



## The Communications REIT

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### 2016 PROXY STATEMENT AND NOTICE OF ANNUAL MEETING

THURSDAY, MAY 19, 2016

8:00 A.M. (EASTERN)

[www.virtualshareholdermeeting.com/CSAL16](http://www.virtualshareholdermeeting.com/CSAL16)



# NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders (the "Annual Meeting") of Communications Sales & Leasing, Inc., a Maryland corporation (the "Company"), will be held on Thursday, May 19, 2016, at 8:00 a.m., Eastern time. The Annual Meeting will be completely virtual, which means stockholders will be able to attend the Annual Meeting, vote and submit questions during the live webcast of the Annual Meeting by visiting [www.virtualshareholdermeeting.com/CSAL2016](http://www.virtualshareholdermeeting.com/CSAL2016).

## Items of Business

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At the Annual Meeting, holders of our common stock will be asked to consider and vote upon the following proposals, all of which are discussed in greater detail in the accompanying proxy statement:

1. To elect the four director nominees named in the attached proxy statement to serve until the 2017 annual meeting of stockholders and until successors are duly elected or until the earliest of their removal, resignation or death;
2. An advisory vote to approve the compensation of the Company's named executive officers;
3. An advisory vote on the frequency of future advisory votes to approve the compensation of the Company's named executive officers;
4. To ratify the appointment of PricewaterhouseCoopers LLP as the Company's independent registered public accountant for the year ending December 31, 2016; and
5. To transact such other business as may properly come before the meeting or any postponement or adjournment thereof.

Only stockholders of record at the close of business on March 18, 2016, the record date for the Annual Meeting, will be entitled to vote at the Annual Meeting and any adjournments or postponements thereof.

We are pleased to take advantage of the rules of the U.S. Securities and Exchange Commission that allow companies to furnish their proxy materials over the Internet. As a result, beginning on April 6, 2016, we began mailing a Notice of Internet Availability of Proxy Materials to our stockholders rather than a full paper set of the proxy materials. The Notice of Internet Availability of Proxy Materials contains instructions on how to access our proxy materials over the Internet, as well as instructions on how stockholders may obtain a paper copy of our proxy materials.

To make it easier for you to vote, both Internet and telephone voting are available. The instructions on the Notice of Internet Availability of Proxy Materials or, if you received a paper copy of the proxy materials, the proxy card describe how to use these convenient services.

Your vote is important to us and to our business. Whether or not you plan to participate in our completely virtual meeting, we encourage you to read the accompanying proxy statement and submit your proxy or voting instructions as soon as possible.

By Order of the Board of Directors,

[Daniel L. Heard](#)

Executive Vice President—General Counsel and  
Secretary

Little Rock, Arkansas  
April 6, 2016

**Important notice regarding the availability of proxy materials for the 2016 Annual Meeting of Stockholders to be held on May 19, 2016: CS&L's Proxy Statement and Annual Report on Form 10-K for the fiscal year ended December 31, 2015 are available electronically at [www.investor.cslreit.com](http://www.investor.cslreit.com) and [www.proxyvote.com](http://www.proxyvote.com).**

## PROXY SUMMARY

This summary highlights certain information contained elsewhere in the accompanying proxy statement, but does not contain all of the information you should consider before voting your shares. For more complete information regarding the proposals to be voted upon at the annual meeting and our fiscal year 2015 performance, please review the entire proxy statement and our Annual Report on Form 10-K for the fiscal year ended December 31, 2015. We use the terms “CS&L,” “the Company,” “we,” “our” and “us” in this summary to refer to Communications Sales & Leasing, Inc.

### Annual Meeting

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**Date:** Thursday, May 19, 2016  
**Time:** 8:00 a.m. (Eastern time)  
**Location:** Via the Internet: [www.virtualshareholdermeeting.com/CSAL16](http://www.virtualshareholdermeeting.com/CSAL16)  
**Record Date:** Holders of our common stock at the close of business on March 18, 2016

### Voting Matters

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Proposals	Required Approval	Board Recommendation	Page Reference
1. Election of directors	Majority of Votes Cast For Each Nominee	FOR each nominee	13
2. Advisory vote to approve executive compensation	Majority of Votes Cast	FOR	44
3. Advisory vote on the frequency of future advisory votes to approve executive compensation	Majority of Votes Cast*	EVERY YEAR	45
4. Ratification of auditors	Majority of Votes Cast	FOR	46

\*If a frequency option does not receive a majority of votes cast, the option receiving the most votes will be considered the stockholders' recommendation.













## Corporate Governance Highlights (see page 8)




CS&L is committed to strong corporate governance practices and policies, which promote both the long-term interests of our stockholders and the accountability of the Board of Directors and management. The following table summarizes certain of our corporate governance practices and policies:

✓ Annual election of directors	✓ Active stockholder engagement
✓ Majority voting and resignation policy for director elections	✓ Policies prohibiting hedging of Company shares
✓ Independent directors regularly meet without management present	✓ Board is 80% independent (CEO is only management director)
✓ Board regularly assesses its performance through board and committee self-evaluations	✓ No poison pill
✓ Independent Chairman	✓ Robust stock ownership guidelines

## Director Nominees (see page 13)

The following table contains information about the four candidates who have been nominated for election to the Board of Directors of CS&L. Each nominee is currently a director of CS&L.

Name	Age	Director Since	Principal Occupation	Financial Expert	Committee Memberships		
					Audit	Compensation	Governance
Jennifer S. Banner	56	2015	CEO of Schaad Companies, LLC				
Francis X. ("Skip") Frantz	62	2015	Chairman of the Board of CS&L				
Kenneth A. Gunderman	45	2015	President and CEO of CS&L	—	—	—	—
David L. Solomon	56	2015	Founder and Managing Director of Meritage Funds				

 Member  
  Chairperson  
  Financial Expert

## 2015 Executive Compensation (see page 20)

Compensation decisions regarding executive compensation are made by the Compensation Committee. The Compensation Committee believes that a sensibly structured, incentive-aligning compensation program is critical to the creation of long-term stockholder value. The following table summarizes certain highlights of our compensation practices:

### What We Do:

### What We Don't Do:

✓ Align pay with performance by linking a substantial portion of compensation to the achievement of predefined quantitative and qualitative performance metrics that drive stockholder value creation	✗ Do NOT provide tax gross-ups in any circumstance
✓ Retain an independent compensation consultant	✗ Do NOT provide any perquisites for executives
✓ Require compliance with stock ownership guidelines	✗ Do NOT provide guaranteed bonuses
✓ Include double-trigger change-in-control provisions in equity awards	✗ Do NOT provide discount stock options or stock appreciation rights
✓ Place caps on incentive award opportunities	✗ Do NOT pay dividends on performance-based restricted stock units prior to vesting
✓ Maintain a clawback policy	✗ DO NOT permit unapproved pledging of our common stock
✓ Prohibit hedging of our common stock and option trading	✗ DO NOT add back to our equity compensation plan reserves any shares tendered as payment for shares withheld for taxes

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## PROXY STATEMENT

This proxy statement (this “Proxy Statement”) is being furnished to stockholders beginning on April 6, 2016, in connection with the solicitation of proxies by the Board of Directors of Communications Sales & Leasing, Inc. (“CS&L,” “the Company,” “we,” “our” and “us”), to be used at its 2016 annual meeting of stockholders (the “Annual Meeting”) to be held on May 19, 2016 at 8:00 a.m. (Eastern time) and at any postponement or adjournment thereof. The Annual Meeting will be a completely “virtual meeting” of stockholders. You will be able to attend the Annual Meeting as well as vote and submit your questions during the live webcast of the meeting by visiting [www.virtualshareholdermeeting.com/CSAL16](http://www.virtualshareholdermeeting.com/CSAL16) and entering the control number included in your Notice of Internet Availability of Proxy Materials, on your proxy card or in the instructions that accompanied your proxy materials. **Because the Annual Meeting is entirely virtual and being conducted webcast live over the Internet, stockholders will not be able to attend the Annual Meeting in person.**

Please read this Proxy Statement carefully and then vote your shares promptly by telephone, by Internet or by signing, dating and returning your proxy card.

## QUESTIONS AND ANSWERS ABOUT OUR ANNUAL MEETING

**Q: Why did I receive a one-page notice in the mail regarding the Internet availability of proxy materials instead of a full set of proxy materials?**

A: Under rules adopted by the U.S. Securities and Exchange Commission (the “SEC”), CS&L has elected to provide access to its proxy materials over the Internet. Accordingly, on or about April 6, 2016, CS&L is sending a Notice of Internet Availability of Proxy Materials to its stockholders of record and beneficial owners, except for stockholders who have requested otherwise. All stockholders will have the ability to access the proxy materials on the website referenced in the Notice. Instructions on how to access the proxy materials over the Internet or to request a printed copy may be found in the Notice. CS&L encourages you to take advantage of the electronic availability of the proxy materials in order to help reduce costs to the Company and to reduce the impact on the environment.

**Q: What is included in the proxy materials?**

A: The internet version of the proxy materials includes:

- This Proxy Statement for the Annual Meeting; and
- Our 2015 annual report to stockholders, which includes our Annual Report on Form 10-K for the fiscal year ended December 31, 2015 (the “Annual Report”).

If you received a printed copy of these materials by mail, the proxy materials also include a proxy card or a voting instruction form for the Annual Meeting.

**Q: What items of business will be conducted at the Annual Meeting?**

A: The following matters will be presented for stockholder consideration and voting at the Annual Meeting:

- The election of four nominees to serve as directors of the Company until the 2017 Annual Meeting of Stockholders and until their successors are duly elected and qualified (Proposal No. 1);
- An advisory vote to approve the compensation of the Company’s named executive officers (“NEOs”) (Proposal No. 2);
- An advisory vote approving the frequency at which future advisory votes on executive compensation—like Proposal No. 2 above—should be conducted (Proposal No. 3); and
- The ratification of the appointment of PricewaterhouseCoopers LLP (“PwC”) as our independent public accounting firm for the year ending December 31, 2016 (Proposal No. 4).

**Q: How does the Board of Directors recommend that I vote?**

A: The Board of Directors of CS&L recommends you vote:

- “**FOR**” the election of each of the four nominees to serve as directors of the Company (Proposal No. 1);
- “**FOR**” approval of the resolution regarding compensation of the Company’s NEOs (Proposal No. 2);
- in favor of holding future advisory votes to approve the compensation of the Company’s NEOs “**EVERY YEAR**” (Proposal No. 3); and
- “**FOR**” the ratification of the appointment of PwC as our independent public accounting firm for the year ending December 31, 2016.

**Q: Who is entitled to vote at the Annual Meeting?**

A: Each share of CS&L common stock is entitled to one vote on each proposal presented at the Annual Meeting. Holders of record of our common stock at the close of business on March 18, 2016 (the “Record Date” for the Annual Meeting) are entitled to receive notice of the Annual Meeting and to vote their shares of common stock held on that date at the Annual Meeting or any postponements or adjournments of the Annual Meeting. On the Record Date, 150,623,862 shares of common stock of CS&L were outstanding.

**Q: How can I attend the Annual Meeting?**

A: Stockholders may attend the Annual Meeting online by visiting [www.virtualshareholdermeeting.com/CSAL16](http://www.virtualshareholdermeeting.com/CSAL16). While all CS&L stockholders will be permitted to attend the Annual Meeting, only stockholders of record and beneficial owners as of the close of business on the Record Date, March 18, 2016, may vote and ask questions during the Annual Meeting. In order to vote or submit a question during the meeting, you will need to follow the instructions posted at [www.virtualshareholdermeeting.com/CSAL16](http://www.virtualshareholdermeeting.com/CSAL16) and will also need the control number included on your notice of Internet Availability of Proxy Materials or proxy card. Broadridge Financial Solutions, Inc. is hosting the Annual Meeting and, on the date of the Annual Meeting, will be available via telephone at 1-855-449-0991 to answer your questions regarding how to attend and participate in the Annual Meeting virtually via the Internet.

**Q: What is the difference between a stockholder of record and a beneficial owner of shares held in street name?**

A: ***Stockholder of record.***

If your shares are registered directly in your name with our transfer agent, Wells Fargo Bank, National Association, you are considered the stockholder of record with respect to those shares, and we sent a Notice of Internet Availability of Proxy Materials, or a printed set of the proxy materials together with a proxy card, directly to you.

### **Beneficial owner of shares held in street name.**

If your shares are held in an account at a broker, bank or other nominee, then you are the beneficial owner of those shares held in “street name,” and a Notice of Internet Availability of Proxy Materials or a printed set of the proxy materials, together with a voting instruction form, was forwarded to you by your broker, bank or other nominee who is considered the stockholder of record with respect to those shares. As a beneficial owner, you have the right to instruct your broker, bank or other nominee on how to vote the shares held in your account by following the instructions in the a Notice of Internet Availability of Proxy Materials or on the voting instruction form you received.

#### **Q: How can I vote my shares?**

A: The process for voting your shares depends on how your shares are held. Generally, as discussed above, you may hold shares as a “record holder” (that is, in your own name) or in “street name” (that is, through a nominee, such as a broker or bank). As explained above, if you hold shares in “street name,” you are considered to be the “beneficial owner” of those shares.

**Voting by record holders.** If you are a record holder, you may vote by proxy or you may vote in person at the Annual Meeting (via attendance at the virtual meeting by webcast). If you are a record holder and would like to vote your shares by proxy prior to the Annual Meeting, you have three ways to vote:



go to the website [www.proxyvote.com](http://www.proxyvote.com) and follow the instructions at that website;



call 1-800-690-6903 and follow the instructions provided on the call; or



if you received a proxy card in the mail, complete, sign, date, and mail the proxy card in the return envelope provided to you.

Please note that telephone and internet proxy voting will close at 11:59 p.m. Eastern time on May 17, 2016. If you received a proxy card in the mail and wish to vote by completing and returning the proxy card via mail, please note that your completed proxy card must be received before the polls close for voting at the Annual Meeting.

**Voting by beneficial owners of shares held in “street name.”** If your shares are held in the name of a broker, bank, or other nominee (that is, your shares are held in “street name”), you should receive separate instructions from the record holder of your shares describing how to vote.

#### **Q: What constitutes a quorum?**

A: The presence at the Annual Meeting, virtually or by proxy, of stockholders entitled to cast a majority of all the votes entitled to be cast at the Annual Meeting constitutes a quorum. If a quorum is established, each holder of common stock will be entitled to one vote on each matter to be voted on at the Annual Meeting

for each issued and outstanding share of common stock owned on the Record Date. Proxies received but marked as abstentions and broker “non-votes” will be included in the calculation of the number of votes considered to be present at the Annual Meeting and will be counted for quorum purposes. If a quorum is not present, the Annual Meeting may be adjourned until a quorum is obtained.

**Q: How many votes are needed to approve each proposal?**

A: The stockholder vote required to approve each proposal is set forth below:

<b>Proposals</b>	<b>Required Approval</b>
1. Election of directors	Majority of votes cast for each nominee
2. Advisory vote to approve executive compensation	Majority of votes cast
3. Advisory vote on the frequency of future advisory votes to approve executive compensation	Majority of votes cast
4. Ratification of auditors	Majority of votes cast

**Director Resignation Policy.** In accordance with our bylaws with respect to an uncontested election of directors, a director nominee must receive more votes cast “for” than “against” his or her election in order to be elected to the Board. Pursuant to our bylaws and Corporate Governance Guidelines, each director, promptly following his or her election, is required to tender a contingent, irrevocable resignation that the Board may accept upon the director’s failure to receive a majority of votes cast for his or her election at the next annual meeting. If this occurs, the Governance Committee will consider such resignation and make a recommendation to the Board regarding whether to accept or reject such resignation. The Board will act on the Governance Committee’s recommendation within 90 days of the date the election results are certified and publicly disclose its decision.

**Advisory Votes.** As noted above, approval of the compensation of our NEOs (Proposal No. 2) and approval of a frequency for future stockholder advisory votes to approve executive compensation (Proposal No. 3) require the affirmative vote of a majority of votes cast. These votes, however, are merely advisory and are not binding on the Company, the Board or its Compensation Committee. Despite the fact these votes are non-binding, the Board and the Compensation Committee will take the results of the votes under advisement when making future decisions regarding the Company’s executive compensation program and the frequency at which advisory votes to approve executive compensation will be conducted. With respect to Proposal No. 3, if a frequency option does not receive majority support, the option receiving the greatest number of votes will be considered the frequency recommended by the Company’s stockholders.

**Q: How are proxies voted?**

A: All shares represented by valid proxies received prior to the Annual Meeting will be voted, and where a stockholder specifies by means of the proxy a choice with respect to any matter to be acted upon, the shares will be voted in accordance with the stockholder's instructions.

**Q: What happens if I do not give specific voting instructions?**

**A: *Stockholders of record.***

If you are a stockholder of record and you sign and return a proxy card without giving specific voting instructions or you indicate when voting on the Internet or by telephone that you wish to vote as recommended by the Board, then the proxy holders will vote your shares in the manner recommended by the Board on all matters presented in this Proxy Statement and as the proxy holders may determine in their discretion with respect to any other matters properly presented for a vote at the Annual Meeting.

***Beneficial owners of shares held in street name.***

If you are a beneficial owner of shares held in street name and do not join and vote at the Annual Meeting or provide the broker, bank or other nominee that holds your shares with specific voting instructions, under the rules of various national and regional securities exchanges, the broker, bank or other nominee that holds your shares may generally vote on routine matters but cannot vote on non-routine matters. If the broker, bank or other nominee that holds your shares does not receive instructions from you on how to vote your shares on a non-routine matter, the broker, bank or other nominee that holds your shares will inform the inspector of election that it does not have the authority to vote on this matter with respect to your shares. This is generally referred to as a "broker non-vote."

**Q: Which ballot measures are considered "routine" or "non-routine"?**

A: The ratification of PwC as our independent registered public accounting firm for the year ending December 31, 2016 (Proposal No. 4) is a matter considered routine under applicable rules, and no broker non-votes are expected in connection with Proposal No. 4. All other matters to be voted on at the Annual Meeting are considered non-routine under applicable rules. A broker or nominee cannot vote without instructions on non-routine matters, and therefore broker non-votes may exist in connection with all proposals other than Proposal No. 4.

**Q: How are abstentions and broker non-votes counted?**

A: Abstentions and broker non-votes will be counted to determine whether there is a quorum present at the Annual Meeting, but will not be considered votes cast for voting purposes. Abstentions and broker non-votes will have no effect on any of the proposals to be presented at the Annual Meeting.

**Q: Can I change my vote after I have voted?**

A: Yes. You may revoke your proxy and change your vote at any time before the final vote at the Annual Meeting. After you submit your proxy, you may change your vote via the Internet or by telephone (in which case only your latest Internet or telephone proxy submitted prior to the Annual Meeting will be counted), by signing and returning a new proxy card or voting instruction form with a later date, or by attending the Annual Meeting and voting. However, your virtual attendance at the Annual Meeting will not automatically revoke your proxy unless you properly vote at the Annual Meeting or specifically request that your prior proxy be revoked by delivering written notice to CS&L's Secretary prior to the Annual Meeting at 10802 Executive Center Drive, Benton Building, Suite 300, Little Rock, Arkansas 72211.

**Q: What does it mean if I receive more than one proxy card or voting instruction form?**

A: If your shares are registered differently, or if they are held in more than one account, you will receive more than one proxy card or voting instruction form. Please follow the instructions on each proxy card or voting instruction form to ensure that all of your shares are voted. Please sign each proxy card exactly as your name appears on the card. For joint accounts, each owner should sign the proxy card. When signing as executor, administrator, attorney, trustee, guardian, etc., please print your full title on the proxy card.

**Q: Where can I find the voting results of the Annual Meeting?**

A: CS&L intends to announce preliminary voting results at the Annual Meeting and disclose final results in a Current Report on Form 8-K filed with the SEC within four business days after the Annual Meeting. If final results are not yet known within that four business day period, CS&L will disclose preliminary voting results in a Current Report on Form 8-K and file an amendment to the initial filing to disclose the final results within four business days after such final results are known.

## BOARD AND BOARD COMMITTEE MATTERS

Our governing documents provide that our Board of Directors must consist of not less than two nor more than nine directors. The number of directors who serve on the Board is currently set at four and may be fixed from time to time by the Board in the manner provided in the Company’s bylaws. The current members of our Board are: Jennifer S. Banner, Francis X. (“Skip”) Frantz (Chairman), Kenny A. Gunderman, and David L. Solomon. Biographical information regarding each of the current directors is available below under Proposal No. 1—“Election of Directors.”

### DIRECTOR INDEPENDENCE










Our Board has affirmatively determined that Ms. Banner, Mr. Frantz, and Mr. Solomon qualify as independent directors under applicable NASDAQ listing standards. In making this determination, the Board reviewed each of the nominees’ relationships, if any, with CS&L, and determined that there are no relationships that would impair any nominee’s ability to exercise independent judgment in carrying out his or her responsibilities as a director.

### MEETINGS OF THE BOARD OF DIRECTORS

During 2015, the Board met three times and acted by unanimous written consent eight times. All of the directors attended all of the meetings of the Board and Board committees on which they served during the periods in which they served. Directors are expected to attend each annual meeting of stockholders.

### COMMITTEES OF THE BOARD OF DIRECTORS

The Board has three standing committees: the Audit Committee, the Compensation Committee and the Governance Committee. Each of the Audit, Compensation and Governance Committees has a written charter that is available on our website at [www.cslreit.com](http://www.cslreit.com) under the “Investors—Corporate Governance” tab and is comprised entirely of directors whom the Board has determined are independent under applicable NASDAQ listing standards and SEC rules. A brief description of the functions of each of the Audit, Compensation and Governance Committee is set forth below. Members of each committee, as of March 18, 2016, were as follows:

Board Member	Committee Memberships		
	Audit	Compensation	Governance
Jennifer S. Banner			
Francis X. (“Skip”) Frantz, <i>Chairman</i>			
Kenneth A. Gunderman	—	—	—
David L. Solomon			
NUMBER OF MEETINGS HELD IN FISCAL 2015	4	5	3

 Member       Chairperson



## Audit Committee

Our Audit Committee consists of Ms. Banner, as Chair, Mr. Frantz and Mr. Solomon. Our Board has determined that each of Ms. Banner, Mr. Frantz and Mr. Solomon is an “audit committee financial expert,” as defined by the rules of the SEC. The primary duties of the Audit Committee include, among other things: (i) overseeing both the external and internal audit processes; (ii) establishing procedures for the receipt of complaints regarding accounting, internal accounting controls or auditing matters; (iii) overseeing and interacting with our independent auditors regarding the auditor’s engagement and/or dismissal, duties, compensation, qualifications and performance; (iv) reviewing and discussing with our independent auditors the scope of audits and our accounting principles, policies and practices; (v) reviewing and discussing our audited financial statements with our independent auditors and management; (vi) monitoring the ongoing review of the Company’s systems of disclosure controls and procedures; and (vii) reviewing and approving (or disapproving) related party transactions.

## Compensation Committee

Our Compensation Committee consists of Mr. Solomon, as Chair, Ms. Banner and Mr. Frantz. The Compensation Committee assists the Board in fulfilling its oversight responsibility related to the compensation programs, plans and awards for CS&L’s directors and executive officers. For more information regarding the Compensation Committee, see “Compensation Discussion & Analysis.”

## Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee serving during 2015 had any relationship requiring disclosure under the section titled “Relationships and Certain Related Transactions” in this Proxy Statement. During 2015, none of our executive officers served on the compensation committee (or its equivalent) or board of directors of another entity whose executive officer served on either our Compensation Committee or our Board of Directors.

## Governance Committee

Our Governance Committee consists of Mr. Frantz, as Chair, Ms. Banner and Mr. Solomon. The Governance Committee’s primary duties include, among other things: (i) establishing and reviewing the criteria for the skills and characteristics required for Board members; (ii) identifying individuals qualified to become directors consistent with the Governance Committee’s membership criteria; (iii) recommending director nominees to the Board for election at each annual meeting of stockholders and to fill vacancies; (iv) reviewing the Company’s Corporate Governance Guidelines; (v) assisting the Chairman of the Board with an annual evaluation of the Board and its committees; and (vi) annually, in consultation with the Chairman of the Board and our Chief Executive Officer, reviewing management succession plans.

The Governance Committee identifies potential Board candidates through various methods, including recommendation from directors, management and stockholders, and has the sole authority to retain, compensate and terminate search firms to be used to identify director candidates. The Governance Committee periodically reviews, in consultation with our President and Chief Executive Officer, the appropriate skills and

characteristics required of Board members in the context of the composition and needs of the Board from time to time. In reviewing potential candidates, the Governance Committee considers applicable Board and Board committee independence requirements imposed by CS&L's Corporate Governance Guidelines, NASDAQ listing standards and applicable law. The Governance Committee actively seeks candidates with an inquisitive and objective perspective, practical wisdom and mature judgment, who possess high personal and professional ethics, character, integrity and values and will be committed to representing the long-term interests of the Corporation's stockholders. Among the various criteria for selection as a Board member are the level of a potential candidate's relevant career experience, training and experience at the policy-making level in business, leadership and communication skills, and willingness to devote sufficient time and effort to Board duties. The Governance Committee also seeks candidates who demonstrate a willingness to evaluate management's performance objectively and who have no activities or interests that could conflict with their responsibilities to CS&L. While the Governance Committee believes the current size and composition of the Board is appropriate based on the needs of the Board, the Governance Committee is committed to balancing the potential responsiveness and agility the Board's current size offers with the knowledge, expertise and capabilities additional directors could provide both the Board and the Company.

The Governance Committee does not have a formal policy on diversity with regard to consideration of director nominees, but the Governance Committee considers diversity in its selection of nominees and seeks to have a board that reflects a diverse range of views, backgrounds and experience.

The Governance Committee will consider director candidates recommended by stockholders. To qualify for such consideration, stockholder recommendations must be submitted to the Governance Committee at the address provided below in the section of this Proxy Statement titled "Stockholder Communications with the Board of Directors" and received by the Company's Secretary no later than 120 calendar days prior to the first anniversary of the date of the proxy statement for the preceding year's annual meeting. The Governance Committee does not have a specific policy regarding the consideration of stockholder recommendations for director candidates because the Governance Committee intends to evaluate stockholder recommendations in the same manner as it evaluates director candidates recommended by other sources.

### Other Committees

Our Board of Directors may establish other committees as it deems necessary or appropriate from time to time.

### Board Leadership Structure

The roles of the Chairman of the Board of Directors and Chief Executive Officer are performed by separate individuals. The Board of Directors believes this leadership structure improves the ability of the Board of Directors to exercise its oversight role over management and ensures a significant role for independent directors in the leadership of CS&L. Having an independent Chairman also strengthens CS&L's corporate governance structure by allowing the Chairman to convene executive sessions with independent directors.

## Executive Sessions

CS&L's Corporate Governance Guidelines specify that the independent directors of the Board of Directors must meet at regularly scheduled executive sessions without management and that the Chairman of the Board of Directors shall preside at executive sessions of independent directors. During 2015, executive sessions of the independent directors generally occurred at the end of each regular meeting of the Board.

## Risk Oversight

The Board maintains an active role as a whole, and also at the committee level, in overseeing management of the Company's various risk exposures. While the Board is ultimately responsible for overall risk oversight at our Company, certain of the Board's committees assist the Board of Directors in fulfilling its oversight responsibilities in certain areas of risk. The Audit Committee oversees risks relating to financial matters, financial reporting and auditing. The Compensation Committee oversees risks relating to the design and implementation of the Company's compensation policies and procedures.

The Board's discharge of its risk oversight role has not specifically affected its leadership structure discussed above. Rather, in establishing the current leadership structure, risk oversight was one factor among many considered. The Board will regularly review its leadership structure and evaluate whether it, and the Board as a whole, is functioning effectively. If in the future the Board believes that a change in its leadership structure is required to, or potentially could, improve the Board's risk oversight role, it may make any change it deems appropriate.

## Code of Business Conduct and Ethics

Our Code of Business Conduct and Ethics confirms our commitment to conduct our affairs in compliance with all applicable laws and regulations and observe the highest standards of business ethics and seeks to identify and mitigate conflicts of interest between our directors, officers and employees, on the one hand, and CS&L on the other hand. The Code of Business Conduct and Ethics applies to ensure compliance with stock exchange requirements and to ensure accountability at a senior management level for that compliance. We intend that the spirit, as well as the letter, of the Code of Business Conduct and Ethics be followed by all of our directors, officers, employees and subsidiaries. This is communicated to each new officer and employee and will be communicated to any new director. Any waiver of our Code of Business Conduct and Ethics with respect to our executive officers and directors may only be authorized by our Board of Directors. Our Code of Business Conduct and Ethics is available under the Investors section of our website, [www.csireit.com](http://www.csireit.com).

## Director Compensation

The current non-employee director compensation program consists of (i) an annual cash retainer of \$75,000; (ii) a one-time restricted stock grant of \$100,000 that vests ratably in equal installments over four years; (iii) an annual restricted stock grant of \$100,000 subject to one-year vesting; (iv) an additional annual cash retainer of \$75,000 for the Chair of the Board of Directors; (v) annual restricted stock grants of \$20,000, \$15,000 and \$10,000 for the Chairs of the Audit, Compensation and Governance Committees, respectively, each subject to one-year vesting; and (vi) annual restricted stock grants of \$10,000, \$7,500 and \$5,000 for non-chair members of the Audit, Compensation and Governance Committees, respectively, each subject to one-year vesting. On June 1, 2015, the Board of Directors approved an additional one-time restricted stock grant of \$300,000 that vests ratably in equal installments over four years to Mr. Frantz in recognition of his efforts as the sole non-employee member of our Board during our formation and spin-off from Windstream (the "Spin-Off").

The following table shows the compensation paid to the non-employee directors of the CS&L Board of Directors during 2015:

<u>Name</u>	<u>Fees Earned or Paid in Cash (\$)(1)</u>	<u>Stock Awards (\$)(2)</u>	<u>All Other Compensation (\$)(3)</u>	<u>Total (\$)</u>
Francis X. ("Skip") Frantz, <i>Chairman</i>	\$87,945.44	\$ 443,654.16	—	\$ 531,599.60
Jennifer S. Banner	43,972.72	166,072.92	—	210,045.64
David L. Solomon	43,972.72	164,702.34	—	208,675.06

- (1) Represents each non-employee director's pro rata amount of the applicable annual retainer fee based upon his or her date of appointment.
- (2) All stock award amounts in the table above reflect the aggregate fair value on the grant date based on the closing per share price of the Company's common stock on the date of grant of the restricted stock, June 1, 2015, computed in accordance with FASB ASC Topic 718. At December 31, 2015, nonemployee directors held the following number of unvested shares of restricted stock: Mr. Frantz, 17,156; Ms. Banner, 6,422; and Mr. Solomon, 6,369.

## PROPOSAL NO. 1

### Election of Directors

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There are currently four directors serving on the Board, all of whose terms expire at the Annual Meeting. Upon the recommendation of our Governance Committee, the Board has nominated all current Board members to stand for election at the Annual Meeting. In accordance with the Company's bylaws and Maryland law, each nominee elected will serve until the 2017 Annual Meeting of Stockholders and until their successors are duly elected and qualified or until the earliest of their removal, resignation or death.

To the Company's knowledge, there is no arrangement or understanding between any of the four nominees and any other person, including officers, pursuant to which the director was nominated for election to the Board.

Holders of proxies solicited by this Proxy Statement will vote the proxies they receive as directed on the proxy card, or if no direction is made, for the election of the Board's four nominees. If any nominee is unable or declines to serve as a director at the time of the Annual Meeting, the proxy holders will vote for a nominee designated by the present Board to fill the vacancy or, in the event no such designation is made, proxies will be voted for a lesser number of nominees.

Set forth below is biographical information for each nominee, including age, a brief listing of principal occupations for at least the past five years, other major affiliations, and the specific experience, qualifications, attributes and skills that qualify each candidate to serve on the Board.

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**Jennifer S. Banner**, age 56, was appointed to the Board of Directors on June 1, 2015. Ms. Banner has served as Chief Executive Officer of Schaad Companies, LLC since 2008. Schaad Companies is a 105-year-old privately held real estate holding company with businesses in residential and commercial construction, development, property management and leasing, real estate brokerage and land investments. In addition, Ms. Banner has served as Chief Executive Officer and Manager of the Schaad Family Office, LLC since 2012 and as President and Chief Executive Officer of SchaadSource, LLC (a shared services company) since 2006. Previously, she spent 22 years in public accounting, practicing in the tax area with Ernst & Whinney (now Ernst & Young LLP) in Florida and Pershing Yoakley & Associates in Tennessee. Ms. Banner has been a director of BB&T Corporation since 2003 (presently serving as lead director and as a member of the executive and risk committees) and Branch Banking and Trust Company since 2013 and is a past director of Federal Reserve Bank of Atlanta (Nashville Branch) and First Virginia Banks, Inc. and First Vantage Bank. Ms. Banner maintains an active license as a Certified Public Accountant in the state of Tennessee, and she holds a Master of Accountancy and Bachelor of Science in Business Administration from the University of Tennessee.

Ms. Banner's accounting expertise as a Certified Public Accountant, her management experience as Chief Executive Officer of a diversified real estate holding company and her experience in public company board service in the financial services industry qualify her to serve on our Board of Directors and to serve as Chair of the Audit Committee. As a result of this expertise and experience, Ms. Banner is uniquely qualified

to advise not only on general accounting and financial matters but on various technical accounting, corporate governance, risk management and real estate matters that the Board of Directors may address from time to time.

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**Francis X. (“Skip”) Frantz**, age 62, has served as Chairman of the Board of Directors since our spin-off from Windstream. He previously served as a director of Windstream from 2006 until the Spin-Off, serving as Chairman of its Audit Committee at the time of his resignation from the Windstream board of directors. From July 2006 to February 2010, he served as Chairman of the Windstream board. Mr. Frantz served as the 2006 and 2007 Chairman of the Board and of the Executive Committee of the United States Telecom Association. Mr. Frantz served as Chairman of a community bank in Little Rock, Arkansas from February 2007 until May 2014 and serves as a director of a number of other privately held companies. Prior to January 2006, Mr. Frantz was Executive Vice President–External Affairs, General Counsel and Secretary of Alltel Corporation (“Alltel”). Mr. Frantz joined Alltel in 1990 as Senior Vice President and General Counsel and was appointed Secretary in January 1992 and Executive Vice President in July 1998. While with Alltel, he was responsible for Alltel’s merger and acquisition negotiations, wholesale services group, federal and state government and external affairs, corporate communications, administrative services and corporate governance, in addition to serving as Alltel’s chief legal officer.

Mr. Frantz’s qualifications for election to the Board of Directors include his ability to provide insight and perspective on a wide range of issues facing business enterprises based on his long tenure as a senior executive in the telecommunications industry. Mr. Frantz’s over 15 year career as a senior telecom executive in various capacities provides him with a thorough understanding of all aspects of CS&L’s target market, and his service as a director and chairman of the United States Telecom Association provides Mr. Frantz with additional experience and insight in communications policy and regulation. Through his current involvement with a number of private companies and his prior role as Chairman of Windstream and, before that, as senior executive of Alltel, Mr. Frantz has extensive experience in corporate governance, mergers and acquisitions, risk management, government policy and regulation, and capital markets transactions, in addition to the specific aspects of the telecommunications industry.

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**Kenneth A. Gunderman**, age 45, was appointed to the Board of Directors and has served as President and Chief Executive Officer since March 2, 2015. Mr. Gunderman has 17 years of investment banking experience and is focused on creating stockholder value by expanding and diversifying the Company’s real estate portfolio. Prior to his appointment as President and Chief Executive Officer of CS&L, he served as the co-head of investment banking at Stephens Inc., where he was responsible for the strategic direction of the investment banking department and advised on many of the firm’s notable investment banking transactions. Mr. Gunderman currently serves on the board of America’s Car-Mart, Inc. and the Arkansas Red Cross. Prior to joining Stephens Inc., Mr. Gunderman was a member of the telecom investment banking group at Lehman Brothers, where he advised on various transactions and financings totaling more than \$125 billion. He also worked as a Certified Public Accountant at KPMG and holds an MBA from Yale and a Bachelor of Arts from Hendrix College.

The Board of Directors believes it is important that CS&L’s Chief Executive Officer serve on the Board of Directors, as the position of Chief Executive Officer puts Mr. Gunderman in a unique position to understand the challenges and issues facing the

Company. Mr. Gunderman's qualifications for President and service on our Board of Directors include the same demonstrated skills and experience that qualify him to serve as Chief Executive Officer of CS&L.

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**David L. Solomon**, age 56, was appointed to the Board of Directors on June 1, 2015. Mr. Solomon is a founder and Managing Director of Meritage Funds, a Denver-based manager of private investment funds. Previously, he served as Chief Executive Officer and Executive Chairman of NuVox Communications, Inc., a company that under his leadership grew from annual revenue of less than \$200,000 to over \$530 million and that was acquired by Windstream in 2010 in a transaction that valued NuVox at approximately \$643 million. A Certified Public Accountant (inactive status) with a strong operational and financial background, Mr. Solomon served as Executive Vice President and Chief Financial Officer at Brooks Fiber Properties ("Brooks") immediately following its formation in 1993 until its sale to MCI/WorldCom in 1998 for \$3.4 billion. As Chief Financial Officer at Brooks, Mr. Solomon led numerous private and public debt and equity transactions, including Brooks' initial public offering. Mr. Solomon worked in the audit practice of KPMG from 1981 until he joined Brooks. When Mr. Solomon departed KPMG, he was a Partner in the audit practice. In connection with Mr. Solomon's responsibilities at Meritage Funds, he currently serves as a board member of several private companies. Mr. Solomon is a member of the American Institute and Tennessee Society of CPAs and serves on the board of trustees for his alma mater, Lipscomb University in Nashville, Tennessee.

Mr. Solomon's financial, accounting and management expertise gained through his long tenure as a senior executive in the telecommunications industry qualifies him to serve on our Board of Directors and to serve as Chair of the Compensation Committee. As a result of his extensive management experience, Mr. Solomon has a deep understanding of corporate planning, risk management, executive compensation and capital markets, which is an invaluable asset to our Board of Directors.

#### **BOARD RECOMMENDATION**

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE "**FOR**" EACH OF THE FOREGOING NOMINEES.

PROXIES SOLICITED BY THE BOARD OF DIRECTORS WILL BE VOTED "**FOR**" EACH OF THE FOREGOING NOMINEES UNLESS STOCKHOLDERS SPECIFY A CONTRARY VOTE.

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information with respect to the beneficial ownership of our common stock, as of March 18, 2016, by:

- each of our directors (all of whom are director nominees);
- our current executive officers;
- all of our current directors and executive officers as a group; and
- each other person, or group of affiliated persons, who is known by us to beneficially own more than 5% of our common stock.

The percentages in the tables below are based on 150,623,862 shares of common stock outstanding as of March 18, 2016.

The amounts and percentages of common stock beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities. Under the rules of the SEC, a person is deemed to be a “beneficial owner” of a security if that person has or shares “voting power,” which includes the power to vote or to direct the voting of the security, or “investment power,” which includes the power to dispose of or to direct the disposition of the security. A person is also deemed to be a beneficial owner of any securities of which that person has a right to acquire beneficial ownership within 60 days. Under these rules, more than one person may be deemed a beneficial owner of the same securities and a person may be deemed to be a beneficial owner of securities as to which that person has no economic interest. Except as otherwise noted, the persons and entities listed in the table below have sole voting and investing power with respect to all of the shares of our common stock beneficially owned by them, subject to community property laws where applicable. Except as otherwise set forth below, the address of the beneficial owner is c/o Communications Sales & Leasing, Inc., 10802 Executive Center Drive, Benton Building, Suite 300, Little Rock, Arkansas 72211.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percentage of Shares of Common Stock Beneficially Owned
Jennifer S. Banner	14,103	*
Francis X. (“Skip”) Frantz	163,694 (1)	*
David L. Solomon	13,905	*
Kenneth A. Gunderman	218,370	*
Daniel L. Heard	29,113	*
Mark A. Wallace	40,689	*
All current directors and executive officers as a group (six persons)	479,874	*
Windstream Services, LLC 4001 Rodney Parham Rd. Little Rock, AR 72212	29,385,064 (2)	19.5%



Blackrock, Inc. 55 East 52nd Street New York, NY 10022	8,983,708 (3)	6.0%
The Vanguard Group 100 Vanguard Blvd. Malvern, PA 19355	9,227,923 (4)	6.12%

\* Indicates less than 1%.

- (1) Includes 140 shares held in trust for the benefit of Mr. Frantz's spouse and children. Mr. Frantz's spouse is the trustee of the trust. These shares are deemed beneficially owned by Mr. Frantz under SEC rules, but Mr. Frantz disclaims beneficial ownership.
- (2) Based solely upon information contained in a Schedule 13G filed on April 29, 2015. According to that Schedule 13G, Windstream Services, LLC has no sole voting power, shared voting and sole dispositive power with respect to any reported shares and shared dispositive power over all reported shares. For a description of certain voting arrangements relating to the shares of our common stock retained by Windstream, see the information under the heading "Our Relationship with Windstream Following the Spin-Off—Stockholder's and Registration Rights Agreement" contained in Amendment Number 4 to our registration statement on Form 10 filed with the SEC on March 25, 2015.
- (3) Based solely upon the information contained in a Schedule 13G filed on January 29, 2016. According to that Schedule 13G, Blackrock, Inc. has sole voting power over 8,552,552 of the reported shares, no shared voting power or shared dispositive power with respect to any reported shares, and sole dispositive power over all reported shares.
- (4) Based solely upon the information contained in a Schedule 13G filed on February 11, 2016. According to that Schedule 13G, The Vanguard Group has sole voting power over 96,548 of the reported shares, shared voting power over 6,300 of the reported shares, sole dispositive power over 9,142,375 of the reported shares, and shared dispositive power over 85,548 of the report shares.

## AUDIT COMMITTEE REPORT

The primary purposes of the Audit Committee are to oversee on behalf of the Board: (i) the Company's accounting and financial reporting processes and the integrity of its financial statements; (ii) the audits of the Company's financial statements and the appointment, compensation, qualifications, independence and performance of the Company's independent auditors; (iii) the Company's compliance with legal and regulatory requirements; and (iv) the performance of the Company's internal audit function, if any, internal accounting controls, disclosure controls and procedures and, when implemented, internal control over financial reporting. The Audit Committee also manages the Company's relationship with its independent registered public accounting firm (which reports directly to the Audit Committee). The Audit Committee has the authority to obtain advice and assistance from outside legal, accounting or other advisors as the Audit Committee deems necessary to carry out its duties and receives appropriate funding, as determined by the Audit Committee, from the Company for such advice and assistance.

The Company's independent registered public accounting firm, PricewaterhouseCoopers LLP ("PwC"), is responsible for performing an independent audit of the Company's financial statements and issuing opinions on the conformity of those audited financial statements with United States generally accepted accounting principles. The Audit Committee's responsibility is to supervise and review these processes.

In this context, the Audit Committee hereby reports as follows:

1. The Audit Committee has reviewed and discussed the audited financial statements with the Company's management.
2. The Audit Committee has discussed with PwC the matters required to be discussed under the rules adopted by the Public Company Accounting Oversight Board ("PCAOB").
3. The Audit Committee has received from PwC the written disclosures and the letter required by the applicable requirements of the PCAOB regarding PwC's communications with the Audit Committee concerning independence and has discussed with PwC its independence.
4. Based on the review and discussions referred to in paragraphs (1) through (3) above, the Audit Committee recommended to the Board, and the Board has approved, that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015, for filing with the Securities and Exchange Commission.

The undersigned members of the Audit Committee have submitted this Report to the Board of Directors.

### AUDIT COMMITTEE:

Jennifer S. Banner, *Chair*  
Francis X. ("Skip") Frantz  
David L. Solomon

## EXECUTIVE OFFICERS OF THE COMPANY

Set forth below is biographical information with respect to each current executive officer of the Company. In addition to the executive officers listed below, Mr. Gunderman, who also serves as a director of the Company, is an executive officer of the Company. Biographical information regarding Mr. Gunderman is available above under Proposal No. 1—“Election of Directors.”

**Mark A. Wallace**, age 58, has served as the Executive Vice President—Chief Financial Officer and Treasurer of CS&L since April 1, 2015. Mr. Wallace previously served as Managing Director of Fortress Investment Group LLC (NYSE: FIG) and affiliates from May 2014 to December 2014, and served as the Chief Financial Officer and Treasurer of New Senior Investment Group (NYSE: SNR), a publicly-traded REIT managed by Fortress from October 2014 until December 2014. Mr. Wallace was previously the Senior Vice President, Chief Financial Officer and Treasurer of Westwood Holdings Group, a Dallas based asset management firm which he joined in November 2012. Mr. Wallace served as Chief Financial Officer of Leading Edge Aviation Services, Inc., a privately-held aerospace services company, from September to November 2012, as a financial consultant to a private telecommunication services company from May 2011 to August 2012 and as Chief Financial Officer of Westcore Properties, a private real estate firm, from August to December 2010. Mr. Wallace served as EVP—Chief Financial Officer & Treasurer of HCP, Inc., an S&P 500 healthcare REIT, from March 2004 until March 2009, where his responsibilities included capital markets, SEC reporting, technology, taxes, acquisition evaluation and integration, and financial planning and analysis. He was Chair of the Operating Committee of HCP, and served on both the Executive and Investment Committee. Mr. Wallace’s experience includes private and publicly-traded NYSE real estate and industrial companies including Titanium Metals Corporation, Tremont Corporation, Valhi, Inc. and 11 years with Arthur Andersen LLP. Mr. Wallace has a bachelor’s degree in business administration from Texas Tech University and an MBA from Colorado State University. He is a Certified Public Accountant in Texas.

**Daniel L. Heard**, age 41, has served as the Executive Vice President—General Counsel and Secretary of CS&L since April 1, 2015. Most recently he was a partner in the law offices of Kutak Rock LLP. Mr. Heard joined Kutak Rock LLP in 2000, where he represented public companies in corporate, securities and merger and acquisition transactions. His clients comprised a wide range of industries, including telecommunications, information technology and food processing. Mr. Heard has more than 16 years’ experience in negotiating, structuring and consummating mergers and acquisitions, public offerings of debt and equity securities and other corporate finance transactions. Mr. Heard graduated from the William H. Bowen School of Law at the University of Arkansas at Little Rock and has a Bachelor of Arts from the University of Central Arkansas. Mr. Heard is responsible for the Company’s legal affairs and corporate governance.

# EXECUTIVE COMPENSATION

## COMPENSATION DISCUSSION & ANALYSIS

This Compensation Discussion and Analysis describes our current executive compensation program and provides information regarding the compensation paid to our three executive officers (collectively, the “Named Executive Officers” or “NEOs”), who are:

- **Kenneth A. Gunderman**, President and Chief Executive Officer;
- **Mark A. Wallace**, Executive Vice President—Chief Financial Officer and Treasurer; and
- **Daniel L. Heard**, Executive Vice President—General Counsel and Secretary.

### Compensation Philosophy

While we expect our approach to executive compensation to evolve over time as we execute our corporate strategy, our current compensation program includes annual base salaries, annual short-term cash incentive opportunities, and long-term equity awards. Our executive compensation program is intended to support the following objectives:

- align pay with performance through the use of variable incentives;
- reinforce key business objectives in support of long-term value creation;
- align management’s interests with the long-term interests of our stockholders;
- provide competitive compensation and incentives at or near the 50th percentile of market data provided by our compensation consultant; and
- to not create or encourage unnecessary risk taking.

To further these objectives, we adhere to the following compensation and corporate governance practices:

#### What We Do:

#### What We Don’t Do:

✓ Align pay with performance by linking a substantial portion of compensation to the achievement of predefined quantitative and qualitative performance metrics that drive stockholder value creation	✗ Do NOT provide tax gross-ups in any circumstance
✓ Retain an independent compensation consultant	✗ Do NOT provide any perquisites for executives
✓ Require compliance with stock ownership guidelines	✗ Do NOT provide guaranteed bonuses
✓ Include double-trigger change-in-control provisions in equity awards	✗ Do NOT provide discount stock options or stock appreciation rights
✓ Place caps on incentive award opportunities	✗ Do NOT pay dividends on performance-based restricted stock units prior to vesting
✓ Maintain a clawback policy	✗ DO NOT permit unapproved pledging of our common stock
✓ Prohibit hedging of our common stock and option trading	✗ DO NOT add back to our equity compensation plan reserves any shares tendered as payment for shares withheld for taxes

## 2015 Compensation

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### How We Structured the 2015 Compensation Program

*Compensation Committee.* Our Compensation Committee is comprised of David L. Solomon, as chair, Francis X. (“Skip”) Frantz and Jennifer S. Banner. Our Board of Directors has determined that each member of the Compensation Committee is an independent director under NASDAQ listing standards, a “non-employee director” for purposes of Section 16 of the Exchange Act and an “outside director” as defined in Section 162(m) of the Internal Revenue Code.

The Compensation Committee oversees and administers our compensation programs, plans and awards for CS&L’s directors and executive officers and is primarily responsible for reviewing and approving (or recommending to the Board of Directors for approval) our compensation policies and the compensation paid to our executive officers. The Compensation Committee’s responsibilities are set forth in its written charter and are more fully described in this Proxy Statement under the heading “Board and Board Committee Matters—Committees of the Board of Directors—Compensation Committee.”

With respect to our 2015 compensation program, the Compensation Committee reviewed and approved the compensation opportunities for each of the NEOs with input from its independent compensation consultant, Pearl Meyer (“Pearl Meyer”). In approving such compensation, the Compensation Committee focused on a number of metrics to evaluate our performance, in addition to elements of strategic performance, as discussed below.

*Management.* Our executive officers worked closely with the Compensation Committee to analyze relevant peer data and to provide input into the compensation program design for 2015. While the Compensation Committee values the judgment and input from our executive officers, and considers their recommendations, the Compensation Committee ultimately retains sole discretion to approve the compensation packages for each executive officer.

*Independent Consultant.* The Compensation Committee has the authority to retain and terminate any compensation consultant, legal counsel or other adviser as it determines appropriate to assist it in the performance of its responsibilities and to approve such consultant’s fees and other retention terms. It is the policy of the Compensation Committee that the compensation consultant should not perform any services for us other than services as a consultant to the Compensation Committee. Pearl Meyer reports directly to the Compensation Committee and regularly participates in committee meetings.

Prior to the completion of the Spin-Off, CS&L was a wholly owned subsidiary of Windstream, who engaged Pearl Meyer to assist in the design and development of an executive compensation program for CS&L. Pearl Meyer was selected because of its experience in assisting both telecommunications companies and other REITs in designing competitive, well-balanced compensation programs that align the interests of management and stockholders. The Compensation Committee reviewed the independence of Pearl Meyer pursuant to the applicable SEC rules and concluded no conflict of interest exists that would preclude Pearl Meyer from serving as an independent advisor to the Compensation Committee.

Leading up to and following the Spin-Off, Mr. Frantz and members of our management team met with Pearl Meyer to begin the process of establishing the executive compensation program for the Company's executive officers for 2015. Pearl Meyer was instructed to advise on structuring short- and long-term compensation programs, to provide data on current compensation "best practices" and trends in the REIT industry, and to assist with the development of a peer group for use in structuring our 2015 executive compensation program. A description of the process and rationale utilized for selecting our peer group is described below.

*Competitive Market Analysis; Formulation of Peer Group.* In designing our 2015 executive compensation program, the Compensation Committee, with the assistance of Pearl Meyer and senior management, gathered and reviewed information about the compensation program and processes of other publicly traded REITs (the "Peer Group") to ensure that 2015 executive compensation was set at or near the 50th percentile of the market data. In selecting the Peer Group, the Compensation Committee and Pearl Meyer considered many factors, focusing particularly on REITs with comparable revenues and enterprise values to CS&L and net-lease REITs that focus on unique market segments or niches and/or employ a similar business model to CS&L. Management assisted Pearl Meyer and the Compensation Committee in the process, providing additional REIT-industry insight. Applying these criteria, Pearl Meyer recommended, and the Compensation Committee approved, inclusion of the following companies in the Peer Group:

#### **Peer Group for Evaluating Fiscal 2015 Executive Compensation**

Alexandria Real Estate Equities, Inc.	Medical Properties Trust Inc.
BioMed Realty Trust Inc.	National Retail Properties, Inc.
Digital Realty Trust Inc.	Omega Healthcare Investors Inc.
DuPont Fabros Technology, Inc.	Realty Income Corporation
EPR Properties	Retail Properties of America, Inc.
Gaming and Leisure Properties, Inc.	Spirit Realty Capital, Inc.
Lexington Realty Trust	W. P. Carey Inc.

To provide additional perspective, the Compensation Committee also reviews, with the assistance of Pearl Meyer, pay levels for comparable positions within the broader real estate industry, as reported in proprietary surveys published by third party sources. In determining appropriate pay opportunities for our NEOs, the Compensation Committee also considers a variety of other factors in addition to market data, such as each executive's qualifications, responsibilities, past performance, and expected future contributions.

The Compensation Committee reviews each compensation element and aggregate target total direct compensation (the sum of base salary, target cash incentives and target long-term incentives) for each of our executive officers compared to similarly situated employees of companies in the Peer Group, targeting such compensation at or near the 50th percentile of the market data. For 2015, the executive officers' target total direct compensation, excluding one-time equity grants associated with the recruitment process, was as follows:

<b>Name</b>	<b>Total Direct Compensation</b>
Kenneth A. Gunderman . . . . .	\$4,376,000
Mark A. Wallace . . . . .	\$1,200,000
Daniel L. Heard . . . . .	\$1,050,000

Total direct compensation set forth above for Messrs. Gunderman and Heard was slightly below the 50<sup>th</sup> percentile of the Peer Group and slightly above the 50<sup>th</sup> percentile of composite market values prepared by Pearl Meyer based on its analysis of various other market reference sources (including the Peer Group and broader real estate industry published survey data). Total direct compensation for Mr. Wallace was slightly below the 25<sup>th</sup> percentile of the Peer Group and between the 25<sup>th</sup> and 50<sup>th</sup> percentile of the Pearl Meyer composite market values. While the Compensation Committee was mindful of the one-time sign-on equity grants associated with the recruitment process, such awards were not included in the benchmarking analysis as the Committee's goal was to ensure that the core program provides for competitive recurring target total direct compensation opportunities, consistent with our compensation philosophy.

#### Elements of 2015 Compensation

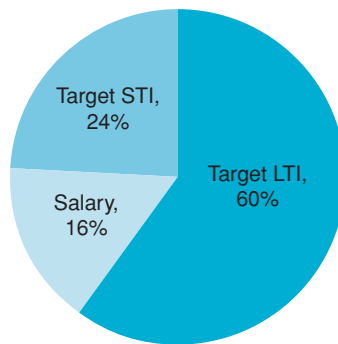
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The Company's executive compensation program consists of:

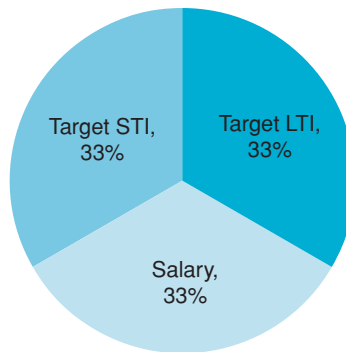
- annual base salary;
- annual performance incentive payments;
- equity-based compensation; and
- retirement and welfare benefit plans.

*Compensation Mix.* Because of the ability of executive officers to directly influence the overall performance of the Company, and consistent with our philosophy of linking pay to performance, it is our goal to allocate a significant portion of compensation paid to our executive officers to performance-based, short- and long-term incentive programs. In addition, as an executive officer's responsibility and ability to affect financial results of the Company increases, base salary will become a smaller component of total compensation and long-term, equity-based compensation will become a larger component of total compensation, further aligning the executive officer's interests with those of the Company and its stockholders. The following charts illustrate the mix of target total direct compensation, excluding the one-time sign on-grants for Mr. Gunderman, individually, and Messrs. Heard and Wallace, as a group, based on compensation opportunities provided in fiscal year 2015.

**Target Pay Mix for Mr. Gunderman**



**Target Pay Mix for Messrs. Wallace and Heard**



Variable pay represents 84% of target total direct compensation for Mr. Gunderman and 67% for Messrs. Wallace and Heard.



*Annual Base Salaries.* All of our executive officers were hired during 2015 in connection with preparation for the Spin-Off. Their initial base salaries were primarily based on individual negotiations in the recruitment process and took into account the executive's position, responsibilities, personal expertise and experience, internal pay equity, and the Peer Group data. The Compensation Committee views base salary as the fixed compensation necessary to attract and retain qualified executives and to provide a reasonable base level of compensation for the executives' ongoing performance throughout the year. Annual base salaries are a key component of an NEO's total compensation as both short-term and long-term incentive payments are calculated as a multiple of base salary. The executive officers' base salaries are subject to annual review and adjustment to ensure that an NEO's total compensation (as reported in the Summary Compensation Table) is at or near the 50th percentile of the Peer Group data. As an executive's responsibilities and ability to affect the financial results of the Company increase, base salary becomes a smaller component of total compensation and long-term, equity-based compensation becomes a larger component, further aligning his interests with those of our stockholders. For 2015, the executive officers' annualized base salaries were as follows:

<b>Name</b>	<b>Base Salary</b>
Kenneth A. Gunderman . . . . .	\$700,000
Mark A. Wallace . . . . .	\$400,000
Daniel L. Heard . . . . .	\$350,000

*Short-Term Incentives.* On May 29, 2015, the Compensation Committee approved the Communications Sales & Leasing, Inc. 2015 Short-Term Incentive Plan (the "Short-Term Incentive Plan"). The Short-Term Incentive Plan permits the Compensation Committee to award and pay performance-based cash bonuses to our executive officers upon the attainment of various quantitative and qualitative goals. The Short-Term Incentive Plan is designed to reward and motivate the Company's executive officers to achieve performance goals that reinforce our annual business plan, to assist the Company in attracting and retaining qualified executives and to promote the alignment of the executive officers' interests with those of the Company's stockholders.

For 2015, the Compensation Committee approved the following threshold, target and maximum award opportunities, expressed as a percentage of base salary, under the Short-Term Incentive Plan:

<b>Name</b>	<b>2015 Short-Term Incentive Plan Payout Opportunities (as a percentage of base salary)</b>		
	<b>Threshold</b>	<b>Target</b>	<b>Maximum</b>
Kenneth A. Gunderman . . . . .	75%	150%	225%
Mark A. Wallace . . . . .	50%	100%	150%
Daniel L. Heard . . . . .	50%	100%	150%

Awards for fiscal 2015 under the Short-Term Incentive Plan were tied to the Company's achievement of (i) a threshold level of normalized Adjusted Funds from Operations ("AFFO"), as defined, for the period from April 27, 2015 to December 31, 2015

(the “Performance Period”) and (ii) qualitative performance-related corporate and strategic goals, pertaining to:

- Corporate development and investments
- Capital market transactions
- Stakeholder engagement
- Organizational development
- Corporate governance
- Spin-Off completion and initial financing

No payout would be made under the Short-Term Incentive Plan if the Company's AFFO was less than the threshold level of \$250 million for the Performance Period. Following attainment of the threshold level AFFO, payouts up to the target or maximum (for superior performance) levels could be made, if at all, based upon the Compensation Committee's assessment of the level of achievement of the qualitative performance-related corporate and strategic goals categorized above. The Compensation Committee believes the interplay of these key financial and operational performance metrics incentivize our executives to deliver strong financial and operating results and to execute our growth strategy, which the Compensation Committee believes will foster long-term success for CS&L.

The Compensation Committee selected AFFO because it is a key supplemental measure used industrywide by analysts, investors and other interested parties to evaluate a REIT's operating performance. Funds From Operations (“FFO”) is a common measure of operating performance for REITs because it excludes, among other items, the effect of gains and losses from real estate sales and real estate depreciation and amortization to allow investors, analysts and management to compare operating performance among companies and across time periods on a consistent basis. A REIT's FFO and Adjusted FFO (“AFFO”) can have a significant impact on the trading price of its common stock and, therefore, its total stockholder return. We define AFFO as FFO excluding (i) non-cash revenues and expenses such as stock-based compensation expense, amortization of debt discounts, amortization of deferred financing costs, amortization of intangible assets, straight line rental revenues, revenue associated with the amortization of tenant funded capital improvements and (ii) the impact, which may be recurring in nature, of acquisition and transaction related expenses, the write-off of unamortized deferred financing fees, additional costs incurred as a result of early repayment of debt, changes in the fair value of contingent consideration and financial instruments and similar items.

The other corporate and strategic goals for the Short-Term Incentive Plan represent key elements in the execution of the Company's business plan and growth strategy in 2015, which are not necessarily captured in AFFO described above. These corporate and strategic goals were established by the Compensation Committee with the understanding that the Company did not operate as a stand-alone business unit of Windstream prior to the Spin-Off, and that a necessary and immediate responsibility of management following the Spin-Off would be the development of the Company's business strategy, acquisition pipeline and capital structure and the implementation and

execution of various policies, plans and procedures pertaining to the Company's corporate governance.

*2015 Results.* The Company's actual AFFO for the Performance Period was \$267 million. Accordingly, each of the NEOs qualified for payouts under the Short-Term Incentive Plan. In determining whether to make payments and potential award levels, the Compensation Committee evaluated each NEO's performance relative to the corporate and strategic goals established under the Short-Term Incentive Plan and specifically considered the following:

<b>2015 Corporate Goals</b>	<b>2015 Accomplishments</b>
Spin-Off Completion and Initial Financing	<ul style="list-style-type: none"> <li>• Execution of the initial \$3.5 billion financing in connection with the Spin-Off</li> <li>• Completion of Spin-Off</li> </ul>
Corporate Governance	<ul style="list-style-type: none"> <li>• Implementation of stockholder-friendly governance policies and practices</li> <li>• Quality and timeliness of Board information and processes</li> <li>• On-boarding of two new directors</li> </ul>
Corporate Development and Investments	<ul style="list-style-type: none"> <li>• Development of a robust pipeline with over 100 potential transactions</li> <li>• Development of comprehensive investment and growth strategy</li> <li>• Negotiation of acquisition of PEG Bandwidth acquisition (announced January 7, 2016)</li> <li>• Development of corporate development team, investment parameters and underwriting process</li> </ul>
Capital Market Transactions	<ul style="list-style-type: none"> <li>• Filing of resale registration statement for Windstream's retained stake</li> <li>• Completion of exchange offer for \$1.11 billion of our 8.25% Senior Notes due 2023</li> <li>• Development of securitization financing structure for towers, ground leases and net lease data centers</li> </ul>
Stakeholder Engagement	<ul style="list-style-type: none"> <li>• Development of strong relationships with research analysts</li> <li>• Extensive outreach to institutional investors of both debt and equity securities</li> <li>• Completion of multiple non-deal roadshows and investment bank hosted conference presentations and maintenance of open access to senior management</li> </ul>
Organizational Development	<ul style="list-style-type: none"> <li>• Development of corporate organization structure, rules and responsibilities</li> <li>• Addition of key members of management and other personnel</li> <li>• Development of first year 360° feedback and performance review practices</li> <li>• Development of employee compensation band philosophy and overall framework</li> </ul>

The Compensation Committee believes that the execution and performance of the above items demonstrated satisfactory performance by the NEOs in 2015 and, as a

result, awarded payouts to each of the NEOs under the Short-Term Incentive Plan at the target level.

*Equity-Based Compensation.* The Communications Sales & Leasing, Inc. 2015 Equity Incentive Plan (the “Long-Term Incentive Plan”) permits us to make grants of equity awards to our employees, including our executive officers. We expect to make equity grants to our executive officers as part of our annual compensation program to align their long-term interests with that of our stockholders and to maintain the competitiveness of our total compensation package. It is the Compensation Committee’s policy to review and grant all annual equity compensation awards to directors, executive officers, and all other eligible employees at its first regularly scheduled meeting of each year, which it expects to occur in February of each year, with each such grant based on the average closing price of our common stock as reported on NASDAQ for the 20 trading days prior to the grant date. During 2015, we granted time-based restricted stock and performance-based restricted stock units (“RSUs”) to our executive officers. Holders of time-based restricted stock are entitled to dividends when paid by the Company and performance-based RSUs accrue a dividend equivalent that is paid in cash when and, solely to the extent, the underlying RSUs vest. The Compensation Committee believes restricted stock and performance-based RSUs are a more meaningful tool for compensating our executive officers as compared to stock options because the value of our stock, as is the case with other REITs, is principally determined by its dividend yield relative to market interest rates rather than by its potential for capital appreciation. Because the incentive value of stock options is tied to future appreciation in stock price and because the high dividend rate of REIT stocks tends to diminish the potential future appreciation in the price of such stocks, the Compensation Committee believes stock options may not provide appropriate incentives for management. The Compensation Committee also views restricted stock and performance-based RSUs as being more effective in managing equity plan dilution.

As part of the recruitment hiring process for each executive officer, we made the following initial one-time sign-on equity grants (the “Sign-on Grants”) in the form of restricted stock that will vest in full in 2018:

<b>Name</b>	<b>Total Value of Restricted Shares (\$)</b>
Kenneth A. Gunderman . . . . .	\$2,626,000
Mark A. Wallace . . . . .	\$ 500,000
Daniel L. Heard . . . . .	\$ 350,000

These grants were made to attract and retain highly experienced executives to lead the Company and to provide them with meaningful initial equity stakes in the business. As noted later in this CD&A, our NEOs are subject to robust stock ownership guidelines to reinforce a focus on long-term shareholder value creation.

In addition, as part of our annual equity grant program, we made the following equity grants to each of our executive officers, of which (i) 50% was in the form of performance-based RSUs that are eligible for vesting in April 2018 if we meet specified performance goals, as further described below, and (ii) 50% was in the form of time-

based restricted stock that vests in three equal installments on March 31 of each year, beginning on March 31, 2016.

Name	Target Value of Restricted Shares and RSUs (\$)
Kenneth A. Gunderman . . . . .	\$2,626,000
Mark A. Wallace . . . . .	\$ 400,000
Daniel L. Heard . . . . .	\$ 350,000

The actual amount of the performance-based RSUs that may be earned and become vested will be between 0% and 150% of the target amount, depending on our achievement of relative total stockholder return (“TSR”) over a three-year period from the time of our spin-off from Windstream. In measuring our relative TSR, 50% will be weighted to our performance against the MSCI US REIT Index (measured in basis points), and 50% will be weighted to our performance against the Peer Group (measured by percentile ranking). Specifically, the metrics for the three-year performance cycle ending April 27, 2018 are:

Performance Criteria	Weight	Threshold	Target	Maximum
TSR relative to TSR of the MSCI US REIT Index . . . . .	50%	0 basis points	+250 basis points	+500 basis points
TSR position within the Peer Group . . . . .	50%	33 <sup>rd</sup> percentile	50 <sup>th</sup> percentile	75 <sup>th</sup> percentile

Threshold, target and maximum performance result in the executive officers earning 50%, 100% or 150% of the target number of performance-based RSUs associated with each component, with linear interpolation between specified levels. No performance shares are earned for below-threshold performance, and payout is capped at 150% of target even if performance exceeds the maximum goal.

The number of time-based restricted shares and performance-based RSUs granted during 2015 were both based on the average closing price of our common stock as reported on NASDAQ for the 20 trading days prior to the grant date. Under SEC rules, for purposes of this Proxy Statement we are required to value these awards using different calculations in the compensation tables following this CD&A. For ease of reference, the table below reconciles the values of these awards from the amount reported in this CD&A to the amounts reported in the compensation tables.

Name	Award Amount (Including Target Annual Grant Plus Sign-On Grant)	Grant Date Fair Value (as reported in the Summary Compensation Table)	Value at 12/31/15 (as reported in the Outstanding Equity Awards Table)
Kenneth A. Gunderman	\$ 5,251,000	\$4,740,420	\$ 3,101,867
Mark A. Wallace	\$ 900,000	\$ 816,475	\$ 540,197
Daniel L. Heard	\$ 700,000	\$ 632,106	\$ 413,610

While the Short-Term Incentive Plan is designed to incentivize our executive officers to achieve specific near-term financial and operational performance goals, the Long-Term Incentive Plan’s incentive opportunity is designed to focus our executive

officers on long-term performance by linking a substantial portion of an NEO's compensation to the long-term stability and success of our Company. The Compensation Committee believes that the equity awards granted in 2015 appropriately align the long-term interests of our executive officers with that of our stockholders. The Compensation Committee further believes that equity compensation is a critical tool in attracting and retaining qualified executives who we believe are integral to our success.

*Other Benefit Plans.* Our executive officers are entitled to receive health, welfare, life insurance and retirement benefits from CS&L. Our retirement benefits are provided in the form of a 401(k) plan. The Company also maintains the Communications Sales & Leasing, Inc. Deferred Compensation Plan, a non-qualified deferred compensation plan that offers participants the ability to defer compensation above the IRS qualified plan limits. Amounts deferred under the plan accrue interest at the lesser of the Company's weighted average cost of capital or the then current yield on the United States 10 year Treasury Note. As of February 16, 2016, the applicable rate under the plan would be 1.78%. The Compensation Committee adopted such plan as part of its effort to provide a competitive total compensation package.

We do not provide any perquisites for our NEOs.

*Relocation Benefits.* We provide relocation assistance to our senior level employees, which may include our NEOs. In 2015, the Company provided Mr. Wallace relocation assistance for certain qualified relocation expenses. The amount of such benefit utilized by Mr. Wallace in 2015 is described in more detail in footnote 4 of the "Summary Compensation Table" below.

*Severance and Change-in-Control Provisions.* We have entered into agreements with our executive officers that provide for severance benefits upon qualifying termination of employment, including enhanced severance if the termination occurs in connection with a change in control. These agreements are described below under "Agreements with our Named Executive Officers." We believe the arrangements are reasonable and were an important part of the recruitment and expected long-term retention of our executive management team.

*Clawback Policy.* We maintain a clawback policy (the "Clawback Policy") that may require an executive officer to repay or forfeit certain compensation in the event that our financial statements become subject to restatement and the Audit Committee determines (i) that fraud caused or significantly contributed to the need for the restatement, regardless of whether the executive officer engaged in such conduct, (ii) that the compensation was based on the achievement of financial results that were the subject of the restatement and would have been lower had the financial results been properly reported and (iii) that it is in the best interests of us and our stockholders for the executive officer to repay or forfeit the compensation. The Clawback Policy applies to annual or short-term incentive compensation, performance-based restricted stock, and other performance-based compensation, in each case granted or awarded during the three fiscal years preceding the restatement, and any other compensation as the Audit Committee of our Board of Directors may designate as subject to the Clawback Policy. We will periodically review our clawback policy and amend it as necessary to comply with any future mandates from the SEC.

## Risk Considerations in our Overall Compensation Program

The Compensation Committee has assessed the risks that could arise from our compensation policies for all employees, including employees who are not officers, and has concluded that such policies are not reasonably likely to have a material adverse effect on us. To the extent that our compensation programs create a potential misalignment of risk incentives, the Compensation Committee believes that it has adequate compensating controls to mitigate against the potential impact of any such misalignment. These compensating controls include robust stock ownership guidelines, the Clawback Policy, capped incentive award opportunities, a three-year vesting cycle for equity-based compensation and oversight by the Compensation Committee.

### Stock Ownership Guidelines

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We believe that share ownership by our directors and senior officers helps to align their interests with our stockholders' interests. We have adopted minimum stock ownership guidelines applicable to our directors and executive officers. Directors who are not executive officers are expected to maintain beneficial ownership of shares of our common stock valued at \$500,000. Our executive officers are expected to maintain beneficial ownership of shares of our common stock with a value equal to the following:

<u>Officer</u>	<u>Ownership Level</u>
Chief Executive Officer . . . . .	five times base salary
Other Officers . . . . .	three times base salary

Directors and executive officers have a transition period of four and three years, respectively, from their initial election (or from the first annual meeting of stockholders following their election) to meet the applicable ownership guidelines and, thereafter, one year (measured from the date of each annual meeting) to meet any increased ownership requirements resulting from changes in stock price, annual retainer, annual base salary, or applicable ownership levels occurring since the initial deadline. During the transition period and until the director or officer satisfies the specified ownership levels, the guidelines require that each officer and director retain 100% of the shares received, net of tax payment obligations, upon the vesting of any stock or equity awards granted to such director or officer. For the purposes of the guidelines, unvested shares or units of restricted stock are considered to be owned.

Pursuant to the stock ownership guidelines, the initial ownership guideline amount for each of our directors and executive officers will be determined at the Annual Meeting, and the directors and executive officers will have until the 2020 and 2019 annual meetings of stockholders, respectively, to meet the ownership guidelines.

## COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

This report provides information concerning the Compensation Committee of the Board of Directors. The Compensation Committee's Charter is available on our website at [www.cslreit.com](http://www.cslreit.com) under the "Investors—Corporate Governance" tab. The Compensation Committee is comprised entirely of independent directors, as defined and required by NASDAQ listing standards.

The Compensation Committee has reviewed the disclosures under the caption "Compensation Discussion & Analysis" contained in this Proxy Statement for the 2016 Annual Meeting of Stockholders and has discussed such disclosures with the management of CS&L. Based on such review and discussion, the Compensation Committee recommended to the CS&L Board of Directors that the "Compensation Discussion & Analysis" be included in CS&L's Annual Report on Form 10-K for the fiscal year ended December 31, 2015 and Proxy Statement on Schedule 14A for the 2016 Annual Meeting of Stockholders for filing with the SEC.

Respectfully Submitted by the  
Compensation Committee:

Jennifer S. Banner  
Francis X. ("Skip") Frantz  
David L. Solomon, *Chair*



## Summary Compensation Table

The following table shows the compensation awarded to, earned by or paid to CS&L's NEOs in fiscal year 2015.

Name and Principal Position	Year	Salary (\$)(1)	Bonus (\$)	Stock Awards (\$)(2)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)(3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)(4)	Total (\$)
Kenneth A. Gunderman . . . . . President and CEO	2015	578,872	—	4,740,420	—	1,050,000	—	1,571	6,370,863
Mark A. Wallace . . . . . Executive Vice President—CFO and Treasurer	2015	296,952	—	816,475	—	400,000	—	52,971	1,566,398
Daniel L. Heard . . . . . Executive Vice President—General Counsel and Secretary	2015	259,814	—	632,106	—	350,000	—	8,860	1,250,780

- (1) The amounts included in this column reflect partial service during 2015 based on annual rates of base salary of \$700,000, \$400,000 and \$350,000 for Messrs. Gunderman, Wallace and Heard, respectively.
- (2) The amounts included in this column reflect the aggregate grant date fair value calculated in accordance with FASB ASC Topic 718 for restricted stock and performance-based restricted stock unit awards granted during 2015. The fair values in this column reflect the expected future cash flows of dividends and therefore dividends on unvested shares are not separately disclosed. The assumptions used in the calculation of the amounts shown are included in Note 8 to our audited consolidated financial statements, which are included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015. Additional information regarding the Sign-on Grants and the Long-Term Incentive Plan is discussed in further detail in the Compensation Discussion & Analysis under the heading "Elements of 2015 Compensation—Equity-Based Compensation."

The grant date fair values of performance-based restricted stock units (or PSUs) are based upon the probable levels of achievement of the performance goals related to those awards. The resulting number of PSUs that vest, if any, depends on whether we achieve the specified level of performance with respect to the performance measures tied to these awards. The grant date fair values of PSUs are reported in the table above at target payout, representing the probable outcome of performance conditions as calculated at the time of grant, which is less than the maximum possible payout. The table below shows the grant date fair values of the PSUs granted to each NEO during fiscal year 2015 at the probable payout and the maximum payout that would result if the highest levels of performance goals are achieved.

<b>Name</b>	<b>Grant Date Fair Value of PSUs (Probable Payout) (\$)</b>	<b>Grant Date Fair Value of PSUs (Maximum Payout) (\$)</b>
Kenneth A. Gunderman	1,034,704	1,552,057
Mark A. Wallace	157,671	236,507
Daniel L. Heard	137,990	206,985

- (3) The amounts reflect cash payments for 2015 pursuant to the Short-Term Incentive Plan. Additional information regarding the Short-Term Incentive Plan is discussed in further detail in the Compensation Discussion & Analysis under the heading “Elements of 2015 Compensation—Short-Term Incentives.”
- (4) The amounts reflected in this column represent the sum of all other compensation received by the NEOs and are comprised of (i) company matching contributions under CS&L’s 401(k) plan, (ii) imputed income for value over \$50,000 of life insurance coverage provided by CS&L, and (iii) cell phone allowances. Also included in this column for Mr. Wallace is \$38,479 in relocation and housing reimbursements and \$2,943 in commuting airfare in connection with Mr. Wallace’s relocation to Little Rock, Arkansas, pursuant to the Company-provided relocation assistance package.

## Grants of Plan-Based Awards

The following table shows information regarding grants of plan-based awards, including equity and non-equity incentive plans, made by CS&L during 2015 to the individuals named below.

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards (\$)(1)			Estimated Future Payouts Under Equity Incentive Plan Awards (#)(2)			All Other Stock Awards: Number of Shares of Stock or Units (#)(3)	Grant Date Fair Value of Stock and Option Awards(4)	
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)			
Kenneth A. Gunderman	5/29/15	525,000	1,050,000	1,575,000					—	
	5/29/15								94,836	\$ 2,470,478
	5/29/15								47,418	\$ 1,235,239
	5/29/15							23,710	47,720	71,130
Mark A. Wallace	5/29/15	200,000	400,000	600,000					—	
	5/29/15								18,064	\$ 470,567
	5/29/15								7,226	\$ 188,237
	5/29/15							3,613	7,226	10,839
Daniel L. Heard	5/29/15	175,000	350,000	525,000					—	
	5/29/15								12,645	\$ 329,402
	5/29/15								6,323	\$ 164,714
	5/29/15							3,162	6,324	9,486

- (1) The amounts reported in these columns represent potential performance-based cash bonuses that our NEOs could have earned based upon the Company's achievement of (i) a threshold level of normalized AFFO for the period from April 27, 2015 to December 31, 2015 and (ii) qualitative performance-related corporate and strategic goals. For further discussion regarding these qualitative and quantitative metrics, see the information regarding the Short-Term Incentive Plan under the heading "Elements of 2015 Compensation—Short-Term Incentives." Based on the Company's 2015 performance, the Compensation Committee awarded payouts to the NEOs under the Short-Term Incentive Plan at the target level, which amounts are included in the "Non-Equity Incentive Plan Compensation" of the Summary Compensation Table above.
- (2) The amounts reported in these columns represent potential share payouts with respect to PSU awards that were made in connection with 2015 annual equity grant program under the Equity Incentive Plan. PSUs awards will vest, if at all, at the end of the three-year performance period based on the Company's achievement of metrics related to relative total stockholder return ("TSR") over a three-year period ending April 27, 2018. Threshold, target or maximum performance will result in the NEOs earning 50%, 100% or 150% of the target number of the PSUs, respectively.
- (3) CS&L did not grant options during 2015.
- (4) The amounts included in this column reflect the aggregate grant date fair value calculated in accordance with FASB ASC Topic 718 for restricted stock and performance-based restricted stock unit awards granted during 2015 pursuant to the Long-Term Incentive Plan. The fair values in this column reflect the expected future cash flows of dividends and therefore dividends on unvested shares are not separately disclosed. The assumptions used in the calculation of the amounts shown

are included in Note 8 to our audited consolidated financial statements, which are included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015. Additional information regarding the Long-Term Incentive Plan is discussed in further detail in the Compensation Discussion & Analysis under the heading “Elements of 2015 Compensation—Equity-Based Compensation.”

## Outstanding Equity Awards at Fiscal Year-End

The following table shows information regarding outstanding awards held by the individuals named below as of December 31, 2015. All awards represent grants of restricted stock or units pursuant to the Long-Term Incentive Plan.

Name	Stock Awards (1)			
	Number of Shares or Units of Stock That Have Not Vested (#)(2)	Market Value of Shares or Units of Stock That Have Not Vested (\$)(3)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)(4)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)(3)
Kenneth A. Gunderman	142,254	\$2,658,727	23,710	\$ 443,140
Mark A. Wallace	25,290	\$ 472,670	3,613	\$ 67,527
Daniel L. Heard	18,968	\$ 354,512	3,162	\$ 59,098

- (1) CS&L has not granted stock options and therefore no options were outstanding at December 31, 2015.
- (2) The following table sets forth the vesting schedule of the shares reported in this column for each Named Executive Officer, which shares are subject to time-based vesting only and do not require the achievement of any corporate or individual performance targets to vest:

Vesting Date	Named Executive Officer		
	Kenneth A. Gunderman	Mark A. Wallace	Daniel L. Heard
3/31/2016	15,806	2,409	2,108
3/31/2017	15,806	2,408	2,107
3/31/2018	15,806	20,473	14,753
4/24/2018	94,836	—	—

- (3) This value was determined by multiplying the number of unvested shares or units by the closing price of our common stock as reported on NASDAQ on December 31, 2015, which was \$18.69.
- (4) The amounts shown in this column represent outstanding and unvested awards of PSUs (at threshold) scheduled to vest, if at all, based on the Company’s achievement of metrics related to relative TSR over a three-year period ending April 27, 2018. In measuring our relative TSR, 50% is weighted to our performance against the MSCI US REIT Index (measured in basis points), and 50% is weighted to our performance against the Peer Group (measured by percentile ranking), as further discussed in the Compensation Discussion & Analysis under the heading “Elements of 2015 Compensation—Equity-Based Compensation.”

## Options Exercises and Stock Vested

No equity-based awards vested during 2015. CS&L has not granted stock options and therefore no option exercises occurred during 2015.

## Non-Qualified Deferred Compensation

	Executive Contributions in Last Fiscal Year (\$)(1)	CS&L Contributions in Last Fiscal Year (\$)	Aggregate Earnings in Last Fiscal Year (\$)(2)	Aggregate Withdrawals/Distributions (\$)	Aggregate Balance at Last Fiscal Year-End (\$)
Kenneth A. Gunderman	21,538	—	597	—	22,135
Mark A. Wallace	—	—	—	—	—
Daniel L. Heard	10,481	—	290	—	10,771

- (1) Amounts included in this column are included in the “Salary” column of the Summary Compensation Table.
- (2) There were no “above-market earnings” for 2015 and therefore none of these amounts were included in the Summary Compensation Table.

On August 10, 2015, the Compensation Committee adopted the Communications Sales & Leasing, Inc. Deferred Compensation Plan (the “Plan”). The Compensation Committee, as administrator of the Plan, has the right to alter, amend or terminate the Plan at any time in its discretion so long as the amendment or termination does not divest any accrued benefit that has already vested under the Plan. The Plan permits eligible employees, including the Company’s Named Executive Officers, to defer payment of up to 75% of their base salary and 90% of their annual bonuses and other cash compensation. Company contributions may be made to the Plan in amounts and subject to conditions determined by the Compensation Committee. Each participant’s account is credited annually with interest at a rate equal to the lesser of (i) the Company’s Weighted Average Cost of Debt (as defined in the Plan) or (ii) the then current yield on the United States 10-year Treasury Note as quoted in *The Wall Street Journal* for the last business day of the previous calendar year. Unless otherwise determined by the Compensation Committee, a participant’s interest in Company contributions will vest 100% after three years of service, or, if earlier, upon the employee’s death or disability, upon a Change in Control (as defined in the Plan) or if the Plan is terminated. Each participant’s elective deferrals will at all times be 100% vested. Each participant may elect to have his or her deferred amounts distributed at such time as the participant may specify, upon the participant’s separation from service, upon a Change in Control or upon the participant’s death or disability. In each case, the amount will be paid in a single lump-sum payment except where the Plan permits the participant to elect to receive such payment in annual installments not to exceed, in any case, five years.

## Agreements with Our Named Executive Officers

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### *Employment Agreement with Kenneth Gunderman*

Effective as of February 12, 2015, we entered into an Employment Agreement with Kenneth Gunderman (the "Employment Agreement") pursuant to which Mr. Gunderman serves as our Chief Executive Officer and President and as a member of our Board of Directors. The original term of the Employment Agreement runs through December 31, 2018, unless earlier terminated, and it will automatically renew for successive one-year intervals after 2018 unless either party gives the other at least 90 days' notice. The Employment Agreement provides Mr. Gunderman a base salary of no less than \$700,000 per year (subject to periodic review and increase) and provides further that he is eligible to participate in any annual compensation plans as may be implemented with a target bonus equal to 150% of his then base salary. The target bonus may be increased to 200% of the then base salary at the discretion of the Compensation Committee.

Pursuant to the Employment Agreement, following the consummation of the Spin-Off, we granted Mr. Gunderman a time-based restricted stock award with a grant date value of \$2,625,000, which will vest in full on the third anniversary of the Spin-Off. Additionally, we granted Mr. Gunderman restricted stock with a grant date value of \$2,625,000; which consisted of 50% performance-based restricted stock units and 50% time-based restricted stock vesting in three equal installments on March 31 of each year, beginning on March 31, 2016. Mr. Gunderman is further entitled to receive health, welfare and retirement benefits from CS&L.

The Employment Agreement provides that should Mr. Gunderman's employment be terminated during the term of the Employment Agreement by his death or disability, by the Company for "cause" (as defined in the Employment Agreement) or by Mr. Gunderman without "good reason" (as defined in the Employment Agreement), then we will pay to Mr. Gunderman his base salary and any accrued vacation pay through the date of termination and any amount payable under any incentive compensation plan with respect to the measuring period ending immediately prior to the measuring period during which the termination occurs, in each case to the extent not already paid.

In the event we terminate Mr. Gunderman's employment during the term of the Employment Agreement without cause or Mr. Gunderman terminates his employment for good reason, then we will pay to Mr. Gunderman a lump-sum severance benefit equal to two times his annual base salary (in addition to any other amounts already due and owing).

Additionally, if Mr. Gunderman is terminated without cause or he terminates his employment with CS&L for good reason, in each case within two years of a "change in control" of CS&L (as defined in the Employment Agreement), then we will pay to Mr. Gunderman, in a lump sum, the following amounts (in addition to any other amounts already due and owing): (i) a pro rata annual bonus for the year of termination at target; (ii) a severance benefit equal to two times the sum of (x) the higher of his annual base salary in effect prior to the change in control or his annual base salary in effect prior to his termination and (y) the higher of his annual target bonus in effect prior to the change in control or his target annual bonus in effect prior to his termination; and (iii) an amount equivalent to the cost of two years' health and dental insurance continuation. No severance payable following a change in control is subject to gross-up for golden parachute excise taxes, and the severance payable to Mr. Gunderman will be reduced to

the amount that is not subject to such taxes if doing so would result in a greater after-tax payment to him. In any event, any severance payable to Mr. Gunderman will be subject to his execution of a release of claims, and the Employment Agreement also imposes one-year post termination noncompetition/nonsolicitation obligations.

#### *Severance Agreements with Mark A. Wallace and Daniel L. Heard*

We have entered into a Severance Agreement with each of Mr. Wallace and Mr. Heard, the term of which continues until the earliest of (i) prior to a change in control, the date of termination determined in accordance with the Severance Agreement or June 1, 2018, or (ii) after a change in control, the Company's performance of its obligations under the Severance Agreement if a payment trigger has occurred or the expiration of the period for a payment trigger to occur if such expiration occurs after June 1, 2018.

The Severance Agreement provides that should the executive officer's employment be terminated: (i) whether due to his death or disability, by the Company for cause, or by him with or without good reason, the Company must pay to the executive officer his base salary and any accrued vacation pay through the date of termination in a lump sum within 30 days, to the extent not already paid; or (ii) by the Company without cause and such termination does not occur at the same time or within two years following a change in control of the Company, the Company must pay, in lieu of any other post-termination benefits, (x) the executive officer's annual base salary and any accrued vacation pay through the date of termination in a lump sum within 30 days, to the extent not already paid, and (y) an amount no less than his annual base salary in effect on the date of termination in equal installments over a period of one year.

Should the executive officer's employment be terminated by the Company without cause or by him with good reason and such termination occurs at the same time as or within two years following a change in control of the Company, the Company must pay to the executive officer the following:

- his base salary and any accrued vacation pay through the date of termination;
- any incentive compensation that has been awarded to him for the completed fiscal year or other completed measuring period prior to the date of termination but not yet paid to him;
- an amount equal to the annual incentive target in effect prior to the payment trigger pro-rated through the date of termination, reduced by any amount paid or payable for the fiscal year during which the date of termination occurs;
- an amount equal to two times the sum of: (x) the higher of (1) his annual base salary immediately prior to the change in control and (2) his annual base salary in effect immediately prior to the payment trigger and (y) the higher of (1) his annual incentive target in effect immediately prior to the change in control and (2) his annual incentive target in effect immediately prior to the payment trigger;
- his health and dental insurance benefits for 24 months; and
- certain outplacement services.

The Company will pay or provide the foregoing in the manner set forth in the Severance Agreement. In the event that certain payments or benefits under the Severance Agreement would be subject to an excise tax under Section 4999 of the Internal Revenue Code, as amended, then such payments or benefits may be reduced in the manner set forth in the Severance Agreement.

The Company is only obligated to pay or provide, or continue to pay and provide, benefits in the event of a payment trigger to the extent that the executive officer executes a waiver and release in the form set forth in the Severance Agreement and otherwise remains in compliance with certain covenants set forth therein. The Severance Agreement includes one-year post-termination non-disclosure, non-compete and non-interference covenants.

### **Potential Payments upon Termination or Change in Control**

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As discussed in the section above titled “Agreements with Our Named Executive Officers,” the Company is required to pay or provide certain compensation and benefits to each of its NEOs in the event of certain terminations of employment or a change in control of the Company. In addition to such compensation and benefits, each NEO’s outstanding equity awards are subject to accelerated vesting in the event the NEO is terminated. In the event that an NEO is terminated without Cause (as defined in the Long-Term Incentive Plan), terminates his employment for Good Reason (as defined in the Long-Term Incentive Plan) or experiences a Company-approved retirement (as determined in the sole discretion of the Compensation Committee), a pro-rated portion of unvested restricted stock held by the NEO would vest based on the date of termination. In addition, unvested PSUs held by the NEO would remain eligible to vest subject to achievement of the relevant performance criteria, subject to the Compensation Committee’s ability to determine, in its sole discretion, whether the NEO would be entitled to the full number of shares to which the NEO would have been entitled had such termination not occurred or a pro-rated portion of such shares based on the NEO’s date of termination. In the event that a NEO dies or becomes permanently disabled (as determined by the Compensation Committee) or is terminated without Cause or terminates his employment for Good Reason within two years of a Change in Control of CS&L (as defined in the Long-Term Incentive Plan), all unvested restricted stock and PSUs will vest in full.

The following tables describe estimated amounts of compensation and benefits that could be payable to each NEO upon certain terminations or a change in control. All amounts assume the NEOs terminated employment as of December 31, 2015. The actual amounts that would be paid to each NEO upon termination of employment or a change in control can only be determined at the time the actual triggering event occurs. The estimated amounts of compensation and benefits described below are in addition to the benefits to which the NEOs would be entitled to receive upon termination of employment generally under the retirement plan described in the section above titled “Other Benefit Plans.” This section identifies and quantifies the extent to which those retirement benefits are enhanced or accelerated upon the triggering events described below.



*Kenneth A. Gunderman*

The following table shows the potential payments upon a hypothetical termination or change in control of the Company effective as of December 31, 2015 for Kenneth A. Gunderman, our President and Chief Executive Officer.

Type of Payment	Company-Approved Retirement	Termination without Cause or Resignation for Good Reason other than a Change in Control	Voluntary Termination without Good Reason or Termination for Cause	Change in Control with no Termination	Termination without Cause or Resignation for Good Reason following a Change in Control	Death or Disability
Severance	\$0	\$1,400,000	\$0	\$0	\$4,550,000	\$0
Accelerated Vesting of Restricted Stock <sup>(1)</sup>	\$714,903	\$714,903	\$0	\$0	\$2,568,727	\$2,568,727
Accelerated Vesting of PSUs <sup>(1)</sup>	\$195,556 <sup>(2)</sup>	\$195,556 <sup>(2)</sup>	\$0	\$0	\$977,783	\$977,783
Healthcare continuation	\$0	\$0	\$0	\$0	\$22,560	\$0
<b>Total</b>	<b>\$910,459</b>	<b>\$2,310,459</b>	<b>\$0</b>	<b>\$0</b>	<b>\$8,119,070</b>	<b>\$3,546,510</b>

(1) The value of the accelerated vesting of restricted stock and PSUs is based on the closing price of our common stock as reported on NASDAQ on December 31, 2015, which was \$18.69.

(2) PSUs will remain eligible to vest subject to achievement of the relevant performance criteria, subject to the Compensation Committee's ability to determine, in its sole discretion, whether the NEO receives (i) the full number of shares to which the NEO would have been entitled had such termination not occurred, or (ii) a pro-rated portion of such shares based on the NEO's date of termination. This amount assumes the Compensation Committee elected to accelerate vesting at the target level on a pro-rated basis as of December 31, 2015. Holders of PSUs also accrue a dividend equivalent for dividends declared on the Company's common stock during the life of the award that is paid in cash when underlying PSUs vest, and this amount includes a cash amount equal to the accrued dividends payable upon the vesting of the underlying PSUs.

Mark A. Wallace

The following table shows the potential payments upon a hypothetical termination or change in control of the Company effective as of December 31, 2015 for Mark A. Wallace, our Executive Vice President—Chief Financial Officer and Treasurer.

Type of Payment	Voluntary Termination with Good Reason or Company-Approved Retirement	Termination without Cause other than following a Change in Control	Voluntary Termination without Good Reason or Termination for Cause	Change in Control with no Termination	Termination without Cause or Resignation for Good Reason following a Change in Control	Death or Disability
Severance	\$0	\$400,000	\$0	\$0	\$2,000,000	\$0
Accelerated Vesting of Restricted Stock <sup>(1)</sup>	\$122,457	\$122,457	\$0	\$0	\$472,670	\$472,670
Accelerated Vesting of PSUs <sup>(1)</sup>	\$29,612 <sup>(2)</sup>	\$29,612 <sup>(2)</sup>	\$0	\$0	\$135,054	\$135,054
Outplacement Services	\$0	\$0	\$0	\$0	\$25,000	\$0
Healthcare continuation	\$0	\$0	\$0	\$0	\$22,560	\$0
Total	\$152,069	\$552,069	\$0	\$0	\$2,655,284	\$607,724

- (1) The value of the accelerated vesting of restricted stock and PSUs is based on the closing price of our common stock as reported on NASDAQ on December 31, 2015, which was \$18.69.
- (2) PSUs will remain eligible to vest subject to achievement of the relevant performance criteria, subject to the Compensation Committee's ability to determine, in its sole discretion, whether the NEO receives (i) the full number of shares to which the NEO would have been entitled had such termination not occurred, or (ii) a pro-rated portion of such shares based on the NEO's date of termination. This amount assumes the Compensation Committee elected to accelerate vesting at the target level on a pro-rated basis as of December 31, 2015. Holders of PSUs also accrue a dividend equivalent for dividends declared on the Company's common stock during the life of the award that is paid in cash when underlying PSUs vest, and this amount includes a cash amount equal to the accrued dividends payable upon the vesting of the underlying PSUs.

Daniel L. Heard

The following table shows the potential payments upon a hypothetical termination or change in control of the Company effective as of December 31, 2015 for Daniel L. Heard, our Executive Vice President—General Counsel and Secretary.

Type of Payment	Voluntary Termination with Good Reason or Company-Approved Retirement	Termination without Cause other than following a Change in Control	Voluntary Termination without Good Reason or Termination for Cause	Change in Control with no Termination	Termination without Cause or Resignation for Good Reason following a Change in Control	Death or Disability
Severance	\$0	\$350,000	\$0	\$0	\$1,750,000	\$0
Accelerated Vesting of Restricted Stock <sup>(1)</sup>	\$95,334	\$95,334	\$0	\$0	\$354,512	\$354,512
Accelerated Vesting of PSUs <sup>(1)</sup>	\$25,916 <sup>(2)</sup>	\$25,916 <sup>(2)</sup>	\$0	\$0	\$118,196	\$118,196
Outplacement Services	\$0	\$0	\$0	\$0	\$25,000	\$0
Healthcare continuation	\$0	\$0	\$0	\$0	\$25,608	\$0
Total	\$121,250	\$471,250	\$0	\$0	\$2,273,316	\$472,708

- (1) The value of the accelerated vesting of restricted stock and PSUs is based on the closing price of our common stock as reported on NASDAQ on December 31, 2015, which was \$18.69.
- (2) PSUs will remain eligible to vest subject to achievement of the relevant performance criteria, subject to the Compensation Committee's ability to determine, in its sole discretion, whether the NEO receives (i) the full number of shares to which the NEO would have been entitled had such termination not occurred, or (ii) a pro-rated portion of such shares based on the NEO's date of termination. This amount assumes the Compensation Committee elected to accelerate vesting at the target level on a pro-rated basis as of December 31, 2015. Holders of PSUs also accrue a dividend equivalent for dividends declared on the Company's common stock during the life of the award that is paid in cash when underlying PSUs vest, and this amount includes a cash amount equal to the accrued dividends payable upon the vesting of the underlying PSUs.

## PROPOSAL NO. 2

### Advisory Vote to Approve Compensation of the Company's Named Executive Officers

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In accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act") and Rule 14a-21 under the Securities Exchange Act of 1934, the Company requests that our stockholders cast a non-binding, advisory vote to approve the compensation of the Company's NEOs identified in the section titled "Compensation Discussion & Analysis" set forth above in this Proxy Statement. This proposal, commonly known as a "say-on-pay" proposal, gives our stockholders the opportunity to express their views on our NEOs' compensation. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our NEOs and the philosophy, policies and practices described in this Proxy Statement. Accordingly, we ask our stockholders to vote "**FOR**" the following resolution at the Annual Meeting:

**"RESOLVED**, that the Company's stockholders hereby approve, on an advisory basis, the compensation of the Company's NEOs, as disclosed in this Proxy Statement pursuant to the compensation disclosure rules of the SEC, including the Compensation Discussion & Analysis, the Summary Compensation Table and the other related tables and disclosures."

Details concerning how we implement our compensation philosophy and structure our compensation programs to meet the objectives of our compensation program are provided in the section titled "Compensation Discussion & Analysis" set forth above in this Proxy Statement. In particular, we discuss how we design performance-based compensation programs and set compensation targets and other objectives to maintain a close correlation between executive pay and Company performance.

This vote is merely advisory and will not be binding upon the Company, the Board or the Compensation Committee, nor will it create or imply any change in the fiduciary duties of the Board or the Compensation Committee. The Compensation Committee will, however, take into account the outcome of the vote when considering future executive compensation decisions. The Board values constructive dialogue on executive compensation and other significant governance topics with the Company's stockholders and encourages all stockholders to vote their shares on this important matter.

#### BOARD RECOMMENDATION

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE "**FOR**" PROPOSAL NO. 2.

PROXIES SOLICITED BY THE BOARD OF DIRECTORS WILL BE VOTED "**FOR**" PROPOSAL NO. 2 UNLESS STOCKHOLDERS SPECIFY A CONTRARY VOTE.

## PROPOSAL NO. 3

### Advisory Vote on Frequency of Future Advisory Votes on Executive Compensation

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In accordance with the Dodd-Frank Act, the Company requests that our stockholders cast a non-binding, advisory vote regarding the frequency with which we should include in future annual proxy statements a stockholder advisory vote to approve the compensation of our NEOs, similar to Proposal No. 2 above. By voting on this proposal, stockholders may indicate whether they would prefer that the Company provide for such a stockholder advisory vote at future annual meetings every year, every two years or every three years.

After careful consideration, the Board determined that providing a stockholder advisory vote to approve the compensation of our NEOs every year is the most appropriate alternative for the Company at this time. In formulating its recommendation, the Board determined that an annual advisory vote on NEO compensation will allow stockholders to provide their direct input on our compensation philosophy, policies and practices as disclosed in the proxy statement on a more timely and consistent basis than if the vote were held less frequently. Additionally, an annual advisory vote on executive compensation is consistent with our policy of seeking regular dialogue with our stockholders on corporate governance matters and our executive compensation philosophy, policies and practices.

Stockholders of the Company will have the opportunity to specify one of four choices for this proposal: (1) every year, (2) every two years, (3) every three years or (4) abstain. Stockholders are not voting to approve or disapprove of the Board of Directors' recommendation. Rather, stockholders are being asked to express their preference regarding the frequency of future advisory votes on executive compensation. If none of the frequency options receives majority support, the option receiving the greatest number of votes cast will be considered the frequency recommended by the Company's stockholders.

While we intend to carefully consider the voting results of this proposal, this vote is advisory and therefore not binding on the Company, the Compensation Committee or the Board of Directors.

#### BOARD RECOMMENDATION

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE FOR A FREQUENCY OF "**EVERY YEAR**" WITH RESPECT TO PROPOSAL NO. 3.

PROXIES SOLICITED BY THE BOARD OF DIRECTORS WILL BE VOTED FOR A FREQUENCY OF "**EVERY YEAR**" ON PROPOSAL NO. 3 UNLESS STOCKHOLDERS SPECIFY A CONTRARY CHOICE.

## PROPOSAL NO. 4

### Ratification of Selection of Independent Registered Public Accounting Firm

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The Audit Committee has selected PricewaterhouseCoopers LLP (“PwC”) to serve as CS&L’s independent registered public accounting firm for the fiscal year ending December 31, 2016. Stockholders are being asked to ratify the selection of PwC at the Annual Meeting. PwC served as CS&L’s independent registered public accountant in connection with the audit of the Company’s financial statements as of December 31, 2015 and for the period from commencement of operations (April 24, 2015) through December 31, 2015 and the special purpose statements of revenue and direct expense of Windstream Holding, Inc.’s CLEC business from January 1, 2015 to April 24, 2015. Information regarding PwC’s fees for 2015 is provided below. Representatives of PwC are expected to attend the Annual Meeting and will have an opportunity to make a statement, if they desire to do so, and are expected to be available to respond to appropriate questions.

If the stockholders fail to ratify the appointment of PwC as CS&L’s independent registered public accountant, the Board of Directors will reconsider the appointment. However, even if the selection is ratified, the Audit Committee, in its sole discretion, may change the appointment at any time during the year if it determines that such a change would be in the best interests of CS&L and its stockholders.

Accounting Fees and Services. Aggregate fees paid to PwC for professional services rendered during the year ended December 31, 2015 were:

<b><i>In thousands</i></b>	<b><u>2015</u></b>
Audit Fees (a)	\$ 751,543
Audit-Related Fees	—
Tax Fees	—
All Other Fees (b)	3,600
Total	\$ 755,143

(a) Audit fees include fees for the annual audit and quarterly reviews of the consolidated financial statements as well as consents in respect to Securities and Exchange Commission filings and accounting and financial reporting consultations.

(b) All other fees are comprised of fees for licensing PwC’s web-based accounting research software program.

The engagement of PwC as the Company’s independent registered public accounting firm was approved in advance by the Audit Committee in accordance with SEC rules and the Audit Committee’s Pre-Approval Policies and Procedures, which provide that all engagements with the independent registered public accounting firm for the provision of audit or audit-related services to the Company must be pre-approved by the Audit Committee or a designated member of the Audit Committee. The Audit Committee’s pre-approval policy also provides that CS&L may engage the Company’s

independent registered public accounting firm for non-audit services (i) only if such services are not prohibited from being performed by the Company's independent registered public accounting firm under the Sarbanes-Oxley Act of 2002, Rule 2-01 of Regulation S-X promulgated by the SEC thereunder, or any other applicable law or regulation, and (ii) if such services are tax-related services, such services are one or more of the following tax-related services: tax return preparation and review; advice on income tax, tax accounting, sales/use tax, excise tax and other miscellaneous tax matters; and tax advice and implementation assistance on restructurings, merger and acquisition matters and other tax strategies. The pre-approval policy also provides that any request for approval for the Company's independent registered public accounting firm to perform a permitted non-audit service must be accompanied by a discussion of the reasons why the Company's independent registered public accounting firm should be engaged to perform the services instead of an alternative provider. None of the services described above were approved pursuant to the *de minimis* exception provided in Rule 2-01(c)(7)(i)(C) of Regulation S-X promulgated by the SEC.

### BOARD RECOMMENDATION

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS VOTE "**FOR**" PROPOSAL NO. 4.

PROXIES SOLICITED BY THE BOARD OF DIRECTORS WILL BE VOTED "**FOR**" PROPOSAL NO. 4 UNLESS STOCKHOLDERS SPECIFY A CONTRARY VOTE.

## **ADDITIONAL INFORMATION**

### **Stockholder Proposals for the 2017 Annual Meeting**

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Stockholders who intend to present proposals at the 2017 Annual Meeting of Stockholders (the “2017 Annual Meeting”), and who wish to have those proposals included in CS&L’s proxy statement for the 2017 Annual Meeting, must be certain that those proposals are received at CS&L’s principal executive offices located at 10802 Executive Center Drive, Benton Building, Suite 300, Little Rock, Arkansas 72211, Attention: Daniel L. Heard, Executive Vice President – General Counsel and Secretary, no later than December 7, 2016. Such proposals must meet the requirements set forth in the rules and regulations of the SEC in order to be eligible for inclusion in the proxy statement for the 2017 Annual Meeting.

In addition, under CS&L’s bylaws, stockholders who intend to submit a proposal regarding a director nomination or other matter of business at the 2017 Annual Meeting, and who do not intend to have such proposal included in CS&L’s proxy statement for the 2017 Annual Meeting pursuant to SEC rules and regulations, must ensure that notice of any such proposal is received by CS&L’s Secretary, Daniel L. Heard, at the address set forth above no earlier than November 7, 2016 and not later than 5:00 p.m., Central time, on December 7, 2016. The stockholder notice must comply with the information requirements set forth in CS&L’s bylaws.

### **Stockholder Communications with the Board of Directors**

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Stockholders and other interested parties may contact the Board of Directors, a Board Committee, a particular group of directors (e.g., our independent directors), or individual members of the board, including our Chairman, by mail addressed to the named individual, the committee, the group or the Board as a whole c/o Daniel L. Heard, Executive Vice President – General Counsel and Secretary, at 10802 Executive Center Drive, Benton Building, Suite 300, Little Rock, Arkansas 72211. In general, any communication delivered to the Company for forwarding to the Board, a Board committee, a particular group of directors or specified Board members will be forwarded in accordance with the stockholder’s instruction, except that we reserve the right not to forward any abusive, threatening or otherwise inappropriate materials.

### **Relationships and Certain Related Transactions**

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#### **Our Relationship with Windstream**

On April 24, 2015, CS&L was separated and spun-off from Windstream Holdings, Inc. and, in connection therewith, Windstream contributed certain telecommunications network assets, including certain of its fiber and copper networks, to CS&L. In the Spin-Off, Windstream distributed approximately 80.4% of the total outstanding common stock of CS&L to existing stockholders of Windstream. Windstream retained the remaining 19.6% of CS&L shares. The current Chief Financial Officer and Treasurer of Windstream (Bob Gunderman) is the brother of our Chief Executive Officer (Kenneth Gunderman).

In connection with the Spin-Off, CS&L entered into a long-term triple-net master lease with Windstream to lease back the telecommunications network assets now owned by CS&L. Under the terms of the master lease, Windstream has the exclusive right to use the telecommunications network assets for an initial term of 15 years with up



to four, five-year renewal options. During December 2015, CS&L funded \$43.1 million of capital expenditures under the lease. The master lease provides for an annual rent of \$650.0 million paid in equal monthly installments in advance and is fixed for the first three years. Thereafter, rent will increase on an annual basis at a base rent escalator of 0.5 percent. As a result of CS&L funding \$43.1 million of capital expenditures in December 2015, the annual rent paid by Windstream increased from \$650.0 million to approximately \$653.5 million. Future lease payments due under the agreement reset to fair market rental rates upon Windstream's execution of the renewal options.

Prior to the Spin-Off, CS&L and Windstream entered into certain agreements to further govern the relationship between CS&L and Windstream, including, among others, the separation and distribution agreement dated March 26, 2015, the tax matters agreement, the transition services agreement, the employee matters agreement, the wholesale master services agreement, the master services agreement, the intellectual property matters agreement, the reverse transition services agreement, and the stockholder's and registration rights agreement, each of which was dated April 24, 2015. Descriptions and copies of the above-referenced agreements can be found in CS&L's Current Report on Form 8-K filed with the SEC on April 27, 2015, except that a description and copy of the separation and distribution agreement can be found in CS&L's Current Report on Form 8-K filed with the SEC on March 26, 2015.

CS&L and Windstream entered into an amendment to the master lease in February 2016 that established a method whereby Windstream will be permitted to enter into fiber swap arrangements that extend beyond the then current term of the master lease.

#### [Procedures for Approval of Related Party Transactions](#)

Our Board of Directors adopted a written policy regarding the review and approval of any related party transaction required to be disclosed under SEC rules. The Audit Committee of the Board of Directors is responsible for the review and approval of transactions covered by the policy. As provided in the policy and the Audit Committee's charter, no related party transaction will be approved unless it is (a) deemed commercially reasonable, fair and in, or not inconsistent with, the best interest of CS&L; and (b) determined to have terms comparable to those that could be obtained in an arm's length transaction with an unrelated third party. The February 2016 amendment to the master lease with Windstream was approved in accordance with this policy.

Except as noted above, there were no commercial transactions between related parties and CS&L that required disclosure in this proxy statement.

#### [Section 16\(a\) Beneficial Ownership Reporting Compliance](#)

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Section 16(a) of the Exchange Act requires CS&L's directors and executive officers, and persons who own more than 10% of CS&L's common stock, to file reports of ownership and changes in ownership with the SEC. The Company currently knows of no person, other than Windstream, who owns 10% or more of our common stock.

Based solely upon a review of copies of reports furnished to us and written representations from our directors and executive officers that no other reports were required with respect to the year ended December 31, 2015, we believe that all Section 16(a) filing requirements applicable to our directors, executive officers and

Windstream, the sole beneficial owner of more than 10% of our common stock, were met during the last fiscal year.

## Annual Report/Householding

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Some banks, brokers and other nominee record stockholders may be participating in the practice of “householding” proxy statements and annual reports. This means that only one set of these documents may have been sent to multiple stockholders at a shared address. Additional copies of this Proxy Statement and our Annual Report on Form 10-K are available upon request by contacting Broadridge Householding Department by mail at 51 Mercedes Way, Edgewood, NY 11717, or by calling 1-800-542-1061, and providing your name, the name of each of your brokerage firms or banks where your shares are held, and your account numbers. If this option is not available to you, please contact your custodian bank or broker directly. Any stockholder who wants to receive separate copies of our proxy statement and annual report in the future, or any stockholder who is receiving multiple copies and would like to receive only one copy per household, should contact his, her or its bank, broker or other nominee record stockholder.

If you would like to receive an extra copy of the Annual Report or this Proxy Statement, we will send a copy to you by mail upon request to CS&L Investor Relations, 10802 Executive Center Drive, Benton Building, Suite 300, Little Rock, Arkansas 72211 or by calling (501) 850-0820. Each document is also available in digital form for download or review in the “Investor Relations” section of our website at [www.cslreit.com](http://www.cslreit.com).

## Other Matters

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The management and the Board of Directors of CS&L do not know of any other matters that may come before the meeting. If any other matters properly come before the meeting, however, it is the intention of the persons named in the accompanying form of proxy to vote the proxy in accordance with their judgment on those matters. Discretionary authority to vote on other matters is included in the proxy.

CS&L will bear the cost of solicitation of proxies. In addition to the use of the mail, proxies may be solicited by officers, directors and employees of CS&L, personally or by telephone or electronic means. In the event the management of CS&L deems it advisable, CS&L may engage the services of an independent proxy solicitation firm to aid in the solicitation of proxies.

The material referred to in this Proxy Statement under the caption “**Audit Committee Report**” and the “**Compensation Committee Report on Executive Compensation**” shall not be deemed soliciting material or otherwise deemed filed and shall not be deemed to be incorporated by any general statement of incorporation by reference in any filings made under the Securities Act of 1933 or the Exchange Act.

By Order of the Board of Directors,

**Daniel L. Heard**  
Executive Vice President–General Counsel  
and Secretary

Little Rock, Arkansas  
April 6, 2016



