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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

**Washington D.C. 20549**

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**FORM 8-K**

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**CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported):  
November 1, 2017**



**CenturyLink, Inc.**  
(Exact name of registrant as specified in its charter)

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**Louisiana**  
(State or other jurisdiction  
of incorporation)

**1-7784**  
(Commission  
File Number)

**72-0651161**  
(IRS Employer  
Identification No.)

**100 CenturyLink Drive**  
**Monroe, Louisiana**  
(Address of principal executive offices)

**71203**  
(Zip Code)

**(318) 388-9000**  
(Registrants' telephone number, including area code)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligations of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2). Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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## Introductory Note

On November 1, 2017, CenturyLink, Inc. (hereafter referred to as “we”, “us”, “our” or “CenturyLink”) completed its previously-announced acquisition (the “Acquisition”) of Level 3 Communications, Inc. (“Level 3”) and took various financing and other related actions, as discussed further below.

### **Item 1.01 Entry into Material Definitive Agreement.**

The information set forth under Item 8.01 below is incorporated by reference into this Item 1.01.

### **Item 1.02 Termination of a Material Definitive Agreement.**

In connection with the financing transactions further discussed in Item 8.01 below, on November 1, 2017, we repaid all indebtedness outstanding under the credit agreement dated April 6, 2012, as amended, among us, the lenders named therein and Wells Fargo Bank, National Association, as administrative agent, and the credit agreement dated as of April 18, 2012, as amended, between us and CoBank, ACB, as administrative agent and lender thereunder.

### **Item 2.01 Completion of Acquisition or Disposition of Assets.**

On November 1, 2017, pursuant to the terms and conditions of the previously-announced Agreement and Plan of Merger, dated as of October 31, 2016 (the “Merger Agreement”), among Level 3, CenturyLink, Wildcat Merger Sub I LLC (“Merger Sub 1”) and WWG Merger Sub LLC (“Merger Sub 2”), Merger Sub 1 merged with and into Level 3 (the “Initial Merger”) and immediately thereafter Level 3 merged with and into Merger Sub 2 (the “Subsequent Merger”), with Merger Sub 2 surviving such merger as an indirect wholly-owned subsidiary of CenturyLink under the name of Level 3 Parent, LLC (“Level 3 Parent”).

In connection with the Initial Merger, each outstanding share of Level 3 common stock, par value \$0.01 per share (the “LVL Common Stock”), other than shares held by holders who have properly exercised appraisal rights (“dissenting shares”) and shares owned by CenturyLink, Level 3 or their respective subsidiaries, was converted into the right to receive \$26.50 in cash, without interest, and 1.4286 shares of our common stock, par value \$1.00 per share (“CTL Common Stock”), with cash paid in lieu of fractional shares.

In addition, as a result of the Initial Merger, (i) each outstanding Level 3 restricted stock unit award granted prior to April 1, 2014 or granted to an outside director of Level 3 was converted into the right to receive \$26.50 in cash and 1.4286 shares of CTL Common Stock (and cash in lieu of fractional shares) with respect to each Level 3 share covered by such award, less applicable tax withholdings (the “Converted RSU Awards”), and (ii) each outstanding Level 3 restricted stock unit award granted on or after April 1, 2014 (other than those granted to outside directors of Level 3) was converted into a restricted stock unit award relating to such number of shares of CTL Common Stock determined in accordance with a formula set forth in the Merger Agreement (the “Continuing RSU Awards”). The Continuing RSU Awards will remain subject to the same terms and conditions applicable to the original Level 3 awards immediately prior to their conversion, subject to certain exceptions.

As a result of the Initial Merger, we expect to deliver to Level 3's stockholders an aggregate of approximately \$9.6 billion in cash and approximately 517.3 million shares of CTL Common Stock valued at approximately \$9.8 billion (excluding shares of CTL Common Stock subject to future issuance under the Continuing RSU Awards and amounts to be paid to holders of dissenting shares), based on the number of shares of LVLT Common Stock and Converted RSU Awards outstanding at the close of business on October 31, 2017 and the per share closing price of CTL Common Stock on the New York Stock Exchange on October 31, 2017.

The above-described issuance of shares of CTL Common Stock in connection with the Initial Merger was registered under the Securities Act of 1933, as amended, pursuant to a registration statement on Form S-4 (File No. 333-215121) filed by us with the U.S. Securities and Exchange Commission (the "Commission") and declared effective on February 13, 2017. The joint proxy statement/prospectus of CenturyLink and Level 3 included in the registration statement (the "Joint Proxy Statement/Prospectus"), including the various reports incorporated by reference therein, contains additional information about the above-described transactions.

In connection with the closing of the Acquisition, Level 3 Parent invested \$1.825 billion in us in exchange for an unsecured demand note that bears interest at 3.5% per annum (the "Intercompany Borrowing"). The principal amount of such note is payable upon demand by Level 3 Parent but no later than November 1, 2020, and is prepayable by us at any time. Our obligations under the demand note are subordinated to our obligations under the Credit Agreement (defined under Item 8.01 below).

The foregoing description does not purport to be complete and is qualified in its entirety by reference to (i) the other items of this Current Report on Form 8-K, (ii) the Joint Proxy Statement/Prospectus and (iii) the Merger Agreement, which is filed herewith as Exhibit 2.1 and is incorporated by reference herein.

**Item 2.03      Creation of a Direct Financial Obligation or an Obligation Under an Off-Balance Sheet Arrangement of a Registrant.**

The information set forth under Item 2.01 above and Item 8.01 below is incorporated by reference into this Item 2.03.

**Item 5.02      Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

Management Transitions. In accordance with our previously-announced succession plan, Glen F. Post, III stepped down from the role of President of CenturyLink effective upon completion of the Initial Merger (such time, the "Closing"). Mr. Post continues to serve as our Chief Executive Officer and a director.

Jeffrey K. Storey, age 57, was appointed to serve as President and Chief Operating Officer of CenturyLink (and, as noted below, one of our directors) effective upon the Closing. As previously announced, we currently anticipate that Mr. Storey would succeed Mr. Post as our Chief Executive Officer on January 1, 2019, at which time Mr. Post would become executive chairman of our board of directors.

In his transitional role as President and Chief Operating Officer, Mr. Storey will manage our senior leadership team responsible for our customer-facing operations, product development, new market development, marketing and transformation initiatives. Mr. Storey served as President, Chief Executive Officer and a director of Level 3 from April 2013 until just prior to the Closing and also as President and Chief Operating Officer of Level 3 from December 2008 until April 2013. From December 2005 until May 2008, Mr. Storey was President, Leucadia Telecommunications Group of Leucadia National Corporation, where he directed and managed Leucadia's investments in telecommunications companies. Prior to that, beginning in October 2002, Mr. Storey was President and Chief Executive Officer of WilTel Communications Group, LLC until its sale to Level 3 in December 2005. Prior to that position, Mr. Storey was Chief Operations Officer, Network for Williams Communications, Inc., where he had responsibility for all areas of operations for the company's communications network, including planning, engineering, field operations, service delivery and network management.

We entered into an offer letter with Mr. Storey that became effective at the Closing, a copy of which is attached to this Current Report on Form 8-K as Exhibit 10.1 (the "Storey Offer Letter"). Pursuant to the Storey Offer Letter, Mr. Storey will earn a base salary of \$1,500,000 per year, will be eligible to earn a target annual cash incentive award of 175% of salary (pro-rated for 2017) and, effective upon the Closing, received a long-term incentive grant valued at \$10,469,000 at the time of grant. This initial equity grant consists of 60% performance-based shares of restricted stock and 40% time-based shares of restricted stock. These restricted shares will vest on the date that is 15 months after the Closing, subject to Mr. Storey's continued employment through such date and with the payout under the performance-based portion ranging between 0% to 200% of the targeted amount, depending upon CenturyLink's performance as measured against an adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) goal (excluding integration costs), with vesting accelerated upon certain terminations of employment. It is currently anticipated that Mr. Storey will not receive another long-term incentive grant until February 2019, at which time the target value of his grant will be no less than \$8,375,000. Mr. Storey will receive a signing bonus of \$6,600,000, payable in cash in two equal installments, with the first installment paid on the first regular payday following the Closing and the second installment paid on the first anniversary of the Closing. The vesting of each of Mr. Storey's Continuing RSU Awards was accelerated on the Closing Date, except that 50% of the equity awards granted to him in 2017 will continue to vest as originally scheduled. Although the vesting of some of these awards has been accelerated, each Continuing RSU Award will settle and pay out in shares of CTL Common Stock in accordance with their original payment schedule.

Mr. Storey will remain eligible to participate in the Level 3 Key Executive Severance Plan until the earlier of the second anniversary of the Closing Date and the date he assumes the position of President and Chief Executive Officer of CenturyLink. Following such date, he will participate in the CenturyLink, Inc. Executive Severance Plan. In addition, if Mr. Storey's employment is terminated without cause or he resigns with good reason or he is not appointed Chief Executive Officer of CenturyLink or upon the occurrence of certain other events, Mr. Storey will be eligible to receive, in addition to the payments and benefits due to him under either the Level 3 Key Executive Severance Plan or the CenturyLink, Inc. Executive Severance Plan, as applicable, (i) any unpaid installment of his cash signing bonus, (ii) if such termination occurs prior to the payment of his annual cash incentive award for fiscal year 2017, a prorated

target 2017 annual cash incentive award, (iii) if such termination occurs during or after fiscal year 2018 and prior to the payment of his annual cash incentive award for fiscal year 2018, a prorated 2018 annual cash incentive award and (iv) full vesting of his initial equity grant, with any performance-based targets deemed satisfied at target.

As also previously announced, we appointed Sunit S. Patel, age 55, as our Executive Vice President and Chief Financial Officer effective at the Closing. Mr. Patel served Level 3 as its Chief Financial Officer and an Executive Vice President since March 2008 until the Closing. Prior to March 2008, Mr. Patel was Chief Financial Officer from May 2003 and a Group Vice President of Level 3 from March 2003 to March 2008. Prior to that, Mr. Patel was Chief Financial Officer of Looking Glass Networks, Inc., a provider of metropolitan fiber optic networks, from April 2000 until March 2003. Mr. Patel was Treasurer of WorldCom Inc. and MCI Worldcom Inc., each long distance telephone service providers, from 1997 to March 2000. From 1994 to 1997, Mr. Patel was Treasurer of MFS Communications Company, Inc.

We also entered into an offer letter with Mr. Patel that became effective at the Closing, a copy of which is attached to this Current Report on Form 8-K as Exhibit 10.2 (the "Patel Offer Letter"). Under the terms of the Patel Offer Letter, Mr. Patel will earn a base salary of \$750,000 per year, will be eligible to earn a target annual cash incentive award of 120% of salary (pro-rated for 2017) and will be eligible for a long-term incentive grant to be valued at \$3,000,000, with the first such grant expected to occur in early 2018. In addition, Mr. Patel will receive a special cash retention award of \$1,300,000, which will be paid to him on the first regular payday following the Closing. As provided in the Patel Offer Letter, effective upon the Closing, Mr. Patel received two special long-term incentive grants in the form of shares of restricted stock. The first such grant was valued at \$1,500,000 at the time of grant and will vest on the third anniversary of the Closing, assuming continuous employment through such date, with a payout range of between 0-200% of the grant's target value based on the level of achievement of two equally-weighted performance criteria (attaining a targeted dollar amount of synergy goals and a subjective evaluation of Mr. Patel's performance by our Human Resources and Compensation Committee). The second special long-term incentive grant was valued at \$1,300,000 at the time of grant and will vest on the first anniversary of the Closing provided Mr. Patel remains employed with us on such date, with vesting accelerated upon certain terminations of employment.

The vesting of each of Mr. Patel's Continuing RSU Awards was accelerated just following conversion except with respect to his equity awards granted to him in 2017, which will continue to vest on their original terms and conditions. In addition, all Continuing RSU Awards that were granted to him before 2017 will be cancelled and converted to a deferred cash award based on the per share closing price of CTL Common Stock as of the date of Closing, which will be paid to Mr. Patel in cash on the same schedule that the now-cancelled awards would have otherwise settled and paid out in shares.

Each of the above-described equity grants issued to Mr. Storey and Mr. Patel are subject to the terms and conditions of the Plan (as defined below) and our award agreements with both of them.

Each new executive officer is expected to execute and receive the benefits of CenturyLink's form of indemnification agreement for officers, a copy of which has been filed as Exhibit 10.2 to our Current Report on Form 8-K filed with the Commission on February 29, 2016.

The foregoing descriptions of the compensation arrangements with each of Messrs. Storey and Patel do not purport to be complete and each is qualified in its entirety by reference to the Storey Offer Letter and the Patel Offer Letter, as applicable, copies of which are filed as Exhibits 10.1 and 10.2, respectively, to this Current Report on Form 8-K and are incorporated by reference herein.

Appointment of New Directors. Effective upon the Closing, we expanded the size of our Board of Directors from 9 to 13 members. At such time, pursuant to the Merger Agreement, our Board appointed the individuals set forth below (each of whom served as a director of Level 3 prior to the Closing) to the Board and to the respective committees thereof specified below:

<u>Name</u>	<u>Committee (s)</u>
Kevin P. Chilton	Audit; Risk Evaluation
Steven T. Clontz	Nominating and Governance
T. Michael Glenn	Human Resources and Compensation
Jeffrey K. Storey	—

Each of Messrs. Chilton, Clontz, and Glenn will participate in CenturyLink's outside director compensation program described in our 2017 proxy statement, which was filed with the Commission on April 10, 2017. In accordance with that program, each will receive a pro-rated grant of restricted stock valued at \$81,500 on the date of grant to recognize his service from the Closing through the projected date of our 2018 annual meeting. These shares of restricted stock will vest on May 25, 2018, with earlier vesting in the event of certain terminations of service or the occurrence of a change of control and subject to all other terms and conditions of the applicable equity incentive plan and award agreement. In addition, each new director is expected to execute and receive the benefit of CenturyLink's form of indemnification agreement for directors, a copy of which has been filed as Exhibit 10.1 to our Current Report on Form 8-K filed with the Commission on February 29, 2016.

Retirement of Certain Officers of CenturyLink. Effective at the Closing, R. Stewart Ewing, Jr., who previously served as our Executive Vice President and Chief Financial Officer, and Dean J. Douglas, who previously served as President – Enterprise Markets, each stepped down from all executive positions with CenturyLink and its subsidiaries. Mr. Ewing's retirement will be effective after a short transition period, and Mr. Douglas' retirement was effective immediately.

In connection with Mr. Ewing's retirement, our Human Resources and Compensation Committee approved a discretionary increase in the amount of cash severance due to him under our Executive Severance Plan, from 52 weeks of pay to 104 weeks of pay, resulting in an additional \$1,399,158 due to him. In addition, the Committee awarded Mr. Ewing a special discretionary cash bonus of \$1,000,000 based on its assessment of his performance related to merger integration activities over the past year. The Committee also approved certain changes to

his outstanding equity awards. Specifically, the Committee accelerated vesting of all 46,157 of Mr. Ewing's outstanding shares of time-based restricted stock effective at Closing. With respect to his 97,304 outstanding shares of performance-based restricted stock, Mr. Ewing will continue to hold those awards subject to their original performance conditions. In connection with approving this supplemental compensation, the Committee considered a range of factors, including Mr. Ewing's contributions to the growth of CenturyLink over the past 34 years and the critical role he played in connection with negotiating, financing and implementing the Acquisition.

The Committee also approved certain changes to Mr. Douglas' compensation arrangements in connection with his departure. Specifically, vesting of the shares of time-based restricted stock granted to him during fiscal 2016 (a total of 26,450 shares) accelerated effective at the Closing and he will continue to hold the 52,898 outstanding shares of performance-based restricted stock granted to him in fiscal 2016 subject to their original performance conditions. However, the shares of time-based and performance-based restricted stock granted to him in February 2017 were forfeited upon his retirement. Finally, as disclosed in our Current Report on Form 8-K dated June 1, 2017, Mr. Douglas received an Integration Award, vesting of which will accelerate upon his termination of employment. Based on an assessment of Mr. Douglas' contributions to the integration of CenturyLink and Level 3 over the past year, the Committee has approved the payout of his Integration Award as follows: \$300,000 with respect to the cash portion and a total of 12,528 shares of CTL Common Stock with respect to the equity portion.

Other Changes in Management. For information on additional changes in management made in connection with the Acquisition, see Item 8.01 below.

Adoption of the Level 3 Stock Incentive Plan. Effective as of the Closing, we assumed the sponsorship of the Level 3 Communications, Inc. Stock Incentive Plan (as amended through the date hereof, the "Plan"), and also assumed the Continuing RSU Awards (which were the only awards outstanding under the Plan as of the Closing), the award agreements evidencing such awards and the remaining shares available under the Plan, subject to applicable adjustments in the manner set forth in the Merger Agreement.

In addition, our Board of Directors approved certain amendments to the Plan to reflect our sponsorship of the Plan following the Closing. The Plan was previously approved by the Level 3 stockholders. Following the Closing, we may grant equity-based incentives with respect to up to approximately 36.1 million shares of CTL Common Stock to certain key individuals who were not employees, officers, directors, and consultants of CenturyLink immediately prior to the Closing. Except as otherwise provided herein, a general description of the Plan is set forth in Level 3's 2015 definitive proxy statement on Schedule 14A filed with the Commission on April 7, 2015, under the caption "Stock Incentive Plan Proposal," and is incorporated herein by reference. The description of the Plan, as amended and restated through the date hereof, is qualified in its entirety by reference to the full text of the Plan, which is filed herewith as Exhibit 10.3 and is incorporated by reference herein.

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**Item 8.01 Other Events.**

Financing Transactions. As previously disclosed, on June 19, 2017, CenturyLink Escrow, LLC (the “Escrow Borrower”), our wholly-owned subsidiary, entered into a credit agreement with various lenders (the “Credit Agreement”) providing for \$9.945 billion of senior secured credit facilities, consisting of a \$2.0 billion revolving credit facility, \$1.945 billion of Term Loan A and A-1 credit facilities and a \$6.0 billion Term Loan B credit facility. On November 1, 2017, the Escrow Borrower merged into CenturyLink and consequently CenturyLink succeeded to the Escrow Borrower’s rights and obligations as the borrower under the Credit Agreement. Thereafter in connection with the closing of the Acquisition, CenturyLink (i) borrowed \$1.945 billion under the Term Loan A and A-1 credit facilities, (ii) received access to the proceeds of the Term Loan B credit facility that were funded into escrow on June 19, 2017, and (iii) borrowed approximately \$400 million under the revolving credit facility (collectively, the “Credit Agreement Borrowings”).

Upon the closing of the Acquisition, certain subsidiaries of CenturyLink guaranteed the obligations of CenturyLink under the Credit Agreement, and certain of those guarantor subsidiaries pledged substantially all of their assets as security for their guarantee, in each case as required by the Credit Agreement.

We used the proceeds of the Credit Agreement Borrowings and the Intercompany Borrowing, together with other available funds, to finance the cash portion of the consideration payable in connection with the Acquisition described in Item 2.01 above and to complete the refinancing transactions described in Item 1.02 above.

The foregoing description of these finance transactions does not purport to be complete and is qualified in its entirety by reference to (i) the Credit Agreement, a copy of which is filed herewith as Exhibit 10.4 and is incorporated herein by reference, and (ii) our Current Report on Form 8-K filed with the Commission on June 20, 2017.

Changes in Executive Officers. As noted in Item 5.02 above, effective as of the Closing, we implemented several changes in senior management. Following these and other changes (including changes in our reporting structure and additional retirements), CenturyLink now has the following seven executive officers:

<u>Executive Officer</u>	<u>Title</u>
Glen F. Post, III	Chief Executive Officer
Jeffrey K. Storey	President and Chief Operating Officer
Sunit S. Patel	Executive Vice President and Chief Financial Officer
Stacey W. Goff	Executive Vice President, Chief Administrative Officer, General Counsel and Secretary
Aamir Hussain	Executive Vice President and Chief Technology Officer
David D. Cole	Executive Vice President – Controller and Assistant Secretary
Scott A. Trezise	Executive Vice President – Human Resources



For additional information about the above-listed executive officers and their responsibilities, see (i) Item 5.02 above, (ii) the proxy statements that Level 3 and CenturyLink filed with the Commission on April 7, 2017 and April 13, 2017, respectively, and (iii) Exhibit 99.1 to each of CenturyLink's Current Reports on Form 8-K filed with the Commission on June 1, 2017 and June 22, 2017.

**Announcement of Completion of the Acquisition.** On October 30, 2017, we issued a press release announcing the receipt of the final regulatory approval required to complete the Acquisition, and on November 1, 2017, we issued a press release announcing the completion of the Acquisition and related events. Copies of these press releases are attached as Exhibit 99.1 and Exhibit 99.2, respectively, to this Current Report on Form 8-K and are incorporated by reference herein.

**Other Information.** In reviewing the agreements and other documents included as exhibits to this Current Report on Form 8-K, please note that they are included to provide you with information regarding the terms of the transactions discussed herein, and are not intended to provide any other factual or disclosure information about us or the other parties thereto. These materials contain representations and warranties by one or more of the parties thereto. These representations and warranties have been made solely for the benefit of the parties thereto and:

- should not in any instance be treated as categorical statements of fact, but rather as a way of allocating the risk to one of the parties if those statements prove to be inaccurate;
- may have been qualified by disclosures that were made to the other parties in connection with the negotiation of the applicable agreement, which disclosures are not necessarily reflected in the agreement filed herewith;
- may apply standards of materiality in a way that is different from what may be viewed as material to you or other investors; and
- were made only as of the date of the agreement or other document or such other date or dates as may be specified therein and are subject to more recent developments.

Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time.

#### ***Forward Looking Statements***

*Statements in this Current Report on Form 8-K pertaining to future events, including the anticipated responsibilities of our officers, anticipated compensation payments and the future configuration or actions of our board committees, are forward-looking statements within the meaning of the "safe-harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on current expectations only and are subject to*

*changes or uncertainties that may cause actual results to differ materially. Factors that could affect actual results include but are not limited to changes in our management strategies or practices, changes in our compensation practices or programs, changes in our operations, changes in market conditions, and the other risks described in our most recent Annual Report on Form 10-K, as updated and supplemented by our subsequent reports filed with the Commission. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this report. We undertake no obligation to update publicly any of our forward-looking statements, whether as a result of new information, future events or otherwise.*

**Item 9.01 Financial Statements and Exhibits.**

(a) Financial statements of business acquired.

CenturyLink intends to file historical consolidated financial statements of Level 3 no later than 71 calendar days after the date this Current Report on Form 8-K is required to be filed.

(b) Pro forma financial information.

CenturyLink intends to file unaudited pro forma combined condensed financial information reflecting the Acquisition no later than 71 calendar days after the date this Current Report on Form 8-K is required to be filed.

(d) Exhibits

The following exhibits are filed herewith:

<u>Exhibit No.*</u>	<u>Description</u>
2.1	<a href="#"><u>Agreement and Plan of Merger, dated as of October 31, 2016, among CenturyLink, Inc., Level 3 Communications, Inc., Wildcat Merger Sub I, LLC and WWG Merger Sub LLC (incorporated by reference to Exhibit 2.1 of our Current Report on Form 8-K filed on November 3, 2016 (Commission file no. 001-07784))</u></a>
10.1	<a href="#"><u>Offer Letter between CenturyLink, Inc. and Jeff K. Storey, effective November 1, 2017</u></a>
10.2	<a href="#"><u>Offer Letter between CenturyLink, Inc. and Sunit S. Patel, effective November 1, 2017</u></a>
10.3	<a href="#"><u>Level 3 Communications, Inc. Stock Incentive Plan, as amended and restated through November 1, 2017</u></a>
10.4	<a href="#"><u>Credit Agreement, dated as of June 19, 2017, among CenturyLink Escrow, LLC, Bank of America, N.A., as administrative agent and collateral agent, and the other lenders, agents, arrangers and bookrunners named therein (incorporated by reference to Exhibit 10.1 of our Current Report on Form 8-K filed on June 20, 2017 (Commission file no. 001-07784))</u></a>

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99.1 [Press release dated October 30, 2017, announcing the receipt of the final regulatory approval required to complete the Acquisition](#)

99.2 [Press release dated November 1, 2017, announcing the completion of the Acquisition](#)

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\* Each exhibit listed above is filed herewith, except for Exhibit 2.1 and 10.4.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, CenturyLink, Inc. has duly caused this Current Report on Form 8-K to be signed on its behalf by the undersigned officer hereunto duly authorized.

C ENTURY L INK , I NC .

By: /s/ Stacey W. Goff

Stacey W. Goff  
Executive Vice President,  
Chief Administrative Officer,  
General Counsel and Secretary

Dated: November 1, 2017

June 1, 2017

Mr. Jeff Storey  
Chief Executive Officer  
Level 3 Communications, Inc.



Re: **Offer of Employment**

Dear Jeff:

As discussed, we are very pleased to offer you the opportunity to join CenturyLink's executive leadership team following the completion of the pending acquisition (the "**Transaction**") of Level 3 Communications, Inc. ("**Level 3**") by CenturyLink, Inc. ("**CenturyLink**" or the "**Company**") as described in the merger agreement between the parties thereto (the "**Merger Agreement**"). This offer and your employment pursuant to the terms of this offer will be subject to, contingent upon and effective upon the consummation of the Transaction (the "**Closing**").

This letter contains important information about the terms of our offer. Please carefully review this letter, the Level 3 Communications, Inc. Key Executive Severance Plan (the "**Level 3 Plan**") and any other applicable plans or agreements. Also, please feel free to consult with your advisors and attorneys, and ask me any questions you may have.

**1. Position Title and Responsibilities:** Your job title will be **President and Chief Operating Officer ("COO")** during the "Interim Period" as defined below, and then **President and Chief Executive Officer ("CEO")** immediately following the Interim Period. The "**Interim Period**" shall begin on the date of Closing (the "**Closing Date**") and end on the earlier of (i) January 1, 2019 and (ii) the date on which the current CEO, Glen Post, ceases to hold the position of CEO. Your appointment as President and COO, as well as your scheduled succession to the position of CEO in place of Mr. Post, shall be publicly announced promptly following the date of your acceptance of this offer pursuant to a press release and filing by the Company of a Form 8-K, the text of which press release and filing shall be reasonably satisfactory to you.

As COO, your responsibilities shall include responsibility and authority over the integration of the operations of Level 3 and CenturyLink, as well as performing such other duties as may be reasonably prescribed from time to time by the Chief Executive Officer, the Board of Directors or the Bylaws of CenturyLink, to the extent consistent with the terms of this offer letter. Upon the Closing Date, you will be appointed to the CenturyLink Board of Directors (the "**Board**"), and CenturyLink will include you in the slate of directors for re-election for so long as you serve as COO or CEO of CenturyLink. During the Interim Period, you (together with the Company's Chief Financial Officer, Chief Administrative Officer and Executive Vice President of Human Resources) shall report to the CEO, but you shall have global responsibility for all other functions and business units, which shall report to you exclusively. These functions and business units reporting to you will include: all enterprise-, wholesale- and consumer-focused business units (including business unit strategy); marketing; network operations, service delivery, service assurance, network planning and deployment, field services and related activities; information technology; technology; and integration. In addition, after consultation with the CEO, you shall have the authority to determine personnel, roles, compensation (subject to Compensation Committee (as defined below) approvals, as required) and geographic location of all individuals directly reporting to you. The organization of CenturyLink following the Closing Date into functional and business units shall be determined by you after consultation with the CEO and be consistent with discussions to date between you and Mr. Post. As President and CEO, you will be the senior-most executive employee and officer of the Company, reporting only to the full Board, and with all the duties, powers and authority customarily attendant to such position (such position as President and CEO, with such reporting lines, duties, power and authority, the "**Chief Executive Position**").

**2. Position Location:** Your principal work location will be **Broomfield, Colorado**, but you agree that the Company's headquarters and many of its senior leaders will remain located in Monroe, Louisiana. As such, you acknowledge that effective performance of your job as COO and as CEO will require you to be in the location of the Company's headquarters with considerable frequency and you agree to be at that location when and as reasonably needed both during and following the Interim Period. The parties acknowledge and agree that travel to and from the Company's headquarters, as well as suitable temporary housing or hotel occupancy, will be reimbursable business travel, and any use of corporate aircraft for such travel will not be considered personal usage.

**3. Signing Bonus: \$6.6 million (the "Cash Signing Bonus")** to be paid in the following manner:

- The first installment of the Cash Signing Bonus in the gross amount of **\$3,300,000** will be paid on the first regular paycheck following the Closing Date, subject to your continued employment, except as provided in Section 11 below.
- The second installment of the Cash Signing Bonus in the gross amount of **\$3,300,000** will vest 100% and be paid to you on the first anniversary of the Closing Date, subject to your continued employment, except as provided in Section 11 below.

**4. Annual Base Compensation: \$1,500,000** per year (effective first payroll after Closing Date).

**5. Annual Target Short-Term Incentive ("STI"): Target of 175% of annualized base pay or \$2,625,000**, effective on the Closing Date. You will be eligible for STI under the CenturyLink Short-Term Incentive Plan (the "**STI Plan**"). Your annual STI bonus target will be pro-rated based on the number of eligible days worked in the program year. Your actual STI payout could be higher or lower than the above target amount, depending on the attainment of applicable individual and corporate performance measurements. Following the Closing Date, you will receive more information about the STI Plan, including individual and corporate performance metrics, objectives and goals (which individual and corporate performance metrics objectives and goals will be established as reasonably agreed between you and the Human Resources and Compensation Committee of the Board (the "**Compensation Committee**") promptly following the Closing Date). STI payouts are subject to approval of the Compensation Committee and attainment of applicable corporate and personal performance thresholds, as determined by the Compensation Committee; provided, however, that such thresholds shall be consistent with the thresholds established for the CEO's direct reports.

**6. Aircraft Use:** During the Interim Period, CenturyLink will provide corporate aircraft for your personal and business use. There is no explicit cap on this benefit, but you agree that the nature and amount of personal usage will be generally consistent with the personal usage you have made of this benefit under the current Level 3 policy.

**7. Initial Long-Term Incentive ("LTI") grant of \$10,469,000**. You will be eligible to receive long-term incentive compensation under the CenturyLink LTI Program (the "**LTI Program**"). In connection with this offer, you will receive an initial LTI grant, in the form of restricted shares of CenturyLink common stock that will be awarded to you immediately following the Closing Date. That grant will have a grant date value determined using the same methodology as is applicable to grants to other senior executives of CenturyLink ("**Grant Date Value**") of **\$10,469,000**. It will consist of 60% performance-based restricted shares and 40% time-based restricted shares. The performance-based restricted shares will vest in one installment on the Measurement Date (as defined below), subject to continued employment through the fifteen-month anniversary of the Closing Date (except as provided

below) and subject to satisfaction of an adjusted EBITDA run rate (excluding integration costs) goal (the “ **Initial Performance Goal** ”) to be established (with threshold, target and maximum levels) by mutual good faith agreement between the Compensation Committee and you no later than two months following the Closing Date. For purposes of this Section 7, “ **Measurement Date** ” means the first date following the fifteen-month anniversary of the Closing Date that CenturyLink files with the Securities and Exchange Commission a Form 10-K or 10-Q that covers the last completed quarter included in such fifteen-month period. The actual number of performance-based restricted shares that may be earned by you may be higher or lower than the target number, it being understood and agreed that achievement of the Initial Performance Goal at the threshold level will result in 50% of the target number of performance-based restricted shares being earned, while maximum achievement of the Initial Performance Goal will result in 200% of the performance-based restricted shares being earned. The time-based restricted shares of this initial grant will vest in one installment on the fifteen-month anniversary of the Closing Date, subject to continued employment through such date. In the event of a “Designated Separation” (as defined in Section 11 below) prior to such vesting dates, any unvested time-based restricted shares shall accelerate in full and any unvested performance-based restricted shares shall vest on the Measurement Date (without proration) based on target level of attainment of the Initial Performance Goal.

**8. Annual Target Long-Term Incentive:** In addition, you will be eligible for annual LTI grants beginning in February 2019 in respect of the full fiscal year ending December 31, 2019, at LTI grant amounts and terms approved by the Compensation Committee; provided, however, that we agree that the target Grant Date Value of each such annual LTI grant shall not be less than \$8,375,000. The Compensation Committee administers the LTI Program and has discretion over LTI Program design and awards. It may elect to grant LTI awards using any equity vehicle permissible under the CenturyLink 2011 Equity Incentive Plan (the “ **2011 Plan** ”) or successor equity plans, with such awards subject to time-based or performance-based vesting conditions or a combination of the two. Actual LTI awards and payouts may be more or less than target. Subject to the foregoing provisions of this Section 8, target LTI annual grant values in subsequent years will also be subject to approval by the Compensation Committee and will be based on a variety of factors, including, without limitation, market data, individual performance, and scope of job responsibilities.

For your reference with respect to these subsequent annual LTI awards, such awards typically vest over time in three equal installments on the first, second and third anniversaries of the grant date for time-based awards, and in one installment three years after grant date for performance-based awards, subject to continued employment at the time of each vesting and, for performance-based shares, attainment of the applicable performance metrics. Dividends accrue on the unvested shares and are paid in arrears, subject to and upon vesting. LTI awards are subject to the terms and conditions set forth in the 2011 Plan and the applicable award agreements. The terms and conditions of your annual LTI awards will be no less favorable than the terms and conditions of comparable awards to other similarly situated members of CenturyLink’s leadership team.

**9. Treatment of Unvested Level 3 Equity Awards:** Level 3 previously awarded certain time-based Restricted Stock Units (the “ **RSUs** ”) and Performance-Based Restricted Stock Units to you in 2014, 2015 and 2016 (the “ **Pre-2017 Awards** ”) and in 2017.

Subject to your acceptance of this letter and compliance with the terms of all applicable award agreements, CenturyLink will accelerate the vesting of the outstanding Pre-2017 Awards and 50% of the Level 3 RSUs awarded pursuant to your 2017 award, so that they will vest on the Closing Date and will be settled in accordance with their terms and the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance issued thereunder (“ **Section 409A** ”). In addition, the remaining 50% of the Level 3 RSUs awarded pursuant to your 2017 award will vest in accordance with their terms and the regularly scheduled vesting dates.

**10. Severance Plans:** For the two-year period beginning on the Closing Date (the “ **Initial Period** ”), the Level 3 Plan will remain in effect and you will continue to participate in it during the earlier of (x) the conclusion of the Initial Period, and (y) the date that you assume the position of President and Chief Executive Officer of CenturyLink (the “ **Plan Transition Date** ”). Following the Plan Transition Date, you will cease to participate in the Level 3 Plan and you will be eligible to participate in the CenturyLink, Inc. Executive Severance Plan (the “ **CenturyLink Executive Plan** ”) on terms no less favorable than provided to other members of CenturyLink’s leadership team. The CenturyLink Executive Plan and such other additional arrangements as may be negotiated between you and the Company will govern your severance rights and benefits absent a change of control of CenturyLink. Following the Plan Transition Date, your severance rights and benefits for termination in connection with a change of control of CenturyLink. will be governed by a separate change of control agreement in form and substance no less favorable than such agreements with similarly situated members of CenturyLink’s leadership team. This change of control agreement is a “double trigger” agreement, meaning that no severance benefits will be paid unless there is both (1) a change of control of CenturyLink and (2) either an involuntary termination not for cause or a good reason resignation (as such events are defined in the CenturyLink agreement).

**11. Waiver of any Good Reason Resignation Rights Based on Terms of This Offer:** In the event that you accept this offer and, as of the Closing Date, you are employed by CenturyLink in the position described in this letter, with the authority, duties, responsibilities and reporting requirements (including travel requirements), compensation, benefits and location described in this letter, you agree that you fully and voluntarily waive your rights to submit a notice of “Good Reason” termination and/or to claim severance or other benefits pursuant to the Level 3 Plan, the Level 3 Communications Inc. Stock Incentive Plan, or any other severance or equity policy or program maintained or sponsored by Level 3 or CenturyLink due to, individually or collectively, any changes in your position, authority, duties, responsibilities and reporting requirements (including travel requirements), compensation, benefits and location described in this letter, regardless of when such changes become effective.

Your above waiver of any Good Reason resignation rights is conditioned upon you assuming the Chief Executive Position immediately following the Interim Period, as described in “Position Title and Responsibilities” above. Subject to your continued employment through the end of the Interim Period and provided that your employment does not earlier terminate due to your death, disability, voluntary termination without Good Reason or termination for Cause (as defined in the Level 3 Plan), if the Board does not designate you to the Chief Executive Position immediately following the Interim Period (or if it announces or otherwise discloses that it will not designate you to such position), then your waiver of any Good Reason resignation rights will become ineffective and you may therefore submit a Good Reason resignation notice under the Level 3 Plan within ninety (90) days of the end of the Interim Period (or following any earlier announcement or disclosure), and, in that event, CenturyLink will not contest your right to submit a Good Reason resignation.

Your benefits under the Level 3 Plan will otherwise remain in effect through and after the Closing and you will retain your rights thereunder as to any future changes not described in this letter, except that “Good Reason” is to be measured against the position, authority, duties, responsibilities and reporting requirements (including travel requirements), compensation, benefits and location set forth in this letter. Without limiting the foregoing, CenturyLink expressly acknowledges and agrees that any breach by the Company during the Interim Period of the material terms of this offer letter (including any modifications hereto not consented to in writing by you), which breach is not promptly remedied by CenturyLink after receipt of written notice from you, shall constitute Good Reason under the terms of the Level 3 Plan and that, in the event (a) you resign for Good Reason during the Interim Period as a result of any such breach, (b) you do not assume the Chief Executive Position because the Board either does not designate you to that position immediately following the Interim Period or conditions such designation on your acceptance of terms and conditions of employment less favorable than those provided in Sections 4, 5 and 8 of this offer letter (other than, in the case of this clause (b), as a result of the termination of your employment due



to your death, disability, voluntary resignation without Good Reason (if applicable) or for Cause (as defined in the Level 3 Plan), (c) the Company publicly announces during the Interim Period that the Board will not designate you to the Chief Executive Position, other than as a result of the termination of your employment due to your death, disability, voluntary resignation without Good Reason or for Cause (as defined in the Level 3 Plan) or (d) your employment is terminated by the Company without "Cause" (as defined under the Level 3 Plan) during the Interim Period (each of (a), (b), (c) and (d), a " **Designated Separation** "), then, in addition to the payments and benefits due to you under the Level 3 Plan and other Level 3 and CenturyLink compensation and benefit plans, (w) any unpaid installment of the Cash Signing Bonus shall be paid immediately to you, (x) if the Designated Separation occurs prior to payment of the STI for fiscal year 2017, you will receive payment of your STI for 2017 at such time as CenturyLink pays STI in the ordinary course of business to other senior executives, with such payment based on target (assuming full attainment of any individual performance goals), pro-rated in accordance with the CenturyLink STI Plan, (y) if the Designated Separation occurs during or after fiscal year 2018 and prior to payment of the STI for fiscal year 2018, you will receive payment of your STI for 2018 at such time as CenturyLink pays STI in the ordinary course of business to other senior executives, with such payment based on target (assuming full attainment of any individual performance goals), pro-rated in accordance with the CenturyLink STI Plan, and (z) you will be entitled to the treatment of the initial LTI award described in Section 7 above.

You acknowledge that you have had sufficient time to consider this offer letter and that, by accepting this offer, you also waive any additional time (except as specifically noted in the preceding paragraph) under the Level 3 Plan or under any awards previously granted under the Level 3 Communications Inc. Stock Incentive Plan to submit a notice of "Good Reason" termination.

**12. Executive Officer / Section 16 Officer Status:** If you join us as COO, you will become an executive officer and Section 16 officer of CenturyLink under the Securities Exchange Act of 1934, as amended (the " **Exchange Act** "). As an executive officer and/or Section 16 officer, you will be required to comply with disclosure and reporting requirements outlined under the Exchange Act. Also, our current stock ownership guidelines require you to beneficially own CenturyLink stock valued at least three times your annual base salary. You will have three years to attain this stock ownership target. A representative of the Company's legal department will provide additional information concerning these matters.

As a CenturyLink employee, you will be subject to the Company's Policy Statement on Insider Trading (the " **Insider Trading Policy** "), and any transactions involving CenturyLink securities will be subject to the Insider Trading Policy and applicable securities laws and regulations.

**13. Compliance with CenturyLink Policies:** You acknowledge that, as an officer of the Company, you are required to comply with, and your employment will be subject to, its policies, rules and regulations, as they may be implemented or revised from time-to-time by the Board of Directors, as applicable to senior executive officers of the Company, including its Code of Conduct, which will be provided or made available to you on or prior to the Closing Date.

**14. Intellectual Property; Confidential Information; Non-Solicitation of Customers and Employees:** As a condition of employment, you must sign the attached Confidentiality and Non-Solicitation Agreement (the " **Covenant Agreement** "), indicating your agreement to its terms regarding the protection of the Company's intellectual property, confidential information and relationships with its customers and employees. Notwithstanding anything contained in the Covenant Agreement to the contrary, any Designated Separation shall be considered an involuntary termination without cause for purposes of the Covenant Agreement.

**15. Acknowledgement of No Claims Against Level 3:** In connection with your continued employment and in consideration of the Company's promises herein, you represent and warrant that you have no claims whatsoever against Level 3. You further acknowledge that you have received in full all salary (other than accrued salary for the current compensation period), bonus, commission, stock options, restricted shares, restricted stock units, and other compensation and benefits which, *as of the date you have signed below*, are due and payable to you from Level 3, exclusive of your rights to receive consideration pursuant to the Merger Agreement or as described in this letter agreement and any accrued and unpaid benefits under any employee benefit plans in which you participate.

**16. Level 3 Retention Awards and STI:** We understand Level 3 has awarded to you a long-term retention award and a short-term retention award, which are payable on or on specified dates following the Closing Date in accordance with the terms thereof. This letter does not attempt to amend or modify those awards in any way. We also understand that you are eligible for Short-Term Incentive from Level 3, pro-rated for the period of January 1, 2017 through the Closing Date. This letter likewise does not attempt to amend or modify Level 3's obligations to you with respect to any short-term incentive earned prior to the Closing Date.

**17. General Terms**

Regardless of whether you accept or decline this offer, prior to the Closing Date, Level 3 may terminate or modify the terms of your employment at any time, subject to the terms and conditions of the Level 3 Plan, equity compensation plans, equity grant agreements, any other employee health, welfare, retirement or benefit plan, or other similar arrangements to which you may be a party. Similarly, after the Closing Date, CenturyLink may terminate or modify the terms of your employment at any time, subject to the terms and conditions of this offer letter, the Level 3 Plan, the CenturyLink Executive Plan, equity compensation plans, equity grant agreements, any other employee health, welfare, retirement or benefit plan, or other similar arrangements to which you may be a party.


Any rights you may have to the various benefits described in this letter are subject to (i) consummation of the Transaction and your continued service as Chief Executive Officer of Level 3 through the Closing and (ii) your acceptance (confirmed by your signature) of the terms of this offer. This offer supersedes any prior offers, understandings or representations regarding the terms of your employment with CenturyLink, whether oral or written, and the terms of this offer cannot be altered or changed except by a written document that has been approved and signed by me or Glen Post.

All payments to you shall be subject to applicable tax withholdings.

If you have questions about this offer or your proposed role with CenturyLink, please do not hesitate to contact me at (318) 340-5264. Please return your signed acceptance or declination to [scott.trezise@centurylink.com](mailto:scott.trezise@centurylink.com) as soon as possible, but not later than fourteen days after the date of this letter. Please keep a copy of the signed document for your records.

I join the CenturyLink leadership team in welcoming you to your role in the merged company.

Sincerely,



Scott Trezise  
Executive Vice President, Human Resources

Encl.

### Acceptance of Offer

I have read and understand the terms of this letter and hereby accept the offer of employment and all of the terms and conditions outlined therein. By accepting this offer, I voluntarily and irrevocably waive all rights to claim that I have Good Reason to terminate my employment and obtain any benefit under the Level 3 Key Executive Severance Plan (or any other applicable plan or agreement) due to the changes in my position, responsibilities, compensation and/or work location outlined in this letter.

I understand that this waiver applies only to the terms and conditions set forth in this letter **and is contingent upon** my being placed in the position described in this letter with the responsibilities described in this letter and my becoming President & CEO immediately following the end of the Interim Period, as described above. I understand that I will retain any other rights under any applicable severance plan or agreement, except that “Good Reason” will be measured against the position, responsibilities, compensation and work location set forth in this letter.

SIGNED: /s/ Jeff Storey  
Jeff Storey

DATE: June 1, 2017

### Rejection of Offer

**I decline the offer extended in this letter and preserve all of my rights under any applicable severance plan, policy or arrangement .**

SIGNED: \_\_\_\_\_  
Jeff Storey

DATE: \_\_\_\_\_



April 27, 2017

Mr. Sunit Patel  
Chief Financial Officer  
Level 3 Communications, Inc.

RE: Offer of Employment

Dear Sunit:

As discussed, we are very pleased to offer you the opportunity to join CenturyLink's executive leadership team, reporting to the Chief Executive Officer, following the completion of the pending acquisition of Level 3 Communications, Inc. (" **Level 3** ") by CenturyLink, Inc. (the " **Transaction** ") as described in the merger agreement between the parties (the " **Merger Agreement** "). Your acceptance of this offer will become effective upon the date you sign below. This offer and your employment pursuant to the terms of this offer will be subject to, and effective upon, the consummation of the Transaction (the " **Closing** "), provided that you have continued to serve Level 3 as its Chief Financial Officer through the Closing. The Leadership Team is excited about the opportunities associated with the Transaction and looks forward to your contributions to the success of the combined company.

This letter contains important information about the terms of our offer. Please carefully review this letter, the Level 3 Communications, Inc. Key Executive Severance Plan and any other applicable plans or agreements. Also, please feel free to consult with your advisors and attorneys, and ask me any questions you may have.

<b>Position Title:</b>	<b>Chief Financial Officer ("CFO")</b>
<b>Position Location:</b>	<b>Monroe, Louisiana</b>
<b>Annual Base Compensation:</b>	<b>\$750,000</b> per year (effective first payroll after Closing Date)
<b>Annual Target Short-Term Incentive:</b>	<b>120%</b> (effective Closing Date)
<b>Annual Target Long-Term Incentive:</b>	<b>\$3,000,000</b> (February following Closing Date)

As CFO, your responsibilities will include: managing the financial affairs of the Company; directing the activities of the Treasurer, Controller and other officers responsible for the Company's finances; managing all internal and external financial reporting; signing and executing in the name of the Corporation powers of attorney, contracts, bonds, and other obligations; and performing such other duties as may be prescribed from time to time by the Chief Executive Officer, the Board of Directors or Company Bylaws.

#### **Annual Target Short-Term Incentive (" STI ")**

Effective on the date of Closing (the " **Closing Date** "), you will be eligible for STI, or bonus, pay under the CenturyLink STI Plan. Your annual STI bonus target will be **120%** of your annualized base salary, and will be pro-rated based on the number of eligible days worked in the program year. Your actual STI payout could be higher or lower than the above target amount, depending on the attainment of applicable individual and corporate performance measurements. You will receive more information about the STI Plan, including individual and corporate performance metrics, objectives and goals, following the Closing Date. STI payouts are subject to approval of the Human Resources and Compensation Committee of the

Board of Directors of CenturyLink, Inc. (the “ **Compensation Committee** ”) and attainment of applicable performance thresholds. Your eligibility for pro-rated bonus or incentive pay for the period of January 1, 2017 through the Closing Date will be governed by the terms of the Level 3 bonus plan or agreement applicable to you.

#### **Annual Target Long-Term Incentive (“ LTI ”)**

You will be eligible to receive long-term incentive compensation under the CenturyLink LTI Program. The Compensation Committee administers the LTI program and makes annual grants to members of our senior leadership team in February of each year, most recently in the form of restricted shares of CenturyLink common stock. For your first year of eligibility, subject to formal approval by the Compensation Committee, you will be eligible to participate in the LTI program with an LTI target grant value (as of the date of the grant) of **\$3,000,000** . Currently, annual LTI awards for our senior leadership team consist of a mix of time-based restricted shares (40%) and performance-based restricted shares (60%). However, the Compensation Committee has discretion over LTI program design and awards, and it may elect to grant LTI awards using any equity vehicle permissible under the CenturyLink 2011 Equity Incentive Plan (the “ **2011 Plan** ”), with such awards subject to time-based or performance-based vesting conditions or a combination of the two. Actual LTI awards and payouts may be more or less than target. Target LTI annual grant values in subsequent years will also be subject to approval by the Compensation Committee and will be based on a variety of factors, including, without limitation, market data, individual performance, and scope of job responsibilities. LTI awards typically vest over time (in three equal installments on the first, second and third anniversaries of the grant date for time-based awards, and in one installment three years after grant date for performance-based awards), subject to continued employment at the time of each vesting and, for performance-based shares, attainment of the applicable performance metrics. Dividends accrue on the unvested shares and are paid in arrears, subject to and upon vesting. LTI awards are subject to the terms and conditions set forth in the 2011 Plan and the applicable award agreements; it being agreed that the terms and conditions of your initial LTI award will be no less favorable than the terms and conditions of the award being no less favorable than those awards to other members of CenturyLink’s executive leadership team.

#### **Special Long-Term Incentive Awards**

In connection with this offer, you will be eligible to receive a one-time special performance-based LTI grant of **\$1,500,000** . This grant will be effective on the Closing Date and, assuming continuous employment, will vest on the third anniversary of the grant date, subject to satisfaction of the following equally weighted performance criteria: (i) attaining targeted dollar amount of synergy goals to achieve by [TBD] months following the Closing Date and (ii) the Compensation Committee’s subjective determination, based on its assessment of your individual performance, that you have met its expectations for investor relations, talent management, team collaboration, and successful integration.

Additionally, you will be eligible to receive a special LTI grant of **\$1,300,000** . This grant will be effective on the Closing Date and, assuming continuous employment, will vest 100% on the first anniversary of the grant date.

As with the annual LTI awards, each of these two special LTI grants is subject to Compensation Committee approval and all terms and conditions of the 2011 Plan and the applicable award agreement; it being agreed that the terms and conditions of your initial LTI award will be no less favorable than the terms and conditions of the award being no less favorable than those awards to other members of CenturyLink’s executive leadership team.

#### **Special Cash Retention Award**

You are eligible for a cash award of **\$1,300,000** (the “ **Cash Retention Award** ”) which will be payable on the first regular paycheck following the Closing Date. For the avoidance of doubt, the Cash Retention Award is in addition to, and not in lieu of, any retention, transaction or similar bonuses as has been, or may be, awarded to you by Level 3 prior to the Closing Date. Any such awards by Level 3 shall continue to be governed by and subject to the terms of such award letter or agreement.

This Special Cash Retention Award is intended to comply with the requirements of Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations and guidance issued thereunder (“**Section 409A**”). However, CenturyLink makes no guarantees or representations regarding the tax treatment of the Special Cash Retention Award or any other payments or benefits outlined in this letter.

#### Treatment of Unvested Equity Awards

Level 3 previously awarded certain time-based Restricted Stock Units (the “**RSUs**”), Performance-Based Restricted Stock Units (the “**PSUs**”) and Special Incentive Performance-Based Restricted Stock Units (the “**PRSUSPs**”) to you in 2014, 2015 and 2016 (collectively, the “**Awards**”).

The Awards will be subject to your acceptance of this letter and compliance with the terms of all applicable award agreements, CenturyLink will accelerate the vesting of the outstanding RSUs, PSUs and PRSUSPs as follows: (i) outstanding RSUs, PSUs and PRSUSPs granted pursuant to the Awards, will instead vest on the Closing Date, (ii) will be settled in cash instead of shares, and (iii) cash payments will be made pursuant to the original vesting dates, all as further described in the following table. The following table reflects the target quantity of Level 3 shares that are scheduled to vest.

Original Grant Date	Original Vesting Date	Type of Level 3 Award	Target Number of Level 3 Shares to Accelerate and Vest on the Closing Date
7/1/2014	7/1/2018	RSU	10,000
4/1/2015	2/1/2018	PSU	33,970
4/1/2015	2/1/2018	PRSUSP	23,164
7/1/2015	7/1/2018	RSU	6,950
7/1/2015	7/1/2019	RSU	6,950
4/1/2016	4/1/2018	PSU	18,485
4/1/2016	2/1/2019	PSU	18,486
7/1/2016	7/1/2018	RSU	6,161
7/1/2016	7/1/2019	RSU	6,161
7/1/2016	7/1/2020	RSU	6,161

The vested Awards are subject to, rather than exempt from, Section 409A, and such Awards will vest as provided above but will not pay out until the first regular paycheck following the original vesting date as provided in the applicable award agreement, whether or not you are an active employee on the payment date.

The Level 3 RSUs, PSUs and PRSUSPs previously awarded, including your 2017 award, will be converted to CenturyLink RSUs in accordance with the terms of the Merger Agreement. Performance for the Level 3 PSUs and PRSUSPs shall be based on actual performance through the latest practicable date prior to Closing (or, if earlier, through the end of the applicable performance period), with such performance determined in good faith by the compensation committee of the Board of Directors of Level 3. Immediately after the Level 3 awards are converted to CenturyLink RSUs, the CenturyLink RSUs will be settled in cash but, as noted above, the cash payments will be deferred until the first regular paycheck following the original vesting date, in accordance with Section 409A. For the avoidance of doubt, the RUSs awarded to you in 2017 shall remain in full force and effect (as converted in accordance with the terms of the Merger Agreement) and shall continue to be subject to the terms and conditions of the applicable award agreement.

### **Relocation**

As CFO, it is critical that you maintain your office at Company headquarters. Accordingly, as a condition of your employment, this offer requires that your work location be in Monroe, Louisiana, subject only to normal work-related travel requirements.

The Company will provide relocation assistance to you as outlined in the Relocation Expense Agreement (which you will be required to sign) and the Employee Relocation Policy. Once the authorization has been received by the Relocation Department, you will be contacted to discuss your benefit. However, as a general matter, you will have one year following the Closing Date to complete your relocation, and your relocation expenses cannot exceed **\$100,000**, excluding the tax gross-up that the Company will provide to you. Your maximum reimbursement for any capital loss on your current home will be **\$20,000**. You will be paid a tax gross-up allowance on the capital loss reimbursement amount. The capital loss amount and associated tax gross-up allowance will constitute “authorized relocation expenses” pursuant to the terms of your Relocation Expense Reimbursement Agreement. *NOTE: You will be responsible for reimbursing CenturyLink for relocation expenses actually paid on your behalf if you do not voluntarily complete twenty-four (24) months of service at your new work location following the Closing Date. If you incur a severance eligible involuntary termination, you will not be responsible for reimbursing CenturyLink for relocation expenses actually paid on your behalf.* Reimbursement terms are detailed in the Relocation Expense Agreement.

### **Severance Plans**

For the two-year period beginning on the Closing Date (the “**Initial Period**”), the Level 3 Key Executive Severance Plan (the “**Level 3 Plan**”) will remain in effect and you will continue to participate in it during the Initial Period.

Following the Initial Period, you will be eligible to participate in the CenturyLink, Inc. Executive Severance Plan (the “**CenturyLink Executive Plan**”). The Executive Plan will govern your severance rights and benefits absent a change of control of CenturyLink, Inc. Following the Initial Period, your severance rights and benefits for termination in connection with a Change of Control of CenturyLink, Inc. will be governed by a separate change of control agreement. This change of control agreement is a “double trigger” agreement, meaning that no severance benefits will be paid unless there is both (1) a Change of Control of CenturyLink and (2) either an involuntary termination not for cause or a good reason resignation (as such events are defined in the CenturyLink agreement).

### **Waiver of any Good Reason Resignation Rights**

In the event that you accept this offer and are employed by CenturyLink effective upon the Closing in the position described in this letter, you agree that you have no right, and, as of such date, will have no right, to submit a notice of “Good Reason” termination as defined in the Level 3 Plan, the CenturyLink Executive Plan or any other plan or agreement. You further waive any right to claim severance benefits or any other compensation, including long-term incentive or equity-based compensation pursuant to the Level 3 Plan, the CenturyLink Executive Plan, any stock award agreement, or other plan or agreement due to, individually or collectively, the title, position, responsibilities, compensation, work location, or the degree of travel required by your position, in each case, effective at Closing, as described in this letter. You will, however, retain your rights under the Level 3 Plan (during the Initial Period), the CenturyLink Executive Plan (after the Initial Period) and any other plan or agreement of CenturyLink conferring rights to you after the Closing Date, except that your “Good Reason” termination rights will be measured against the title, position, responsibilities, compensation, work location, and travel requirements in each case, effective at Closing, as described in this letter. You represent and warrant that Level 3 has provided no severance or change of control rights to you other than those provided under the Level 3 Plan.

### **Executive Officer / Section 16 Officer Status**

If you join us as Chief Financial Officer, you will be an executive officer and Section 16 officer of CenturyLink, Inc. under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), subject to subsequent approval by the Company’s Board of Directors and/or its designated committee(s). As an executive officer and/or Section 16 officer, you will be required to comply with disclosure and reporting requirements outlined under the Exchange Act. Also, our current stock ownership guidelines require you to beneficially own CenturyLink stock valued at least three times your annual base salary. You will have three years to attain this stock ownership target. A representative of the Company’s Legal Department will provide additional information concerning these matters.

As a CenturyLink employee, you will be subject to the company’s Policy Statement on Insider Trading (“**Insider Trading Policy**”), and any transactions involving CenturyLink securities will be subject to the Insider Trading Policy and applicable securities laws and regulations.

### **Compliance with CenturyLink Policies**

As a Company employee, you are required to comply with, and your employment will be subject to, its policies, rules and regulations, as they may be implemented or revised from time-to-time, including its Code of Conduct. For example, in accordance with Company policies, your employment with CenturyLink is voluntary and “at will,” meaning both you and CenturyLink are free to terminate the employment relationship at any time and for any reason. The foregoing is only an example of the current policies that would be applicable to you as a CenturyLink employee, all of which will be provided or made available to you prior to the Closing Date.

### **Intellectual Property; Confidential Information; Non-Solicitation of Customers and Employees; Arbitration**

As a condition of employment, you must sign the attached Confidentiality, Non-Solicitation and Arbitration Agreement, indicating your agreement to its terms regarding arbitration and the protection of the Company’s Intellectual Property, Confidential Information and relationships with its customers and employees. The Confidentiality, Non-Solicitation and Arbitration Agreement becomes effective upon the termination of your participation in the Level 3 Plan and your restrictive covenants in the Level 3 Plan remain in effect until then.

### **Acknowledgement of No Claims Against Level 3**

In connection with your continued employment and in consideration of the Company’s promises herein, you represent and warrant that you have no claims whatsoever against Level 3. You further acknowledge that you have received in full all salary (other than accrued salary for the current compensation period), bonus, commission, stock options, restricted shares, restricted stock units, and other compensation and benefits which, ***as of the date you have signed below***, are due and payable to you from Level 3.

### **General Terms**

Regardless of whether you accept or decline this offer, prior to the Closing Date, Level 3 may terminate or modify the terms of your employment at any time, subject to the terms and conditions of the Level 3 Plan, equity compensation plans, equity grant agreements, any other employee health, welfare, retirement or benefit plan, or other similar arrangements to which you may be a party. Similarly, after the Closing Date, CenturyLink may terminate or modify the terms of your employment at any time, subject to the terms and conditions of the Level 3 Plan, the CenturyLink Executive Plan, equity compensation plans, equity grant agreements, any other employee health, welfare, retirement or benefit plan, or other similar arrangements to which you may be a party.




Any rights you may have to the various benefits described in this letter are subject to (i) consummation of the Transaction and your continued service as Chief Financial Officer of Level 3 through the Closing, (ii) your continued employment, (iii) the terms of the plan documents for any applicable benefit plan, (iv) your compliance with Company policies, and (v) your acceptance (confirmed by your signature) of the terms of this offer. This offer supersedes any prior offers, understandings or representations regarding the terms of your employment with CenturyLink, whether oral or written, and the terms of this offer cannot be altered or changed except by a written document that has been approved and signed by me or Glen Post. For avoidance of doubt, this offer letter does not supersede or modify the retention bonus agreement between you and Level 3. The parties' rights and obligations under that agreement, including payment rights and obligations, will be governed exclusively by its terms.

If you have questions about this offer or your proposed role with CenturyLink, please do not hesitate to contact me at (318) 340-5264. Please return your signed acceptance or declination to [scott.trezise@centurylink.com](mailto:scott.trezise@centurylink.com) as soon as possible, but not later than fourteen days after the date of this letter. Please keep a copy of the signed document for your records.

I join the CenturyLink leadership team in welcoming you to your role in the merged company and wishing you continued success.

Sincerely,



Scott Trezise  
Executive Vice President, Human Resources

Encl.

**Acceptance of Offer**

**I have read and understand the terms of this letter and hereby accept the Offer of employment and all of the terms and conditions outlined therein. By accepting this Offer, I voluntarily and irrevocably waive all rights to claim that I have Good Reason to terminate my employment and obtain any benefit under the Level 3 Key Executive Severance Plan (or any other applicable Plan or Agreement) due to the changes in my position, responsibilities, compensation and/or work location outlined in this letter.**

I understand that this waiver applies only to the terms and conditions set forth in this letter and is contingent upon my being placed in the position described in this letter with the responsibilities described in this letter. I understand that I will retain any other rights under any applicable severance plan or agreement, except that "Good Reason" will be measured against the position, responsibilities, compensation and work location set forth in this letter.

SIGNED: /s/ Sunit Patel  
Sunit Patel

DATE: April 27, 2017

## CENTURYLINK, INC.

LEVEL 3 COMMUNICATIONS, INC.  
STOCK INCENTIVE PLAN, AS AMENDED AND RESTATED

**1. Purpose .** The purpose of the Plan is to assist the Company in attracting, retaining, motivating, and rewarding certain key individuals who were not employees, officers, directors, and consultants of CenturyLink, Inc. and/or its subsidiaries immediately prior to the Merger, and promoting the creation of long-term value for stockholders of the Company by closely aligning the interests of such individuals with those of such stockholders. The Plan authorizes the award of Stock-based incentives to Eligible Persons to encourage such persons to expend maximum effort in the creation of stockholder value.

**2. Definitions .** For purposes of the Plan, the following terms shall be defined as set forth below:

(a) “Affiliate” means, with respect to any Person, any other Person that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such Person.

(b) “Award” or “Incentive” means any Option, Restricted Stock, Restricted Stock Unit, Stock Appreciation Right, Performance Award (including any Cash Award), or other Stock-based award granted under the Plan.

(c) “Award Agreement” means an Option Agreement, a Restricted Stock Agreement, an RSU Agreement, an SAR Agreement, a Performance Award Agreement, or an agreement governing the grant of any other Stock-based Award granted under the Plan.

(d) “Board” means the Board of Directors of the Company.

(e) “Cash Award” means a Performance Award representing the right to receive a future cash payment, the payment of which is subject to the achievement of Performance Objectives during a Performance Period.

(f) “Cause” means, with respect to any Participant and in the absence of an Award Agreement or Participant Agreement otherwise defining Cause, (1) the Participant’s plea of nolo contendere, conviction of or indictment for any crime (whether or not involving the Company or its Affiliates) (i) constituting a felony or (ii) that has, or could reasonably be expected to result in, an adverse effect on the performance of the Participant’s duties to the Service Recipient, or otherwise has, or could reasonably be expected to result in, an adverse effect on the business or reputation of the Company or its Affiliates, (2) conduct of the Participant, in connection with his or her employment or service, that has resulted, or could reasonably be expected to result, in an adverse effect on the business or reputation of the Company or any of its Affiliates, (3) any material violation of the policies of the Company or its Affiliates, including but not limited to those relating to sexual harassment or the disclosure or misuse of confidential information, or those set forth in the manuals or statements of policy of the Company or any of its Affiliates, (4) the Participant’s act(s) of gross negligence or willful misconduct in the course of his or her employment or service with the Service Recipient; (5) misappropriation by the Participant of any assets or business opportunities of the Company or

any of its Affiliates; (6) embezzlement or fraud committed by the Participant, at the Participant's direction, or with the Participant's prior actual knowledge; or (7) willful neglect in the performance of the Participant's duties for the Service Recipient or willful or repeated failure or refusal to perform such duties. If, subsequent to the Termination of a Participant for any reason other than by the Service Recipient for Cause, it is discovered that the Participant's employment or service could have been terminated for Cause, such Participant's employment or service shall, at the discretion of the Committee, be deemed to have been terminated by the Service Recipient for Cause for all purposes under the Plan, and the Participant shall be required to repay to the Company all amounts received by him or her in connection with Awards following such Termination that would have been forfeited under the Plan had such Termination been by the Service Recipient for Cause. In the event that there is an Award Agreement or Participant Agreement otherwise defining Cause, "Cause" shall have the meaning provided in such agreement, and a Termination by the Service Recipient for Cause hereunder shall not be deemed to have occurred unless all applicable notice and cure periods in such Award Agreement or Participant Agreement are complied with.

(g) "Change in Control" (1) With respect to Awards granted prior to the Merger, means the first of the following to occur after the Effective Date:

(A) a change in ownership or control of the Company effected through a transaction or series of transactions (other than an offering of Stock to the general public through a registration statement filed with the Securities and Exchange Commission or pursuant to a Non-Control Transaction) whereby any "person" (as defined in Section 3(a)(9) of the Exchange Act) or any two or more persons deemed to be one "person" (as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act), other than the Company or any of its Affiliates, an employee benefit plan sponsored or maintained by the Company or any of its Affiliates (or its related trust), or any underwriter temporarily holding securities pursuant to an offering of such securities, directly or indirectly acquire "beneficial ownership" (within the meaning of Rule 13d-3 under the Exchange Act) of securities of the Company possessing more than fifty percent (50%) of the total combined voting power of the Company's securities eligible to vote in the election of the Board (the "Company Voting Securities");

(B) the date, within any consecutive twenty-four (24) month period commencing on or after the Effective Date, upon which individuals who constitute the Board as of the Effective Date (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; *provided, however*, that any individual who becomes a director subsequent to the Effective Date whose election or nomination for election by the Company's stockholders was approved by a vote of at least a majority of the directors then constituting the Incumbent Board (either by a specific vote or by approval of the proxy statement of the Company in which such individual is named as a nominee for director, without

objection to such nomination) shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest (including but not limited to a consent solicitation) with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a person other than the Board; or

(C) the consummation of a merger, consolidation, share exchange, or similar form of corporate transaction involving the Company or any of its Affiliates that requires the approval of the Company's stockholders (whether for such transaction or the issuance of securities in the transaction or otherwise) (a "Reorganization"), unless immediately following such Reorganization (i) more than fifty percent (50%) of the total voting power of (a) the corporation resulting from such Reorganization (the "Surviving Company") or (b) if applicable, the ultimate parent corporation that has, directly or indirectly, beneficial ownership of one hundred percent (100%) of the voting securities of the Surviving Company (the "Parent Company"), is represented by Company Voting Securities that were outstanding immediately prior to such Reorganization (or, if applicable, is represented by shares into which such Company Voting Securities were converted pursuant to such Reorganization), and such voting power among the holders thereof is in substantially the same proportion as the voting power of such Company Voting Securities among holders thereof immediately prior to the Reorganization, (ii) no person, other than an employee benefit plan sponsored or maintained by the Surviving Company or the Parent Company (or its related trust), is or becomes the beneficial owner, directly or indirectly, of fifty percent (50%) or more of the total voting power of the outstanding voting securities eligible to elect directors of the Parent Company, or if there is no Parent Company, the Surviving Company, and (iii) at least a majority of the members of the board of directors of the Parent Company, or if there is no Parent Company, the Surviving Company, following the consummation of the Reorganization are members of the Incumbent Board at the time of the Board's approval of the execution of the initial agreement providing for such Reorganization (any Reorganization which satisfies all of the criteria specified in (i), (ii), and (iii) above shall be a "Non-Control Transaction"); or

(D) the sale or disposition, in one or a series of related transactions, of all or substantially all of the assets of the Company to any "person" (as defined in Section 3(a)(9) of the Exchange Act) or to any two or more persons deemed to be one "person" (as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) other than the Company's Affiliates.

Notwithstanding the foregoing, (x) a Change in Control shall not be deemed to occur solely because any person acquires beneficial ownership of fifty percent (50%) or more of the Company Voting Securities as a result of an acquisition of Company Voting Securities by the Company that reduces the number of Company Voting Securities outstanding; provided that if after such

acquisition by the Company such person becomes the beneficial owner of additional Company Voting Securities that increases the percentage of outstanding Company Voting Securities beneficially owned by such person, a Change in Control shall then occur, and (y) with respect to the payment of any amount that constitutes a deferral of compensation subject to Section 409A of the Code payable upon a Change in Control, a Change in Control shall not be deemed to have occurred, unless the Change in Control constitutes a change in the ownership or effective control of the Company or in the ownership of a substantial portion of the assets of the Company under Section 409A(a)(2)(A)(v) of the Code; and

(2) With respect to Awards granted on or after the Merger, “Change in Control” and “Change of Control” shall have the meaning of “Change of Control” as defined in the CenturyLink, Inc. 2011 Equity Incentive Plan, as it may be amended from time to time or any successor plan adopted by CenturyLink, Inc.

(h) “Code” means the U.S. Internal Revenue Code of 1986, as amended from time to time, including regulations thereunder and successor provisions and regulations thereto.

(i) “Committee” means the Board or such other committee consisting of two or more individuals appointed by the Board to administer the Plan and each other individual or committee of individuals designated to exercise authority under the Plan.

(j) “Company” means (1) effective as of the Merger, CenturyLink, Inc., a Louisiana corporation, and (2) prior to the Merger, Level 3 Communications, Inc., a Delaware corporation.

(k) “Company Voting Securities” has the meaning set forth in Section 2(g)(1) above.

(l) “Corporate Event” has the meaning set forth in Section 11(b) below.

(m) “Data” has the meaning set forth in Section 21(e) below.

(n) “Disability” means, in the absence of an Award Agreement or Participant Agreement otherwise defining Disability, that an individual (a) is, in the sole judgement of the Company, unable to engage in any substantial gainful activity or otherwise fully and effectively perform in the role that he or she serves with the Company by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months, and (b) solely in connection with any Award that is subject to the requirements of Section 409A of the Code, has received income replacement benefits under a Company provided disability plan for a minimum period of 90 days.

(o) “Disqualifying Disposition” means any disposition (including any sale) of Stock acquired upon the exercise of an Incentive Stock Option made within the period that ends either (i) two years after the date on which the Participant was granted the Incentive Stock Option or (ii) one year after the date upon which the Participant acquired the Stock.

(p) “Effective Date” means May 21, 2015, which is the date on which the Plan was first approved by the Company’s stockholders.

(q) “Eligible Person” means (1) each employee and officer of the Company or of any of its Affiliates, including each such employee and officer who may also be a director of the Company or any of its Affiliates, (2) each non-employee director of the Company or any of its Affiliates, (3) each other natural person who provides substantial services to the Company or any of its Affiliates as a consultant or advisor and who is designated as eligible by the Committee, and (4) each natural person who has been offered employment by the Company or any of its Affiliates; provided that such prospective employee may not receive any payment or exercise any right relating to an Award until such person has commenced employment or service with the Company or its Affiliates; provided further, however, that (i) with respect to any Award that is intended to qualify as a “stock right” that does not provide for a “deferral of compensation” within the meaning of Section 409A of the Code, the term Affiliate as used in this Section 2(q) shall include only those corporations or other entities in the unbroken chain of corporations or other entities beginning with the Company where each of the corporations in the unbroken chain other than the last corporation owns stock possessing at least fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in the chain, and (ii) with respect to any Award that is intended to qualify as an Incentive Stock Option, the term “Affiliate” as used in this Section 2(q) shall include only those entities that qualify as a “subsidiary corporation” with respect to the Company within the meaning of Code Section 424(f). An employee on an approved leave of absence may be considered as still in the employ of the Company or its Affiliates for purposes of eligibility for participation in the Plan. Notwithstanding anything herein to the contrary, an “Eligible Person” shall not include individuals who were employees, non-employee directors, or consultants or advisors of CenturyLink, Inc. and/or its subsidiaries immediately prior to the Merger.

(r) “Exchange Act” means the Securities Exchange Act of 1934, as amended from time to time, including rules and regulations thereunder and successor provisions and rules and regulations thereto.

(s) “Expiration Date” means the date upon which the term of an Option or Stock Appreciation Right expires, as determined under Section 5(b) or 8(b) hereof, as applicable.

(t) “Fair Market Value” means, as of any date when the Stock is listed on one or more national securities exchanges, the closing price reported on the principal national securities exchange on which such Stock is listed and traded on the date of determination, or if the closing price is not reported on such date of determination, the closing price on the most recent date on which such closing price is reported. If the Stock is not listed on a national securities exchange, the Fair Market Value shall mean the amount determined by the Board in good faith, and in a manner consistent with Section 409A of the Code, to be the fair market value per share of Stock.

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- (u) “Incentive Stock Option” means an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.
- (v) “Incumbent Board” shall have the meaning set forth in Section 2(g)(1)(B) hereof.
- (w) “Merger” means the merger of Wildcat Merger Sub 1 LLC with and into Level 3 Communications, Inc., effective as of October 13, 2017, in accordance with the Merger Agreement.
- (x) “Merger Agreement” means the Agreement and Plan of Merger dated as of October 31, 2016, by and among the CenturyLink, Inc., Level 3 Communications, Inc., Wildcat Merger Sub 1 LLC, and WWG Merger Sub LLC.
- (y) “Non-Control Transaction” has the meaning set forth in Section 2(g)(1)(C) above.
- (z) “Nonqualified Stock Option” means an Option not intended to qualify as an Incentive Stock Option.
- (aa) “Option” means a conditional right, granted to a Participant under Section 5 hereof, to purchase Stock at a specified price during a specified time period.
- (bb) “Option Agreement” means a written agreement (including an electronic writing to the extent permitted by applicable law) between the Company and a Participant evidencing the terms and conditions of an individual Option grant.
- (cc) “Parent Company” has the meaning set forth in Section 2(g)(1)(C) above.
- (dd) “Participant” means an Eligible Person who has been granted an Award under the Plan, or if applicable, such other Person who holds an Award.
- (ee) “Participant Agreement” means, effective as of the Merger, an employment or services agreement between a Participant and the Service Recipient that describes the terms and conditions of such Participant’s employment or service with the Service Recipient and is effective as of the date of determination.
- (ff) “Performance Award” means an Award granted to a Participant under Section 9 hereof, which Award is subject to the achievement of Performance Objectives during a Performance Period. A Performance Award shall be designated as a “Performance Share,” a “Performance Unit” or a “Cash Award” at the time of grant.
- (gg) “Performance Award Agreement” means a written agreement (including an electronic writing to the extent permitted by applicable law) between the Company and a Participant evidencing the terms and conditions of an individual Performance Award grant.

(hh) “Performance Objectives” means the performance objectives established pursuant to this Plan for Participants who have received Performance Awards.

(ii) “Performance Period” means the period designated for the achievement of Performance Objectives.

(jj) “Performance Share” means a Performance Award denominated in shares of Stock which may be earned in whole or in part based upon the achievement of Performance Objectives during a Performance Period.

(kk) “Performance Unit” means a Performance Award which may be earned in whole or in part based upon the achievement of Performance Objectives during a Performance Period.

(ll) “Person” means any individual, corporation, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, or other entity.

(mm) “Plan” means this Level 3 Communications, Inc. Stock Incentive Plan, as amended from time to time.

(nn) “Prior Plan” means the Level 3 Communications, Inc. Stock Plan, as amended.

(oo) “Qualified Member” means a member of the Committee who is a “Non-Employee Director” within the meaning of Rule 16b-3 under the Exchange Act and an “outside director” within the meaning of Treasury Regulation Section 1.162-27(e)(3) under Section 162(m) of the Code.

(pp) “Qualified Performance-Based Award” means an Option, Stock Appreciation Right, or Performance Award that is intended to qualify as “qualified performance-based compensation” within the meaning of Section 162(m) of the Code.

(qq) “Qualifying Committee” has the meaning set forth in Section 3(b) hereof.

(rr) “Reorganization” has the meaning set forth in 2(g)(1)(C) above.

(ss) “Restricted Stock” means Stock granted to a Participant under Section 6 hereof that is subject to certain restrictions and to a risk of forfeiture.

(tt) “Restricted Stock Agreement” means a written agreement (including an electronic writing to the extent permitted by applicable law) between the Company and a Participant evidencing the terms and conditions of an individual Restricted Stock grant.



(uu) “Restricted Stock Unit” means a notional unit representing the right to receive one share of Stock (or the cash value of one share of Stock, if so determined by the Committee) on a specified settlement date.

(vv) “RSU Agreement” means a written agreement (including an electronic writing to the extent permitted by applicable law) between the Company and a Participant evidencing the terms and conditions of an individual grant of Restricted Stock Units.

(ww) “SAR Agreement” means a written agreement (including an electronic writing to the extent permitted by applicable law) between the Company and a Participant evidencing the terms and conditions of an individual grant of Stock Appreciation Rights.

(xx) “Securities Act” means the U.S. Securities Act of 1933, as amended from time to time, including rules and regulations thereunder and successor provisions and rules and regulations thereto.

(yy) “Service Recipient” means, with respect to a Participant holding a given Award, either the Company or an Affiliate of the Company by which the original recipient of such Award is, or following a Termination was most recently, principally employed or to which such original recipient provides, or following a Termination was most recently providing, services, as applicable.

(zz) “Stock” means, effective as of the Merger, CenturyLink, Inc. common stock, par value \$1.00 per share, and such other securities as may be substituted for such stock pursuant to Section 11 hereof.

(aaa) “Stock Appreciation Right” means a conditional right to receive an amount equal to the value of the appreciation in the Stock over a specified period. Except in the event of extraordinary circumstances, as determined in the sole discretion of the Committee, or pursuant to Section 11(b) below, Stock Appreciation Rights shall be settled in Stock.

(bbb) “Surviving Company” has the meaning set forth in Section 2(g)(1)(C) above.

(ccc) “Termination” means the termination of a Participant’s employment or service, as applicable, with the Service Recipient; *provided, however*, that, if so determined by the Committee at the time of any change in status in relation to the Service Recipient (e.g., a Participant ceases to be an employee and begins providing services as a consultant, or vice versa), such change in status will not be deemed a Termination hereunder. Unless otherwise determined by the Committee, in the event that any Service Recipient ceases to be an Affiliate of the Company (by reason of sale, divestiture, spin-off, or other similar transaction), unless a Participant’s employment or service is transferred to another entity that would constitute a Service Recipient immediately following such transaction, such Participant shall be deemed to have suffered a Termination hereunder as of the date of the consummation of such transaction. Notwithstanding anything herein to the contrary, a Participant’s change in status in relation to the Service Recipient (for example, a change from employee to consultant)

shall not be deemed a Termination hereunder with respect to any Awards constituting nonqualified deferred compensation subject to Section 409A of the Code that are payable upon a Termination unless such change in status constitutes a “separation from service” within the meaning of Section 409A of the Code. Any payments in respect of an Award constituting nonqualified deferred compensation subject to Section 409A of the Code that are payable upon a Termination shall be delayed for such period as may be necessary to meet the requirements of Section 409A(a)(2)(B)(i) of the Code. On the first business day following the expiration of such period, the Participant shall be paid, in a single lump sum without interest, an amount equal to the aggregate amount of all payments delayed pursuant to the preceding sentence, and any remaining payments not so delayed shall continue to be paid pursuant to the payment schedule applicable to such Award.

### **3. Administration .**

(a) Authority of the Committee . Except as otherwise provided below, the Plan shall be administered by the Committee. The Committee shall have full and final authority, in each case subject to and consistent with the provisions of the Plan, to (1) select Eligible Persons to become Participants, (2) grant Awards, (3) determine the type, number of shares of Stock subject to, other terms and conditions of, and all other matters relating to, Awards, (4) prescribe Award Agreements (which need not be identical for each Participant) and rules and regulations for the administration of the Plan, (5) construe and interpret the Plan and Award Agreements and correct defects, supply omissions, and reconcile inconsistencies therein, (6) suspend the right to exercise Awards during any period that the Committee deems appropriate to comply with applicable securities laws, and thereafter extend the exercise period of an Award by an equivalent period of time or such shorter period required by, or necessary to comply with, applicable law, (7) the ability to accelerate the vesting of any outstanding Award at any time and for any reason; and (8) make all other decisions and determinations as the Committee may deem necessary or advisable for the administration of the Plan. Any action of the Committee shall be final, conclusive, and binding on all persons, including, without limitation, the Company, its stockholders and Affiliates, Eligible Persons, Participants, and beneficiaries of Participants. For the avoidance of doubt, the Board shall have the authority to take all actions under the Plan that the Committee is permitted to take.

(b) Manner of Exercise of Committee Authority . At any time that a member of the Committee is not a Qualified Member, any action of the Committee relating to a Qualified Performance-Based Award or relating to an Award granted or to be granted to a Participant who is then subject to Section 16 of the Exchange Act in respect of the Company, must be taken by the remaining members of the Committee or a subcommittee of the Board, composed solely of two or more Qualified Members (a “Qualifying Committee”). Any action authorized by such a Qualifying Committee shall be deemed the action of the Committee for purposes of the Plan. The express grant of any specific power to the Qualifying Committee, and the taking of any action by the Qualifying Committee, shall not be construed as limiting any power or authority of the Committee.

(c) Delegation. To the extent permitted by applicable law, the Committee may delegate to officers or employees of the Company or any of its Affiliates, or committees thereof, the authority, subject to such terms as the Committee shall determine, to perform such functions under the Plan, including, but not limited to, administrative functions, as the Committee may determine appropriate. Any action taken by a delegate pursuant to the immediately preceding sentence shall be deemed the action of the Committee for purposes of the Plan. The Committee may appoint agents to assist it in administering the Plan. Notwithstanding the foregoing or any other provision of the Plan to the contrary, any Award granted under the Plan to any Eligible Person who is not an employee of the Company or any of its Affiliates (including any non-employee director of the Company or any Affiliate) or to any Eligible Person who is subject to Section 16 of the Exchange Act or is to be granted a Qualifying Performance-Based Award must be expressly approved by the Committee or Qualifying Committee in accordance with subsection (b) above.

(d) Section 409A. All Awards made under the Plan that are intended to be “deferred compensation” subject to Section 409A shall be interpreted, administered and construed to comply with Section 409A, and all Awards made under the Plan that are intended to be exempt from Section 409A shall be interpreted, administered and construed to comply with and preserve such exemption. The Committee shall have full authority to give effect to the intent of the foregoing sentence. To the extent necessary to give effect to this intent, in the case of any conflict or potential inconsistency between the Plan and a provision of any Award or Award Agreement with respect to an Award, the Plan shall govern. Notwithstanding the foregoing, neither the Company nor the Committee shall have any liability to any person in the event Section 409A applies to any Award in a manner that results in adverse tax consequences for the Participant or any of his or her beneficiaries or transferees.

#### **4. Shares Available Under the Plan .**

(a) Number of Shares Available for Delivery. Subject to adjustment as provided in Section 11 hereof, as of the effective time of the Merger the total number of shares of Stock reserved and available for delivery in connection with Awards under the Plan shall equal 48,677,634, which reflects the sum of (1) the shares of Stock issuable pursuant to outstanding Awards under the Plan immediately following the Merger, plus (2) the shares of Stock remaining available for grant of new Awards under the Plan immediately following the Merger, each as determined by reference to the “equity award exchange ratio” set forth in the Merger Agreement. For the avoidance of doubt, no new awards will be granted pursuant to the Prior Plan or the tw telecom, inc. Amended and Restated 2000 Employee Stock Plan from and after the Effective Date. Shares of Stock delivered under the Plan shall consist of authorized and unissued shares or previously issued shares of Stock reacquired by the Company on the open market or by private purchase. Notwithstanding the foregoing, the number of shares of Stock available for issuance hereunder shall not be reduced by shares issued pursuant to Awards issued or assumed in connection with a merger or acquisition as contemplated by NYSE Listed Company Manual Section 303A.08 or other applicable stock exchange rules, and their respective successor rules and listing exchange promulgations.

(b) Share Counting Rules. The Committee may adopt reasonable counting procedures to ensure appropriate counting, avoid double-counting (as, for example, in the case of tandem or substitute awards) and make adjustments if the number of shares of Stock actually delivered differs from the number of shares previously counted in connection with an Award. To the extent that an Award expires or is canceled, forfeited, settled in cash, or otherwise terminated without a delivery to the Participant of the full number of shares of Stock to which the Award related, the undelivered shares of Stock will again be available for grant. Shares of Stock withheld in payment of the exercise price or taxes relating to an Award and shares equal to the number surrendered in payment of any exercise price or taxes relating to an Award shall be deemed to constitute shares delivered to the Participant and shall not again be available for Awards under the Plan. For the avoidance of doubt, with respect to Stock Appreciation Rights, when a Stock-settled Stock Appreciation Rights is exercised, the shares of Stock subject to a SAR Agreement shall be counted against the shares of Stock available for issuance as one (1) share of Stock for every share of Stock subject thereto, regardless of the number of shares of Stock used to settle the Stock Appreciation Right upon exercise.

(c) 162(m) Limitation: Incentive Stock Options.

(1) Notwithstanding anything to the contrary herein, during any time that the Company is subject to Section 162(m) of the Code, the maximum number of shares of Stock with respect to which Options, Stock Appreciation Rights, and Performance Awards, in each case and to the extent intended to qualify as a Qualified Performance-Based Award, may be granted to any individual in any one calendar year shall not exceed 8,515,800 (subject to adjustment as provided in Section 11 hereof). The maximum value of the aggregate payment that any individual may receive with respect to a Qualified Performance-Based Award that is valued in dollars in respect of any annual Performance Period is \$10,000,000, and for any Performance Period in excess of one (1) year, such amount multiplied by a fraction, the numerator of which is the number of months in the Performance Period and the denominator of which is twelve (12). No Qualified Performance-Based Awards may be granted hereunder following the first (1st) meeting of the Company's stockholder that occurs in the fifth (5th) year following the year in which the Company's stockholders most recently approved the terms of the Plan for purposes of satisfying the "qualified performance-based compensation" exemption under Section 162(m)(4)(C) of the Code.

(2) All shares of Stock reserved for issuance hereunder may be issued or transferred upon exercise or settlement of Incentive Stock Options.

## **5. Options .**

(a) General. Certain Options granted under the Plan are intended to qualify as Incentive Stock Options. Options may be granted to Eligible Persons in such form and having such terms and conditions as the Committee shall deem appropriate; *provided, however*, that Incentive Stock Options may be granted only to Eligible Persons who are employees of the Company or an Affiliate (as such definition is limited pursuant to Section 2(q) above) of the Company. The provisions of separate Options shall be set forth in separate Option Agreements, which agreements need not be identical.

(b) Term. The term of each Option shall be set by the Committee at the time of grant; *provided, however*, that no Option granted hereunder shall be exercisable after the expiration of ten (10) years from the date it was granted.

(c) Exercise Price. The exercise price per share of Stock for each Option shall be set by the Committee at the time of grant; *provided, however*, the applicable exercise price per share of Stock shall not be less than the Fair Market Value on the date of grant, subject to subsection (g) below in the case of any Incentive Stock Option.

(d) Payment for Stock. Payment for shares of Stock acquired pursuant to Options granted hereunder shall be made in full upon exercise of an Option (1) in immediately available funds in United States dollars, or by certified or bank cashier's check, (2) by delivery of shares of Stock having a value equal to the exercise price, (3) by a broker-assisted cashless exercise in accordance with procedures approved by the Committee, whereby payment of the Option exercise price or tax withholding obligations may be satisfied, in whole or in part, with shares of Stock subject to the Option by delivery of an irrevocable direction to a securities broker (on a form prescribed by the Committee) to sell shares of Stock and to deliver all or part of the sale proceeds to the Company in payment of the aggregate exercise price and, if applicable, the amount necessary to satisfy the Company's withholding obligations, or (4) by any other means approved by the Committee (including, by delivery of a notice of "net exercise" to the Company, pursuant to which the Participant shall receive the number of shares of Stock underlying the Option so exercised reduced by the number of shares of Stock equal to the aggregate exercise price of the Option divided by the Fair Market Value on the date of exercise). Anything herein to the contrary notwithstanding, if the Committee determines that any form of payment available hereunder would be in violation of Section 402 of the Sarbanes-Oxley Act of 2002, such form of payment shall not be available.

(e) Vesting. Options shall vest and become exercisable in such manner, on such date or dates, or upon the achievement of performance or other conditions, in each case as may be determined by the Committee and set forth in an Option Agreement. Unless otherwise specifically determined by the Committee, the vesting of an Option shall occur only while the Participant is employed by or rendering services to the Service Recipient, and all vesting shall cease upon a Participant's Termination for any reason. If an Option is exercisable in installments, such installments or portions thereof that become exercisable shall remain exercisable until the Option expires.

(f) Termination of Employment or Service. Except as provided by the Committee in an Option Agreement, Participant Agreement or otherwise:

- (1) In the event of a Participant's Termination prior to the applicable Expiration Date for any reason other than (i) by the Service Recipient for Cause, or (ii) by reason of the Participant's death or Disability, (A) all vesting with respect to such Participant's outstanding Options shall cease, (B) all of such

Participant's outstanding unvested Options shall terminate as of the date of such Termination, and (C) each of such Participant's outstanding vested Options shall terminate on the earlier of the applicable Expiration Date and the date that is ninety (90) days after the date of such Termination.

(2) In the event of a Participant's Termination prior to the applicable Expiration Date by reason of such Participant's death or Disability, (i) all vesting with respect to such Participant's outstanding Options shall cease, (ii) all of such Participant's outstanding unvested Options shall expire as of the date of such Termination, and (iii) each of such Participant's outstanding vested Options shall terminate on the earlier of the applicable Expiration Date and the date that is twelve (12) months after the date of such Termination. In the event of a Participant's death, such Participant's Options shall remain exercisable by the person or persons to whom a Participant's rights under the Options pass by will or by the applicable laws of descent and distribution until their expiration, but only to the extent that the Options were vested by such Participant at the time of such Termination.

(3) In the event of a Participant's Termination prior to the applicable Expiration Date by the Service Recipient for Cause, all of such Participant's outstanding Options (whether or not vested) shall immediately expire as of the date of such Termination.

(g) Special Provisions Applicable to Incentive Stock Options.

(1) No Incentive Stock Option may be granted to any Eligible Person who, at the time the Option is granted, owns directly, or indirectly within the meaning of Section 424(d) of the Code, stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or of any parent or subsidiary thereof, unless such Incentive Stock Option (i) has an exercise price of at least one hundred ten percent (110%) of the Fair Market Value on the date of the grant of such Option and (ii) cannot be exercised more than five (5) years after the date it is granted.

(2) To the extent that the aggregate Fair Market Value (determined as of the date of grant) of Stock for which Incentive Stock Options are exercisable for the first time by any Participant during any calendar year (under all plans of the Company and its Affiliates) exceeds \$100,000, such excess Incentive Stock Options shall be treated as Nonqualified Stock Options.

(3) Each Participant who receives an Incentive Stock Option must agree to notify the Company in writing immediately after the Participant makes a Disqualifying Disposition of any Stock acquired pursuant to the exercise of an Incentive Stock Option.

## **6. Restricted Stock .**

(a) General. Restricted Stock may be granted to Eligible Persons in such form and having such terms and conditions as the Committee shall deem appropriate. The provisions of separate Awards of Restricted Stock shall be set forth in separate Restricted Stock Agreements, which agreements need not be identical. Subject to the restrictions set forth in Section 6(b), and except as otherwise set forth in the applicable Restricted Stock Agreement, the Participant shall generally have the rights and privileges of a stockholder as to such Restricted Stock, including the right to vote such Restricted Stock. Unless otherwise set forth in a Participant's Restricted Stock Agreement, cash dividends and stock dividends, if any, with respect to the Restricted Stock shall be withheld by the Company for the Participant's account, and shall be subject to forfeiture to the same degree as the shares of Restricted Stock to which such dividends relate. Except as otherwise determined by the Committee, no interest will accrue or be paid on the amount of any cash dividends withheld.

(b) Vesting and Restrictions on Transfer. Restricted Stock shall vest in such manner, on such date or dates, or upon the achievement of performance or other conditions, in each case as may be determined by the Committee and set forth in a Restricted Stock Agreement. Unless otherwise specifically determined by the Committee, the vesting of an Award of Restricted Stock shall occur only while the Participant is employed by or rendering services to the Service Recipient, and all vesting shall cease upon a Participant's Termination for any reason. In addition to any other restrictions set forth in a Participant's Restricted Stock Agreement, until such time as the Restricted Stock has vested pursuant to the terms of the Restricted Stock Agreement, the Participant shall not be permitted to sell, transfer, pledge, or otherwise encumber the Restricted Stock.

(c) Termination of Employment or Service. Except as provided by the Committee in a Restricted Stock Agreement, Participant Agreement or otherwise, in the event of a Participant's Termination for any reason prior to the time that such Participant's Restricted Stock has vested, (1) all vesting with respect to such Participant's Restricted Stock shall cease, and (2) as soon as practicable following such Termination, the Company shall repurchase from the Participant, and the Participant shall sell, all of such Participant's unvested shares of Restricted Stock at a purchase price equal to the original purchase price paid for the Restricted Stock, or if the original purchase price is equal to zero dollars (\$0), such unvested shares of Restricted Stock shall be forfeited to the Company by the Participant for no consideration as of the date of such Termination.

## **7. Restricted Stock Units .**

(a) General. Restricted Stock Units may be granted to Eligible Persons in such form and having such terms and conditions as the Committee shall deem appropriate. The provisions of separate Restricted Stock Units shall be set forth in separate RSU Agreements, which agreements need not be identical.

(b) Vesting. Restricted Stock Units shall vest in such manner, on such date or dates, or upon such conditions, in each case as may be determined by the Committee and set forth in an RSU Agreement. Unless otherwise specifically determined by the Committee, the vesting of a Restricted Stock Unit shall occur only while the Participant is employed by or rendering services to the Service Recipient, and all vesting shall cease upon a Participant's Termination for any reason.

(c) Delivery of Stock. Restricted Stock Units shall be subject to a deferral period as set forth in the applicable RSU Agreement, which may or may not coincide with the vesting period, as determined by the Committee in its discretion. Delivery of Stock, cash, or property, as determined by the Committee, will occur upon a specified delivery date or dates upon the expiration of the deferral period specified for the Restricted Stock Units in the RSU Agreement. Unless otherwise set forth in a Participant's RSU Agreement, a Participant shall not be entitled to dividends, if any, with respect to Restricted Stock Units prior to the actual delivery of shares of Stock.

(d) Termination of Employment or Service. Except as provided by the Committee in an RSU Agreement, Participant Agreement or otherwise, in the event of a Participant's Termination for any reason prior to the time that such Participant's Restricted Stock Units have been settled, (1) all vesting with respect to such Participant's Restricted Stock Units shall cease, (2) each of such Participant's outstanding unvested Restricted Stock Units shall be forfeited for no consideration as of the date of such Termination, and (3) any shares remaining undelivered with respect to vested Restricted Stock Units then held by such Participant shall be delivered on the delivery date or dates specified in the RSU Agreement.

## **8. Stock Appreciation Rights .**

(a) General. Stock Appreciation Rights may be granted to Eligible Persons in such form and having such terms and conditions as the Committee shall deem appropriate. The provisions of separate Stock Appreciation Rights shall be set forth in separate SAR Agreements, which agreements need not be identical.

(b) Term. The term of each Stock Appreciation Right shall be set by the Committee at the time of grant; *provided, however* , that no Stock Appreciation Right granted hereunder shall be exercisable after the expiration of ten (10) years from the date it was granted.

(c) Base Price. The base price per share of Stock for each Stock Appreciation Right shall be set by the Committee at the time of grant; *provided, however* , the applicable base price per share shall not be less than the Fair Market Value on the date of grant.

(d) Vesting. Stock Appreciation Rights shall vest and become exercisable in such manner, on such date or dates, or upon the achievement of performance or other conditions, in each case as may be determined by the Committee and set forth in a SAR Agreement. Unless otherwise specifically determined by the Committee, the vesting of a Stock Appreciation Right shall occur only while the Participant is employed by or rendering services to the Service Recipient, and all vesting shall cease upon a Participant's Termination for any reason. If a Stock Appreciation Right is exercisable in installments, such installments or portions thereof that become exercisable shall remain exercisable until the Stock Appreciation Right expires.



(e) Payment upon Exercise. Payment upon exercise of a Stock Appreciation Right may be made in cash, Stock, or property as specified in the SAR Agreement or determined by the Committee, in each case having a value in respect of each share of Stock underlying the portion of the Stock Appreciation Right so exercised, equal to the difference between the base price of such Stock Appreciation Right and the Fair Market Value of one (1) share of Stock on the exercise date. For purposes of clarity, each share of Stock to be issued in settlement of a Stock Appreciation Right is deemed to have a value equal to the Fair Market Value of one (1) share of Stock on the exercise date. In no event shall fractional shares be issuable upon the exercise of a Stock Appreciation Right, and in the event that fractional shares would otherwise be issuable, the number of shares issuable will be rounded down to the next lower whole number of shares, and the Participant will be entitled to receive a cash payment equal to the value of such fractional share.

(f) Termination of Employment or Service. Except as provided by the Committee in a SAR Agreement, Participant Agreement or otherwise:

(1) In the event of a Participant's Termination for any reason other than (i) by the Service Recipient for Cause, or (ii) by reason of the Participant's death or Disability, (A) all vesting with respect to such Participant's outstanding Stock Appreciation Rights shall cease, (B) each of such Participant's outstanding unvested Stock Appreciation Rights shall expire as of the date of such Termination, and (C) each of such Participant's outstanding vested Stock Appreciation Rights shall remain exercisable until the earlier of the applicable Expiration Date and the date that is ninety (90) days after the date of such Termination.

(2) In the event of a Participant's Termination by reason of such Participant's death or Disability, (i) all vesting with respect to such Participant's outstanding Stock Appreciation Rights shall cease, (ii) each of such Participant's outstanding unvested Stock Appreciation Rights shall expire as of the date of such Termination, and (iii) each of such Participant's outstanding vested Stock Appreciation Rights shall remain exercisable until the earlier of the applicable Expiration Date and the date that is twelve (12) months after the date of such Termination. In the event of a Participant's death, such Participant's Stock Appreciation Rights shall remain exercisable by the person or persons to whom a Participant's rights under the Stock Appreciation Rights pass by will or by the applicable laws of descent and distribution until their expiration, but only to the extent that the Stock Appreciation Rights were vested by such Participant at the time of such Termination.

(3) In the event of a Participant's Termination by the Service Recipient for Cause, all of such Participant's outstanding Stock Appreciation Rights (whether or not vested) shall immediately expire as of the date of such Termination.

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## 9. Performance Awards .

(a) General . Performance Awards may be granted to Eligible Persons in such form and having such terms and conditions as the Committee shall deem appropriate. The provisions of separate Performance Awards, including the determination of the Committee with respect to the form of payout of Performance Awards, shall be set forth in separate Performance Award Agreements, which agreements need not be identical.

(b) Value of Performance Awards . Each Performance Unit shall have an initial value that is established by the Committee at the time of grant. Each Performance Share shall have an initial value equal to the Fair Market Value of the Stock on the date of grant. Each Performance Award Agreement in respect of any Cash Award shall specify the dollar amount payable under the Cash Award, which may include a target, threshold or maximum amount payable, and any formula for determining such. In addition to any other non-performance terms included in the Performance Award Agreement, the Committee shall set the applicable Performance Objectives in its discretion, which objectives, depending on the extent to which they are met, will determine the value and number of Performance Units or Performance Shares, or the value of the Cash Award, as the case may be, that will be paid out to the Participant. With respect to Qualified Performance-Based Awards, the Committee shall establish the applicable Performance Objectives in writing not later than ninety (90) days after the commencement of the Performance Period or, if earlier, the date as of which twenty-five percent (25%) of the Performance Period has elapsed.

(c) Earning of Performance Awards . Upon the expiration of the applicable Performance Period or other non-performance-based vesting period, if longer, the holder of a Performance Award shall be entitled to receive the following payouts: (1) if the holder holds Performance Units or Performance Shares, payout on the value and number of the applicable Performance Units or Performance Shares earned by the Participant over the Performance Period, or (2) if the holder holds a Cash Award, payout on the value of the Cash Award earned by the Participant over the Performance Period, in any case, to be determined as a function of the extent to which the corresponding Performance Objectives have been achieved and any other non-performance-based terms met. No payment shall be made with respect to a Qualified Performance-Based Award prior to certification by the Committee that the Performance Objectives have been attained.

(d) Form and Timing of Payment of Performance Awards . Payment of earned Performance Awards shall be as determined by the Committee and as evidenced in the Performance Award Agreement. Subject to the terms of the Plan, the Committee, in its sole discretion, may pay earned Performance Units and Performance Shares in the form of cash, Stock, or other Awards (or in a combination thereof) equal to the value of the earned Performance Units or Performance Shares, as the case may be, at the close of the applicable Performance Period, or as soon as practicable after the end of the Performance

Period. Unless otherwise determined by the Committee, earned Cash Awards shall be paid in cash. Any cash, Stock, or other Awards issued in connection with a Performance Award may be issued subject to any restrictions deemed appropriate by the Committee. Notwithstanding the satisfaction of any completion of any Performance Objectives, the number of shares of Stock, cash or other benefits granted, earned, issued, retainable and/or vested under a Performance Award on account of the satisfaction of Performance Objectives thereunder may be reduced by the Committee on the basis of such further considerations as the Committee, in its sole discretion, shall determine.

(e) Termination of Employment or Service. Except as provided by the Committee in a Performance Award Agreement, Participant Agreement or otherwise, if, prior to the time that the applicable Performance Period has expired, a Participant undergoes a Termination for any reason, all of such Participant's Performance Awards shall be forfeited by the Participant to the Company for no consideration.

(f) Performance Objectives.

(1) Each Performance Award shall specify the Performance Objectives that must be achieved before such Award shall become earned. The Company may also specify a minimum acceptable level of achievement below which no payment will be made and may set forth a formula for determining the amount of any payment to be made if performance is at or above such minimum acceptable level but falls short of the maximum achievement of the specified Performance Objectives.

(2) Performance Objectives may be described in terms of Company-wide objectives or objectives that are related to the performance of an individual Participant, the specific Service Recipient, or a division, department, region or function within the Company or the Service Recipient. Performance Objectives may be measured on an absolute or relative basis. Relative performance may be measured by comparison to a group of peer companies or to a financial market index. With respect to Qualified Performance-Based Awards, Performance Objectives shall be limited to specified levels of or increases in one or more of the following (alone or in combination with any other criterion, whether gross or net, before or after taxes, and/or before or after adjustments, as determined by the Committee): (i) earnings, including net earnings, total earnings, operating earnings, earnings growth, operating income, earnings before or after taxes, earnings before or after interest, depreciation, amortization, or extraordinary or special items or book value per share (which may exclude nonrecurring items); (ii) pre-tax income or after-tax income; (iii) earnings per share (basic or diluted); (iv) operating profit; (v) revenue, revenue growth, or rate of revenue growth; (vi) return on assets (gross or net), return on investment, return on capital, return on equity, financial return ratios, or internal rates of return; (vii) returns on sales or revenues; (viii) operating expenses; (ix) stock price appreciation; (x) cash flow (including, but not limited to, operating cash flow and free cash flow), cash flow return on investment (discounted or otherwise), net cash provided by operations or cash flow in excess of cost of capital, working capital turnover; (xi)

implementation or completion of critical projects or processes; (xii) economic value created; (xiii) balance sheet measurements (including, but not limited to, receivable turnover); (xiv) cumulative earnings per share growth; (xv) operating margin, profit margin, or gross margin; (xvi) stock price or total stockholder return; (xvii) cost or expense targets, reductions and savings, productivity and efficiencies; (xviii) sales or sales growth; (xix) economic value added; (xx) earnings measures/ratios; (xxi) inventory turns; (xxii) strategic business criteria, consisting of one or more objectives based on meeting specified market penetration, market share, geographic business expansion, customer satisfaction, employee satisfaction, human resources management, supervision of litigation, information technology, and goals relating to acquisitions, divestitures, joint ventures, and similar transactions, and budget comparisons; (xxiii) increase in the fair market value per share; and (xxiv) personal professional objectives, including any of the foregoing performance goals, the implementation of policies and plans, the negotiation of transactions, the development of long term business goals, the formation of joint ventures, research or development collaborations, and the completion of other corporate transactions. Performance Objectives may be established on a Company-wide basis, project or geographical basis or, as the context permits, with respect to one or more business units, divisions, lines of business, subsidiaries, products, or other operational units or administrative departments of the Company (or in combination thereof) or may be related to the performance of an individual Participant and may be expressed in absolute terms, or relative or comparative to (A) current internal targets or budgets, (B) the past performance of the Company (including the performance of one or more subsidiaries, divisions, or operating units), (C) the performance of one or more similarly situated companies, (D) the performance of an index covering multiple companies, or (E) other external measures of the selected performance criteria. Performance Objectives may be in either absolute terms or relative to the performance of one or more comparable companies or an index covering multiple companies.

(3) The Committee shall adjust Performance Objectives and the related acceptable level of achievement if, in the sole judgment of the Committee, events or transactions have occurred after the applicable date of grant of a Performance Award that are unrelated to the performance of the Company or Participant and result in a distortion of the Performance Objectives or the related acceptable level of achievement. Potential transactions or events giving rise to adjustment include, but are not limited to, (i) restructurings, discontinued operations, extraordinary items or events (including, without limitation, material acquisitions or divestitures), and other unusual or nonrecurring charges or events; (ii) an event either not directly related to the operations of the Company or not within the reasonable control of the Company's management; and (iii) a change in tax law or accounting standards required by generally accepted accounting principles. Notwithstanding the foregoing, except as otherwise determined by the Committee, no adjustment shall be made if the effect would be to cause a Qualified Performance-Based Award to fail to qualify as "qualified performance-based compensation" within the meaning of Section 162(m) of the Code. In

addition, with respect to Qualified Performance-Based Awards, the Committee may, in its discretion, reduce or eliminate the amount payable to any Participant pursuant thereto, in each case based upon such factors as the Committee may deem relevant, but shall not increase the amount payable to any Participant pursuant thereto for any Performance Period.

#### **10. Other Stock-Based Awards .**

The Committee is authorized, subject to limitations under applicable law, to grant to Participants such other Awards that may be denominated or payable in, valued in whole or in part by reference to, or otherwise based upon or related to Stock, as deemed by the Committee to be consistent with the purposes of the Plan. The Committee may also grant Stock as a bonus (whether or not subject to any vesting requirements or other restrictions on transfer), and may grant other awards in lieu of obligations of the Company or an Affiliate to pay cash or deliver other property under this Plan or under other plans or compensatory arrangements, subject to such terms as shall be determined by the Committee. The terms and conditions applicable to such Awards shall be determined by the Committee and evidenced by Award Agreements, which agreements need not be identical.

#### **11. Adjustment for Recapitalization, Merger, etc.**

(a) Capitalization Adjustments. The aggregate number of shares of Stock that may be granted or purchased pursuant to Awards (as set forth in Section 4 above), the number of shares of Stock covered by each outstanding Award, and the price per share of Stock underlying each such Award shall be equitably and proportionally adjusted or substituted, as determined by the Committee, in its sole discretion, as to the number, price, or kind of a share of Stock or other consideration subject to such Awards (1) in the event of changes in the outstanding Stock or in the capital structure of the Company by reason of stock dividends, extraordinary cash dividends, stock splits, reverse stock splits, recapitalizations, reorganizations, mergers, amalgamations, consolidations, combinations, exchanges, or other relevant changes in capitalization occurring after the date of grant of any such Award (including any Corporate Event); (2) in connection with any extraordinary dividend declared and paid in respect of shares of Stock, whether payable in the form of cash, stock, or any other form of consideration; or (3) in the event of any change in applicable laws or circumstances that results in or could result in, in either case, as determined by the Committee in its sole discretion, any substantial dilution or enlargement of the rights intended to be granted to, or available for, Participants in the Plan.

(b) Corporate Events. No Award Agreement shall provide for acceleration of vesting upon the occurrence of a Corporate Event without a contemporaneous or subsequent Termination. Notwithstanding the foregoing, in connection with (i) a merger, amalgamation, or consolidation involving the Company in which the Company is not the surviving corporation, (ii) a merger, amalgamation, or consolidation involving the Company in which the Company is the surviving corporation but the holders of shares of Stock receive securities of another corporation or other property or cash, (iii) a Change in Control, or (iv) the reorganization, dissolution or liquidation of the Company (each, a “ Corporate Event ”), the Committee may, in its discretion, provide for any one or more of the following:

(1) The assumption or substitution of any or all Awards in connection with such Corporate Event, in which case the Awards shall be subject to the adjustment set forth in subsection (a) above, and to the extent that such Awards are Performance Awards or other Awards that vest subject to the achievement of Performance Objectives or similar performance criteria, such Performance Objectives or similar performance criteria shall be adjusted appropriately to reflect the Corporate Event;

(2) The acceleration of vesting of any or all Awards, subject to the consummation of such Corporate Event, with any Performance Awards or other Awards that vest subject to the achievement of Performance Objectives or similar performance criteria deemed earned at (i) actual level of performance achieved, pro-rated for the actual Performance Period completed, (ii) the target level, or the (iii) maximum level, in each case, as determined by the Committee in its sole discretion, with respect to all unexpired Performance Periods;

(3) The cancellation of any or all Awards (whether vested or unvested) as of the consummation of such Corporate Event, together with the payment to the Participants holding vested Awards (including any Awards that would vest upon the Corporate Event but for such cancellation) so canceled of an amount in respect of cancellation equal to the amount payable pursuant to any Cash Award or, with respect to other Awards, an amount based upon the per-share consideration being paid for the Stock in connection with such Corporate Event, less, in the case of Options, Stock Appreciation Rights, and other Awards subject to exercise, the applicable exercise or base price; *provided, however*, that holders of Options, Stock Appreciation Rights, and other Awards subject to exercise shall be entitled to consideration in respect of cancellation of such Awards only if the per-share consideration less the applicable exercise or base price is greater than zero dollars (\$0), and to the extent that the per-share consideration is less than or equal to the applicable exercise or base price, such Awards shall be canceled for no consideration;

(4) The cancellation of any or all Options, Stock Appreciation Rights and other Awards subject to exercise (whether vested or unvested) as of the consummation of such Corporate Event; provided, that, all Options, Stock Appreciation Rights and other Awards to be so cancelled pursuant to this paragraph (4) shall first become exercisable for a period of at least ten (10) days prior to such Corporate Event, with any exercise during such period of any unvested Options, Stock Appreciation Rights or other Awards to be (A) contingent upon and subject to the occurrence of the Corporate Event, and (B) effectuated by such means as are approved by the Committee; and

(5) The replacement of any or all Awards (other than Awards that are intended to qualify as “stock rights” that do not provide for a “deferral of compensation” within the meaning of Section 409A of the Code) with a cash incentive program that preserves the value of the Awards so replaced (determined as of the consummation of the Corporate Event), with subsequent payment of cash incentives subject to the same vesting conditions as applicable to the Awards so replaced and payment to be made within thirty (30) days of the applicable vesting date.

Payments to holders pursuant to paragraph (3) above shall be made in cash or, in the sole discretion of the Committee and, to the extent applicable, in the form of such other consideration necessary for a Participant to receive property, cash, or securities (or a combination thereof) as such Participant would have been entitled to receive upon the occurrence of the transaction if the Participant had been, immediately prior to such transaction, the holder of the number of shares of Stock covered by the Award at such time (less any applicable exercise or base price). In addition, in connection with any Corporate Event, prior to any payment or adjustment contemplated under this subsection (b), the Committee may require a Participant to (A) represent and warrant as to the unencumbered title to his Awards, (B) bear such Participant’s pro-rata share of any post-closing indemnity obligations, and be subject to the same post-closing purchase price adjustments, escrow terms, offset rights, holdback terms, and similar conditions as the other holders of Stock, and (C) deliver customary transfer documentation as reasonably determined by the Committee.

The Committee need not take the same action or actions with respect to all Awards or portions thereof or with respect to all Participants. The Committee may take different actions with respect to the vested and unvested portions of an Award.

(c) Fractional Shares. Any adjustment provided under this Section 11 may, in the Committee’s discretion, provide for the elimination of any fractional share that might otherwise become subject to an Award.

## **12. Use of Proceeds .**

The proceeds received from the sale of Stock pursuant to the Plan shall be used for general corporate purposes.

## **13. Rights and Privileges as a Stockholder .**

Except as otherwise specifically provided in the Plan, no person shall be entitled to the rights and privileges of Stock ownership in respect of shares of Stock that are subject to Awards hereunder until such shares have been issued to that person.

## **14. Transferability of Awards .**

Awards may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will or by the applicable laws of descent and distribution, and to the extent subject to exercise, Awards may not be exercised during the lifetime of the grantee other than by the grantee. Notwithstanding the foregoing, except with respect to Incentive Stock Options, Awards and a Participant’s rights under the Plan shall be transferable for no value to the extent provided in an Award Agreement or otherwise determined at any time by the Committee.

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## **15. Employment or Service Rights .**

No individual shall have any claim or right to be granted an Award under the Plan or, having been selected for the grant of an Award, to be selected for the grant of any other Award. Neither the Plan nor any action taken hereunder shall be construed as giving any individual any right to be retained in the employ or service of the Company or an Affiliate of the Company.

## **16. Compliance with Laws .**

The obligation of the Company to deliver Stock upon issuance, vesting, exercise, or settlement of any Award shall be subject to all applicable laws, rules, and regulations, and to such approvals by governmental agencies as may be required. Notwithstanding any terms or conditions of any Award to the contrary, the Company shall be under no obligation to offer to sell or to sell, and shall be prohibited from offering to sell or selling, any shares of Stock pursuant to an Award unless such shares have been properly registered for sale with the Securities and Exchange Commission pursuant to the Securities Act (or with a similar non-United States regulatory agency pursuant to a similar law or regulation) or unless the Company has received an opinion of counsel, satisfactory to the Company, that such shares may be offered or sold without such registration pursuant to an available exemption therefrom and the terms and conditions of such exemption have been fully complied with. The Company shall be under no obligation to register for sale or resale under the Securities Act any of the shares of Stock to be offered or sold under the Plan or any shares of Stock to be issued upon exercise or settlement of Awards. If the shares of Stock offered for sale or sold under the Plan are offered or sold pursuant to an exemption from registration under the Securities Act, the Company may restrict the transfer of such shares and may legend the Stock certificates representing such shares in such manner as it deems advisable to ensure the availability of any such exemption.

## **17. Withholding Obligations .**

As a condition to the issuance, vesting, exercise, or settlement of any Award (or upon the making of an election under Section 83(b) of the Code), the Committee may require that a Participant satisfy, through deduction or withholding from any payment of any kind otherwise due to the Participant, or through such other arrangements as are satisfactory to the Committee, the minimum amount of all federal, state, and local income and other taxes of any kind required or permitted to be withheld in connection with such issuance, vesting, exercise, or settlement (or election). The Committee, in its discretion, may permit shares of Stock to be used to satisfy tax withholding requirements, and such shares shall be valued at their Fair Market Value as of the issuance, vesting, exercise, or settlement date of the Award, as applicable; *provided, however* , that the aggregate Fair Market Value of the number of shares of Stock that may be used to satisfy tax withholding requirements may not exceed the maximum statutorily required withholding amount with respect to such Award.

## **18. Amendment of the Plan or Awards .**

(a) Amendment of Plan . The Board or the Committee may amend the Plan at any time and from time to time.



(b) Amendment of Awards. The Board or the Committee may amend the terms of any one or more Awards at any time and from time to time.

(c) Addenda. The Board may approve such addenda to the Plan as it may consider necessary or appropriate for the purpose of granting Awards to Eligible Persons, which Awards may contain such terms and conditions as the Board deems necessary or appropriate to accommodate differences in local law, tax policy or custom, which, if so required under applicable laws, may deviate from the terms and conditions set forth in the Plan. The terms of any such addenda shall supersede the terms of the Plan to the extent necessary to accommodate such differences but shall not otherwise affect the terms of the Plan as in effect for any other purpose.

(d) Stockholder Approval; No Material Impairment. Notwithstanding subsection (a) or (b) above, or any other provision of the Plan, no amendment to the Plan or any Award shall be effective without stockholder approval to the extent that such approval is required pursuant to applicable law or the applicable rules of each national securities exchange on which the Stock is listed. Additionally, no amendment to the Plan or any Award shall materially impair a Participant's rights under any Award unless the Participant consents in writing (it being understood that no action taken by the Board or the Committee that is expressly permitted under the Plan, including, without limitation, any actions described in Section 11 hereof, shall constitute an amendment to the Plan or an Award for such purpose). Notwithstanding the foregoing, subject to the limitations of applicable law, if any, and without an affected Participant's consent, the Board or the Committee may amend the terms of the Plan or any one or more Awards from time to time as necessary to bring such Awards into compliance with applicable law, including, without limitation, Section 409A of the Code.

(e) No Repricing of Awards Without Stockholder Approval. The repricing of Awards shall not be permitted without stockholder approval. For this purpose, a "repricing" means any of the following (or any other action that has the same effect as any of the following): (1) changing the terms of an Award to lower its exercise or base price (other than on account of capital adjustments resulting from share splits, etc., as described in Section 11 hereof), (2) any other action that is treated as a repricing under generally accepted accounting principles, and (3) repurchasing for cash or canceling an Award in exchange for another Award at a time when its exercise or base price is greater than the Fair Market Value of the underlying Stock, unless the cancellation and exchange occurs in connection with an event set forth in Section 11 hereof.

## **19. Termination or Suspension of the Plan .**

The Board or the Committee may suspend or terminate the Plan at any time. Unless sooner terminated, the Plan shall terminate on the day before the tenth (10th) anniversary of the Effective Date, or, if later, the tenth (10th) anniversary of any amendment and/or restatement of the Plan that is approved by the Company's stockholders. No Awards may be granted under the Plan while the Plan is suspended or after it is terminated; *provided, however* , that following any suspension or termination of the Plan, the Plan shall remain in effect for the purpose of governing all Awards then outstanding hereunder until such time as all Awards under the Plan have been terminated, forfeited, or otherwise canceled, or earned, exercised, settled, or otherwise paid out, in accordance with their terms.

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## 20. Effective Date of the Plan .

The Plan is effective as of the Effective Date.

## 21. Miscellaneous .

(a) Certificates. Stock acquired pursuant to Awards granted under the Plan may be evidenced in such a manner as the Committee shall determine. If certificates representing Stock are registered in the name of the Participant, the Committee may require that (1) such certificates bear an appropriate legend referring to the terms, conditions, and restrictions applicable to such Stock, (2) the Company retain physical possession of the certificates, and (3) the Participant deliver a stock power to the Company, endorsed in blank, relating to the Stock. Notwithstanding the foregoing, the Committee may determine, in its sole discretion, that the Stock shall be held in book-entry form rather than delivered to the Participant pending the release of any applicable restrictions.

(b) Corporate Action Constituting Grant of Awards. Corporate action constituting a grant by the Company of an Award to any Participant will be deemed completed as of the date of such corporate action, unless otherwise determined by the Committee, regardless of when the instrument, certificate, or letter evidencing the Award is communicated to, or actually received or accepted by, the Participant. In the event that the corporate records (e.g., Committee consents, resolutions or minutes) documenting the corporate action constituting the grant contain terms (e.g., exercise price, vesting schedule or number of shares of Stock) that are inconsistent with those in the Award Agreement as a result of a clerical error in connection with the preparation of the Award Agreement, the corporate records will control and the Participant will have no legally binding right to the incorrect term in the Award Agreement.

(c) Gross-Up Prohibition. No Award Agreement shall provide for the Company to reimburse (or “gross-up”) any Award to satisfy tax obligations, including, without limitation, any excise tax imposed pursuant to Section 4999 of the Code or any penalty tax imposed by Section 409A of the Code.

(d) Clawback/Recoupment Policy. Notwithstanding anything contained herein to the contrary, all Awards granted under the Plan shall be and remain subject to any incentive compensation clawback or recoupment policy currently in effect or as may be adopted by the Board (or a committee or subcommittee of the Board) and, in each case, as may be amended from time to time. No such policy, adoption, or amendment shall in any event require the prior consent of any Participant. No recovery of compensation under such a clawback policy will be an event giving rise to a right to resign for “good reason” or “constructive termination” (or similar term) under any agreement with the Company or any of its Affiliates.

(e) Data Privacy. As a condition of receipt of any Award, each Participant explicitly and unambiguously consents to the collection, use, and transfer, in electronic or other form, of personal data as described in this Section by and among, as applicable, the Company and its Affiliates for the exclusive purpose of implementing, administering, and managing the Plan and Awards and the Participant's participation in the Plan. In furtherance of such implementation, administration, and management, the Company and its Affiliates may hold certain personal information about a Participant, including, but not limited to, the Participant's name, home address, telephone number, date of birth, social security or insurance number or other identification number, salary, nationality, job title(s), information regarding any securities of the Company or any of its Affiliates, and details of all Awards (the "Data"). In addition to transferring the Data amongst themselves as necessary for the purpose of implementation, administration, and management of the Plan and Awards and the Participant's participation in the Plan, the Company and its Affiliates may each transfer the Data to any third parties assisting the Company in the implementation, administration, and management of the Plan and Awards and the Participant's participation in the Plan. Recipients of the Data may be located in the Participant's country or elsewhere, and the Participant's country and any given recipient's country may have different data privacy laws and protections. By accepting an Award, each Participant authorizes such recipients to receive, possess, use, retain, and transfer the Data, in electronic or other form, for the purposes of assisting the Company in the implementation, administration, and management of the Plan and Awards and the Participant's participation in the Plan, including any requisite transfer of such Data as may be required to a broker or other third party with whom the Company or the Participant may elect to deposit any shares of Stock. The Data related to a Participant will be held only as long as is necessary to implement, administer, and manage the Plan and Awards and the Participant's participation in the Plan. A Participant may, at any time, view the Data held by the Company with respect to such Participant, request additional information about the storage and processing of the Data with respect to such Participant, recommend any necessary corrections to the Data with respect to the Participant, or refuse or withdraw the consents herein in writing, in any case without cost, by contacting his or her local human resources representative. The Company may cancel the Participant's eligibility to participate in the Plan, and in the Committee's discretion, the Participant may forfeit any outstanding Awards if the Participant refuses or withdraws the consents described herein. For more information on the consequences of refusal to consent or withdrawal of consent, Participants may contact their local human resources representative.

(f) Participants Outside of the United States. The Committee may modify the terms of any Award under the Plan made to or held by a Participant who is then a resident, or is primarily employed or providing services, outside of the United States in any manner deemed by the Committee to be necessary or appropriate in order that such Award shall conform to laws, regulations, and customs of the country in which the Participant is then a resident or primarily employed or providing services, or so that the value and other benefits of the Award to the Participant, as affected by non-United States tax laws and other restrictions applicable as a result of the Participant's residence, employment, or providing services abroad, shall be comparable to the value of such Award to a Participant who is a resident, or is primarily employed or providing services,

in the United States. An Award may be modified under this Section 21(f) in a manner that is inconsistent with the express terms of the Plan, so long as such modifications will not contravene any applicable law or regulation or result in actual liability under Section 16(b) of the Exchange Act for the Participant whose Award is modified. Additionally, the Committee may adopt such procedures and sub-plans as are necessary or appropriate to permit participation in the Plan by Eligible Persons who are non-United States nationals or are primarily employed or providing services outside the United States.

(g) Change in Time Commitment. In the event a Participant's regular level of time commitment in the performance of his or her services for the Company or any member of the Company Group is reduced (for example, and without limitation, if the Participant is an employee of the Company and the employee has a change in status from a full-time employee to a part-time employee) after the date of grant of any Award to the Participant, the Committee has the right in its sole discretion to (i) make a corresponding reduction in the number of shares of Stock subject to any portion of such Award that is scheduled to vest or become payable after the date of such change in time commitment, and (ii) in lieu of or in combination with such a reduction, extend the vesting or payment schedule applicable to such Award. In the event of any such reduction, the Participant will have no right with respect to any portion of the Award that is so reduced or extended.

(h) No Liability of Committee Members. Neither any member of the Committee nor any of the Committee's permitted delegates shall be liable personally by reason of any contract or other instrument executed by such member or on his or her behalf in his or her capacity as a member of the Committee or for any mistake of judgment made in good faith, and the Company shall indemnify and hold harmless each member of the Committee and each other employee, officer, or director of the Company to whom any duty or power relating to the administration or interpretation of the Plan may be allocated or delegated, against all costs and expenses (including counsel fees) and liabilities (including sums paid in settlement of a claim) arising out of any act or omission to act in connection with the Plan, unless arising out of such person's own fraud or willful misconduct; *provided, however*, that approval of the Board shall be required for the payment of any amount in settlement of a claim against any such person. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which such persons may be entitled under the Company's certificate or articles of incorporation or bylaws, each as may be amended from time to time, as a matter of law, or otherwise, or any power that the Company may have to indemnify them or hold them harmless.

(i) Payments Following Accidents or Illness. If the Committee shall find that any person to whom any amount is payable under the Plan is unable to care for his or her affairs because of illness or accident, or is a minor, or has died, then any payment due to such person or his or her estate (unless a prior claim therefor has been made by a duly appointed legal representative) may, if the Committee so directs the Company, be paid to his or her spouse, child, relative, an institution maintaining or having custody of such person, or any other person deemed by the Committee to be a proper recipient on behalf of such person otherwise entitled to payment. Any such payment shall be a complete discharge of the liability of the Committee and the Company therefor.

(j) Governing Law. With respect to Awards granted prior to the Merger, the Plan shall be governed by and construed in accordance with the internal laws of the State of Delaware without reference to the principles of conflicts of laws thereof.

(k) Electronic Delivery. Any reference herein to a “written” agreement or document or “writing” will include any agreement or document delivered electronically or posted on the Company’s intranet (or other shared electronic medium controlled or authorized by the Company to which the Participant has access).

(l) Funding. No provision of the Plan shall require the Company, for the purpose of satisfying any obligations under the Plan, to purchase assets or place any assets in a trust or other entity to which contributions are made or otherwise to segregate any assets, nor shall the Company be required to maintain separate bank accounts, books, records, or other evidence of the existence of a segregated or separately maintained or administered fund for such purposes. Participants shall have no rights under the Plan other than as unsecured general creditors of the Company, except that insofar as they may have become entitled to payment of additional compensation by performance of services, they shall have the same rights as other employees and service providers under general law.

(m) Reliance on Reports. Each member of the Committee and each member of the Board shall be fully justified in relying, acting, or failing to act, and shall not be liable for having so relied, acted, or failed to act in good faith, upon any report made by the independent public accountant of the Company and its Affiliates and upon any other information furnished in connection with the Plan by any Person or Persons other than such member.

(n) Titles and Headings. The titles and headings of the sections in the Plan are for convenience of reference only, and in the event of any conflict, the text of the Plan, rather than such titles or headings, shall control.

(o) Impact of Merger. For the avoidance of doubt, the terms of the Plan in effect immediately prior to the Merger shall apply to any outstanding Award granted prior to the Merger, as such Awards have been amended pursuant to the terms of the Merger Agreement; provided, however, that effective immediately after the Merger, references to the term “Company” or “Level 3 Communications, Inc.” (or words of similar meaning) in any Award Agreement relating to such Award shall mean CenturyLink, Inc.

\* \* \* \* \*

This Plan was first adopted by the Level 3 Communications, Inc. Board of Directors on March 20, 2015.

This Plan was approved by the stockholders of Level 3 Communications, Inc. on May 21, 2015.



# NEWSRELEASE

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FOR IMMEDIATE RELEASE:	FOR MORE INFORMATION CONTACT:
Oct. 30, 2017	Linda M. Johnson, 202-429-3130 <a href="mailto:linda.m.johnson@centurylink.com">linda.m.johnson@centurylink.com</a>

## CenturyLink acquisition of Level 3 receives approval from Federal Communications Commission

**MONROE, La.** – The Federal Communications Commission (FCC) has approved [CenturyLink, Inc.](#)’s (NYSE: CTL) pending [acquisition](#) of [Level 3 Communications, Inc.](#) (NYSE: LVLT). The FCC’s approval follows prior approvals from the U.S. Department of Justice and the California Public Utilities Commission. With this final approval, CenturyLink has obtained the last regulatory clearance required to close the acquisition, pending other customary closing conditions.

“The FCC’s approval of CenturyLink’s acquisition of Level 3 is great news and means we now have all the regulatory approvals we need to close the transaction,” said CenturyLink Senior Vice President for Public Policy and Government Relations John F. Jones. “We anticipate closing the transaction effective November 1, 2017.”

On Oct. 4, 2017, the U.S. District Court for the District of Columbia adopted an asset preservation stipulation and order among the parties as part of the consent decree with the U.S. Department of Justice.

The California Public Utilities Commission (CPUC) approved the acquisition at a meeting on Oct. 12, 2017. California was the final state regulatory approval required.

In addition to California, the states of Alaska, Colorado, Delaware, Georgia, Hawaii, Maryland, Minnesota, Mississippi, New Jersey, New York, Ohio, Pennsylvania, Utah, Virginia, Washington and West Virginia, and the District of Columbia approved the acquisition. The transaction has also received regulatory clearance from Connecticut, Indiana, Louisiana, Montana, Nevada, Texas and Puerto Rico.

The combined company will offer customers a broader and more complementary range of services and solutions and enable the advanced technology and growing bandwidth needs of its business, government and consumer customers.

### About CenturyLink

[CenturyLink \(NYSE: CTL\)](#) is a global communications and IT services company focused on connecting its customers to the power of the digital world. CenturyLink offers network and data systems management, big data analytics, managed security services, hosting, cloud, and IT consulting services. The company provides broadband, voice, video, advanced data and managed network services over a robust 265,000-route-mile U.S. fiber network and a 360,000-route-mile international transport network. Visit [CenturyLink](#) for more information.

## Forward Looking Statements

Except for the historical and factual information contained herein, the matters set forth in this communication, including statements regarding the expected timing and benefits of the proposed transaction, such as efficiencies, cost savings, enhanced revenues, growth potential, market profile and financial strength, and the competitive ability and position of the combined company, and other statements identified by words such as “will,” “estimates,” “anticipates,” “believes,” “expects,” “projects,” “plans,” “intends,” “may,” “should,” “could,” “seeks” and similar expressions, are forward-looking statements within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, many of which are beyond our control. These forward-looking statements, and the assumptions upon which they are based, (i) are not guarantees of future results, (ii) are inherently speculative and (iii) are subject to a number of risks and uncertainties. Actual events and results may differ materially from those anticipated, estimated, projected or implied in those statements if one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect. Factors that could affect actual results include but are not limited to: the possibility that the anticipated benefits from the proposed transaction cannot be fully realized or may take longer to realize than expected; the possibility that costs, difficulties or disruptions related to the integration of Level 3’s operations with those of CenturyLink will be greater than expected; the ability of the combined company to retain and hire key personnel; the effects of competition from a wide variety of competitive providers, including lower demand for CenturyLink’s legacy offerings; the effects of new, emerging or competing technologies, including those that could make the combined company’s products less desirable or obsolete; the effects of ongoing changes in the regulation of the communications industry, including the outcome of regulatory or judicial proceedings relating to intercarrier compensation, interconnection obligations, access charges, universal service, broadband deployment, data protection and net neutrality; adverse changes in CenturyLink’s or the combined company’s access to credit markets on favorable terms, whether caused by changes in its financial position, lower debt credit ratings, unstable markets or otherwise; the combined company’s ability to effectively adjust to changes in the communications industry, and changes in the composition of its markets and product mix; possible changes in the demand for, or pricing of, the combined company’s products and services, including the combined company’s ability to retain customers and effectively respond to increased demand for high-speed broadband service; changes in the operating plans, capital allocation plans or corporate strategies of the combined company, whether based on changes in market conditions, changes in the cash flows or financial position of the combined company, or otherwise; the combined company’s ability to successfully maintain the quality and profitability of its existing product and service offerings and to introduce new offerings on a timely and cost-effective basis; the adverse impact on the combined company’s business and network from possible equipment failures, service outages, security breaches or similar events impacting its network; the combined company’s ability to maintain favorable relations with key business partners, customers, suppliers, vendors, landlords and financial institutions; the ability of the combined company to utilize net operating losses in amounts projected; changes in the future cash requirements of the combined company; and other risk factors and cautionary statements as detailed from time to time in each of CenturyLink’s and Level 3’s reports filed with the U.S. Securities and Exchange Commission (the “SEC”). Due to these risks and uncertainties, there can be no assurance that the proposed combination or any other transaction described above will in fact be completed in the manner described or at all. You should be aware that new factors may emerge from time to time and it is not possible for us to identify all such factors nor can we predict the impact of each such factor on the proposed combination or the combined company. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this communication. Unless legally required, CenturyLink and Level 3 undertake no obligation and each expressly disclaim any such obligation, to update publicly any forward-looking statements, whether as a result of new information, future events, changed events or otherwise.

## Additional Information

In connection with the proposed combination, CenturyLink filed a registration statement on Form S-4 with the SEC (Registration Statement No. 333-215121) which was declared effective by the SEC on February 13, 2017. CenturyLink and Level 3 have filed a joint proxy statement/prospectus and will file other relevant documents concerning the proposed transaction with the SEC. CenturyLink and Level 3 began mailing the definitive joint proxy statement/prospectus to their respective security holders on or about February 13, 2017. The definitive joint proxy statement/prospectus, dated as of February 13, 2017, contains important information about CenturyLink, Level 3, the proposed combination and related matters. INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE DEFINITIVE JOINT PROXY STATEMENT/PROSPECTUS AND ANY OTHER RELEVANT DOCUMENTS FILED WITH THE SEC IN CONNECTION WITH THE PROPOSED COMBINATION OR INCORPORATED BY REFERENCE IN THE DEFINITIVE JOINT PROXY STATEMENT/PROSPECTUS CAREFULLY BECAUSE THEY CONTAIN IMPORTANT INFORMATION. Investors and security holders may obtain the definitive joint proxy statement/prospectus and the filings that are incorporated by reference in the definitive joint proxy statement/prospectus, as well as other filings containing information about CenturyLink and Level 3, free of charge, at the website maintained by the SEC at [www.sec.gov](http://www.sec.gov). Investors and security holders may also obtain these documents free of charge by directing a request to CenturyLink, 100 CenturyLink Drive, Monroe, Louisiana 71203, Attention: Corporate Secretary, or to Level 3, 1025 Eldorado Boulevard, Broomfield, Colorado 80021, Attention: Investor Relations.





FOR IMMEDIATE RELEASE:	FOR MORE INFORMATION CONTACT:
Nov. 1, 2017	Frank Tutalo, 703-363-8698 <a href="mailto:Frank.tutalo@centurylink.com">Frank.tutalo@centurylink.com</a>

### CenturyLink completes acquisition of Level 3

*Combination creates a leading global communications company with extensive global footprint, strong product and IT services portfolio*

**MONROE, La. –** CenturyLink, Inc. (NYSE: CTL) has completed its acquisition of Level 3 Communications, Inc. The combination of CenturyLink and Level 3 creates a leading global network services company capable of providing customers a wide range of high-quality technology solutions over a secure and reliable fiber-rich network.

The combined company, with estimated pro forma revenue of \$24 billion for the trailing twelve months ended June 30, 2017 (excluding revenue related to CenturyLink's May 1, 2017, colocation business sale and including estimated intercompany eliminations and purchase accounting adjustments), anticipates that approximately 75 percent of its core revenue will come from business customers and nearly two-thirds of its core revenue will come from strategic services. CenturyLink's network now connects more than 350 metropolitan areas with more than 100,000 fiber-enabled, on-net buildings, including 10,000 buildings in EMEA and Latin America.

Visit [www.level3isnowcenturylink.com](http://www.level3isnowcenturylink.com) to learn more about the new CenturyLink.

"CenturyLink is now poised to offer an expanded, robust portfolio of communications solutions focused on our customers' networking and IT services needs," said Glen F. Post III, CenturyLink's chief executive officer. "Our customers, from individual consumers to global enterprises, will benefit from our expanded, innovative network solutions, our complementary managed services and our highly talented workforce."

CenturyLink is now even better positioned to:

- Offer a broader, innovative product portfolio of network solutions and advanced IT services designed to meet complex technology and threat protection needs
- Deliver these solutions and services to enterprise, government, wholesale and consumer customers over a large-scale, fiber-rich global network
- Continue to invest in the reach and speeds of its broadband infrastructure for small businesses and consumers.

"Our goal is to be the world's best networking provider and we have the ability to achieve this as one company," said Jeff Storey, CenturyLink's president and chief operating officer. "CenturyLink is focused on providing a differentiated experience for our customers, while driving profitable growth and increasing free cash flow per share. Our scale and experience will enable us to deliver on behalf of our customers, employees and our shareholders."

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## Transaction Details

Holders of Level 3 common stock as of immediately prior to closing are entitled to receive \$26.50 per share in cash (without interest) and 1.4286 shares of CenturyLink stock for each Level 3 share they owned. CenturyLink shareholders now own approximately 51 percent and former Level 3 stockholders now own approximately 49 percent of the combined company. CenturyLink remains headquartered in Monroe, La., with a key operational presence in Colorado and the Denver metropolitan area.

## Additional Resources:

- Fact sheet
- Board of Directors bios
- Executive bios and photos

## About CenturyLink

CenturyLink (NYSE: CTL) is the second largest U.S. communications provider to global enterprise customers. With customers in more than 60 countries and an intense focus on the customer experience, CenturyLink strives to be the world's best networking company by solving customers' increased demand for reliable and secure connections. The company also serves as its customers' trusted partner, helping them manage increased network and IT complexity and providing managed network and cyber security solutions that help protect their business.

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## Forward Looking Statements

Except for the historical and factual information contained herein, the matters set forth in this communication, including statements regarding the expected benefits of the combination, such as efficiencies, cost savings, enhanced revenues, growth potential, market profile and financial strength, and the competitive ability and position of the combined company, and other statements identified by words such as "will," "estimates," "anticipates," "believes," "expects," "projects," "plans," "intends," "may," "should," "could," "seeks" and similar expressions, are forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are subject to a number of risks, uncertainties and assumptions, many of which are beyond our control. These forward-looking statements, and the assumptions upon which they are based, (i) are not guarantees of future results, (ii) are inherently speculative and (iii) are subject to a number of risks and uncertainties. Actual events and results may differ materially from those anticipated, estimated, projected or implied in those statements if one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect. Factors that could affect actual results include but are not limited to: the possibility that the anticipated benefits from the combination cannot be fully realized or may take longer to realize than expected; the possibility that costs, difficulties or disruptions related to the integration of Level 3's operations with those of CenturyLink will be greater than expected; the ability of the combined company to retain and hire key personnel; the effects of competition from a wide variety of competitive providers, including lower demand for CenturyLink's legacy offerings; the effects of new, emerging or competing technologies, including those that could make the combined company's products less desirable or obsolete; the effects of ongoing changes in the regulation of the communications industry, including the outcome of regulatory or judicial proceedings relating to intercarrier compensation, interconnection obligations, access charges, universal service, broadband deployment, data protection and net neutrality; adverse changes in the combined company's access to credit markets on favorable terms, whether caused by changes in its financial position, lower debt credit ratings, unstable markets or otherwise; the combined company's ability to effectively adjust to changes in the communications industry, and changes in the composition of its markets and product mix; possible changes in the demand for, or pricing of, the combined company's products and services, including the combined company's ability to retain customers and effectively respond to increased demand for high-speed broadband service; changes in the operating plans, capital allocation plans or corporate strategies of the combined company, whether based on changes in market conditions, changes in the cash flows or financial position of the combined company, or otherwise; the combined company's ability to successfully maintain the quality and profitability of its existing product and service offerings and to introduce new offerings on a timely and cost-effective basis; the adverse impact on the combined company's business and network from possible equipment failures, service outages, security breaches or similar events impacting its network; the combined company's ability to maintain favorable relations with key business partners, customers, suppliers, vendors, landlords and financial institutions; the ability of the combined company to utilize net operating losses in amounts projected; changes in the future cash requirements of the combined company; and other risk factors and cautionary statements as detailed from time to time in each of CenturyLink's reports filed with the U.S. Securities and Exchange Commission (the "SEC"). You should be aware that new factors may emerge from time to time and it is not possible for us to identify all such factors nor can we predict the impact of each such factor on the combined company. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this communication. Unless legally required, CenturyLink undertakes no obligation and expressly disclaims any such obligation, to update publicly any forward-looking statements, whether as a result of new information, future events, changed events or otherwise.