

CENTURYLINK, INC  
Form DEF 14A  
April 10, 2019  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A INFORMATION**

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

**Securities Exchange Act of 1934**

**(Amendment No. )**

Filed by the Registrant

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))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

**CENTURYLINK, INC.**  
**(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):

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):

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(4) Proposed maximum aggregate value of transaction:

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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:

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*All references in this proxy statement or related materials to we, us, our, the Company or CenturyLink refer to CenturyLink, Inc. In addition, each reference to (i) the Board refers to our Board of Directors, (ii) Voting Shares refers collectively to our shares of Common Stock ( Common Shares ) and shares of Series L Preferred Stock ( Preferred Shares ), (iii) our executives or executive officers refers to our four executive officers listed on page 7 of this proxy statement, (iv) meeting refers to the 2019 annual meeting of our shareholders described further herein, (v) named executives, named officers, named executive officers or NEOs refers to the seven current or former executive officers listed in the Summary Compensation Table appearing on page 71 of this proxy statement, (vi) senior officers refers to our executive officers and a limited number of additional officers whose compensation is determined by the Human Resources and Compensation Committee of our Board, (vii) Embarq refers to Embarq Corporation, which we acquired on July 1, 2009, (viii) Qwest refers to Qwest Communications International Inc., which we acquired on April 1, 2011, (ix) Level 3 refers to Level 3 Communications, Inc., prior to the Level 3 Combination on November 1, 2017, and to its successor-in-interest Level 3 Parent, LLC thereafter, (x) Level 3 Combination refers to our business combination with Level 3, which was publicly announced on October 31, 2016 and consummated on November 1, 2017 (which we from time to time refer to as the Closing or Closing Date ), and (xi) the SEC refers to the U.S. Securities and Exchange Commission. Unless otherwise provided, all information is presented as of the date of this proxy statement.*

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 22, 2019**

**This proxy statement and related materials are**

**available at [www.proxyvote.com](http://www.proxyvote.com).**

**[Forward-Looking Statements](#)**

Except for historical and factual information contained herein, matters set forth in our 2019 proxy materials identified by words such as expects, believes, will and similar expressions are forward-looking statements as defined by the federal securities laws, and are subject to the safe harbor protection thereunder. These forward-looking statements are not guarantees of future results and are based on current expectations only, and are subject to uncertainties. Actual events and results may differ materially from those anticipated by us in those statements due to several factors, including those disclosed in our other filings with the SEC. We may change our intentions or plans discussed in our forward-looking statements without notice at any time and for any reason.

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Notice of 2019 Annual Meeting  
of Shareholders

**TIME AND DATE**

10:00 a.m. local time

May 22, 2019

**PLACE**

CenturyLink Auditorium

CenturyLink Headquarters

100 CenturyLink Drive

Monroe, Louisiana

**ITEMS OF BUSINESS**

- (1) Elect as directors the 13 nominees named in the accompanying proxy statement**
  
- (2) Ratify the appointment of KPMG LLP as our independent auditor for 2019**
  
- (3) Amend our Articles of Incorporation to increase our authorized shares of common stock**
  
- (4) Ratify our NOL Rights Plan described herein**

- (5) Conduct a non-binding advisory vote to approve our executive compensation**
- (6) Act upon a shareholder proposal regarding our lobbying activities, if properly presented at the meeting**
- (7) Transact such other business as may properly come before the meeting and any adjournment**

**RECORD DATE** You can vote if you were a shareholder of record at the close of business on March 28, 2019.

**PROXY VOTING** Shareholders are invited to attend the meeting in person. Even if you expect to attend, we urge you to vote in advance using any of the methods listed below.

Stacey W. Goff

Secretary

April 10, 2019

**YOUR VOTE IS IMPORTANT TO US. WE URGE YOUR PARTICIPATION.**

Using the voting instructions provided in your proxy materials, you may vote one of the following ways:

By Internet:	By Phone:	By Mail:	In Person:
visit <a href="http://www.proxyvote.com">www.proxyvote.com</a>	call 1-800-690-6903	mark, sign, date and return proxy card	attend Annual Meeting

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ELECTION OF DIRECTORS

(Item 1 on Proxy or Voting Instructions Card)

Upon the recommendation of the Nominating and Corporate Governance Committee, the Board has nominated the 13 candidates named below as a director for a one-year term expiring at our 2020 annual meeting of shareholders, or until his or her successor is duly elected and qualified. Each of the candidates is currently a director of the Company.

Unless otherwise directed, all votes attributable to voting shares represented by each duly executed and delivered proxy will be cast for the election of each of the 13 below-named nominees. Under our bylaw nominating procedures, these nominees are the only individuals who may be elected at the meeting. If for any reason any such nominee should decline or become unable to stand for election as a director, which we do not anticipate, the persons named as proxies may vote instead for another candidate designated by the Board, without re-soliciting proxies.

For additional information about our director nomination process and agreements under which we are obligated to nominate certain directors at the meeting, see Corporate Governance Director Nomination Process.

To be elected, each of the 13 nominees must receive an affirmative vote of a majority of the votes cast with respect to this matter.

**THE BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR THE ELECTION OF EACH OF THE DIRECTOR NOMINEES.**

Director Qualifications

Director Skills

and Experience

- Executive Management/ Operational Management
- Industry Experience
- Accounting/Finance
- Risk Management
- Global
- Cybersecurity
- Government Relations/ Legal and Regulatory/Public Policy



Strategic Planning/Transformation  
Customer Experience/Sales  
Environmental, Sustainability and Corporate Responsibility  
Human Resources/ Talent Management  
Corporate Governance/ Other Board Experience



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**ELECTION OF DIRECTORS**

(Item 1 on Proxy or Voting Instructions Card)

Director Nominees

**MARTHA H. BEJAR**

Age 57

Director Since 2016

Committees:

Audit

Risk and Security

Martha H. Bejar is a co-founder of Red Bison Advisory Group LLC, which focuses on being a trusted advisor, providing objective and results-oriented analysis and solutions in the areas of Real Estate, Natural Resources and ICT. Previously, Ms. Bejar served as Chief Executive Officer and director of Unium Inc., a Wi-Fi service provider, from March 2017 to March 2018. She also served as Chief Executive Officer and director of Flow Mobile, Inc., a communications company offering broadband wireless access services, from January 2012 to December 2015. She served as chairperson and Chief Executive Officer of Infocrossing Inc., a U.S.-based cloud services affiliate of Wipro Limited, from January 2011 to March 2012. She served as President of Worldwide Sales and Operations at Wipro Technologies Inc., an information technology services affiliate of Wipro Limited, from 2009 to 2011. From 2007 to 2009, Ms. Bejar worked at Microsoft Corporation, where she was corporate vice president for the communications sector. From 1997 to 2007, she held various executive positions at Nortel Networks Corporation, a telecommunications and data networking company. Ms. Bejar is currently an independent director of CommVault Systems, Sportsman's Warehouse Holdings, Inc. and Neopost SA.

**VIRGINIA BOULET**

Age 65

Director Since 1995

Committees:

Nominating and Corporate Governance (*Chair*)

Human Resources and Compensation

Virginia Boulet has served as a managing director of Legacy Capital LLC, an investment banking firm based in New Orleans, Louisiana, since March 2014. Previously, she was Special Counsel at Adams and Reese LLP, a law firm, from March 2002 to March 2014. She practiced as a corporate and securities attorney for Phelps Dunbar, L.L.P. from

1992 to 2002 and for Jones Walker LLP from 1983 to 1992. Since 2004, Ms. Boulet has served as an adjunct professor of securities regulation law and merger and acquisition law at Loyola University-New Orleans College of Law. She is currently a director of W&T Offshore, Inc. Ms. Boulet practiced law for 30 years, and has lectured for many years, in the area of corporate governance.

**PETER C. BROWN**

Age 60

Director Since 2009

Committees:

Audit

Finance (*Chair*)

Peter C. Brown has served as Chairman of Grassmere Partners, LLC, a private investment firm, since July 2009. From 1991 until his retirement in February 2009, Mr. Brown held several executive level positions with AMC Entertainment Inc., a theatrical exhibition company, including Chairman of the Board, President and Chief Executive Officer. In 1997, he founded EPR Properties, a NYSE-listed real estate investment trust, formerly known as Entertainment Properties Trust. Mr. Brown is currently a trustee of EPR Properties and a director of Cinedigm Corp.

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**GENERAL KEVIN P. CHILTON (USAF, RETIRED)**

Age 64

Director Since 2017

Committees:

Audit

Risk and Security (*Chair*)

General Kevin P. Chilton (USAF, Retired) has served as a director since November 1, 2017. He retired from the U.S. Air Force after 34 years of service in February 2011. General Chilton served as Commander, U.S. Strategic Command, from 2007 through 2011, overseeing operations for the U.S. Department of Defense nuclear, space and cyberspace operations. From 2006 to 2007, General Chilton served as Commander of Air Force Space Command, where he was responsible for all Air Force space and nuclear ICBM programs. He also served as a NASA astronaut from 1987 to 1996, including on three space shuttle flights, and as the Deputy Program Manager for the International Space Station from 1996 to 1998. General Chilton served as a director of Orbital ATK Inc. until June 2018. He also served as a director of the Aerospace Corporation, a federally-funded research and development center that is sponsored by the United States Air Force, and Anadarko Petroleum Corporation until 2016. Prior to November 1, 2017, he served as a director of Level 3 Communications, Inc.

**STEVEN T. CLONTZ**

Age 68

Director Since 2017

Committees:

Human Resources and Compensation

Nominating and Corporate Governance

Steven T. Clontz has served as a Corporate Advisor to Singapore Technologies Telemedia Pte. Ltd. since January 2018 and a Corporate Advisor to Temasek International Advisors Pte. Ltd. since January 2010. He was Senior Executive Vice President (International) of Singapore Technologies Telemedia Pte. Ltd. from January 2010 to December 2017. Mr. Clontz previously served as chief executive officer of StarHub Limited from 1999 to 2010, and has served as the Non-Executive Chairman of StarHub Limited since July 2015 and a director of StarHub Limited since 1999. From December 1995 through December 1998, Mr. Clontz served as chief executive officer, president and a director of IPC Information Systems. Prior to that, Mr. Clontz worked at BellSouth International, joining in 1987 and holding senior executive positions, serving the last three years as president Asia-Pacific. Mr. Clontz served as a director of InterDigital, Inc. from 1998 until 2015 and Equinix, Inc. from 2005 until 2013. Prior to November 1, 2017,

he served as a director of Level 3 Communications, Inc.

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**T. MICHAEL GLENN**

Age 63

Director Since 2017

Committees:

Audit

Human Resources and Compensation

T. Michael Glenn has served as Senior Advisor at Oak Hill Capital Partners since 2017. Until his retirement in December 2016, Mr. Glenn was executive vice president of Market Development and Corporate Communications for FedEx Corporation. He also served as a member of the five-person Executive Committee, responsible for planning and executing the corporation's strategic business activities, and as president and chief executive officer of FedEx Corporate Services, responsible for all marketing, sales and retail operations functions for all FedEx Corporation operating companies. Before FedEx Corporation was formed in 1998, Mr. Glenn was senior vice president, Worldwide Marketing, Customer Service and Corporate Communications for FedEx Express. In that role, he was responsible for directing all marketing, customer service, employee communications and public relations activities. Mr. Glenn currently serves as a director of Pentair plc. Prior to November 1, 2017, he served as a director of Level 3 Communications, Inc.

**W. BRUCE HANKS**

Age 64

Director Since 1992

Committees:

Audit (*Chair*)

Finance

W. Bruce Hanks has served as non-executive Vice Chairman of the Board of Directors of CenturyLink since May 2017 and lead independent director since February 2018. He has served as a consultant with Graham, Bordelon, Golson and Gilbert, Inc., an investment management and financial planning company, since 2005. From March 2001 to June 2004, Mr. Hanks served as Athletic Director of the University of Louisiana at Monroe. From 1980 to 2001, he held various executive positions at CenturyLink, including Chief Operating Officer, Senior Vice President Corporate Development and Strategy, Chief Financial Officer, and President Telecommunications Services. Prior to then, Mr. Hanks worked as a certified public accountant with Peat, Marwick & Mitchell for three years. He currently serves as a Director of the American Football Coaches Foundation and is an advisory director of IberiaBank Corporation. Mr. Hanks also previously served on the executive boards of several telecommunications industry associations

including the Cellular Telecommunications Industry Association and the National Exchange Carriers Association and the boards of other publicly-owned companies including Brooks Fiber Company and American Horizons Bank. He is recognized as a Board Leadership Fellow by the National Association of Corporate Directors. He is a member of the Louisiana State Society of CPAs.



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**MARY L. LANDRIEU**

Age 63

Director Since 2015

Committees:

Nominating and Corporate Governance

Risk and Security

Mary L. Landrieu has served as senior policy advisor at Van Ness Feldman, LLP, a Washington D.C.- based law firm, since May 2015. She also served as policy advisor at Walton Family Foundation, a philanthropic organization focused on improving K-12 education and supporting economic incentives for sustainable resource management, from 2014 to 2016. Previously, Ms. Landrieu served as a U.S. Senator from the State of Louisiana from 1996 to 2014, where she chaired the Senate Committee on Energy and Natural Resources, served on the Senate Committee on Appropriations, chaired the Subcommittees on Homeland Security, Financial Services and General Government, and the District of Columbia, chaired the Senate Committee on Small Business and Entrepreneurship. In her work on Homeland Security, Senator Landrieu led the disaster recovery efforts after Hurricane Katrina and the Gulf restoration efforts after the BP oil spill. She also was elected as Louisiana treasurer from 1987 to 1995, and served as a member of the Louisiana legislature from 1979 to 1987. Ms. Landrieu currently serves on the board of trustees or board of directors of several national organizations promoting education or children's welfare.

**HARVEY P. PERRY**

Age 74

Director Since 1990

Committees:

Finance

Risk and Security

Harvey P. Perry has served as non-executive Chairman of the Board of Directors of CenturyLink, since May 2017. From January 2004 to May 2017, Mr. Perry served as non-executive Vice Chairman of the Board of Directors of CenturyLink. He retired from CenturyLink in 2003. Mr. Perry joined CenturyLink in 1984, serving as Secretary and General Counsel for approximately twenty years and Executive Vice President and Chief Administrative Officer for almost five years. Prior to joining CenturyLink, Mr. Perry worked as an attorney in private practice for 15 years.

**GLEN F. POST, III**

Age 66

Director Since 1985

**Committees:**

Finance

Risk and Security

Glen F. Post, III served as Chief Executive Officer of CenturyLink from 1992 to May 2018 and as President of CenturyLink from 1990 to November 1, 2017 (except for 2002 to 2009). Mr. Post served as Chairman of the Board of CenturyLink from 2002 to 2009 and as Vice Chairman of the Board of CenturyLink from 1993 and 2002. Mr. Post has also held various other positions at CenturyLink between 1976 and 1993, most notably Treasurer, Chief Financial Officer and Chief Operating Officer. He retired from CenturyLink in May 2018. Mr. Post previously served on the National Security Telecommunications Advisory Committee (NSTAC) and a number of other Boards and Foundations. He previously chaired the FCC's Communications Security, Reliability and Interoperability Council.

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**MICHAEL J. ROBERTS**

Age 68

Director Since 2011

Committees:

Human Resources and Compensation

Nominating and Corporate Governance

Michael J. Roberts has served as Chief Executive Officer and founder of Westside Holdings LLC, a marketing and brand development company, since 2006. He served as President and Chief Operating Officer of McDonald's Corporation, a foodservice retailer, from 2004 to 2006. He also served as Chief Executive Officer of McDonald's USA during 2004 and as President of McDonald's USA from 2001 to 2004. Mr. Roberts is currently a director of W.W. Grainger, Inc.

**LAURIE A. SIEGEL**

Age 63

Director Since 2009

Committees:

Human Resources and Compensation (*Chair*)

Nominating and Corporate Governance

Laurie A. Siegel founded LAS Advisory Services in 2012, a business and human resources consultancy. She also serves as a Senior Advisor to the G100, and serves as Chairman of the G100 Talent Consortium. She retired in September 2012 from Tyco International Ltd., a diversified manufacturing and service company, where she served as Senior Vice President of Human Resources and Internal Communications from 2003 to 2012. From 1994 to 2002, she held various positions with Honeywell International Inc., including Vice President of Human Resources Specialty Materials. She was previously a director of global compensation at Avon Products and a principal of Strategic Compensation Associates. Ms. Siegel is currently a director of FactSet Research Systems Inc. and California Resources Corporation.

**JEFFREY K. STOREY**

Age 58

Director Since 2017

Committees:

Risk and Security

Jeffrey K. Storey has served as Chief Executive Officer and President of CenturyLink since May 2018. He served as President and Chief Operating Officer of CenturyLink from November 2017 to May 2018. From April 2013 to October 2017, Mr. Storey served as President and Chief Executive Officer of Level 3 Communications, Inc. From December 2008 to April 2013, he served as Level 3's President and Chief Operating Officer. From 2006 to 2008, Mr. Storey served as President of Leucadia Telecommunications Group of Leucadia National Corporation, where he directed and managed Leucadia's investments in telecommunications companies. From October 2002 to 2005, Mr. Storey served as Chief Executive Officer of WilTel Communications Group, LLC. Prior to that position, Mr. Storey served as Chief Operations Officer, Network for Williams Communications, Inc., where he had responsibility for all areas of operations for the company's communications network, including planning, engineering, field operations, service delivery and network management. Prior to November 1, 2017, he served as a director of Level 3 Communications, Inc.

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**Executive Officers Who Are Not Directors**

Listed below is information on each of our executive officers who are not directors. Unless otherwise indicated, each person has been engaged in the principal occupation shown for more than the past five years.

**INDRANEEL DEV**

Age 47

Indraneel Dev, Executive Vice President Chief Financial Officer since November 6, 2018; served as interim Chief Financial Officer from September 28, 2018 to November 6, 2018; served as Group Vice President, Finance of CenturyLink from November 1, 2017 until September 28, 2018 and with Level 3 from February 2004 until November 1, 2017.

**STACEY W. GOFF**

Age 53

Stacey W. Goff, Executive Vice President, General Counsel and Secretary since 2009; served as Chief Administrative Officer from November 2014 to May 2018; served as Senior Vice President, General Counsel and Secretary prior to 2009.

**SCOTT A. TREZISE**

Age 50

Scott A. Trezise, Executive Vice President Human Resources since August 2013; served as Senior Vice President Human Resources for The Shaw Group, Inc. from June 2010 until its acquisition by Chicago Bridge & Iron Company N.V. in February 2013; served as Vice President of Human Resources for Honeywell International Inc. from 2005 to June 2010.

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**CORPORATE GOVERNANCE**

CenturyLink is committed to strong corporate governance principles. We believe our corporate governance practices and policies promote the long-term interests of our shareholders, strengthen the accountability of our Board and management and build public trust in our Company. Our Corporate

Governance Guidelines, along with the charters of our Board committees, our bylaws and Code of Conduct, provide the framework for the governance of our company and reflect the Board's commitment to monitor the effectiveness of our decision-making processes.

**Governance Highlights**

- ü Annual Election of Directors
  
- ü Majority Voting in Director Elections
  
- ü Proxy Access Bylaw
  
- ü Separation of Chairman and CEO Roles
  
- ü Lead Independent Director
  
- ü Regular Executive Sessions of Independent Directors
- ü All Directors Attending more than 75% of Meetings
  
- ü Annual Board and Committee Evaluations
  
- ü Stock Ownership Guidelines for Directors and Executive Officers
  
- ü Anti-Hedging, Short Sale and Pledging Policies

- ü Comprehensive Risk Oversight by the Board and its Committees

## Key Governance Materials

- ü Corporate Governance Guidelines
- ü Articles of Incorporation
- ü Bylaws
- ü Charter for Each Board Committee
- ü Code of Conduct and Supplier Code of Conduct
- ü Anti-Corruption Policy
- ü Modern Slavery Statement
- ü Integrity Line

These Corporate Governance Guidelines, committee charters and corporate ethics and compliance documents are available on our website at <http://www.centurylink.com/aboutus/governance.html>

### Board Composition

In accordance with our Corporate Governance Guidelines, our Nominating and Corporate Governance Committee reviews annually the composition and size of the Board. We recognize the importance of Board refreshment to continually maintain a group of directors with a balanced mix of institutional knowledge and fresh perspectives. We seek directors who have diverse and extensive experience and skills that match our needs, and who can provide independent oversight of our operations.

The materials below provide additional information about our Board composition. We remain committed to an ongoing review of the Board's composition to ensure that we maintain the right mix of skills, background and tenure as we continue to position the company for long-term success.

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**CORPORATE GOVERNANCE**

[Board Composition](#)

[Board Leadership Structure](#)

Since 2009, the Board has annually elected a non-executive Chairman. In May 2017, the Board elected Harvey P. Perry as our Chairman and lead director. In early May 2018, the Board re-elected Mr. Perry as Chairman and named W. Bruce Hanks as lead independent director.

The Chairman's responsibilities include presiding over Board meetings, overseeing the management, development and functioning of the Board, and in consultation with the CEO, planning and organizing the activities of the Board and the schedule and agendas for Board meetings.

Our lead independent director's responsibilities include coordinating and developing an agenda for each meeting of non-management directors. With regard to information from management that is necessary for the non-management directors to perform their duties effectively and responsibly, the lead independent director also provides guidance to the CEO on the quality, quantity, and timeliness of

the flow of information, with the understanding that the non-management directors will receive any information requested on their behalf by the lead independent director.

The Board believes that the separation of the Chairman and CEO positions has functioned effectively over the past several years. Separating these positions has allowed our CEO to have primary responsibility for the operational leadership and strategic direction of our business, while allowing our Chairman to lead the Board in its fundamental role of providing guidance to and separate oversight of management.

Our Board periodically reviews its leadership structure and may make such changes in the future as it deems appropriate. The Board believes that its programs for overseeing risk would be effective under a variety of top leadership structures, and, accordingly, this factor has not materially affected its current choice of leadership structure.

[Director Independence](#)

On an annual basis, our Board evaluates the independence of each director nominee, based on the independence standards of our Corporate Governance Guidelines and applicable NYSE standards. Based on its review, the Board has affirmatively determined that all but three of our directors Messrs. Storey, Perry and Post qualify as independent directors.

In making these determinations, the Board considered all known commercial, banking, consulting, legal, accounting, charitable, familial or other relationships any director may have with us. Some of our independent directors are employed by or affiliated with companies with which we do

business in the ordinary course, either as a service provider, a customer or both. In all cases the amounts spent under these transactions fell well below the materiality thresholds established in the NYSE listing standards and in our Corporate Governance Guidelines. Consequently, our Board concluded that the amounts spent under these transactions did not create a material relationship with us that would interfere with the exercise of independent judgment by any of these directors.

As noted further below, our Audit Committee, Human Resources and Compensation Committee, and Nominating and Corporate Governance Committee are composed solely of independent directors.

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### CORPORATE GOVERNANCE

#### Shareholder Engagement

#### Shareholder Engagement

We believe regular communication with our shareholders is critical to ensure that management and the Board are aware of our shareholders' priorities. The Board strives to be responsive and to ensure that shareholders' concerns and observations are appropriately addressed. Through our communications with shareholders over the years, we have strived to improve our governance practices and view obtaining this feedback as a priority.

Our senior management team, including our CEO, CFO and members of our Investor Relations team, maintain regular contact with a broad base of investors, including through investor meetings, conferences and quarterly earnings calls. For years, we have supplemented this engagement with annual outreach efforts.

In 2018, we established a more formal corporate governance outreach process to receive feedback from our large institutional investors, pension funds and the two largest proxy advisory firms, for their perspectives on our governance practices, board

diversity and composition, compensation philosophy and other topics. The outreach efforts are managed by a cross-functional team that includes the Human Resources/Executive Compensation, Legal and Investor Relations departments and the Board of Directors. In 2018, in more than one of these outreach meetings, at least one member of the Board teamed with senior management to facilitate in-depth discussions of these issues. Appropriate members of the Board were provided summaries of the feedback received.

We intend to continue with a regular and robust communication cycle throughout the year, including reviewing results from our most recent annual meeting of shareholders in the second quarter; engaging in active outreach with investors to understand corporate governance priorities and compensation practices in the third and fourth quarters; and sharing feedback with our Human Resources and Compensation Committee, Nominating and Governance Committee and full Board throughout the year.

#### Communicating with Your Board

If you would like to provide feedback to the Board, you may contact either our Chairman, lead independent director or any other director by writing a letter addressed specifically to them, c/o Post Office Box 5061, Monroe, Louisiana 71211, or by sending an email to [boardinquiries@centurylink.com](mailto:boardinquiries@centurylink.com).

#### Board's Role in Setting Strategy

Our Board oversees and provides guidance to senior management on the development and implementation of the Company's strategic plans. This occurs year-round at quarterly Board meetings through presentations and discussion of the strategies to be pursued by the Company as a whole or by its lines of business. Each year, we schedule an extended meeting to enable a comprehensive review of our strategy and long-term plan.

From time-to-time at these strategy sessions, we invite outside experts or consultants to share their

views on issues impacting our strategic options, industry trends and technological developments. As discussed further under Compensation Discussion and Analysis, our Human Resources and Compensation Committee reviews our strategies annually to ensure that the performance metrics used in our executive compensation programs appropriately incentivize the pursuit of our short and long-term strategic goals. In addition, our Board's sharp focus on risk management oversight (discussed in detail below) plays a key role in our strategic planning process.

### Board Education

We strive to educate our Board on industry, technological and regulatory conditions impacting us, principally through the Board presentations and strategy sessions described immediately above. We also actively encourage our directors to attend educational conferences or seminars to supplement

their knowledge base. Our directors also have access to our internal technology advisory Board, including invitations to attend the advisory Board's periodic educational update meetings, which is especially helpful in connection with on-boarding new directors.

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**CORPORATE GOVERNANCE**

**Oversight of Risk Management**

**Oversight of Risk Management**

***Role of the Board.*** While senior management has primary responsibility for managing risk on a day-to-day basis, our Board is responsible for overseeing our risk management processes. These processes are a coordinated effort among our business units, senior leadership, risk management personnel and internal auditors.

Directors typically monitor our risk profile by receiving from management periodic briefing and educational presentations. The Board works with senior management to assess our key short- and long-term business risks, including an enterprise risk management reporting process designed to identify critical risks and formulate risk mitigation strategies.

The Board oversees the management of our critical risks by using several different levels of review. The

Board addresses the primary risks associated with our business units and corporate functions in connection with receiving periodic operational reports. The Board also reviews the risks associated with our strategic plan at an annual strategic planning session and periodically throughout the year. In addition, our non-executive chairman and lead independent director regularly meet and discuss with our chief executive officer a variety of matters, including our business strategies, opportunities, key challenges and key risks, as well as management's risk mitigation strategies. Finally, the Board assesses risks in connection with authorizing major transactions or initiatives, such as acquisitions, operating or capital budgets, new product development or strategic investments, as well as through regular communications with its committees.

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**CORPORATE GOVERNANCE**

**Oversight of Risk Management**

***Role of the Committees.*** Each of our Board committees oversees the management of risks that fall within that committee's areas of responsibility and assists the Board in fulfilling its oversight responsibilities with respect to certain recurring risks, as described below:

**Committee Oversight Responsibilities**

**Risk and Security Committee**

**Audit Committee**

Assists the Board in fulfilling its oversight responsibilities with respect to, among others:

Responsible for reviewing and discussing with management, our internal auditors and our independent auditors our major financial risks, including matters potentially impacting financial reporting

risks posed by cyberattacks or other casualty events  
(Quarterly Topic)

Assists the Board in fulfilling its oversight responsibilities relating to the adequacy and effectiveness of our (i) internal control over financial reporting, (ii) our internal controls regarding information technology security and (iii) our disclosure controls and procedures

risks related to network reliability, privacy and regulations

other key enterprise or operational risks as jointly determined by the Committee and management

Oversees our classified activities and facilities through a subcommittee

Oversees our corporate compliance and enterprise risk management programs and activities

Receives periodic reports on various risk exposures, including quarterly reports on cybersecurity, which typically include reports on recent cyber intrusions, mitigation steps taken in response to those intrusions, and ongoing cybersecurity initiatives

Coordinates risk oversight functions of other Board committees

#### Finance Committee

Assists the Board in fulfilling its oversight responsibilities with respect to the management of our financial resources and capital structure, including our (i) capital requirements, (ii) capital allocation plans, (iii) benefit plan funding and (iv) hedging strategies

Provides guidance, as needed, regarding capital markets transactions

#### Human Resources and Compensation Committee

Responsible for overseeing the assessment of whether our compensation policies and practices are likely to expose us to material risks

Responsible, in consultation with management, for overseeing our compliance with regulations governing executive and director compensation

Oversees our labor relations risks

#### Nominating and Corporate Governance Committee

Assists the Board in fulfilling its oversight responsibilities with respect to the management of risks associated with the company's Board leadership structure and corporate governance matters.

For additional information on these committees, see [Committees of the Board](#).

**Role of Third Parties.** From time to time, we retain third party firms to assist the Board in various capacities, including risk assessment. Over the past three years, we retained two different firms to conduct detailed reviews of our cybersecurity programs. These reviews were discussed with our directors and enabled us to further strengthen our cybersecurity programs. We also periodically retain consultants to assess with our Board the risks of our current or proposed business strategies.

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**CORPORATE GOVERNANCE**

[Board of Directors Meetings](#)

[Board Evaluation Process](#)

Our Nominating and Corporate Governance Committee oversees the annual performance evaluation of the Board as a whole and each committee of the Board. Annually, each director completes an evaluation of the full Board and of each committee on which the director serves. The evaluations are intended to provide an opportunity to evaluate performance, with the goal of improving Board and committee processes and effectiveness.

Although questionnaires are used to frame issues, our process typically focuses primarily on in-depth director interviews by the chair of the Nominating and Corporate Governance Committee (or the appropriate committee chair in the case of committee evaluations). The process is designed to elicit both specific and general comments on various key areas of Board practices, and to ask each director to evaluate how well the Board and committees operate. Directors are also asked to assess the performance of the Chairman, lead independent director and each committee chair. Management input is also received and assessed. The Nominating

and Corporate Governance Committee reviews the results and the overall assessment is presented to the full Board. Each committee chair reviews the results of the committee reviews and presents those results to the committee. The results are typically used in connection with assessing Board recruitment strategies, committee assignments and changes in Board or committee procedures, among other things.

The Nominating and Corporate Governance Committee annually assesses its evaluation protocols to determine if changes are warranted. In addition to these annual self-assessments, the Board and its committees typically evaluate and modify their functions on an ongoing basis in executive sessions.

When evaluating candidates for nomination as new directors, our Corporate Governance Guidelines provide that our Nominating and Corporate Governance Committee will consider a pool of candidates that includes women and individuals from minority groups.

[Board of Directors Meetings](#)

During 2018, the Board held seven meetings and all of our directors attended at least 75% of the aggregate number of all Board meetings and all meetings of Board committees on which they served. In addition, each of our directors attended the 2018 annual shareholders meeting.

All Board and committee members are actively encouraged to suggest agenda items to be discussed at upcoming meetings. Directors are generally free to attend all committee meetings. No less than quarterly, our non-management

directors and our independent directors meet in executive session, and our committees also periodically meet in executive session, in all cases without management present.

**Table of Contents****CORPORATE GOVERNANCE**

## Committees of the Board

## Committees of the Board

During 2018, we took a number of steps to reinvigorate our Board committee functions, including (i) refreshing committee composition to gain new perspectives, (ii) expanding or revising the duties of certain committees, particularly with respect to re-allocating various risk oversight responsibilities, and (iii) renaming certain committees to reflect these changes. The table below lists the Board's standing committees and their membership as of the date of this proxy statement:

<b>Director</b>	<b>Audit Committee Member</b>	<b>Human Resources and Compensation Committee Member</b>	<b>Nominating and Corporate Governance Committee Member</b>	<b>Risk and Security Committee<sup>(1)</sup> Member</b>	<b>Finance Committee<sup>(2)</sup> Member</b>
Martha H. Bejar	ü			ü	
Virginia Boulet		ü	Chair		
Peter C. Brown <sup>(3)</sup>	ü				Chair
Kevin P. Chilton <sup>(4)</sup>	ü			Chair	
Steven T. Clontz <sup>(5)</sup>		ü	ü		
T. Michael Glenn <sup>(6)</sup>	ü	ü			
W. Bruce Hanks	Chair				ü
Mary L. Landrieu			ü	ü	
Harvey P. Perry <sup>(7)</sup>				ü	ü
Glen F. Post, III <sup>(8)</sup>				ü	ü
Michael J. Roberts		ü	ü		
Laurie A. Siegel <sup>(9)</sup>		Chair	ü		
Jeffrey K. Storey <sup>(10)</sup>				ü	

(1) Formerly named the Risk Evaluation Committee.

(2) Formerly named the Pricing Committee.

(3) Peter C. Brown became the chair of the Finance Committee on May 23, 2018.

- (4) Kevin P. Chilton became the chair of the Risk and Security Committee on May 23, 2018.
- (5) Steven T. Clontz joined the Human Resources and Compensation Committee on May 23, 2018.
- (6) T. Michael Glenn joined the Audit Committee on May 23, 2018.
- (7) Harvey P. Perry joined the Finance Committee on May 23, 2018.
- (8) Glen F. Post, III joined the Risk and Security Committee on May 23, 2018.
- (9) Laurie A. Siegel joined the Nominating and Corporate Governance Committee on May 23, 2018.
- (10) Jeffrey K. Storey joined the Risk and Security Committee on May 23, 2018.

**Audit Committee.** During 2018, the Board's Audit Committee held eight meetings. With the exception of Mr. Glenn, the Audit Committee is currently composed of five independent directors, all of whom the Board has determined to be audit committee financial experts, as defined under the federal securities laws.

**Human Resources and Compensation Committee.** The Board's Human Resources and

Compensation Committee (which in most instances is hereinafter referred to as the Compensation Committee) met nine times during 2018. The Compensation Committee is currently composed of five independent directors, all of whom qualify as non-employee directors under Rule 16b-3 promulgated under the Securities Exchange Act of 1934.

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**CORPORATE GOVERNANCE**

**Committees of the Board**

***Nominating and Corporate Governance Committee.*** The Board's Nominating and Corporate Governance Committee (which in most instances is hereinafter referred to as the Nominating Committee) is currently composed of five independent directors. It met six times during 2018. The Nominating Committee is responsible for, among other things, (i) recommending to the Board nominees to serve as directors and officers, (ii) monitoring the composition and size of the Board and its committees, (iii) periodically reassessing our Corporate Governance Guidelines described above, (iv) leading the Board in its annual review of the Board's performance, (v) reviewing shareholder proposals and making recommendations to the Board regarding how to respond, (vi) conducting an intensive annual review of the performance of our Chief Executive Officer, including interviewing each of our other senior officers, and (vii) reporting to the Board on succession planning for executive officers and appointing an interim CEO if the Board does not make such an appointment within 72 hours of the CEO dying or becoming disabled.

***Risk and Security Committee.*** The Board maintains a Risk and Security Committee, which met four times during 2018.

***Finance Committee.*** The Board also maintains a Finance Committee, which formerly operated as the Pricing Committee with the power to approve the terms under which we sell our securities or borrow money. During 2018, this committee was renamed and its ambit was enlarged to include the finance oversight responsibilities described above under the heading Oversight of Risk Management.

Each of the committees listed above is composed solely of independent directors, except for the Risk and Security Committee, which includes Messrs. Perry, Post and Storey, and the Finance Committee, which includes Messrs. Perry and Post.

Additional information on the responsibilities of these committees can be found elsewhere herein and in the committees' respective charters, which can be obtained in the manner described on page 8.

**Succession Planning and Development**

The Board is focused on ensuring that we have short- and long-term succession plans in place for our key senior executives. Our long-term succession plan is intended to develop a pipeline of qualified

talent for key roles. The planning process includes a discussion of succession candidates, an assessment of their relevant strengths and skills, and corrective steps where necessary to address gaps in skill sets. Multiple succession candidates may be identified for a specific position and provided with relevant growth opportunities. Where possible, the Board evaluates internal succession candidates based upon their presentations to the Board and participation in other Board activities. Board members also participate in annual 360° peer reviews of senior executives, which provides additional information on internal succession candidates.

The Nominating Committee is responsible for overseeing the succession planning process for our Chief Executive Officer and other key senior executives. The committee provides periodic updates on succession planning to the independent directors. During 2018, the committee retained a nationally-recognized executive search firm to assist it with its succession planning activities, including the identification of future internal and external succession

candidates.

### [Stock Ownership Guidelines](#)

We require our executive officers to beneficially own CenturyLink stock equal in market value to specified multiples of their annual base salary. See [Compensation Discussion and Analysis Our Policies, Processes and Guidelines Related to Executive Compensation Stock Ownership Guidelines](#) for information on the executive ownership multiples and the holding percentages currently in effect. All executive officers have three years from the date they first become subject to a particular ownership level to attain that target.

We require our outside directors to beneficially own CenturyLink stock equal in market value to five times their annual cash retainer. Outside directors have five years from their election or appointment date to attain that target.

The Human Resources and Compensation Committee administers the guidelines, and may modify their terms and grant hardship exceptions in its discretion. For any year during which an executive or director does not meet his or her ownership target, the executive or director is required to hold a specified percentage of the CenturyLink stock that the executive or director acquires through our equity compensation programs, excluding shares sold to

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### CORPORATE GOVERNANCE

#### [Stock Ownership Guidelines](#)

pay taxes associated with the acquisition thereof. As of December 31, 2018, all of our outside directors and executive officers exceeded their stock ownership thresholds.

#### [Director Nomination Process](#)

**General.** Nominations for the election of directors at our annual shareholders' meetings may be made by the Board (upon the receipt of recommendations of the Nominating Committee) or by any shareholder of record who complies with our bylaws. For the meeting this year, the Board has nominated the 13 nominees listed above under "Election of Directors" to stand for re-election as directors. For further information on procedures governing the submission of shareholder proposals, see "Frequently Asked Questions."

**Role of Nominating Committee.** The Nominating Committee will consider candidates properly and timely nominated by shareholders in accordance with our bylaws. Upon receipt of any such nominations, the Nominating Committee will review the submission for compliance with our bylaws, including determining if the proposed nominee meets the bylaw qualifications for service as a director.

From time to time, we have added to our Board directors who previously served as directors of companies we acquired. For instance, in connection with acquiring Embarq in 2009, Qwest in 2011 and Level 3 in 2017, we added several new directors to our Board who previously served as directors of those companies, seven of whom are nominees to be re-elected at the meeting.

Except as provided by our Corporate Governance Guidelines, the Nominating Committee has not established any specific minimum qualifications for director candidates. Under our Corporate Governance Guidelines, the Nominating Committee assesses director candidates based on their independence, diversity, character, skills and experience in the context of the needs of the Board. Further, our Corporate Governance Guidelines provide that no director may be appointed or nominated to a new term as a director if he or she would be age 75 or older at the time of the election or appointment. The committee evaluates each individual in the context of the Board as a whole, with the objective of recommending nominees who can best contribute to the success of the business and best represent shareholder interests through the exercise of their particular experience and skill set.

**Waivers of Governance Requirements.** Our directors are subject to our Corporate Governance Guidelines, which, among other things, prohibit a director from serving on more than two additional unaffiliated public company boards. In addition to serving on our Board, Martha H. Bejar serves on the board of directors of more than two unaffiliated public companies. In connection with her re-nomination to serve as a director on our Board at the meeting, the Board waived compliance with the above-described service limitation, subject to the understanding that this waiver permits Ms. Bejar to serve only on the boards of the unaffiliated companies on which she was serving on the date of the waiver, unless and until she is permitted to accept a new directorship under our Corporate Governance Guidelines.

**Agreements to Nominate Certain Directors.** In connection with the Level 3 Combination, on October 31, 2016 we entered into a Shareholder Rights Agreement with STT Crossing Ltd. ( "STT Crossing" ), which was Level 3's largest shareholder as of such date. In early 2018, STT Crossing assigned its rights under this agreement (the "Shareholder Rights Agreement" ) to two of its affiliates, Everitt Investments Pte. Ltd and Aranda Investments Pte. Ltd. (the "STT

Affiliates ). Pursuant to the Shareholder Rights Agreement, the Nominating Committee is currently obligated to nominate the individual designated by the STT Affiliates for election to the Board, subject to (i) the fiduciary duties of the members of that committee, (ii) any applicable regulation or listing requirement of the New York Stock Exchange and (iii) any applicable provisions of any network security agreement between us, STT Crossing and a government agency. Following the execution of the Shareholder Rights Agreement, STT Crossing or the STT Affiliates in each instance have designated Steven T. Clontz as their designee. The Board is required to recommend that the shareholders vote in favor of the STT Affiliates' designee and we are required to use all reasonable efforts to cause the individual to be elected as a member of the Board. In making its recommendation to the full Board regarding the nominee for election to our Board at the meeting, the Nominating Committee considered, among other things, Mr. Clontz's extensive experience in the telecommunications industry. For additional information about the Shareholder Rights Agreement, please see the full copy of the agreement that we have filed as an exhibit to our prior SEC reports.

***Current Discussions.*** Through its Schedule 13D filing on February 19, 2019, Southeastern Asset Management, Inc. expressed its intent to have



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**CORPORATE GOVERNANCE**

**Corporate Social Responsibility**

conversations with us about adding directors to the Board. As we initially announced in our press release dated February 19, 2019, we are engaged in constructive discussions with Southeastern regarding its suggested nominees. Currently, members of our Board are evaluating potential nominees. While we are confident that we will mutually agree upon a candidate who will strengthen our Board, we cannot currently predict how long this process will take or its ultimate outcome.

**Corporate Social Responsibility**

The Board and management team are committed to CenturyLink’s vision to make a positive difference in the world and specifically in the communities we serve. This commitment is supported at all levels of our organization, across the globe. Through our actions, our goal is to make our employees, business partners and communities proud of our innovative and quality services, the unwavering integrity of our business ethics, our deep commitment to being a good employer, our respect for the environment, and our ongoing support of the communities where we live and work.

CenturyLink is committed to growing its business in a sustainable and socially responsible manner. We support the passions and interests of our employees, and empower them to be a positive influence in the world. We are proud to provide many opportunities to be good neighbors by volunteering time and talent to support the causes that matter most to our employees.

To learn more about our wide-ranging CSR programs, please see our Corporate Social Responsibility Report posted on the Community section of our website at <https://www.centurylink.com/aboutus/community.html>.

**CenturyLink’s Unifying Principles**

CenturyLink’s unifying principles serve as the foundation upon which we continue to grow, conduct our business and guide our interactions with our customers, shareholders, communities and one another. They represent the fundamental values upon which CenturyLink is built and inform our CSR initiatives. Those principles are: Fairness, Honesty and Integrity, Commitment to Excellence, Positive Attitude, Respect, Faith and Perseverance.

**Social and Environmental Highlights**

<b>Diversity and Inclusion</b>	Maintain a Diversity & Inclusion Steering Committee to shape and drive our overall diversity strategy
	Embrace diversity and create a culture of inclusion
	Implement proactive policies to encourage diversity in our recruiting and outreach initiatives
	Include supplier diversity as part of our overall program

Pursue and evaluate diversity starting at the Board level; four of our 13 Directors are female, representing 31% of our Board

**Community**

Strengthen the communities we serve through philanthropy, volunteerism and support of local community initiatives

**Involvement**

Encourage employee volunteerism with added support through the Matching Time Grants program

Provide employees with a method for continual giving to charities they support

Offer teachers and technology grants to pre-K to 12<sup>th</sup> grade teachers within our service areas, in support of STEM education

**Ethics and**

Unite around our annual food drive to fight hunger as an issue critical to our communities

Maintain a CenturyLink Code of Conduct that lays the foundation for our ethics and compliance program

**Compliance**

Create and maintain through training an ethical business culture based on our unifying principles

Maintain a 24/7 Integrity Line with a firm no-retaliation policy

Focus on human rights throughout our global locations

Train and reinforce anti-bribery and fair competition principles; require all employees to adhere to all applicable anti-bribery and anti-corruption legislation worldwide

**Environmental**

Strive to build and operate energy-efficient networks and data centers

**Sustainability**

Pursue sustainability initiatives that reduce energy, waste and materials consumption

Engage our employees and suppliers in our sustainability efforts

Establish and maintain sustainability metrics to measure and report on the results of our efforts

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**CORPORATE GOVERNANCE**

[Corporate Social Responsibility](#)

[CenturyLink's Environmental Sustainability Program](#)

Managing our environmental impacts requires a thoughtful approach, balancing the needs of our employees, customers, shareholders and the environment. This balanced approach means ensuring environmental sustainability efforts support the financial health of our business, the quality of service we offer our customers and the value we create for our shareholders and our communities.

Some of our environmental initiatives and achievements include:

Reducing our absolute carbon emissions and carbon intensity by purchasing renewable energy and investing in facility efficiency improvements and new technologies in our data centers and network facilities around the world.

Improving energy efficiency by partnering with other service providers, as well as manufacturers of set-top boxes and small network equipment.

Maintaining or expanding the number of company locations with third-party certified Energy, Environmental, and Safety Management Systems.

[Political Contributions](#)

We are committed to advocating public policy solutions that best serve our customers, our shareholders, our employees, and the communities we serve. We value transparency in this process and appreciate the need for disclosure of our political activity to promote ethical corporate governance and confidence in the democratic process. Our corporate political contributions and those of our political action committees are disclosed in accordance with applicable federal and state campaign finance laws, and our semi-annual Political Contributions Reports. To learn more, please see our most recent Political Contributions Report posted on the [Public Policy](#) section of our website at <https://www.centurylink.com/aboutus/company-information/public-policy.html>.

**Table of Contents****RATIFICATION OF THE SELECTION OF THE INDEPENDENT AUDITOR****(Item 2 on Proxy or Voting Instruction Card)**

The Audit Committee of the Board has appointed KPMG LLP as our independent auditor for the fiscal year ending December 31, 2019, and we are submitting that appointment to our shareholders for ratification on an advisory basis at the meeting. Although shareholder ratification of KPMG's appointment is not legally required, we are submitting this matter to the shareholders, as in the past, as a matter of good corporate practice. In determining whether to reappoint KPMG as our independent auditor, the Audit Committee considered a number of factors, including, among others, the firm's qualifications, industry expertise, prior performance, control procedures, proposed staffing and the reasonableness of its fees on an absolute basis and as compared with fees paid by comparable companies.

If the shareholders fail to vote on an advisory basis in favor of the appointment, the Audit Committee will reconsider whether to retain KPMG, and may appoint that firm or another without re-submitting the matter to the shareholders. Even if the shareholders ratify the appointment, the Audit Committee may, in its discretion, select a different independent auditor at any time during the year if it determines that such a change would be in the Company's best interests.

In connection with the audit of the 2019 financial statements, we entered into an engagement letter with KPMG which sets forth the terms by which KPMG will provide audit services to us. Any future disputes between KPMG and us under that letter will be subject to certain specified alternative dispute resolution procedures, none of which are intended to restrict the remedies that our shareholders might independently pursue against KPMG.

The following table lists the aggregate fees and costs billed to us by KPMG and its affiliates for the 2017 and 2018 services identified below:

	Amount Billed	
	2017	2018
Audit Fees <sup>(1)</sup>	\$ 12,245,495	\$ 15,229,014
Audit-Related Fees <sup>(2)</sup>	207,554	106,528
Tax Fees <sup>(3)</sup>	2,121,869	1,318,798
Other		
<b>Total Fees</b>	<b>\$ 14,574,918</b>	<b>\$ 16,654,340</b>

(1) Includes the cost of services rendered in connection with (i) auditing our annual consolidated financial statements, (ii) auditing our internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002, (iii) reviewing our quarterly financial statements, (iv) auditing the financial statements of several of our subsidiaries, (v) reviewing our registration statements and issuing related comfort letters, (vi) statutory audits for

certain of our foreign subsidiaries, and (vii) consultations regarding accounting standards. Additionally, the amounts billed in 2017 (i) include \$702,000 for services rendered in connection with auditing separate carve-out financial statements related to divestiture-related transactions and (ii) exclude \$3,515,000 of fees paid to KPMG by Level 3 prior to its acquisition by CenturyLink.

- (2) Includes the cost of preparing agreed upon procedures reports and providing general accounting consulting services. Amounts billed in 2017 exclude \$172,000 of fees paid to KPMG by Level 3 prior to its acquisition by CenturyLink.
- (3) Includes costs associated with (i) general tax planning, consultation and compliance (which were approximately \$900,000 in 2017 and \$1,300,000 in 2018) and (ii) tax planning and consultation related to transactions and divestitures (which were approximately \$1,200,000 in 2017).

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**RATIFICATION OF THE SELECTION OF THE INDEPENDENT AUDITOR**

(Item 2 on Proxy or Voting Instruction Card)

The Audit Committee maintains written procedures that require it to annually review and pre-approve the scope of all services to be performed by our independent auditor. This review includes an evaluation of whether the provision of non-audit services by our independent auditor is compatible with maintaining the auditor's independence in providing audit and audit-related services. The Committee's procedures prohibit the independent auditor from providing any non-audit services unless the service is permitted under applicable law and is pre-approved by the Audit Committee or its Chairman. The Chairman is authorized to pre-approve projects if the total anticipated cost of all projects pre-approved by him during any fiscal quarter does not exceed \$250,000. The Audit Committee has pre-approved the Company's independent auditor to provide up to \$75,000 per quarter of miscellaneous permitted tax services that

do not constitute discrete and separate projects. The Chairman and the Chief Financial Officer are required periodically to advise the full Committee of the scope and cost of services not pre-approved by the full Committee. Although applicable regulations waive these pre-approval requirements in certain limited circumstances, the Audit Committee did not use these waiver provisions in either 2017 or 2018.

KPMG has advised us that one or more of its partners will be present at the meeting. We understand that these representatives will be available to respond to appropriate questions and will have an opportunity to make a statement if they desire to do so.

Ratification of KPMG's appointment as our independent auditor for 2019 will require the affirmative vote of the holders of a majority of the votes cast on the proposal at the meeting.

**THE BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR  
THIS PROPOSAL.**

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**AUDIT COMMITTEE REPORT**

Management is responsible for our internal controls and financial reporting process. Our independent auditor is responsible for performing an independent audit of our consolidated financial statements and the effectiveness of our internal control over financial reporting, and to issue reports thereon. As more fully described in its charter, the Audit Committee is responsible for assisting the Board in its general oversight of these processes and for appointing and overseeing the independent auditor, including reviewing their qualifications, independence and performance.

In this context, the Committee met and held discussions with management and our internal auditors and independent auditor for 2018, KPMG LLP. Management represented to the Committee that our consolidated financial statements were prepared in accordance with generally accepted U.S. accounting principles. The Committee reviewed and discussed with management and KPMG the consolidated financial statements, and management's report and KPMG's report and attestation on internal control over financial reporting in accordance with applicable law. The Committee also discussed with KPMG matters required to be discussed by Auditing Standard No. 1301, Communications with Audit Committees.

Among other matters, over the course of the past year, the Committee also:

- u reviewed the scope of and overall plans for the annual audit and the internal audit program, including a review of critical accounting policies, critical accounting estimates, and significant unusual transactions;
- u reviewed a report by the independent auditor describing the independent auditor's internal quality control procedures;
- u reviewed the performance of the lead engagement partner of our independent auditor;
- u reviewed the findings of the Public Company Accounting Oversight Board concerning its review of our independent auditor's integrated audit of the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2017;
- u reviewed and discussed each quarterly and annual earnings press release before issuance;
- u received quarterly reports including the company's work regarding Internal Controls over Financial Reporting from the director of internal audit, and met with other members of the internal audit staff;
- u received periodic reports pursuant to our policy for the submission of confidential communications from employees and others about accounting, internal controls and auditing matters, and conducted certain follow-up inquiries;

- u amended and restated our disclosure controls and procedures in connection with assessing their effectiveness;
- u received and evaluated a report concerning the Company's major financial risks along with the Company's mitigating actions;
- u performed quarterly reviews of the Company's challenges concerning the implementation of the new revenue recognition standard and the appropriate internal controls related thereto;
- u monitored the Company's work to finalize the booking of the purchase price accounting for the Level 3 transaction;
- u received quarterly reports on the Company's work to prepare for the new lease accounting standard;
- u received detailed analyses on the Company's accounting for income taxes, including the impacts of the new Federal tax law and the Company's accounting for pension assets and liabilities;
- u received quarterly reports on the Company's work to convert the acquired Level 3 ERP system to the CenturyLink ERP system;
- u discussed with KPMG what our Critical Accounting Matters would have been in 2018 if the new reporting model scheduled to go into effect next year had been in place this year;
- u met quarterly in separate executive sessions, including private sessions with the Company's independent auditors, internal auditors and top executives;



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**AUDIT COMMITTEE REPORT**

u received a report with regard to any hiring of former employees of KPMG; and

u coordinated with other committees of the Board to oversee the Company's risk management function, especially with respect to financial reporting, tax and accounting risks.

KPMG also provided to the Committee the written disclosures required by the applicable requirements of the Public Company Accounting Oversight Board regarding the independent auditor's communications with audit committees concerning independence. The Committee discussed with KPMG that firm's independence, and considered the effects that the provision of non-audit services may have on KPMG's independence.

Based on and in reliance upon the reviews and discussions referred to above, and subject to the limitations on the role and responsibilities of the Committee referred to in its charter, the Committee recommended that the Board include the audited consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2018.

In addition to the Company's corporate compliance program and hotline, the Audit Committee has established procedures for the receipt and evaluation, on a confidential basis, of any complaints or concerns regarding our accounting, auditing, financial reporting or related matters. To report such matters, please send written correspondence to Audit Committee Chair, c/o Post Office Box 4364, Monroe, Louisiana 71211.

**Submitted by the Audit Committee of the Board of Directors.**

W. Bruce Hanks (Chair)

Martha H. Bejar

Peter C. Brown

Kevin P. Chilton

T. Michael Glenn

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### PROPOSAL TO AMEND OUR ARTICLES OF INCORPORATION TO INCREASE AUTHORIZED SHARES OF COMMON STOCK

(Item 3 on Proxy or Voting Instruction Card)

The Board has adopted, subject to shareholder approval, an amendment to our restated articles of incorporation to increase the number of shares of common stock authorized for issuance from

1,600,000,000 to 2,200,000,000. As of the record date, the Company had 1,090,460,914 Common Shares issued and outstanding, and 509,539,086 Common Shares reserved for issuance.

#### Purpose for Adopting the Amendment

The Board believes that the increase in the number of authorized Common Shares is necessary to provide the Company with a sufficient number of authorized Common Shares available for general corporate purposes including, but not limited to: (i) issuing Common Shares to attract and retain employees and consultants and (ii) retaining the flexibility to pursue future potential strategic transactions requiring share issuances. Our reserve of authorized but unissued Common Shares was substantially reduced when we issued over 517 million shares in connection with acquiring Level 3 in late 2017. In addition, as discussed in

more detail in [Ratification of the NOL Rights Plan](#) below, we could potentially issue Common Shares in connection with the NOL Rights Plan under certain specified circumstances.

The Board believes that having such authorized Common Shares available for issuance in the future will give the Company greater flexibility and may allow such Common Shares to be issued without the expense and delay of an additional special meeting of shareholders unless such approval is expressly required by applicable law.

#### Effects

The terms of the additional Common Shares will be identical to those of the currently outstanding Common Shares and will not affect the relative voting power or equity interest of any shareholder, except for such effects as may be attendant to any future issuance of Common Shares. This amendment to increase the authorized Common Shares will not change the current number of issued Common Shares.

We do not have any current plans, proposals or arrangements, written or otherwise, to issue any of the additional authorized shares of common stock other than as disclosed in the Company's filings with the SEC, including potential issuance of Common Shares in connection with the NOL Rights Plan. However, we may decide to seek additional financing through equity or debt issuances to provide additional capital to sustain our operations. The issuance of any

shares of common stock, or securities convertible into common stock, in connection with any such financing, may dilute the proportionate ownership and voting power of existing shareholders and depress the market price of our common stock. Although the future issuance of additional Common Shares would dilute the relative ownership interests of existing shareholders, the Board believes that having the flexibility to issue additional shares in appropriate circumstances could increase the overall value of the Company to its shareholders.

No further shareholder approval would be required prior to the issuance of the additional shares of common stock authorized by the amendment except as may be required in particular cases by our articles of incorporation, the Louisiana Business Corporations Act or other applicable law, regulatory agencies or NYSE rules. There are no cumulative

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**PROPOSAL TO AMEND OUR ARTICLES OF INCORPORATION TO INCREASE AUTHORIZED SHARES OF COMMON STOCK**

**Effects**

voting, preemptive, subscription or conversion rights associated with our Common Shares, which means that current shareholders do not have a right to purchase any new issue of common stock, or securities that are convertible into common stock, in order to maintain their proportionate ownership interests in the Company.

Although this proposal to increase the authorized common stock has been prompted by business and financial considerations and not by the threat of any hostile takeover attempt, the additional shares of common stock that would become available for issuance if this proposed amendment is approved could also be used by us, subject to our fiduciary duties, to oppose a hostile takeover attempt or to delay or prevent changes in control.

If adopted, the amendment to our articles will become effective upon the filing of amended and restated articles of incorporation with the Secretary of State of the State of Louisiana, which we intend to do promptly after shareholder approval is obtained.

The description of the amendment to the articles of incorporation is qualified in its entirety by the complete text of the proposed amendment to our articles of incorporation set forth in *Appendix B*.

Approval of this proposal will require the affirmative vote of the holders of a majority of the votes entitled to be cast with respect to this matter.

**THE BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR  
THIS PROPOSAL.**

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**RATIFICATION OF THE NOL RIGHTS PLAN**

[\(Item 4 on Proxy or Voting Instruction Card\)](#)

On February 13, 2019, the Company entered into a Section 382 Rights Agreement (the NOL Rights Plan). Pursuant to the NOL Rights Plan, the Board declared a dividend of one preferred share purchase right (each, a Right) for each outstanding share of common stock, par value \$1.00, of the Company. The dividend was distributed to shareholders of record as of the close of business on February 25, 2019. The Board may amend the NOL Rights Plan prior to the meeting with certain changes to accommodate certain rights of STT Crossing under the Stockholder Rights Agreement as discussed in more detail below and to make other ministerial, clarifying and conforming changes. Any amendment to the NOL Rights Plan will be made publicly available prior to the meeting. At the meeting, the Board will seek the ratification by our shareholders of the NOL Rights Plan.

The Board adopted the NOL Rights Plan to diminish the risk that the Company could experience an ownership change as defined under Section 382 of the Internal Revenue Code of 1986, which could

substantially limit the Company's ability to use its net operating loss carryovers (collectively, the NOLs) to reduce anticipated future tax liabilities. At December 31, 2018, we had \$7.3 billion of NOLs available for use to offset our future federal taxable income. Under the Code and the regulations promulgated thereunder by the U.S. Treasury Department, these NOLs may be carried forward in certain circumstances to offset any current and future taxable income and thus reduce federal income tax liability, subject to certain requirements and restrictions. While the amount and timing of the Company's future taxable income cannot be predicted with any certainty and, accordingly, the Company cannot predict the amount of these NOLs that will ultimately be used to reduce its income tax liability, to the extent that the NOLs do not otherwise become limited, these NOLs are a valuable asset to the Company. The NOL Rights Plan has not been adopted as an anti-takeover measure.

If our shareholders do not ratify the NOL Rights Plan at the meeting, by its terms the NOL Rights Plan will expire on February 13, 2020.

[Description of the NOL Rights Plan](#)

The NOL Rights Plan is intended to act as a deterrent to any person or group seeking to acquire beneficial ownership of 4.9% or more of the Company's outstanding shares of common stock, without the approval of the Board. The following description of the NOL Rights Plan is qualified in its entirety by reference to the text of the NOL Rights Plan, which is attached to this Proxy Statement as *Appendix C* as may be amended and made publicly available prior to the meeting. We urge you to read the NOL Rights Plan carefully in its entirety as the discussion below is only a summary.

**General.** Under the NOL Rights Plan, from and after the record date of February 25, 2019, each of our Common Shares carries with it one Right, until the earlier of the Distribution Date (as defined below) or expiration of the Rights, as described below. In general, any person that, together with all Affiliates and Associates (each as defined in the NOL Rights Plan), acquires 4.9% or more of our outstanding common stock after February 13, 2019 (the date of the Board's adoption of the NOL Rights Plan), will be subject to significant potential dilution, at the discretion of the Independent Directors. In addition, the NOL Rights Plan provides that shareholders that owned 5.0% of the Company's common stock on February 13, 2019 will not trigger the NOL Rights Plan as long as they do not (i) acquire additional shares of common stock representing one-half of one percent (0.5%) or more of the Common Shares outstanding at the time of such acquisition or (ii) fall under 4.9% ownership of the Common Shares but then re-acquire Common Shares that in the aggregate equal 4.9% or more of the Common Shares. To the Company's knowledge, STT Crossing was the only holder of 5.0% or more of the Company's outstanding shares of common stock on February 13, 2019 for purposes of Section 382 of the Code. In addition, STT Crossing is permitted to acquire additional shares of the Company's common stock subject to the Board's prior determination, in good faith, that the acquisition of such additional shares would not pose an unreasonable risk that the

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**RATIFICATION OF THE NOL RIGHTS PLAN**

**Description of the NOL Rights Plan**

Company could experience an ownership change as defined under Section 382 of the Code. Also, any transfers of common stock or other Company equity interests between STT Crossing and its Affiliates is permitted. As discussed in more detail below, the Board may amend the NOL Rights Plan to, among other things, modify the exceptions applicable to STT Crossing.

The Board may, in its sole discretion prior to the Distribution Date, exempt any person or group for purposes of the NOL Rights Plan if it determines the acquisition by such person or group will not jeopardize tax benefits or is otherwise in the Company's best interests. Any person that acquires shares of common stock in violation of these limitations is known as an Acquiring Person. Notwithstanding the foregoing, a Person shall not be an Acquiring Person if the Independent Directors (as defined in the NOL Rights Plan) determine at any time that a Person who would otherwise be an Acquiring Person, has become such without intending to become an Acquiring Person, and such Person divests as promptly as practicable (or within such period of time as the Independent Directors determine is reasonable) a sufficient number of shares of common stock of the Company so that such Person would no longer be an Acquiring Person, as defined pursuant to the NOL Rights Plan. The NOL Rights Plan is not expected to interfere with any merger or other business combination approved by our Board.

**The Rights.** From the record date of February 25, 2019, until the Distribution Date or earlier expiration of the Rights, the Rights will trade with, and will be inseparable from, the common stock. New Rights will also accompany any new shares of common stock that we issue after February 13, 2019, until the Distribution Date or earlier expiration of the Rights.

**Exercise Price.** Each Right will allow its holder to purchase from our Company one ten-thousandth of a share of Series CC Junior Participating Preferred Stock ( NOL Preferred Share ) for \$28, subject to adjustment (the Exercise Price ), once the Rights become exercisable. This fraction of a NOL Preferred Share will give the shareholder approximately the same dividend, voting, and liquidation rights as would one share of common stock. Prior to exercise, the Right does not give its holder any dividend, voting, or liquidation rights.

We refer to the date when the Rights become exercisable as the Distribution Date. Until that date

or earlier expiration of the Rights, the common stock certificates will also evidence the Rights, and any transfer of shares of common stock will constitute a transfer of Rights. After that date, the Rights will separate from the common stock and be evidenced by book-entry credits or by Rights certificates that we will mail to all eligible holders of common stock. Any Rights held by an Acquiring Person, or any Affiliates or Associates of the Acquiring Person, are void and may not be exercised.

**Consequences of a Person or Group Becoming an Acquiring Person.** If a person or group becomes an Acquiring Person, all holders of Rights except the Acquiring Person, or any Affiliates or Associates of the Acquiring Person, may, upon payment of the Exercise Price, purchase Common Shares with an aggregate market value of twice the Exercise Price, based on the current per share market price of the common stock (as defined in the NOL Rights Plan) on the date of the acquisition that resulted in such person or group becoming an Acquiring Person.

**Exchange.** After a person or group becomes an Acquiring Person, our Independent Directors in their sole discretion may extinguish the Rights by exchanging one share of common stock or an equivalent security for each Right, other than Rights held by the Acquiring Person or any Affiliates or Associates of the Acquiring Person.

**Preferred Share Provisions.** Each one ten-thousandth of a NOL Preferred Share, if issued:

will not be redeemable.

will entitle holders to dividends equal to the dividends, if any, paid on one share of common stock.

will entitle holders upon liquidation either to receive \$1.00 per share or an amount equal to the payment made on one share of common stock, whichever is greater.

will vote together with the common stock as one class on all matters submitted to a vote of shareholders of the Company and will have the same voting power as one share of common stock, except as otherwise provided by law.

will entitle holders to a per share payment equal to the payment made on one share of common stock, if shares of our common stock are exchanged via merger, consolidation, or a similar transaction.

**Exercisability.** The Rights will not be exercisable until 10 business days (as may be extended in the discretion of the Independent Directors) after the



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**RATIFICATION OF THE NOL RIGHTS PLAN**

**Description of the NOL Rights Plan**

public announcement that a person or group has become an Acquiring Person unless the NOL Rights Plan is theretofore terminated or the Rights are theretofore redeemed (as described below).

**Redemption.** Our Board may redeem the Rights for \$0.0001 per Right at any time before the Distribution Date. If our Board redeems any Rights, it must redeem all of the Rights. Once the Rights are redeemed, the only right of the holders of Rights will be to receive the redemption price of \$0.0001 per Right. The redemption price will be adjusted if we have a stock split or stock dividends of our common stock.

**Expiration.** The Rights will expire on the earliest of (i) December 1, 2020, (ii) the time at which the Rights are redeemed, (iii) the time at which the Rights are exchanged, (iv) the time at which the Board determines that the Company's NOLs are utilized in all material respects or that an ownership change under Section 382 of the Code would not adversely impact in any material respect the time period in which the Company could use the NOLs, or materially impair the amount of the NOLs that could be used by the Company in any particular time period, for applicable tax purposes, (v) the first anniversary of the execution of the NOL Rights Plan if approval of the NOL Rights Plan by the affirmative vote of a majority of the votes cast at a duly called meeting has not been obtained prior to such date, or (vi) a determination by the Board, prior to the Distribution Date, that the NOL Rights Plan and the

Rights are no longer in the best interests of the Company and its shareholders.

**Anti-Dilution Provisions.** Our Board may adjust the Exercise Price, the number of NOL Preferred Shares issuable and the number of outstanding Rights to prevent dilution that may occur from a stock dividend, a stock split, or a reclassification of the NOL Preferred Shares or common stock.

**Amendments.** The terms of the NOL Rights Plan may be amended by our Board without the consent of the holders of the Rights. After the Distribution Date, our Board may not amend the agreement in a way that adversely affects holders of the Rights (other than an Acquiring Person, or an Affiliate or Associate of an Acquiring Person).

**Possible Amendment of NOL Rights Plan to Accommodate Holdings of STT Crossing.** The Company and STT Crossing are negotiating a possible revision to the terms of the NOL Rights Plan that would allow STT Crossing (and its Affiliates) to acquire a relatively small percentage of additional shares of outstanding common stock as long as such acquisition would not present an unreasonable risk that the Company could experience an ownership change as defined under Section 382 of the Code. If such an amendment is agreed, the Company will amend the NOL Rights Plan accordingly, and will make certain other ministerial, clarifying and conforming changes thereto. Any amendment to the NOL Rights Plan will be made publicly available prior to the meeting.

**Certain Factors Shareholders Should Consider**

Our Board believes that taking measures to safeguard the Company's NOLs is in our shareholders' best interests. However, you should consider the factors below when making your decision with respect to the ratification of the

NOL Rights Plan.

***Continued Risk of Ownership Change.*** Although the NOL Rights Plan is a deterrent measure intended to reduce the likelihood of an ownership change, we cannot assure you that it will be effective. The amount by which an ownership interest may change in the future could be affected by many factors, including purchases and sales of shares by shareholders holding 5% or more of our outstanding common stock notwithstanding the deterrent effects

of the NOL Rights Plan, decisions over which we have little or no effective control.

***Anti-Takeover Effect.*** While the NOL Rights Plan is not intended to prevent, or even discourage, a proposal to acquire the Company, it may have a potential anti-takeover effect because an Acquiring Person may have his ownership interest diluted upon the occurrence of a triggering event. Accordingly, the overall effects of the NOL Rights Plan may be to render more difficult or discourage a merger, tender offer, or assumption of control by a substantial holder of our securities. However, as is the case with traditional shareholder rights plans, the NOL Rights Plan should not interfere with any merger or other business combination approved by the Board.

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**RATIFICATION OF THE NOL RIGHTS PLAN**

**Certain Factors Shareholders Should Consider**

***Potential Impact on Value.*** The NOL Rights Plan could have a negative impact on the trading price and intrinsic value of our common stock by deterring persons or groups of persons from acquiring our common stock, including in acquisitions for which some shareholders might receive a premium above market value.

***Potential Effects on Liquidity.*** The NOL Rights Plan is intended to deter persons or groups of persons from acquiring beneficial ownership of our common stock in excess of the specified limitations. A shareholder's ability to dispose of our common stock may be limited

if the NOL Rights Plan reduces the number of persons willing to acquire our common stock or the amount they are willing to acquire. A shareholder may become an Acquiring Person upon actions taken by persons related to, or affiliated with, them. Shareholders are advised to carefully monitor their ownership of our common stock and consult their own legal advisors and/or us to determine whether their ownership of the shares approaches the proscribed level.

Approval of this proposal will require the affirmative vote of the holders of a majority of the votes cast on the proposal at the meeting.

**THE BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR  
THIS PROPOSAL.**

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**ADVISORY VOTE ON EXECUTIVE COMPENSATION**

**(Item 5 on Proxy or Voting Instruction Card)**

Each year, we provide our shareholders the opportunity to vote on a non-binding, advisory resolution to approve the compensation of our named executive officers as disclosed in our annual proxy statements pursuant to the rules of the SEC.

Under our executive compensation programs, our named executive officers are rewarded for achieving specific annual and long-term goals, as well as increased shareholder value. We believe this structure aligns executive pay with our financial performance and the creation of sustainable shareholder value. The Compensation Committee of our Board continually reviews our executive compensation programs to ensure they achieve the goals of aligning our compensation with both current market practices and your interests as shareholders.

The last two years have been transformative ones in our Company's history, given the consummation of the Level 3 Combination and the ensuing senior leadership transitions, presenting us with unique compensatory challenges and opportunities. As discussed in greater detail elsewhere in this proxy statement, the Compensation Committee spent considerable time and effort during 2018 to ensure that not only do we have the right leadership in place, but that our executive compensation programs continue to appropriately incentivize and reward each key member of the team in a manner that aligns with shareholder interests. For additional information on our executive compensation programs generally and our 2018 compensation actions specifically, we urge you to read the Compensation Discussion and Analysis and Executive Compensation sections of this proxy statement.

At the meeting, we will ask you to vote, in an advisory manner, to approve the overall compensation of our named executive officers, as described in this proxy statement, including the Compensation Discussion and Analysis, the Summary Compensation Table and the other related tables and disclosures. This proposal, commonly known as a say-on-pay proposal, gives you the opportunity to express your views. This advisory vote is not intended to address any specific element of compensation, but rather relates to the overall compensation of our named executive officers and our executive compensation policies and practices as described in this proxy statement. Accordingly, your vote will not directly affect or otherwise limit any existing compensation or award arrangement of any of our named executive officers.

While this say-on-pay vote is advisory and will not be binding on our Company or the Board, it will provide valuable information for future use by our Compensation Committee regarding shareholder sentiment about our executive compensation. We understand that executive compensation is an important matter for our shareholders. Accordingly, we invite shareholders who wish to communicate with our Board on executive compensation or any other matters to contact us as provided under Corporate Governance Shareholder Engagement.

Approval of this proposal will require the affirmative vote of the holders of a majority of the votes cast on the proposal at the meeting.

**THE BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR  
THIS PROPOSAL.**

**Table of Contents****OWNERSHIP OF OUR SECURITIES****Principal Shareholders**

The following table sets forth information regarding ownership of our Common Shares by the persons known to us to have beneficially owned more than 5% of the outstanding Common Shares on December 31, 2018 (the "investors"), unless otherwise noted.

<b>Name and Address</b>	<b>Amount and Nature of Beneficial Ownership of Common Shares<sup>(1)</sup></b>	<b>Percent of Outstanding Common Shares<sup>(1)</sup></b>
Temasek Holdings (Private) Limited 60B Orchard Road #06-18 Tower 2 Singapore 238891	107,201,207 <sup>(2)</sup>	9.8%
The Vanguard Group 100 Vanguard Blvd. Malvern, Pennsylvania 19355	106,032,787 <sup>(3)</sup>	9.7%
Blackrock, Inc. 55 East 52nd Street New York, New York 10055	86,713,858 <sup>(4)</sup>	8.0%
Southeastern Asset Management, Inc. 6410 Poplar Avenue, Suite 900 Memphis, Tennessee 38119	67,403,179 <sup>(5)</sup>	6.2%

(1)

The figures and percentages in the table above have been determined in accordance with Rule 13d-3 of the SEC based upon information furnished by the investors, except that we have calculated the percentages in the table based on the actual number of Common Shares outstanding on the dates as to which the investors have reported their holdings (as noted in notes 2 through 5), as opposed to the estimated percentages set forth in the reports of such investors referred to below in such notes. In addition to Common Shares, we have outstanding Preferred Shares that vote together with the Common Shares as a single class on all matters. One or more persons beneficially own more than 5% of the Preferred Shares; however, the percentage of total voting power held by such persons is immaterial. For additional information regarding the Preferred Shares, see Frequently Asked Questions How many votes may I cast?

- (2) Based on information contained in a Schedule 13D/A Report dated as of January 18, 2019 that this investor filed with the SEC. In this report, the investor indicated that, as of January 17, 2019, it shared with two of its subsidiaries voting power and dispositive power with respect to all of the above-listed shares.
- (3) Based on information contained in a Schedule 13G/A Report dated as of February 11, 2019 that this investor filed with the SEC. In this report, the investor indicated that, as of December 31, 2018, it (i) held sole voting power with respect to 1,107,697 of these shares, (ii) shared voting power with respect to 207,398 of these shares, (iii) held sole dispositive power with respect to 104,739,697 of these shares and (iv) shared dispositive power with respect to 1,293,090 of the above-listed shares.
- (4) Based on information contained in a Schedule 13G/A Report dated as of February 4, 2019 that this investor filed with the SEC. In this report, the investor indicated that, as of December 31, 2018, it held sole voting power with respect to 78,032,530 of these shares and sole dispositive power with respect to all of the above-listed shares.
- (5) Based on information contained in a Schedule 13D Report dated as of February 19, 2019 that this investor filed with the SEC. In this report, the investor indicated that, as of February 14, 2019, it (i) shared voting power with respect to 40,347,155 shares, (ii) held sole voting power with respect to 23,527,706 of these shares, (iii) had no voting power with respect to 3,528,318 shares, (iv) shared dispositive power with respect to 34,532,370 shares and (v) held sole dispositive power with respect to 32,870,809 of the above-listed shares.

Table of Contents**OWNERSHIP OF OUR SECURITIES**

## Executive Officers and Directors

## Executive Officers and Directors

The following table sets forth information, as of the record date, regarding the beneficial ownership of Common Shares by our executive officers and directors. Except as otherwise noted, all beneficially owned shares are held with sole voting and investment power and are not pledged to third parties.

Name	Components of Total Shares Beneficially Owned		Total Shares Beneficially Owned <sup>(3), (4)</sup>
	Unrestricted Shares Beneficially Owned <sup>(1)</sup>	Unvested Restricted Stock <sup>(2)</sup>	
<b>Current Executive Officers:</b>			
Jeffrey K. Storey	2,035,369	392,176	2,427,545
Indraneel Dev	135,879	304,837	440,716
Stacey W. Goff	172,815	404,725	577,540
Scott A. Trezise	22,045	208,470	230,515
<b>Outside Directors:</b>			
Martha H. Bejar	25,991	8,744	34,735
Virginia Boulet	43,140	8,744	51,884
Peter C. Brown <sup>(5)</sup>	30,179	8,744	38,923
Kevin P. Chilton	44,063	8,744	52,807
Steven T. Clontz <sup>(6)</sup>	244,090	8,744	252,834
T. Michael Glenn <sup>(7)</sup>	75,617	8,744	84,361
W. Bruce Hanks	58,722	8,744	67,466
Mary L. Landrieu	10,741	8,744	19,485
Harvey P. Perry <sup>(8)</sup>	106,258	8,744	115,002
Glen F. Post, III	983,543	359,259	1,342,802
Michael J. Roberts	40,512	8,744	49,256
Laurie A. Siegel	37,920	9,804	47,724
<b>Former Executive Officers:</b>			
Aamir Hussain	244,269	38,220	282,489
Sunit S. Patel <sup>(9)</sup>	683,827	0	683,827
All current executive officers and directors as a group (16 persons) <sup>(10)</sup>	4,066,884	1,766,711	5,833,595



- (1) This column includes the following number of shares allocated to the individual's account under one of our qualified 401(k) plans: Mr. Storey 5,630; Mr. Dev 5,191; Mr. Goff 7,970; Mr. Post 206,856; and Mr. Patel 10,194. Participants in these plans are entitled to direct the voting of their plan shares, as described in greater detail elsewhere herein.
- (2) Reflects (i) for all shares listed, unvested shares of restricted stock over which the person holds sole voting power but no investment power, and (ii) with respect to our performance-based restricted stock granted to our executive officers, the number of shares that will vest if we attain target levels of performance.
- (3) Excludes (i) shares that might be issued under restricted stock units and (ii) phantom units held by Mr. Roberts that are payable in cash upon the termination of his service as a director, as described further under Director Compensation Other Benefits.
- (4) None of the persons named in the table beneficially owns more than 1% of the outstanding Common Shares. The shares beneficially owned by all current directors and executive officers as a group constituted 0.5% of the outstanding Common Shares as of the record date.
- (5) Includes 24,297 shares held by a tax-exempt charitable foundation, as to which Mr. Brown has voting and dispositive powers by virtue of his control of the foundation.

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**OWNERSHIP OF OUR SECURITIES**

**Executive Officers and Directors**

- (6) Includes 50,000 shares held by Mr. Clontz's wife and 500 shares held by his son, as to which Mr. Clontz disclaims beneficial ownership.
- (7) Includes 32,143 shares held indirectly by Mr. Glenn in a trust.
- (8) Includes 709 shares beneficially held by Mr. Perry's spouse, as to which Mr. Perry disclaims beneficial ownership.
- (9) Includes 1,428 shares indirectly held and beneficially owned by Mr. Patel in an individual retirement account.
- (10) As described further in the notes above, includes (i) 24,297 shares held beneficially through a foundation, (ii) 32,143 shares held indirectly by trust, (iii) 50,709 shares held beneficially by spouses of these individuals, and (iv) 500 shares owned by the son of one of these individuals, in each case as to which beneficial ownership is disclaimed.

**Table of Contents****COMPENSATION DISCUSSION AND ANALYSIS****Introduction**

As we noted in last year's proxy statement, our November 1, 2017 combination with Level 3 transformed our Company into the second largest domestic communications provider serving global enterprise customers. During 2018, as we moved into the integration phase of the Level 3 combination, we took critical steps to restructure our leadership team, network and workforce to pursue our vision of delivering the most technologically-advanced suite of communications products and services in the industry.

As described in greater detail below, during 2018, our Board and its Human Resources and Compensation Committee (the Committee) spent considerable time and effort assembling the right senior leadership team and recalibrating our existing executive compensation programs to support the challenges and opportunities of the Company going forward.

As a result of that process, we had a few senior leadership changes during 2018, including a change in both our Chief Executive Officer (CEO) and Chief Financial Officer (CFO) positions. Therefore, this 2018 Compensation Discussion and Analysis (the CD&A) addresses the compensation of both current and former executive officers. For 2018, we had seven named executive officers (NEOs), consisting of four current executives and three former executives:

***Current Executives (or Current NEOs):***

Jeffrey K. Storey	<i>CEO and President</i>
Indraneel Dev	<i>Executive Vice President and CFO</i>
Stacey W. Goff	<i>Executive Vice President, General Counsel and Secretary</i>
Scott A. Trezise	<i>Executive Vice President, Human Resources</i>

***Former Executives (or Former NEOs):***

Glen F. Post, III	<i>Former CEO, currently serving as a non-management director</i>
Sunit S. Patel	<i>Former CFO</i>
Aamir Hussain	<i>Former Executive Vice President</i>



**Table of Contents****COMPENSATION DISCUSSION AND ANALYSIS****Introduction**

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**COMPENSATION DISCUSSION AND ANALYSIS**

[I. Executive Summary](#)

[I. Executive Summary](#)

As described further below, the central goals of our executive compensation program are:

- (1) to incentivize our executives to attain objectives that we believe will create shareholder value,
- (2) to reward performance that contributes to the execution of our business strategies, and
- (3) to attract and retain the right executives for our business.

[2018 Highlights](#)

**Business Highlights.** During 2018, we achieved and exceeded several significant financial and operational goals that the Committee had previously selected as short-term and equity compensation targets, including the following:

Raised guidance outlook in second quarter of 2018 for Adjusted Earnings Before Interest Taxes Depreciation and Amortization ( Adjusted EBITDA ) and Free Cash Flow and achieved full year results that met and exceeded the raised guidance.

Generated Adjusted EBITDA of \$9.040 billion.

Expanded Adjusted EBITDA margin to 39.8% from 35.5% since the close of the Level 3 Combination.

Generated Free Cash Flow of \$4.215 billion.

Achieved targeted \$850 million of annualized run-rate Adjusted EBITDA synergies in approximately one year, rather than 80% in three years as initially projected.

**Executive Compensation Highlights.** As described in greater detail below, given the transformative nature of the Level 3 Combination, our Board and the Committee spent considerable time and effort during 2018 ensuring that we have the right senior leadership team in place for the Company and that our executive compensation programs continue to appropriately incentivize, retain, and reward each key member of the team.

We believe that our 2018 compensation decisions are well aligned with driving long-term value and are in the best long-term interest of our shareholders. The following timeline provides an overview of the major executive transitions and compensation milestones that occurred during the year:

- (1) Immediately after the Closing, the new senior leadership team for the combined company included the following named executive officers: Mr. Post as CEO, Mr. Storey as COO, Mr. Patel as CFO, Mr. Goff as General Counsel and Mr. Hussain as CTO. See 2018 proxy statement for additional details.
  
- (2) For a discussion of the modifications of the executive compensation programs, see the discussion below under the heading, *Recalibrating Our Existing Executive Compensation Programs*.

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- (3) For details regarding Mr. Post's retirement package, which included amounts to which he was contractually entitled as well as the acceleration of (or waiver of continued service requirements for) certain outstanding restricted stock awards, see Section III Our Compensation Program Objectives and Components of Pay. For details regarding Mr. Storey's CEO compensation package, see the discussion below under the heading, *Accelerated CEO Succession*.
- (4) For a discussion of the special long-term incentive ( LTI ) retention award for Mr. Patel, which, along with his other unvested equity awards, was forfeited upon his termination of employment, see the discussion below under the heading, *Other Executive Leadership Changes*.
- (5) Mr. Dev was named CFO on November 6, 2018, having served in the role on an interim basis immediately following Mr. Patel's departure. For details regarding Mr. Dev's compensation package, see Section III Our Compensation Program Objectives and Components of Pay. For information regarding amounts paid to Mr. Hussain upon his termination of employment, which included amounts to which he was contractually entitled as well as the acceleration of (or waiver of continued service requirements for) certain outstanding restricted stock awards, please see the discussion below under the heading, *Other Executive Leadership Changes*.
- (6) For details regarding the 2018 short-term incentive ( STI ) plan performance, see Section III Our Compensation Program Objectives and Components of Pay. For details regarding the payout on performance-based restricted stock ( PBRs ) from the 2016 annual LTI grants, see Section II Our Compensation Philosophy and Linkage to Pay for Performance. For details regarding the payout of Mr. Storey's initial PBRs grant, which was awarded to him at Closing in November 2017 (although it is reported in our 2018 compensation tables based on its accounting grant date), see the discussion below *Link Between Operating Performance and Our Executive Compensation*.

**Recalibrating our Existing Executive Compensation Programs**

Over a four-month period following the Closing, we conducted a rigorous process to recalibrate our existing executive compensation programs for 2018 to better align with the combined company's profile and our business strategy of profitable growth. As a result, for our 2018 incentive programs, performance is measured on Adjusted EBITDA, Free Cash Flow and customer experience (for our STI plan) and two-year Adjusted EBITDA growth run rate (for PBRs grants).



As previously described in our 2018 proxy statement, following the Closing, the Committee adopted a new compensation peer group, which better reflected the increased size and complexity of the combined company.

Our executive compensation programs for 2018 continued to be highly performance-based and emphasize variable at risk compensation. The majority of each named executive officer's total target compensation is structured as a combination of short- and long-term performance-driven incentives (which, for both our former and current CEO, represented 90% of his total target compensation).

Our annual LTI grants to our named executives consisted of a combination of performance-based awards (60% of the target grant value) and time-vested awards (40% of the target grant value). Most executive officers received their LTI grants in February 2018 as shares of restricted stock. As discussed in greater detail below, Mr. Storey's annual LTI grant was awarded to him as restricted stock units in May 2018.

#### [Link Between Operating Performance and Our Executive Compensation](#)

As in prior years, the Committee set challenging performance targets under our incentive programs to ensure that payouts track corporate performance.

For the first time since 2013, we met and exceeded our pre-established goals for our STI plan and our external guidance provided to shareholder, achieving an **adjusted company performance of 107%** for 2018. Specifically, we:

**Met** our target for Adjusted EBITDA, comprising 65% of our STI plan, at a 112% attainment level;

**Exceeded** our target for Free Cash Flow, comprising 25% of our STI plan, at a 200% attainment level; and

**Partially met** of our Customer Experience goals, comprising 10% of our STI plan, resulting in a 75% attainment level.

After an assessment of the Company's overall performance against our pre-established goals and consideration of revenue performance which was not a performance metric in our STI plan, the Committee determined it was appropriate to use its **discretion to reduce** the calculated performance for the 2018 STI plan from 130% to adjusted company performance of 107%.

PBRS accounted for 60% of the LTI awards originally granted to our named executives in 2016 and approximately 79% of the performance-based restricted shares vested based upon our actual performance over the three-year performance period ending December 31, 2018. Specifically, our:

Three-year cumulative revenue, comprising half the performance-shares, achieved 98.8% of target for a 82.4% payout; and

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Three-year relative total shareholder return ( TSR ), comprising half the performance-shares, achieved 38th percentile for a 76.19% payout.

As initially described in our 2018 proxy statement, Mr. Storey received an initial LTI award upon Closing, 60% of which consisted of PBRS. Vesting of these PBRS was contingent upon our actual performance of Adjusted EBITDA growth run rate target of 3.8% (from fourth quarter of 2017 to fourth quarter of 2018) against certain pre-established targets. Actual performance over that period was 4.9%, which exceeded maximum target for a 200% payout. Although the Committee approved most of the terms and conditions of this award prior to Closing, the accounting grant date of this award did not occur until early 2018 when the targets were finalized, and therefore the grant of this award appears in the 2018 compensation tables of this proxy statement, rather than 2017 compensation tables in last year's proxy statement.

**Accelerated CEO Succession**

Following the announcement of our proposed combination with Level 3 in 2016, the Board conducted a thorough review of its succession plan, after carefully considering feedback provided by shareholders of both companies (including principal shareholders of each) and investment analysts.

In June 2017, the Board approved and we publicly announced a CEO succession plan in which Mr. Storey would succeed Mr. Post as CEO at the end of 2018, following a transition period as President and COO.

Following the Closing in late 2017, we continued to engage in a dialogue with our shareholders, several of whom expressed the view that the CEO transition period should be shorter than announced. Considering these factors and its own assessment of the effectiveness of the senior leadership team, the Board decided that it would be in the best interests of the Company and its shareholders to complete the CEO succession earlier than initially planned.

By March 2018, we announced that we were accelerating our previously-announced CEO succession plan by approximately 7 months, with the transition occurring immediately after our annual shareholders' meeting on May 23, 2018. Following the meeting, Mr. Storey would be the new CEO and, contingent upon his reelection at the 2018 annual meeting, Mr. Post would continue to serve the Company as a non-management director. The accelerated timeline required a unique and thoughtful approach to addressing compensation actions with respect to our new CEO and our retiring CEO.

Mr. Post, who served as our CEO for 26 years and was employed by the Company for a total of 42 years, received the standard retirement benefits to which he was entitled under our long-standing programs and plans (including a pro-rata STI payout for 2018). Although he did not receive any severance, in consideration for his long tenure, the

Committee did approve the acceleration of most, but not all, of his outstanding time-based equity awards and waived the continued service requirements for a portion of his outstanding performance-based equity awards (vesting of which remains subject to achievement of the original performance conditions). For more information, please see Section III Our Compensation Program Objectives and Components of Pay for further discussion.

In connection with negotiating Mr. Storey's CEO compensation package, the Board and Committee endeavored to:

create a package that would be, on the one hand, sufficient to entice Mr. Storey to agree to the accelerated succession plan and, on the other hand, aligned with our shareholders' interests;

weight the package heavily towards performance-based compensation; and

complete the package in a timely manner to ensure a successful transition and to compensate Mr. Storey as CEO from the first day he assumed the role.

In crafting Mr. Storey's CEO package, we also listened to the opinions of our shareholders and analysts. These shareholders expressed the view that Mr. Storey possessed superior leadership skills and experience that merited pay that was competitive to the market benchmarks for our peer group. Although, historically, CenturyLink has been very conservative with respect to pay levels, we had to modify our approach in this instance in order to secure Mr. Storey as our new CEO and respond to shareholder feedback. Further, as noted previously, the Committee had adopted a new post-Level 3 Combination peer group to better reflect the increased size and complexity of our combined company, which resulted in increased CEO market benchmarks versus the prior peer group.

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In March 2018, we focused on the key principles and weighed shareholder feedback and our ongoing dialogue with Mr. Storey, as we began a robust and thoughtful process that involved numerous meetings that transpired over two months. In addition to multiple meetings between Mr. Storey and the Chair of the Committee, the non-management directors and the Committee formally met six times to discuss Mr. Storey's CEO pay package. The directors were advised by its independent outside compensation consultant, Meridian Compensation Partners, LLC ( Meridian ), and outside counsel, Jones Walker LLP.

In May 2018, in conjunction with his promotion to CEO, the Committee approved to increase Mr. Storey's annual total target compensation to \$18 million and awarded him two LTI grants (one annual grant for 2018 and one special promotion grant), as described in greater detail below.

The approved annual total target compensation package of \$18 million was comprised of \$1.5 million salary, 200% short-term incentive opportunity and \$12.6 million long-term incentive awards. His annual total target compensation is aligned with the long-term interest of our shareholders with 90% of pay at risk and slightly above the 50<sup>th</sup> percentile of market for our peers.

The structure of Mr. Storey's annual LTI grant is substantially similar to the annual LTI awards granted to other senior officers in 2018. His annual LTI grant consisted of 40% time-based restricted stock units ( RSUs ) and 60% performance-based RSUs, with the number of shares vesting ranging from 0-200% depending upon the Company's performance as measured against an Adjusted EBITDA run rate growth goal over a two-year period.

The second LTI grant was a one-time promotion award with a grant date value of \$7,400,000, consisting of 40% time-vested restricted shares and 60% performance-based restricted shares. For the PBRS, payout is determined on a two-step process: (1) between 0% to 100% may be earned on the Company's cumulative Adjusted EBITDA results for a three-year period and (2) contingent upon target performance being met or exceeded in step 1, Mr. Storey may earn between 100% to 200% based on relative TSR performance over same three-year period against peer group.

**Other Executive Leadership Changes**

By the second quarter of 2018, we became concerned around the retention risk of Mr. Patel, who had only been our CFO since Closing in November 2017. In June 2018, the Committee granted Mr. Patel a one-time performance-based retention award with a grant date award value of \$2,000,000. The performance metrics applicable to this retention award were substantially similar to those included in the performance-based portion of Mr. Storey's promotion grant (3-year cumulative Adjusted EBITDA targets and relative TSR performance).

Despite our efforts to retain Mr. Patel, on September 28, 2018, he resigned to pursue other opportunities. As a result, Mr. Patel forfeited all outstanding unvested equity grants (including the June 2018 retention grant). However, per his April 2017 offer letter, we continue to pay him certain deferred compensation payments related to legacy Level 3 equity awards that were outstanding and converted at the Closing. For additional details on these amounts, see Section III Our Compensation Program Objectives and Components of Pay.

Upon Mr. Patel's departure, Mr. Dev was named interim CFO until a longer-term replacement could be named. We did not make any adjustments to Mr. Dev's compensation upon his appointment as interim CFO.

With the assistance of an external executive search firm, we conducted an extensive search (both internally and externally) and Mr. Dev was named as CFO on November 6, 2018. For details regarding his compensation package, see Section III Our Compensation Program Objectives and Components of Pay for further discussion.

In November 2018, Aamir Hussain, who had served as Executive Vice President and Chief Technology Officer, departed from the Company as part of a planned restructuring of his responsibilities among other senior officers. Mr. Hussain received a standard severance package, including a cash severance payment, and certain other benefits to which he was entitled under long-standing programs and plans (including a pro-rata STI payout for 2018). In addition, the Committee approved the acceleration of some, but not all, of his outstanding time-based equity awards and waived the continued service requirements for a portion of his outstanding performance-based equity awards (vesting of

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which remains subject to achievement of the original performance conditions). Please see Section III Our Compensation Program Objectives and Components of Pay for further discussion.

**Assessment of Say-on-Pay Voting Results and Shareholder Outreach**

In May 2016, 2017 and 2018, our shareholders cast approximately 89%, 88% and 79%, respectively, of their votes in favor of our say-on-pay proposal. The Committee is committed to taking the results of these votes into consideration when making executive compensation decisions.

Throughout 2018, our senior management continued our shareholder outreach program with our top institutional investors, a process we first began in 2014. We remain committed to providing our shareholders with an opportunity for open dialogue on compensation matters and other issues relevant to our business, and we plan to continue to engage in outreach efforts in the future. In late 2018, the Chairman of our Board of Directors, the Chairman of the Committee, and members of management met with representatives from ISS and Glass Lewis to discuss the company's compensation programs and governance practices.

We believe that the positive say-on-pay vote of 79% in 2018, although reduced somewhat from prior years, indicates that our shareholders remain generally satisfied with the scope and structure of our annual executive compensation programs. However, we recognize that a source of some concern for shareholders, as expressed in the somewhat lower 2018 say-on-pay vote, has been our decisions to grant one-time awards as well as certain supplemental severance payments in connection with executive transitions in prior years.

In general, we do not have a practice of one-time items or excessive severance. However, in 2017 and in the first half of 2018, the Compensation Committee decided to make special grants to incentivize and retain the best executive team to lead the integration and transformation of the Company following the Level 3 Combination. In addition, as a result of the Level 3 Combination, we assumed certain retention awards originally granted by Level 3, many of which were paid out over a one-year period following the Closing in order to ensure continued employment of key executives through the critical integration period.

Many of these grants were disclosed in the 2018 proxy statement, with the remainder disclosed in this 2019 proxy statement. We believe that these one-time sign-on, integration, and retention awards are common in large transactions like the Level 3 Combination and, in our specific case, are necessary (i) to incentivize top talent of the acquired company to continue in key positions post-closing, (ii) to reward the level of effort that must be sustained over an extended period in order to execute a transaction of this size and critical post-close integration and synergy goals, and (iii) to retain critical members of the executive team and assuage their concerns following the announcement of our CEO and CFO succession plan.

We do not have a practice of excessive severance in the event that the senior officer is involuntarily terminated by us without cause in the absence of a change of control. Other than the unique situation disclosed in our 2018 proxy statement, the Committee has approved severance in accordance with our executive severance plan (which is described in greater detail under Other Benefits Severance Benefits below) for previous terminations, such as Mr. Douglas and Mrs. Puckett as disclosed in our 2018 and 2016 proxy statements, respectively, and for Mr. Hussain as discussed in this proxy statement.

As discussed in this CD&A, during 2018, we awarded a one-time promotion LTI grant to Mr. Storey upon his appointment as CEO, 60% of which is performance-based (see Section III, Our Compensation Program Objectives and Components of Pay). In addition, in an attempt to retain our CFO, who was being actively recruited by other companies, we awarded a one-time retention LTI grant to Mr. Patel, of which 100% was performance-based, although this award along with all of his other unvested LTI were ultimately forfeited following his resignation in 2018.

Notwithstanding our general disinclination to use one-time awards or make supplemental severance payments, we believe that the extraordinary opportunities and challenges associated with the Level 3 Combination necessitated these actions and were in the best long-term interest of the Company for all the reasons noted in this and our 2018 proxy statement. We believe that the use of special one-time awards in future years will diminish significantly as we have stabilized our leadership structure following the Level 3 Combination.



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**Our Compensation Philosophy**

We compensate our senior management through a mix of programs designed to be market-competitive and fiscally responsible. More specifically, our executive compensation programs are designed to:

provide an **appropriate mix of fixed and variable compensation** to attract, retain and motivate key executives,

ensure that a majority of our executive compensation is **performance-based** to support **creation of long-term shareholder value** without encouraging excessive risk taking and to **reward performance over multiple time horizons**,

generally target **compensation at the 50<sup>th</sup> percentile of market levels**, when targeted levels of performance are achieved, for similarly-situated and comparably-skilled executives at a select group of peer companies approved by the Committee,

**recognize and reward** outstanding contributions and results, both on an individual basis and a company or divisional basis, compared to peer compensation and performance benchmark levels,

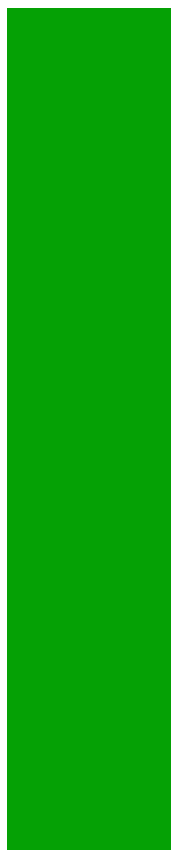
**promote internal equity** by offering comparable pay to executives whom we expect to make roughly equivalent contributions, while differentiating executives' compensation arrangements when appropriate, and

**monitor share dilution.**

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Given the ongoing integration of the two companies during 2018, the Committee recalibrated our incentive programs to align them with the size, market, operations and strategic imperatives of the combined company. The Committee believes the following core elements of our compensation program help us to realize our compensation philosophy and objectives and support our strategic and cultural priorities for 2018 as described below:

	<b>Characteristics</b>	<b>Compensation Philosophy and Objectives</b>	<b>Corporate Strategy</b>
<b>Base Salary</b>	Annual fixed cash compensation	Provides a competitive and stable component of income to our executives	Attract and retain key talent
<b>Short-Term Incentive Bonus</b>	Annual variable cash compensation based on the achievement of annual performance measures	Provides competitive short-term incentive opportunities for our executives to earn annual cash bonuses based on performance objectives that, if attained, can reasonably be expected to (i) promote our business and strategic objectives and (ii) correspond to those paid to similarly-situated and comparably skilled executives at peer companies	<p>STI annual performance measures were selected to align to our corporate strategy for profitable growth:</p> <p><b>Adjusted EBITDA</b> (65% of STI plan)</p> <p>- enables us to, among other things, (i) fund strategic capital investments designed to expand our business opportunities, (ii) return cash to our shareholders through dividends or periodic share repurchases, (iii) meet our debt and pension commitments, and (iv) attain our Level 3 Combination synergies</p> <p><b>Free Cash Flow</b> (25% of STI plan)</p> <p>- critical measure that enable us to provide dividends to our shareholders and pay down our debt</p>



**Long-Term  
Incentive  
Awards**

Annual long-term variable equity awards that vest over three years from the date of grant with 60% based on the achievement measured against pre-established performance measures and 40% based on three years of service.

Fosters a culture of ownership, aligns the long-term interests of our executives with our shareholders and rewards or penalizes executives based on our performance of Adjusted EBITDA growth over two-year period and helps to retain executives through stock price growth and the creation of long-term value

**Customer Experience** (10% of STI plan)

- critical to maintain and grow our revenue base. This performance measure includes operational goals and metrics that measure how well we are serving our customers as well as their perceptions of our service

**Individual Performance**

- for each senior officer, the Committee has an opportunity to make a positive or negative adjustment based on line of sight to each senior officer's performance regarding their specific areas of responsibility and individual objectives

**Performance-Based Restricted Shares**

(60% of LTI grant value)

- Adjusted EBITDA growth run rate based on achieving profitable growth over a two-year period

**Time-Vested Restricted Shares**

(40% of LTI grant value)

- amount of time-vested restricted share compensation that is ultimately realized depends on how well we successfully execute our strategic plans and overall our stock performance



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The following chart illustrates the approximate allocation of the total target compensation opportunity for 2018 our current CEO and our current executive officers (shown as CEO and NEO, respectively, below) between elements that are fixed and variable or performance-based pay that is at risk :

A fixed annual salary ( base ) represents 10% of our CEO s total target compensation and 19% of our other NEOs average target total compensation.

Variable pay is comprised of a short-term incentive ( STI ) bonus, time-vested restricted stock awards ( TBRS ) and performance-based restricted stock awards ( PBRS ), which represents 90% of our CEO s total target compensation and 81% of our other current NEOs average target total compensation. This portion of pay is considered at risk since the receipt or value of the award is subject to the attainment of certain performance goals, vesting requirements and overall stock performance.

**Significant Stock Ownership.** Stock ownership guidelines further align the interests of executives and shareholders while focusing our executives on our long-term success. We established our executive stock ownership guidelines after review of executive compensation best practices. Under our stock ownership guidelines as of December 31, 2018:

Mr. Storey held over \$44 million in stock (including restricted shares and unvested restricted shares or units and excluding 400,655 target shares of unvested performance-based restricted stock units), which was 24.5 times his base salary and approximately 4.1 times greater than his target ownership level of six times base salary.

Our other current NEOs held an aggregate of over \$13 million in stock (including restricted shares and unvested restricted shares or units), which was, on average, 7.5 times their respective base salaries and nearly 2.5 times greater than their respective target ownership levels of three times base salary.

Even though our CEO and other NEOs already exceeded their stock ownership guidelines, in March 2019, Messrs. Storey and Dev acquired 83,000 and 50,000 shares, respectively, which demonstrates their alignment with shareholders.

### Pay-For-Performance Alignment

As illustrated by the data below, we believe our executive pay over the past several years has been well aligned with Company performance.

**Short-Term Incentive Performance.** The Committee sets target levels of performance-based on a variety of factors, including its assessment of the difficulty of achieving such levels and the potential impact of such achievement on enhancing shareholder value.

The percentages in the table below represent the actual payouts to our senior officers under our STI program for each of the past three years as a percentage of the target opportunity set for each of them by the Committee for that performance year.

Performance Year	Actual Payout as a % of Target Opportunity
2016	80.2%
2017	73.0%
2018	107.0%
3-year Average	86.7%

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**Long-Term Incentive Performance.** Since 2014, 60% of our LTI grants have consisted of performance-based equity with the remaining 40% in the form of time-based equity, with PBRS payouts contingent upon the Company's performance as measured against certain pre-established criteria. In order to further align our pay with performance, our performance-based equity awards are granted at target performance levels, but the ultimate payout of those awards can range between 0% to 200%, depending on our actual performance as determined at the end of the two- or three-year performance period. Due to the transformative nature of the Level 3 combination and the continuing evolution of our business strategy as we integrate the two companies, the Committee believed that a two-year performance period was most appropriate to achieve our business goals. The Committee intends to return to three-year performance period when we are no longer

in integration phase and we can solidly project performance for three years as a combined entity.

In 2014 through 2017, our annual grants of performance-based restricted stock were based on two different performance metrics, with vesting of one-half of the performance-based award being tied to a relative TSR metric (our three-year total shareholder return relative to a select peer group), and vesting of the remaining one-half being tied to a cumulative core revenue metric (the sum of our annual revenue results over three-year performance periods as measured against pre-established targets set annually over three-years). For greater detail on how targets and performance for these two performance metrics were determined, please see [Long-Term Equity Incentive Compensation](#) in our 2018 proxy statement.

The payout percentages in the tables below represent the percentage of the target number of performance-based restricted stock granted to our senior officers that ultimately vested, with all remaining shares being forfeited. To further enhance the pay for performance linkage, any dividends paid on these shares of performance-based restricted stock (or dividend equivalents on performance-based RSUs) are not paid currently, but rather accumulate during the restricted period and vest or are forfeited in tandem with the related shares or units. The average target number of performance-based restricted stock that ultimately vested for LTI grants from 2014 through 2016 (most recently completed performance period) is 62.3%.

LTI Grant Year, Performance Period and Performance Metric	Attainment Level for LTI Grant Year						Total Payout Percentage <sup>(1)</sup>
	2014	2015	2016	2017	2018	2019	
<b>2014 LTI Grant (2014-2016)</b>							
Cumulative Core Revenue		89.1%					44.6%
<u>Relative TSR</u>		50%					25.0%
Total							69.6%

<b>2015 LTI Grant (2015-2017)</b>		
Cumulative Core Revenue	76.2%	38.1%
<u>Relative TSR</u>	0%	0.0%
Total		38.1%
<b>2016 LTI Grant (2016-2018)</b>		
Cumulative Core Revenue	82.4% <sup>(2)</sup>	41.2%
<u>Relative TSR</u>	76.19% <sup>(3)</sup>	38.1%
Total		79.3%
<b>2017 LTI Grant (2017-2019)</b>		
Cumulative Core Revenue		TBD
<u>Relative TSR</u>		TBD
Total		TBD
<b>2017 Special Grant for Mr. Storey) (2018)</b>		
Adjusted EBITDA Growth Run Rate	200% <sup>(4)</sup>	200%
<b>2018 LTI Grant (2018-2019)</b>		
Adjusted EBITDA Growth Run Rate		TBD



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- (1) The payout percentages reflect the corresponding payout for each metric multiplied by their weighting. In grant years 2014 through 2017, the two performance metrics of cumulative core revenue and relative TSR were equally weighted.
- (2) The three-year performance period was completed on December 31, 2018 for the cumulative core revenue performance-based restricted stock granted to our senior officers in 2016. The table below outlines the payout percentages that represent the percentage of the target number of that ultimately vested, with all remaining shares being forfeited.

<b>Cumulative Core Revenue</b>	<b>Target</b>	<b>Company's Performance</b>	<b>Actual Payout %</b>
Maximum	\$ 54.9 billion		
Target	\$ 53.0 billion	\$ 52.4 billion	82.4%
Threshold	\$ 51.2 billion		

- (3) The three-year performance period was completed on December 31, 2018 for the Relative TSR performance-based restricted stock granted to our senior officers in 2016. The table below outlines the payout percentages that represent the percentage of the target number of that ultimately vested, with all remaining shares being forfeited.

<b>Relative TSR</b>	<b>Target</b>	<b>CTL TSR</b>	<b>Actual Payout %</b>
Maximum	75 <sup>th</sup> Percentile Rank		
Target	50 <sup>th</sup> Percentile Rank	-14.24%; 38 <sup>th</sup> Percentile Rank	76.19%
Threshold	25 <sup>th</sup> Percentile Rank		

- (4) The performance period was completed on December 31, 2018 for the Adjusted EBITDA growth run rate performance-based restricted stock granted to Mr. Storey in 2017. The table below outlines the payout percentages that represent the percentage of the target number of that ultimately vested.

<b>Adjusted EBITDA Growth Run Rate</b>	<b>Target</b>	<b>Company's Performance</b>	<b>Actual Payout %</b>
Maximum	4.6%		

Target	3.8%	4.8%	200%
Threshold	3.0%		

**Stock Performance.** As mentioned throughout this section, our LTI program is designed to align the interests of the executives with our shareholders and therefore reward and incent superior performance. Since these awards are grants of restricted stock or RSUs (representing the right to receive shares of stock in the future), the actual value of our LTI awards (both time-vested and performance-based) fluctuates with the change in stock price. In making LTI grants, our Committee typically approves a target LTI value and the actual number of shares or units in each grant is determined by dividing that target value by the volume-weighted average closing price of a share of our common stock over the 15-trading-day period ending five trading days prior to the grant date ( VWAP ), rounding to the nearest whole share. The chart below reflects the VWAP used to calculate each of our 2016, 2017, and 2018 LTI grants, the closing share price on any vesting dates that have occurred for each grant between the applicable grant date and the end of fiscal 2018, and the change in value of a share of our common stock from the grant date VWAP to the last trading day of fiscal 2018.

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Stock performance through December 31, 2018

<b>Grant Date</b>	<b>Grant Date Value of a Share (VWAP)<sup>(1)</sup></b>	<b>Closing Share Price on First Vesting Date<sup>(2)</sup></b>	<b>Closing Share Price on Second Vesting Date<sup>(2)</sup></b>	<b>Closing Share Price on 12/31/18<sup>(3)</sup></b>	<b>Closing Share Price on 12/31/18 as a percentage of Grant Date Value <sup>(4)</sup></b>
02/23/16	\$ 26.09	\$ 24.71	\$ 18.21	\$ 15.15	-42%
02/21/17	\$ 25.12	\$ 17.90		\$ 15.15	-40%
02/21/18	\$ 17.29			\$ 15.15	-12%

(1) As noted above, we determine the number of restricted shares or RSUs in a given LTI grant by dividing the LTI target value by the applicable VWAP (the volume-weighted average closing price of our shares of common stock over a 15-trading day period ending five trading days prior to the grant date) and rounding to the nearest share. This valuation method is different from the equity grant valuation method we are required to disclose in our Summary Compensation Table under applicable accounting and SEC disclosure rules.

(2) The vesting dates for the first two tranches of the February 2016 LTI grants have already occurred, as has the vesting date for the first tranche of the February 2017 LTI grants. This column represents the closing stock price on each of vesting dates, if applicable.

(3) Represents the closing price on the last trading day of fiscal 2018.

(4) Represents the stock performance (based on the change in value, but disregarding dividends) of the 2016, 2017 and 2018 LTI grants from the grant date through the end of fiscal 2018, determined by dividing the \$15.15 closing price on the last day of trading in 2018 by the grant date VWAP.

**Realizable Pay for our CEO.** The chart below illustrates the realizable pay for our CEO, most of which was at risk variable compensation. We calculate realizable pay for a given year by adding together the (i) actual salary paid during the year, (ii) STI bonus that was ultimately paid out for performance during that year, (iii) the value of time- and performance-based LTI grants that vested during the year and (iv) the value of time- and performance-based LTI grants that are projected to vest based on actual performance through the end of the year. The value of the shares or units is based on the closing price of our common stock on the last business day of the year (all figures are in millions).

**CEO Realizable Pay**

*Note:*

*Light Shade - Normal Course*

*Dark Shade - One Time Awards*

For 2018, Normal Course includes Mr. Storey's salary, STI bonus, and other compensation as shown in the Summary Compensation Table, time- and performance-based LTI granted as part of his annual grant. One-time awards include the assumed Level 3 integration bonus that paid out in 2018, as well as both his time- and performance-based LTI granted as part of his promotion to CEO on May 23, 2018.

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<b>Comp Component</b>	<b>Target</b>	<b>Realizable</b>
Base	\$ 1.68	\$ 1.68
STI	\$ 3.22	\$ 3.54
Annual LTI (TBRS)	\$ 5.04	\$ 4.05
Annual LTI (PBRs)	\$ 7.56	\$ 3.03
Other Comp	\$ 0.07	\$ 0.07
<b>2018 Normal Course</b>	<b>\$ 17.57</b>	<b>\$ 12.37</b>

**One Time Items 2018**

<b>Comp Component</b>	<b>Target</b>	<b>Realizable</b>
Final Installment Initial Signing Bonus	\$ 3.30	\$ 3.300
Level 3 Retention Bonus	\$ 2.54	\$ 2.540
5/24/18 CEO promotion grant (TBRS)	\$ 2.96	\$ 2.377
5/24/18 CEO promotion grant (PBRs)	\$ 4.44	\$ 6.417
<b>2018 One -Time Items</b>	<b>\$ 13.24</b>	<b>\$ 14.64</b>

<b>Overall 2018</b>	<b>Target</b>	<b>Realizable</b>	<b>% of TGT</b>
	<b>\$ 30.81</b>	<b>\$ 27.01</b>	<b>88%</b>

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**Our Compensation Practices**

To assist us in achieving our broad compensation goals, we apply the following practices (many of which are described further elsewhere in this CD&A):

ü  <i>What We Do...</i>	<ul style="list-style-type: none"> <li>ü Focus on performance-based compensation weighted heavily towards long-term incentive awards</li> <li>ü Benchmark generally against 50th percentile peer compensation levels</li> <li>ü Maintain robust stock ownership guidelines applicable to our executive officers and outside directors</li> <li>ü Annually review our compensation programs to avoid encouraging excessively risky behavior</li> <li>ü Conduct annual say-on-pay votes</li> <li>ü Seek input annually from shareholders on our executive compensation program</li> <li>ü Maintain a compensation clawback policy</li> <li>ü Impose compensation forfeiture covenants broader than those mandated by law</li> <li>ü Review the composition of our peer groups at least annually</li> <li>ü Conduct independent and intensive performance reviews of our senior officers</li> <li>ü Cap the number of relative TSR performance-based shares that may vest if our own TSR is negative</li> <li>ü Review realizable pay of our senior officers and total compensation tally sheets</li> <li>ü Require shareholders to approve any future severance agreements valued at more than 2.99 times the executive's target cash compensation</li> </ul>
x  <i>What We Don't Do...</i>	<ul style="list-style-type: none"> <li>x Maintain a supplemental executive retirement plan</li> <li>x Permit our directors or employees to hedge our stock, or our directors or senior officers to pledge our stock</li> <li>x Pay dividends on unvested restricted stock</li> <li>x Permit the Committee's compensation consultant to provide other services to CenturyLink</li> <li>x Pay, provide or permit:                         <ul style="list-style-type: none"> <li>(i) <i>excessive perquisites,</i></li> <li>(ii) <i>excise tax gross-up payments,</i> or</li> <li>(iii) <i>single-trigger change of control equity acceleration benefits.</i></li> </ul> </li> </ul>

**Table of Contents****COMPENSATION DISCUSSION AND ANALYSIS****III. Our Compensation Program Objectives and Components of Pay****Summary of 2018 Compensation for our Named Executive Officers**

Historically, we have had considerable success in attracting and retaining talent with fiscally prudent market-based pay packages. As our Company continues to evolve into a leading technology company, the pool of individuals that we compete to hire has severely constricted, making recruitment more challenging. The individuals in that limited candidate pool, who have unique talents and expertise, are able to command much higher levels of compensation than what we have paid historically. The resignation of Mr. Patel (discussed earlier)

illustrates the intense competition for talent that we face.

The remaining sections outline why we believe the compensation packages awarded to our executives are in the best interests of our shareholders. For more information on how we determined specific pay levels in 2018, see further discussion under the heading **Our Compensation Decision-Making Process** and **Use of Benchmarking Data Compensation Benchmarking** in Subsection IV below.

As of December 31, 2018, the total target compensation for our named executive officers was as follows.

Named Officer	Salary	Total Target Compensation <sup>(1)</sup>					Total Target Compensation
		STI Target Bonus Percentage	STI Target Bonus Opportunity	Total Target Cash	LTI Target <sup>(2)</sup>		
<b>Current Executives:</b>							
Jeffrey K. Storey	\$ 1,800,011	200%	\$ 3,600,022	\$ 5,400,034	\$ 12,600,000	\$ 18,000,034 <sup>(3)</sup>	
Indraneel Dev	\$ 650,000	120%	\$ 780,000	\$ 1,430,000	\$ 2,700,000	\$ 4,130,000 <sup>(4)</sup>	
Stacey W. Goff	\$ 600,018	120%	\$ 720,021	\$ 1,320,039	\$ 2,000,000	\$ 3,320,039 <sup>(5)</sup>	
Scott A. Trezise	\$ 475,010	80%	\$ 380,008	\$ 855,017	\$ 700,000	\$ 1,555,017 <sup>(6)</sup>	

(1) For more complete information presented in accordance with the SEC's rules, see the Summary Compensation Table appearing elsewhere herein.

(2) The LTI target in this table represents the grant date fair value of the target levels of equity awards to be granted in 2019, which differ from amounts reported in the Summary Compensation Table, which are calculated in

accordance with FASB ASC Topic 718.

- (3) The Total Target Compensation for Mr. Storey is slightly above the 50<sup>th</sup> percentile of our compensation benchmarking data.
- (4) The Total Target Compensation for Mr. Dev is between the 25<sup>th</sup> and 50<sup>th</sup> percentile of our compensation benchmarking data.
- (5) The Total Target Compensation for Mr. Goff is near the 50<sup>th</sup> percentile of our compensation benchmarking data.
- (6) The Total Target Compensation for Mr. Trezise is between the 25<sup>th</sup> and 50<sup>th</sup> percentile of our compensation benchmarking data.

## Salary

**General.** Early each year, the Committee takes a number of steps in connection with setting annual salaries, including reviewing compensation tally sheets and benchmarking data, reviewing each senior officer's pay and performance relative to other senior officers, and considering when the officer last received a pay increase. More information on how we determined specific pay levels in 2018, see further discussion under the heading **Our Compensation Decision-Making Process and Use of Benchmarking Data Compensation Benchmarking** in Subsection IV below.

**Annual Review Process (February 2018).** During its annual review of executive compensation in February 2018, the Committee reviewed the compensation benchmarking data for each senior

officer, comparing the officer's pay to our peer group for the combined company. Following this review and discussion, the Committee did not change the target total compensation for any of our senior officers. See further discussion under the heading **Use of Benchmarking Data Compensation Benchmarking** in Subsection IV below.

**Mid-Year Salary Adjustments.** After its annual review process, the Committee updated the compensation benchmarking assessment to inform its decisions with respect to the mid-year compensation and base salary increases for Mr. Storey and Mr. Dev. Following the acceleration of our CEO succession plan, Mr. Storey was named CEO and President with an annual salary of \$1,800,000 effective as of the promotion date of May 23, 2018.



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Mr. Dev, who was appointed to serve as Interim CFO upon Mr. Patel's departure on September 21, 2018, was named Executive Vice President and CFO with an annual base salary of \$650,000 effective November 6, 2018.

**Recent Actions (February 2019).** In February 2019, the Committee reviewed the compensation benchmarking data for all executive officers and increased Mr. Trezise's annual salary to \$500,011 and left unchanged the salary for our other NEOs. See further discussion under the heading [Use of Benchmarking Data Compensation Benchmarking](#) in Subsection IV below.

**Short-Term Incentive Bonuses**

**General.** With the assistance of its compensation consultant and management, the Committee approves STI bonus target percentages each year. Typically, in the first quarter of each year, with the assistance of management, the Committee evaluates our STI program and approves (i) the performance objectives for prospective bonuses, (ii) the threshold, target and maximum performance levels, (iii) the weighting of the performance objectives, (iv) the amount of bonus payable if the target level of performance is attained and (v) the finally determined amount of bonus payments attributable to performance for the prior year.

**STI Performance Objectives and Target Setting Process.** Each year, over the course of several meetings, the Committee reviews the alignment of our STI performance objectives with our business goals and objectives for the current year.

**STI Performance Objectives.** In February 2018, the Committee revised the STI performance objectives for our 2018 STI program, comprised of the below-listed financial and operational metrics, to better align with the corporate strategy.

**Adjusted EBITDA.** As used in our 2018 STI plan, adjusted earnings before interest, taxes, depreciation and amortization ( Adjusted EBITDA ) is a non-GAAP measure that excludes non-cash compensation and includes total STI bonus expense for eligible employees and approved payout level. Adjusted EBITDA is our largest financial performance objective, weighted at 65%, and, as noted further above, is critical to our 2018 corporate objective of focusing our operations on profitable growth.

**Free Cash Flow.** Free Cash Flow is a non-GAAP measure of net cash from operating activities less capital expenditures and before dividends. Free Cash Flow performance similarly aligns with our 2018 corporate objective of focusing on profitable growth.

**Customer Experience.** While we exceeded our Adjusted EBITDA target, this was mostly achieved through exceptional synergy achievements in 2018, of \$850 million in the first year of integration, versus our target of achieving 80% of the \$850 million over a three-year period, which overcame a decline in revenue of nearly \$700 million in 2018 compared to pro forma 2017. Revenue growth was not a financial performance metric for our 2018 STI program but is important to our future and the Committee felt it was important to consider this and apply

discretion.

*Individual Performance Objectives.* The Committee evaluates the degree to which each senior officer achieves their individual performance objectives, comprised of certain specific objectives and benchmarks, as well as qualitative assessments of each officer's performance during 2018 and reserves the right to increase or decrease the bonus payout level based on these assessments. Additional information about our views on discretionary adjustments is included below in this Subsection.

See the further discussion under the heading "Overview of Pay Elements and Linkage to Compensation Philosophy and Objectives" in Subsection II above, "2018 Performance Results and Calculation of Bonuses" below.

*STI Target Setting Process.* Similar to prior years, in 2018, the Company employed a rigorous process to establish its budget, which directly supported the Company's strategic objectives and was the basis for developing the 2018 STI performance targets.

First, the annual budget was built up from business unit and department levels to create a consolidated corporate budget reviewed and approved by the Board and publicly-released financial guidance.

In February 2018, the Committee approved the previously-described STI performance objectives including threshold, target, and maximum performance levels derived from the Board-approved budget and external guidance. The Committee, in collaboration with our CEO, also approved the above-described guidelines designed to enable the

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Committee, in its discretion, to increase or decrease the bonus of each senior officer based on the officer's individual performance during 2018.

Upon completion of each fiscal year, our actual financial performance results may be adjusted up or down, as appropriate, in accordance with the Committee's long-standing guidelines that are designed to eliminate the effects of extraordinary or non-recurring transactions that were not known, anticipated or quantifiable on the date the performance goals were established. The Committee did not make any adjustments to our actual financial performance results for 2018.

**2018 Performance Results and Calculation of Bonuses.** During 2018, the Committee monitored

interim performance through quarterly updates to assess projected bonus payout levels. In February 2019, the Committee reviewed audited results of the Company's performance as compared to the financial performance targets established for 2018 and certified the achieved company performance composite score. As explained below, the Committee determined that the adjusted company performance was 107.0% of the target bonus opportunity for our named executives.

The table below illustrates the weighting of each performance objective, the target and achieved performance for 2018. For a more detailed description of our performance under each of the performance objectives, please see Calculation of Bonuses under this section

**2018 STI Plan and Performance Results**

<b>Financial Performance Objectives (90% Weighting)</b>			<b>Weighted Score Achieved 122.7%<sup>(1)</sup></b>		
<b>Financial Targets (\$ in Millions)</b>	<b>Threshold</b>	<b>Target</b>	<b>Maximum</b>	<b>Weighting</b>	<b>Achieved<sup>(1)</sup></b>
Adjusted EBITDA	\$7,924	\$ 8,804	\$ 9,684	65%	\$ 9,040 111.8%
Free Cash Flow	\$2,891	\$ 3,212	\$ 3,533	25%	\$ 4,215 200.0%
<b>Customer Experience Performance (10% Weighting)</b>			<b>Weighted Score Achieved 7.5%<sup>(1)</sup></b>		
<b>Goals</b>	<b>Performance</b>		<b>Weighting</b>	<b>Achieved<sup>(2)</sup></b>	
Customer Experience	- Our overall customer satisfaction is not at our desired level but the Committee concluded that we made positive progress in 2018. Based on these results, the Committee awarded 75% for the customer experience performance		10%	75.0%	

objective.

<b>2018 Company Performance Composite Score</b>		<b>Achieved 130.2% <sup>(1)</sup></b>
Committee Discretion on	- After an assessment of the Company's performance for 2018, the	-23.2% <sup>(3)</sup>
Performance	Committee determined it was appropriate to apply across-the-board discretion to reduce the 2018 company composite score by 23.2% for all senior officers, resulting in an adjusted company performance payout of 107%	
<b>2018 Adjusted Company Performance</b>		<b>Payout 107% <sup>(1)</sup></b>

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- (1) The achieved payout percentage is calculated for each financial performance objective based on a corresponding payout scale. If the threshold performance level with respect to any particular financial performance objective under our STI program is not attained, the bonus payable to the participating officer with respect to that portion of his or her targeted bonus opportunity will be calculated as zero. If threshold performance is met on any particular metric, each participating officer will earn a reduced portion of his or her target bonus amount for that portion of the award. If the maximum performance level with respect to any particular metric is met or exceeded, each participating officer will earn 200% of his or her target bonus amount. Measurement of the attainment of any particular metric will be interpolated if actual performance is between (i) the threshold and the target performance levels or (ii) the target and the maximum performance levels.
- (2) The achieved payout percentage is determined based on the Committee's qualitative review of certain criteria and performance metrics, as described under *Customer Experience Performance* below.
- (3) The Committee's decision to exercise this discretion was based on its review of other criteria as described under *Committee Discretion on Performance* below.

*Customer Experience Performance.* Our overall customer satisfaction is not at our desired level and we fell short of our provisioning, customer satisfaction and service levels for our Business segment. However, we saw positive trends for our Consumer segment in 2018. Additionally, we completed several initiatives as part of our transformation that we believe will drive improved customer experience in future years, which included a refreshed global marketing campaign, the launch of Cloud Connect Dynamic Connections and self-service capabilities to expand the digital experience for our customers. As a result of these results, the Committee awarded 75% for the customer experience performance objective.

*Committee Discretion on Company-Wide Performance.* The Committee believes that exercising discretion (positive and negative) is an important supplemental component of our pay-for-performance philosophy, which is designed to reach balanced compensation decisions that are consistent with our strategy and reward our executives for both current year performance and sustained long-term value creation. By applying discretion, the Committee seeks to mitigate the risks associated with a rigid and strictly formulaic compensation program, which could unintentionally create incentives for our executives to focus only on certain performance metrics, encourage imprudent risk taking, and not provide the best results for shareholders. In addition, the use of discretion allows the Committee to respond to changes in economic conditions, our operating environment, and other significant factors that may affect the long-term performance of our business that are not directly reflected in the year's financial results. The use of discretion also allows the Committee to adjust compensation based on factors that would not be appropriately reflected by a strictly formulaic approach, such as reducing risk or championing company values. Notwithstanding the foregoing, the

Committee firmly believes that quantitative factors should play the central role in determining performance-based payouts, and that positive discretionary adjustments should be used sparingly.

For 2018, the Committee elected to use its discretion to reduce the actual payouts by 23.2%, after considering our company-wide performance for revenue and Free Cash Flow as described further below:

While we exceeded our Adjusted EBITDA target, by achieving the originally projected annualized run-rate Adjusted EBITDA synergy savings of \$850 million related to the acquisition of Level 3 as of the end of 2018, which was approximately two years earlier than expected, we fell short of our internal expectations for revenue. Revenue was not a financial performance metric for our 2018 STI program, but is important to our future and the Committee felt it was important to consider this and apply discretion.

For similar reasons, we thought it appropriate to apply discretion regarding our Free Cash Flow performance. While our Free Cash Flow for 2018 was well in excess of our target, it also benefitted from strong synergy savings. In addition, in 2018, we achieved positive Free Cash Flow from lower capital expenditure spending and the benefit of the receipt of large tax refunds partially offset by incremental pension funding.

Discretionary Adjustment for Individual Performance. For 2018, the Committee elected to make individual performance adjustments for four of our named executive officers as discussed below.

The Committee discussed at great length the financial accomplishments achieved in 2018, including Adjusted EBITDA and Free Cash Flow results above raised guidance outlook and internal targets and placed emphasis on achieving targeted \$850 million of annualized run-rate Adjusted EBITDA

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synergies in approximately one year, rather than 80% in three years as initially projected. As a result of these achievements, the Committee rewarded Mr. Storey with a 110% discretionary adjustment for his individual performance. Mr. Dev's leadership and fiscal oversight was pivotal to achievement of annualized run-rate Adjusted EBITDA synergy savings ahead of schedule, positive capital management and Free Cash Flow results above guidance. In consideration of these achievements, the Committee rewarded him with a 115% discretionary adjustment for individual performance. Mr. Goff exceeded expectations through the long-term corporate strategy for the Level 3 Combination as well as strong management of complex legal issues and the Committee rewarded him with a 110% discretionary adjustment for individual performance. Mr. Trezise exceeded expectations for the Human Resources related integration work, specifically the organization design and talent assessment process, integration and harmonization of compensation structure and programs, shaping the culture for the combined company and increasing employee

engagement. Based on these achievements, the Committee rewarded Mr. Trezise with a 115% discretionary adjustment for individual performance.

***Calculation of Bonuses.*** For 2018, the STI bonuses paid to our named executives were calculated under a two-step process.

In step one, the Committee calculated the company performance composite score by weighting the company's achieved performance against the financial and operational performance objectives described in the table above. After our internal audit personnel have reviewed these determinations and calculations, they are provided in writing to the Committee for its review and approval.

In step two, the Committee authorized actual STI bonuses for our named executives, which were consistent with Committee approved company payout level, which includes discretion on performance and certain discretionary adjustments for individual performance as discussed above.

***Actual STI Bonus Amounts Authorized.*** The actual amounts of the named executive officers' 2018 bonuses were calculated as follows:

Named Officer	2018 STI Bonus Amounts				STI Bonus Amount
	Target Bonus Opportunity <sup>(1)</sup>	X	Adjusted Company Performance % <sup>(2)</sup>	X	
<b>Current Executives:</b>					
Jeffrey K. Storey	\$ 3,220,707		107%		\$ 3,790,772

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Indraneel Dev	356,300	107%	115%	438,427
Stacey W. Goff	720,021	107%	110%	847,465
Scott A. Trezise	380,008	107%	115%	467,600
<b>Former Executives:</b>				
Glen F. Post, III	857,021	107%	100%	917,012
Aamir Hussain	611,525	107%	100%	654,332
Sunit S. Patel	0			0

(1) Determined based on earned salary and applicable STI target bonus percentage during 2018 and includes pro-rations for any changes to salary and/or STI target bonus percentage described below.