Effective Time, the Company shall, and shall cause each Company Subsidiary to, (x) conduct its business in the ordinary course consistent with past practice in all material respects and (y) use reasonable best efforts to preserve intact its business organization and advantageous business relationships and keep available the services of its current officers and employees. In addition, and

without limiting the generality of the foregoing, except for matters set forth in the Company Disclosure Letter or otherwise expressly permitted or expressly contemplated by this Agreement or with the prior written consent of Parent (which shall not be unreasonably withheld, conditioned or delayed), from the date of this Agreement to the Effective Time, the Company shall not, and shall not permit any Company Subsidiary to, do any of the following:

(i) (A) declare, set aside or pay any dividends on, or make any other distributions (whether in cash, stock or property or any combination thereof) in respect of, any of its capital stock, other equity interests or voting securities, other than dividends and distributions by a direct or indirect wholly owned Company Subsidiary to its parent, (B) split, combine, subdivide or reclassify any of its capital stock, other equity interests or voting securities or securities convertible into or exchangeable or exercisable for capital stock or other equity interests or voting securities or issue or authorize the issuance of any other securities in respect of, in lieu of or in substitution for its capital stock, other equity interests or voting securities, other than as permitted by Section 5.01(b)(ii), or (C) repurchase, redeem or otherwise acquire, or offer to repurchase, redeem or otherwise acquire, any capital stock or voting securities of, or equity interests in, the Company or any Company Subsidiary or any securities of the Company or any Company Subsidiary convertible into or exchangeable or exercisable for capital stock or voting securities of, or equity interests in, the Company or any Company Subsidiary, or any warrants, calls, options or other rights to acquire any such capital stock, securities or interests, except for acquisitions, or deemed acquisitions, of Company Common Stock or other equity securities of the Company in connection with (i) the payment of the exercise price of Company Stock Options with Company Common Stock (including but not limited to in connection with net exercises), (ii) required tax withholding in connection with the exercise of Company Stock Options, the vesting of Company Restricted Shares and the vesting or delivery of other awards pursuant to the Company Stock Plans and (iii) forfeitures of Company Stock Options and Company Restricted Shares, pursuant to their terms as in effect on the date of this Agreement;

(ii) issue, deliver, sell, grant, pledge or otherwise encumber or subject to any Lien (A) any shares of capital stock of the Company or any Company Subsidiary (other than the issuance of Company Common Stock (1) upon the exercise of Company Stock Options and the vesting or delivery of other awards pursuant to the Company Stock Plans, in each case outstanding at the close of business on the date of this Agreement and in accordance with their terms in effect at such time or thereafter granted or modified as permitted by the provisions of Section 5.01(b)(ii) of the Company Disclosure Letter and (2) pursuant to the Company ESPP, in accordance with its terms in effect on the date of this Agreement), (B) any other equity interests or voting securities of the Company or any Company Subsidiary, (C) any securities convertible into or exchangeable or exercisable for capital stock or voting securities of, or other equity interests in, the Company or any Company Subsidiary, (D) any warrants, calls, options or other rights to acquire any capital stock or voting securities of, or other equity interests in, the Company or any Company Subsidiary, other than grants of awards, or modifications to existing awards consistent with Section 5.01(b)(ii) of the Company Disclosure Letter, (E) any rights issued by the Company or any Company Subsidiary that are linked in any way to the price of any class of Company Capital Stock or any shares of capital stock of any Company Subsidiary, the value of the Company, any Company Subsidiary or any part of the Company or any Company Subsidiary or any dividends or other distributions declared or paid on any shares of capital stock of the Company or any Company Subsidiary or (F) any Company Voting Debt;

(iii) (A) amend the Company Charter or the Company By-laws or (B) amend in any material respect the charter or organizational documents of any Company Subsidiary, except, in the case of each of the foregoing clauses (A) and (B), as may be required by Law or the rules and regulations of the SEC or the NASDAQ;

(iv) (A) grant to any current or former director or officer of the Company or any Company Subsidiary any increase in compensation, bonus or fringe or other benefits or grant any type of compensation or benefit to any such Person not previously receiving or entitled to receive such compensation, except in the ordinary course of business consistent with past practice, consistent with Section 5.01(b)(iv) of the Company Disclosure Letter, or to the extent required under any Company

Benefit Plan as in effect as of the date of this Agreement, (B) engage in promotions of employees, fill open employee positions or modify employee job descriptions, except in the ordinary course of business consistent with past practice, (C) grant to any Person any severance, retention, change in control or termination compensation or benefits or any increase therein, except with respect to new hires or to employees in the context of promotions based on job performance or workplace requirements, in each case in the ordinary course of business consistent with past practice, or except to the extent required under any Company Benefit Plan as in effect as of the date of this Agreement, or (D) enter into or adopt any material Company Benefit Plan or amend in any material respect any material Company Benefit Plan or any award issued thereunder, except for any amendments in the ordinary course of business consistent with past practice, consistent with Section 5.01(b)(iv) of the Company Disclosure Letter or in order to comply with applicable Law (including Section 409A of the Code);

(v) make any material change in financial accounting methods, principles or practices, except insofar as may have been required by a change in GAAP (after the date of this Agreement);

(vi) directly or indirectly acquire or agree to acquire in any transaction any equity interest in or business of any firm, corporation, partnership, company, limited liability company, trust, joint venture, association or other entity or division thereof or any properties or assets (other than purchases of supplies and inventory in the ordinary course of business consistent with past practice) if the aggregate amount of the consideration paid or transferred by the Company and the Company Subsidiaries in connection with all such transactions would exceed $5,000,000;

(vii) sell, lease (as lessor), license, mortgage, sell and leaseback or otherwise encumber or subject to any Lien, or otherwise dispose of any properties or assets (other than sales of products or services in the ordinary course of business consistent with past practice) or any interests therein that, individually or in the aggregate, have a fair market value in excess of $5,000,000, except in relation to mortgages, liens and pledges to secure Indebtedness for borrowed money permitted to be incurred under Section 5.01(b)(viii);

(viii) incur any Indebtedness, except for (A) Indebtedness incurred in the ordinary course of business consistent with past practice not to exceed $25,000,000 in the aggregate, or (B) Indebtedness in replacement of existing Indebtedness, provided that (1) the execution, delivery, and performance of this Agreement and the consummation of the Merger and other transactions contemplated hereby shall not conflict with, or result in any violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation or any loss of a material benefit under, or result in the creation of any Lien, under such replacement Indebtedness and (2) such replacement Indebtedness shall otherwise be on substantially similar terms or terms that are more favorable to the Company, shall contain covenants that are no more restrictive to the Company, and shall be for the same or lesser principal amount, as the Indebtedness being replaced; or (C) guarantees by the Company of Indebtedness of any wholly owned Company Subsidiary; or (D) additional borrowings under the Company s existing revolving credit facility (in accordance with the terms of such facility existing on the date hereof) with the intent to repay such borrowings within 90 days;

(ix) make, or agree or commit to make, any capital expenditure except in accordance with the capital forecast for 2011 set forth in Section 5.01(b)(ix) of the Company Disclosure Letter;

(x) enter into or amend any Contract or take any other action (except as expressly permitted or contemplated by this Agreement) if such Contract, amendment of a Contract or action would reasonably be expected to prevent or materially impede, interfere with, hinder or delay the consummation of the Merger or any of the other transactions contemplated by this Agreement or adversely affect in a material respect the expected benefits (taken as a whole) of the Merger;

(xi) enter into or amend any material Contract to the extent consummation of the Merger or compliance by the Company or any Company Subsidiary with the provisions of this Agreement would reasonably be expected to conflict with, or result in a violation of or default (with or without notice or lapse of time, or both) under, or give rise to a right of termination, cancellation or acceleration of any obligation, any obligation to make an offer to purchase or redeem any Indebtedness or capital stock or

any loss of a material benefit under, or result in the creation of any Lien upon any of the material properties or assets of the Company or any Company Subsidiary under, or require Parent, the Company or any of their respective Subsidiaries to license or transfer any of its material properties or assets under, or give rise to any increased, additional, accelerated, or guaranteed right or entitlements of any third party under, or result in any material alteration of, any provision of such Contract or amendment;

(xii) enter into any collective bargaining agreement or other labor union Contract applicable to the employees of the Company or any of the Company Subsidiaries;

(xiii) assign, transfer, lease, cancel, fail to renew or fail to extend any material Company Permit issued by the FCC;

(xiv) waive, release, assign, settle or compromise any claim, action or proceeding, other than waivers, releases, assignments, settlements or compromises that do not create obligations of the Company or any of the Company Subsidiaries other than the payment of monetary damages (a) equal to or lesser than the amounts reserved with respect thereto on the Filed Company SEC Documents or (b) do not exceed $2,000,000 in the aggregate;

(xv) abandon, encumber, convey title (in whole or in part), exclusively license or grant any right or other licenses to material Intellectual Property Rights owned or exclusively licensed to the Company or any Company Subsidiary, or enter into licenses or agreements that impose material restrictions upon the Company or any of its Affiliates with respect to Intellectual Property Rights owned by any third party, in each case other than in the ordinary course of business consistent with past practice;

(xvi) enter into, amend or modify any Material Contract of a type described in Section 4.14(b)(i), (iii) or (vi) or any Contract that would be such a Material Contract if it had been entered into prior to the date of this Agreement;

(xvii) make any material election or change thereto with respect to Taxes or settle or compromise any material Tax liability or material Tax refund, other than in the ordinary course of business;

(xviii) enter into any new line of business outside of its existing business;

(xix) take any actions or omit to take any actions that would or would be reasonably likely to (i) result in any of the conditions set forth in Article VII not being satisfied, (ii) result in new or additional required approvals from any Governmental Entity in connection with the Merger and other transactions contemplated by this Agreement that would materially delay the consummation of the Merger or (iii) materially impair the ability of Parent, the Company or Merger Sub to consummate the Merger and other transactions contemplated by this Agreement in accordance with the terms or this Agreement or materially delay such consummation;

(xx) fail to pay any maintenance and similar fees or fail to take any other appropriate actions as necessary to prevent the abandonment, loss or impairment of any owned Company Intellectual Property that is material to the conduct of the Company s business;

(xxi) sell, lease (as lessor), license, mortgage, sell and leaseback or otherwise encumber or subject to any Lien, or otherwise dispose of any of the Company Intellectual Property, other than in the ordinary course of business consistent with past practice; or

(xxii) authorize any of, or commit, resolve or agree to take any of, or participate in any negotiations or discussions with any other Person regarding any of, the foregoing actions.

(c) *Advice of Changes*. Parent and the Company shall use reasonable best efforts to promptly advise the other orally and in writing of any change or event that, individually or in the aggregate with all past changes and events, has had or would reasonably be expected to have a Material Adverse Effect with respect to such Person, to cause any of the conditions set forth in Article VII not to be satisfied, or to materially delay or impede the ability of such party to consummate the Closing.

Table of Contents

Section 5.02. *No Solicitation by the Company; Company Board Recommendation.* (a) The Company shall not, nor shall it authorize or permit any of its Affiliates or any of its and their respective directors, officers or employees or any of their respective investment bankers, accountants, attorneys or other advisors, agents or representatives (collectively, Representatives) to, (i) directly or indirectly solicit or initiate, or knowingly encourage, induce or facilitate any Takeover Proposal or any inquiry or proposal that may reasonably be expected to lead to a Takeover Proposal or (ii) directly or indirectly participate in any discussions or negotiations with any Person regarding, or furnish to any Person any information with respect to, or cooperate in any way with any Person (whether or not a Person making a Takeover Proposal) with respect to any Takeover Proposal or any inquiry or proposal that may reasonably be expected to lead to a Takeover Proposal. The Company shall, and shall cause its Affiliates and its and their respective Representatives to, immediately cease and cause to be terminated all existing discussions or negotiations with any Person conducted heretofore with respect to any Takeover Proposal, or any inquiry or proposal that may reasonably be expected to lead to a Takeover Proposal, request the prompt return or destruction of all confidential information previously furnished and immediately terminate all physical and electronic data room access previously granted to any such Person or its Representatives. Notwithstanding the foregoing, at any time prior to obtaining the Company Stockholder Approval, in response to a bona fide written Takeover Proposal that the Company Board determines in good faith (after consultation with outside counsel and a financial advisor of nationally recognized reputation) constitutes or is reasonably likely to lead to a Superior Proposal, and which Takeover Proposal was not solicited after the date of this Agreement and was made after the date of this Agreement and prior to the Company Stockholders Meeting and did not otherwise result from a breach of this Section 5.02(a), the Company may, subject to compliance with Section 5.02(c), (x) furnish information with respect to the Company and the Company Subsidiaries to the Person making such Takeover Proposal (and its Representatives and any financing sources) (provided that all such information has previously been provided to Parent or is provided to Parent prior to or substantially concurrent with the time it is provided to such Person) pursuant to a customary confidentiality agreement with the Person making such Takeover Proposal (or with one or more of its financing sources) not less restrictive of such Person as to the use of such information than the Confidentiality Agreement, and (y) participate in discussions regarding the terms of such Takeover Proposal and the negotiation of such terms with, and only with, the Person making such Takeover Proposal (and such Person s Representatives and any financing sources). Without limiting the foregoing, it is agreed that any violation of the restrictions set forth in this Section 5.02(a) by any Representative of the Company or any of its Subsidiaries or Affiliates shall constitute a breach of this Section 5.02(a) by the Company.

(b) Except as set forth below, neither the Company Board nor any committee thereof shall (i) (A) withdraw (or modify in any manner adverse to Parent), or propose publicly to withdraw (or modify in any manner adverse to Parent), the approval, recommendation or declaration of advisability by the Company Board or any such committee thereof with respect to this Agreement or (B) approve, recommend or declare advisable, or propose publicly to approve, recommend or declare advisable, any Takeover Proposal (any action in this clause (i) being referred to as an Adverse Recommendation Change) or (ii) approve, recommend or declare advisable, or propose publicly to approve, recommend or declare advisable, or allow the Company or any of its Affiliates to execute or enter into, any letter of intent, memorandum of understanding, agreement in principle, merger agreement, acquisition agreement, option agreement, joint venture agreement, alliance agreement, partnership agreement or other agreement or arrangement constituting or related to, or that is intended to or would reasonably be expected to lead to, any Takeover Proposal, or requiring, or reasonably expected to cause, the Company to abandon, terminate, delay or fail to consummate, or that would otherwise impede, interfere with or be inconsistent with, the Merger or any of the other transactions contemplated by this Agreement, or requiring, or reasonably expected to cause, the Company to fail to comply with this Agreement (other than a confidentiality agreement referred to in Section 5.02(a)). Notwithstanding the foregoing, at any time prior to obtaining the Company Stockholder Approval, the Company Board may make an Adverse Recommendation Change if the Company Board determines in good faith (after consultation with outside counsel and a financial advisor of nationally recognized reputation) that the failure to do so would be inconsistent with its fiduciary duties under applicable Law; provided, however, that the Company shall not be entitled to exercise its right to make an Adverse Recommendation Change until after the fourth Business Day

following Parent s receipt of written notice (a Notice of Recommendation Change) from the Company advising Parent that the Company Board intends to take such action and specifying the reasons therefor, including in the case of a Superior Proposal, the terms and conditions of any Superior Proposal that is the basis of the proposed action by the Company Board (it being understood and agreed that any amendment to any material term of such Superior Proposal shall require a new Notice of Recommendation Change and a new four Business-Day period). In determining whether to make an Adverse Recommendation Change, the Company Board shall take into account any changes to the terms of this Agreement proposed by Parent in response to a Notice of Recommendation Change or otherwise.

(c) In addition to the obligations of the Company set forth in paragraphs (a) and (b) of this Section 5.02, the Company shall promptly, and in any event within 24 hours of the receipt thereof, advise Parent orally and in writing of any Takeover Proposal, the material terms and conditions of any such Takeover Proposal (including any changes thereto) and the identity of the Person making any such Takeover Proposal. The Company shall (x) keep Parent informed in all material respects and on a reasonably current basis of the status and details (including any change to the terms thereof) of any Takeover Proposal, and (y) provide to Parent as soon as practicable after receipt or delivery thereof copies of all correspondence and other written material exchanged between the Company or any of its Subsidiaries and any Person that describes any of the terms or conditions of any Takeover Proposal.

(d) Nothing contained in this Section 5.02 shall prohibit the Company from (x) taking and disclosing to its stockholders a position contemplated by Rule 14e-2(a) promulgated under the Exchange Act or (y) making any disclosure to the stockholders of the Company if, in the good faith judgment of the Company Board (after consultation with outside counsel) failure to so disclose would be inconsistent with its obligations under applicable Law; provided, however, that any such disclosure that addresses or relates to the approval, recommendation or declaration of advisability by the Company Board with respect to this Agreement or a Takeover Proposal shall be deemed to be an Adverse Recommendation Change unless the Company Board in connection with such communication publicly states that its recommendation with respect to this Agreement has not changed; provided, further, that in no event shall the Company or the Company Board or any committee thereof take, or agree or resolve to take, any action, or make any statement, that would violate Section 5.02(b).

(e) For purposes of this Agreement:

Takeover Proposal means any proposal or offer (whether or not in writing), with respect to any (i) merger, consolidation, share exchange, other business combination or similar transaction involving the Company or any Company Subsidiary, (ii) sale, lease, contribution or other disposition, directly or indirectly (including by way of merger, consolidation, share exchange, other business combination, partnership, joint venture, sale of capital stock of or other equity interests in a Company Subsidiary or otherwise) of any business or assets of the Company or the Company Subsidiaries representing 20% or more of the consolidated revenues, net income or assets of the Company and the Company Subsidiaries, taken as a whole, (iii) issuance, sale or other disposition, directly or indirectly, to any Person (or the stockholders of any Person) or group of securities (or options, rights or warrants to purchase, or securities convertible into or exchangeable for, such securities) representing 20% or more of the voting power of the Company, (iv) transaction in which any Person (or the stockholders of any Person) shall acquire, directly or indirectly, beneficial ownership, or the right to acquire beneficial ownership, or formation of any group which beneficially owns or has the right to acquire beneficial ownership of, 20% or more of the Company Common Stock or securities (or options, rights or warrants to purchase, or securities convertible into or exchangeable for, such securities) representing 20% or more of the voting power of the Company or (v) any combination of the foregoing (in each case, other than the Merger).

Superior Proposal means any bona fide written proposal or offer made by a third party or group pursuant to which such third party (or, in a parent-to-parent merger involving such third party, the stockholders of such third party) or group would acquire, directly or indirectly, more than 50% of the Company Common Stock or substantially all of the

assets of the Company and the Company Subsidiaries, taken as a whole, (i) on terms which the Company Board determines in good faith (after

Table of Contents

consultation with outside counsel and a financial advisor of nationally recognized reputation) to be superior from a financial point of view to the holders of Company Common Stock than the Merger, taking into account all the terms and conditions of such proposal and this Agreement (including any changes proposed by Parent to the terms of this Agreement), and (ii) that is reasonably likely to be completed, taking into account all financial, regulatory, legal and other aspects of such proposal.

ARTICLE VI

Additional Agreements

Section 6.01. *Preparation of the Form S-4 and the Proxy Statement; Company Stockholders Meeting*. (a) As promptly as reasonably practicable following the date of this Agreement, Parent and the Company shall jointly prepare and cause to be filed with the SEC a proxy statement to be sent to the stockholders of the Company relating to the Company Stockholders Meeting (together with any amendments or supplements thereto, the Proxy Statement) and Parent shall prepare and cause to be filed with the SEC the Form S-4, in which the Proxy Statement will be included as a prospectus, and Parent and the Company shall use their respective reasonable best efforts to have the Form S-4 declared effective under the Securities Act as promptly as reasonably practicable after such filing. Each of the Company and Parent shall furnish all information concerning such Person and its Affiliates to the other, and provide such other assistance, as may be reasonably requested in connection with the preparation, filing and distribution of the Form S-4 and Proxy Statement, and the Form S-4 and Proxy Statement shall include all information reasonably requested by such other party to be included therein. Each of the Company and Parent shall promptly notify the other upon the receipt of any comments from the SEC or any request from the SEC for amendments or supplements to the Form S-4 or Proxy Statement and shall provide the other with copies of all correspondence between it and its Representatives, on the one hand, and the SEC, on the other hand. Each of the Company and Parent shall use its reasonable best efforts to respond as promptly as reasonably practicable to any comments from the SEC with respect to the Form S-4 or Proxy Statement. Notwithstanding the foregoing, prior to filing the Form S-4 (or any amendment or supplement thereto) or mailing the Proxy Statement (or any amendment or supplement thereto) or responding to any comments of the SEC with respect thereto, each of the Company and Parent (i) shall provide the other an opportunity to review and comment on such document or response (including the proposed final version of such document or response), (ii) shall consider in good faith all comments reasonably proposed by the other and (iii) shall not file or mail such document or respond to the SEC prior to receiving the approval of the other, which approval shall not be unreasonably withheld, conditioned or delayed. Each of the Company and Parent shall advise the other, promptly after receipt of notice thereof, of the time of effectiveness of the Form S-4, the issuance of any stop order relating thereto or the suspension of the qualification of the Stock Consideration for offering or sale in any jurisdiction, and each of the Company and Parent shall use its reasonable best efforts to have any such stop order or suspension lifted, reversed or otherwise terminated. Each of the Company and Parent shall also take any other action (other than qualifying to do business in any jurisdiction in which it is not now so qualified) required to be taken under the Securities Act, the Exchange Act, any applicable foreign or state securities or blue sky laws and the rules and regulations thereunder in connection with the Merger and the issuance of the Stock Consideration.

(b) If prior to the Effective Time, any event occurs with respect to Parent or any Parent Subsidiary, or any change occurs with respect to other information supplied by Parent for inclusion in the Proxy Statement or the Form S-4, which is required to be described in an amendment of, or a supplement to, the Proxy Statement or the Form S-4, Parent shall promptly notify the Company of such event, and Parent and the Company shall cooperate in the prompt filing with the SEC of any necessary amendment or supplement to the Proxy Statement or the Form S-4 and, as required by Law, in disseminating the information contained in such amendment or supplement to the Company s stockholders. Nothing in this Section 6.01(b) shall limit the obligations of any party under Section 6.01(a).

(c) If prior to the Effective Time, any event occurs with respect to the Company or any Company Subsidiary, or any change occurs with respect to other information supplied by the Company for inclusion in the Proxy Statement or the Form S-4, which is required to be described in an amendment of, or a supplement

to, the Proxy Statement or the Form S-4, the Company shall promptly notify Parent of such event, and the Company and Parent shall cooperate in the prompt filing with the SEC of any necessary amendment or supplement to the Proxy Statement or the Form S-4 and, as required by Law, in disseminating the information contained in such amendment or supplement to the Company s stockholders. Nothing in this Section 6.01(c) shall limit the obligations of any party under Section 6.01(a).

(d) The Company shall, as soon as reasonably practicable following the date of this Agreement, duly call, give notice of, convene and hold the Company Stockholders Meeting for the sole purpose of seeking the Company Stockholder Approval. The Company shall use its reasonable best efforts to (i) cause the Proxy Statement to be mailed to the Company s stockholders as promptly as practicable after the Form S-4 is declared effective under the Securities Act and to hold the Company Stockholders Meeting as soon as practicable after the Form S-4 becomes effective and (ii) subject to Section 5.02(b) and Section 5.02(d), solicit the Company Stockholder Approval. The Company shall, through the Company Board, recommend to its stockholders that they give the Company Stockholder Approval and shall include such recommendation in the Proxy Statement, except to the extent that the Company Board shall have made an Adverse Recommendation Change as permitted by Section 5.02(b). Notwithstanding the foregoing provisions of this Section 6.01(d), if on a date for which the Company Stockholders Meeting is scheduled, the Company has not received proxies representing a sufficient number of shares of Company Common Stock to obtain the Company Stockholder Approval, whether or not a quorum is present, the Company shall make one or more successive postponements or adjournments of the Company Stockholders Meeting, provided that the Company Stockholders Meeting is not postponed or adjourned to a date that is more than 30 days after the date for which the Company Stockholders Meeting was originally scheduled (excluding any adjournments or postponements required by applicable Law). The Company agrees that its obligations to hold the Company Stockholders Meeting pursuant to this Section 6.01 shall not be affected by the commencement, public proposal, public disclosure or communication to the Company of any Takeover Proposal or by the making of any Adverse Recommendation Change by the Company Board; provided, however, that if the public announcement of an Adverse Recommendation Change or the delivery of a Company Notice of Recommendation Change is less than 10 Business Days prior to the Company Stockholders Meeting, the Company shall be entitled to postpone the Company Stockholders Meeting to a date not more than 10 Business Days after such event.

Section 6.02. *Access to Information; Confidentiality*. Subject to applicable Law, the Company shall, and shall cause each of its Subsidiaries to, afford to Parent and to the Representatives of Parent reasonable access during the period prior to the Effective Time to all their respective properties, books, contracts, commitments, personnel and records and, during such period, the Company shall, and shall cause each of its Subsidiaries to, furnish promptly to Parent (a) a copy of each report, schedule, registration statement and other document filed by it during such period pursuant to the requirements of Federal or state securities laws or commission actions and (b) all other information concerning its business, properties and personnel as Parent may reasonably request; provided, however, that the Company may withhold any document or information that is subject to the terms of a confidentiality agreement with a third party (provided that the Company shall use its reasonable best efforts to obtain the required consent of such third party to such access or disclosure) or subject to any attorney-client privilege (provided that the Company shall use its reasonable best efforts to allow for such access or disclosure (or as much of it as possible) in a manner that does not result in a loss of attorney-client privilege) or that constitutes information that is subject to confidentiality requirements under the Communications Act and FCC Rules. If any material is withheld by the Company pursuant to the proviso to the preceding sentence, the Company shall inform Parent as to the general nature of what is being withheld. All information exchanged pursuant to this Section 6.02 shall be subject to the confidentiality agreement dated February 10, 2011 among the Company, CenturyTel Service Group, LLC and Qwest Communications International Inc. (the Confidentiality Agreement).

Section 6.03. *Required Actions*. (a) Each of the parties shall use their respective reasonable best efforts to take, or cause to be taken, all actions, and do, or cause to be done, and assist and cooperate with the other parties in doing, all

things reasonably appropriate to consummate and make effective, as soon as reasonably possible, the Merger and the other transactions contemplated by this Agreement.

Table of Contents

(b) In connection with and without limiting Section 6.03(a), the Company and the Company Board and Parent and the Parent Board shall use their respective reasonable best efforts to (x) take all action reasonably appropriate to ensure that no state takeover statute or similar statute or regulation is or becomes applicable to this Agreement or any transaction contemplated by this Agreement and (y) if any state takeover statute or similar statute or regulation becomes applicable to this Agreement or any transaction contemplated by this Agreement, take all action reasonably appropriate to ensure that the Merger and the other transactions contemplated by this Agreement may be consummated as promptly as practicable on the terms contemplated by this Agreement.

(c) In connection with and without limiting Section 6.03(a), the Company and Parent shall promptly enter into discussions with the Governmental Entities from whom Consents or nonactions are required to be obtained in connection with the consummation of the Merger and the other transactions contemplated by this Agreement in order to obtain all such required Consents or nonactions from such Governmental Entities and eliminate each and every other impediment that may be asserted by such Governmental Entities, in each case with respect to the Merger, so as to enable the Closing to occur as soon as reasonably possible. To the extent necessary in order to accomplish the foregoing and subject to the limitations set forth in Section 6.03(e), the Company and Parent shall use their respective reasonable best efforts to jointly negotiate, commit to and effect, by consent decree, hold separate order, condition or approval or otherwise, the sale, divestiture or disposition of, or prohibition or limitation on the ownership or operation of, or requirements or undertakings with respect to the conduct by the Company, Parent or any of their respective Subsidiaries, of any portion of the business, properties or assets of the Company, Parent or any of their respective Subsidiaries; provided, however, that neither Parent nor the Company shall be required pursuant to this Section 6.03(c) to commit to or effect any action that is not conditioned upon the consummation of the Merger or that would or would reasonably be expected to result in a Substantial Detriment. If the actions taken by Parent and the Company pursuant to the immediately preceding sentence do not result in the conditions set forth in Section 7.01(d), (e) and (f) being satisfied, then, during the term of this Agreement, each of Parent and the Company shall jointly (to the extent practicable) use their reasonable best efforts to initiate and/or participate in any proceedings, whether judicial or administrative, in order to (i) oppose or defend against any action by any Governmental Entity to prevent or enjoin the consummation of the Merger or any of the other transactions contemplated by this Agreement, and/or (ii) take such action as necessary to overturn any regulatory action by any Governmental Entity to block consummation of the Merger or any of the other transactions contemplated by this Agreement, including by defending any suit, action or other legal proceeding brought by any Governmental Entity in order to avoid the entry of, or to have vacated, overturned or terminated, including by appeal if necessary, any Legal Restraint resulting from any suit, action or other legal proceeding that would cause any condition set forth in Section 7.01(d), (e) or (f) not to be satisfied; provided that Parent and the Company shall cooperate with one another in connection with, and shall jointly control, all proceedings related to the foregoing.

(d) In connection with and without limiting the generality of the foregoing, each of Parent and the Company shall:

(i) make or cause to be made, in consultation and cooperation with the other and (A) within twenty days after the date of this Agreement (or such other time as the parties mutually agree), an appropriate filing of a Notification and Report Form pursuant to the HSR Act relating to the Merger, (B) within fifteen days after the effectiveness of the Indian Competition Law (or such other time as the parties mutually agree), all necessary registrations, declarations, notices and filings relating to the Merger pursuant to the Indian Competition Law, if any, and (C) within thirty days after the date of this Agreement (or such other time as the parties mutually agree), all other necessary registrations, declarations, notices and filings relating to the Merger with other Governmental Entities under any other antitrust, competition, trade regulation or similar Laws;

(ii) (A) make or cause to be made, in consultation and cooperation with the other and as promptly as practicable after the date of this Agreement, all applications required or advisable to be filed with the FCC (the FCC Applications) to effect the transfer of control of the Company Licenses, as necessary to consummate and make effective the Merger

and the other transactions contemplated by this Agreement,

Table of Contents

and use its reasonable best efforts to respond in consultation and cooperation with the other and as promptly as practicable to any additional requests for information received from the FCC by any party to an FCC Application and (B) use its reasonable best efforts to cure not later than the Effective Time any violations or defaults under any FCC Rules, except for such violations or defaults that, individually or in the aggregate, would not reasonably be expected to have a Substantial Detriment;

(iii) use its reasonable best efforts to furnish to the other all assistance, cooperation and information required for any such registration, declaration, notice or filing and in order to achieve the effects set forth in Section 6.03(c);

(iv) give the other reasonable prior notice of any such registration, declaration, notice or filing and, to the extent reasonably practicable, of any communication with any Governmental Entity regarding the Merger (including with respect to any of the actions referred to in Section 6.03(c) and in this Section 6.03(d)), and permit the other to review and discuss in advance, and consider in good faith the views of, and secure the participation of, the other in connection with any such registration, declaration, notice, filing or communication;

(v) use its reasonable best efforts to respond as promptly as reasonably practicable under the circumstances to any inquiries received from any Governmental Entity or any other authority enforcing applicable antitrust, competition, trade regulation or similar Laws for additional information or documentation in connection with antitrust, competition, trade regulation or similar matters (including a second request under the HSR Act), and not extend any waiting period under the HSR Act or enter into any agreement with such Governmental Entities or other authorities not to consummate any of the transactions contemplated by this Agreement, except with the prior written consent of the other parties hereto, which consent shall not be unreasonably withheld or delayed; and

(vi) unless prohibited by applicable Law or by the applicable Governmental Entity, (A) to the extent reasonably practicable, not participate in or attend any meeting, or engage in any substantive conversation with any Governmental Entity in respect of the Merger (including with respect to any of the actions referred to in Section 6.03(c) and in this Section 6.03(d)) without the other, (B) to the extent reasonably practicable, give the other reasonable prior notice of any such meeting or conversation, (C) in the event one party is prohibited by applicable Law or by the applicable Governmental Entity from participating in or attending any such meeting or engaging in any such conversation, keep such party reasonably apprised with respect thereto, (D) cooperate in the filing of any substantive memoranda, white papers, filings, correspondence or other written communications explaining or defending this Agreement and the Merger, articulating any regulatory or competitive argument, and/or responding to requests or objections made by any Governmental Entity and (E) furnish the other party with copies of all correspondence, filings and communications (and memoranda setting forth the substance thereof) between it and its Affiliates and their respective Representatives on the one hand, and any Governmental Entity or members of any Governmental Entity s staff, on the other hand, with respect to this Agreement and the Merger, except that any materials concerning valuation of the other party may be redacted or withheld.

(e) Notwithstanding anything else contained herein but subject to the proviso of the second sentence of Section 6.03(c), the provisions of this Section 6.03 shall not be construed to require the Company, Parent, or their respective Subsidiaries to offer, take, commit to or accept any action, restrictions or limitations (Actions) of or on the Company, Parent, or their respective Subsidiaries, or to permit such Actions without the prior written consent of the other party, if such Actions, individually or in the aggregate, would or would reasonably be expected to result in a Substantial Detriment.

(f) Notwithstanding anything else contained in this Agreement, during the term of this Agreement neither the Company nor any of its Affiliates or any of their respective Representatives shall cooperate with any other party in seeking regulatory clearance of any Takeover Proposal.

(g) Parent shall give prompt notice to the Company, and the Company shall give prompt notice to Parent, of (i) any representation or warranty made by it contained in this Agreement that is qualified as to materiality becoming untrue or inaccurate in any respect or any such representation or warranty that is not so qualified

becoming untrue or inaccurate in any material respect or (ii) the failure by it to comply with or satisfy in any material respect any covenant, condition or agreement to be complied with or satisfied by it under this Agreement; provided, however, that no such notification shall affect the representations, warranties, covenants or agreements of the parties or the conditions to the obligations of the parties under this Agreement.

Section 6.04. *Stock Plans*. (a) Prior to the Effective Time, the Company Board (or, if appropriate, any committee thereof) shall adopt such resolutions as are necessary to effect the following:

(i) adjust the terms of all outstanding Company Stock Options to provide that, at the Effective Time, each Company Stock Option outstanding immediately prior to the Effective Time shall be assumed by Parent and converted into an option (a Converted Parent Option) to acquire, on the same terms and conditions as were applicable under such Company Stock Option immediately prior to the Effective Time (except that each Converted Parent Option shall vest and become exercisable immediately following the conversion), a number of shares of Parent Common Stock determined by multiplying the number of shares of Company Common Stock subject to such Company Stock Option immediately prior to the Effective Time by the Stock Award Exchange Ratio (as defined below), rounded down to the nearest whole share, at a per share exercise price determined by dividing the per share exercise price of such Company Stock Option immediately prior to the Effective Time by the Stock Award Exchange Ratio, rounded up to the nearest whole cent; provided, however, that each Company Stock Option (x) which is an incentive stock option (as defined in Section 422 of the Code) shall be adjusted in accordance with the requirements of Section 424 of the Code and (y) shall be adjusted in a manner which complies with Section 409A of the Code;

(ii) As to each holder s restricted stock units outstanding immediately prior to the Effective Time under the Company Stock Plans, other than those granted pursuant to the Company s annual incentive plan (the Company RSUs):

(A) 50% of such Company RSUs (the First Tranche RSUs) shall be converted, at the Effective Time and without regard to any applicable performance targets, into the right to receive cash and shares of Parent Stock equal to the Merger Consideration, determined in accordance with Section 2.01(iii), in respect of that number of shares of Company Common Stock represented by the First Tranche RSUs; provided that, the First Tranche RSUs of each holder shall include those Company RSUs as to which the vesting dates follow the Closing Date but are earlier than the later of (x) December 31, 2012 or (y) the first anniversary of the Closing Date (the later of (x) and (y), the Second Tranche Vesting Date), in order starting with the soonest vesting to the Closing Date until all of the Company RSUs for which vesting is earlier then the Second Tranche Vesting Date have been identified and, if all of the Company RSUs as to which the vesting date is earlier than the Second Tranche Vesting Date comprise less than 50% of all the holder s Company RSUs, additional Company RSUs shall be considered First Tranche RSUs based starting with the latest vesting date and working in reverse order of vesting dates until all of the First Tranche RSUs have been identified. For the purposes of this Section 6.04(a)(ii)(A) an amount necessary to satisfy the applicable minimum tax withholding obligation shall first be reduced from the amount of the Cash Consideration to be receive and then, if necessary, from the number of shares of Parent Common Stock to be received pursuant to the Stock Consideration. For purposes of this Section 6.04(a)(ii)(A), the value of the Stock Consideration shall be based on the closing price per share of Parent Common Stock on the last trading day immediately preceding the Closing Date; and

(B) the remaining 50% of such Company RSUs (the Second Tranche RSUs) shall be adjusted to provide that, at the Effective Time, the Second Tranche RSUs shall be assumed by Parent and represent, immediately after the Effective Time, the right to receive, on the same terms and conditions as were applicable under the Second Tranche RSUs immediately prior to the Effective Time (other than with respect to any performance goals, which shall cease to apply), a number of shares of Parent Common Stock, rounded to the nearest whole share, equal to the product of (1) the applicable number of shares of Company Common Stock subject to the Second Tranche RSUs, multiplied by (2) the Stock Award Exchange Ratio (the Converted Second Tranche RSUs);

Table of Contents

provided that the Converted Second Tranche RSUs shall vest and settle on the Second Tranche Vesting Date, subject to the holder s continued employment through the Second Tranche Vesting Date; further provided; however, that in the event the holder s employment is terminated with Good Reason (as defined below) or without Cause (as defined in the Company s 2003 Incentive Compensation Plan) prior to the Second Tranche Vesting Date, the holder s Converted Second Tranche RSUs shall immediately vest and settle upon the date of such holder s termination of employment.

(iii) Each Company Restricted Share that is outstanding immediately prior to the Effective Time shall vest in full immediately prior to the Effective Time and shall be converted into the right to receive the Merger Consideration in accordance with Section 2.01(iii);

(iv) Each Annual Incentive Company RSU award in respect of the performance year in which the Closing Date occurs shall, immediately prior to the Effective Time, be converted into a right to receive a cash payment equal to the product of (A) the number of shares of Company Common Stock that are earned under such Annual Incentive Company RSU award based on the actual achievement of the applicable performance measures as of the Effective Time, as determined in accordance with the terms and conditions of the Company s Annual Incentive Plan for the applicable performance year, with such performance measures pro-rated for the portion of such performance year in which the Closing Date occurs, multiplied by (B) the sum of (x) the Cash Consideration plus (y) twenty-five percent (25%) of the closing price per share of Parent Common Stock on the last trading day immediately preceding the Closing Date, multiplied by (C) the quotient of the number of days in the applicable performance year through the Closing Date divided by 365 (rounded to the fourth decimal point); and

(v) For the purposes of this Section 6.04(a), (A) Stock Award Exchange Ratio means the sum of (1) the Exchange Ratio plus (2) a fraction resulting from dividing the Cash Consideration by the closing price per share of Parent Common Stock on the last trading day immediately preceding the Closing Date and (B) Good Reason shall mean any of the following events or conditions, but only if the holder shall have provided written notice to the Parent within ninety (90) days of the initial existence or occurrence of such event or condition and the Parent shall have failed to cure such event or condition within thirty (30) days of its receipt of such notice: (1) a material reduction in the holder s base salary or target bonus opportunity or (2) a relocation of the holder s employment more than fifty (50) miles from the metropolitan area in which the holder s office is located at the time of resignation.

(b) provide that with respect to the Company ESPP, (A) each purchase right under the Company ESPP outstanding on the day immediately prior to the Effective Time shall be automatically suspended and any contributions made for the then-current Withholding Period (as defined in the Company ESPP) will be applied toward the purchase of Company Common Stock, effective immediately prior to the Effective Time, and each such share of Company Common Stock shall be treated in accordance with Section 2.01(iii), and (B) the Company ESPP shall terminate, effective immediately prior to the Effective Time.

(c) At the Effective Time, Parent shall assume all the obligations of the Company under the Company Stock Plans, each outstanding Converted Parent Option and Converted Second Tranche RSU and the agreements evidencing the grants thereof. As soon as practicable after the Effective Time, Parent shall deliver to the holders of Converted Parent Stock Options and Converted Second Tranche RSUs appropriate notices setting forth such holders rights, and the agreements evidencing the grants of such Converted Parent Options and Converted Second Tranche RSUs shall continue in effect on the same terms and conditions (subject to the adjustments required by this Section 6.04 after giving effect to the Merger).

(d) Parent shall take all corporate action necessary to reserve for issuance a sufficient number of shares of Parent Common Stock for delivery upon exercise or settlement of the Converted Parent Options and Converted Second Tranche RSUs in accordance with this Section 6.04. As soon as reasonably practicable, but in no event later than 10 days, after the Effective Time, Parent shall file a registration statement on Form S-8 (or any successor or other

appropriate form) with respect to the shares of Parent Common Stock subject to Converted Parent Options and Converted Second Tranche RSUs and shall use its reasonable commercial efforts to maintain the effectiveness of such registration statement or registration statements (and maintain the

current status of the prospectus or prospectuses contained therein) for so long as such Converted Parent Options and Converted Second Tranche RSUs remain outstanding.

Section 6.05. *Indemnification, Exculpation and Insurance*. (a) Parent agrees that all rights to indemnification, advancement of expenses and exculpation from liabilities for acts or omissions occurring at or prior to the Effective Time now existing in favor of the current or former directors, officers or employees of the Company and the Company Subsidiaries as provided in their respective certificates of incorporation or by-laws (or comparable organizational documents) and any indemnification or other similar agreements of the Company or any of the Company Subsidiaries, in each case as in effect on the date of this Agreement, shall continue in full force and effect in accordance with their terms. From and after the Effective Time, the Surviving Company agrees that it will indemnify and hold harmless each individual who is as of the date of this Agreement, or who becomes prior to the Effective Time, a director or officer of the Company or any of the Company Subsidiaries or who is as of the date of this Agreement, or who thereafter commences prior to the Effective Time, serving at the request of the Company of any of the Company Subsidiaries as a director or officer of another Person (the Company Indemnified Parties), against all claims, losses, liabilities, damages, judgments, inquiries, fines and reasonable fees, costs and expenses, including attorneys fees and disbursements, incurred in connection with any claim, action, suit or proceeding, whether civil, criminal, administrative or investigative (including with respect to matters existing or occurring at or prior to the Effective Time (including this Agreement and the transactions and actions contemplated hereby)), arising out of or pertaining to the fact that the Company Indemnified Party is or was an officer or director of the Company or any Company Subsidiary or is or was serving at the request of the Company or any Company Subsidiary as a director or officer of another Person, whether asserted or claimed prior to, at or after the Effective Time, to the fullest extent permitted under applicable Law. In the event of any such claim, action, suit or proceeding, (x) each the Company Indemnified Party will be entitled to advancement of expenses incurred in the defense of any such claim, action, suit or proceeding from the Surviving Company within ten Business Days of receipt by the Surviving Company from the Company Indemnified Party of a request therefor; provided that any person to whom expenses are advanced provides an undertaking, if and only to the extent required by the DGCL or the Surviving Company s certificate of incorporation or by-laws, to repay such advances if it is ultimately determined that such person is not entitled to indemnification and (y) the Surviving Company shall cooperate in the defense of any such matter.

(b) In the event that the Surviving Company or any of its successors or assigns (i) consolidates with or merges into any other Person and is not the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers or conveys all or substantially all of its properties and assets to any Person, then, and in each such case, the Surviving Company shall cause proper provision to be made so that the successors and assigns of the Surviving Company assume the obligations set forth in this Section 6.05.

(c) For a period of six years from and after the Effective Time, the Surviving Company shall either cause to be maintained in effect the current policies of directors and officers liability insurance and fiduciary liability insurance maintained by the Company or its Subsidiaries or provide substitute polices for the Company and its current and former directors and officers who are currently covered by the directors and officers and fiduciary liability insurance coverage currently maintained by the Company in either case, of not less than the existing coverage and have other terms not less favorable to the insured persons than the directors and officers liability insurance and fiduciary liability insurance coverage currently maintained by the Company with respect to claims arising from facts or events that occurred on or before the Effective Time, except that in no event shall the Surviving Company be required to pay with respect to such insurance policies in respect of any one policy year more than 300% of the annual premium payable by the Company for such insurance for the year ending December 31, 2010 (the Maximum Amount), and if the Surviving Company is unable to obtain the insurance required by this Section 6.05 it shall obtain as much comparable insurance as possible for the years within such six-year period for an annual premium equal to the Maximum Amount, in respect of each policy year within such period. In lieu of such insurance, prior to the Closing Date the Company may, with the prior written consent of Parent, purchase a tail directors and officers liability insurance policy and fiduciary liability

insurance policy for the Company and its current and former directors and officers who are currently covered by the directors and officers and fiduciary liability insurance coverage

Table of Contents

currently maintained by the Company, such tail to provide coverage in an amount not less than the existing coverage and to have other terms not less favorable to the insured persons than the directors and officers liability insurance and fiduciary liability insurance coverage currently maintained by the Company with respect to claims arising from facts or events that occurred on or before the Effective Time. In the event the Company purchases such tail coverage, the Surviving Company shall cease to have any obligations under the first sentence of this Section 6.05(c). The Surviving Company shall maintain such policies in full force and effect, and continue to honor the obligations thereunder.

(d) The provisions of this Section 6.05 (i) shall survive consummation of the Merger, (ii) are intended to be for the benefit of, and will be enforceable by, each indemnified or insured party (including the Company Indemnified Parties), his or her heirs and his or her representatives and (iii) are in addition to, and not in substitution for, any other rights to indemnification or contribution that any such Person may have by contract or otherwise.

(e) From and after the Effective Time, Parent shall guarantee the prompt payment of the obligations of the Surviving Company and the Company Subsidiaries under Section 6.05(a).

Section 6.06. *Fees and Expenses*. (a) Except as provided below, all fees and expenses incurred in connection with the Merger and the other transactions contemplated by this Agreement shall be paid by the party incurring such fees or expenses, whether or not such transactions are consummated.

(b) The Company shall pay to Parent a fee of $85,000,000 (the Termination Fee) if:

(i) Parent terminates this Agreement pursuant to Section 8.01(e); provided that if either the Company or Parent terminates this Agreement pursuant to Section 8.01(b)(iii) at any time after Parent would have been permitted to terminate this Agreement pursuant to Section 8.01(e), this Agreement shall be deemed terminated pursuant to Section 8.01(e) for purposes of this Section 6.06(b)(i);

(ii) Parent terminates this Agreement pursuant to Section 8.01(d) as a result of a breach by the Company of, or failure by the Company to perform, the Company s obligations under Section 6.01(d), if such breach shall have occurred or continued after a Takeover Proposal shall have been made to the Company or shall have been made directly to the stockholders of the Company generally or shall otherwise become publicly known or any Person shall have publicly announced an intention (whether or not conditional) to make a Takeover Proposal; or

(iii) (A) prior to the Company Stockholders Meeting, (1) a Takeover Proposal shall have been made to the Company and not withdrawn or shall have been made directly to the stockholders of the Company generally and not withdrawn or shall otherwise become publicly known or any Person shall have publicly announced an intention (whether or not conditional) to make a Takeover Proposal not subsequently withdrawn, or (2) a Takeover Proposal shall have been made to the Company which is withdrawn or shall have been made directly to the stockholders of the Company generally and is withdrawn or shall otherwise become publicly known or any Person shall have publicly announced an intention (whether or not conditional) to make a Takeover Proposal which is subsequently withdrawn, (B) this Agreement is terminated pursuant to Section 8.01(b)(i) prior to the Company Stockholders Meeting or Section 8.01(b)(iii) and (C) within 12 months of such termination, (x) in the case of clause (A)(1) of this Section 6.06(b)(iii), the Company enters into a definitive Contract to consummate a Takeover Proposal or a Takeover Proposal is consummated or (y) in the case of clause (A)(2) of this Section 6.06(b)(iii), the Company enters into a definitive Contract to consummate a Takeover Proposal with the Person making the Takeover Proposal that was withdrawn (or any Affiliate of such Person) or any Takeover Proposal with the Person making the Takeover Proposal that was withdrawn (or any Affiliate of such Person) is consummated, provided, however, that solely for this Section 6.06(b)(iii), all references to 20% in the definition of Takeover Proposal shall be deemed to be references to 50.1%.

Any Termination Fee due under this Section 6.06(b) shall be paid by wire transfer of same-day funds (x) in the case of clause (i) or (ii) above, on the Business Day immediately following the date of termination of this Agreement and (y) in the case of clause (iii) above, on the date of the first to occur of the events referred to in clause (iii)(C) above.

Table of Contents

(c) The Company acknowledges and agrees that the agreements contained in Section 6.06(b) are an integral part of the transactions contemplated by this Agreement, and that, without these agreements, Parent would not enter into this Agreement. Accordingly, if the Company fails promptly to pay the amount due pursuant to Section 6.06(b), and, in order to obtain such payment, Parent commences a suit, action or other proceeding that results in a Judgment in its favor for such payment, the Company shall pay to Parent its costs and expenses (including attorneys fees and expenses) in connection with such suit, action or other proceeding, together with interest on the amount of such payment from the date such payment was required to be made until the date of payment at the prime rate of BankAmerica in effect on the date such payment was required to be made. In no event shall the Company be obligated to pay more than one termination fee.

Section 6.07. *Transaction Litigation*. The Company shall give Parent the opportunity to participate in the defense or settlement of any stockholder litigation against the Company and/or its directors relating to the Merger and the other transactions contemplated by this Agreement, and no such settlement shall be agreed to without the prior written consent of Parent, which consent shall not be unreasonably withheld, conditioned or delayed. Without limiting in any way the parties obligations under Section 6.03, the Company shall cooperate, shall cause the Company Subsidiaries to cooperate, and shall use its reasonable best efforts to cause its directors, officers, employees, agents, legal counsel, financial advisors, independent auditors, and other advisors and representatives to cooperate in the defense against such litigation.

Section 6.08. *Section 16 Matters*. Prior to the Effective Time, the Company, Parent and Merger Sub each shall take all such steps as may be required to cause (a) any dispositions of Company Common Stock (including derivative securities with respect to Company Common Stock) resulting from the Merger and the other transactions contemplated by this Agreement by each individual who will be subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to the Company immediately prior to the Effective Time to be exempt under Rule 16b-3 promulgated under the Exchange Act and (b) any acquisitions of Parent Common Stock (including derivative securities with respect to Parent Common Stock) resulting from the Merger and the other transactions contemplated by this Agreement, by each individual who may become or is reasonably expected to become subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to Parent to be exempt under Rule 16b-3 promulgated under the Exchange Act.

Section 6.09. *Financing*. (a) Parent shall use reasonable best efforts to obtain the Financing on the terms and conditions described in the Commitment Letter (provided that Parent may amend the Commitment Letter to add lenders, lead arrangers, bookrunners, syndication agents or similar entities or otherwise replace or amend the Commitment Letter so long as such action would not reasonably be expected to delay or prevent the Closing). In the event that Parent becomes aware that any portion of the Financing is unavailable in the manner or from the sources contemplated in the Commitment Letter, Parent shall use its reasonable best efforts to obtain alternative financing for such unavailable portion from alternative sources.

(b) The Company shall provide, shall cause the Company Subsidiaries to provide, and shall use its reasonable best efforts to cause its and their Representatives to provide, (i) such reasonable cooperation in connection with the arrangement of the Financing as may be reasonably requested by Parent, including participating in meetings, roadshows and presentations, cooperating with marketing efforts, providing information, documents, opinions and certificates, entering into agreements, and other actions that are or may be customary in connection with the Financing or necessary to permit Parent to fulfill conditions or obligations under the Commitment Letter and related fee letters and (ii) such customary information as any arranger of the Financing may reasonably request in connection with the arrangement of the Financing; provided that none of the Company or any of the Company Subsidiaries shall be required to pay any commitment or other similar fee or enter into any definitive agreement or incur any other liability in connection with the Financing; provided further that the Company, each Company Subsidiary and their respective Representatives shall be fully and unconditionally released from any agreement entered into in connection with the

Financing if this Agreement is terminated.

(c) At the request of Parent, the Company shall, and shall cause the Company Subsidiaries to, promptly take such actions in respect of (i) the Company Convertible Notes and (ii) the existing credit facilities of the Company and the Company Subsidiaries, in each case as directed by and in accordance with the terms and conditions specified in writing by Parent, which actions shall not be inconsistent with the terms of the Company

Convertible Notes or existing credit facilities, and the Company shall consult with Parent before taking any action with respect to any of the foregoing; provided, however, that, prior to the Effective Date, the Company shall not be required to incur any material amount of out-of-pocket expenses as a result of actions requested by Parent under this Section 6.09 unless Parent shall have agreed to reimburse the Company for such out-of-pocket expenses; and provided, further, that the Company shall not be required pursuant to this Section 6.09 to commit to or effect any action that is not conditioned upon the consummation of the Merger and that would or would reasonably be expected to expose the Company to material liability or expense if the Merger fails to occur. All actions, notices, announcements and other documentation related to the Company Convertible Notes as well as whether the Company settles any conversion obligations with respect to the Company Convertible Notes in whole or in part in Company Common Stock or in cash shall be subject to Parent s prior written approval, such approval not to be unreasonably withheld; provided that Parent shall instruct the Company to settle its conversion obligations in Company Common Stock or cash, or a combination thereof, within the time contemplated by the indenture governing the Company Convertible Notes for settlement.

(d) All non-public or otherwise confidential information regarding either party obtained by the other party pursuant to this Section 6.09 shall be kept confidential in accordance with the Confidentiality Agreement; provided, however, that Parent and its Representatives shall be permitted to disclose information as necessary and consistent with customary practices in connection with the Financing subject to customary confidentiality arrangements.

Section 6.10. *Public Announcements*. Except with respect to any Adverse Recommendation Change made in accordance with the terms of this Agreement, Parent and the Company shall consult with each other before issuing, and give each other the opportunity to review and comment upon, any press release or other public statements with respect to the transactions contemplated by this Agreement, including the Merger, and shall not issue any such press release or make any such public statement prior to such consultation, except as such party may reasonably conclude may be required by applicable Law, court process or by obligations pursuant to any listing agreement with any national securities exchange or national securities quotation system. The Company and Parent agree that the initial press release to be issued with respect to the transactions contemplated by this Agreement shall be in the form heretofore agreed to by the parties.

Section 6.11. *Stock Exchange Listing*. Parent shall use its reasonable best efforts to cause the shares of Parent Common Stock to be issued in the Merger to be approved for listing on the NYSE, subject to official notice of issuance, prior to the Closing Date.

Section 6.12. *Employee Matters*. (a) For a period of not less than 12 months following the Effective Time, the employees of the Company and the Company Subsidiaries who remain in the employment of Parent and the Parent Subsidiaries (the Continuing Employees) shall receive compensation that is substantially comparable in the aggregate to the compensation provided to such employees of the Company and the Company Subsidiaries immediately prior to the Effective Time and benefits that are substantially comparable in the aggregate either to the benefits provided to such employees immediately prior to the Effective Time or to the benefits provided to similarly situated employees of Parent. Notwithstanding Section 6.04(a)(iv), Parent will establish a new bonus plan for Continuing Employees for the remaining portion of the calendar year during which the Closing Date occurs, upon terms and conditions that are substantially similar to the Company s 2011 Annual Incentive Plan; provided, however, that all payments under the new bonus plan shall be made in cash.

(b) With respect to any employee benefit plan maintained by Parent or any of the Parent Subsidiaries in which Continuing Employees and their eligible dependents will be eligible to participate from and after the Effective Time, for purposes of determining eligibility to participate, level of benefits including benefit accruals (other than benefit accruals and early retirement subsidies under any defined benefit pension plan) and vesting, service recognized by the Company and any Company Subsidiary immediately prior to the Effective Time shall be treated as service with Parent

or the Parent Subsidiaries; provided, however, that, notwithstanding that the Company service shall be recognized by Parent benefit plans in accordance with the forgoing, the date of initial participation of each Continuing Employee in any Parent benefit plan shall be no earlier than the Effective Time; further provided, however, that such service need not be recognized (i) under

any retiree medical plan or program of Parent or (ii) to the extent that (A) the applicable Company Benefit Plan did not recognize such service or (B) such recognition would result in any duplication of benefits.

(c) Except as otherwise set forth in this Section 6.12, (i) nothing contained herein shall be construed as requiring, and the Company shall take no action that would have the effect of requiring, Parent to continue any specific plans or to continue the employment, or any changes to the terms and conditions of the employment, of any specific person and (ii) no provision of this Agreement shall be construed as prohibiting or limiting the ability of Parent to amend, modify or terminate, pursuant to their specific terms, any employee benefit plans, programs, policies, arrangements, agreements or understandings of Parent or the Company. Without limiting the scope of Section 9.07, nothing in this Section 6.12 shall confer any rights or remedies of any kind or description upon any Continuing Employee or any other person other than the parties hereto and their respective successors and assigns.

(d) With respect to any welfare plan maintained by Parent or any Parent Subsidiary in which Continuing Employees are eligible to participate after the Effective Time, Parent or such Parent Subsidiary shall (i) waive all limitations as to preexisting conditions and exclusions with respect to participation and coverage requirements applicable to such employees to the extent such conditions and exclusions were satisfied or did not apply to such employees under the analogous welfare plans of the Company and the Company Subsidiaries prior to the Effective Time and (ii) provide each Continuing Employee with credit for any co-payments and deductibles paid and for out-of-pocket maximums incurred prior to the Effective Time and during the portion of the plan year of the applicable the Company welfare plan ending at the Effective Time, in satisfying any analogous deductible or out-of-pocket requirements to the extent applicable under any such plan.

(e) Without limiting the generality of Section 6.12, from and after the Effective Time, Parent shall assume and honor, or shall cause to be assumed and honored, all employment, change in control and severance agreements between the Company and any Continuing Employee as in effect at the Effective Time and as set forth on Section 4.10(a) of the Company Disclosure Schedule, including with respect to any payments, benefits or rights arising as a result of the transactions contemplated by this Agreement (either alone or in combination with any other event), pursuant to the terms thereof, including respecting any limitations as to amendment or modification included in such agreements.

(f) Without limiting the generality of Section 6.12, Parent shall assume, honor and continue, or shall cause to be assumed, honored and continued, for the benefit of all Continuing Employees, (i) the Company Severance Plan for a period of not less than 12 months following the Effective Time and (ii) the Company Paid Time Off (PTO) Policy through the later to occur of (i) the end of the calendar year in which the Effective Time occurs or (ii) December 31, 2011.

(g) Nothing herein, expressed or implied, is intended or shall be construed to constitute an amendment to any Parent Benefit Plan or Company Benefit Plan or any other compensation or benefits plan maintained for or provided to employees, directors or consultants of Parent or the Company prior to or following the Effective Time.

(h) Each of Parent and the Company agrees that, for purposes of each Company Benefit Plan, the transactions contemplated by the Agreement shall constitute a change in control, change of control or corporate change, as applicable.

Section 6.13. *Control of Operations*. Nothing contained in this Agreement shall give Parent or the Company, directly or indirectly, the right to control or direct the other party s operations prior to the Effective Time.

Table of Contents

ARTICLE VII

Conditions Precedent

Section 7.01. *Conditions to Each Party s Obligation to Effect the Merger*. The respective obligation of each party to effect the Merger is subject to the satisfaction or waiver on or prior to the Closing Date of the following conditions:

(a) *Stockholder Approval*. The Company Stockholder Approval shall have been obtained.

(b) *Listing*. The shares of Parent Common Stock issuable as Stock Consideration pursuant to this Agreement shall have been approved for listing on the NYSE, subject to official notice of issuance.

(c) *Certain Antitrust Approvals*. (i) Any waiting period (and any extension thereof) applicable to the Merger under the HSR Act shall have been terminated or shall have expired and (ii) any and all Consents, if any, required to be obtained under the Indian Competition Law in connection with the consummation of the Merger and the transactions contemplated by this Agreement shall have been obtained.

(d) *FCC Approvals*. Any and all authorizations required to be obtained from the FCC in connection with the consummation of the Merger shall have been obtained; provided that in the event that after the time of the receipt of any authorization required to be obtained from the FCC and prior to the Closing Date, (i) any request for a stay or any similar request is pending, any stay is in effect, the action or decision has been vacated, reversed, set aside, annulled or suspended and any deadline for filing such a request that may be designated by statute or regulation has not passed, (ii) any petition for rehearing or reconsideration or application for review is pending and the time for the filings of any such petition or application has not passed, (iii) any Governmental Entity has undertaken to reconsider the action on its own motion and the deadline within which it may effect such reconsideration has not passed or (iv) any appeal is pending (including other administrative or judicial review) or in effect and any deadline for filing any such appeal that may be specified by statute or rule has not passed, then, such FCC authorization shall not be deemed to have been obtained for purposes of this Section 7.01(d) if both Parent and the Company agree, but only for so long as any of the events set forth in clauses (i), (ii), (iii) or (iv) above exist or, upon the agreement of both Parent and the Company, earlier.

(e) *Other Approvals*. Other than the authorizations, filings and Consents provided for by Sections 1.03, 7.01(c) and 7.01(d), all Consents, if any, required to be obtained (i) under any foreign antitrust, competition or similar Laws or (ii) from or of any Governmental Entity, in each case in connection with the consummation of the Merger and the transactions contemplated by this Agreement, shall have been obtained, except for those, the failure of which to be obtained, individually or in the aggregate, would not reasonably be expected to (x) have a Substantial Detriment or (y) provide a reasonable basis to conclude that the Company, Parent or Merger Sub or any of their Affiliates or any of their respective officers or directors, as applicable, would be subject to the risk of criminal liability.

(f) *No Legal Restraints*. No applicable Law and no Judgment, preliminary, temporary or permanent, or other legal restraint or prohibition and no binding order or determination by any Governmental Entity (collectively, the Legal Restraints) shall be in effect, and no suit, action or other proceeding shall have been instituted by any Governmental Entity and remain pending which is reasonably likely to result in a Legal Restraint, in each case, that prevents, makes illegal, or prohibits the consummation of the Merger or that is reasonably likely to result, directly or indirectly, in (i) any prohibition or limitation on the ownership or operation by the Company, Parent or any of their respective Subsidiaries of any portion of the business, properties or assets of the Company, Parent or any of their respective Subsidiaries, (ii) the Company, Parent or any of their respective Subsidiaries being compelled to dispose of or hold separate any portion of the business, properties or assets of the Company, Parent or any of their respective Subsidiaries, in each case as a result of the Merger, (iii) any prohibition or limitation on the ability of Parent to acquire

or hold, or exercise full right of ownership of, any shares of the capital stock of the Company Subsidiaries, including the right to vote or (iv) any prohibition or limitation on Parent effectively controlling the business or operations of the Company and the Company

Table of Contents

Subsidiaries; which, in the case of each of clauses (i)-(iv), would reasonably be expected to have a Substantial Detriment.

(g) *Form S-4*. The Form S-4 shall have become effective under the Securities Act and shall not be the subject of any stop order or proceedings seeking a stop order, and Parent shall have received all state securities or blue sky authorizations necessary for the issuance of the Stock Consideration.

Section 7.02. *Conditions to Obligations of the Company*. The obligations of the Company to consummate the Merger are further subject to the following conditions:

(a) *Representations and Warranties*. The representations and warranties of Parent and Merger Sub contained in this Agreement (except for the representations and warranties contained in Sections 3.01, 3.03(a) and 3.04(a) and the first sentence of Section 3.08) shall be true and correct (without giving effect to any limitation as to materiality or Parent Material Adverse Effect set forth therein) at and as of the date of this Agreement and at and as of the Closing Date as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such earlier date), except where the failure of such representations and warranties to be true and correct (without giving effect to any limitation as to materiality or Parent Material Adverse Effect set forth therein), individually or in the aggregate, has not had and would not reasonably be expected to have a Parent Material Adverse Effect (it being agreed that with respect to any representation or warranty with respect to which effects resulting from or arising in connection with the matters set forth in clause (iv) of the definition of the term Material Adverse Effect are not excluded in determining whether a Parent Material Adverse Effect has occurred or would reasonably be expected to occur, such effects shall similarly not be excluded for purposes of this Section 7.02(a)), the representations and warranties of Parent and Merger Sub contained in Sections 3.01, 3.03(a) and 3.04(a) shall be true and correct in all material respects at and as of the date of this Agreement and at and as of the Closing Date as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such earlier date) and the representations and warranties of Parent and Merger Sub contained in the first sentence of Section 3.08 shall be true and correct in all respects at and as of the date of this Agreement and at and as of the Closing Date as if made at and as of such time. The Company shall have received a certificate signed on behalf of each of Parent and Merger Sub by an executive officer of each of Parent and Merger Sub, respectively, to such effect.

(b) *Performance of Obligations of Parent and Merger Sub*. Parent and Merger Sub shall have performed in all material respects all material obligations required to be performed by them under this Agreement at or prior to the Closing Date, and the Company shall have received a certificate signed on behalf of each of Parent and Merger Sub by an executive officer of each of Parent and Merger Sub, respectively, to such effect.

Section 7.03. *Conditions to Obligation of Parent*. The obligation of Parent and Merger Sub to consummate the Merger is further subject to the following conditions:

(a) *Representations and Warranties*. The representations and warranties of the Company contained in this Agreement (except for the representations and warranties contained in Sections 4.01, 4.03(a) and 4.04(a) and the first sentence of Section 4.08) shall be true and correct (without giving effect to any limitation as to materiality or Company Material Adverse Effect set forth therein) at and as of the date of this Agreement and at and as of the Closing Date as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such earlier date), except where the failure of such representations and warranties to be true and correct (without giving effect to any limitation as to materiality or Company Material Adverse Effect set forth therein), individually or in the aggregate, has not had and would not reasonably be expected to have a Company Material Adverse Effect (it being agreed that with respect to any representation or warranty with respect to which effects resulting from or arising in connection with the matters set forth in clause (iv) of the definition of the term Material Adverse Effect are not excluded in determining whether a Company Material Adverse Effect has occurred or would reasonably be expected to occur, such effects

shall similarly not be excluded for purposes of this Section 7.03(a)), the representations and warranties of the Company

Table of Contents

contained in Sections 4.01, 4.03(a) and 4.04(a) shall be true and correct in all material respects at and as of the date of this Agreement and at and as of the Closing Date as if made at and as of such time (except to the extent expressly made as of an earlier date, in which case as of such earlier date) and the representations and warranties of the Company contained in the first sentence of Section 4.08 shall be true and correct in all respects at and as of the date of this Agreement and at and as of the Closing Date as if made at and as of such time. Parent shall have received a certificate signed on behalf of the Company by an executive officer of the Company to such effect.

(b) *Performance of Obligations of the Company*. The Company shall have performed in all material respects all material obligations required to be performed by it under this Agreement at or prior to the Closing Date, and Parent shall have received a certificate signed on behalf of the Company by an executive officer of the Company to such effect.

ARTICLE VIII

Termination, Amendment and Waiver

Section 8.01. *Termination*. This Agreement may be terminated at any time prior to the Effective Time, whether before or after receipt of the Company Stockholder Approval:

(a) by mutual written consent of the Company and Parent;

(b) by either the Company or Parent:

(i) if the Merger is not consummated on or before the End Date. The End Date shall mean January 31, 2012; provided that if by the End Date, any of the conditions set forth in Section 7.01(c), (d), (e), or (f) shall not have been satisfied but the condition set forth in Section 7.01(a) shall have been satisfied, the End Date may be extended for one or more periods of up to 60 days per extension by either Parent or the Company, in its discretion, up to an aggregate extension of 3 months from the first End Date (in which case any references to the End Date herein shall mean the End Date as extended); provided, further, that if the condition set forth in Section 7.01(d) shall not have been satisfied solely by reason that any authorization required to be obtained by the FCC has been obtained but Parent and the Company have deemed that such authorization has not been obtained pursuant to such Section 7.01(d), the right to terminate this Agreement under this Section 8.01(b)(i) shall not be available to any party prior to the 60th day after Parent and the Company have deemed that such authorization of the FCC has not been obtained; provided, however, that the right to extend or terminate this Agreement under this Section 8.01(b)(i) shall not be available to any party if such failure of the Merger to occur on or before the End Date is a proximate result of a willful breach of this Agreement by such party (including, in the case of Parent, Merger Sub);

(ii) if the condition set forth in Section 7.01(f) is not satisfied and the Legal Restraint giving rise to such non-satisfaction shall have become final and non-appealable; provided that the terminating party shall have complied with its obligations pursuant to Section 6.03; or

(iii) if the Company Stockholder Approval is not obtained at the Company Stockholders Meeting duly convened (unless such the Company Stockholders Meeting has been adjourned, in which case at the final adjournment thereof);

(c) by the Company, if Parent or Merger Sub breaches or fails to perform any of its covenants or agreements contained in this Agreement, or if any of the representations or warranties of Parent or Merger Sub contained herein fails to be true and correct, which breach or failure (i) would give rise to the failure of a condition set forth in Section 7.02(a) or 7.02(b) and (ii) is not reasonably capable of being cured by the End Date or, if reasonably capable of being cured, Parent or Merger Sub, as the case may be, does not diligently attempt, or ceases to diligently attempt, to cure such

breach or failure after receiving written notice from the Company;

Table of Contents

(d) by Parent, if the Company breaches or fails to perform any of its covenants or agreements contained in this Agreement, or if any of the representations or warranties of the Company contained herein fails to be true and correct, which breach or failure (i) would give rise to the failure of a condition set forth in Section 7.03(a) or 7.03(b) and (ii) is not reasonably capable of being cured by the End Date or, if reasonably capable of being cured, the Company does not diligently attempt, or ceases to diligently attempt, to cure such breach or failure after receiving written notice from Parent; or

(e) by Parent, in the event that an Adverse Recommendation Change shall have occurred; provided that Parent shall no longer be entitled to terminate this Agreement pursuant to this Section 8.01(e) if the Company Stockholder Approval has been obtained at the Company Stockholders Meeting.

Section 8.02. *Effect of Termination*. In the event of termination of this Agreement by either Parent or the Company as provided in Section 8.01, this Agreement shall forthwith become void and have no effect, without any liability or obligation on the part of the Company, Parent or Merger Sub, other than the last sentence of Section 6.02, Section 6.06, this Section 8.02 and Article IX, which provisions shall survive such termination, and no such termination shall relieve any party from any liability for any statement, act or failure to act by such party that it intended to be a misrepresentation or a breach of any covenant or agreement set forth in this Agreement.

Section 8.03. *Amendment*. This Agreement may be amended by the parties at any time before or after receipt of the Company Stockholder Approval; provided, however, that (i) after receipt of the Company Stockholder Approval, there shall be made no amendment that by Law requires further approval by the stockholders of the Company without the further approval of such stockholders, and (ii) except as provided above, no amendment of this Agreement shall be submitted to be approved by the stockholders of the Company unless required by Law. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties.

Section 8.04. *Extension; Waiver*. At any time prior to the Effective Time, the parties may (a) extend the time for the performance of any of the obligations or other acts of the other parties, (b) waive any inaccuracies in the representations and warranties contained in this Agreement or in any document delivered pursuant to this Agreement, (c) waive compliance with any covenants and agreements contained in this Agreement or (d) waive the satisfaction of any of the conditions contained in this Agreement. No extension or waiver by the Company shall require the approval of the stockholders of the Company unless such approval is required by Law. Any agreement on the part of a party to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party. The failure of any party to this Agreement to assert any of its rights under this Agreement or otherwise shall not constitute a waiver of such rights.

Section 8.05. *Procedure for Termination, Amendment, Extension or Waiver*. A termination of this Agreement pursuant to Section 8.01, an amendment of this Agreement pursuant to Section 8.03 or an extension or waiver pursuant to Section 8.04 shall, in order to be effective, require, in the case of the Company, Parent or Merger Sub, action by its Board of Directors or the duly authorized designee thereof. Termination of this Agreement prior to the Effective Time shall not require the approval of the shareholders of Parent or the stockholders of the Company.

ARTICLE IX

General Provisions

Section 9.01. *Nonsurvival of Representations and Warranties*. None of the representations and warranties in this Agreement or in any instrument delivered pursuant to this Agreement shall survive the Effective Time. This Section 9.01 shall not limit Section 8.02 or any covenant or agreement of the parties which by its terms contemplates performance after the Effective Time.

Table of Contents

Section 9.02. *Notices*. All notices, requests, claims, demands and other communications under this Agreement shall be in writing and shall be deemed given upon receipt by the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) if to the Company, to:

SAVVIS, Inc.
1 Savvis Parkway
Town & Country, Missouri 63017
Phone: (314) 628-7000
Facsimile: (314) 628-7540

Attention: General Counsel

with a copy (which shall not constitute notice) to:

Wilson Sonsini Goodrich & Rosati, Professional Corporation
650 Page Mill Road
Palo Alto, California 94304
Phone: (650) 493-9300
Facsimile: (650) 493-6811

Attention: Larry W. Sonsini

(b) if to Parent or Merger Sub, to:

CenturyLink, Inc.
100 CenturyLink Drive
Monroe, Louisiana 71203
Phone: (318) 388-9000
Facsimile: (318) 388-9488

Attention: General Counsel

with a copy (which shall not constitute notice) to:

Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, New York 10019
Phone: (212) 403-1000
Facsimile: (212) 403-2000

Attention: Eric S. Robinson

Section 9.03. *Definitions*. For purposes of this Agreement:

Annual Incentive Company RSU means any Restricted Stock Unit granted pursuant to the Company s 2011 Annual Incentive Plan.

An *Affiliate* of any Person means another Person that directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such first Person.

Business Day means any day other than (i) a Saturday or a Sunday or (ii) a day on which banking and savings and loan institutions are authorized or required by Law to be closed in New York City, the State of Missouri or the State of Louisiana.

Code means the Internal Revenue Code of 1986, as amended.

Combined Company means the Company, the Company Subsidiaries, Parent and the Parent Subsidiaries, taken as a whole, combined in the manner currently intended by the parties.

Communications Act means the Communications Act of 1934, as amended.

Table of Contents

Company Material Adverse Effect means a Material Adverse Effect with respect to the Company.

Company Restricted Shares means any award of Company Common Stock that is subject to restrictions based on performance or continuing service and granted under any Company Stock Plan.

Company Stock Option means any option to purchase Company Common Stock granted under any Company Stock Plan.

Company Stock Plans means each Company Benefit Plan that provides for the award of rights of any kind to receive shares of Company Common Stock or benefits measured in whole or in part by reference to shares of Company Common Stock, including the 1999 Stock Option Plan, the 2003 Incentive Compensation Plan and the 2011 Omnibus Incentive Plan.

Controlled Group Liability means any and all liabilities (i) under Title IV of ERISA, (ii) under section 302 of ERISA, (iii) under sections 412 and 4971 of the Code, (iv) as a result of a failure to comply with the continuation coverage requirements of section 601 et seq. of ERISA and section 4980B of the Code, and (v) under corresponding or similar provisions of foreign laws or regulations, other than such liabilities that arise solely out of, or relate solely to, the Company Benefit Plans, including Company Pension Plans.

ERISA Affiliate means, with respect to any entity, trade or business, any other entity, trade or business that is a member of a group described in Section 414(b), (c), (m) or (o) of the Code or Section 4001(b)(1) of ERISA that includes the first entity, trade or business, or that is a member of the same controlled group as the first entity, trade or business pursuant to Section 4001(a)(14) of ERISA.

Indebtedness means, with respect to any Person, without duplication, (i) all obligations of such Person for borrowed money, or with respect to deposits or advances of any kind to such Person, (ii) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (iii) all capitalized lease obligations of such Person or obligations of such Person to pay the deferred and unpaid purchase price of property and equipment, (iv) all obligations of such Person pursuant to securitization or factoring programs or arrangements, (v) all guarantees and arrangements having the economic effect of a guarantee of such Person of any Indebtedness of any other Person, (v) all obligations or undertakings of such Person to maintain or cause to be maintained the financial position or covenants of others or to purchase the obligations or property of others, (vi) net cash payment obligations of such Person under swaps, options, derivatives and other hedging agreements or arrangements that will be payable upon termination thereof (assuming they were terminated on the date of determination), or (vii) letters of credit, bank guarantees, and other similar contractual obligations entered into by or on behalf of such Person.

Intellectual Property License means (A) any grant (or covenant not to assert) by the Company or any Company Subsidiary to another Person of or regarding any right relating to or under the Company Intellectual Property (other than a sale of all rights of ownership), and (B) any grant (or covenant not to assert) by another Person to the Company or any Subsidiary of or regarding any right relating to or under any third Person s Intellectual Property Rights (other than a sale of all rights of ownership).

The *Knowledge* of any Person that is not an individual means, with respect to any matter in question, the actual knowledge of such Person s executive officers after making due inquiry.

Material Adverse Effect with respect to any Person means any fact, circumstance, effect, change, event or development that materially adversely affects the business, properties, financial condition or results of operations of such Person and its Subsidiaries, taken as a whole, excluding any effect to the extent that it results from or arises out of (i) changes or conditions generally affecting the industries in which such Person and any of its Subsidiaries operate,

except if such effect has a materially disproportionate effect on such Person and its Subsidiaries, taken as a whole, relative to others in such industries, (ii) general economic or political conditions or securities, credit, financial or other capital markets conditions, in each case in the United States or any foreign jurisdiction, except if such effect has a materially disproportionate effect on such Person and its Subsidiaries, taken as a whole, relative to

others in the industries in which such Person and any of its Subsidiaries operate, (iii) any failure, in and of itself, by such Person to meet any internal or published projections, forecasts, estimates or predictions in respect of revenues, earnings or other financial or operating metrics for any period (it being understood that the facts or occurrences giving rise to or contributing to such failure may be deemed to constitute, or be taken into account in determining whether there has been or will be, a Material Adverse Effect), (iv) the execution and delivery of this Agreement or the public announcement or pendency of the Merger or any of the other transactions contemplated by this Agreement, including the impact thereof on the relationships, contractual or otherwise, of such Person or any of its Subsidiaries with employees, labor unions, customers, suppliers or partners, (v) any change, in and of itself, in the market price or trading volume of such Person s securities (it being understood that the facts or occurrences giving rise to or contributing to such change may be deemed to constitute, or be taken into account in determining whether there has been or will be, a Material Adverse Effect), (vi) any change in applicable Law, regulation or GAAP (or authoritative interpretation thereof), except if such effect has a materially disproportionate effect on such Person and its Subsidiaries, taken as a whole, relative to others in the industries in which such Person and any of its Subsidiaries operate, (vii) geopolitical conditions, the outbreak or escalation of hostilities, any acts of war, sabotage or terrorism, or any escalation or worsening of any such acts of war, sabotage or terrorism threatened or underway as of the date of this Agreement, except if such effect has a materially disproportionate effect on such Person and its Subsidiaries, taken as a whole, relative to others in the industries in which such Person and any of its Subsidiaries operate or (viii) any hurricane, tornado, flood, earthquake or other natural disaster, except if such effect has a materially disproportionate effect on such Person and its Subsidiaries, taken as a whole, relative to others in the industries in which such Person and any of its Subsidiaries operate.

Parent Material Adverse Effect means a Material Adverse Effect with respect to Parent.

Parent Restricted Share means any award of Parent Common Stock that is subject to restrictions based on performance or continuing service and granted under any Parent Stock Plan.

Parent RSU means any award of the right to receive Parent Common Stock that is subject to restrictions based on performance or continuing service and granted under any Parent Stock Plan.

Parent Stock Option means any option to purchase Parent Common Stock granted under any Parent Stock Plan.

Parent Stock Plan means each Parent Benefit Plan that provides for the award of rights of any kind to receive shares of Parent Common Stock or benefits measured in whole or in part by reference to shares of Parent Common Stock, including the Amended and Restated Legacy Ebony 2008 Equity Incentive Plan, the Ebony 2006 Equity Incentive Plan, the Amended and Restated 2005 Management Incentive Compensation Plan, the Amended and Restated 2005 Directors Stock Plan, the Amended and Restated 2002 Management Incentive Compensation Plan, the Amended and Restated 2002 Directors Stock Option Plan, the Amended and Restated 2000 Incentive Compensation Plan, the 1995 Incentive Compensation Plan and the Amended and Restated 1983 Restricted Stock Plan.

Person means any natural person, firm, corporation, partnership, company, limited liability company, trust, joint venture, association, Governmental Entity or other entity.

A *Subsidiary* of any Person means another Person, an amount of the voting securities, other voting ownership or voting partnership interests of which is sufficient to elect at least a majority of its Board of Directors or other governing person or body (or, if there are no such voting interests, more than 50% of the equity interests of which) is owned directly or indirectly by such first Person.

Substantial Detriment means an effect on any division, Subsidiary, interest, business, product line, asset, property or results of operations of Parent and/or the Company and/or the Combined Company if such effect (after giving effect to

the loss of any reasonably expected synergies or other benefits of the Merger and other transactions contemplated hereby and to the receipt of any reasonably expected proceeds of any divestiture or sale of assets) on the Company and the Company Subsidiaries, taken as a whole (including, for purposes of this determination, any effect on any division, Subsidiaries, interest,

business, product line, asset, property or results of operations of Parent and/or the Combined Company as if it were applied to a comparable amount of interest, business, product line, asset, property or results of operations of the Company) would or would reasonably be expected to result in a material adverse effect on the business, properties, financial condition or results of operations of the Company and the Company Subsidiaries, taken as a whole, or of Parent and the Parent Subsidiaries, taken as a whole (without giving effect to the Merger).

Taxes means all taxes, customs, tariffs, imposts, levies, duties, fees or other like assessments or charges of any kind imposed by a Governmental Entity, together with all interest, penalties and additions imposed with respect to such amounts.

Tax Returns means all Tax returns, declarations, statements, reports, schedules, forms and information returns, any amended Tax return and any other document filed or required to be filed relating to Taxes.

Section 9.04. *Interpretation*. When a reference is made in this Agreement to an Article, a Section or an Exhibit, such reference shall be to an Article, a Section or an Exhibit of or to this Agreement unless otherwise indicated. The table of contents, index of defined terms and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. Any capitalized term used in any Exhibit but not otherwise defined therein shall have the meaning assigned to such term in this Agreement. Whenever the words include , includes or including are used in this Agreement, they shall be deemed to be followed by the words without limitation. The words hereof , hereto , hereby , herein and hereunder and words of similar import when used in th Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. The term or is not exclusive. The word extent in the phrase to the extent shall mean the degree to which a subject or other thing extends, and such phrase shall not mean simply if. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms. Any agreement, instrument or Law defined or referred to herein means such agreement, instrument or Law as from time to time amended, modified or supplemented, unless otherwise specifically indicated. References to a Person are also to its permitted successors and assigns. Unless otherwise specifically indicated, all references to dollars and $ will be deemed references to the lawful money of the United States of America.

Section 9.05. *Severability*. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule or Law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as either the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party or such party waives its rights under this Section 9.05 with respect thereto. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner to the end that transactions contemplated hereby are fulfilled to the extent possible.

Section 9.06. *Counterparts*. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties.

Section 9.07. *Entire Agreement; No Third-Party Beneficiaries*. This Agreement, taken together with the Parent Disclosure Letter, the Company Disclosure Letter, the Confidentiality Agreement and the Voting Agreement, (a) constitutes the entire agreement, and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the Merger and the other transactions contemplated by this Agreement and (b) except for Section 6.05 and Section 9.12, is not intended to confer upon any Person other than the parties any rights or remedies.

Section 9.08. *GOVERNING LAW*. THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF DELAWARE, REGARDLESS OF THE LAWS THAT MIGHT OTHERWISE GOVERN UNDER ANY APPLICABLE PRINCIPLES OF CONFLICTS OF LAWS OF THE STATE OF DELAWARE.

Table of Contents

Section 9.09. *Assignment*. Neither this Agreement nor any of the rights, interests or obligations under this Agreement shall be assigned, in whole or in part, by operation of Law or otherwise by any of the parties without the prior written consent of the other parties; provided that the rights, interests and obligations of Merger Sub may be assigned to another direct or indirect wholly owned subsidiary of Parent. Any purported assignment without such consent shall be void. Subject to the preceding sentences, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and assigns.

Section 9.10. *Specific Enforcement*. The parties acknowledge and agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached, and that monetary damages, even if available, would not be an adequate remedy therefor. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the performance of terms and provisions of this Agreement in any court referred to in clause (a) below, without proof of actual damages (and each party hereby waives any requirement for the securing or posting of any bond in connection with such remedy), this being in addition to any other remedy to which they are entitled at law or in equity. The parties further agree not to assert that a remedy of specific enforcement is unenforceable, invalid, contrary to Law or inequitable for any reason, nor to assert that a remedy of monetary damages would provide an adequate remedy for any such breach. In addition, each of the parties hereto (a) consents to submit itself to the personal jurisdiction of any Delaware state court or any Federal court located in the State of Delaware in the event any dispute arises out of this Agreement, the Merger or any of the other transactions contemplated by this Agreement, (b) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court and (c) agrees that it will not bring any action relating to this Agreement, the Merger or any of the other transactions contemplated by this Agreement in any court other than any Delaware state court or any Federal court sitting in the State of Delaware.

Section 9.11. *Waiver of Jury Trial*. Each party hereto hereby waives, to the fullest extent permitted by applicable Law, any right it may have to a trial by jury in respect of any suit, action or other proceeding arising out of this Agreement, the Merger or any of the other transactions contemplated by this Agreement. Each party hereto (a) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such party would not, in the event of any action, suit or proceeding, seek to enforce the foregoing waiver and (b) acknowledges that it and the other parties hereto have been induced to enter into this Agreement by, among other things, the mutual waiver and certifications in this Section 9.11.

Section 9.12. *No Recourse to Lenders*. Notwithstanding any provision of this Agreement, the Company agrees on its behalf and on behalf of its Subsidiaries that none of the lenders, agents or arrangers party to the Commitment Letter nor their respective Affiliates (collectively, the Lender Related Parties) shall have any liability or obligation to the Company and its Subsidiaries relating to this Agreement or any of the transactions contemplated herein (including the Financing); provided, however, that nothing in this Section 9.12 shall in any way affect any liability or obligation of any Lender Related Party to Parent or any of its Affiliates. This Section 9.12 is intended to benefit the Lender Related Parties.

[Remainder of page left intentionally blank]

Table of Contents

IN WITNESS WHEREOF, the Company, Parent and Merger Sub have duly executed this Agreement, all as of the date first written above.

SAVVIS, INC.

By: /s/ James E. Ousley

Name: James E. Ousley

Title: Chairman & CEO

CENTURYLINK, INC.

By: /s/ Glen F. Post, III

Name: Glen F. Post, III

Title: Chief Executive Officer & President

MIMI ACQUISITION COMPANY

By: /s/ Stacey W. Goff

Name: Stacey W. Goff

Title: Vice President & Secretary

Table of Contents

Index of Defined Terms

Table of Contents

Term	Section
Company RSUs	6.04(a)(ii)
Company SEC Documents	4.06(a)
Company Source Code	4.16(f)(ii)
Company Stock Option	9.03
Company Stock Plans	9.03
Company Stockholder Approval	4.04(a)
Company Stockholders Meeting	4.04(a)
Company Subsidiaries	4.01
Company Voting Debt	4.03(b)
Confidentiality Agreement	6.02
Consent	3.05(b)
Continuing Employees	6.12
Contract	3.05(a)
Controlled Group Liability	9.03
Converted Parent Option	6.04(a)(i)
Converted Second Tranche RSUs	6.04(a)(ii)(B)
DGCL	1.01
Dissenting Shares	2.03
Effective Time	1.03
End Date	8.01(b)(i)
Enforcement Proceeding	4.17(c)
Environmental Claim	4.13(b)
Environmental Laws	4.13(b)
ERISA	3.09
ERISA Affiliates	9.03
Exchange Act	3.05(b)
Exchange Agent	2.02(a)
Exchange Fund	2.02(a)
Exchange Ratio	2.01(iii)
Facilities	4.26(d)
FCC	3.05(b)
FCC Applications	6.03(d)
FCC Rules	4.17(c)
Filed Company Contract	4.14(a)
Filed Company SEC Documents	Article IV
Filed Parent SEC Documents	Article III
Financing	3.13
First Tranche RSUs	6.04(a)(ii)(A)
Foreign Corrupt Practices Act	4.24
Form S-4	3.05(b)
GAAP	3.06(b)
Good Reason	6.04(a)(ii)(B)
Governmental Entity	3.05(b)
Grant Date	4.03(b)

Table of Contents

Term	Section
Hazardous Materials	4.13(b)(iii)
HSR Act	3.05(b)
Indebtedness	9.03
Indian Competition Law	3.05(b)
Intellectual Property License	9.03
Intellectual Property Rights	4.16(f)(iii)
IRS	3.09
Judgment	3.05(a)
Knowledge	9.03
Law	3.05(a)
LBCL	3.03(b)
Legal Restraints	7.01(f)
Lender Related Parties	9.12
Letter of Transmittal	2.02(b)
Liens	3.02(a)
Material Adverse Effect	9.03
Material Contract	4.14(b)
material weakness	3.06(h)
materially modified	4.10(i)
Maximum Amount	6.05(c)
Merger	1.01
Merger Consideration	2.01(iii)
Merger Sub	Preamble
Merger Sub Common Stock	2.01(i)
NASDAQ	4.05(b)
nonqualified deferred compensation plan	4.10(i)
Notice of Recommendation Change	5.02(b)
NYSE	2.02(f)
Open Source	4.16(b)
Parent	Preamble
Parent Articles	3.01
Parent Benefit Plans	3.09
Parent Board	3.04(a)
Parent By-laws	3.01
Parent Capital Stock	3.03(a)
Parent Common Stock	2.01(iii)
Parent Disclosure Letter	Article III
Parent DRIP	3.03(a)
Parent ESPP	3.03(a)
Parent Material Adverse Effect	9.03
Parent Multiemployer Plan	3.09
Parent Permits	3.01
Parent Preferred Stock	3.03(a)
Parent Restricted Shares	9.03

Table of Contents

Term	Section
Parent RSU	9.03
Parent SEC Documents	3.06(a)
Parent Series L Shares	3.03(a)
Parent Stock Plan	9.03
Parent Stock Option	9.03
Parent Subsidiaries	3.01
Parent Voting Debt	3.03(b)
Permits	3.01
Person	9.03
Principals	Recitals
Proxy Statement	6.01(a)
Release	4.13(b)(iv)
Representatives	5.02(a)
SEC	3.05(b)
Second Tranche RSUs	6.04(a)(ii)(B)
Second Tranche Vesting Date	6.04(a)(ii)(A)
Securities Act	3.05(b)
significant deficiency	3.06(h)
Software	4.16(f)(iv)
SOX	3.06(b)
Stock Award Exchange Ratio	6.04(a)(v)(A)
Stock Consideration	2.01(iii)
Subsidiary	9.03
Substantial Detriment	9.03
Superior Proposal	5.02(e)
Surviving Company	1.01
Takeover Proposal	5.02(e)
Taxes	9.03
Tax Returns	9.03
Technology	4.16(f)(v)
Termination Fee	6.06(b)
Top Customers	4.25
USAC	4.17(c)
Voting Agreement	Recitals

Table of Contents

ANNEX B

STRICTLY PRIVATE AND CONFIDENTIAL

April 26, 2011

Board of Directors
Savvis, Inc.
1 Savvis Parkway
Town & Country, MO 63017

Members of the Board:

We understand that Savvis, Inc. (Savvis or the Company), CenturyLink, Inc. (CenturyLink), and Mimi Acquisition Company, a wholly owned subsidiary of CenturyLink (Merger Sub), propose to enter into an Agreement and Plan of Merger, substantially in the form of the draft dated April 25, 2011 (the Merger Agreement), which provides, among other things, for the merger (the Merger) of Merger Sub with and into the Company. Pursuant to the Merger, Savvis will become a wholly owned subsidiary of CenturyLink, and each outstanding share of common stock, par value $0.01 per share (the Company Common Stock) of the Company, other than shares held in treasury, held by CenturyLink or Merger Sub or as to which dissenters rights have been perfected (collectively, the Excluded Shares), will be converted into the right to receive (x) that number of shares of common stock, par value $1.00 per share, of CenturyLink (the CenturyLink Common Stock), determined pursuant to the formula set forth in the Merger Agreement (the Stock Consideration) and (y) $30.00 per share in cash (the Cash Consideration and, together with the Stock Consideration, the Merger Consideration). The terms and conditions of the Merger are more fully set forth in the Merger Agreement. Concurrently with the execution of the Merger Agreement, certain stockholders of the Company beneficially owning an aggregate of 13,393,104 shares of the Company Common Stock will enter into a Voting Agreement (as defined in the Merger Agreement), pursuant to which they agree, subject to certain conditions and limitations, to vote all shares of Company Common Stock beneficially owned by such stockholders in favor of the adoption of the Merger Agreement.

You have asked for our opinion as to whether the Merger Consideration to be received by the holders of shares of the Company Common Stock (other than the holders of Excluded Shares) pursuant to the Merger Agreement is fair from a financial point of view to such holders.

For purposes of the opinion set forth herein, we have:

1) Reviewed certain publicly available financial statements and other business and financial information of the Company and CenturyLink, respectively;

2) Reviewed certain internal financial statements and other financial and operating data concerning the Company and CenturyLink, respectively;

3) Reviewed certain financial projections prepared by the managements of the Company;

4) Reviewed information relating to certain strategic, financial and operational benefits anticipated from the Merger, prepared by the management of the Company;

5) Discussed the past and current operations and financial condition and the prospects of the Company, including information relating to certain strategic, financial and operational benefits anticipated from the Merger, with senior executives of the Company;

6) Discussed the past and current operations and financial condition and the prospects of CenturyLink;

7) Reviewed the pro forma impact of the Merger on CenturyLink s cash flow, consolidated capitalization and financial ratios;

Table of Contents

8) Reviewed the reported prices and trading activity for the Company Common Stock and the CenturyLink Common Stock;

9) Compared the financial performance of the Company and CenturyLink and the prices and trading activity of the Company Common Stock and CenturyLink Common Stock with that of certain other publicly traded companies comparable with the Company and CenturyLink, respectively, and their securities;

10) Reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;

11) Participated in certain discussions and negotiations among representatives of the Company and CenturyLink and certain parties and their financial and legal advisors;

12) Reviewed the Merger Agreement, the Voting Agreement and certain related documents; and

13) Performed such other analyses and reviewed such other information and considered such other factors as we have deemed appropriate.

We have assumed and relied upon, with your consent and without independent verification, the accuracy and completeness of the information that was publicly available or supplied or otherwise made available to us by the Company and CenturyLink, and formed a substantial basis for this opinion. With respect to the financial projections, including information relating to certain strategic, financial and operational benefits anticipated from the Merger, we have assumed, with your consent, that they have been reasonably prepared on bases reflecting the best currently available estimates and judgments of the respective managements of the Company and CenturyLink of the future financial performance of the Company and CenturyLink. In addition, we have assumed, with your consent, that the Merger will be consummated in accordance with the terms set forth in the Merger Agreement without any waiver, amendment or delay of any terms or conditions, that the definitive Merger Agreement will not differ in any material respect from the draft thereof furnished to us and that CenturyLink will have sufficient committed financing for purposes of consummating the Merger. Morgan Stanley has assumed, with your consent, that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents required for the proposed Merger, no delays, limitations, conditions or restrictions will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived in the proposed Merger. We are not legal, tax or regulatory advisors. We are financial advisors only and have relied upon, without independent verification, the assessment of the Company and its legal, tax, and regulatory advisors with respect to such matters. We express no view on, and our opinion does not address, any other term or aspect of the Merger Agreement or the Merger or any term or aspect of any other agreement or instrument contemplated by the Merger Agreement or entered into in connection with the Merger, including, without limitation, the Voting Agreement or any Employment Agreement (as defined in the Merger Agreement), or the fairness of the transactions contemplated thereby to or any consideration received in connection therewith by, the holders of any class of securities or instruments, creditors or other constituencies of the Company. We express no opinion with respect to the fairness of the amount or nature of the compensation to any of the Company s officers, directors or employees, or any class of such persons, relative to the consideration to be received by the holders of shares of the Company Common Stock in the Merger. Our opinion does not address the relative merits of the Merger as compared to any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. We have not made any independent valuation or appraisal of the assets or liabilities of the Company or CenturyLink, nor have we been furnished with any such valuations or appraisals. Our opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to us as of, the date hereof. Events occurring after the date hereof may affect this opinion and the assumptions used in preparing it, and we do not assume any obligation to update, revise or reaffirm this opinion.

We have acted as financial advisor to the Board of Directors of the Company in connection with the Merger and will receive a fee for our services, a significant portion of which is contingent upon the closing of the Merger. In the two years prior to the date hereof, we have provided financial advisory and financing services for both CenturyLink and the Company and have received fees in connection with such services.

Table of Contents

Morgan Stanley may also seek to provide such services to CenturyLink in the future and expects to receive fees for the rendering of these services.

Please note that Morgan Stanley is a global financial services firm engaged in the securities, investment management and individual wealth management businesses. Our securities business is engaged in securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trading, prime brokerage, as well as providing investment banking, financing and financial advisory services. Morgan Stanley, its affiliates, directors and officers may at any time invest on a principal basis or manage funds that invest, hold long or short positions, finance positions, and may trade or otherwise structure and effect transactions, for their own account or the accounts of its customers, in debt or equity securities or loans of CenturyLink, the Company, or any other company, or any currency or commodity, that may be involved in this transaction, or any related derivative instrument.

This opinion has been approved by a committee of Morgan Stanley investment banking and other professionals in accordance with our customary practice. This opinion is for the information of the Board of Directors of the Company and may not be used for any other purpose without our prior written consent, except that a copy of this opinion may be included in its entirety in any filing the Company is required to make with the Securities and Exchange Commission in connection with this transaction if such inclusion is required by applicable law. In addition, this opinion does not in any manner address the prices at which the CenturyLink Common Stock will trade at any time and Morgan Stanley expresses no opinion or recommendation as to how the shareholders of the Company should vote at the shareholders meeting to be held in connection with the Merger.

Based on and subject to the foregoing, we are of the opinion on the date hereof that the Merger Consideration to be received by the holders of shares of the Company Common Stock (other than the holders of Excluded Shares) pursuant to the Merger Agreement is fair from a financial point of view to such holders.

Very truly yours,

MORGAN STANLEY & CO. INCORPORATED

By: /s/ Adam D. Shepard

Adam D. Shepard
Managing Director

Table of Contents

ANNEX C

SECTION 262
OF THE GENERAL CORPORATION LAW
OF THE STATE OF DELAWARE
§262 of DGCL

§ 262. Appraisal rights.

(a) Any stockholder of a corporation of this State who holds shares of stock on the date of the making of a demand pursuant to subsection (d) of this section with respect to such shares, who continuously holds such shares through the effective date of the Merger or consolidation, who has otherwise complied with subsection (d) of this section and who has neither voted in favor of the Merger or consolidation nor consented thereto in writing pursuant to § 228 of this title shall be entitled to an appraisal by the Court of Chancery of the fair value of the stockholder s shares of stock under the circumstances described in subsections (b) and (c) of this section. As used in this section, the word stockholder means a holder of record of stock in a corporation; the words stock and share mean and include what is ordinarily meant by those words; and the words depository receipt mean a receipt or other instrument issued by a depository representing an interest in one or more shares, or fractions thereof, solely of stock of a corporation, which stock is deposited with the depository.

(b) Appraisal rights shall be available for the shares of any class or series of stock of a constituent corporation in a merger or consolidation to be effected pursuant to § 251 (other than a merger effected pursuant to § 251(g) of this title), § 252, § 254, § 255, § 256, § 257, § 258, § 263 or § 264 of this title:

(1) Provided, however, that no appraisal rights under this section shall be available for the shares of any class or series of stock, which stock, or depository receipts in respect thereof, at the record date fixed to determine the stockholders entitled to receive notice of and to vote at the meeting of stockholders to act upon the agreement of merger or consolidation, were either (i) listed on a national securities exchange or (ii) held of record by more than 2,000 holders; and further provided that no appraisal rights shall be available for any shares of stock of the constituent corporation surviving a merger if the merger did not require for its approval the vote of the stockholders of the Surviving Corporation as provided in subsection (f) of § 251 of this title.

(2) Notwithstanding paragraph (1) of this subsection, appraisal rights under this section shall be available for the shares of any class or series of stock of a constituent corporation if the holders thereof are required by the terms of an agreement of merger or consolidation pursuant to §§ 251, 252, 254, 255, 256, 257, 258, 263 and 264 of this title to accept for such stock anything except:

a. Shares of stock of the corporation surviving or resulting from such merger or consolidation, or depository receipts in respect thereof;

b. Shares of stock of any other corporation, or depository receipts in respect thereof, which shares of stock (or depository receipts in respect thereof) or depository receipts at the effective date of the merger or consolidation will be either listed on a national securities exchange or held of record by more than 2,000 holders;

c. Cash in lieu of fractional shares or fractional depository receipts described in the foregoing subparagraphs a. and b. of this paragraph; or

d. Any combination of the shares of stock, depository receipts and cash in lieu of fractional shares or fractional depository receipts described in the foregoing subparagraphs a., b. and c. of this paragraph.

(3) In the event all of the stock of a subsidiary Delaware corporation party to a merger effected under § 253 or § 267 of this title is not owned by the parent corporation immediately prior to the merger, appraisal rights shall be available for the shares of the subsidiary Delaware corporation.

Table of Contents

(c) Any corporation may provide in its certificate of incorporation that appraisal rights under this section shall be available for the shares of any class or series of its stock as a result of an amendment to its certificate of incorporation, any merger or consolidation in which the corporation is a constituent corporation or the sale of all or substantially all of the assets of the corporation. If the certificate of incorporation contains such a provision, the procedures of this section, including those set forth in subsections (d) and (e) of this section, shall apply as nearly as is practicable.

(d) Appraisal rights shall be perfected as follows:

(1) If a proposed merger or consolidation for which appraisal rights are provided under this section is to be submitted for approval at a meeting of stockholders, the corporation, not less than 20 days prior to the meeting, shall notify each of its stockholders who was such on the record date for such meeting (or such members who received notice in accordance with § 255(c) of this title) with respect to shares for which appraisal rights are available pursuant to subsection (b) or (c) of this section that appraisal rights are available for any or all of the shares of the constituent corporations, and shall include in such notice a copy of this section and, if 1 of the constituent corporations is a nonstock corporation, a copy of § 144 of this title. Each stockholder electing to demand the appraisal of such stockholder s shares shall deliver to the corporation, before the taking of the vote on the merger or consolidation, a written demand for appraisal of such stockholder s shares. Such demand will be sufficient if it reasonably informs the corporation of the identity of the stockholder and that the stockholder intends thereby to demand the appraisal of such stockholder s shares. A proxy or vote against the merger or consolidation shall not constitute such a demand. A stockholder electing to take such action must do so by a separate written demand as herein provided. Within 10 days after the effective date of such merger or consolidation, the surviving or resulting corporation shall notify each stockholder of each constituent corporation who has complied with this subsection and has not voted in favor of or consented to the merger or consolidation of the date that the merger or consolidation has become effective; or

(2) If the merger or consolidation was approved pursuant to § 228, § 253, or § 267 of this title, then either a constituent corporation before the effective date of the merger or consolidation or the surviving or resulting corporation within 10 days thereafter shall notify each of the holders of any class or series of stock of such constituent corporation who are entitled to appraisal rights of the approval of the merger or consolidation and that appraisal rights are available for any or all shares of such class or series of stock of such constituent corporation, and shall include in such notice a copy of this section and, if 1 of the constituent corporations is a nonstock corporation, a copy of § 144 of this title. Such notice may, and, if given on or after the effective date of the merger or consolidation, shall, also notify such stockholders of the effective date of the merger or consolidation. Any stockholder entitled to appraisal rights may, within 20 days after the date of mailing of such notice, demand in writing from the surviving or resulting corporation the appraisal of such holder s shares. Such demand will be sufficient if it reasonably informs the corporation of the identity of the stockholder and that the stockholder intends thereby to demand the appraisal of such holder s shares. If such notice did not notify stockholders of the effective date of the merger or consolidation, either (i) each such constituent corporation shall send a second notice before the effective date of the merger or consolidation notifying each of the holders of any class or series of stock of such constituent corporation that are entitled to appraisal rights of the effective date of the merger or consolidation or (ii) the surviving or resulting corporation shall send such a second notice to all such holders on or within 10 days after such effective date; provided, however, that if such second notice is sent more than 20 days following the sending of the first notice, such second notice need only be sent to each stockholder who is entitled to appraisal rights and who has demanded appraisal of such holder s shares in accordance with this subsection. An affidavit of the secretary or assistant secretary or of the transfer agent of the corporation that is required to give either notice that such notice has been given shall, in the absence of fraud, be prima facie evidence of the facts stated therein. For purposes of determining the stockholders entitled to receive either notice, each constituent corporation may fix, in advance, a record date that shall be not more than 10 days prior to the date the notice is given, provided, that if the notice is given on or after the effective date of the merger or consolidation, the record date shall be such effective date. If no record date is fixed and the notice is given prior to the effective date,

the record date shall be the close of business on the day next preceding the day on which the notice is given.

(e) Within 120 days after the effective date of the merger or consolidation, the surviving or resulting corporation or any stockholder who has complied with subsections (a) and (d) of this section hereof and who is otherwise entitled to appraisal rights, may commence an appraisal proceeding by filing a petition in the Court of Chancery demanding a determination of the value of the stock of all such stockholders. Notwithstanding the foregoing, at any time within 60 days after the effective date of the merger or consolidation, any stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party shall have the right to withdraw such stockholder s demand for appraisal and to accept the terms offered upon the merger or consolidation. Within 120 days after the effective date of the merger or consolidation, any stockholder who has complied with the requirements of subsections (a) and (d) of this section hereof, upon written request, shall be entitled to receive from the corporation surviving the merger or resulting from the consolidation a statement setting forth the aggregate number of shares not voted in favor of the merger or consolidation and with respect to which demands for appraisal have been received and the aggregate number of holders of such shares. Such written statement shall be mailed to the stockholder within 10 days after such stockholder s written request for such a statement is received by the surviving or resulting corporation or within 10 days after expiration of the period for delivery of demands for appraisal under subsection (d) of this section hereof, whichever is later. Notwithstanding subsection (a) of this section, a person who is the beneficial owner of shares of such stock held either in a voting trust or by a nominee on behalf of such person may, in such person s own name, file a petition or request from the corporation the statement described in this subsection.

(f) Upon the filing of any such petition by a stockholder, service of a copy thereof shall be made upon the surviving or resulting corporation, which shall within 20 days after such service file in the office of the Register in Chancery in which the petition was filed a duly verified list containing the names and addresses of all stockholders who have demanded payment for their shares and with whom agreements as to the value of their shares have not been reached by the surviving or resulting corporation. If the petition shall be filed by the surviving or resulting corporation, the petition shall be accompanied by such a duly verified list. The Register in Chancery, if so ordered by the Court, shall give notice of the time and place fixed for the hearing of such petition by registered or certified mail to the surviving or resulting corporation and to the stockholders shown on the list at the addresses therein stated. Such notice shall also be given by 1 or more publications at least 1 week before the day of the hearing, in a newspaper of general circulation published in the City of Wilmington, Delaware or such publication as the Court deems advisable. The forms of the notices by mail and by publication shall be approved by the Court, and the costs thereof shall be borne by the surviving or resulting corporation.

(g) At the hearing on such petition, the Court shall determine the stockholders who have complied with this section and who have become entitled to appraisal rights. The Court may require the stockholders who have demanded an appraisal for their shares and who hold stock represented by certificates to submit their certificates of stock to the Register in Chancery for notation thereon of the pendency of the appraisal proceedings; and if any stockholder fails to comply with such direction, the Court may dismiss the proceedings as to such stockholder.

(h) After the Court determines the stockholders entitled to an appraisal, the appraisal proceeding shall be conducted in accordance with the rules of the Court of Chancery, including any rules specifically governing appraisal proceedings. Through such proceeding the Court shall determine the fair value of the shares exclusive of any element of value arising from the accomplishment or expectation of the merger or consolidation, together with interest, if any, to be paid upon the amount determined to be the fair value. In determining such fair value, the Court shall take into account all relevant factors. Unless the Court in its discretion determines otherwise for good cause shown, interest from the effective date of the merger through the date of payment of the judgment shall be compounded quarterly and shall accrue at 5% over the Federal Reserve discount rate (including any surcharge) as established from time to time during the period between the effective date of the merger and the date of payment of the judgment. Upon application by the surviving or resulting corporation or by any stockholder entitled to participate in the appraisal proceeding, the Court

Table of Contents

may, in its discretion, proceed to trial upon the appraisal prior to the final determination of the stockholders entitled to an appraisal. Any stockholder whose name appears on the list filed by the surviving or resulting corporation pursuant to subsection (f) of this section and who has submitted such stockholder s certificates of stock to the Register in Chancery, if such is required, may participate fully in all proceedings until it is finally determined that such stockholder is not entitled to appraisal rights under this section.

(i) The Court shall direct the payment of the fair value of the shares, together with interest, if any, by the surviving or resulting corporation to the stockholders entitled thereto. Payment shall be so made to each such stockholder, in the case of holders of uncertificated stock forthwith, and the case of holders of shares represented by certificates upon the surrender to the corporation of the certificates representing such stock. The Court s decree may be enforced as other decrees in the Court of Chancery may be enforced, whether such surviving or resulting corporation be a corporation of this State or of any state.

(j) The costs of the proceeding may be determined by the Court and taxed upon the parties as the Court deems equitable in the circumstances. Upon application of a stockholder, the Court may order all or a portion of the expenses incurred by any stockholder in connection with the appraisal proceeding, including, without limitation, reasonable attorney s fees and the fees and expenses of experts, to be charged pro rata against the value of all the shares entitled to an appraisal.

(k) From and after the effective date of the merger or consolidation, no stockholder who has demanded appraisal rights as provided in subsection (d) of this section shall be entitled to vote such stock for any purpose or to receive payment of dividends or other distributions on the stock (except dividends or other distributions payable to stockholders of record at a date which is prior to the effective date of the merger or consolidation); provided, however, that if no petition for an appraisal shall be filed within the time provided in subsection (e) of this section, or if such stockholder shall deliver to the surviving or resulting corporation a written withdrawal of such stockholder s demand for an appraisal and an acceptance of the merger or consolidation, either within 60 days after the effective date of the merger or consolidation as provided in subsection (e) of this section or thereafter with the written approval of the corporation, then the right of such stockholder to an appraisal shall cease. Notwithstanding the foregoing, no appraisal proceeding in the Court of Chancery shall be dismissed as to any stockholder without the approval of the Court, and such approval may be conditioned upon such terms as the Court deems just; provided, however that this provision shall not affect the right of any stockholder who has not commenced an appraisal proceeding or joined that proceeding as a named party to withdraw such stockholder s demand for appraisal and to accept the terms offered upon the merger or consolidation within 60 days after the effective date of the merger or consolidation, as set forth in subsection (e) of this section.

(l) The shares of the surviving or resulting corporation to which the shares of such objecting stockholders would have been converted had they assented to the merger or consolidation shall have the status of authorized and unissued shares of the surviving or resulting corporation.

8 Del. C. 1953, § 262; 56 Del. Laws, c. 50; 56 Del. Laws, c. 186, § 24; 57 Del. Laws, c. 148, §§ 27-29; 59 Del. Laws, c. 106, § 12; 60 Del. Laws, c. 371, §§ 3-12; 63 Del. Laws, c. 25, § 14; 63 Del. Laws, c. 152, §§ 1, 2; 64 Del. Laws, c. 112, §§ 46-54; 66 Del. Laws, c. 136, §§ 30-32; 66 Del. Laws, c. 352, § 9; 67 Del. Laws, c. 376, §§ 19, 20; 68 Del. Laws, c. 337, §§ 3, 4; 69 Del. Laws, c. 61, § 10; 69 Del. Laws, c. 262, §§ 1-9; 70 Del. Laws, c. 79, § 16; 70 Del. Laws, c. 186, § 1; 70 Del. Laws, c. 299, §§ 2, 3; 70 Del. Laws, c. 349, § 22; 71 Del. Laws, c. 120, § 15; 71 Del. Laws, c. 339, §§ 49-52; 73 Del. Laws, c. 82, § 21; 76 Del. Laws, c. 145, §§ 11-16; 77 De. Laws, c.14 §§ 12, 13; 77 Del. Laws, c. 253, §§ 47-50; 77 Del. Laws, c. 290, §§ 16, 17.

Table of Contents

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 20. ***Indemnification of Directors and Officers.***

Section 83 of the Louisiana Business Corporation Law provides in part that CenturyLink may indemnify each of its directors, officers, employees or agents against expenses (including attorneys fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with any action, suit or proceeding to which he is or was a party or is threatened to be made a party (including any action by CenturyLink or in its right) if such action arises out of his acts on CenturyLink s behalf and he acted in good faith not opposed to CenturyLink s best interests, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. Under Section 83, CenturyLink may also advance expenses to the indemnified party provided that he or she agrees to repay those amounts if it is later determined that he or she is not entitled to indemnification. CenturyLink has the power to obtain and maintain insurance, or to create a form of self-insurance, on behalf of any person who is or was acting for us, regardless of whether CenturyLink has the legal authority to indemnify the insured person against such liability.

Under Article II, Section 10 of CenturyLink s bylaws, which CenturyLink refers to as the indemnification bylaw, CenturyLink is obligated to indemnify its current or former directors and officers, except that if any of its current or former directors or officers are held liable under or settle any derivative suit, CenturyLink is permitted, but not obligated to, indemnify the indemnified person to the fullest extent permitted by Louisiana law.

CenturyLink s charter authorizes CenturyLink to enter into contracts with directors and officers providing for indemnification to the fullest extent permitted by law. CenturyLink has entered into indemnification contracts providing contracting directors or officers the procedural and substantive rights to indemnification currently set forth in the indemnification bylaw. CenturyLink refers to these contracts as indemnification contracts. The right to indemnification provided by these indemnification contracts applies to all covered claims, whether such claims arose before or after the effective date of the contract.

CenturyLink maintains an insurance policy covering the liability of its directors and officers for actions taken in their official capacity. The indemnification contracts provide that, to the extent insurance is reasonably available, CenturyLink will maintain comparable insurance coverage for each contracting party as long as he serves as an officer or director and thereafter for so long as he is subject to possible personal liability for actions taken in such capacities. The indemnification contracts also provide that if CenturyLink does not maintain comparable insurance, CenturyLink will hold harmless and indemnify a contracting party to the full extent of the coverage that would otherwise have been provided for his benefit.

The foregoing is only a general summary of certain aspects of Louisiana law and CenturyLink s charter and bylaws dealing with indemnification of directors and officers, and does not purport to be complete. It is qualified in its entirety by reference to (i) the relevant provisions of the Louisiana Business Corporation Law and (ii) CenturyLink s charter, bylaws, and form of indemnification contract, each of which is on file with the SEC.

Item 21. ***Exhibits.***

Exhibit Number	Description

2.1	Agreement and Plan of Merger, dated as of April 26, 2011, by and among the Registrant, Mimi Acquisition Company and SAVVIS, Inc. (included as Annex A to the proxy statement/prospectus that forms a part of this Registration Statement on Form S-4)
5.1	Form of opinion of Jones, Walker, Waechter, Poitevent, Carrère & Denègre L.L.P. regarding legality of securities being registered
23.1	Consent of KPMG LLP, Independent Registered Public Accounting Firm for the Registrant

Table of Contents

Exhibit Number	Description
23.2	Consent of KPMG LLP, Independent Registered Public Accounting Firm for Qwest Communications International Inc.
23.3	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm for SAVVIS, Inc.
23.4*	Consent of Jones, Walker, Waechter, Poitevent, Carrère & Denègre L.L.P. (to be included in Exhibit 5.1)
24.1	Power of Attorney
99.1	Form of Proxy for SAVVIS, Inc.
99.2	Consent of Morgan Stanley & Co. Incorporated

Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule will be furnished supplementally to the Securities and Exchange Commission upon request.

* To be filed by amendment.

Item 22. ***Undertakings.***

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement: (i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933, as amended (the Securities Act); (ii) to reflect in the prospectus any facts or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement (notwithstanding the foregoing, any increase or decrease in volume of securities offered (if the total dollar value of securities offered would not exceed that which was registered) and any deviation from the low or high end of the estimated maximum offering range may be reflected in the form of prospectus filed with the Commission pursuant to Rule 424(b) if, in the aggregate, the changes in volume and price represent no more than a 20% change in the maximum aggregate offering price set forth in the Calculation of Registration Fee table in the effective registration statement); and (iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

(4) That, for the purpose of determining liability under the Securities Act of 1933 to any purchaser, if the registrant is subject to Rule 430C, each prospectus filed pursuant to Rule 424(b) as part of a registration statement relating to an offering, other than registration statements relying on Rule 430B or other than prospectuses filed in reliance on Rule 430A, shall be deemed to be part of and included in the registration statement as of the date it is first used after effectiveness; provided, however, that no statement made in a registration statement or prospectus that is part of the registration statement or made in a document incorporated or deemed incorporated by reference into the registration statement or prospectus that is part of the registration statement will, as to a purchaser with a time of contract of sale

prior to such first use, supersede or modify any statement that was made in the registration statement or prospectus that was part of the registration statement or made in any such document immediately prior to such date of first use.

(5) That, for the purpose of determining liability of the registrant under the Securities Act of 1933 to any purchaser in the initial distribution of the securities, the undersigned registrant undertakes that in a primary offering of securities of the undersigned registrant pursuant to this registration statement, regardless of the underwriting method used to sell the securities to the purchaser, if the securities are offered or sold to

Table of Contents

such purchaser by means of any of the following communications, the undersigned registrant will be a seller to the purchaser and will be considered to offer or sell such securities to such purchaser:

(i) Any preliminary prospectus or prospectus of the undersigned registrant relating to the offering required to be filed pursuant to Rule 424;

(ii) Any free writing prospectus relating to the offering prepared by or on behalf of the undersigned registrant or used or referred to by the undersigned registrant;

(iii) The portion of any other free writing prospectus relating to the offering containing material information about the undersigned registrant or its securities provided by or on behalf of the undersigned registrant; and

(iv) Any other communication that is an offer in the offering made by the undersigned registrant to the purchaser.

(6) That, for purposes of determining any liability under the Securities Act, each filing of the registrant s annual report pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (and, where applicable, each filing of an employee benefit plan s annual report pursuant to Section 15(d) of the Securities Exchange Act of 1934, as amended) that is incorporated by reference in this registration statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(7) That prior to any public reoffering of the securities registered hereunder through use of a prospectus which is a part of this registration statement, by any person or party who is deemed to be an underwriter within the meaning of Rule 145(c), the registrant undertakes that such reoffering prospectus will contain the information called for by the applicable registration form with respect to reofferings by persons who may be deemed underwriters, in addition to the information called for by the other items of the applicable form.

(8) That every prospectus (i) that is filed pursuant to paragraph (5) above, or (ii) that purports to meet the requirements of Section 10(a)(3) of the Securities Act and is used in connection with an offering of securities subject to Rule 415, will be filed as a part of an amendment to this registration statement and will not be used until such amendment has become effective, and that for the purpose of determining liabilities under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(9) To respond to requests for information that is incorporated by reference into the prospectus pursuant to Items 4, 10(b), 11 or 13 of this form, within one business day of receipt of such request, and to send the incorporated documents by first class mail or other equally prompt means. This includes information contained in documents filed subsequent to the effective date of the registration statement through the date of responding to the request.

(10) To supply by means of a post-effective amendment all information concerning a transaction, and the company being acquired involved therein, that was not the subject of and included in this registration statement when it became effective.

(11) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such

director, officer, or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Monroe, State of Louisiana, on May 17, 2011.

CENTURYLINK, INC.
(Registrant)

By: /s/ Stacey W. Goff

Name: Stacey W. Goff

Title: *Executive Vice President, General Counsel & Secretary*

Pursuant to the requirements of the Securities Act of 1933, as amended, this Registration Statement has been signed below by the following persons in the capacities indicated and on May 17, 2011:

Signature	Title
/s/ Glen F. Post, III Glen F. Post, III	Chief Executive Officer and President (Principal Executive Officer and Director)
* R. Stewart Ewing, Jr.	Executive Vice President and Chief Financial Officer (Principal Financial Officer)
* David D. Cole	Senior Vice President Controller and Operations Support (Principal Accounting Officer)
* William A. Owens	Chairman of the Board of Directors
* Harvey P. Perry	Vice Chairman of the Board of Directors
* Virginia Boulet	Director
* Charles L. Biggs	Director

*	Director
Peter C. Brown	
*	Director
Richard A. Gephardt	
*	Director
W. Bruce Hanks	

Table of Contents

Signature	Title
*	Director
Gregory J. McCray	
*	Director
C.G. Melville, Jr.	
*	Director
Edward A. Mueller	
*	Director
Fred R. Nichols	
*	Director
Michael J. Roberts	
*	Director
Laurie A. Siegel	
*	Director
James A. Unruh	
*	Director
Joseph R. Zimmel	

The undersigned, by signing his name hereto, does hereby sign this document on behalf of each of the above-named persons indicated above by asterisks, pursuant to a power of attorney duly executed by such persons and filed with the Securities and Exchange Commission as an exhibit hereto.

*By: /s/ Glen F. Post, III May 17, 2011

Glen F. Post, III
Attorney-in-Fact

Table of Contents

EXHIBIT INDEX

Exhibit Number	Description
2.1	Agreement and Plan of Merger, dated as of April 26, 2011, by and among the Registrant, Mimi Acquisition Company and SAVVIS, Inc. (included as Annex A to the proxy statement/prospectus that forms a part of this Registration Statement on Form S-4)
5.1	Form of opinion of Jones, Walker, Waechter, Poitevent, Carrère & Denègre L.L.P. regarding legality of securities being registered
23.1	Consent of KPMG LLP, Independent Registered Public Accounting Firm for the Registrant
23.2	Consent of KPMG LLP, Independent Registered Public Accounting Firm for Qwest Communications International Inc.
23.3	Consent of Ernst & Young LLP, Independent Registered Public Accounting Firm for SAVVIS, Inc.
23.4*	Consent of Jones, Walker, Waechter, Poitevent, Carrère & Denègre L.L.P. (to be included in Exhibit 5.1)
24.1	Power of Attorney
99.1	Form of Proxy for SAVVIS, Inc.
99.2	Consent of Morgan Stanley & Co. Incorporated

Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. A copy of any omitted schedule will be furnished supplementally to the Securities and Exchange Commission upon request.

* To be filed by amendment.