

CENTURYLINK, INC
Form DEF 14A
April 05, 2016
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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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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**2016 Notice of Annual Meeting
and Proxy Statement
and
Annual Financial Report**

May 18, 2016

10:00 a.m. local time

100 CenturyLink Drive

Monroe, Louisiana

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**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE
ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 18, 2016**

**This proxy statement and related materials are
available at www.envisionreports.com/ctl.**

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) our executives or executive officers refers to our nine executive officers listed in the tables beginning on page 3 of this proxy statement, (iii) meeting refers to the 2016 annual meeting of our shareholders described further herein, (iv) named executives, named officers, named executive officers or NEOs refers to the six current or former executive officers listed in the Summary Compensation Table appearing on page 59 of this proxy statement, (v) senior officers refers to our executive officers and a limited number of additional officers whose compensation is determined by the Compensation Committee of our Board, (vi) Embarq refers to Embarq Corporation, which we acquired on July 1, 2009, (vii) Qwest refers to Qwest Communications International Inc., which we acquired on April 1, 2011, (viii) Savvis refers to Savvis, Inc., which we acquired on July 15, 2011, and (ix) 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.

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CenturyLink, Inc.

100 CenturyLink Drive

Monroe, Louisiana 71203

Notice of Annual Meeting of Shareholders

TIME AND DATE	10:00 a.m. local time on May 18, 2016
PLACE	Corporate Conference Room CenturyLink Headquarters 100 CenturyLink Drive Monroe, Louisiana
ITEMS OF BUSINESS	(1) Elect as directors the 11 nominees named in the accompanying proxy statement (2) Ratify the appointment of KPMG LLP as our independent auditor for 2016 (3) Approve an amendment to our 2011 Equity Incentive Plan (4) Conduct a non-binding advisory vote to approve our executive compensation (5) Act upon a shareholder proposal regarding our equity retention policies, if properly presented at the meeting (6) 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 on March 30, 2016.
PROXY VOTING	Shareholders are invited to attend the meeting in person. Even if you expect to attend, it is important that

you vote by telephone or the Internet, or by completing and returning a proxy or voting instruction card.

Stacey W. Goff

Secretary

April 1, 2016

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CenturyLink, Inc.

100 CenturyLink Drive

Monroe, Louisiana 71203

PROXY STATEMENT

April 1, 2016

GENERAL INFORMATION ABOUT THE ANNUAL MEETING

Why am I receiving these proxy materials?

Our Board of Directors is soliciting your proxy to vote at our 2016 annual meeting of shareholders because you owned shares of our stock at the close of business on March 30, 2016, the record date for the meeting, and are entitled to vote those shares at the meeting. Our proxy materials are being made available to you on the Internet beginning on or about April 5, 2016. This proxy statement summarizes information regarding matters to be considered at the meeting. For additional information on our proxy materials, see **Other Matters** **Proxy Materials** appearing below.

When and where will the meeting be held?

The meeting will be held at 10:00 a.m. local time on Wednesday, May 18, 2016, in the corporate conference room at our corporate headquarters, 100 CenturyLink Drive, Monroe, Louisiana. If you would like directions to the meeting, please see our website, <http://ir.centurylink.com>. You do not need to attend the meeting to vote your shares.

What matters will be considered at the meeting?

Shareholders will vote on the following matters at the meeting:

Item and Page Reference	Board Voting Recommendation	Vote Required for Approval
Election of the 11 director nominees named herein (Item 1, Page 3)	For each nominee	Affirmative vote of a majority of the votes cast
Ratification of the appointment of KPMG LLP as our independent auditor for 2016 (Item 2, Page 18)	For	Affirmative vote of a majority of the votes cast
Approval of an amendment to our 2011 Equity Incentive Plan (Item 3, Page 20)	For	Affirmative vote of a majority of the votes cast

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Non-binding advisory vote to approve our executive compensation (Item 4, Page 28)

For

Affirmative vote of a majority of the votes cast

The shareholder proposal regarding our equity retention policies, as further described in this proxy statement, if it is properly presented at the meeting (Item 5, Page 29)

Against

Affirmative vote of a majority of the votes cast

How many votes may I cast?

You may cast one vote for every share of our common stock or Series L preferred stock that you owned on the record date. Our common stock and Series L preferred stock vote together as a single class on all matters. In this proxy statement, we refer to these shares as our Common Shares and Preferred Shares, respectively, and

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as our Voting Shares, collectively. As of the record date, we had 546,165,709 Common Shares and 7,018 Preferred Shares outstanding.

What is the difference between holding shares as a shareholder of record and as a beneficial owner?

If shares are registered in your name with our transfer agent, Computershare Investor Services L.L.C., you are the shareholder of record of those shares and you may directly vote these shares, together with any shares credited to your account if you are a participant in our automatic dividend reinvestment and stock purchase service.

If your shares are held on your behalf in a stock brokerage account or by a bank or other nominee, you are the beneficial owner of shares held in street name. We have requested that our proxy materials be made available to you by your broker, bank or nominee, who is considered the shareholder of record of those shares.

If I am a shareholder of record, how do I vote?

If you are a shareholder of record, you may vote in person at the meeting or by proxy in any of the following three ways:

call 1-800-652-8683 and follow the instructions provided;

log on to the Internet at www.envisionreports.com/ctl and follow the instructions at that site; or

request a paper copy of our proxy materials and, following receipt thereof, mark, sign and date your proxy card and return it to Computershare.

Please note that you may not vote by telephone or the Internet after 1:00 a.m. Central Time on May 18, 2016.

If I am a beneficial owner of shares held in street name, how do I vote?

As the beneficial owner, you have the right to instruct your broker, bank or nominee how to vote your shares by using any voting instruction card supplied by them or by following their instructions for voting by telephone, the Internet, or in person.

If I am a benefit plan participant, how do I vote?

Please see Additional Information About the Meeting Voting by Participants in Our Benefit Plans appearing below.

Do I need identification to attend the meeting in person?

Yes. Please bring proper identification, together with the Important Notice Regarding Availability of Proxy Materials mailed to you, which will serve as your admission ticket. If your shares are held in street name, please bring acceptable proof of ownership, such as a letter from your broker or an account statement stating or showing that you beneficially owned Voting Shares on the record date.

Where can I find additional information about the conduct of the meeting, voting requirements, and other similar matters relating to the meeting?

Please see Additional Information About the Meeting appearing below.

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ELECTION OF DIRECTORS

(Item 1 on Proxy or Voting Instruction Card)

The first proposal for consideration at the meeting is the election of each of the 11 candidates named below as a director for a one-year term expiring at our 2017 annual meeting of shareholders, or until his or her successor is duly elected and qualified.

Acting upon the recommendation of its Nominating and Corporate Governance Committee, the Board has nominated the 11 below-named directors to stand for re-election to one-year terms at the meeting. Unless authority is withheld, all votes attributable to Voting Shares represented by each duly executed and delivered proxy will be cast for the election of each of the 11 below-named nominees. Under our bylaw nominating procedures, these nominees are the only individuals who may be elected at the meeting. For additional information on our nomination process, see Corporate Governance Director Nomination Process. 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.

As discussed further under Additional Information About the Meeting Vote Required to Elect Directors, each of the 11 nominees must receive an affirmative vote of a majority of the votes cast to be elected at the meeting.

Nominees For Election to the Board:

Listed below is information on each of the 11 individuals nominated to stand for election to the Board.

The Board recommends that you vote FOR each of the following nominees:

Martha H. Bejar, age 53; a director since January 2016; co-founder and principal of Red Bison Advisory Group LLC, a telecommunications and technology advisory firm founded in early 2014; Chief Executive Officer and director of Flow Mobile, Inc., a telecommunications company offering rural broadband wireless access services, from January 2012 to December 2015; venture partner at The Prometheus Partners, a business services company, from April 2012 to May 2014; Chairperson and Chief Executive Officer of Wipro Infocrossing Inc., a U.S.-based cloud services affiliate of Wipro Limited, from January 2011 to March 2012; President of Worldwide Sales and Operations at Wipro Technologies Inc., an IT services affiliate of Wipro Limited, from June 2009 to January 2011; Corporate Vice President for the communications sector at Microsoft Corporation, from June 2007 to June 2009; held various positions at Nortel Networks Corporation, a telecommunications and data networking company, from 1997 to 2007, including Regional President and President of North America Sales, Sales Engineering and Sales Operations; currently a director of Polycom, Inc.

Key Qualifications, Experiences and Skills:

Executive experience in communications and technology industries

Experience as a former chief executive officer

Director of another publicly-held company

International business and engineering experience

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Virginia Boulet, age 62; a director since 1995; a managing director at Legacy Capital LLC, an investment banking firm based in New Orleans, Louisiana, since March 2014; Special Counsel at Adams and Reese LLP, a law firm, from 2002 to March 2014; prior to then, practiced as a corporate and securities attorney for Phelps Dunbar, L.L.P. from 1992 to 2002 and Jones Walker LLP from 1983 to 1992; an adjunct professor of securities regulation law and merger and acquisition law at Loyola University New Orleans College of Law since 2004; currently a director of W&T Offshore, Inc.

Key Qualifications, Experiences and Skills:

Legal experience representing telecommunications companies and regarding business combinations

Director of another publicly-held company

Peter C. Brown, age 57; a director since 2009; Chairman of Grassmere Partners, LLC, a private investment firm, since July 2009; held several executive level positions, including Chairman of the Board, President and Chief Executive Officer, with AMC Entertainment Inc., a theatrical exhibition company, from 1991 to 2009; founded EPR Properties, a NYSE-listed real estate investment trust formerly known as Entertainment Properties Trust, in 1997 and served as a member of the Board of Trustees until 2003; currently a director of EPR Properties and Cinedigm Corp.; formerly a director of National CineMedia, Inc. within the past five years.

Key Qualifications, Experiences and Skills:

Experience as a former chief executive of a publicly-held company

Qualifies as an audit committee financial expert

Director of other publicly-held companies

W. Bruce Hanks, age 61; a director since 1992; a consultant with Graham, Bordelon, Golson and Gilbert, Inc., an investment management and financial planning company, since 2005; Athletic Director of the University of Louisiana at Monroe from 2001 to 2004; held various executive positions at CenturyLink from 1980 through 2001, most notably Chief Operating

Officer, Senior Vice President Corporate Development and Strategy, Chief Financial Officer, and President Telecommunications Services; worked as a certified public accountant with Peat, Marwick & Mitchell for three years prior to then; currently an advisory director of IberiaBank Corporation; also served in the past on the executive boards of several telecommunications industry associations and the boards of other publicly-owned companies.

Key Qualifications, Experiences and Skills:

Prior executive experience with, and historical knowledge of, our Company

Former experience as a certified public accountant

Qualifies as an audit committee financial expert

Prior experience as a director of other publicly-owned companies

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Mary L. Landrieu, age 60; a director since November 2015; senior policy advisor at Van Ness Feldman, LLP, a Washington D.C.-based law firm, since May 2014; policy advisor since May 2014 at Walton Family Foundation, a philanthropic organization focused on improving K-12 education and supporting economic incentives for sustainable resource management; 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, served on the Senate Committee on Homeland Security and chaired the Subcommittee on Disaster Recovery; Louisiana state treasurer from 1988 to 1996; Louisiana state legislative representative from 1980 to 1988; currently serves on the board of trustees or board of directors of several prominent national organizations promoting education or children's welfare.

Key Qualifications, Experiences and Skills:

Governmental and government relations experience

Public policy and governmental finance experience

Gregory J. McCray, age 53; a director since 2005; President of McCray Consulting, a firm which provides technology management and business consulting, since October 2015; Chief Executive Officer of Aero Communications, Inc., which provides installation, engineering and support services to the communications industry, from July 2013 to October 2015; interim Chief Executive Officer of ACAL Energy Ltd., which develops fuel cell engine technology, from January 2013 to July 2013; Chairman and Chief Executive Officer of Antenova Limited, a global wireless components development company, from 2003 to December 2012; Chairman and Chief Executive Officer of PipingHot Networks, a wireless start-up, from 2000 to 2002; Senior Vice President, Customer Operations, at Lucent Technologies from 1997 to 2000; Sales Vice President, U.S. Eastern Region, at Lucent Technologies from 1994 to 1997; held engineering, product management and other managerial roles at AT&T and IBM from 1984 to 1993.

Key Qualifications, Experiences and Skills:

Executive experience in the communications and technology industries

Experience as a chief executive of privately-held companies that have engaged in several acquisition and divestiture transactions

Engineering expertise in communications industry

International business experience

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William A. Owens, age 75; a director since 2009; non-executive Chairman of the Board of CenturyLink since 2009; co-founder, Chairman and principal of Red Bison Advisory Group LLC, a telecommunications and technology advisory firm, founded in early 2014; Managing Director and Chairman of AEA Investors Asia, a private equity company, from 2006 to 2014; Vice Chairman, President and Chief Executive Officer of Nortel Networks Corporation, a global supplier of communications equipment, from 2004 to 2005; Chairman and Chief Executive Officer of Teledesic LLC, a satellite communications company, from 1998 to 2003; Vice Chairman, President and Chief Operating Officer of Science Applications International Corporation, a technology and engineering company, from 1996 to 1998; served in the U.S. military from 1962 to 1996, holding various key leadership positions, including Vice Chairman of the Joint Chiefs of Staff; currently a director of Wipro Limited; formerly a director of AEA Investors LP, Polycom, Inc., Unifrax Corporation and Amerilink within the past five years.

Key Qualifications, Experiences and Skills:

Executive experience in the communications industry

Experience as a former chief executive of publicly-held companies

Government relations expertise

International business experience

Experience as a director of other domestic and international publicly-held companies

Harvey P. Perry, age 71; a director since 1990; non-executive Vice Chairman of the Board of Directors of CenturyLink since 2004; retired from CenturyLink in 2003; joined CenturyLink in 1984, serving as Secretary and General Counsel for approximately 20 years and Executive Vice President and Chief Administrative Officer for almost five years; prior to then, worked as an attorney in private practice for 15 years.

Key Qualifications, Experiences and Skills:

Prior executive experience with, and historical knowledge of, our Company

Legal experience representing telecommunications companies
Glen F. Post, III, age 63; a director since 1985; Chief Executive Officer of CenturyLink since 1992, and President since 2009 (and from 1990 to 2002); Chairman of the Board of CenturyLink between 2002 and 2009; Vice Chairman of the Board of CenturyLink between 1993 and 2002; held various other positions at CenturyLink between 1976 and 1993, most notably Treasurer, Chief Financial Officer and Chief Operating Officer.

Key Qualifications, Experiences and Skills:

Executive experience in the telecommunications business

Experience as our chief executive

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Michael J. Roberts, age 65; a director since 2011; co-founder of LYFE Kitchen, an emerging chain of lifestyle restaurants, serving as a board member since May 2014 and as Chief Executive Officer from February 2011 to May 2014; Chief Executive Officer and founder of Westside Holdings LLC, a marketing and brand development company, from 2006 to 2013; served as President and Chief Operating Officer of McDonald's Corporation, a foodservice retailer, from 2004 to 2006; served as Chief Executive Officer of McDonald's USA during 2004 and as President of McDonald's USA from 2001 to 2004; currently a director of W.W. Grainger, Inc.; formerly a director of Qwest within the past five years.

Key Qualifications, Experiences and Skills:

Experience as a chief executive

Marketing and branding expertise

Director of another publicly-held company

Qualifies as an audit committee financial expert

Laurie A. Siegel, age 60; a director since 2009; a business and human resources consultant since 2012; 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 since 2003; held various positions with Honeywell International Inc. from 1994 to 2002, including Vice President of Human Resources Specialty Materials; prior to then, was director of global compensation at Avon Products and a principal of Strategic Compensation Associates; currently a director of FactSet Research Systems Inc. and Volt Information Sciences, Inc.

Key Qualifications, Experiences and Skills:

Executive experience with a multi-national company

Human resources and executive compensation expertise

Director of other publicly-held companies

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.

David D. Cole, age 58; Executive Vice President Controller and Operations Support since May 2013; served as Senior Vice President Controller and Operations Support from April 2011 to May 2013 and as Senior Vice President Operations Support from 1999 to April 2011.

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Dean J. Douglas, age 58; President Sales and Marketing since February 16, 2016; served as Chief Executive Officer at Unify GmbH & Co. KG, a provider of software-based enterprise unified communications services from January 2014 to January 2016; served in senior leadership positions at Westcon Group, Inc., a distributor of unified communications and security services, including Chief Executive Officer and President from April 2009 to January 2014 and Chief Operating Officer from June 2008 to January 2014; served as President and Chief Executive Officer at LCC International, Inc., a telecommunications services company, from October 2005 to June 2008; prior to then held leadership roles throughout his career at IBM Global Services, Motorola, Inc. and Newleaf Entertainment.

R. Stewart Ewing, Jr., age 64; Executive Vice President, Chief Financial Officer since 1999 and, in addition, Assistant Secretary since 2009; served as Senior Vice President and Chief Financial officer from 1989 to 1999; held various other positions at CenturyLink between 1983 and 1989, most notably Controller and Vice President of Finance.

Stacey W. Goff, age 50; Executive Vice President, General Counsel and Secretary since 2009 and, in addition, Chief Administrative Officer since November 1, 2014; served as Senior Vice President, General Counsel and Secretary prior to 2009.

Aamir Hussain, age 48; Executive Vice President, Chief Technology Officer since October 27, 2014; served as Managing Director and Chief Technology Officer for the Europe division at Liberty Global plc from February 2012 to October 2014; served as Senior Vice President and Chief Technology Officer at Covad Communications from October 2008 to February 2012; prior to then he held leadership and technology design roles throughout his career at TELUS Corporation, Qwest, BellSouth Corporation, Samsung Electronics Co. Ltd. and Motorola Solutions Inc.

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Maxine L. Moreau, age 54; Executive Vice President Global Operations and Shared Services since November 1, 2014; served as Executive Vice President Network Services from May 2013 to October 2014; served as Senior Vice President Network Services from May 2012 to May 2013, as Senior Vice President, Integration and Process Improvement from 2010 to May 2012, and as Senior Vice President, Centralized Operations, from 2009 to 2010.

Scott A. Trezise, age 47; 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.

Girish K. Varma, age 66; President Global Information Technology Services and New Market Development since November 1, 2014; served as Executive Vice President of Information Technology from 2011 to October 2014; served as Senior Vice President and Chief Information Officer of Qwest prior to then.

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CORPORATE GOVERNANCE

Governance Guidelines

Our Board has adopted corporate governance guidelines, which it reviews at least annually. For information on how you can obtain a complete copy of our guidelines, see [Access to Information](#) below.

Among other things, our corporate governance guidelines provide as follows:

Director Qualifications

The Board of Directors will have a majority of independent directors. The Nominating and Corporate Governance Committee is responsible for reviewing with the Board, on an annual basis, the requisite skills and characteristics of new Board members as well as the composition of the Board as a whole.

The Board expects directors who change the job or responsibility they held when they were elected to the Board to volunteer to resign from the Board.

On the terms and subject to the conditions specified in our bylaws, directors will be elected by a majority vote of the shareholders and any incumbent director failing to receive a majority of votes cast must promptly tender his or her resignation to the Board.

No director may serve on more than two other unaffiliated public company boards, unless this prohibition is waived by the Board.

No director may be appointed or nominated to a new term if he or she would be age 75 or older at the time of the election or appointment.

Annually, the Board will determine affirmatively which of our directors are independent for purposes of complying with our corporate governance guidelines and the listing standards of the New York Stock Exchange, or NYSE. A director will not be independent for these purposes unless the Board affirmatively determines that the director does not, either directly or indirectly through the director's affiliates or associates, have a material commercial, banking, consulting, legal, accounting, charitable, familial or other relationship with the Company or its affiliates, other than as a director.

Director Responsibilities

The Board periodically reviews our long-term strategic plans and holds strategic planning sessions.

Directors are required to hold confidential all non-public information obtained due to their directorship position absent the express permission of the Board to disclose such information.

Unless otherwise determined by the Board, when a management director retires or ceases to be an active employee for any other reason, that director will be considered to have resigned concurrently from the Board.

Chairman; Lead Outside Director

The Board elects a Chairman from among its members. The Chairman may be a director who also has executive responsibilities, including the CEO (an executive chair), or may be one of the Company's independent directors (a non-executive chair). The Board believes it is in the best interests of the Company for the Board to remain flexible with respect to whether to elect an executive chair or a non-executive chair so that the Board may provide for succession planning and respond effectively to changes in circumstances.

The non-management directors meet in executive session at least quarterly. The lead outside director elected by the independent directors may call additional meetings of the non-management directors at

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any time. At all times during which the Chairman is a non-executive chair, all of the functions and responsibilities of the lead outside director shall be performed by the non-executive chair.

CEO Evaluation and Management Succession

The Nominating and Corporate Governance Committee conducts an annual review of the CEO's performance and provides a report of its findings to the Board.

The Nominating and Corporate Governance Committee reports periodically to the Board on succession planning.

Recoupment of Compensation

If the Board or any committee of the Board determines that any bonus, incentive payment, commission, equity award or other compensation awarded to or received by an executive officer was based on any financial or operating result that was impacted by the executive officer's knowing or intentional fraudulent or illegal conduct, we may recover from the executive officer the compensation the Board or any committee of the Board considers appropriate under the circumstances.

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. 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.

For any year during which an executive or director does not meet his or her ownership target, the executive or director is expected to hold a specified percentage of the CenturyLink stock that the executive or director acquires through our equity compensation programs, excluding shares sold to pay taxes associated with the acquisition thereof.

The Compensation Committee administers the guidelines, and may modify their terms and grant hardship exceptions in its discretion.

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.

Standards of Business Conduct and Ethics

All of our directors, officers and employees are required to abide by our long-standing ethics and compliance policies and programs, which include standards of business conduct.

Any waiver of our policies, principles or guidelines relating to business conduct or ethics for executive officers or directors may be made only by the Board or one of its duly authorized committees.

Other

Directors have full access to our officers and employees.

Like most other NYSE-listed companies, (i) all of the Board's standing committees are comprised solely of independent directors, (ii) we provide orientation for new directors, (iii) we maintain a continuing education program for our directors, and (iv) the Board and each committee conducts annual self-reviews.

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Independence

Based on the information made available to it, the Board of Directors has affirmatively determined that each of our non-management directors qualifies as an independent director under the standards referred to above under

Governance Guidelines. In making these determinations, the Board, with assistance from counsel, evaluated responses to a questionnaire completed by each director regarding relationships and possible conflicts of interest. In its review of director independence, the Board considered all known commercial, banking, consulting, legal, accounting, charitable, familial or other relationships any director may have with us.

Some of our 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. As required under the NYSE listing standards and our corporate governance guidelines, our Board examined the amounts spent by us with those companies and by those companies with us. 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.

Committees of the Board

During 2015, the Board of Directors held 10 meetings.

During 2015, the Board's Audit Committee held eight meetings. The Audit Committee is currently composed of three independent directors, all of whom the Board has determined to be audit committee financial experts, as defined under the federal securities laws. The Audit Committee's functions are described further below under [Audit Committee Report](#).

The Board's Compensation Committee met eight times during 2015. The Compensation Committee is currently composed of four independent directors, all of whom qualify as non-employee directors under Rule 16b-3 promulgated under the Securities Exchange Act of 1934 and as outside directors under Section 162(m) of the Internal Revenue Code. The Compensation Committee is described further below under [Compensation Discussion and Analysis - Our Policies, Processes and Guidelines Related to Executive Compensation - Our Compensation Decision-Making Process - Role of Compensation Committee](#).

The Board's Nominating and Corporate Governance Committee (which we refer to below as the [Nominating Committee](#)) is currently composed of five independent directors. It met nine times during 2015. 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. For information on the director nomination process, see [Director Nomination Process](#) below.

The Board also maintains a Risk Evaluation Committee, which met five times during 2015. This Committee is described further below under the heading [Risk Oversight](#).

Each of the committees listed above is composed solely of independent directors under the standards referred to above under Governance Guidelines.

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The table below lists the Board's standing committees and their membership as of the date of this proxy statement:

Outside Director⁽¹⁾	Audit Committee Member	Compensation Committee Member	Nominating and Corporate Governance Committee Member	Risk Evaluation Committee Member
Martha H. Bejar	ü			ü
Virginia Boulet		ü	Chair	
Peter C. Brown	ü			ü
W. Bruce Hanks	Chair			ü
Mary L. Landrieu			ü	
Gregory J. McCray ⁽²⁾			ü	ü
C. G. Melville, Jr. ⁽²⁾			ü	Chair
William A. Owens		ü	ü	
Harvey P. Perry				ü
Michael J. Roberts		ü		
Laurie A. Siegel		Chair		

- (1) Glen F. Post, III does not serve on any board committees, other than the Special Pricing Committee described below. Richard A. Gephardt, who is scheduled to retire from the Board on May 18, 2016, does not serve on any board committees.
- (2) Effective upon Mr. Melville's retirement from the Board on May 18, 2016, Mr. McCray will become chair of the Risk Evaluation Committee.

If you would like additional information on the responsibilities of the committees listed above, please refer to the committees' respective charters, which can be obtained in the manner described below under [Access to Information](#).

The Board has also established a Special Pricing Committee that has authority to approve the terms and offering prices of any CenturyLink securities sold pursuant to our outstanding shelf registration statement. This *ad hoc* committee is comprised of Peter C. Brown, W. Bruce Hanks and Glen F. Post, III.

During 2015, 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 then in office attended the 2015 annual shareholders' meeting.

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, which are summarized below. For the meeting this year, the Board has nominated the 11 nominees listed above under [Election of Directors](#) to stand for election as directors, and no shareholders submitted any

nominations. For further information on procedures governing the submission of shareholder proposals, see [Bylaw Requirements and Other Matters Deadlines for Submitting Shareholder Nominations and Proposals for the 2017 Annual Meeting](#).

Bylaw Requirements. If timely notice is provided, our bylaws permit shareholders to nominate a director or bring other matters before a shareholders meeting. The written notice required to be sent by any shareholder nominating a director must include various information, including, as to the shareholder giving the notice and the

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beneficial owner, if any, on whose behalf the nomination is being made, (i) the name and address of such shareholder, any such beneficial owner, and any other parties affiliated, associated or acting in concert therewith, (ii) their beneficial ownership interests in our Voting Shares, including disclosure of arrangements that might cause such person's voting, investment or economic interests in our Voting Shares to differ from those of our other shareholders, (iii) certain additional information concerning such parties required under the federal proxy rules, (iv) a description of all agreements with respect to the nomination among the nominating shareholder, any beneficial owner, any person acting in concert with them, each proposed nominee and certain other persons, and (v) a representation whether any such person intends to solicit proxies or votes in support of their proposed nominees. With respect to each proposed nominee, the written notice must also, among other things, (i) set forth biographical and other data required under the federal proxy rules and a description of various compensation or other arrangements or relationships between each proposed nominee and the nominating shareholder and its affiliated parties and (ii) furnish both a completed and duly executed questionnaire and a duly executed agreement designed to disclose various aspects of the proposed nominee's background, qualifications and certain specified arrangements with other persons, as well as to receive the proposed nominee's commitment to abide by certain specified agreements and undertakings. We may require a proposed nominee to furnish other reasonable information or certifications. Shareholders interested in bringing before a shareholders' meeting any matter other than a director nomination should consult our bylaws for additional procedures governing such requests. We may disregard any nomination or submission of any other matter that fails to comply with these bylaw procedures.

In addition, our bylaws provide that under certain circumstances a shareholder or group of shareholders may include director candidates that they have nominated in our annual meeting proxy materials. These proxy access provisions of our bylaws provide, among other things, that a shareholder or group of up to ten shareholders seeking to include director candidates in our annual meeting proxy materials must own 3% or more of our outstanding Common Shares continuously for at least the previous three years. The number of shareholder-nominated candidates appearing in any of our annual meeting proxy materials cannot exceed 20% of the number of directors then serving on the Board. If 20% is not a whole number, the maximum number of shareholder-nominated candidates would be the closest whole number below 20%. Based on the current Board size of 11 directors, the maximum number of proxy access candidates that we would be required to include in our proxy materials for an annual meeting is two. The nominating shareholder or group of shareholders also must deliver the information required by our bylaws, and each nominee must meet the qualifications required by our bylaws.

Shareholder requests to nominate directors or to bring any other matter before our 2017 annual shareholders' meeting, whether or not they wish to include their candidate or proposal in our proxy materials, must be received by our Secretary by the deadlines specified in **Other Matters - Deadlines for Submitting Shareholder Nominations and Proposals for the 2017 Annual Meeting**.

The summaries above of the advance notification and proxy access provisions of our bylaws are qualified in their entirety by reference to the full text of Section 5 of Article IV of our bylaws. You may obtain a full copy of our bylaws by reviewing our reports filed with the SEC, by accessing our website at www.centurylink.com, or by contacting our Secretary in the manner specified below under **Other Matters**.

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. These provisions disqualify any person who (i) fails to respond satisfactorily to any inquiry for information to enable us to make certifications required by the Federal Communications Commission under the Anti-Drug Abuse Act of 1988, (ii) has been arrested or convicted of certain specified drug offenses or engaged in actions that could lead to such an arrest or conviction or (iii) fails to furnish any

materials or agreements required to be provided by director nominees under our bylaws, or makes false statements or materially misleading statements or omissions in connection therewith.

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In the past, the Nominating Committee has considered director candidates identified by national search firms hired by the Committee, or recommended by Nominating Committee members, other directors, senior management or shareholders. In connection with our 2009 and 2011 merger with Embarq and 2011 merger with Qwest, we added to our Board several directors who previously served as directors of those companies, four of whom continue to serve.

In 2015, the Nominating Committee initiated efforts to identify nominees to replace incumbent directors no longer eligible to serve past May 2016 due to our director retirement policy. The Committee retained a national search firm and canvassed other board members for suggestions. As a result of its search, the Committee recommended appointing Mary L. Landrieu and Martha H. Bejar to the Board. The Board approved these recommendations and appointed Ms. Landrieu and Ms. Bejar to the Board, effective November 2015 and January 2016, respectively. The Committee also recommended granting our Chairman, William A. Owens, an additional one-year waiver from our director retirement policy, in part to provide continuity during the on-boarding of our new directors. In January 2016, the Board, acting upon the Committee's recommendation, approved each of our incumbent directors to stand for election at the meeting, other than Richard A. Gephardt and C.G. Melville, Jr., both of whom were ineligible to be re-nominated under our director retirement policy, and Joseph R. Zimmel. Mr. Zimmel resigned from the Board effective January 19, 2016.

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. Although the guidelines permit the Nominating Committee to adopt additional selection guidelines or criteria, it has chosen not to do so. Instead, the Nominating Committee annually assesses skills and characteristics then required by the Board based on its membership and needs at the time of the assessment. In evaluating the needs of the Board, the Nominating Committee considers the qualifications of incumbent directors and consults with other members of the Board and senior management. In addition, the Nominating Committee seeks candidates committed to representing the interests of all shareholders and not any particular constituency. The Nominating Committee believes this flexible approach enables it to respond to changes caused by director vacancies and industry developments.

In connection with assessing the needs of the Board, the Nominating Committee has sought individuals who possess skill and experience in a diverse range of fields. The Nominating Committee also has sought a mix of individuals from inside and outside of the communications industry. The table above listing biographical data about our directors includes a listing of the key qualifications, experiences and skills that the Nominating Committee and Board reviewed in connection with nominating or re-nominating them for service on the Board. In light of our current business and operations, we believe the following skills and experience are particularly important:

senior leadership experience

industry or technical expertise

financial, accounting or capital markets expertise

public company board experience

business combination or investment banking experience

brand marketing expertise

government, labor or human resources expertise

international business experience

legal expertise.

In connection with determining the current composition of the Board, the Nominating Committee has assessed the diverse range of skills and experience of our directors outlined above, coupled with the judgment

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that each has exhibited and the knowledge of our operations that each has acquired in connection with their service on the Board. Although it does not have a formal diversity policy, the Nominating Committee believes that our directors possess a diverse range of backgrounds, perspectives, skills and experiences.

Although we do not have a history of receiving director nominations from shareholders, the Nominating Committee envisions that it would evaluate any such candidate on the same terms as other proposed nominees, but would place a substantial premium on retaining incumbent directors who are familiar with our management, operations, business, industry, strategies and competitive position, and who have previously demonstrated a proven ability to provide valuable contributions to the Board and CenturyLink.

Compensation Setting Process

The Compensation Committee hires consulting firms to assist it in setting executive and director compensation. In June 2015, the Committee retained Meridian Compensation Partners, LLC, following a nationwide search to replace Hay Group, which advised the Committee for the previous five years. For additional information on the processes used by the Committee to set executive compensation, see Compensation Discussion and Analysis Our Policies, Processes and Guidelines Related to Executive Compensation.

Risk Oversight

Our Board oversees our Company's risk management function, which is a coordinated effort among our business units, our senior leadership, our risk management personnel and our internal auditors. Our directors typically discharge their risk oversight responsibilities by having management provide periodic briefing and information sessions. In some cases, including major new acquisitions, capital expenditures or strategic investments, the full Board participates in risk oversight. In most cases involving recurring systemic risk, a Board committee is primarily responsible for risk oversight. For many years, our Board has maintained a Risk Evaluation Committee, which is responsible for assisting management to identify, monitor, and manage recurring risks to our business, properties and employees. The Risk Evaluation Committee regularly monitors our litigation, cybersecurity initiatives, enterprise risk assessments, network operations, systems integration initiatives, insurance coverages and the status of our labor relations, and is also responsible for overseeing our ethics and compliance program. The Board's other committees are responsible for overseeing specific risks, particularly the Audit Committee with respect to financial, tax and accounting risks and the Compensation Committee with respect to compensation risks. For a discussion of the Compensation Committee's risk analysis, see Compensation Discussion and Analysis Our Policies, Processes and Guidelines Related to Executive Compensation Our Compensation Decision-Making Process Risk Assessment. The Board regularly receives reports from each of these committees, and periodically receives enterprise risk assessment reports from management.

Top Leadership Positions and Structure

Admiral William A. Owens serves as our non-executive Chairman and lead outside director. As explained further on our website, you may contact Adm. Owens by writing a letter to the Chairman and Lead Outside Director, c/o Post Office Box 5061, Monroe, Louisiana 71211, or by sending an email to boardinquiries@centurylink.com. As indicated above, the non-management directors meet in executive session at least quarterly.

Adm. Owens was appointed as our Chairman and lead outside director in 2009, in connection with our acquisition of Embarq. Prior to then, Adm. Owens served as chairman of Embarq, and, prior to that, as the chief executive of a communications equipment provider and a satellite company.

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

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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 independent oversight of management. While our bylaws and corporate governance guidelines do not require our Chairman and CEO positions to be separate, the Board believes that delegating responsibilities between Adm. Owens, as Chairman, and Mr. Post, as CEO, has been the appropriate leadership structure for our Company over the past seven years, which have been marked by rapid growth in our operations and a substantial change in our product offerings. 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 structure.

Waivers of Governance Requirements

Our director retirement policy limits any director from being nominated for a new term if he or she would be age 75 or older at the time of the election. While we have routinely applied this policy to prior director retirements, our Board reserves the ability to manage application of the policy to minimize its effect on the continuity and effectiveness of our Board. With those considerations in mind, in both early 2015 and early 2016 our Board granted one-year waivers from the director age limitation to permit Adm. Owens to serve as Chairman through the 2017 annual shareholders meeting.

Among the factors the Board considered in early 2016 in granting an additional one-year waiver of the policy with respect to Adm. Owens was his ability to assist the Company's newly-appointed directors transition into their new positions and responsibilities. The Company believes that Adm. Owens' service as Chairman over the last seven years uniquely qualifies him to assist the Board in on-boarding new directors in an orderly manner.

Our director retirement policy remains in effect and the Board has no current plans to amend it or waive its application in the future. Nonetheless, as has been its practice, the Board continues to retain the discretion to manage future application of that policy to ensure the on-going effectiveness of our Board.

For additional information on our Governance Guidelines, see [Governance Guidelines](#) [Director Qualifications](#).

Access to Information

The following documents are posted on our website at www.centurylink.com:

Amended and restated articles of incorporation

Bylaws

Corporate governance guidelines

Charters of our Board committees

Corporate ethics and compliance program documents, including the CenturyLink Code of Conduct.

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, 2016, 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 2016 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 2014 and 2015 services identified below:

	Amount Billed	
	2014	2015
Audit Fees ⁽¹⁾	\$ 8,900,049	\$ 9,146,142
Audit-Related Fees ⁽²⁾	320,117	274,417
Tax Fees ⁽³⁾	1,013,633	967,076
Other		
Total Fees	\$ 10,233,799	\$ 10,387,635

- (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.
- (2) Includes the cost of preparing agreed upon procedures reports and providing general accounting consulting services.
- (3)

Includes costs associated with (i) general tax planning, consultation and compliance (which were approximately \$891,000 in 2014 and \$960,000 in 2015) and (ii) assistance in preparing income tax returns and related matters (which were approximately \$123,000 in 2014 and \$7,000 in 2015).

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

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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 expected to cost no more than \$100,000, provided the total cost of all projects pre-approved by the Chairman during any fiscal quarter does not exceed \$150,000. 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 2014 or 2015.

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 2016 will require the affirmative vote of the holders of at least a majority of the votes cast on the proposal at the meeting.

The Board unanimously recommends a vote FOR this proposal.

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 has met and held discussions with management and our internal auditors and independent auditor for 2015, 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 has 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 Section 404 of the Sarbanes-Oxley Act of 2002. The Committee also discussed with KPMG matters required to be discussed by Auditing Standard No. 16, *Communications with Audit Committees*.

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

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;

reviewed a report by the independent auditor describing the independent auditor's internal quality control procedures;

reviewed the performance of the lead engagement partner of our independent auditor;

reviewed and discussed each quarterly and annual earnings press release before issuance;

received periodic reports from the director of internal audit, and met with other members of the internal audit staff;

received periodic reports pursuant to our policy for the submission and confidential treatment of communications from employees and others about accounting, internal controls and auditing matters;

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reviewed with management the scope and effectiveness of our disclosure controls and procedures;

met quarterly in separate executive sessions, including private sessions with the Company's independent auditors, internal auditors and top executives;

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

as discussed in greater detail under Corporate Governance Risk Oversight, coordinated with the Risk Evaluation Committee to oversee the Company's risk management function, especially with respect to the financial, 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 of Directors include the audited consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2015.

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.

If you would like additional information on the responsibilities of the Audit Committee, please refer to its charter, which you can obtain in the manner described above under Corporate Governance Access to Information.

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

W. Bruce Hanks
(Chair)

Peter C. Brown

Michael J. Roberts

* Following the submission of this report, Martha H. Bejar replaced Michael J. Roberts on the Audit Committee.

PROPOSAL TO APPROVE AN AMENDMENT TO OUR 2011

EQUITY INCENTIVE PLAN

(Item 3 on Proxy or Voting Instruction Card)

Since its approval by our shareholders in 2011, the CenturyLink 2011 Equity Incentive Plan (the Plan) has been a principal component of our compensation program and the sole source of annual equity-based awards for our

directors, officers, and other key employees.

Our Board, on the recommendation of its Compensation Committee (the Committee), is submitting this proposal regarding the Plan (the Plan Proposal) to shareholders for approval at the meeting. As described in greater detail below, shareholder approval of this Plan Proposal will serve two purposes:

to constitute shareholder reapproval of the material terms of the performance goals of the Plan, as required every five years by Section 162(m) of the Internal Revenue Code (the Code) in order to preserve our ability to take a federal income tax deduction for certain compensation granted or paid under the Plan; and

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to approve an amendment to the Plan to add a dollar limit of \$500,000 on the amount of equity-based compensation payable to each non-employee director under the Plan in any given calendar year (the Director Limit).

No changes have been made to the Plan since it was last approved by shareholders in 2011, and we are not proposing any changes to the Plan other than the addition of the Director Limit. **Specifically, approval of this Plan Proposal by our shareholders will neither increase the number of shares available under the Plan nor extend its current term.**

A vote in favor of Item 3 on the proxy or voting instruction card will constitute a vote in favor of both of the above-described elements of the Plan Proposal.

The principal features of the Plan and the terms of the Plan Proposal are summarized below. However, this summary is qualified by the full text of the Plan, which is marked to show the addition of the Director Limit, as attached to this proxy statement as *Appendix A*. Because this is a summary, it may not contain all the information that you may consider to be important. Therefore, we recommend that you read *Appendix A* carefully before you decide how to vote on the Plan Proposal.

Purpose of the Plan Proposal

We believe that providing officers, directors, employees, consultants and advisors with a proprietary interest in the growth and performance of our Company is crucial to stimulating individual performance while at the same time enhancing shareholder value. While we believe that employee equity ownership is a significant contributing factor in achieving strong corporate performance, we recognize that increasing the number of available shares under incentive plans may potentially dilute the equity ownership of our current shareholders.

Therefore, we are not proposing any increase in the number of shares issuable under the Plan, as we believe we have sufficient shares available under the Plan to continue to provide equity-based incentives at current levels to our directors, officers, and key employees for several more years. However, because the Plan was last approved by our shareholders in 2011, we are seeking shareholder reapproval of the material terms of the performance goals under the Plan in order to preserve our ability to take a federal income tax deduction for certain compensation granted under the Plan.

Under Section 162(m) of the Code, we are not permitted to deduct more than \$1 million per year for compensation paid to our Chief Executive Officer or our next three most highly-compensated executive officers (other than our Chief Financial Officer), subject to certain exceptions. Specifically, Section 162(m) provides an exception for performance-based compensation that satisfies certain requirements, including shareholder approval. For plans that permit a company's compensation committee to select performance goals from a list of previously-approved goals, Section 162(m) requires that the material terms of the performance goals be disclosed to, and reapproved by, the company's shareholders at least every five years.

Therefore, because the Plan permits the Committee to select performance goals from a list of previously-approved goals and the material terms of those performance goals were last approved in 2011, our Board is seeking shareholder reapproval of the material terms of the performance goals at this year's meeting. The material terms of the performance goals under the Plan are described below in the section entitled Summary of the Plan, under the subsections Eligibility, Limitation and Adjustments to Shares Issuable under the Plan, and Performance Goals for Section 162(m) Awards.

In addition to constituting shareholder reapproval of the Plan's performance goals for purposes of Section 162(m), shareholder approval of the Plan Proposal would also amend the Plan to add the Director Limit. Currently, our non-employee directors are subject to the same limits on equity grants under the Plan that apply to every other participant (described below under Summary of the Plan Limitations and Adjustments to Shares

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Issuable under the Plan). The Director Limit is a limit specific to non-employee directors that is considerably lower than the general participant limits. The Director Limit would apply only to equity-based compensation granted to non-employee directors under the Plan.

If shareholders approve this Plan Proposal, we will be able to continue to grant awards under the Plan designed to qualify for the performance-based exception from the Section 162(m) deductibility limitation and any equity grants made to our non-employee directors under the Plan will be limited by the Director Limit. If shareholders do not approve this Plan Proposal, we will continue to grant awards under the Plan, but any performance-based awards will no longer be eligible for the Section 162(m) exception for performance-based compensation. In addition, if shareholders do not approve this Plan Proposal, the only Plan limits that will be applicable to awards to non-employee directors will be the general participant limits described above.

While reapproval of the performance goals is required for certain awards under the Plan to qualify as for the performance-based exception from Section 162(m), not all awards under the Plan or other compensation approved by the Committee are intended to qualify for this exception or otherwise be deductible. Further, there is no guarantee that awards intended to qualify for tax deductibility under Section 162(m) will ultimately be viewed as so qualifying by the Internal Revenue Service. Finally, nothing in this Plan Proposal precludes the Company or the Committee from granting awards that do not qualify for tax deductibility under Section 162(m).

Summary of the Plan

Administration of the Plan. The Committee (or a subcommittee of the Committee) generally administers the Plan, and has the authority to make awards under the Plan, including setting the terms of the awards. The Committee also generally has the authority to interpret the Plan, to establish any rules or regulations relating to the Plan that it determines to be appropriate, and to make any other determination that it believes necessary or advisable for proper administration of the Plan. Subject to the limitations specified in the Plan, the Committee may delegate its authority to our Chief Executive Officer or his designee with respect to grants to employees or consultants who are not subject to Section 16 of Exchange Act or Section 162(m) of the Code.

Eligibility. Key employees, officers, and directors of CenturyLink and our consultants or advisors are eligible to receive awards (Incentives) under the Plan. During 2015, approximately 950 employees and 11 non-employee directors participated in the Plan and we anticipate a similar level of officer and director participation in 2016. Incentives under the Plan may be granted in any one or a combination of the following forms: incentive stock options under Section 422 of the Code, non-qualified stock options, stock appreciation rights, restricted stock, restricted stock units, and other stock-based awards. Each of these types of Incentives is discussed in more detail in Types of Incentives below.

Shares Issuable through the Plan. A total of 30,000,000 of our Common Shares are authorized for issuance under the Plan. This figure represents approximately 5.5% of the outstanding Common Shares as of our record date of March 30, 2016. The closing price of a Common Share on March 30, 2016, as quoted on the NYSE, was \$31.87. As detailed in the chart below under the heading Equity Compensation Plan Information, there were 20,759,094 Common Shares remaining available for grant under the Plan as of December 31, 2015.

Limitations and Adjustments to Shares Issuable under the Plan. Currently under the Plan, Incentives relating to no more than 600,000 Common Shares may be granted to a single participant in any fiscal year. Grants of restricted stock, restricted stock units, or other stock-based amounts are generally subject to minimum vesting periods, except that grants of up to an aggregate of 1,500,000 Common Shares may be made without compliance with these minimums. These minimum vesting periods, as well as certain exceptions, are discussed below under Types of

Incentives Restricted Stock. A maximum of 30,000,000 Common Shares may be issued upon exercise of options intended to qualify as incentive stock options under the Code.

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If our shareholders approve the Plan Proposal at the meeting, the Plan, as amended, will limit the maximum value of Incentives that may be granted under the Plan to each non-employee director of CenturyLink during a single calendar year to \$500,000.

For purposes of determining the maximum number of Common Shares available for delivery under the Plan, shares that are not delivered because an Incentive is forfeited, canceled, or settled in cash will not be counted. With respect to stock appreciation rights paid in shares, all shares to which the stock appreciation rights relate are counted against Plan limits, rather than the net number of shares delivered upon exercise of the stock appreciation rights.

Proportionate adjustments will be made to all of the share limitations provided in the Plan, including shares subject to outstanding Incentives, in the event of any recapitalization, reclassification, stock dividend, stock split, combination of shares, or other comparable change in our Common Shares, and the terms of any Incentive will be adjusted to the extent appropriate to provide participants with the same relative rights before and after the occurrence of any such event.

Modifications to the Plan. Our Board may amend or discontinue the Plan at any time. However, our shareholders must approve any amendment to the Plan that would:

materially increase the number of Common Shares that may be issued through the Plan,

materially increase the benefits accruing to participants,

materially expand the classes of persons eligible to participate,

expand the types of awards available for grant,

materially extend the term of the Plan,

materially reduce the price at which Common Shares may be offered through the Plan, or

permit the repricing of an option or stock appreciation right.

Duration of the Plan. No Incentives may be granted under the Plan after May 18, 2021.

Types of Incentives. Each of the types of Incentives that may be granted under the Plan is described below.

Stock Options. A stock option is a right to purchase Common Shares from CenturyLink. The Committee will determine the number and exercise price of the options, and the time or times that the options become exercisable, provided that the option exercise price may not be less than the fair market value of a Common Share on the date of grant, except for an option granted in substitution of an outstanding award in an acquisition. The term of an option will also be determined by the Committee, but may not exceed ten years. The Committee may accelerate the

exercisability of any stock option at any time. As noted above, the Committee may not, without the prior approval of our shareholders, decrease the exercise price for any outstanding option after the date of grant. In addition, an outstanding option may not, as of any date that the option has a per share exercise price that is greater than the then-current fair market value of a Common Share, be surrendered to us as consideration for the grant of a new option with a lower exercise price, another Incentive, a cash payment, or Common Shares, unless approved by our shareholders. Incentive stock options will be subject to certain additional requirements necessary in order to qualify as incentive stock options under Section 422 of the Code.

The option exercise price may be paid:

in cash or by check,

in Common Shares,

through a cashless exercise arrangement with a broker approved by CenturyLink,

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through a net exercise procedure if approved by the Committee, or

in any other manner authorized by the Committee.

Stock Appreciation Rights. A stock appreciation right, or SAR, is a right to receive, without payment to CenturyLink, a number of Common Shares determined by dividing the product of the number of shares as to which the stock appreciation right is exercised and the amount of the appreciation in each share by the fair market value of a share on the date of exercise of the right. The Committee will determine the base price used to measure share appreciation (which may not be less than the fair market value of a Common Share on the date of grant), whether the right may be paid in cash, and the number and term of stock appreciation rights, provided that the term of a SAR may not exceed ten years. The Committee may accelerate the exercisability of any SAR at any time. The Plan restricts decreases in the base price and certain exchanges of SARs on terms similar to the restrictions described above for options.

Restricted Stock. The Committee may grant Common Shares subject to restrictions on sale, pledge, or other transfer by the recipient for a certain restricted period. Generally, the restricted period must be a minimum of three years, except for shares vesting based on the attainment of performance goals, shares granted to non-employee directors, and shares issued in payment of amounts earned under our annual incentive plan. If the vesting of the shares is subject to the future attainment of specified performance goals, the restricted period for employees, consultants, or advisors must be at least one year. In addition to the previously described exceptions, an aggregate total of 1,500,000 Common Shares may be issued in connection with restricted stock, restricted stock units, or other stock-based awards without compliance with these minimum vesting periods.

All shares of restricted stock will be subject to such restrictions as the Committee may provide in an agreement with the participant, including provisions that may obligate the participant to forfeit the shares to us in the event of termination of employment or if specified performance goals or targets are not met. Subject to restrictions provided in the participant's incentive agreement and the Plan, a participant receiving restricted stock shall have all of the rights of a shareholder as to such shares, including the right to receive dividends.

Restricted Stock Units. A restricted stock unit, or RSU, represents the right to receive from CenturyLink one Common Share on a specific future vesting or payment date. All RSUs will be subject to such restrictions as the Committee may provide in an agreement with the participant, including provisions that may obligate the participant to forfeit the RSUs in the event of termination of employment or if specified performance goals or targets are not met. Subject to the restrictions provided in the incentive agreement and the Plan, a participant receiving RSUs has no rights of a shareholder until Common Shares are issued to him or her. Restricted stock units may be granted with dividend equivalent rights. Restricted stock units are subject to the same minimum vesting requirements and exceptions described above for restricted stock.

Other Stock-Based Awards. The Plan also permits the Committee to grant to participants awards of Common Shares and other awards that are denominated in, payable in, valued in whole or in part by reference to, or are otherwise based on the value of, or the appreciation in value of, Common Shares (other stock-based awards). The Committee has discretion to determine the times at which such awards are to be made, the size of such awards, the form of payment, and all other conditions of such awards, including any restrictions, deferral periods, or performance requirements. Other stock-based awards are subject to the same minimum vesting requirements and exceptions described above for restricted stock.

Performance Goals for Section 162(m) Awards. Performance-based compensation does not count toward the \$1 million limit on CenturyLink's federal income tax deduction for compensation paid to each of its most highly-compensated executive officers. Grants of restricted stock, restricted stock units, or other stock-based awards

that we intend to qualify as performance-based compensation under Section 162(m) must be made subject to the achievement of pre-established performance goals. The pre-established performance goals, both as currently provided in the Plan and as proposed to be continued following the adoption of the Plan Proposal, will

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be based upon any or a combination of the following criteria applied to CenturyLink or one or more of our divisions, subsidiaries, or lines of business: return on equity, cash flow, assets, or investment; shareholder return; target levels of, or changes in, revenues, operating income, cash flow, cash provided by operating activities, earnings, or earnings per share; achievement of business or operational goals, such as market share, customer growth, customer satisfaction, new product or services revenue, or business development; strategic business criteria, consisting of one or more objectives based on meeting specified revenue, market share, market penetration, or geographic business expansion goals, objectively-identified project milestones, production volume levels, costs targets, and goals relating to acquisitions or divestitures; or an economic value-added measure. At the time it sets performance goals, the Committee may define cash flow, revenues, and the other terms listed above as it sees fit. For any performance period, the performance goals may be measured on an absolute basis or relative to a group of peer companies selected by the Committee, relative to internal goals or industry benchmarks, or relative to levels attained in prior years. Performance measurements may be adjusted as specified under the Plan to exclude the effects of non-recurring transactions or changes in accounting standards.

Our Committee may use different targets from time to time within the scope of the Plan's performance goals listed above. The regulations under Section 162(m) require that the material terms of the performance goals be reapproved by our shareholders every five years. To qualify as performance-based compensation, grants of restricted stock, restricted stock units, and other stock-based awards will be required to satisfy the other applicable requirements of Section 162(m).

Termination of Employment. In the event that a participant ceases to be an employee of CenturyLink or its subsidiaries or to provide services to us for any reason, including death, disability, early retirement, or normal retirement, any Incentives may be exercised, shall vest, or shall expire at such times as provided in the applicable incentive agreement or as may be otherwise determined by the Committee.

Change in Control. Upon a change in control of CenturyLink, as defined in the Plan or the applicable incentive agreement, all outstanding Incentives granted under the Plan will remain outstanding in accordance with their terms, unless otherwise provided in the applicable incentive agreement, or unless the Committee takes specific action permitted by the Plan.

In the event of a change of control of CenturyLink, the Plan permits the Committee to take a variety of actions regarding outstanding Incentives. Within certain time periods and under certain conditions, the Committee may:

require that all outstanding Incentives be exercised by a certain date;

require the surrender to CenturyLink of some or all outstanding Incentives in exchange for a stock or cash payment for each Incentive equal in value to the per share change of control value, calculated as described in the Plan, over the exercise or base price;

make any equitable adjustment to outstanding Incentives as the Committee deems necessary to reflect our corporate changes; or

provide that an Incentive shall become an Incentive relating to the number and class of shares of stock or other securities or property (including cash) to which the participant would have been entitled in connection with the change of control transaction if the participant had been a shareholder.

Transferability of Incentives. No Incentives granted under the Plan may be transferred, pledged, assigned, or otherwise encumbered by a participant except: (a) by will; (b) by the laws of descent and distribution; (c) if permitted by the Committee and so provided in the applicable incentive agreement, pursuant to a domestic relations order, as defined in the Code; or (d) as to options only, if permitted by the Committee and so provided in the applicable incentive agreement, to immediate family members or to a partnership, limited liability company or trust for which the sole owners, members or beneficiaries are the participant or immediate family members.

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Tax Withholding. We may withhold from any payments or share issuances under the Plan, or collect as a condition of payment, any taxes required by law to be withheld. The participant may, but is not required to, satisfy his or her withholding tax obligation by electing to deliver currently-owned Common Shares, or to have us withhold shares from the shares the participant would otherwise receive, in either case having a value equal to the minimum amount required to be withheld. This election must be made prior to the date on which the amount of tax to be withheld is determined. The Committee has the right to disapprove of any such election, except for participants who are subject to Section 16 of the Exchange Act.

Purchase of Incentives. The Committee may approve the repurchase by CenturyLink of an unexercised or unvested Incentive from the holder by mutual agreement, so long as the repurchase would not constitute the repricing of an option or SAR.

Federal Income Tax Consequences

The federal income tax consequences related to the issuance of the different types of Incentives that may be awarded under the Plan are summarized below. Participants who are granted Incentives under the Plan should consult their own tax advisors to determine the tax consequences based on their particular circumstances.

Stock Options. A participant who is granted a stock option normally will not realize any income, nor will we normally receive any deduction for federal income tax purposes, in the year the option is granted.

When a non-qualified stock option granted under the Plan is exercised, the participant will realize ordinary income measured by the difference between the aggregate purchase price of the shares acquired and the aggregate fair market value of the shares acquired on the exercise date and, subject to the limitations of Section 162(m), we will be entitled to a deduction in the year the option is exercised equal to the amount the participant is required to treat as ordinary income.

Incentive stock options may only be granted to employees. An employee generally will not recognize any income upon the exercise of any incentive stock option, but the excess of the fair market value of the shares at the time of exercise over the option price will be an item of tax preference, which may, depending on particular factors relating to the employee, subject the employee to the alternative minimum tax imposed by Section 55 of the Code. The alternative minimum tax is imposed in addition to the federal individual income tax, and it is intended to ensure that individual taxpayers do not completely avoid federal income tax by using preference items. An employee will recognize capital gain or loss in the amount of the difference between the exercise price and the sale price on the sale or exchange of shares acquired pursuant to the exercise of an incentive stock option, provided the employee does not dispose of such shares within two years from the date of grant and one year from the date of exercise of the incentive stock option (the holding periods). An employee disposing of such shares before the expiration of the holding periods will recognize ordinary income generally equal to the difference between the option price and the fair market value of the shares on the date of exercise. The remaining gain, if any, will be capital gain. We will not be entitled to a federal income tax deduction in connection with the exercise of an incentive stock option, except where the employee disposes of the shares received upon exercise before the expiration of the holding periods.

If the exercise price of a non-qualified option is paid by the surrender of previously-owned shares, the basis and the holding period of the previously-owned shares carry over to the same number of shares received in exchange for the previously-owned shares. The compensation income recognized on exercise of these options is added to the basis of the shares received. If the exercised option is an incentive stock option and the shares surrendered were acquired through the exercise of an incentive stock option and have not been held for the holding periods, the optionee will recognize income on such exchange, and the basis of the shares received will be equal to the fair market value of the

shares surrendered. If the applicable holding period has been met on the date of exercise, there will be no income recognition and the basis and the holding period of the previously owned shares will carry over to the same number of shares received in exchange, and the remaining shares will begin a new holding period and have a zero basis.

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Stock Appreciation Rights. Generally, a participant who is granted a stock appreciation right under the Plan will not recognize any taxable income at the time of the grant. The participant will recognize ordinary income upon exercise equal to the amount of cash or the fair market value of the shares received on the day they are received.

In general, there are no federal income tax deductions allowed to CenturyLink upon the grant of stock appreciation rights. Upon the exercise of the stock appreciation right, however, we will be entitled to a deduction equal to the amount of ordinary income that the participant is required to recognize as a result of the exercise, provided that the deduction is not otherwise disallowed under Section 162(m).

Restricted Stock. Unless the participant makes an election to accelerate recognition of the income to the date of grant under Section 83(b) of the Code (as described below), the participant will not recognize income, and we will not be allowed a tax deduction, at the time the restricted stock award is granted. When the restrictions lapse, the participant will recognize ordinary income equal to the fair market value of the shares as of that date, and we will be allowed a corresponding federal income tax deduction at that time, subject to any applicable limitations under Section 162(m). If the participant files an election under Section 83(b) within 30 days of the date of grant of restricted stock, the participant will recognize ordinary income as of the date of the grant equal to the fair market value of the shares as of that date, and we will be allowed a corresponding federal income tax deduction at that time, subject to any applicable limitations under Section 162(m). Any future appreciation in the shares will be taxable to the participant at capital gains rates. If the shares are later forfeited, however, the participant will not be able to recover the tax previously paid pursuant to a Section 83(b) election.

Restricted Stock Units. A participant will not be deemed to have received taxable income upon the grant of restricted stock units. The participant will be deemed to have received taxable ordinary income at such time as shares are distributed with respect to the restricted stock units in an amount equal to the fair market value of the shares distributed to the participant. Upon the distribution of shares to a participant with respect to restricted stock units, we will ordinarily be entitled to a deduction for federal income tax purposes in an amount equal to the taxable ordinary income of the participant, subject to any applicable limitations under Section 162(m). The basis of the shares received will equal the amount of taxable ordinary income recognized by the participant upon receipt of such shares.

Other Stock-Based Awards. Generally, a participant who is granted an other stock-based award under the Plan will recognize ordinary income at the time the cash or Common Shares associated with the award are received. If shares are received, the ordinary income will be equal to the excess of the fair market value of the shares received over any amount paid by the participant in exchange for the shares.

In the year that the participant recognizes ordinary taxable income in respect of such award, we will be entitled to a deduction for federal income tax purposes equal to the amount of ordinary income that the participant is required to recognize, provided that the deduction is not otherwise disallowed under Section 162(m).

Section 409A. If any Incentive constitutes non-qualified deferred compensation under Section 409A of the Code, it will be necessary that the Incentive be structured to comply with Section 409A to avoid the imposition of additional tax, penalties, and interest on the participant.

Tax Consequences of a Change of Control. If, upon a change of control of CenturyLink, the exercisability, vesting, or payout of an Incentive is accelerated, any excess on the date of the change of control of the fair market value of the shares or cash issued under accelerated Incentives over the purchase price of such shares, if any, may be characterized as parachute payments (within the meaning of Section 280G of the Code) if the sum of such amounts and any other such contingent payments received by the employee exceeds an amount equal to three times the base amount for such employee. The base amount generally is the average of the annual compensation of the employee for the five years

preceding such change in ownership or control. An excess

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parachute payment, with respect to any employee, is the excess of the parachute payments to such person, in the aggregate, over and above such person's base amount. If the amounts received by an employee upon a change of control are characterized as parachute payments, the employee will be subject to a 20% excise tax on the excess parachute payment and we will be denied any deduction with respect to such excess parachute payment.

The foregoing discussion summarizes the federal income tax consequences of Incentives that may be granted under the Plan based on current provisions of the Code, which are subject to change. This summary does not cover any foreign, state, or local tax consequences.

Equity Compensation Plan Information

The following table provides information as of December 31, 2015 about our equity compensation plans under which Common Shares are authorized for issuance:

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options and rights	(b) Weighted-average exercise price of outstanding options and rights	(c) Number of securities remaining available for future issuance under plans (excluding securities reflected in column (a))
Equity compensation plans approved by shareholders	1,731,186 ⁽¹⁾	\$ 44.43 ⁽²⁾	20,759,094
Equity compensation plans not approved by shareholders ⁽³⁾	2,640,563	\$ 38.07	
Totals	4,371,749⁽¹⁾	\$ 39.67⁽²⁾	20,759,094

- (1) These amounts include restricted stock units, which represent the difference between the number of shares of restricted stock subject to market conditions granted at target and the maximum possible payout for these awards. Depending on performance, the actual share payout of these awards may range between 0-200% of target.
- (2) The amounts in column (a) include restricted stock units, which do not have an exercise price. Consequently, those awards were excluded from the calculation of this exercise price.
- (3) These amounts represent common shares to be issued upon exercise of options that were assumed in connection with certain acquisitions.

Vote Required

Approval of this Plan Proposal requires the affirmative vote of the holders of at least a majority of the votes cast on the proposal at the meeting.

The Board unanimously recommends a vote FOR this Plan Proposal.

ADVISORY VOTE ON EXECUTIVE COMPENSATION

(Item 4 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

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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. For additional information on our executive compensation, 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 to 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 Top Leadership Positions and Structure.

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

The Board recommends that you vote FOR the overall compensation of our named executive officers as described in this proxy statement.

SHAREHOLDER PROPOSAL

(Item 5 on Proxy or Voting Instruction Card)

We periodically receive suggestions from our shareholders, some as formal shareholder proposals. We give careful consideration to all suggestions, and assess whether they promote the best long-term interests of CenturyLink and its shareholders.

The Board of Trustees of the International Brotherhood of Electrical Workers Pension Fund, located at 900 Seventh Street, NW, Washington D.C., 20001, has informed us that it beneficially owns, and has beneficially owned for more than a year, at least \$2,000 of our Common Shares and that it intends to present for consideration at the meeting the following proposal (and has furnished the following statement in support of the proposal). We take no responsibility for this proposal. Adoption of this proposal requires the affirmative vote of the holders of at least a majority of the votes cast on the proposal at the meeting.

RESOLVED: Shareholders of CenturyLink (the Company) urge the Compensation Committee of the Board of Directors (the Committee) to adopt a policy requiring that senior executives retain a significant percentage of shares acquired through equity compensation programs until reaching normal retirement age or terminating employment with the Company. For the purpose of this policy, normal retirement age shall be defined by the Company's qualified retirement plan that has the largest number of plan participants. The shareholders recommend that the Committee adopt a share retention percentage requirement of at least 50 percent of net after-tax shares. The policy should prohibit

hedging transactions for shares subject to this policy which are not sales but reduce the risk of loss to the executive. This policy shall supplement any other share ownership requirements that have been established for senior executives, and should be implemented so as not to violate the Company's existing contractual obligations or the terms of any compensation or benefit plan currently in effect.

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Supporting Statement: Equity-based compensation is an important component of senior executive compensation at our Company. While we encourage the use of equity-based compensation for senior executives, we are concerned that our Company's senior executives are generally free to sell shares received from our Company's equity compensation plans. In our opinion, the Company's current share ownership guidelines for its senior executives do not go far enough to ensure that the Company's equity compensation plans continue to build stock ownership by senior executives over the long-term.

For example, our Company's share ownership guidelines require the CEO to hold an amount of shares equivalent to six times his base salary, or approximately 247,191 shares based on the current trading price. In comparison, the CEO currently owns more than 1.3 million shares. In other words, the CEO's total shares held are five times greater than the share ownership requirement. What's more, in 2014, our Company granted the CEO 103,611 time-vested stock awards and 77,708 performance-based stock awards. In other words, one year's worth of equity awards is close to meeting the Company's long-term share ownership guidelines for the CEO.

We believe that requiring senior executives to only hold shares equal to a set target loses effectiveness over time. After satisfying these target holding requirements, senior executives are free to sell all the additional shares they receive in equity compensation.

Our proposal seeks to better link executive compensation with long-term performance by requiring a meaningful share retention ratio for shares received by senior executives from the Company's equity compensation plans. A 2009 report by the Conference Board Task Force on Executive Compensation observed that such hold-through-retirement requirements give executives an ever growing incentive to focus on long-term stock price performance as the equity subject to the policy increases (available at http://www.conference-board.org/pdf_free/ExecCompensation2009.pdf).

We urge shareholders to vote FOR this proposal.

The Board recommends that you vote AGAINST this proposal for the following reasons:

For the fourth consecutive year (and for the fifth time in six years), you are being asked to vote on this same topic. The proponent's proposal this year is substantially similar to its proposal in prior years. None of those proposals has ever received the support of more than 27% of the shares voted at our annual meetings. For the reasons discussed below, we continue to believe that our existing compensation policies adequately address the concerns addressed in this proposal.

The Board strongly agrees with the proponent that equity ownership by executive officers serves to align the long-term interests of our senior executives and shareholders. We believe, however, that sensible stock ownership and compensation programs balance the importance of aligning the long-term interests of executives and shareholders with the need to permit executives and shareholders to prudently manage their personal financial affairs. As described further below, the Board believes that our stock ownership guidelines, in conjunction with our performance-based compensation plans and policies, successfully strike this balance effectively, making the adoption of the current proposal unnecessary. By contrast, the rigid mandate inherent in this proposal could be harmful in several respects, and put us at a competitive disadvantage for attracting and retaining executive officers.

As the proponent acknowledges, our executives are already subject to share ownership requirements. Our stock ownership guidelines (which are discussed further in Corporate Governance Governance Guidelines and Compensation Discussion and Analysis Our Policies, Processes and Guidelines Related to Executive Compensation Stock Ownership Guidelines) mandate significant stock ownership for all of our executives. As noted in the proponent's supporting statement, these guidelines require our CEO to beneficially own CenturyLink stock with a

value of at least six times his annual base salary, and further require all other executive officers to beneficially own CenturyLink stock with a value of at least three times their annual base salary. All of our top executives own CenturyLink stock at levels well in excess of these requirements. For instance, our CEO

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currently holds stock valued at over 35 times his current salary. We believe that our stock ownership guidelines accomplish the proponent's intended purpose of aligning executive and shareholder interests through at-risk equity ownership.

Our executive compensation plans and policies are carefully designed to further align the long-term interests of our senior executives and shareholders. Typically, a substantial majority of our annual executive compensation consists of awards of time-vested restricted stock that vests over a three-year period and performance-based restricted stock that vests only if we achieve our three-year threshold levels of targeted performance. As such, the value realized upon vesting of our restricted stock is directly tied to our long-term performance and the appreciation of our stock price over the vesting period, which benefits all shareholders. In addition, we have implemented both anti-hedging and anti-pledging policies to ensure that our executives bear the full economic risk and reward of their stock ownership, and that their economic interests remain fully aligned with the economic interests of our other shareholders. We also have implemented recoupment policies designed to further assure a linkage between our executive compensation and our long-term performance.

Adoption of the proponent's proposal could be harmful in several respects. While it is essential that our executive officers have a meaningful equity stake in our Company, the Board also believes that it is important that we do not prevent them from being able to responsibly manage their personal financial affairs. The adoption of this policy would limit our executive officers' abilities to engage in customary and prudent estate planning, portfolio diversification or charitable giving. Worse yet, these onerous restrictions could create an incentive for senior executives to resign in order to realize the value of their prior service. We believe that the type of retention policy described in this proposal is, not surprisingly, uncommon among our peers and that the adoption of this proposal would put us at a competitive disadvantage relative to our peers who do not have such restrictions.

We believe that our guidelines, plans and policies are better balanced than the proponent's proposal. We believe our Compensation Committee of independent directors is best suited to formulate compensation programs that discourage excessive risk-taking and promote long-term, sustainable value creation. We further believe that the Committee should continue to have the flexibility to structure effective and competitive compensation programs that attain these goals. We believe that our current mix of guidelines, plans and policies provide for an appropriate balance between aligning the long-term interests of management and the shareholders, while also permitting our executives to prudently manage their own affairs.

For all these reasons, our Board believes this proposal is unnecessary and undesirable, and contrary to your best interests.

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, 2015, unless otherwise noted.

Name and Address	Amount and Nature of Beneficial Ownership of Common Shares⁽¹⁾	Percent of Outstanding Common Shares⁽¹⁾
Capital Research Global Investors 333 South Hope Street Los Angeles, California 90071	48,149,891 ⁽²⁾	8.9%
Blackrock, Inc. 55 East 52nd Street New York, New York 10055	37,806,201 ⁽³⁾	7.0%
The Vanguard Group 100 Vanguard Blvd. Malvern, Pennsylvania 19355	34,532,950 ⁽⁴⁾	6.4%
State Street Corporation State Street Financial Center One Lincoln Street Boston, Massachusetts 02111	30,545,540 ⁽⁵⁾	5.6%

- (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 investors listed, except that we have calculated the percentages in the table based on the actual number of Common Shares outstanding on December 31, 2015, as opposed to the estimated percentages set forth in the reports of the investors referred to below in notes 2 through 5. 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 Questions and Answers About the Meeting How many votes may I cast?

(2)

Based on information contained in a Schedule 13G/A Report dated as of February 16, 2016 that this investor filed with the SEC. In this report, the investor indicated that, as of December 31, 2015, it held sole voting and dispositive power with respect to all of these shares in its capacity as an investment adviser to various investment companies.

- (3) Based on information contained in a Schedule 13G/A Report dated as of February 10, 2016 that this investor filed with the SEC. In this report, the investor indicated that, as of December 31, 2015, it held sole voting power with respect to 32,949,648 of these shares and sole dispositive power with respect to all of the above-listed shares.
- (4) Based on information contained in a Schedule 13G Report dated as of February 10, 2016 that this investor filed with the SEC. In this report, the investor indicated that, as of December 31, 2015, it held sole voting power with respect to 1,013,487 of these shares, shared voting power with respect to 54,000 of these shares, sole dispositive power with respect to 33,447,702 of these shares and shared dispositive power with respect to 1,085,248 of the above-listed shares.
- (5) Based on information contained in a Schedule 13G Report dated as of February 12, 2016 that this investor filed with the SEC. In this report, the investor indicated that, as of December 31, 2015, (i) it shared voting power with respect to 22,960,650 shares and shared dispositive power with respect to all of the above-listed shares with various of its subsidiaries and (ii) it held 7,584,886 of these shares as investment manager for our broad-based 401(k) plans.

Table of Contents**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 ⁽⁴⁾
	Unrestricted Shares Beneficially Owned ⁽¹⁾	Unvested Restricted Stock ⁽²⁾	Options or Rights Exercisable Within 60 Days ⁽³⁾	
Current Executive Officers:				
David D. Cole	122,178	110,197	40,500	272,875
Dean J. Douglas		92,572		92,572
R. Stewart Ewing, Jr.	111,887	150,797	125,000	387,684
Stacey W. Goff	42,833	121,160	40,500	204,493
Aamir Hussain	17,459	153,858		171,317
Maxine L. Moreau	9,390	67,005	10,000	86,395
Glen F. Post, III	659,540	776,112	200,000	1,635,652
Scott A. Trezise	7,181	51,772		58,953
Girish K. Varma	9,714	65,731	22,297	97,742
Continuing Directors:				
Martha H. Bejar				
Virginia Boulet	23,205	4,099		27,304
Peter C. Brown	15,338	4,099		19,437
W. Bruce Hanks ⁽⁵⁾	33,882	4,099		37,981
Mary L. Landrieu				
Gregory J. McCray	3,957	4,099		8,056
William A. Owens	31,162	9,752		40,914
Harvey P. Perry ⁽⁶⁾	92,037	4,099		96,136
Michael J. Roberts	18,672	4,099		22,771
Laurie A. Siegel	23,080	4,099		27,179
Retiring Directors:⁽⁷⁾				
Richard A. Gephardt ⁽⁸⁾	15,667	4,099		19,766
C. G. Melville, Jr.	1,695	4,099		5,794
All directors and executive officers as a group (21) persons ⁽⁹⁾	1,238,877	1,635,847	438,297	3,313,021
Former Executive Officer:				
Karen A. Puckett ⁽¹⁰⁾	134,027	61,446	75,000	270,473

(1) This column includes the following number of shares allocated to the individual's account under one of our qualified 401(k) plans: 21,380 Mr. Ewing; 5,895 Mr. Goff; 2,206 Ms. Moreau; 152,909 Mr. Post; and 4,291

Ms. Puckett. 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) Reflects shares that the person has the right to acquire within 60 days of the record date pursuant to options granted under our incentive compensation plans; does not include (i) shares that might be issued under restricted stock units if our performance exceeds target levels, (ii) options held by former spouses, or (iii) 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.

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- (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 directors and executive officers as a group constituted 0.5% of the outstanding Common Shares as of the record date (calculated in accordance with rules of the SEC assuming that all options listed in the table have been exercised for Common Shares retained by the recipient).
- (5) Includes 3,810 shares beneficially held by Mr. Hanks' mother, as to which Mr. Hanks has voting and dispositive powers under a durable power of attorney granted to him by his mother.
- (6) Includes 709 shares beneficially held by Mr. Perry's spouse, as to which Mr. Perry disclaims beneficial ownership, and 22,927 shares held by Mr. Perry through our dividend reinvestment plan (as of the most recent date practicable).
- (7) Messrs. Gephardt and Melville are scheduled to retire from the Board on May 18, 2016.
- (8) All 15,667 of the unrestricted shares beneficially owned by Mr. Gephardt are held in a trust, of which (i) Mr. Gephardt and his wife are co-trustees and (ii) Mr. Gephardt is the sole beneficiary.
- (9) As described further in the notes above, includes (i) 3,810 shares held beneficially through a power of attorney, (ii) 709 shares held beneficially by the spouses of these individuals, as to which beneficial ownership is disclaimed, (iii) 22,927 shares held through our dividend reinvestment plan (as of the most recent date practicable), excluding 2,399 shares held through such plan by two of our executive officers who no longer participate in such plan, and (iv) 15,667 shares held beneficially through a trust. As of the record date, neither Mr. McCray nor Mr. Melville met their ownership target under our stock ownership guidelines discussed under the heading Compensation Discussion and Analysis Our Policies, Processes and Guidelines Related to Executive Compensation Stock Ownership Guidelines.
- (10) Includes 202 shares held by Ms. Puckett as custodian for the benefit of her children.

COMPENSATION DISCUSSION AND ANALYSIS

Our named executive officers for 2015 were:

Current Executives:

Glen F. Post, III	<i>Chief Executive Officer and President</i>
R. Stewart Ewing, Jr.	<i>Executive Vice President, Chief Financial Officer and Assistant Secretary</i>
Aamir Hussain	<i>Executive Vice President, Chief Technology Officer</i>
Stacey W. Goff	<i>Executive Vice President, Chief Administrative Officer, General Counsel and Secretary</i>
David D. Cole	<i>Executive Vice President, Controller and Operations Support</i>

Former Executive:

Karen A. Puckett	<i>Former President, Global Markets</i>
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This Compensation Discussion and Analysis is organized into four subsections:

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II. Our Compensation Philosophy and Linkage to Pay for Performance	36

III. Our Compensation Program Objectives and Components of Pay	41
IV. Our Policies, Processes and Guidelines Related to Executive Compensation	51
I. Executive Summary	

As described further below, the central goals of our executive pay programs are to incentivize our executives to attain objectives that we believe will create shareholder value, to reward performance that contributes to the execution of our business strategies, and to attract and retain the right executives for our business.

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2015 Business Highlights. During 2015, we achieved several significant accomplishments, including the following:

Generated 2015 free cash flow of \$2.7 billion and returned \$2.0 billion to shareholders through a combination of dividends and share repurchases.

Invested in our network to improve available transmission speeds across our markets, resulting in the growth of the percentage of broadband-enabled access lines receiving at least 20 megabits per second (Mbps) to nearly 60% and those receiving at least 40 Mbps to more than 30%.

Invested in fiber-to-the home technology that allows us to deliver speeds of up to 1 gigabit per second to over 600,000 households in 2015, finishing the year with nearly 950,000 households enabled with this technology and approximately 490,000 business locations capable of receiving this technology.

Obtained funding from the Federal Communications Commission's Connect America Fund Phase 2 program that will enable us to offer high-speed Internet services to approximately 1.2 million rural households and businesses in 33 states.

Added approximately 44,000 Prism TV customers during the year, and expanded availability of this IP television product to over 800,000 new homes in both new and existing markets, bringing total homes enabled to nearly 3.2 million.

Launched more than 50 new products and services or enhancements to existing products and services including launching CenturyLink Business Communicator; enhancing our software-defined networking (SDN) and network functions virtualization (NFV) capabilities; expanding our managed security and Internet of Things (IoT) service offerings; expanding our VoIP collaboration offerings; globally expanding our cloud node locations and data center footprint to strengthen our managed services, cloud and colocation offerings; and enhancing our Hybrid IT portfolio.

Endeavored to offset the decline in our legacy services revenue with growth in our strategic services revenues.

Initiated a strategic alternatives review for our data center and colocation businesses.

2015 Executive Compensation Highlights. During 2015, the Compensation Committee of our Board (the Committee) took various steps to (i) maintain the strong linkage between executive pay and our performance and strategic goals and (ii) refine the compensation packages of our senior officers to ensure that they remained targeted at the 50th percentile of market compensation levels. Our recent key executive compensation decisions and highlights are summarized below.

In May 2015, our shareholders cast approximately 95% of their votes in favor of our annual say on pay proposal.

Our executive compensation program for 2015 continued to emphasize variable at risk compensation, with a majority of our named executive officers' compensation delivered through a combination of short- and long-term performance-driven incentives (which, for our CEO, represented over 90% of his total target compensation).

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

Our short-term incentive bonus payouts for 2015 operating performance were 77.6% of targeted amounts for our named executive officers.

Over half of the performance-based restricted shares originally granted to our named executives in 2013 were forfeited following the end of 2015 as our actual performance over the three-year period (January 1, 2013-December 31, 2015) fell below our payout threshold for the total shareholder return (TSR) metric and below target for the absolute metric.

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The long-term incentives granted to our named executive officers in 2015 consisted of a combination of performance-based restricted stock (60% of the target grant value) and time-based restricted stock (40% of the target grant value).

Other than relatively modest increases necessary to address a limited number of below-market pay packages, the Committee in 2015 maintained levels of target total compensation substantially similar to levels awarded in prior years.

For further information on the performance goals established by our Compensation Committee, see [Short-Term Incentive Bonuses](#) and [Long-Term Equity Incentive Compensation](#) under Subsection III below. For more information on our recent financial performance, see [Appendix B](#) to this proxy statement.

Assessment of Say on Pay Voting Results and Shareholder Outreach. In May 2013, 2014 and 2015, our shareholders cast approximately 96%, 93% and 95%, respectively, of their votes in favor of our say on pay proposal. The Committee takes the results of these votes into consideration when making executive compensation decisions. Although this high level of support indicates that our shareholders are generally satisfied with the scope and structure of our compensation programs, our senior management began a shareholder outreach program with our top institutional investors in 2014. Most recently, in May 2015, we held additional shareholder outreach calls with three of our top institutional investors holding approximately 12% of our outstanding shares, and received valuable input that we took into account in connection with awarding our recent pay packages. We value the feedback provided by our shareholders and look forward to continued, open dialogue on compensation matters and other issues relevant to our business.

II. Our Compensation Philosophy and Linkage to Pay for Performance

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, revenue growth** and **operational efficiency** without encouraging excessive risk taking,

target **compensation at the 50th percentile of market levels**, when targeted levels of performance are achieved, for similarly-situated and comparably skilled executives at peer companies selected by our Compensation 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.

Table of Contents**Overview of Pay Elements and Linkage to Compensation Philosophy and Objectives**

We believe the following elements of our compensation program help us to realize our compensation philosophy and objectives:

Pay Element	Characteristics	Compensation Philosophy and Objectives
Salary	Annual fixed cash compensation	Provides a competitive and stable component of income to our executives
Short-Term Incentive Bonus	Annual variable cash compensation based on the achievement of annual performance measures. Half of these payments are currently based on operating cash flow and the other half on core revenue . For each executive, the Committee has an opportunity to make a positive or negative adjustment based on the executive's performance against individual objectives	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
Performance-Based Restricted Stock	Annual long-term variable equity awards that cliff vest three years from the date of grant with half the number of shares based on our relative three-year performance versus our TSR custom industry peer group and the other half based on a three-year revenue target	Fosters a culture of ownership, aligns the long-term interests of our executives with our shareholders and rewards or penalizes executives based on our long-term relative TSR and absolute revenue performance
Time-Based Restricted Stock	Annual long-term equity awards that vest based on years of service	Provides variable compensation that helps to retain executives and ensures our executives' interests are aligned with those of shareholders to promote the creation of long-term value

The Committee feels our incentive programs supported our strategic and cultural priorities for 2015 as described below:

Our senior officers are linked to **similar performance objectives** for both short-term incentive compensation and performance-based restricted shares, as our business has become more integrated.

We believe our generation of **core revenue** is critical to our goal of stabilizing and ultimately increasing our consolidated revenues with a view to attain strategic revenue growth sufficient to offset our continuing legacy revenue losses. Core revenue is a performance measure in both our short-term incentive bonus and performance-based restricted shares, representing 27% to 31% of our executive officers' 2015 target total

compensation.

Total shareholder return relative to our peers is one of the performance measures used in our performance-based restricted shares, representing 17% to 21% of our executive officers' 2015 target total compensation. We believe this compensation will ultimately be realized only if we successfully execute our strategic plans and perform satisfactorily in relation to our peers.

Operating cash flow 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 share repurchases, and (iii) meet our debt and pension obligations. Operating cash flow is a performance measure in our short-term incentive bonus, representing 9% to 11% of our executive officers' 2015 target total compensation.

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The **individual performance objectives** provide line of sight to each senior officer's performance regarding their specific areas of responsibility. In addition, we utilize this aspect of the short-term incentive plan design to reinforce leadership behaviors promoting our Unifying Principles and expectations of our broader workforce. We believe that successfully executing on clearly defined individual performance objectives will help us improve team collaboration, expand our product lines, refine our market strategies, strengthen our network, execute expansion opportunities, reduce costs and otherwise improve our operations.

The following chart illustrates the approximate allocation of our CEO and other named executive officers (NEOs) total target compensation opportunity for 2015 between elements that are fixed pay and variable or performance-based pay:

⁽¹⁾ Excludes data for Ms. Puckett, whose employment ended on August 31, 2015.

A fixed annual salary represents 10% of our CEO's total target compensation and 22% of our other NEOs average target total compensation.

Variable pay is comprised of a short-term incentive (STI) bonus, time-vested restricted stock awards (RSAs) and performance-based restricted stock awards (PSAs), and represents 90% of our CEO's total target compensation and 78% of our other NEO's average target total compensation.

Performance-based pay is comprised of an STI bonus and PSAs, and represents 61% of our CEO's total target compensation and 56% of our other NEO's average target total compensation.

Short-Term Incentive Performance. The Committee sets target levels of performance based on 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 CEO for each of the past three years as a percentage of the target opportunity set for him by the Committee for that performance year.

Performance Year	Actual Payout as a % of Target Opportunity
2013	102%
2014	96.8%
2015	77.6%

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Linkage of Long-Term Incentive Performance Objectives with our Compensation Philosophy. We believe we can increase shareholder value by outperforming our industry peers three-year total shareholder return and consistently achieving and surpassing the sum of our annual revenue targets over three-year performance periods. Since 2013, the Committee has granted performance-based restricted stock measuring our performance against these two objectives over a three-year performance period. In 2014, the Committee increased the percentage of the value of the executives long-term awards in the form of performance-based restricted stock from 50% to 60%.

The percentages in the tables below represent the percentage of the target value of the executives long-term awards granted in the form of performance-based restricted stock and time-vested restricted stock, including, for grant years 2013 and later, the portion based upon total shareholder return and absolute revenue performance objectives.

Grant Date Allocation of Long-Term Incentive Awards

Grant Year	Performance Period		% of Total Fair Value Awarded in Time-Vested Restricted Shares	% of Total Fair Value Awarded in TSR Performance-Based Restricted Shares ⁽¹⁾	% of Total Fair Value Awarded in Absolute Revenue Performance-Based Restricted Shares
			Shares	Shares ⁽¹⁾	Shares
2010	2010	2012	50%	50%	
2011	2011	2013	50%	50%	
2012	2012	2014	50%	50%	
2013	2013	2015	50%	25%	25%
2014	2014	2016	40%	30%	30%
2015	2015	2017	40%	30%	30%

⁽¹⁾ As noted in the table and commentary below, the applicable TSR peer group was the S&P 500 index prior to 2013, and a self-constructed peer group since then.

Actual Payouts of Performance-Based Restricted Stock. The actual payouts of our previous grants of performance-based restricted stock provide further evidence of our pay for performance philosophy. As described in greater detail in Long-Term Equity Incentive Compensation under Subsection III below, we grant amounts of our performance-based restricted stock awards based upon target performance levels, but the ultimate payout of those awards can range between 0-200% depending on our actual performance.

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 granted on these shares are not paid currently, but rather accumulate during the restricted period and vest or are forfeited in tandem with the related shares.

Actual Payouts of TSR Performance-Based Restricted Stock

Grant Year

CTL TSR

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	Performance Period		Defined Peer Group		Percentile Rank	Actual Payout %
2010	2010	2012	S&P 500	35.29%	46 th	92%
2011	2011	2013	S&P 500	-14.42%	9 th	0%
2012	2012	2014	S&P 500	33.32%	19 th	0%
2013	2013	2015	TSR Peer Group	-19.47%	16 th	0%

Table of Contents**Actual Payouts of Absolute Revenue Performance-Based Restricted Stock**

Grant Year	Performance Period		Performance Goal	Absolute Revenue Target	Company's Performance	Actual Payout %
2013	2013	2015	Sum of Absolute Revenue Targets over Three-Year Performance Period	\$ 49.125 million	99.5%	92.6%

Realizable Pay for our CEO. The chart below illustrates the realizable pay for 2013, 2014 and 2015 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) short-term incentive (STI) bonus that was ultimately paid out for performance during that year, (iii) the value of time-vested restricted stock awards (RSAs) and performance-based restricted stock awards (PSAs) that vested during the year and (iv) the RSAs and PSAs that are projected to vest based on actual performance through the end of the year, valuing the shares based on the closing price of our common stock on the last business day of the year.

As this chart illustrates, our CEO's realizable pay was 71%, 86% and 54% of his total target compensation for years 2013, 2014 and 2015, respectively.

Significant Stock Ownership. Stock ownership guidelines further align executives and shareholders and focus the executives on long-term success. We established our executive stock ownership guidelines after discussions with some of our shareholders. Under our stock ownership guidelines as of the record date:

Mr. Post held over \$44.5 million in stock (including restricted shares), which was 35.6 times base salary and 5.9 times greater than his target ownership level of six times base salary.

Our other NEOs held an aggregate of over \$6.4 million in stock (including restricted shares), which was, on average, 11.8 times their respective base salaries and 3.9 times greater than their respective target ownership level of three times base salary.

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III. Our Compensation Program Objectives and Components of Pay

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 Compensation Discussion and Analysis):

What We Do

Focus on performance-based compensation weighted heavily towards long-term equity awards

Maintain robust stock ownership guidelines applicable to our executive officers and outside directors

Annually review our compensation programs to avoid encouraging excessively risky behavior

Conduct annual say-on-pay votes

Periodically seek input on our executive compensation from shareholders

Maintain a compensation clawback policy

Review the composition of our peer groups annually

Benchmark against 50th percentile peer compensation levels

Conduct independent and intensive performance reviews of our senior officers

Limit the maximum number of performance shares to vest if our total shareholder return is negative

Review realizable pay of our senior officers and total compensation tally sheets

Require shareholders to approve any future severance agreements valued at more than 2.99 times the executive's target cash compensation

Impose compensation forfeiture covenants broader than those mandated by law
What We Don't Do

Enter into employment agreements with our executives

Maintain a supplemental executive retirement plan

Permit our directors or employees to hedge our stock, or our directors or senior officers to pledge our stock

Pay dividends on unvested restricted stock

Permit the Compensation Committee's compensation consultant to provide other services to CenturyLink

Pay, provide or permit:

- (i) excessive perquisites,
- (ii) excise tax gross-up payments, or
- (iii) single-trigger change of control equity acceleration benefits.

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Summary of 2015 Compensation for our Named Executive Officers

Two of the core principles of our compensation philosophy are to offer competitive compensation to our named executive officers at the 50th percentile of market levels with an appropriate mix of fixed and variable compensation.

Our 2015 annual incentive bonus target percentages and the total fair value of our 2015 equity grants for our executive officers were based on these principles.

Each element of our 2015 compensation is discussed further below in this Subsection under the headings Salary, Short-Term Incentive Bonuses and Long-Term Equity Incentive Compensation. In each case, more information on how we determined specific pay levels is located in Subsection IV under the heading Our Compensation Decision-Making Process. Compensation paid to Ms. Puckett, whose employment ended on August 31, 2015, is discussed further below in this Subsection under the heading Compensation Paid to our Former Executive Officer.

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, discussing with the CEO 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 is located under the heading Our Compensation Decision-Making Process in Subsection IV below.

In November 2014, the Committee approved a 13.6% increase to Mr. Post's salary to \$1,250,000, which became effective on January 1, 2015. This increase was the result of the Committee's recognition of Mr. Post's overall leadership and performance demonstrated in 2014 and acknowledgment of his role in the execution of our business strategy, as well as the Committee's review of compensation benchmarking data. See the further discussion under the heading Use of Benchmarking Data Performance Benchmarking in Subsection IV below. In February 2016, the Committee awarded salary increases ranging from 2.5% to 3.0% for Ms. Puckett, Mr. Ewing and Mr. Goff, and left unchanged the salary of Mr. Hussain.

Recent Actions. In February 2016, the Committee awarded a salary increase of 5.3% to Mr. Hussain in recognition of Mr. Hussain's performance demonstrated in 2015 in addition to the Committee's review of compensation benchmarking data. See further discussion under the heading Use of Benchmarking Data Performance Benchmarking in Subsection IV below. The Committee left the salaries unchanged for Messrs. Post, Ewing, Goff and Cole.

Short-Term Incentive Bonuses

General. With the assistance of management and its compensation consultant, the Compensation Committee sets STI bonus targets annually, and, under special circumstances, more frequently than annually. Annually in the first quarter, the Committee approves (i) the performance objectives for prospective bonuses, (ii) the threshold, target and maximum threshold levels of performance, (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.

Effective January 1, 2015, the Committee increased Mr. Post's STI percentage target bonus from 150% to 175% of salary for the reasons noted above under the heading Salary General. In February 2015, the Committee determined that each named executive's then-prevailing STI bonus target continued to be generally within an acceptable range of targeting an STI bonus opportunity at the 50th percentile for peers in similarly situated positions based on data

compiled by its compensation consultant.

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The table below summarizes the 2015 STI bonus opportunities for our named executive officers. Except as noted in the table, the Committee in 2015 made no changes to our named executive officers' prior bonus targets.

Named Officer	2015 Salary ⁽¹⁾	x	Bonus Target %	=	Target Bonus Opportunity
Current Executives:					
Glen F. Post, III	\$ 1,250,000		175% ⁽²⁾		\$ 2,187,500
R. Stewart Ewing, Jr.	663,138		110%		730,000
Aamir Hussain	85,892		100%		475,010
Stacey W. Goff	537,728		110%		592,032
David D. Cole	482,687		90%		434,681
Former Executive:					
Karen A. Puckett ⁽³⁾	491,818		110%		541,000

- (1) Salary reflected in this table represents earned salary during 2015 and includes (i) Mr. Post's above-described salary increase, effective January 1, 2015, and (ii) salary increases, effective on March 1, 2015, which increased the salary of Mr. Ewing from \$650,000 to \$666,250, the salary of Mr. Goff from \$525,000 to \$540,750, and the salary of Mr. Cole from \$475,000 to \$484,500. Salary for Mrs. Puckett represents salary earned during 2015 through her last day of work on August 31, 2015 and includes a salary increase from \$725,000 to \$743,125 that became effective on March 1, 2015.
- (2) As noted above, the Committee increased Mr. Post's bonus target percentage from 150% to 175%, effective January 1, 2015.
- (3) As discussed further below, Ms. Puckett was eligible to earn a bonus based on (i) her salary through August 31, 2015 and (ii) actual performance.

Performance Objectives and Targets. Each year, the Committee reviews in detail the relevance of our STI performance objectives for alignment with our business goals and objectives. In February 2015, the Committee reaffirmed its decision in early 2014 to offer STI bonuses for all senior officers based upon our attainment of consolidated operating cash flow and consolidated core revenue targets. See the further discussion under the heading Overview of Pay Elements and Linkage to Compensation Philosophy and Objectives in Subsection II above.

In February 2015, the Committee, after discussion with our CEO, approved (i) the target level, of 6%, of operating cash flow return on average assets for purposes of fixing the maximum amount of potential annual bonuses for 2015 payable to our senior officers in accordance with Section 162(m) of the Internal Revenue Code, and (ii) the following threshold, target, and maximum performance levels for 2015 operating cash flow and core revenue.

Financial Performance Objectives	Weighting	Performance Levels (in millions)		
		Threshold	Target ⁽¹⁾	Maximum
Consolidated Operating Cash Flow ⁽²⁾	50%	\$ 6,555.00	\$ 6,900.00	\$ 7,245.00
Consolidated Core Revenue ⁽³⁾	50%	15,777.75	16,350.00	16,922.25

- (1) Based upon the same forecasts used in connection with our publicly-disclosed guidance.
- (2) Represents operating income plus depreciation and amortization expenses.
- (3) Represents the sum of strategic revenues and legacy revenues (excluding our data integration and other revenues), all as reported in our publicly-filed financial statements.

In February 2015, the Committee, in collaboration with our CEO, also approved guidelines designed to enable the Committee, in its discretion, to increase or decrease the bonus of each senior officer by up to 10%, based on the officer's individual performance during 2015 with respect to (i) assisting the Company to meet its expense budget, (ii) exhibiting collaboration and leadership skills, (iii) attaining three to four specific pre-

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selected individual performance objectives and (iv) the officer's individual scoring under our management performance rating system.

2015 Performance Results. In February 2016, the Compensation Committee reviewed audited results of the Company's performance as compared to the financial performance targets established for 2015. Based on the calculations described below, the Committee determined that the aggregate earned performance for these performance targets was 77.6% for our named executive officers, as described further below.

During 2015, we achieved the financial results described below which, based on the financial objective payout scale in the table below under heading "Calculation of Bonuses," resulted in the following earned performance level for each financial objective:

162(m) Target – Operating Cash Flow Return on Average Assets. We attained a 13.9% operating cash flow return on average assets, which exceeded the target level established by the Committee in February 2015 for purposes of fixing the maximum amount of potential annual bonuses for 2015 payable to our senior officers in accordance with Section 162(m) of the Internal Revenue Code.

Operating Cash Flow. We achieved consolidated operating cash flow results of \$6.7445 billion (which excludes certain revenue associated with our acceptance of CAF II funding for the reasons noted below), which was slightly below our target of \$6.9 billion, thereby resulting in earned performance of 77.54% of the target level.

Core Revenue. We achieved consolidated core revenue results of \$16.095 billion, which was slightly below our target of \$16.35 billion, thereby resulting in earned performance of 77.7% of the target level.

Individual Performance Objectives. The Committee reviewed with management the degree to which each senior officer met certain specific individual performance objectives and benchmarks, as well as qualitative assessments of each officer's performance. Based on these assessments, the Committee elected not to make individual performance adjustments for any of our named executive officers.

We used the following scale, which was approved in 2015, to calculate bonus amounts payable with respect to company performance.

Financial Objective Payout Scale			
Performance Level	Consolidated Operating Cash Flow	Consolidated Core Revenue	Percentage of Earned Performance
Maximum	³ 105.0%	³ 103.5%	200%

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Target	100.0%	100.0%	100%
Threshold	95.0%	96.5%	50%
Below Threshold	< 95.0%	< 96.5%	0%

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Upon completion of the fiscal year, if necessary, our actual operating results are 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. For 2015, the Committee, among other things, adjusted operating cash flow down by \$215 million for incremental revenue associated with the acceptance of CAF II funding, which was not considered or included in the establishment of original 2015 targets.

Calculation of Bonuses. The STI bonus payments are calculated using the above-described financial objective payout scale and other criteria approved in the first quarter of the year by the Committee. After our internal audit personnel have reviewed these determinations and calculations, they are provided in writing to the Committee for its review and approval.

The 2015 bonuses paid to our named executives were calculated under a three-step process. In step one, the Committee determined that we had exceeded our target of operating cash flow return on average assets under 162(m) and therefore, each of our named executives qualified for potential annual bonuses up to a fixed maximum amount defined as a percentage of the executive's 2015 salary. In step two, the Committee calculated bonuses by measuring the company's performance against the corporate cash flow and revenue goals described above under the heading 2015 Performance Results. In step three, the Committee authorized actual bonuses for our named executives, which were substantially lower than the maximum potential bonuses calculated in step one.

The actual amounts of the named executive officers' 2015 bonuses were calculated as follows:

Named Officer	Target Bonus Opportunity ⁽¹⁾	x	Earned Company Performance % ⁽²⁾	Discretionary Adjustment for Individual Performance ⁽³⁾	=	Bonus ⁽⁴⁾
Current Executives:						
Glen F. Post, III	\$ 2,187,500		77.6%	\$ 0		\$ 1,697,500
R. Stewart Ewing, Jr.	730,000		77.6%	0		566,480
Aamir Hussain	475,010		77.6%	0		368,607
Stacey W. Goff	592,032		77.6%	0		459,417
David D. Cole	434,681		77.6%	0		337,312
Former Executive:						
Karen A. Puckett	541,000		77.6%	0		419,816

- (1) Determined in the manner reflected in the chart above under the heading Short-Term Incentive Bonuses General.
- (2) Calculated or determined as discussed above under 2015 Performance Results.
- (3) Determined based on achievement of individual performance objectives as described further above in this Subsection.
- (4) These bonus amounts are reflected in the Summary Compensation Table appearing below under the column Non-Equity Incentive Plan Compensation.

Committee Discretion. As noted above, we exceeded our target for our 162(m) objectives which set the maximum 2015 bonuses payable to each of our senior officers. The Committee maintains the discretion, subject to certain limits, to either increase or decrease the bonus amounts determined on the basis of actual performance earned for financial and individual targets and objectives. Nonetheless, the Committee elected not to apply discretionary adjustments for the 2015 annual incentive bonus payments to any our named executive officers.

Under our annual bonus programs, the Committee may authorize the payment of annual bonuses in cash or stock. Since 2000, the Committee has paid these bonuses entirely in cash, principally to diversify our compensation mix and prevent us from over-utilizing equity grants.

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Recent Actions. In connection with establishing 2016 annual incentive bonus targets, the Committee made no changes to our named executive officers' bonus target percentages; however, the amount of Mr. Hussain's bonus target incrementally increased in proportion with his base salary increase.

Non-Executive Bonuses. We currently offer STI bonuses to all of our non-union and non-sales employees and the STI thresholds, targets and maximum financial performance targets for our non-senior officers are the same as the Committee approves for our senior officers. As discussed below under the heading **Our Compensation Decision-Making Process**, the CEO approves the performance goals of substantially all of the non-senior officers under the general supervision of the Compensation Committee.

Long-Term Equity Incentive Compensation

General. Our shareholder-approved long-term incentive compensation programs authorize the Compensation Committee to grant a variety of stock-based incentive awards to key personnel. We believe stock incentive awards (i) encourage key personnel to focus on sustainable long-term performance, (ii) strengthen the relationship between compensation and growth in the market price of the company's common shares and thereby align management's financial interests with those of the shareholders and (iii) help attract and retain talented personnel.

As it did in 2014, the Compensation Committee in 2015 granted 60% of our senior officers' target equity incentive compensation in the form of performance-based restricted stock, which is ultimately payable only if we attain certain specified goals. The remaining portion of our senior officers' long-term equity incentive compensation awarded in 2014 and 2015 was paid in time-vested restricted stock, the value of which is dependent on our performance over an extended vesting period.

In February 2016, we granted long-term equity incentive compensation awards to approximately 2% of our non-executive employees in the form of time-vested restricted shares.

Performance Benchmarks. On an annual basis, the Committee reviews the relevance of our performance benchmarks for alignment with our long-term strategic plan. In 2015, we kept the same two performance benchmarks, relative TSR and absolute revenue, that we used for our 2014 performance-based restricted shares. See further discussion under the heading **Overview of Pay Elements and Linkage to Compensation Philosophy and Objectives** in Subsection II above.

An overview of our **TSR performance-based restricted shares** granted in 2015 is outlined below.

Performance Benchmark: Our percentile rank versus the below-described 26-company TSR peer group. See further discussion under the heading **Use of Benchmarking Data Performance Benchmarking** in Subsection IV below.

Performance Period: January 1, 2015 through December 31, 2017

Performance Vesting: The ultimate number of TSR performance-based restricted shares that vest will be based on our total shareholder return during the above-described performance period relative to the total shareholder return of the TSR peer group over the same period, as illustrated in the table below.

Relative Total Shareholder Return		Payout as % of Target Award ⁽¹⁾
Performance Level	Company's Percentile Rank	
Maximum	³ 75 th Percentile	200%
Target	50 th Percentile	100%
Threshold	25 th Percentile	50%
Below Threshold	< 25 th Percentile	0%

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- (1) Linear interpolation is used when our relative TSR performance is between the threshold, target and maximum amounts to determine the corresponding percentage of the target award earned.

An overview of our **absolute revenue performance-based restricted shares** granted in 2015 is outlined below.

Performance Benchmark: An absolute revenue target over the below-described three-year performance period, which is equal to the sum of three annual absolute revenue targets separately established by the Committee during the first quarter of the years 2015, 2016, and 2017. Absolute revenue is defined as the sum of our consolidated legacy and strategic revenue, in each case defined in the same manner we reported such amounts in our Annual Report on Form 10-K for the prior year.

Performance Period: January 1, 2015 through December 31, 2017.

Performance Vesting: The ultimate number of our absolute revenue performance-based restricted shares that vest will be based on our achievement of the aggregate three-year absolute revenue target, as illustrated in the table below; provided, however, none of our absolute revenue performance-based restricted shares will vest unless we attain a 6% operating cash flow annual return on average assets during the performance period. Upon completion of the fiscal year, if necessary, our actual operating results are adjusted 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 intends to use these same guidelines to adjust, as necessary, our actual revenues over the three-year performance period with respect to the absolute revenue performance-based restricted shares awarded in 2015.

Performance Level	Absolute Revenue	
	Company's Performance ⁽¹⁾	Payout as % of Target Award ⁽²⁾
Maximum	³ 103.5%	200%
Target	100.0%	100%
Threshold	96.5%	50%
Below Threshold	< 96.5%	0%

- (1) Sum of absolute revenue actually attained for the years 2015, 2016 and 2017 divided by the sum of absolute revenue targets separately established for each of the years 2015, 2016 and 2017.
- (2) Linear interpolation is used when our absolute revenue performance is between the threshold, target and maximum amounts to determine the corresponding percentage of target award earned.

For additional information on the above-described grants, see Executive Compensation Incentive Compensation and Other Awards.

2015 Executive Grants. Following its prior deliberations in late 2014, the Committee formally approved in February 2015 an increase to the targeted aggregate grant date fair value of Mr. Post's equity award from \$7,500,000 to \$8,500,000. This increase was the result of the Committee's recognition of Mr. Post's overall leadership and performance demonstrated in 2014 and acknowledgment of his role in the execution of our business strategy, as well as the Committee's review of compensation benchmarking. See further discussion under the heading "Use of Benchmarking Data - Performance Benchmarking" in Subsection IV below. The Committee granted equity awards to our senior officers on terms and in amounts substantially similar to the awards granted to them in 2014.

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During 2015, the Committee granted our named officers the following number of (i) restricted shares that will vest over a three-year period principally in exchange for continued service (time-vested restricted shares), (ii) performance-based restricted shares that will vest in 2018 based on our relative total shareholder return (the TSR performance-based restricted shares) and (iii) performance-based restricted shares that will vest in 2018 principally based on our attainment of absolute revenue targets over the above-described three-year performance period (the absolute revenue performance-based restricted shares):

Named Officer	Time-Vested Restricted Shares		Performance-Based Restricted Shares			
	No. of Shares	Fair Value ⁽¹⁾	No. of TSR Performance-Based Restricted Shares ⁽²⁾	No. of Absolute Revenue Performance-Based Restricted Shares ⁽²⁾	Fair Value ⁽¹⁾	Total Fair Value ⁽¹⁾
Current Executives:						
Glen F. Post, III	87,760	\$ 3,400,000	65,820	65,820	\$ 5,100,000	\$ 8,500,000
R. Stewart Ewing, Jr.	16,106	624,000	12,080	12,080	936,000	1,560,000
Aamir Hussain	14,454	560,000	10,841	10,841	840,000	1,400,000
Stacey W. Goff	13,009	504,000	9,757	9,757	756,000	1,260,000
David D. Cole	11,770	456,000	8,827	8,828	684,000	1,140,000
Former Executive:						
Karen A. Puckett ⁽³⁾	23,579	913,500	17,684	17,685	1,370,250	2,283,750

- (1) For purposes of these grants, we determined both the number of time-vested and performance-based restricted shares by dividing the total fair value granted to the executive by the volume-weighted average closing price of our Common Shares over a 15-trading day period ending five trading days prior to the grant date. In the Summary Compensation Table, however, our 2015 grants of time-vested restricted stock are valued based on the closing stock price of our Common Shares on the day of grant, and our 2015 grants of performance-based restricted shares are valued as of the grant date based on probable outcomes, in each case in accordance with mandated SEC disclosure rules. See footnote 1 to the Summary Compensation Table for more information.
- (2) Based on the number of restricted shares granted in 2015. As discussed further below, the actual number of shares that vests in the future may be lower or higher.
- (3) Ms. Puckett forfeited receipt of all of these shares upon the termination of her employment on August 31, 2015.

Types of Awards. We strive to pay equity compensation in forms that create appropriate incentives to optimize performance at reasonable cost, that minimize enterprise risk, that align the interests of our officers and shareholders, that foster our long-term financial and strategic objectives and that are competitive with incentives offered by other companies. Since 2008, the Committee has elected to issue all of our long-term equity compensation grants in the form of restricted stock for a variety of reasons, including:

the Committee's recognition of the prevalent use of restricted stock by our peers,

the Committee's desire to minimize the dilution associated with our rewards, and

the retentive value of restricted stock under varying market conditions.

In an effort to increase the link between our performance and executive compensation, since 2010, the Committee has issued at least half of the value of our senior officers' long-term awards in the form of performance-based restricted stock, with the rest being in the form of time-vested restricted stock.

For additional information on the vesting and other terms of our equity awards (including certain voluntary limits on the number of performance-based restricted shares that vest if our total shareholder return over the

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performance period is negative and our intent to comply with Section 162(m) of the Internal Revenue Code) with respect to certain aspects our executive compensation, see the preceding discussion in this Compensation Discussion and Analysis and Executive Compensation Incentive Compensation and Other Awards.

Dividends. Since 2011, all dividends paid with respect to restricted stock awards have been payable to the recipient only upon the vesting of the award.

Recent Actions. At its February 2016 meeting, the Committee granted equity awards on terms similar to the awards granted to them in 2015. The Committee elected to grant equity awards for our named executive officers, other than Mr. Hussain, at substantially the same amounts granted to them in 2015. The Committee elected to increase the equity award amount granted to Mr. Hussain in recognition of his performance demonstrated in 2015.

Compensation Paid to our Former Executive Officer

The employment of Ms. Puckett, our former President, Global Markets, ended effective August 31, 2015. Under the terms of our STI program, Ms. Puckett, who was then eligible for early retirement, earned a prorated annual incentive bonus for 2015 based on actual performance. In addition to the compensation she earned while an employee and amounts or broad-based benefits paid or payable to her under our existing programs, the Committee determined that she qualified for payments under our executive severance plan (which is described in greater detail under Other Benefits Severance Benefits below). In addition to these contractual rights, the Committee also approved certain changes to her outstanding equity awards. Specifically, the Committee accelerated the vesting of her fiscal 2013 and 2014 shares of time-based restricted stock (10,167 and 21,033 shares, respectively), effective on her termination date. With respect to her performance-based restricted stock, Ms. Puckett continues to hold those awards granted to her in fiscal 2013 and 2014 (30,501 and 47,325 shares, respectively), which remain subject to their original performance conditions. Ms. Puckett's remaining equity awards, which were granted to her in fiscal 2015, were forfeited upon her termination of employment, excluding her nine-year old options that currently have no intrinsic value.

Other Benefits

As a final component of executive compensation, we provide a broad array of benefits designed to be competitive, in the aggregate, with similar benefits provided by our peers. We summarize these additional benefits below.

Retirement Plans. We maintain one or more traditional qualified defined benefit retirement plans for most of our employees who meet certain eligibility requirements, plus one or more traditional qualified defined contribution 401(k) plans for a similar group of our employees. With respect to these qualified plans, we maintain nonqualified plans that permit our officers to receive or defer supplemental amounts in excess of federally-imposed caps that limit the amount of benefits highly-compensated employees are entitled to receive under qualified plans. Additional information regarding our retirement plans is provided in the tables and accompanying discussion included below under the heading Executive Compensation.

Change of Control Arrangements. We have agreed to provide cash and other severance benefits to each of our executive officers who is terminated under certain specified circumstances following a change of control of CenturyLink. If triggered, benefits under these change of control agreements include payment of (i) a lump sum cash severance payment equal to a multiple of the officer's annual cash compensation, (ii) the officer's annual bonus, based on actual performance and the portion of the year served, (iii) certain welfare benefits are continued for a limited period, and (iv) the value or benefit of any long-term equity incentive compensation, if and to the extent that the exercisability, vesting or payment thereof is accelerated or otherwise enhanced upon a change of control pursuant to

the terms of any applicable long-term equity incentive compensation plan or agreement.

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Under these agreements, change of control benefits are payable to our executive officers if within a certain specified period following a change in control (referred to as the "protected period") the officer is terminated without cause or resigns with good reason, which is defined to include a diminution of responsibilities, an assignment of inappropriate duties, and a transfer of the officer exceeding 50 miles. We have filed with the SEC copies of our change of control agreements.

The table below shows (i) the length of the "protected period" afforded to officers following a change of control and (ii) the multiple of salary and bonus payment and years of welfare benefits to which officers will be entitled if change of control benefits become payable under our agreements and related policies:

	Protected Period	Multiple of Annual Cash Compensation	Years of Welfare Benefits
CEO	2 years	3 times	3 years
Other Executives	1.5 years	2 times	2 years
Other Officers	1 year	1 time	1 year

For more information on change of control arrangements applicable to our executives, including our rationale for providing these benefits, see Executive Compensation Potential Termination Payments Payments Made Upon a Change of Control. For information on change of control severance benefits payable to our junior officers and managers, see Severance Benefits in the next subsection below.

Severance Benefits. Our executive severance plan provides cash severance payments equal to two years of total targeted cash compensation (defined as salary plus the targeted amount of annual incentive bonus) for our CEO or one year of total targeted cash compensation for any other senior officer in the event that the senior officer is involuntarily terminated by us without cause in the absence of a change of control.

Payments to senior officers terminated in connection with a change of control are separately governed by the change of control arrangements discussed immediately above under the heading Change of Control Arrangements.

Under our executive severance plan, subject to certain conditions and exclusions, more junior officers or managers receive certain specified cash payments and other benefits if they are either (i) involuntarily terminated without cause in the absence of a change of control or (ii) involuntarily terminated without cause or resign with good reason in connection with a change of control. Our full-time non-union employees not covered by our executive severance plan may, subject to certain conditions, be entitled to certain specified cash severance in connection with certain qualifying terminations.

In 2012, we adopted a policy requiring us to seek shareholder approval of any future senior executive severance agreements providing for cash payments, perquisites and accelerated health or welfare benefits with a value greater than 2.99 times the sum of the executive's base salary plus target bonus.

Perquisites. Officers are entitled to be reimbursed for the cost of an annual physical examination, plus related travel expenses.

Our aircraft usage policy permits the CEO to use our aircraft for personal travel without reimbursing us, and permits each other executive officer to use our aircraft for up to \$10,000 per year in personal travel without reimbursing us. In all such cases, personal travel is permitted only if aircraft is available and not needed for superseding business purposes. Each year the Compensation Committee receives a report on the personal use of aircraft by senior management, and determines whether or not to alter our aircraft usage policy. In connection with electing to retain this policy, the Committee has determined that the policy (i) provides valuable and cost-

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effective benefits to our executives residing in a small city with limited commercial airline service, (ii) enables our executives to travel in a manner that we believe is more expeditious than commercial airline service, and (iii) is being implemented responsibly by the executives.

For purposes of valuing and reporting the use of our aircraft, we determine the incremental cost of aircraft usage on an hourly basis, calculated in accordance with applicable guidelines of the SEC. The incremental cost of this usage, which may be substantially different than the cost as determined under alternative calculation methodologies, is reported in the compensation tables appearing below.

From time to time, we have organized one of our regular board meetings and related committee meetings as a board retreat scheduled over a two- or three-day period. These retreats are typically held in an area where we conduct operations, and include site visits that enable our directors and senior officers to meet with local personnel. The spouses of our directors and executive officers are invited to attend these retreats, and we typically schedule recreational activities for those who are able and willing to participate.

For more information on the items under this heading, see the Summary Compensation Table appearing below.

Other Employee Benefits. We maintain certain broad-based employee welfare benefit plans in which the executive officers are generally permitted to participate on terms that are either substantially similar to those provided to all other participants or which provide our executives with enhanced benefits upon their death or disability. We also maintain a supplemental disability plan designed to ensure disability payments to our officers in the event payments are unavailable from our disability insurer.

IV. Our Policies, Processes and Guidelines Related to Executive Compensation**Our Compensation Decision-Making Process**

As described further below, the Compensation Committee of our Board establishes, evaluates and monitors our executive compensation programs, subject to the Board's oversight. The compensation decision-making process includes input from the Committee's compensation consultant, our CEO and management, and requires a careful balancing of a wide range of factors, which include, but are not limited to, the following:

Compensation Decision-Making Considerations	Input From
<i>Structure and Elements of Pay Programs</i>	
The competitive compensation practices of peer companies	Consultant
Performance of our Company in relation to our peers and our internal goals	Management
The financial impact and risk characteristics of our compensation programs	Consultant and CEO
The strategic and financial imperatives of our business	CEO
<i>Setting Competitive Compensation Pay Levels</i>	
Market data regarding the officer's base salary, short-term incentive target, long-term incentive target and total target compensation paid to comparable executives at peer companies reflected in	Consultant

the benchmarking data

The officer's scope of responsibility, industry experience, particular set of skills, vulnerability to job solicitations from competitors and anticipated degree of difficulty of replacing the officer with someone of comparable experience and skill

Consultant and
CEO

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Compensation Decision-Making Considerations	Input From
The officer's pay and performance relative to other officers and employees	CEO
The officer's demonstrated leadership characteristics, ability to act as a growth agent within the company and ability to think strategically	CEO
Internal equity issues that could impact cohesion, teamwork or the overall viability of the executive group	CEO
The potential of these senior officers to assume different, additional or greater responsibilities in the future	CEO
The officer's realized and realizable compensation in recent years and, to a limited degree, his or her accumulated wealth under our programs	CEO and Management
The role these senior officers play in achieving our operational and strategic goals	CEO
<i>Pay for Performance</i>	
Performance of our Company in relation to our peers and our key performance objectives (operating cash flow, core revenues and total shareholder return)	Consultant, CEO and Management
The business performance under the officer's leadership and scope of responsibility	CEO
The officer's overall performance is assessed based on individual results, the role the officer plays in maintaining a cohesive management team and improving the performance of others, and the officer's relative strengths and weaknesses compared to the other senior officers	CEO and Management
The role the officer may have played in any recent extraordinary corporate achievements	CEO and Management
For additional information on the compensation decision-making process of the Committee, see the remaining discussion in this Subsection appearing below.	

Role of Compensation Committee. The Compensation Committee of our Board establishes, evaluates and monitors our executive compensation programs, subject to the Board's oversight. Specifically, the Committee (or, for certain decisions during or prior to mid-2014, a subcommittee thereof) approves:

the compensation payable to each executive officer, as well as any other senior officer;

for our short-term incentive and performance-based restricted shares (i) the performance objectives, (ii) the threshold, target and maximum threshold levels of performance, (iii) the weighing of the performance objectives, (iv) the amount of bonus payable and shares to vest if the target level of performance is attained and (v) the finally determined amount of cash bonus payments or fully-vested shares;

the peer group for compensation benchmarking and the peer group for performance benchmarking; and

delegation of authority to the CEO for awards of equity to our non-senior officers.

The Compensation Committee also establishes, implements, administers and monitors our director cash and equity compensation programs. For more information, see [Director Compensation](#).

Role of Compensation Consultants. The Committee engages the services of a compensation consultant to assist in the design and review of executive compensation programs, to determine whether the Committee's philosophy and practices are reasonable and compatible with prevailing practices, and to provide guidance on specific compensation levels based on industry trends and practices.

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The Committee used Hay Group as its compensation consultant from September 2010 through July 2015 and representatives of Hay Group actively participated in the design and development of our 2015 executive compensation programs.

In July 2015, following a nationwide search of leading firms and a review of several competing proposals, the Committee engaged Meridian Compensation Partners, LLC (Meridian) as its compensation consultant. Representatives of Meridian actively participated in the design and development of our 2016 executive compensation programs, and attended all of the Committee's meetings since August 2015. Meridian provides no other services to the Company, and, to our knowledge, has no prior relationship with any of our named executive officers. As required by SEC rules and New York Stock Exchange listing standards, the Committee has assessed the independence of Meridian and concluded that its work has not raised any conflicts of interest.

Role of CEO and Management. Although the Compensation Committee is responsible for all executive compensation decisions, each year it receives the CEO's recommendations, particularly with respect to senior officers' salaries and performance in the key areas outlined above in Our Compensation Decision-Making Process.

Senior Officers. The CEO and the executive management team, in consultation with the Compensation Committee's compensation consultant, recommend to the Committee business goals to be used in establishing incentive compensation performance targets and awards for our senior officers. In addition, our Executive Vice President, Human Resources, works closely with the Committee and its compensation consultant to ensure that the Committee is provided with appropriate information to discharge its responsibilities.

Non-Senior Officers. The Committee oversees our processes and receives an annual report from the CEO on the compensation programs for our non-senior officers. The CEO, in consultation with the executive management team, is responsible for approval of:

any annual salary increases, typically referred to as merit increases, and an annual evaluation of the market competitiveness of our salary structure;

any earned annual bonus and sales payout percentages, and total bonus payments for our non-senior officers;

all equity compensation awards to the non-senior officers, acting under authority delegated by the Compensation Committee in accordance with our shareholder approved long-term incentive plans; and

individual compensation levels for all of our vice presidents.

Timing of Equity Incentive Awards. Annual grants of stock awards to executives are typically made during the first quarter after we publicly release our earnings, although the Committee may defer grants for a variety of reasons, including to request additional information or conduct further reviews of management's performance. Grants of stock awards to newly-hired executive officers who are eligible to receive such awards are typically made at the next regularly scheduled Committee meeting following their hire date.

Tally Sheets. Each year, we compile lists of compensation data relating to each of our executives. These tally sheets include the executive's salary, annual cash incentive award, equity-based compensation, and realizable pay. These tally

sheets also contain performance highlights on results and behaviors for each of our executives. The Compensation Committee uses these tally sheets to (i) review the total annual compensation of the executive officers and (ii) assure that the Committee has a comprehensive understanding of all elements of our compensation programs.

Risk Assessment. As part of its duties, the Compensation Committee assesses risks arising out of our employee compensation policies and practices. Based on its most recent assessment, the Committee does not believe that the risks arising from our compensation policies and practices are reasonably likely to materially

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adversely affect us. In reaching this determination, we have taken into account the risk exposures of our operations and the following design elements of our compensation programs and policies:

our balance of annual and long-term compensation elements at the executive and management levels,

our use of a diverse mix of performance metrics that create incentives for management to attain goals well aligned with the shareholders' interests,

the multi-year vesting of equity awards, which promotes focus on our long-term performance and mitigates the risk of undue focus on our short-term results,

clawback policies and award caps that provide safeguards against inappropriate behavior, and

bonus arrangements that generally permit either the Committee (for compensation payable to senior officers) or senior management (for compensation payable to other key employees) to exercise negative discretion to reduce the amount of certain incentive awards.

We believe these features, as well as the stock ownership requirements for our executive officers, result in a compensation program that aligns our executives' interests with those of our shareholders and does not promote excessive risk-taking on the part of our executives or other employees.

Use of Benchmarking Data

General. With assistance from its compensation consultant, the Committee reviews each year peer groups of other companies comparable to CenturyLink for purposes of assessing our comparative compensation and performance. We generally endeavor to perform this analysis in the second half of each year in order to ensure they remain well-suited for its intended purposes and uses during the upcoming year.

Compensation Benchmarking. The Committee, based on input from its compensation consultant, adopted the following two peer groups in support of pay decisions for our senior officers in 2015 in order to benchmark compensation levels for our executives against individuals who work in similarly-situated positions at companies that are comparable to ours based on revenue size, market cap, industry and business model:

Core Peer Group

For our named executive officers, our compensation consultant utilized the compensation data publicly disclosed by companies included within the Core Peer Group below:

Core Peer Group for Compensation Benchmarking

Cablevision Systems Corporation
Charter Communications, Inc.

Level 3 Communications, Inc.
Liberty Global PLC

CISCO Systems Inc.
Comcast Corporation
Computer Sciences Corporation
DIRECTV
DISH Network Corporation

Motorola Solutions, Inc.
QUALCOMM Incorporated
Sprint Corporation
Time Warner Cable Inc.
Windstream Holdings, Inc.

In selecting these 14 peer companies, the Committee focused principally on telecommunications, cable and other communications companies that are generally comparable to us in terms of size, markets and operations. The Committee reviewed the prior year Core Peer Group and elected to remove NII Holdings Inc. and Viacom Inc. and to add CISCO Systems Inc, Computer Sciences Corporation and Liberty Global PLC. It also once again elected not to include Verizon or AT&T, both of which are substantially larger than CenturyLink.

For our other senior officers, our compensation consultant utilized survey data containing compensation information for companies in the telecommunications industry that are generally similar in size to us.

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General Industry Peer Group

The Committee, based on input from its compensation consultant, introduced in 2015 a secondary peer group of 20 companies, which we refer to as our General Industry Peer Group. The Committee determined that the General Industry Peer Group was representative of companies our size, and was a useful resource in assessing pay decisions for our senior officers in 2015. The General Industry Peer Group serves to be another point of comparison with increasing importance as the quantity of companies that comprise the Core Peer Group continues to shrink due to industry consolidation.

In selecting these 20 peer companies, the Committee focused on size (revenue and market cap) parameters, while excluding certain industries for which revenues are not an accurate indi