

CENTURYLINK, INC  
Form DEF 14A  
April 08, 2015  
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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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**2015 Notice of Annual Meeting  
and Proxy Statement  
and  
Annual Financial Report**

**May 20, 2015**

**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 20, 2015**

**This proxy statement and related materials are  
available at [www.envisionreports.com/ctl](http://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 2015 annual meeting of our shareholders described further herein, (iv) named executives, named officers, named executive officers or NEOs refers to the five executive officers listed in the Summary Compensation Table appearing on page 50 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 20, 2015
PLACE	Corporate Conference Room CenturyLink Headquarters 100 CenturyLink Drive Monroe, Louisiana
ITEMS OF BUSINESS	(1) Elect as directors the 12 nominees named in the accompanying proxy statement (2) Ratify the appointment of KPMG LLP as our independent auditor for 2015 (3) Approve our 2015 Executive Officer Short-Term Incentive Plan (4) Conduct a non-binding advisory vote regarding our executive compensation (5) Act upon a shareholder proposal 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 April 1, 2015.
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

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and returning a proxy or voting instruction card.

Stacey W. Goff

Secretary

April 3, 2015

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**Table of Contents***CenturyLink, Inc.**100 CenturyLink Drive**Monroe, Louisiana 71203***PROXY STATEMENT**

April 3, 2015

**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 2015 annual meeting of shareholders because you owned shares of our stock at the close of business on April 1, 2015, 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 8, 2015. 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 20, 2015, 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 12 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 2015 (Item 2, Page 17)	For	Affirmative vote of a majority of the votes cast
Approval of our 2015 Executive Officer Short-Term Incentive Plan (Item 3, Page 19)	For	Affirmative vote of a majority of the votes cast

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Non-binding advisory vote regarding our executive compensation (Item 4, Page 22)	For	Affirmative vote of a majority of the votes cast
The shareholder proposal described in this proxy statement if it is properly presented at the meeting (Item 5, Page 23)	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 as our Voting Shares, collectively. As of the record date, we had 565,442,945 Common Shares and 7,018 Preferred Shares outstanding.

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### **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](http://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 20, 2015.

### **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 12 candidates named below as a director for a one-year term expiring at our 2016 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 12 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 12 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 12 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 12 individuals nominated to stand for re-election to the Board.

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

***Virginia Boulet***, age 61; a director since 1995; Managing Director of 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; 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 56; 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, between 1991 and 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

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**Richard A. Gephardt**, age 74; a director since 2009; Chief Executive Officer and President of Gephardt Group, LLC, a multi-discipline consulting firm, since 2005; consultant to Goldman Sachs & Co. since 2005; strategic advisor in the government affairs practice group of DLA Piper between 2005 and 2009; senior advisor to FTI Consulting between 2007 and 2009; member of the U.S. House of Representatives from 1976 to 2005, representing Missouri's Third District and holding key leadership positions, including House Minority Leader; currently a director of Centene Corporation, Ford Motor Company, Spirit Aerosystems Holdings, Inc. and United States Steel Corporation; formerly a director of Dana Holding Company within the past five years.

*Key Qualifications, Experiences and Skills:*

Government and labor relations expertise

Director of other publicly-held companies

**W. Bruce Hanks**, age 60; 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  
**Gregory J. McCray**, age 52; a director since 2005; Chief Executive Officer of Aero Communications, Inc., which provides installation, engineering and support services to the communications industry, since July 2013; interim Chief Executive Officer of ACAL Energy Ltd., which develops fuel cell engine technology, between January 2013 and July 2013; Chairman and Chief Executive Officer of Antenova Limited, a global wireless components development company, between 2003 and 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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**C. G. Melville, Jr.**, age 74; a director since 1968; retired in 1992 after serving as President of Melville Equipment, Inc., a family-owned distributor of marine and industrial equipment, for nearly 30 years; Chief Executive Officer of a family-owned telephone company for six years prior to its sale to CenturyLink in 1968.

*Key Qualifications, Experiences and Skills:*

Experience owning and managing telecommunications companies

Experience as a former chief executive of family-owned privately-held companies  
**William A. Owens**, age 74; a director since 2009; non-executive Chairman of the Board of CenturyLink since 2009; co-founder and Chairman of Red Bison Advisory Group LLC, a company involved in providing telecommunications and enterprise technology solutions, since January 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 AEA Investors LP, Polycom, Inc., Viasystems Group, Inc. and Wipro Limited; formerly a director of 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

Director of other domestic and international publicly-held companies

**Harvey P. Perry**, age 70; 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 62; 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 64; a director since April 1, 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 Standard Parking Corporation and Qwest within the past five years.

*Key Qualifications, Experiences and Skills:*

Experience as a chief executive

Marketing and branding expertise

Director of other publicly-held companies

Qualifies as an audit committee financial expert

**Laurie A. Siegel**, age 59; 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.

*Key Qualifications, Experiences and Skills:*

Executive experience with a multi-national company

Human resources and executive compensation expertise

**Joseph R. Zimmer**, age 61; a director since 2003; a business and financial consultant since 2002; Advisory Director of the Goldman Sachs Group from 2001 to 2002; Managing Director of the Communications, Media & Entertainment Group for the Americas in the investment banking division of Goldman, Sachs & Co. from 1999 to 2001, after acting as Managing Director and a co-head of the group from 1992 to 1999; Managing Director in the mergers and acquisitions department of Goldman, Sachs & Co. from 1988 to 1992; currently a director of FactSet Research Systems Inc. and formerly a director of Digitas Inc. within the past five years.

*Key Qualifications, Experiences and Skills:*

Advisory experience in the communications industry

Acquisition and investment banking expertise

Qualifies as an audit committee financial expert

Director of other publicly-owned companies

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**Executive Officers Who Are Not Directors:**

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

**David D. Cole**, age 57; 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.

**R. Stewart Ewing, Jr.**, age 63; Executive Vice President, Chief Financial Officer and Assistant Secretary.

**Stacey W. Goff**, age 49; 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 47; 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 53; 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.

**Karen A. Puckett**, age 54; President Global Markets since November 1, 2014; served as Executive Vice President and Chief Operating Officer from 2009 to October 2014.

**Scott A. Trezise**, age 46; 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 65; 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 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.

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**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.

**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

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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 2014, the Board of Directors held nine meetings.

During 2014, the Board's Audit Committee held eight meetings. The Audit Committee is currently composed of four 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 six times during 2014. The Compensation Committee is currently composed of four 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](#)) met four times during 2014. 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 four times during 2014. 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:

<b>Outside Director<sup>(1)</sup></b>	<b>Audit Committee Member</b>	<b>Compensation Committee Member</b>	<b>Nominating and Corporate Governance Committee Member</b>	<b>Risk Evaluation Committee Member</b>
Virginia Boulet		ü	Chair	
Peter C. Brown	ü			ü
W. Bruce Hanks	Chair			ü
Gregory J. McCray		ü	ü	
C. G. Melville, Jr.			ü	Chair
William A. Owens		ü	ü	
Harvey P. Perry				ü
Michael J. Roberts	ü			
Laurie A. Siegel		Chair		
Joseph R. Zimmer	ü			

- (1) Glen F. Post, III does not serve on any board committees, other than the Special Pricing Committee described below. Richard A. Gephardt does not serve on any board committees.

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, Glen F. Post, III and Joseph R. Zimmer.

During 2014, 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 current directors attended the 2014 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 12 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 2016 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 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

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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 12 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 2016 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 2016 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](http://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 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.

In the past, the Nominating Committee has considered director candidates suggested by Nominating Committee members, other directors, senior management and shareholders. In connection with our 2009 merger with Embarq, we

added to our Board seven directors who previously served as directors of Embarq, four of whom continue to serve. Similarly, in connection with our 2011 merger with Qwest, we added to our Board four directors who previously served as directors of Qwest, one of whom continues to serve. During the several years preceding the Embarq merger, the Nominating Committee retained, on an as-needed basis, national search firms



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to help identify potential director candidates, including three directors added to the Board between 2003 and 2005. The Nominating Committee may retain search firms from time to time in the future to help identify additional director candidates. With respect to this year's meeting, all of the nominees are incumbent directors with several years of prior service on our Board. As discussed further under Waiver of Governance Requirements, the Nominating Committee has initiated the process of identifying candidates to replace vacancies expected to arise in 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 retirements 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 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.

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### **Compensation Setting Process**

The Compensation Committee hires consulting firms to assist it in setting executive and director compensation. In late 2010, the Committee retained Hay Group, following a nationwide search to replace PricewaterhouseCoopers LLC, which advised the Committee for the previous six 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](mailto: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 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 six 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.



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### **Waivers of Governance Requirements**

Members of our Board are subject to certain age and service limitations set forth in our corporate governance guidelines, including a prohibition against serving on more than two additional unaffiliated public company boards. In addition to serving on our Board, Richard A. Gephardt and William A. Owens serve on the board of directors of more than two unaffiliated public companies. In connection with appointing both of them to the Board, the Board waived compliance by each of them with the above-described service limitation, subject to the understanding that this waiver permits such individuals to serve only on the boards of the unaffiliated companies on which they were then serving, unless and until the individual is permitted to accept a new directorship under our corporate governance guidelines then in effect due to any future reductions in the number of the individual's directorships, any future changes in such guidelines, or any future additional waivers granted by the Board.

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 early 2015 our Board granted a one-time, one-year waiver from the director age limitation to permit Adm. Owens to serve as Chairman for one more annual term. Adm. Owens would have reached age 75 shortly before the meeting and, absent the waiver, would have been ineligible for nomination to serve an additional one-year term.

Among the factors the Board considered in deferring application of the policy until 2016 with respect to Adm. Owens was the Board's desire to address through a single process the vacancy created by Adm. Owens' retirement along with the vacancies that will be created by the retirement of two additional directors in 2016. The Company also believes that Adm. Owens' service as Chairman over the last six years uniquely qualifies him to assist the Board in identifying and on-boarding new directors.

Our director retirement policy remains in effect and our Nominating Committee has initiated the process of identifying candidates to join our Board as these retirements take effect in 2016. 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](http://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, 2015, 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 2015 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 2013 and 2014 services identified below:

	Amount Billed	
	2013	2014
Audit Fees <sup>(1)</sup>	\$ 9,310,003	\$ 8,900,049
Audit-Related Fees <sup>(2)</sup>	340,434	320,117
Tax Fees <sup>(3)</sup>	2,483,641	1,013,633
Other <sup>(4)</sup>	309,047	
<b>Total Fees</b>	<b>\$ 12,443,125</b>	<b>\$ 10,233,799</b>

- (1) Includes the cost of services rendered in connection with (i) auditing our annual consolidated financial statements, (ii) auditing our internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002, (iii) reviewing our quarterly financial statements, (iv) auditing the financial statements of several of our subsidiaries, (v) reviewing our registration statements and issuing related comfort letters, (vi) statutory audits for certain of our foreign subsidiaries, and (vii) consultations regarding accounting standards.
- (2) Includes the cost of preparing agreed upon procedures reports and providing general accounting consulting services.
- (3)

- Includes costs associated with (i) assistance in preparing income tax returns and related matters (which were approximately \$99,000 in 2013 and \$123,000 in 2014) and (ii) general tax planning, consultation and compliance (which were approximately \$2,385,000 in 2013 and \$891,000 in 2014).
- (4) Reflects professional services provided in 2013 in connection with a system assessment project.

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



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the provision of non-audit services by our independent auditor is compatible with maintaining the auditor's independence in providing audit and audit-related services. The Committee's procedures prohibit the independent auditor from providing any non-audit services unless the service is permitted under applicable law and is pre-approved by the Audit Committee or its Chairman. The Chairman is authorized to pre-approve projects 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 2013 or 2014.

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 2015 will require the affirmative vote of the holders of at least a majority of the votes cast 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 2014, 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 and reviewed and approved the selection of a new lead engagement partner for 2015 as a result of partner rotation requirements;

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;

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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;

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, 2014.

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)  
Michael J. Roberts*

*Peter C. Brown  
Joseph R. Zimmel*

**PROPOSAL TO APPROVE THE CENTURYLINK 2015**

**EXECUTIVE OFFICER SHORT-TERM INCENTIVE PLAN**

**(Item 3 on Proxy or Voting Instruction Card)**

Our Board has adopted the CenturyLink 2015 Executive Officer Short-Term Incentive Plan (the Plan ), subject to shareholder approval at the meeting.

The Plan is designed to provide financial incentives to executive officers to make significant, objectively measurable contributions to our overall performance and growth. As a key component of our executive compensation program, the Plan is intended to strengthen our ability to attract and retain members of the executive officer group. We propose to pay annual incentive bonuses to our executive officers for 2015 and future years under the Plan.

The principal features of the Plan are summarized below. This summary is qualified in its entirety, however, by reference to the full text of the Plan, which is attached to this proxy statement as *Appendix A*.

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### **Purpose of the Proposal**

Under Section 162(m) of the Internal Revenue Code, we may not 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). However, Section 162(m) provides an exclusion from the \$1 million per officer tax-deductible limitation for qualified performance-based compensation that satisfies certain requirements, including shareholder approval. We are submitting the Plan for shareholder approval to qualify the annual incentive bonus to be paid to each participating executive officer under the Plan as performance-based compensation excluded from the Section 162(m) limitation.

The Plan is substantially similar to our predecessor plan, the 2010 Executive Officer Short-Term Incentive Plan, which was in effect from January 1, 2010 until December 31, 2014. Section 162(m) requires that shareholders re-approve at least every five years any plan, such as the attached Plan, that permits a company's compensation committee to select performance goals from a list of previously-approved goals.

### **Terms of the Plan**

***Administration of the Plan.*** If approved at the meeting, the Plan will be generally administered by the Compensation Committee, or a subcommittee thereof (which we collectively refer to as the Committee), of the Board of Directors, which will have the power to designate participants, establish performance goals and objectives, adopt appropriate regulations, certify as to the achievement of performance goals, and make all determinations necessary for the administration of the Plan.

***Eligibility.*** Any executive officer may be designated by the Committee as a participant in the Plan for any year. At the time of the meeting, we expect to have nine executive officers eligible to be designated as participants. The Plan provides that the Committee will designate prior to March 31 of each year the executive officers of the Company who will participate in the Plan that year. Executive officers who are not named as participants in the Plan will participate in other short-term incentive plans of the Company similar to the Plan but which may include a discretionary component based on individual performance.

***Incentive Bonus.*** Under the Plan, each participant will be eligible to be paid an incentive bonus based on the achievement of pre-established quantitative performance goals. The Committee plans to establish the performance goals for each year prior to March 31. The Committee will set the range of potential bonus awards for each participant, usually stated as a percentage of the participant's base salary. If using more than one performance goal, the Committee will determine the relative weight given each goal. The amount of any bonus will be objectively determinable, as the participant's actual bonus will depend upon whether or not the degree to which the performance goal or goals are achieved.

The performance goal or goals for each year will be based upon one or more of the following criteria relating to the Company or one or more of our divisions, subsidiaries or lines of business: return on equity, cash flow, assets or investment; share price (including, but not limited to, growth measures and shareholder return); target levels of revenues, operating income, cash flow (including, but not limited to, operating cash flow and free cash flow), cash provided by operating activities, earnings or earnings per share; customer growth; customer satisfaction; or an economic value added measure. The Committee's selection of performance criteria from this list and the targets the Committee chooses to assign to such selected performance criteria may vary among participants and across performance periods. 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 will be adjusted as specified under the Plan to

exclude the effect of non-recurring transactions and changes in accounting standards. At the time it sets performance goals, the Committee may define the terms listed above as it sees fit. Although the Committee typically establishes a performance period of a single calendar year, it may subdivide any year into two or more performance periods.

No participant may be paid a bonus under the Plan of more than \$5 million for any year. The Committee has discretion to decrease but not increase the amount of the bonus paid to a participant from the amount that is

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payable under the terms of the pre-established criteria for the applicable year. The Committee may determine to pay bonuses under the Plan in whole or in part in (i) cash, (ii) Common Shares, or (iii) restricted stock or restricted stock units, in which case such stock or units will be paid under any of the Company's stock-based incentive plans that provide for such types of grants. Prior to the payment of annual bonuses under the Plan, the Committee must certify that the performance goals and the applicable conditions to the payment of the bonus have been met.

***Termination of Employment.*** If, after more than 90 days into a Plan year, a participant's employment terminates as the result of disability, death, or retirement (on or after attaining age 55 following the completion of five full years of employment), the participant or his heirs or beneficiary will be entitled to receive a *pro rata* portion of the bonus that would otherwise be payable based on the achievement of the performance goals for that period. In all other situations, if employment is terminated during a Plan year for any other reason, the participant will not receive an award for that year unless the Committee determines otherwise in its discretion or unless otherwise provided in a change of control agreement between that participant and the Company.

***Forfeiture of Benefits.*** Under the terms of the Plan, any participant who engages in certain specified activities considered competitive with, harmful to, or against the interests of the Company during his or her employment (or within 18 months thereafter) may be terminated as a participant in the Plan and may be required to return any incentive bonuses paid to him or her under the Plan. In addition, incentive bonuses paid under the Plan will be subject to the Company's clawback policy.

***Amendments to the Plan.*** The Committee may amend, suspend, or terminate the Plan at any time. Any amendment or termination of the Plan shall not, however, affect the right of a participant to receive any earned bonus for a completed performance period that has not yet been paid.

***Term of the Plan.*** The Plan applies to each of the five calendar years during the period beginning January 1, 2015 and ending December 31, 2019, unless terminated earlier by the Committee.

***Certain Federal Income Tax Consequences.*** Amounts received by participants are required to be recognized as ordinary income by such participants (subject to withholding), and the Company is generally entitled to a corresponding deduction at that time; however, as noted previously, Section 162(m) limits the Company's tax deductions for executive compensation to \$1 million per covered executive under certain circumstances.

Under Section 162(m), certain performance-based compensation will be tax deductible without regard to the Section 162(m) limit if the compensation is paid upon the achievement of pre-established, objective performance goals and the material terms of the arrangements are approved by the Company's shareholders. The Plan is structured such that amounts paid under it may qualify as performance-based compensation for purposes of Section 162(m). Accordingly, if our shareholders approve the Plan, the Committee may grant incentive bonuses under the Plan designed to be exempt from the Section 162(m) deduction limitation.

However, nothing in the Plan precludes the Board of Directors or any duly-authorized committee thereof from making additional payments or special awards in their discretion outside of the Plan that may not qualify as performance-based compensation under Section 162(m), provided that such payments or awards do not affect the qualification of incentive bonuses under the Plan that are designed to be performance-based for purposes for Section 162(m). Further, as mentioned elsewhere in this proxy statement, Section 162(m) is a highly technical and complex provision of the federal tax code, which means that even when we structure compensation arrangements to qualify as performance-based under Section 162(m), we can provide no assurances that our tax position will prevail.

***Bonuses to be Paid.*** If the Plan is not approved at the meeting, we would not make any incentive awards to participants under the Plan, but participants would instead be permitted to participate in the Company's other



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bonus plans in order to provide total compensation commensurate with their responsibilities. In that case, we would not be able to deduct incentive bonuses to certain executives to the extent that such amounts, together with other compensation that does not qualify as performance-based compensation for purposes of Section 162(m), exceeds \$1 million.

**Plan Benefits**

For fiscal 2015, nine executive officers have been named as participants. For information as to the bonuses that would have been paid to certain of these individuals under the Plan for the last fiscal year if the Plan had been in effect, please see the amounts reported in the non-equity plan compensation column of the Summary Compensation Table, which may be found under Executive Compensation Overview.

**Equity Compensation Plan Information**

The following table provides information as of December 31, 2014 about our equity compensation plans under which our Common Shares are authorized for issuance:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants, and rights (a)	Weighted-average exercise price of outstanding options, warrants, and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by shareholders	926,744 <sup>(1)</sup>	\$ 44.13 <sup>(2)</sup>	22,637,230
Equity compensation plans not approved by shareholders <sup>(3)</sup>	3,179,284	36.20	
Balance at December 31, 2014	4,106,028 <sup>(1)</sup>	\$ 37.99 <sup>(2)</sup>	22,637,230

- (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 to 200% of the target share amount.
- (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 the Plan requires the affirmative vote of the holders of at least a majority of the votes cast at the meeting.

*The Board unanimously recommends a vote FOR this proposal.*

**ADVISORY VOTE ON EXECUTIVE COMPENSATION**

**(Item 4 on Proxy or Voting Instruction Card)**

This year we are once again providing you with the opportunity to vote on a non-binding, advisory resolution to approve the compensation of our named executive officers as disclosed in this proxy statement 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 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 herein further below, 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 item of compensation, but rather the overall compensation policies and practices with respect to our named executive officers 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. Additionally, 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.

We currently hold our say-on-pay advisory vote annually; accordingly, the next say-on-pay vote will occur at our 2016 annual meeting of shareholders.

Approval of this proposal will require the affirmative vote of the holders of at least a majority of the votes cast 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 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 75 percent of net after-tax shares. The policy should prohibit hedging transactions for

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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.

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 Chief Executive Officer (the CEO) to hold an amount of shares equivalent to six times his base salary, or approximately 171,295 shares based on the current trading price. In comparison, the CEO currently owns more than 1.2 million shares. What's more, in 2013, our Company granted the CEO 88,145 time-vested stock awards and 44,073 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. Requiring senior executives to hold a significant percentage of shares obtained through equity compensation plans until they reach retirement age will better align the interests of executives with the interests of shareholders and the Company. 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](http://www.conference-board.org/pdf_free/ExecCompensation2009.pdf)).

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

For the third consecutive year (and for the fourth time in six years), you are being asked to vote on this same topic. However, none of the proponent's nearly identical proposals have 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 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

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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 currently holds stock valued at over 33 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 compensation plans and policies further align the long-term interests of our executives and shareholders. Our executive compensation plans and policies are carefully designed to provide additional alignment of 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 and performance-based restricted stock. Our time-vested restricted stock typically vests over a three-year period so that our executives realize full value from the grants only after serving us for at least three years, while our performance-based restricted stock 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. We believe our compensation plans and policies, coupled with our above-described stock ownership guidelines, achieve the central objective of this shareholder proposal.

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 disable 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 executive compensation principles and practices that discourage excessive risk-taking and promote long-term, sustainable value creation, and that it should have the flexibility to structure effective and competitive compensation policies and programs. We believe that our current mix of ownership guidelines, compensation practices 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, 2014, unless otherwise noted.

<b>Name and Address</b>	<b>Amount and Nature of Beneficial Ownership of Common Shares<sup>(1)</sup></b>	<b>Percent of Outstanding Common Shares<sup>(1)</sup></b>
Capital Research Global Investors 333 South Hope Street Los Angeles, California 90071	62,083,269 <sup>(2)</sup>	10.9%
Blackrock, Inc. 40 East 52nd Street New York, New York 10022	37,399,532 <sup>(3)</sup>	6.6%
State Street Corporation State Street Financial Center One Lincoln Street Boston, Massachusetts 02111	32,962,823 <sup>(4)</sup>	5.8%
The Vanguard Group 100 Vanguard Blvd. Malvern, Pennsylvania 19355	32,057,504 <sup>(5)</sup>	5.6%
Capital Income Builder 333 South Hope Street Los Angeles, California 90071	31,859,340 <sup>(6)</sup>	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, 2014, as opposed to the estimated percentages set forth in the reports of the investors referred to below in notes 2 through 6. 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 13, 2015 that this investor filed with the SEC. In this report, the investor indicated that, as of December 31, 2014, 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, including Capital Income Builder, which has separately reported its beneficial ownership interest in what we believe to be a portion of these shares pursuant to the Schedule 13G Report described in note 6 below.
- (3) Based on information contained in a Schedule 13G/A Report dated as of February 9, 2015 that this investor filed with the SEC. In this report, the investor indicated that, as of December 31, 2014, it held sole voting power with respect to 32,539,469 of these shares and sole dispositive power with respect to all of these shares.
- (4) Based on information contained in a Schedule 13G Report dated as of February 12, 2015 that this investor filed with the SEC. In this report, the investor indicated that, as of December 31, 2014, it shared voting and dispositive power with respect to all of these shares with various of its subsidiaries specified in such report.

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- (5) Based on information contained in a Schedule 13G Report dated as of February 10, 2015 that this investor filed with the SEC. In this report, the investor indicated that, as of December 31, 2014, it held sole voting power with respect to 988,289 of these shares, shared voting power with respect to none of these shares, sole dispositive power with respect to 31,121,354 of these shares and shared dispositive power with respect to 936,150 of these shares.
- (6) Based on information contained in a Schedule 13G Report dated as of February 13, 2015 that this investor filed with the SEC. In this report, the investor indicated that, as of December 31, 2014, it held sole voting power with respect to all of these shares and sole dispositive power with respect to none of these shares in its capacity as an investment company advised by Capital Research Global Investors, whose interest in what we believe to be a portion of these shares is described in note 2 above.

**Executive Officers and Directors**

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

Name	Components of Total Shares Beneficially Owned			Total Shares Beneficially Owned <sup>(4)</sup>
	Unrestricted Shares Beneficially Owned <sup>(1)</sup>	Unvested Restricted Stock <sup>(2)</sup>	Options or Rights Exercisable Within 60 Days <sup>(3)</sup>	
<b>Executive Officers:</b>				
Glen F. Post, III	594,911	590,802	200,000	1,385,713
Karen A. Puckett <sup>(5)</sup>	111,713	178,101	75,000	364,814
R. Stewart Ewing, Jr.	99,780	121,686	125,000	346,466
Stacey W. Goff	32,712	96,949	40,500	170,161
David D. Cole	112,597	88,923	40,500	242,020
Aamir Hussain		99,201		99,201
Maxine L. Moreau	8,809	41,853	10,000	60,662
Scott A. Trezise	3,034	38,838		41,872
Girish K. Varma	4,012	53,042	22,297	79,351
<b>Outside Directors:</b>				
Virginia Boulet	18,293	3,957		22,250
Peter C. Brown	24,105	3,957		28,062
Richard A. Gephardt <sup>(6)</sup>	11,710	3,957		15,667
W. Bruce Hanks	26,115	3,957		30,072
Gregory J. McCray <sup>(7)</sup>				