

Your Personal and Confidential Information

Harry Krause
171 Pioneer Rd
Kalispell, MT 59901



August 28, 2015

Personal and Confidential

**Subject: Your Pension Benefit under the CenturyLink Retirement Component of the CenturyLink Combined Pension Plan - Lump Sum Limited-Time Distribution Offer
Election Period September 1, 2015 – October 30, 2015**

Dear Harry Krause,

CenturyLink, Inc. recently announced a limited-time offer that allows you to receive your vested pension benefit as early as December 2015 — either as a single lump sum payment or as a monthly annuity payment — if you act by **October 30, 2015**. You earned this vested pension benefit under the CenturyLink Retirement Component of the CenturyLink Combined Pension Plan or a predecessor plan (the "Plan").

Why You Are Receiving This Limited-Time Offer

You are receiving this limited-time offer because you are a deferred vested participant who has not yet commenced payment of your pension from the Plan. This Election Kit contains important information about your pension benefit and the forms you and your spouse (if married) must complete if you wish to receive your vested pension benefit from the Plan at this time.

Your Choices During This Limited-Time Offer

During this limited-time offer, you have three choices on how to receive your vested pension benefit from the Plan:

Your Choices	Action by October 30, 2015
<p>1. Elect to receive a single lump sum payment in December 2015. Your lump sum payment amount, as of October 1, 2015, is estimated to be \$41,639.96.</p> <p>As part of this election, you also must decide if you want to receive your lump sum payment by check or to have your payment rolled over to an IRA or another qualified plan.</p>	<ul style="list-style-type: none">➤ Return Form 1, Form 2 and, if married, Form 3. If you need assistance completing the forms, please call the CenturyLink Lump Sum Service Center at 1-855-215-4437, Monday through Friday, 8:00 a.m. – 5:00 p.m. Central.➤ This choice will not be honored if you return your forms after October 30, 2015 or if you do not return any forms.
<p>2. Elect to start receiving monthly pension payments as early as December 2015 (the monthly amount depends on the form of payment you elect — see your monthly pension amounts under "Payment Options" in Notice 1).</p>	<ul style="list-style-type: none">➤ Request a Retirement Kit by calling the CenturyLink Lump Sum Service Center at 1-855-215-4437, Monday through Friday, 8:00 a.m. – 5:00 p.m. Central.➤ After the limited-time period has ended, you can elect to receive your vested pension benefit as outlined in item 3, below.
<p>3. Wait until you become eligible under the Plan's normal retirement rules to begin receiving your monthly payments.</p>	<ul style="list-style-type: none">➤ No action is required at this time.➤ To commence receiving your pension benefit at any future time, you will need to contact the Pension Service Center at least



	<p>30 days and not more than 180 days in advance of the date you would like to start receiving your pension.</p> <ul style="list-style-type: none"> ➤ If you take no action by the time you reach your "required beginning date" (generally, age 70-1/2), you automatically will begin receiving payments of your Plan benefit. ➤ Please ensure you keep your address up to date at the Pension Service Center.
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This Election Kit contains a description of your pension payment options, and the forms that you must complete by October 30, 2015, if you want to make a lump sum election under the limited-time offer. Review this Election Kit carefully as you consider your choices. If you are married, you should share this material with your spouse, who will need to participate in your election.

Deadline to Elect Lump Sum Payment

If you decide to elect a lump sum payment, you can use the Lump Sum Election Checklist as a guide for completing all required steps. To receive a lump sum payment, you must mail your completed forms and any required documentation in the enclosed postage-paid envelope **no later than October 30, 2015**. Forms mailed after October 30, 2015 will not be eligible to be processed for the lump sum payment.

Tax Reporting of Your Lump Sum Payment, If Elected

If you decide to elect, during the limited time described above, to receive your vested deferred accrued benefit in a lump sum payment, State Street Bank, the Plan's payroll vendor, will send you a *Form 1099-R, Distributions From Pensions, Annuities, Retirement* in January 2016. The Form 1099-R will reflect whether you received a direct payment or rolled your payment over to an IRA or another qualified plan. You may use the Form 1099-R for income tax reporting for 2015.

Questions?

If you have questions, call the CenturyLink Lump Sum Service Center at 1-855-215-4437 Monday through Friday, 8:00 a.m. – 5:00 p.m. Central, for assistance.

Sincerely,

CenturyLink Pension Benefits Department

Enclosures



SUMMARY OF MATERIAL MODIFICATIONS

The information contained in this Election Kit is intended to serve as a Summary of Material Modifications (the "SMM") for the Plan. This SMM provides information about amendments to add a lump sum payment option that is available to participants who terminated prior to June 1, 2015 for a limited period of time during 2015. To provide information about these recent changes to the Plan, this SMM is being distributed to affected Plan participants. This SMM is now part of your summary plan description for the Plan, and should replace any information to the contrary. Please keep this SMM with your important Plan materials.

We also encourage you to review the current Summary Plan Description to the Plan (the "SPD"). The SPD contains information about the Plan, how it operates, the benefits it provides and your rights under the Plan. In addition, the SPD describes the various optional forms of benefit available to you and an explanation of how these optional forms are calculated. If you do not have a SPD you may call the CenturyLink Lump Sum Service Center at 1-855-215-4437 to request one.

If any conflict should arise between this SMM and the formal legal documents of the Plan, the terms of the formal legal Plan documents will govern in all cases. As always, CenturyLink, Inc. reserves the right to amend and/or terminate the Plan in its sole discretion.

The information in this Election Kit also is intended to satisfy Internal Revenue Code Section 6057(e) requirements to provide a deferred vested statement of benefits.



Notice 1 – Your Lump Sum and Annuity Amounts

CenturyLink Retirement Component of the CenturyLink Combined Pension Plan
Prepared for: Harry Krause

Limited-Time Offer Available Until: **October 30, 2015**

PAYMENT OPTIONS AVAILABLE DURING THE LIMITED-TIME OFFER

These payment options described below are available to you during the limited-time offer that is available from September 1, 2015 through October 30, 2015, and were calculated using a Benefit Commencement Date of October 1, 2015. Your payment options are based on your date of birth of December 13, 1955 and the pension amount you earned. Please refer to **Notice 2 – Important Information** for an explanation of how each payment option works. **NOTE: If you are actively employed by CenturyLink, Inc. or a CenturyLink affiliate or have commenced payment of your benefit with CenturyLink, Inc. or a CenturyLink affiliate before December 2015, you are not eligible for this limited-time offer.**

Your Plan benefit payable as a Single Life Annuity ("SLA") beginning at age 65 is \$303.61 per month. The SLA is payable for your lifetime, and no amounts are paid after your death.

OPTION 1 – Lump Sum Payment – Complete Form 1, Form 2 and (if married), Form 3

During this limited-time offer you can elect to receive your vested pension benefit from the Plan in a single lump sum payment.

Your estimated lump sum amount is \$41,639.96 and, if timely elected, it will be payable in early December 2015. This lump sum amount reflects the total payment of your vested pension benefit from the Plan. If you elect to receive your Plan benefit in a lump sum payment, no additional pension plan payments will be payable to you or to your spouse or beneficiary, including after your death.

Your lump sum payment amount has been calculated using current IRS interest rates. These rates will change over time, and as a result, the amount of your lump sum payment will change as these interest rates change. The final amount of your lump sum payment cannot be known until the date of the payout.

OPTION 2 – Immediate Monthly Annuity Payments– Call the CenturyLink Lump Sum Service Center at 1-855-215-4437 to request a Retirement Kit

You can elect to receive your vested pension benefit from the Plan in the form of a monthly annuity that begins distribution as early as December 2015.

The monthly annuity payment options* below are provided for informational purposes only and assume that you and your beneficiary (if applicable) are the same age. These monthly annuity amounts are based on your Age 65 monthly pension reduced for early payment commencing as early as December 2015 and the applicable Joint and Survivor Annuity factors.

*Other optional annuity forms may be available to you under the Plan. If you are not interested in the lump sum payment option but you are interested in receiving your vested pension benefit as a monthly annuity form of payment, with those payments beginning as early as December 2015, contact the CenturyLink Lump Sum Service Center at 1-855-215-4437 by October 30, 2015. All of the optional annuity forms that are available to you under the Plan will be provided to you in your Retirement Kit.



Notice 1 – Your Lump Sum and Annuity Amounts

CenturyLink Retirement Component of the CenturyLink Combined Pension Plan
Prepared for: Harry Krause

Limited-Time Offer Available Until: **October 30, 2015**

Annuity Form (see Notice 2)	Monthly Amount Payable for Your Life	Monthly Amount Payable to Your Beneficiary After Your Death
Single Life Annuity	\$198.71	\$0.00 (No additional pension payments are paid to anyone)
50% Joint and Survivor	\$187.80	\$93.90 (paid to your beneficiary for his/her lifetime)
75% Joint and Survivor	\$182.77	\$137.08 (paid to your beneficiary for his/her lifetime)
100% Joint and Survivor	\$178.02	\$178.02 (paid to your beneficiary for his/her lifetime)
10 Year Certain and Life	\$194.26	\$194.26 (remaining pension payments paid to your beneficiary if you die before receiving 120 payments). If you die after 120 payments there are no further payments made.

OPTION 3 – Defer Monthly Annuity Payment – Do Nothing (no action required at this time)

You may request to begin receiving your monthly pension benefit at any time after you become eligible under the terms of the Plan. Please refer to the Summary Plan Description for the Plan for more information about when you may be able to elect to commence the payment of your vested pension benefit after this limited-time offer ends on October 30, 2015.

To commence receiving your pension benefit at any future time, you will need to contact the Pension Service Center at least 30 days and not more than 180 days in advance of the date you would like to start receiving your pension.

If you take no action by the time you reach your "required beginning date" (generally, age 70-1/2), you automatically will begin receiving payments of your Plan benefit.



CenturyLink Retirement Component of the CenturyLink Combined Pension Plan

This checklist is to help you complete all of the steps necessary for you to be able to choose to receive payment of your vested accrued benefit from the Plan in a single lump sum payment.

COMPLETE the following forms and mail in the postage-paid envelope no later than October 30, 2015 to receive a lump sum payment in early December 2015.

- Form 1 – Lump Sum Benefit Election Form.** Use this form to elect the lump sum payment option. Review the entire package of materials before you make your election.
- Form 2 – Payment Method Election.** Use this form to elect how you want your lump sum paid (by check or rollover).
- Form 3 – Spouse's Waiver of Survivor Annuity.** If you are married and you want to elect the lump sum option, your spouse **MUST** complete this form and sign in the presence of a notary.



Look for this symbol, which identifies the forms in this Election Kit that need to be completed and returned by October 30, 2015.

REVIEW the following before making your election:

- All Personal Data on Form 1.** Certain types of personal data may change the amount of your pension benefit. If your date of birth is incorrect, contact the CenturyLink Lump Sum Service Center at 1-855-215-4437 immediately.

If any of your corrections or declarations on Form 1 - Lump Sum Benefit Election require proof (for example, your name, address, or date of birth), be sure to provide that proof according to the instructions on the Form.

- Notice 1 – Lump Sum and Annuity Amounts.** This notice shows you the estimated amounts and forms of payment available to you under this limited-time offer.
- Notice 2 – Important Information.** This notice includes a description of the payment options available under the Plan, a Joint and Survivor Annuity illustration, details regarding your right to defer payment of your pension benefit, and information on the relative value of the available payment options.
- Notice 3 – Special Tax Notice.** This notice includes information about federal tax and withholding requirements that apply to a lump sum distribution. You may wish to discuss this notice with your tax advisor.

If you have questions about the forms, please contact the CenturyLink Lump Sum Service Center at 1-855-215-4437. **Please use blue or black ink, print clearly and make a copy of your completed forms for your records.**

RETURN YOUR COMPLETED FORMS AND ANY REQUIRED DOCUMENTATION USING THE ENCLOSED POSTAGE-PAID ENVELOPE AND MAIL TO:

CenturyLink Lump Sum Service Center
P.O. Box 419044
Rancho Cordova, CA 95741

Note: Only Forms delivered to this address by the United States Postal Service will be accepted. If you desire to track the delivery of your election form and related documents, please use USPS Priority or Express mail. Delivery by FedEx, UPS, or other courier services cannot be accepted at this address. Fax and email delivery services are also not available.





Form 1 – Lump Sum Benefit Election

CenturyLink Retirement Component of the CenturyLink Combined Pension Plan

Prepared for: Harry Krause

COMPLETE and MAIL BY: October 30, 2015

To Elect a Lump Sum Payment – Complete All Sections and Return

1. LUMP SUM ELECTION: I understand that by completing, signing and returning this form, I am electing to receive my vested pension benefit from the Plan in a lump sum payment. I understand that my lump sum payment from the Plan, as of October 1, 2015, is estimated to be \$41,639.96 but that the actual amount paid to me may be a different amount. I understand that once I am paid my vested pension benefit from the Plan in this lump payment, no additional pension payments will be payable to me or to my beneficiary, including after my death.

2. INFORMATION VERIFICATION: *If any information below is NOT correct, please cross out the incorrect information and print the correct information in the space provided. In order for your election to be processed, you must enter the correct information below.*

Information on Record		Corrections (if any)
Name	Harry Krause	
Provide proof of any changes in your name with your completed forms. Acceptable proof includes a copy of your current driver's license, current passport or Social Security card. Do NOT send originals.		
Address	171 Pioneer Rd Kalispell, MT 59901	
This address will be used for mailing your lump sum check and important tax information about your payment from the Plan.		

Please provide the information below. All fields must be accurately completed or your election will not be valid and will not be processed. To correct any information below, contact the CenturyLink Lump Sum Service Center at 1-855-215-4437.

Declarations	
Date of Birth	December 13, 1955 <input type="checkbox"/> The date of birth listed is incorrect. My correct date of birth is: _____ If you do not check the box above, it is assumed that the date of birth listed is correct. If your date of birth is incorrect, you MUST call the CenturyLink Lump Sum Service Center for a new Election Kit AND immediately mail this page along with a copy of your birth certificate, current passport or current driver's license to: CenturyLink Lump Sum Service Center P.O. Box 419044 Rancho Cordova, CA 95741 The CenturyLink Lump Sum Service Center can be reached at 1-855-215-4437.
Marital Status	My current marital status is: <input type="checkbox"/> I am single. <input type="checkbox"/> I am legally separated.* <input checked="" type="checkbox"/> I am married.* <input type="checkbox"/> I am widowed. *If you are married or legally separated, your Spouse's Consent is required if you want to elect a lump sum payment. Be sure to enclose the Form 3 - Spouse's Waiver of Survivor Annuity Form, completed, signed and properly notarized.
Divorce or Lien Notification (If Applicable)	You must disclose whether your pension benefit is subject to the following specific types of liens (check all applicable items). <input type="checkbox"/> Qualified Domestic Relations Order(s) (QDRO)** <input type="checkbox"/> Pending Domestic Relations Order(s) (DRO)** <input type="checkbox"/> IRS Lien on Retirement Benefits** If any of these apply to you, you are not eligible to participate in this limited-time offer. **Provide a copy of the QDRO, DRO or IRS Form 668-A. Do not send documentation related to any other type of liens.



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Form 1 – Lump Sum Benefit Election



CenturyLink Retirement Component of the CenturyLink Combined Pension Plan

Prepared for: Harry Krause

COMPLETE and MAIL BY: October 30, 2015

3. PARTICIPANT ACKNOWLEDGMENTS

By signing Form 1 – Lump Sum Benefit Election, I acknowledge that I have made an election regarding my payment options and based on my election, I consent to receive my pension benefit from the CenturyLink Retirement Component of the CenturyLink Combined Pension Plan. I have received information from the Plan Administrator regarding my pension benefit and payment options and I understand and represent all of the following:

ELECTION

- My Social Security Number (last 4 digits), full legal name and date of birth as provided or completed on **Form 1 – Lump Sum Benefit Election** are correct.
- By electing the lump sum payment, I waive my right to receive my pension benefits under the Plan in the form of a 50% Joint and Survivor Annuity (if I am married) or a Single Life Annuity ("SLA") (if I am not married). If I am married, my spouse has consented to this waiver by completing **Form 3 – Spouse's Waiver of Survivor Annuity**. My Spouse's signature is properly notarized.
- I have reviewed all of my payment options, and I understand the financial effect of waiving the Single Life Annuity ("SLA") option available to me.
- I have been provided with information estimating the amount of my pension benefit under each optional form of payment currently available under the terms of the Plan. I understand that my lump sum amount is an estimate and the final lump sum amount is subject to adjustments based on (1) the actual Interest Rates, if applicable, in effect on my Benefit Commencement Date of October 1, 2015 and (2) based on any changes in my personal data.
- I may rescind or cancel my election or revoke my waiver at any time prior to November 20, 2015. Call the CenturyLink Lump Sum Service Center at 1-855-215-4437 prior to November 20, 2015 for instructions.
- If I die before October 1, 2015, this election will be revoked and my surviving spouse or beneficiary, if applicable, may be eligible to receive the survivor annuity provided under the Plan's terms.

MARITAL STATUS AND SPOUSAL CONSENT

- My spouse's consent is irrevocable unless I revoke my waiver of the 50% Joint and Survivor Annuity.
- A notarized spousal consent is valid only for the spouse who signs the consent. If I am divorced and remarry, or if I am not now married, but I marry between the time I sign this form and my Benefit Commencement Date of October 1, 2015, I am required to notify the CenturyLink Lump Sum Service Center of my marriage, and if I fail to do so, I accept legal and financial liability for my failure to provide this notification.
- Any Qualified Domestic Relations Order (QDRO), pending Domestic Relations Order (DRO), divorce, legal separation or other legal decree that has assigned or will assign all or a portion of my pension benefit to an alternate payee or former spouse makes me ineligible for this offer. I am required to notify the CenturyLink Lump Sum Service Center of the existence of any such legal order, and if I fail to do so, accept legal and financial liability for my failure to notify the CenturyLink Lump Sum Service Center, which may include, but is not limited to, bearing the costs of the Plan's defense (including attorney's fees) of any action brought by a former spouse for pension benefits, including the amount of benefits sought. Except as disclosed in the section titled "Information Verification," I advise that there is no QDRO or pending DRO related to my pension, nor is there a DRO being negotiated or discussed as of the date this form is submitted.
- If I attested to being single or widowed in the "Marital Status" section of this form, I acknowledge and represent that I do not have a spouse as of the date this form is signed or submitted.





Form 1 – Lump Sum Benefit Election

CenturyLink Retirement Component of the CenturyLink Combined Pension Plan

Prepared for: Harry Krause

COMPLETE and MAIL BY: October 30, 2015

DISTRIBUTION AND TAX INFORMATION

- I cannot change my Benefit Commencement Date of October 1, 2015.
- I have received and read **Notice 3 - Special Tax Notice**. I understand that I am encouraged to consult my professional tax advisor or financial planner about this distribution.
- I have at least 30 days to consider whether to elect a direct rollover to another eligible employer plan or an IRA.
- If payment is made directly to me, federal income tax will be withheld at the rate of 20%, as mandated by federal law, and state income tax will be withheld, if applicable. I may be subject to additional income taxes when I file my federal and state income tax returns.
- Federal and state income tax will not be withheld from payments which are made as a direct rollover to an IRA or other qualified plan.

MY STATUS

- I am not currently employed by CenturyLink, Inc. or any of its affiliates. If I elect to receive a lump sum payment and am subsequently rehired by CenturyLink, Inc., or any of its affiliates, I will not be allowed to pay back this lump sum payment to the Plan. In making this election, I waive the right to any future pension payments from the Plan for the service used to calculate this lump sum.

4. ELECTION AND CERTIFICATION

By signing this form and inserting the last four digits of my Social Security Number in the space provided, I certify that I am the person named above and that the information in Section 2 – Information Verification portion of this form is correct and that I have elected to waive the available annuity options and receive my pension benefit under the Plan as a one-time, single lump sum payment.

I acknowledge that I have read and understand this Lump Sum Benefit Election form in its entirety (including the "Participant Acknowledgements") and other accompanying notices, and that I made this lump sum election with the understanding of the annuity payment options currently available to me. I understand that the lump sum distribution I receive is payment for my entire pension benefit under the Plan, and neither I nor my spouse or beneficiaries will be entitled to receive any future pension payments.

Harry Krause
Signature of Participant

09/23/2015
Today's Date

Harry Krause
Printed Name of Participant

XXX-XX-6786
Last 4 digits of Social Security Number
(required)

⁴⁰⁶
(406) 260-5478
Daytime Telephone Number

YOU WILL RECEIVE A WRITTEN CONFIRMATION STATEMENT APPROXIMATELY THREE WEEKS AFTER YOUR COMPLETED FORMS ARE RECEIVED. PLEASE RETAIN THIS STATEMENT FOR YOUR RECORDS.



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Form 2 – Payment Method Election

CenturyLink Retirement Component of the CenturyLink Combined Pension Plan
Prepared for: Harry Krause

COMPLETE and MAIL BY: October 30, 2015

To Elect a Lump Sum Payment — Complete Form 2 and Return

CASH OR ROLLOVER ELECTION

I have read and understand **Notice 3 - Special Tax Notice**, and I elect to receive my estimated lump sum pension payment of \$41,639.96 in early December, 2015, as follows:

Traditional direct rollover into an eligible traditional IRA (one institution only) – Print Institution Name Below

Traditional direct rollover into an eligible employer plan (one institution only) – Print Eligible Employer Plan Below

whitelsh CU 401K Plan 125-0230-8-002

Direct rollover into a Roth IRA (one institution only) – Print Institution Name Below

Cash payment directly to me

Split distribution of \$_____ (before taxes are withheld) cash paid directly to me, **and** the remainder of \$500 or more (choose one):

- As a direct rollover into an eligible traditional IRA, or
- As a direct rollover into an eligible employer plan, or
- As a direct rollover into a Roth IRA

Print Institution Name or Eligible Employer Plan

Additional Important Information

Cash Payment to Me: If payment is to be made directly to me, I understand that federal income tax will be withheld at the rate of 20%, and additional state income tax may be withheld, if applicable. I may be subject to additional income taxes when I file my federal and state income tax returns.

Direct ROLLOVER Payment: If payment is made as a traditional or Roth direct rollover, I understand that federal and state income tax will not be withheld from my distribution. The direct rollover payment will be mailed directly to me in the form of a check made payable to the financial institution or eligible employer plan I have identified. **I am responsible for providing the correct official name of the IRA financial institution or the eligible employer plan, and for delivering the check to that institution or administrator.**

The name I print above for the financial institution or eligible employer plan will be **exactly** how my check will be printed. Please note that you will be limited to 32 characters in the name. You first must check with your Financial Institution or Eligible Employer Plan to confirm the appropriate name limited to 32 characters.



Form 3 – Spouse’s Waiver of Survivor Annuity



CenturyLink Retirement Component of the CenturyLink Combined Pension Plan
Prepared for: Harry Krause

COMPLETE and MAIL BY: October 30, 2015

If Married: To Elect a Lump Sum Payment — Complete and Return this Waiver

By signing this document I, the spouse of Harry Krause, acknowledge the following:

- I have read and understand **Notice 1 – Your Lump Sum and Annuity Amounts** and **Notice 2 – Important Information**. I acknowledge that these notices explain the 50% Joint and Survivor Annuity form of payment and that all of my questions have been answered.
- I have been encouraged to seek the advice of my professional tax advisor or financial planner about this distribution.
- I am the legal spouse of the above-named participant in the Plan.
- I understand that the normal form of payment for a married participant from the Plan is the 50% Qualified Joint and Survivor Annuity (QJSA), which would provide a monthly pension benefit for my lifetime if my spouse died before me.
- I understand that my spouse has elected to receive his or her total pension benefit from the Plan in a one-time lump sum payment and that no further pension payments will be payable to me or anyone else at any time in the future, including after my spouse’s death.
- I understand that my spouse’s election is not valid unless I consent to it, I hereby consent to my spouse’s election and that my consent is irrevocable unless my spouse revokes the benefit election by November 20, 2015.
- I consent to my spouse’s election to receive his or her total pension benefit from the Plan as a one-time lump sum.
- I waive my right to receive a survivor annuity from the Plan.

IMPORTANT! This form must be signed in the presence of a notary and will not be accepted as complete if the Certification of Notary is missing.

If prepared outside of the United States, compliance with the notary requirements of the foreign jurisdiction is required.

Signature of Spouse

Spouse’s Printed Name

CERTIFICATION OF NOTARY

On this _____ day of _____, **2015**, the above listed spouse personally acknowledged and completed this instrument before me.

Signature of Notary

Notary’s Printed Name

Commission Expiration

Notary Seal and/or Ink Stamp
as required by State or Foreign Jurisdiction

Note: You can usually find a notary at your bank



CenturyLink Retirement Component of the CenturyLink Combined Pension Plan
Prepared for: Harry Krause

Limited-Time Offer Available Until: **October 30, 2015**

PLAN PAYMENT OPTIONS

Please read this notice to help you understand the payment options available under the Plan. You are encouraged to discuss these options with your spouse (if married), and to consult a professional tax counselor or financial advisor prior to making a payment option election.

1. NORMAL FORMS OF PAYMENT

If you are single — You will receive a Single Life Annuity ("SLA") which provides the same monthly pension amount for your lifetime. When you die, payments will stop, with no further payments to anyone else.

If you are married — You will receive a 50% Qualified Joint and Survivor Annuity (QJSA) which provides a reduced monthly pension payment for your lifetime. When you die, your spouse receives 50% of your monthly payment for his or her lifetime, if he or she survives you. If you are married and you elect a payment option other than a Qualified Joint and Survivor Annuity, or designate someone other than your spouse as your beneficiary, if eligible, your spouse must consent to your election.

2. OPTIONAL FORMS OF PAYMENT

Other optional forms of payment are currently available under the Plan, as described below. The optional forms of payment that you may elect to receive and the amount payable under each choice are shown on **Notice 1 – Your Lump Sum and Annuity Amounts**.

Lump Sum Payment — A lump sum payment is a single payment of your entire pension benefit under the Plan. Once the lump sum is paid, no other benefits will be paid from the Plan to you or anyone else. If you are married, your spouse must consent to your lump sum election.

Single Life Annuity — A Single Life Annuity is a monthly pension payment for your lifetime. When you die, payments stop, with no further pension benefits paid to anyone else. The Single Life Annuity is not reduced to provide a survivor annuity to your spouse or beneficiary if allowed under the terms of the Plan; therefore, your monthly pension payments under this option will be larger than those under the 50% QJSA. If you are married, your spouse must consent to this election.

Joint and Survivor Annuities — A Joint and Survivor Annuity provides a reduced monthly pension payment for your lifetime. When you die, your beneficiary will receive a monthly pension payment for his or her lifetime, if he or she survives you. Your pension payments under this option will be less than the Single Life Annuity payment based on your election of the Joint and Survivor Annuity. The payment to a surviving beneficiary is determined as a percentage of the monthly pension amount you receive. If you are married, your spouse must consent to this election.

A Life Annuity with Ten Years Certain — A Life Annuity with Ten Years Certain provides a reduced monthly payment for your lifetime. If you die after you have received 10 years (120 months) of monthly annuity payments, no pension payment is due to anyone else. If you die before 10 years (120 months) of payments have been made to you, the beneficiary named by you will receive the same monthly annuity payment amount that you were receiving until pension payments made to you and/or your beneficiary equal ten years (120 months) of payments. If you die within the first ten years and you do not have a living beneficiary, a single lump sum payment for the remaining pension benefits will be paid to your estate. If you are married, your spouse must consent to this election.



Notice 2 – Important Information

Information Only

CenturyLink Retirement Component of the CenturyLink Combined Pension Plan
Prepared for: Harry Krause

Limited-Time Offer Available Until: **October 30, 2015**

Please also refer to the applicable Summary Plan Description for the Plan as it provides additional information about all of the forms of benefit payment and how those benefit forms are calculated.



CenturyLink Retirement Component of the CenturyLink Combined Pension Plan
 Prepared for: Harry Krause

Limited-Time Offer Available Until: **October 30, 2015**

JOINT AND SURVIVOR ANNUITY ILLUSTRATIONS

The Joint and Survivor Annuity options shown on **Notice 1 –Your Lump Sum and Annuity Amounts** were determined assuming you and your beneficiary are the same age. Your actual Joint and Survivor Annuity options will be different if your beneficiary is older or younger than you. Here is an illustration of how your Joint and Survivor Annuity options would change using different ages for your beneficiary.

Remember, a Joint and Survivor Annuity provides:

- A fixed monthly payment for your lifetime; and
- A monthly pension payment continuing to your beneficiary for his or her lifetime after your death.

The table below shows your monthly pension payment under the available Joint and Survivor Annuity options for differences in ages between you and your beneficiary.

These examples of the amounts payable as a Joint and Survivor Annuity are meant to give you an idea of how the amounts payable under Joint and Survivor Annuity options will vary based on different ages. Your Joint and Survivor Annuity option amounts will vary based on your actual age and the age of your beneficiary, if applicable.

If you want to obtain Joint and Survivor Annuity option amounts based on your age and your beneficiary's actual age or any information regarding other available optional forms of payment, please contact the CenturyLink Lump Sum Service Center at 1-855-215-4437, Monday through Friday, 8:00 a.m. - 5:00 p.m. Central, for assistance.

The monthly payment amounts shown below for each Joint and Survivor Annuity option are based on a Single Life Annuity ("SLA") of \$198.71 per month. Joint and survivor factors are applied to the Single Life Annuity ("SLA") to arrive at the amounts in the table.

Joint and Survivor Annuities: Survivor Age is:					
If you choose this Annuity Option	And your beneficiary is 5 years younger, your monthly annuity is	And your beneficiary is 3 years younger, your monthly annuity is	And your beneficiary is the same age, your monthly annuity is	And your beneficiary is 3 years older, your monthly annuity is	And your beneficiary is 5 years older, your monthly annuity is
50%	\$185.26	\$186.27	\$187.80	\$189.33	\$190.32
75%	\$179.20	\$180.61	\$182.77	\$184.98	\$186.39
100%	\$173.51	\$175.28	\$178.02	\$180.81	\$182.63



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Prepared for: Harry Krause

Limited-Time Offer Available Until: **October 30, 2015**

YOUR RIGHT TO DEFER PAYMENT

You have the right to delay receiving benefits until a later date, subject to the terms of the Plan. You should consider the consequences of receiving your Plan benefits now or waiting until later, including what happens if you should happen to die before the payment of your Plan benefit begins. These consequences are described below and reflect the Plan’s current terms. The Company reserves the right to change the terms of the Plan at any time, even for participants who have already terminated employment; however you are vested in the benefit forms that were available at your termination of employment. Be certain that you are knowledgeable about the current terms of the Plan and how they affect you and our pension benefits.

If you do not make an election by October 30, 2015 you are deferring the payment of your pension benefit. If you defer the payment of your pension benefit, please be aware of the following:

- A full or partial lump sum payment may be available to you at a later date as that is an optional form of benefit available to you.
- The commencement of your pension payments will be deferred until you meet the eligibility requirements under the terms of the Plan and you apply for your pension benefit. However, in no event may the payment of your Plan benefit be delayed beyond your "required beginning date." Your required beginning date (assuming you are not a 5% or greater owner of CenturyLink, Inc.) is the April 1st following the later of (i) the calendar year in which you attain age 70-1/2 or (ii) the calendar year in which you terminate employment from CenturyLink, Inc. and its affiliates. If you do not make an election to begin payments earlier, payment of your Plan benefit will begin on your required beginning date, subject to the applicable terms of the Plan and the Plan’s administrative procedures in effect at that time.
- Your monthly pension options will be recalculated to reflect your age and your beneficiary’s age on the actual date you begin receiving payments. To start the payment process, you should contact the Pension Service Center at 1-800-729-7526, select Option 2, Option 3, and then Option 1, at least 30 but not more than 180 days prior to the date you would like your pension payments to begin. If you do not timely contact the Pension Service Center, the beginning date of your pension payments will be delayed.
- If you decide to defer the payment of your Plan benefit, the amount of your monthly annuity payment may be larger at such later time you elect to commence payment of your Plan benefit, as illustrated below.

Age When Payments Begin	Single Life Annuity
65	\$303.61
62	\$242.89
60	\$202.51



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SOME THINGS TO THINK ABOUT WHILE YOU ARE CONSIDERING THIS LIMITED-TIME LUMP SUM PAYMENT OFFER

The decision whether to elect to take a lump sum distribution is a very important one. You should make certain that you have carefully considered all of the information in this Election Kit, as well as information in the Summary Plan Description to the Plan. You may want to request a pension payment kit, so you can fully understand the amount of your pension benefit, the optional annuity forms of payment that may be available to you and the monthly amounts those optional annuity forms may provide you. You also should consider consulting your personal tax advisor and/or financial consultant.

The following are some additional items that you should consider, including some of the advantages and disadvantages to taking a lump sum payment now instead of receiving your Plan benefit in an annuity form of payment, now or later:

- Taking a lump sum payment now gives you autonomy over your money:
 - You get to decide how to invest it, as well as how to spend it.
 - You also have the freedom to decide who will be your beneficiary to receive the balance of your lump sum upon your death – once you have received it, the lump sum is not subject to the same spousal consent requirements as the Plan.
 - You are able to consolidate your savings, and the larger amount may give you some investment fee and other cost savings.
- If you take a lump sum distribution now, you are solely responsible for managing the future investment of that lump sum. You need to consider how you are going to invest the lump sum amount so that it will provide the desired future income stream for your lifetime and, if you so desire, for the lifetimes of your spouse or other dependents after your death.
 - You may want to talk with a financial advisor to estimate how much it would cost you to buy a market annuity product that would provide you with the same stream of income as an annuity that is payable under the Plan.
 - You should consider the impact on your spouse if you should die after taking a lump sum payment and do not have the surviving spouse benefit available under the Plan.
- If you decide to delay taking payment of your pension benefit, CenturyLink, Inc. and its delegates are responsible for ensuring that the Plan's assets are invested in a way that is aimed to provide for the payment of benefits to Plan participants. In addition, CenturyLink, Inc. and its affiliates may be required by law to make future contributions to the Plan to assist in the funding of pension payments to participants. For more information regarding the funding status of the Plan, which may be an important part of your consideration for this limited-time lump sum offer, refer to the Annual Funding Notice which is distributed annually in April. If you want another copy, please contact the CenturyLink Lump Sum Service Center at 1-855-215-4437.
 - **Some more information about Pension Benefit Guaranty Corporation (the "PBGC") Protections.** The PBGC is a government corporation created by the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), to protect pension benefits in private defined benefit plans, such as the Plan. When plans insured by PBGC end—known as a plan termination—without enough money to pay all benefits, PBGC's single-employer insurance program pays participants the benefit they would have received from his/her pension plan up to certain limits set by law. PBGC's maximum benefit guarantee is set each year under ERISA. The maximum guarantee applicable to a plan is generally fixed as of that plan's termination date. For 2015, the maximum guaranteed amount for single-employer plans is about \$60,136 per year for workers who begin receiving payments from PBGC at age 65. The maximum guarantee is lower for participants who begin receiving



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payments from PBGC before age 65, or if the pension includes benefits for a surviving spouse or other beneficiary. The maximum benefit is higher for participants who are over age 65 when they begin receiving benefits. In addition, PBGC's guaranteed benefit amounts are subject to the "phase-in" limit (related to benefit increases made in the previous 5 years) and the "accrued-at-normal" limit (which excludes supplemental benefits). A table showing PBGC's maximum guarantee at various ages can be found at <http://www.pbgc.gov/wr/benefits/guaranteed-benefits/maximum-guarantee.html>.

- How you think interest rates may change in the future also may affect your decision about the limited-time lump sum payment. Interest rates are used to calculate the amount of your lump sum payment and, the historically low interest rates result in larger lump sum amounts. But, if you take the lump sum payment now, future interest rates will play a role in the growth of your investments of that lump sum payment outside of the plan and how long you may be able to rely on that lump sum to provide your retirement income.
- If you take a lump sum, you may not be able to regain Plan participation if you happen to be rehired. In this case, you would lose out on having your pension increased through additional service credits and potential compensation increases (assuming, of course, that the pension plan is not frozen for the category of employees into which you are rehired).
- Because you are being asked to choose between a lifetime benefit option (that may begin to be paid as soon as December 2015 or be delayed some years) and a lump sum, it is important that you understand how the two compare. To reiterate much of what was stated above:
 - Be certain you understand, and are comfortable with how retirement savings may be reduced in a number of ways or used on other expenses.
 - Make certain you understand the effect of the mortality and interest rate assumptions used by the Plan to determine your lump sum amount and how those would compare to assumptions used in the open market. Mortality means how long the average person will live.
 - Make certain you understand how your lump sum payment may be exposed to potential erosion over the years, as you assume all the risks inherent in managing both the investment and drawdown of your lump sum amount.
 - And, consider what your life expectancy might be (for example, lifestyle, family history, health, etc.) and what are going to be your financial needs over the remainder of your life.



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How Your Lump Sum Is Calculated

A lump sum represents the present value of all the future monthly annuity payments you are expected to receive under the Plan using specified assumptions. Lump sum payments are calculated in accordance with the requirements of the Plan and federal law. Your lump sum payment amount is calculated by taking into account:

- Your age, which is used with a mortality table to determine life expectancy, and
- Interest rates, which are used to determine the current value of future payments

The mortality table and interest rates for calculating the lump sum meet the requirements set by federal law for determining lump sum amounts. You should be aware that the mortality tables and interest rates can change periodically. The mortality table required by federal law for determining the minimum permissible lump sum is currently under review and it seems likely that the table will be revised to reflect longer life expectancies, perhaps as early as 2016. If such a revision were to take place, the effect would be higher lump sums, all else being equal. The lump sum calculation is also significantly affected by the required interest rate, which can change periodically (typically annually). Other things being equal, a lower interest rate results in a larger lump sum and a higher interest rate results in a smaller lump sum.

Your lump sum presented in this Election Kit was calculated using the following estimated interest and mortality assumptions which meet the requirements of federal law:

Interest rates:

- 1.24% for benefit payments occurring within 5 years
- 3.86% for payments occurring in the subsequent 15 years
- 4.96% for payments occurring more than 20 years in the future

Mortality Table: IRS Unisex Combined Mortality Table for 2015

Important Note: The opportunity to receive your vested pension right away, either as a lump sum payment or monthly annuity payment, is completely voluntary during this limited-time program. There is no assurance that a lump sum option will be available at a later date.

Please note that the lump sum shown in the Election Kit is an estimate and is based on interest rates published by the IRS for the five months preceding August 2015. Under the terms of the Plan, the final calculation of the lump sum will use interest rates published by the IRS for the five months preceding October 2015. If you were eligible for any early retirement subsidies when you terminated from the Company, the subsidies are included in the calculation of your lump sum and immediate annuity amounts.

The former Salaried plan portion and the Hourly plan portion of the Plan use a greater of 10 year treasuries and the 1971 TPF&C mortality table, PBGC Immediate Rates (if applicable) and the 1971 TPF&C mortality table, or the IRS rates and mortality.

The estimated lump sum reflected in this Election Kit is calculated based on the assumption that you will receive an annuity for your life only commencing at your normal retirement date, as permitted by federal law. *The lump sum does not reflect benefits commencing at any other date or in any other optional form, as the plan provides a lump sum only on the basis of the Single Life Annuity ("SLA") at normal retirement.*



Notice 2 – Important Information

Information Only

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RELATIVE VALUE OF PAYMENT OPTIONS

To help you understand the optional forms of payment available to you, the chart below shows the "relative value" of these options compared to the normal payment form for which you are entitled. This chart helps you to compare the value of distributions paid in different forms. For all payment options other than the lump sum, the comparison is made using an interest rate of 8.0% and life expectancy assumptions based on participant mortality in accordance with the RP2000 Combined Healthy Mortality Table, projected to 2010 using Projection Scale AA, using a 70%/30% blend of males and females and beneficiary mortality in accordance with the RP2000 Combined Healthy Mortality Table, projected to 2010 using Projection Scale AA, using a 30%/70% blend of males and females, which may be different than the Plan's interest rates and life expectancy assumptions. For comparison to the lump sum payment, the IRS interest rates are 1.81% for benefit payments commencing within 5 years, 4.31% for the subsequent 15 years and 5.41% thereafter, and IRS life expectancy assumptions. Keep in mind that the actual value of your payments will depend on how long you actually live.

Your election is an important decision and the best choice for you will depend on many factors. Since your election is a one-time choice, you should discuss it with your family and your financial advisor.

Optional Form of Payment	Relative Value as a % of the Life Annuity
Single Life Annuity	100.07%
50% Joint and Survivor*	100.00%
75% Joint and Survivor*	99.96%
100% Joint and Survivor*	99.93%
10 Year Certain and Life	100.01%
Lump Sum Payment	120.70%

*Joint and Survivor Annuity options were determined assuming you and your survivor are the same age.



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YOUR ROLLOVER OPTIONS

You are receiving this notice because all or a portion of a payment you are receiving from the CenturyLink Combined Pension Plan (the "Plan") is eligible to be rolled over to an IRA or an employer plan. Effective December 31, 2014, the Company merged the Embarq Retirement Pension Plan and the Qwest Pension Plan into the CenturyLink Retirement Plan which was renamed the CenturyLink Combined Pension Plan. The Plan is comprised of the four legacy component plans. For more information on this merger refer to the Summary Plan Description posted on The Pension Site at www.centurylinkpension.ehr.com. This notice is intended to help you decide whether to do such a rollover of all or a portion of your benefits from the Plan.

This notice describes the rollover rules that apply to payments from the Plan that are not from a designated Roth account (a type of account with special tax rules in some employer plans). If you also receive a payment from a designated Roth account in the Plan, you will be provided a different notice for that payment, and the Plan administrator or the payor will tell you the amount that is being paid from each account.

Rules that apply to most payments from a plan are described in the "General Information About Rollovers" section. Special rules that only apply in certain circumstances are described in the "Special Rules and Options" section.

GENERAL INFORMATION ABOUT ROLLOVERS

How can a rollover affect my taxes?

You will be taxed on a payment from the Plan if you do not roll it over. If you are under age 59½ and do not do a rollover, you will also have to pay a 10% additional income tax on early distributions (unless an exception applies). However, if you do a rollover, you will not have to pay tax until you receive payments later and the 10% additional income tax will not apply if those payments are made after you are age 59½ (or if an exception applies).

Where may I roll over the payment?

You may roll over the payment to either an IRA (an individual retirement account or individual retirement annuity) or an employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover. The rules of the IRA or employer plan that holds the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan (for example, no spousal consent rules apply to IRAs and IRAs may not provide loans). Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

How do I do a rollover?

There are two ways to do a rollover. You can do either a direct rollover or a 60-day rollover.

If you do a direct rollover, the Plan will make the payment directly to your IRA or an employer plan. You should contact the IRA sponsor or the administrator of the employer plan for information on how to do a direct rollover.

If you do not do a direct rollover, you may still do a rollover by making a deposit into an IRA or eligible employer plan that will accept it. You will have 60 days after you receive the payment to make the deposit. If you do not do a direct rollover, the Plan is required to withhold 20% of the payment for federal income taxes (up to the amount of cash and property received other than employer stock). This means that, in order to roll over the entire payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the payment, the portion not rolled over will be taxed and will be



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subject to the 10% additional income tax on early distributions if you are under age 59½ (unless an exception applies).

How much may I roll over?

If you wish to do a rollover, you may roll over all or part of the amount eligible for rollover. Any payment from the Plan is eligible for rollover, except:

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Required minimum distributions after age 70½ (or after death)

The Plan administrator or the payor can tell you what portion of a payment is eligible for rollover.

If I don't do a rollover, will I have to pay the 10% additional income tax on early distributions?

If you are under age 59½, you will have to pay the 10% additional income tax on early distributions for any payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the payment not rolled over.

The 10% additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 in the year of the separation
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary)
- Payments made due to disability
- Payments after your death
- Payments made directly to the government to satisfy a federal tax levy
- Payments made under a qualified domestic relations order (QDRO)
- Payments up to the amount of your deductible medical expenses
- Certain payments made while you are on active duty if you were a member of a reserve component called to duty after September 11, 2001 for more than 179 days

If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions from the IRA?

If you receive a payment from an IRA when you are under age 59½, you will have to pay the 10% additional income tax on early distributions from the IRA, unless an exception applies. In general, the exceptions to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

- There is no exception for payments after separation from service that are made after age 55.
- The exception for qualified domestic relations orders (QDROs) does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA of a spouse or former spouse).
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service.
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to \$10,000 used in a qualified first-time home purchase, and (3) payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).



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Will I owe State income taxes?

This notice does not describe any State or local income tax rules (including withholding rules).

SPECIAL RULES AND OPTIONS**If your payment includes after-tax contributions**

After-tax contributions included in a payment are not taxed. If a payment is only part of your benefit, an allocable portion of your after-tax contributions is included in the payment, so you cannot take a payment of only after-tax contributions. However, if you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after-tax contributions are included in a payment. In addition, special rules apply when you do a rollover, as described below.

You may roll over to an IRA a payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). If you do a direct rollover of only a portion of the amount paid from the Plan and at the same time the rest is paid to you, the portion directly rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a distribution of \$12,000, of which \$2,000 is after-tax contributions. In this case, if you directly roll over \$10,000 to an IRA that is not a Roth IRA, no amount is taxable because the \$2,000 amount not directly rolled over is treated as being after-tax contributions. If you do a direct rollover of the entire amount paid from the Plan to two or more destinations at the same time, you can choose which destination receives the after-tax contributions.

If you do a 60-day rollover to an IRA of only a portion of a payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you are receiving a distribution of \$12,000, of which \$2,000 is after-tax contributions, and no part of the distribution is directly rolled over. In this case, if you roll over \$10,000 to an IRA that is not a Roth IRA in a 60-day rollover, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions.

You may roll over to an employer plan all of a payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a governmental section 457(b) plan). You can do a 60-day rollover to an employer plan of part of a payment that includes after-tax contributions, but only up to the amount of the payment that would be taxable if not rolled over.

If you miss the 60-day rollover deadline

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. To apply for a waiver, you must file a private letter ruling request with the IRS. Private letter ruling requests require the payment of a nonrefundable user fee. For more information, see IRS Publication 590, *Individual Retirement Arrangements (IRAs)*.

If you were born on or before January 1, 1936

If you were born on or before January 1, 1936 and receive a lump sum distribution that you do not roll over, special rules for calculating the amount of the tax on the payment might apply to you. For more information, see IRS Publication 575, *Pension and Annuity Income*.

If you roll over your payment to a Roth IRA

If you roll over a payment from the Plan to a Roth IRA, a special rule applies under which the amount of the payment rolled over (reduced by any after-tax amounts) will be taxed. However, the 10% additional income



Notice 3 – Special Tax Notice

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tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within 5 years, counting from January 1 of the year of the rollover).

If you roll over the payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59½ (or after your death or disability, or as a qualified first-time homebuyer distribution of up to \$10,000) and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year for which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590, *Individual Retirement Arrangements (IRAs)*.

If you are not a plan participant

Payments after death of the participant. If you receive a distribution after the participant's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions do not apply, and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the participant was born on or before January 1, 1936.

If you are a surviving spouse. If you receive a payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70½.

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA.

If the participant had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have been age 70½.

If you are a surviving beneficiary other than a spouse. If you receive a payment from the Plan because of the participant's death and you are a designated beneficiary other than a surviving spouse, the only rollover option you have is to do a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

Payments under a qualified domestic relations order. If you are the spouse or former spouse of the participant who receives a payment from the Plan under a qualified domestic relations order (QDRO), you generally have the same options the participant would have (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). Payments under the QDRO will not be subject to the 10% additional income tax on early distributions.

If you are a nonresident alien



Notice 3 – Special Tax Notice

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If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, the Plan is generally required to withhold 30% of the payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing Form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, *U.S. Tax Guide for Aliens*, and IRS Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*.

Other special rules

If a payment is one in a series of payments for less than 10 years, your choice whether to make a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).

If your payments for the year are less than \$200 (not including payments from a designated Roth account in the Plan), the Plan is not required to allow you to do a direct rollover and is not required to withhold for federal income taxes. However, you may do a 60-day rollover.

Unless you elect otherwise, a mandatory cashout of more than \$1,000 (not including payments from a designated Roth account in the Plan) will be directly rolled over to an IRA chosen by the Plan administrator or the payor. A mandatory cashout is a payment from a plan to a participant made before age 62 (or normal retirement age, if later) and without consent, where the participant's benefit does not exceed \$5,000 (not including any amounts held under the plan as a result of a prior rollover made to the plan).

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information, see IRS Publication 3, *Armed Forces' Tax Guide*.

FOR MORE INFORMATION

You may wish to consult with the Plan administrator or payor, or a professional tax advisor, before taking a payment from the Plan. Also, you can find more detailed information on the federal tax treatment of payments from employer plans in: IRS Publication 575, *Pension and Annuity Income*; IRS Publication 590 *Individual Retirement Arrangements (IRAs)*; and IRS Publication 571, *Tax-Sheltered Annuity Plans (403(b) Plans)*. These publications are available from a local IRS office, on the web at www.irs.gov, or by calling 1-800-TAX-FORM.

