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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2026
or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to
Commission File Number 001-07784

LUMEN®

LUMEN TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Louisiana	**72-0651161**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
100 CenturyLink Drive, **Monroe, Louisiana**	**71203**
(Address of principal executive offices)	(Zip Code)

(318) 388-9000
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common Stock, no par value per share	LUMN	The Nasdaq Stock Market LLC
Guarantees of Qwest Corporation's 6.500% Senior Notes due 2051, denominations of $25	CTGG	The Nasdaq Stock Market LLC
Guarantees of Qwest Corporation's 6.750% Senior Notes due 2052, denominations of $25	CTHH	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

On October 30, 2026, 1,031,042,677 shares of common stock were outstanding.

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* Unless otherwise indicated, all references to "Notes" in this quarterly report refer to these Notes to Consolidated Financial Statements.

Special Note Regarding Forward-Looking Statements

This report and other documents filed by us under the federal securities laws include, and future oral or written statements by us and our management may include, "forward-looking" statements about our business, financial condition, operating results, or prospects within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve substantial risks and uncertainties. These statements include, among others:

- forecasts of our anticipated future results of operations, cash flows, or financial position;
- statements concerning our completed transactions, including with respect to the completed sale of our Mass Markets Fiber-to-the-Home business in 11 states (Arizona, Colorado, Florida, Idaho, Iowa, Minnesota, Nebraska, Nevada, Oregon, Utah, and Washington) (the "Territory") to a wholly owned subsidiary of AT&T Inc. ("AT&T") (the "Mass Markets Fiber-to-the-Home divestiture"), the acquisition of Alkira, Inc. ("Alkira"), including the integration and anticipated benefits and risks thereof, investments, product development, statements regarding federal and state broadband support programs, including their expected impact on competition in our markets, implementation of the new enterprise resource planning system, Private Connectivity Fabric℠ ("PCF"), initiatives related to artificial intelligence, other network capacity buildouts, transformation plans, deleveraging plans, modernization and simplification initiatives, participation in government programs, and other initiatives, including benefits or costs associated therewith;
- statements about our liquidity, profitability, profit margins, tax positions, tax assets, tax rates, asset values, contingent liabilities, growth opportunities, growth rates, acquisition and divestiture opportunities, business prospects, regulatory and competitive outlook, product capabilities, impacts from regulatory and legislative developments, investment and expenditure plans, business strategies, leverage, capital allocation plans, financing or refinancing alternatives and sources, consent solicitations, debt issuances, debt guarantees, listings of debt securities, and our ability to manage the effects of ongoing geopolitical instability, including armed conflicts, tariffs, inflation, sanctions, supply constraints on our costs, revenues, network expansion plans, and service delivery, and the benefits of acquisitions; and
- other similar statements of our expectations, beliefs, future plans and strategies, anticipated developments and other matters that are not historical facts, many of which incorporate words such as “may,” “will,” “would,” “could,” “should,” “plans,” “believes,” “expects,” “anticipates,” “estimates,” "forecasts," “projects,” "proposes," "targets," “intends,” “likely,” “seeks,” “hopes,” or variations or similar expressions with respect to the future.

These forward-looking statements are based upon our judgment and assumptions as of the date such statements are made concerning future developments and events, many of which are beyond our control. These forward-looking statements, and the assumptions upon which they are based, (i) are not guarantees of future results and are based on current expectations only, (ii) are inherently speculative, and (iii) are subject to a number of risks and uncertainties, many of which are beyond our control. Actual events and results may differ materially from those anticipated, estimated, projected, or implied by us in those statements if one or more of these risks or uncertainties materialize, or if our underlying assumptions prove incorrect. All of our forward-looking statements are qualified in their entirety by reference to factors that could cause our actual results to differ materially from those anticipated, estimated, projected or implied by us in those forward-looking statements. These factors include, but are not limited to, risks and uncertainties relating to:

- our ability to successfully and timely implement our corporate strategies, including our transformation, modernization and simplification, buildout and deleveraging strategies and to successfully manage the decline of our legacy products;
- our ability to successfully respond to challenges with integrating, modernizing and digitally transforming our systems, capitalize on emerging market opportunities, especially artificial intelligence ("AI"), and innovate in response to new technologies and changing customer demands;
- risks associated with our use of AI in our service offerings and internal operations, including the risk that AI-enabled features do not perform as expected or produce inaccurate, biased, or harmful outputs, the

inadvertent disclosure of confidential, proprietary or customer data, and the introduction of security vulnerabilities through AI-generated software code;

- rapid and uncertain developments in AI technology, regulation, and market dynamics that may increase cybersecurity, legal, competitive and reputational risks and adversely affect our business;
- our ability to fully realize, sustain, and achieve the anticipated benefits from the Mass Markets Fiber-to-the-Home divestiture and refinancing transactions, as well as any current or future acquisitions, divestitures and other material transactions, and to manage associated risks;
- the effects of intense competition from existing and future competitors, including increased pricing pressures;
- revenue and profitability declines associated with reduced pricing for legacy services and lower margins for many of our newer offerings;
- our ability to successfully and timely attain our key operating imperatives, including simplifying and consolidating our network, simplifying and automating our service support systems, replacing aging or obsolete plant and equipment, strengthening our relationships with customers, and attaining projected cost savings;
- our ability to successfully adjust to changes in customer demand for our products and services, including increased demand for high-speed data transmission services, low-latency connectivity, and scalable infrastructure driven by the growth of AI applications and workloads, and the risk that we may misjudge the timing, scale, or nature of such demand, leading to potential misalignment of our investments or strategic priorities;
- our ability to successfully and timely monetize our network-related assets through leases, commercial service arrangements or similar transactions (including as part of our PCF solutions);
- our ability to generate cash flows sufficient to fund our growth, interest payments on our substantial indebtedness, and other cash requirements;
- our dependence on cash flows from our subsidiaries;
- our complex debt structure and our ability to comply with our debt obligations and covenants, including our ability to make transfers of cash in compliance therewith;
- our obligations under the guarantees we have provided of indebtedness issued or incurred by our subsidiaries, including our unsecured guarantees of Qwest Corporation's New Qwest Notes (as defined in Note 5 below) and of certain first lien notes and credit facility indebtedness of Level 3 Financing, Inc., the possibility that we may be required to perform under those guarantees, and the effects of the related simplification of our subsidiaries' separate SEC reporting obligations;
- our ability to obtain future financing or refinancing on acceptable terms and the impact of changes in our debt ratings, our debt covenants, changes in interest rates, market conditions, and the macroeconomic environment on such ability;
- our ability to effectively retain and hire key personnel and to successfully negotiate collective bargaining agreements on reasonable terms without work stoppages;
- our ability to safeguard our network, and to avoid the adverse impact of cyber-attacks (including state-sponsored attacks targeting telecommunications infrastructure), security breaches, service outages, system failures, or similar events impacting our network or the availability and quality of our services;
- the negative impact of increases in the costs of our pension, healthcare, post-employment, or other benefits, including those caused by changes in capital markets, interest rates, mortality rates, demographics, or regulations;

- our reliance on other communications providers, key suppliers and vendors, key customer contracts and landowners and our ability to maintain positive relationships with key partners;
- our ability to timely obtain necessary hardware, software, equipment, services, governmental permits, and other items on favorable terms;
- the effects of, and our ability to comply with, complex and evolving regulations and judicial proceedings affecting our industry;
- the outcome of regulatory, governmental, or legislative actions relating to allegations regarding the potential environmental or public health impacts of lead-sheathed cables in our network infrastructure;
- any adverse developments in legal or regulatory proceedings involving us;
- our ability to protect and continue to use intellectual property necessary to conduct our operations;
- our ability to use our net operating loss carryforwards in the amounts projected and to fully realize any anticipated benefits from recently-enacted federal tax legislation;
- the effects of adverse weather, terrorism, epidemics, pandemics, war, rioting, vandalism, societal unrest, political discord, inflation, trade policy changes, trade wars and tensions, sanctions, armed conflicts (including the ongoing conflict in the Middle East) and other social, political, and economic factors; and
- other risks and uncertainties identified under the "Risk Factors" section or other portions of this report or in our other filings with the U.S. Securities and Exchange Commission, including our Annual Report on Form 10-K for the year ended December 31, 2025.

Additional factors or risks that we currently deem immaterial, that are not presently known to us, or that arise in the future could also cause our actual results to differ materially from our expected results. Given these uncertainties, investors are cautioned not to unduly rely upon our forward-looking statements, which speak only as of the date made. We undertake no obligation to publicly update or revise any forward-looking statements for any reason, whether as a result of new information, future events or developments, changed circumstances, or otherwise. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements. Furthermore, any information about our intentions contained in any of our forward-looking statements reflects our intentions as of the date of such forward-looking statement, and is based upon, among other things, our assessment of regulatory, technological, industry, competitive, economic, or market conditions as of such date. We may change our intentions, strategies, or plans (including our capital allocation plans) at any time and without notice, based upon any changes in such factors or otherwise, and we undertake no obligation to make any public announcement of such changed intentions, except to the extent required by applicable law.

PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

LUMEN TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(Dollars in millions, except per share amounts, and shares in thousands)			
OPERATING REVENUE	$ 2,715	3,087	8,419	9,361
OPERATING EXPENSES				
Cost of services and products (exclusive of depreciation and amortization)	1,432	1,700	4,282	5,011
Selling, general and administrative	784	829	2,357	2,259
Net gain on sale of business	(4)	—	(569)	—
Depreciation and amortization	670	674	2,002	2,075
Goodwill impairment	—	—	—	628
Total operating expenses	2,882	3,203	8,072	9,973
OPERATING (LOSS) INCOME	(167)	(116)	347	(612)
OTHER (EXPENSE) INCOME				
Interest expense	(189)	(319)	(615)	(1,004)
Net gain (loss) on early retirement of debt (Note 5)	1	(395)	(219)	(666)
Other income, net	20	17	74	75
Total other expense, net	(168)	(697)	(760)	(1,595)
LOSS BEFORE INCOME TAXES	(335)	(813)	(413)	(2,207)
Income tax (benefit) expense	(70)	(192)	253	(470)
NET LOSS	$ (265)	(621)	(666)	(1,737)
BASIC AND DILUTED LOSS PER COMMON SHARE				
BASIC	$ (0.26)	(0.62)	(0.66)	(1.75)
DILUTED	$ (0.26)	(0.62)	(0.66)	(1.75)
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING				
BASIC	1,004,773	995,998	1,002,590	993,937
DILUTED	1,004,773	995,998	1,002,590	993,937

See accompanying notes to consolidated financial statements.

LUMEN TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(Dollars in millions)			
NET LOSS	$ (265)	(621)	(666)	(1,737)
OTHER COMPREHENSIVE INCOME				
Items related to employee benefit plans:				
Change in net actuarial loss, net of tax of $(5), $(7), $(18) and $(22)	17	23	55	67
Change in net prior service cost, net of tax of $1, $1, $3 and $2	(1)	(2)	(8)	(5)
Foreign currency translation adjustment, net of tax of $—, $—, $— and $—	(3)	11	3	14
Other comprehensive income	13	32	50	76
COMPREHENSIVE LOSS	$ (252)	(589)	(616)	(1,661)

See accompanying notes to consolidated financial statements.

LUMEN TECHNOLOGIES, INC.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	September 30, 2026	December 31, 2025
	(Dollars in millions and shares in thousands)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 978	1,003
Accounts receivable, net of allowance of $39 and $67	1,400	1,314
Assets held for sale	9	4,285
Other current assets, net	817	1,307
Total current assets	3,204	7,909
Property, plant and equipment, net of accumulated depreciation of $24,547 and $23,744	20,857	19,575
GOODWILL AND OTHER ASSETS		
Goodwill	268	—
Intangible assets, net	4,110	4,463
Other assets, net	2,285	2,395
Total goodwill and other assets	6,663	6,858
TOTAL ASSETS	$ 30,724	34,342
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES		
Current maturities of long-term debt	$ 29	88
Accounts payable	1,302	1,508
Accrued expenses and other liabilities		
Salaries and benefits	791	854
Income and other taxes	700	279
Current operating lease liabilities	282	266
Interest	123	149
Other current liabilities	293	203
Liabilities held for sale	2	38
Current portion of deferred revenue	1,020	1,005
Total current liabilities	4,542	4,390
LONG-TERM DEBT	13,164	17,353
DEFERRED CREDITS AND OTHER LIABILITIES		
Deferred income taxes, net	1,671	2,270
Benefit plan obligations, net	1,904	2,103
Deferred revenue	8,238	6,406
Other liabilities	2,927	2,937
Total deferred credits and other liabilities	14,740	13,716
COMMITMENTS AND CONTINGENCIES (Note 11)		
STOCKHOLDERS' DEFICIT		
Preferred stock—non-redeemable, $25.00 par value, authorized 2,000 and 2,000 shares, issued and outstanding 7 and 7 shares	—	—
Common stock, no par value, authorized 2,200,000 and 2,200,000 shares, issued and outstanding 1,031,172 and 1,025,446 shares	19,196	19,185
Accumulated other comprehensive loss	(551)	(601)
Accumulated deficit	(20,367)	(19,701)
Total stockholders' deficit	(1,722)	(1,117)
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIT	$ 30,724	34,342

See accompanying notes to consolidated financial statements.

LUMEN TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Nine Months Ended September 30,	
	2026	2025
	(Dollars in millions)	
OPERATING ACTIVITIES		
Net loss	$ (666)	(1,737)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	2,002	2,075
Net gain on sale of business	(569)	—
Goodwill impairment	—	628
Deferred income taxes	(602)	(597)
Provision for uncollectible accounts	33	47
Net loss on early retirement of debt	219	666
Stock-based compensation	49	35
Changes in current assets and liabilities:		
Accounts receivable	(110)	(92)
Accounts payable	(266)	262
Accrued income and other taxes	875	92
Other current assets and liabilities, net	(16)	68
Retirement benefits	(139)	14
Change in deferred revenue	1,832	2,468
Changes in other assets and liabilities, net	208	102
Other, net	(38)	145
Net cash provided by operating activities	2,812	4,176
INVESTING ACTIVITIES		
Capital expenditures	(2,717)	(2,723)
Proceeds from sale of business	4,977	—
Payment for acquisition, net of cash acquired	(470)	—
Proceeds from sale of property, plant and equipment, and other assets	24	44
Other, net	(11)	10
Net cash provided by (used in) investing activities	1,803	(2,669)
FINANCING ACTIVITIES		
Net proceeds from issuance of long-term debt	1,728	6,920
Payments of long-term debt	(6,307)	(7,259)
Debt issuance and extinguishment costs and related fees	(23)	(641)
Other, net	(37)	(15)
Net cash used in financing activities	(4,639)	(995)
Net (decrease) increase in cash, cash equivalents and restricted cash	(24)	512
Cash, cash equivalents and restricted cash at beginning of period	1,014	1,900
Cash, cash equivalents and restricted cash at end of period	$ 990	2,412
Supplemental cash flow information:		
Income taxes paid, net	$ (51)	(12)
Interest paid (net of capitalized interest of $137 and $110)	(605)	(984)
Supplemental noncash information regarding financing activities:		
Cancellation of term loans as part of refinancings (Note 5)	$ (2,318)	(2,267)
Issuance of term loans as part of refinancings (Note 5)	2,318	2,267
Cash, cash equivalents and restricted cash:		
Cash and cash equivalents	$ 978	2,401
Restricted cash included in Other current assets, net	3	3
Restricted cash included in Other assets, net	9	8
Total	$ 990	2,412

See accompanying notes to consolidated financial statements.

LUMEN TECHNOLOGIES, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT
(UNAUDITED)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(Dollars in millions except per share amounts)			
COMMON STOCK				
Balance at beginning of period	$ 19,178	19,162	19,185	19,149
Shares withheld to satisfy tax withholdings	(1)	(2)	(38)	(14)
Stock-based compensation	18	13	49	35
Other	1	—	—	3
Balance at end of period	19,196	19,173	19,196	19,173
ACCUMULATED OTHER COMPREHENSIVE LOSS				
Balance at beginning of period	(564)	(679)	(601)	(723)
Other comprehensive income	13	32	50	76
Balance at end of period	(551)	(647)	(551)	(647)
ACCUMULATED DEFICIT				
Balance at beginning of period	(20,102)	(19,078)	(19,701)	(17,962)
Net loss	(265)	(621)	(666)	(1,737)
Balance at end of period	(20,367)	(19,699)	(20,367)	(19,699)
TOTAL STOCKHOLDERS' DEFICIT	$ (1,722)	(1,173)	(1,722)	(1,173)

See accompanying notes to consolidated financial statements.

LUMEN TECHNOLOGIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

References in the Notes to "Lumen Technologies" or "Lumen," "we," "us," the "Company," and "our" refer to Lumen Technologies, Inc. and its consolidated subsidiaries, unless the context otherwise requires.

Note 1— Background

General

We are a leading digital networking services company, empowering enterprise businesses to fuel growth in a multi-cloud, AI-first marketplace by connecting people, data, and applications quickly, securely, and effortlessly. We are unleashing the world's digital potential by providing a broad array of integrated products and services to our domestic and global Business customers and our domestic Mass Markets customers. On February 2, 2026, we completed the sale of our Mass Markets Fiber-to-the-Home business in 11 states to AT&T, which impacted our Mass Markets customer base. On July 1, 2026, our wholly owned subsidiary, Level 3 Communications, LLC ("Level 3 Communications"), acquired Alkira, Inc. ("Alkira"), a provider of a cloud-native, carrier-agnostic networking platform that enables enterprises to design, deploy, and operate connectivity and network services across hybrid and multi-cloud environments. For more information on the divestiture and acquisition, see Note 2—Divestiture and Acquisition. We operate one of the world's most interconnected communications networks. Our platform empowers our customers to swiftly adjust digital programs to meet immediate demands, create efficiencies, accelerate market access, and reduce costs, which allows our customers to rapidly evolve their IT programs to address dynamic changes. Our specific products and services are detailed in Note 4—Revenue Recognition.

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") and the applicable rules and regulations of the U.S. Securities and Exchange Commission ("SEC") for interim financial reporting. Certain information and disclosures normally included in our audited annual financial statements have been condensed or omitted. We believe these consolidated financial statements include all normal recurring adjustments necessary to fairly present the results for the interim periods. Interim results are not necessarily indicative of results for the entire year. These consolidated financial statements and accompanying notes should be read in conjunction with the audited consolidated financial statements and accompanying notes included in our Annual Report on Form 10-K for the year ended December 31, 2025.

The accompanying consolidated financial statements include our accounts and the accounts of our subsidiaries in which we have a controlling interest. Intercompany amounts and transactions with our consolidated subsidiaries have been eliminated.

Reclassifications

In the first quarter of 2026, we updated our product category framework for Business revenue, eliminating the previously disclosed Grow, Nurture, Harvest, and Other categories and replacing them with Strategic and Legacy categories. Certain prior period amounts have been reclassified to conform to the current period presentation.

These changes had no impact on total operating revenue, total operating expenses, or net loss for any period. See Note 4—Revenue Recognition for additional information.

Summary of Significant Accounting Policies

Refer to the significant accounting policies described in Note 1—Background and Summary of Significant Accounting Policies to the consolidated financial statements in Item 8 of Part II of our Annual Report on Form 10-K for the year ended December 31, 2025.

Recent Accounting Pronouncements

In December 2025, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2025-12 “Codification Improvements.” The ASU represents changes to the Codification that clarify, correct errors, or make minor improvements. The amendments make the Codification easier to understand and apply. The amendments in ASU 2025-12 are effective for fiscal years beginning after December 15, 2026, including interim periods within those fiscal years, with early adoption permitted. Except for the amendments to Topic 260, "Earnings Per Share" this ASU can be applied either prospectively or retrospectively with transition method elected on an issue-by-issue basis. The Company is currently evaluating ASU 2025-12 to determine the impact it may have on our consolidated financial statements.

In December 2025, the FASB issued ASU 2025-11, "Interim Reporting (Topic 270): Narrow-Scope Improvements." This ASU clarifies that the interim reporting requirements in Topic 270 apply to all entities that issue interim financial statements prepared in accordance with U.S. GAAP and consolidates such requirements within Topic 270. The amendments provide a comprehensive list within Topic 270 of required interim disclosures, establish a principle requiring disclosure of events or changes occurring after the end of the most recent annual reporting period that have a material impact on interim results and clarifies the form and content requirements applicable to interim financial statements. The amendments in ASU 2025-11 are effective for the interim reporting periods within annual reporting periods beginning after December 15, 2027, with early adoption permitted. This ASU can be applied either prospectively or retrospectively to any or all prior periods presented in the financial statements. The Company is currently evaluating ASU 2025-11 to determine the impact it may have on our consolidated financial statements.

In December 2025, the FASB issued ASU 2025-10, "Government Grants (Topic 832): Accounting for Government Grants Received by Business Entities." This ASU establishes authoritative guidance on the accounting for government grants received by business entities. The amendments in ASU 2025-10 are effective for annual reporting periods beginning after December 15, 2028, and interim reporting periods within those annual reporting periods, with early adoption permitted. This ASU can be applied using a modified prospective approach, a modified retrospective approach, or a retrospective approach. The Company is currently evaluating ASU 2025-10 to determine the impact it may have on our consolidated financial statements.

In November 2025, the FASB issued ASU 2025-09, "Derivatives and Hedging (Topic 815): Hedge Accounting Improvements." This ASU introduces five targeted improvements to better align hedge accounting with entities’ risk management activities. The amendments in ASU 2025-09 are effective for annual reporting periods beginning after December 15, 2026, and interim periods within those annual reporting periods, with early adoption permitted and should be applied on a prospective basis for all hedging relationships. The Company early adopted ASU 2025-09 prospectively, effective January 1, 2026. The adoption did not have an impact on our consolidated financial statements.

In November 2025, the FASB issued ASU 2025-08, "Financial Instruments — Credit Losses (Topic 326): Purchased Loans." This ASU requires that loans acquired without credit deterioration and deemed “seasoned” will be considered purchased seasoned loans and accounted for using the gross-up approach at acquisition (i.e., record the loan at its purchase price and separately record an allowance for expected credit losses). Seasoned loans include all loans acquired in a business combination, that do not have “more-than-insignificant” deterioration of credit quality since origination, as well as loans purchased at least 90 days after origination, where the purchaser was not involved in the origination of the loans. The amendments in ASU 2025-08 are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods, with early adoption permitted. This ASU should be applied prospectively to loans that are acquired on or after the initial application date. The Company early adopted ASU 2025-08 prospectively, effective January 1, 2026. The adoption did not have an impact on our consolidated financial statements.

In September 2025, the FASB issued ASU 2025-07, "Derivatives and Hedging (Topic 815)" and "Revenue from Contracts with Customers (Topic 606)." The guidance refines the scope of Topic 815 to clarify which contracts are subject to derivative accounting. This ASU also provides clarification under Topic 606 for share-based payments from a customer in a revenue contract. The amendments in ASU 2025-07 are effective for fiscal years beginning after December 15, 2026, and interim reporting periods, with early adoption permitted. This ASU is permitted to be applied either prospectively to new contracts entered into on or after the date of adoption or on a modified retrospective basis through a cumulative-effect adjustment to the opening balance of retained earnings. The Company early adopted ASU 2025-07 prospectively, effective January 1, 2026. The adoption did not have an impact on our consolidated financial statements.

In September 2025, the FASB issued ASU 2025-06, "Intangibles — Goodwill and Other — Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software" which amends the guidance in ASC 350-40, "Intangibles — Goodwill and Other — Internal-Use Software." This ASU modernizes the recognition and disclosure framework for internal-use software costs, removing the previous “development stage” model and introducing a more judgment-based approach. The amendments in ASU 2025-06 are effective for fiscal years beginning after December 15, 2027, and for interim periods within those annual reporting periods, with early adoption permitted. This ASU is permitted to be applied prospectively, retrospectively or through a modified transition approach. The Company early adopted ASU 2025-06 prospectively, effective January 1, 2026. The adoption of ASU 2025-06 did not have a material impact on our consolidated financial statements.

In July 2025, the FASB issued ASU 2025-05 "Financial Instruments — Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets." This ASU provides entities with a practical expedient to simplify the estimation of expected credit losses on current accounts receivable and current contract assets that arise from transactions accounted for under ASC 606 by allowing the assumption that current conditions as of the balance sheet date will not change during the remaining life of the asset. The amendments in ASU 2025-05 are effective for annual reporting periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods, with early prospective adoption permitted. The Company adopted ASU 2025-05 effective January 1, 2026. The adoption of ASU 2025-05 did not have a material impact on our consolidated financial statements.

In May 2025, the FASB issued ASU 2025-04 "Compensation - Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606): Clarifications to Share-Based Consideration Payable to a Customer (“ASU 2025-04”)." This ASU clarifies the guidance on the accounting for share-based payment awards that are granted by an entity as consideration payable to its customer, with the intent to reduce diversity in practice and improve existing guidance by revising the definition of a “performance condition” and eliminating a forfeiture policy election for service conditions associated with share-based consideration payable to a customer. It also clarifies the guidance in Topic 606 on the variable consideration constraint does not apply to share-based consideration payable to a customer “regardless of whether an award’s grant date has occurred”. ASU 2025-04 will be effective for the annual periods beginning after December 15, 2026 with early adoption permitted. The Company early adopted ASU 2025-04 prospectively, effective January 1, 2026. The adoption did not have an impact on our consolidated financial statements.

In May 2025, the FASB issued ASU 2025-03 "Business Combinations (Topic 805) and Consolidation (Topic 810): Determining the Accounting Acquirer in the Acquisition of a Variable Interest Entity." This ASU revises current guidance for determining the accounting acquirer for a transaction effected primarily by exchanging equity interests in which the legal acquiree is a variable interest entity that meets the definition of a business. The amendments require an entity to consider the same factors that are currently required for determining which entity is the accounting acquirer in other acquisition transactions. The amendments in ASU 2025-03 are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods within those annual reporting periods, with early prospective adoption permitted. The Company early adopted ASU 2025-03 prospectively, effective January 1, 2026. The adoption did not have an impact on our consolidated financial statements.

In November 2024, the FASB issued ASU 2024-03, "Disaggregation of Income Statement Expenses." This ASU requires additional footnote disclosure of the details of certain income statement expense line items as well as additional disclosure about selling expenses. The amendments in ASU 2024-03 are effective for the annual period of fiscal 2027, and early adoption is permitted. The guidance is to be applied prospectively, with the option for retrospective application. The Company is currently evaluating ASU 2024-03 and the impact the adoption of this standard will have on our disclosures.

Subsequent Event

Stock Exchange Listing

On October 6, 2026, our common stock, no par value per share (the "Common Stock"), as well as the 6.500% Notes due 2051 and the 6.750% Notes due 2052 (the "Notes") issued by Qwest Corporation, a wholly-owned subsidiary of the Company and guaranteed by the Company, began trading on The Nasdaq Stock Market LLC ("Nasdaq") following our voluntary withdrawal from listing on the New York Stock Exchange at the close of trading on October 5, 2026.

The Common Stock continues to trade under the symbol "LUMN," and the Notes continue to trade under the symbols "CTGG" and "CTHH."

Note 2—Divestiture and Acquisition

Mass Markets Fiber-to-the-Home Divestiture

On February 2, 2026, we and certain of our affiliates completed the sale of our Mass Markets Fiber-to-the-Home business in 11 states to AT&T in exchange for pre-tax cash proceeds of $5.72 billion, which were subject to post-closing adjustments. During the nine months ended September 30, 2026, we recorded a $569 million net pre-tax gain on the disposal associated with the sale of our Mass Markets Fiber-to-the-Home business. This gain is reflected as operating income within the consolidated statements of operations.

In connection with the sale, Lumen entered into a transition services agreement under which it will provide to the purchaser various support services. Lumen and the purchaser also executed long-term agreements under which Lumen and the purchaser will provide to each other various network and other commercial services. In certain of these arrangements, Lumen identified contractual terms that are unfavorable compared to prevailing market terms. These agreements include an indefeasible right to use ("IRU") arrangement under which Lumen granted the purchaser an IRU for specified Lumen retained fiber assets for an initial term of 20 years at no incremental charge.

Lumen recorded $729 million of liabilities initially measured at fair value, with an offset to the net gain on disposal, for contractual credits and commercial agreements. We estimated the initial fair value of the commercial agreements in the amount of $497 million using the income approach that considered the differential in revenue attributable to contractual and market pricing assumptions. The resulting cash flows were calculated on an after-tax basis and discounted using an estimated weighted average cost of capital. We also recorded an initial fair value liability of $232 million for contractual credits based on the expected use and resulting discounted cash flows. In addition, we agreed to reimburse the purchaser for certain matters for which future cash payments by Lumen could be required. Lumen has estimated the fair value of these payments to be $36 million, which is included in Other liabilities on our consolidated balance sheet and has reduced our net gain on the sale accordingly.

We determined that of the cash proceeds of $5.72 billion received, $729 million associated with the fair value of the contractual credits and commercial agreements described above should be classified as cash provided by operating activities within the consolidated statements of cash flows, based on the nature of those cash flows. The remaining proceeds are treated as cash flows from investing activities within the consolidated statements of cash flows.

These liabilities were recorded on our consolidated balance sheet at the fair value as of the transaction close date of February 2, 2026 as follows:

Balance Sheet Classification	Initial Fair Value Liabilities
	(Dollars in millions)
Other current liabilities	$ 58
Current portion of deferred revenue	88
Deferred revenue	525
Other liabilities	94
Total liabilities	$ 765

We do not believe this divestiture transaction represents a strategic shift for Lumen and therefore, does not meet the criteria to be classified as a discontinued operation. As a result, we continued to report our operating results for the Mass Markets Fiber-to-the-Home business in the Territory (the "disposal group") in our consolidated operating results through the disposal date. As a result of closing the transaction on February 2, 2026, we derecognized net assets of $4.4 billion, primarily comprised of (i) property, plant and equipment, net of accumulated depreciation, of $2.9 billion, (ii) goodwill of $1.3 billion, and (iii) other net assets of $186 million.

As of May 21, 2025, the assets and liabilities of the disposal group were classified as held for sale and measured at the lower of (i) the carrying value when we classified the disposal group as held for sale or (ii) the fair value of the disposal group, less costs to sell. Effective with the designation of the disposal group as held for sale on May 21, 2025, we suspended recording depreciation of property, plant and equipment while these assets were classified as held for sale.

Alkira Acquisition

On May 4, 2026, our wholly owned subsidiary, Level 3 Communications, LLC ("Level 3 Communications"), entered into an agreement and plan of merger to acquire Alkira, Inc. ("Alkira"), a provider of a cloud-native, carrier-agnostic networking platform that enables enterprises to design, deploy, and operate connectivity and network services across hybrid and multi-cloud environments. The transaction closed July 1, 2026, and pursuant to the merger agreement, Apollo Sub, Inc., a wholly owned subsidiary of Level 3 Communications, was merged with and into Alkira, with Alkira surviving the merger as a wholly-owned subsidiary of Level 3 Communications in exchange for $485 million cash which is subject to finalization of customary working capital and other post-closing adjustments. The financial results of Alkira have been included in our consolidated financial statements since the transaction closed.

We allocated the purchase price to tangible and identified intangible assets acquired and liabilities assumed based on their estimated fair values. These fair values were based on estimates and assumptions made by management at the time of acquisition. The allocation of the purchase price was completed as of September 30, 2026. The major classes of assets and liabilities to which we allocated the purchase price follow:

Balance Sheet Classification	Estimated Fair Value
	(Dollars in millions)
Cash	$ 18
Goodwill	268
Intangible assets	213
Other assets	6
Other liabilities	(20)
Net assets acquired	$ 485

Goodwill includes the acquired workforce and was primarily attributable to strategic benefits and anticipated synergies that are expected to be achieved from the integration of Alkira. None of the goodwill is expected to be deductible for income tax purposes. The purchase price allocated to identified intangible assets acquired follows:

Intangible Asset	Estimated Fair Value	Amortization Period
	(Dollars in millions)	(Period in years)
Developed technology	$ 120	7
Customer relationships	92	14
Trade name	1	2.5
Total identified intangible assets	$ 213	

Developed technology consists of a cloud networking platform that enables enterprises to design, deploy and manage connectivity across public clouds, data centers, branch locations and other on-premise environments, remote users and external networks. We utilized the replacement cost method to estimate the fair value of the developed technology, considering factors such as historical cost, market participant profit mark-up, obsolescence and opportunity cost. The economic useful life was determined based on the technology cycle.

Customer relationships represent the fair value of future projected cash flows that will be derived from sales of products to existing customers of Alkira as of the transaction close. We estimated the fair value of customer relationships using the multi-period excess earnings method considering such factors as annual recurring revenue for existing customers, customer attrition, growth projections, margin attributable to existing customers, and contributory asset charges to reflect the use of other assets to sustain the customer relationships. The economic useful life was determined by evaluating factors such as the cash flows over the forecast period, term of contracts acquired, customer retention, and the economic lives of similar assets held by Lumen.

As a part of the transaction, Lumen acquired the Alkira trade name which Lumen expects to retain until the technology integration is complete. We utilized the relief-from-royalty method to estimate the fair value of the Alkira trade name. The estimated useful life represents the period of use until integration is complete.

Note 3—Goodwill and Intangible Assets

Goodwill consisted of the following:

	September 30, 2026	December 31, 2025
	(Dollars in millions)	
Goodwill	$ 268	—

Intangible assets, net is composed of the following:

	September 30, 2026			December 31, 2025		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
	(Dollars in millions)					
Customer relationships	$ 7,638	$ 5,391	2,247	7,547	4,945	2,602
Capitalized software[1]	5,657	3,843	1,814	5,743	3,940	1,803
Patents and other	159	110	49	158	100	58
Total	$ 13,454	9,344	4,110	13,448	8,985	4,463

(1) Certain capitalized software with a gross carrying value of $259 million became fully amortized during 2025 and was retired during the first quarter of 2026.

As of September 30, 2026 and December 31, 2025, the gross carrying amount of goodwill and other intangible assets was $13.7 billion and $13.4 billion, respectively.

As a result of the acquisition of Alkira, Inc. described in Note 2—Divestiture and Acquisition, the net carrying amount of goodwill, customer relationships and other intangible assets were $475 million as of September 30, 2026, which represents the excess of the purchase price over the fair value of the net tangible assets acquired.

We are required to assess our goodwill and other indefinite-lived intangible assets for impairment annually, or, under certain circumstances, more frequently, such as when events or changes in circumstances indicate there may be impairment. We are required to write down the value of goodwill only when our assessment determines the carrying value of equity of any of our reporting units exceeds its fair value. Our annual impairment assessment date for goodwill is October 31, at which date we assess our reporting units.

The Company assigned the goodwill to its Alkira reporting unit, which is expected to benefit from the acquisition.

The following table shows the rollforward of goodwill from December 31, 2025 to September 30, 2026.

	(Dollars in millions)
As of December 31, 2025	$ —
Alkira Acquisition	268
As of September 30, 2026	$ 268

Total amortization expense for intangible assets was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(Dollars in millions)			
Amortization expense	$ 264	251	763	751

Note 4—Revenue Recognition

We categorize revenue from our operations within the products and services listed below based on the customers we serve, as follows: (i) revenue from Business customers is primarily reflected in the 'Strategic' and 'Legacy' categories, and (ii) revenue from Mass Markets customers is primarily reflected in 'Fiber Broadband', 'Other Broadband', and 'Voice and Other' categories.

Product and Service Categories

- **Strategic:** Includes existing and emerging products and services in which we are significantly investing, including offerings that leverage modernized infrastructure, higher-capacity technologies, and scalable or on-demand delivery models, such as dark fiber and conduit, IP, higher speed wavelength services, colocation facilities, certain Ethernet and VPN data network services, and digital services, such as Edge Fabric and Network-as-a-Service ("NaaS");

- **Legacy:** Includes our services that are generally provided over legacy platforms or lower-capacity configurations, such as traditional Ethernet, IP, and VPN data network services, delivered in locations or with technologies not currently suited for scalable or on-demand models, lower-speed wavelength services, voice and private line services, as well as managed and professional services and equipment sales;

- **Fiber Broadband:** Under which we provide high speed broadband services to residential and small business customers utilizing our fiber-based network infrastructure, representing the fiber-based business-to-customer products and services that remain following the Mass Markets Fiber-to-the-Home divestiture;

- **Other Broadband:** Under which we provide primarily lower speed broadband services to residential and small business customers utilizing our copper-based network infrastructure; and

- **Voice and Other:** Under which we derive revenues from (i) providing local and long-distance voice services, professional services, and other ancillary services, and (ii) federal broadband and state support programs.

Sales Channels

Under our Business customer revenue, we provide products and services under five sales channels to meet the needs of our enterprise and commercial customers. The five sales channels, organized by customer focus, include:

- **Large Enterprise**: Large enterprise customers and carriers in North America.

- **Mid-Market Enterprise**: Medium-sized enterprises in North America, served directly and through indirect channel partners.

- **Public Sector**: U.S. Federal government, state and local governments, and research and education institutions.

- **Wholesale**: Other communication companies providing wireline, wireless, cable, voice, and data center services.

- **International and Other**: Multinational and global enterprise customers and carriers.

By organizing our offerings through these customer-focused sales channels, we streamline operations and deliver targeted solutions.

Reconciliation of Total Revenue to Revenue from Contracts with Customers

The following tables provide total revenue by sales channel and product category. They also provide the amount of revenue that is not subject to Topic 606, but is instead governed by other accounting standards. The amounts in the tables below include revenue for the Mass Markets Fiber-to-the-Home business prior to its sale on February 2, 2026:

	Three Months Ended September 30, 2026			Nine Months Ended September 30, 2026		
	Total Revenue	Adjustments for Non-ASC 606 Revenue [1]	Total Revenue from Contracts with Customers	Total Revenue	Adjustments for Non-ASC 606 Revenue [1]	Total Revenue from Contracts with Customers
	(Dollars in millions)					
Sales Channel and Product Category						
Large Enterprise						
Strategic	$ 584	(149)	435	1,675	(416)	1,259
Legacy	226	—	226	707	—	707
Total Large Enterprise Revenue	810	(149)	661	2,382	(416)	1,966
Mid-Market Enterprise						
Strategic	250	(6)	244	734	(18)	716
Legacy	180	(1)	179	570	(3)	567
Total Mid-Market Enterprise Revenue	430	(7)	423	1,304	(21)	1,283
Public Sector						
Strategic	150	(30)	120	525	(84)	441
Legacy	279	—	279	900	(1)	899
Total Public Sector Revenue	429	(30)	399	1,425	(85)	1,340
Wholesale						
Strategic	258	(70)	188	774	(211)	563
Legacy	349	(35)	314	1,134	(111)	1,023
Total Wholesale Revenue	607	(105)	502	1,908	(322)	1,586
International and Other						
Strategic	37	—	37	106	(1)	105
Legacy	33	—	33	109	—	109
Total International and Other	70	—	70	215	(1)	214
Business Revenue by Product Category						
Strategic	1,279	(255)	1,024	3,814	(730)	3,084
Legacy	1,067	(36)	1,031	3,420	(115)	3,305
Total Business Revenue	2,346	(291)	2,055	7,234	(845)	6,389
Mass Markets by Product Category						
Fiber Broadband	17	—	17	126	(2)	124
Other Broadband	179	(14)	165	576	(47)	529
Voice and Other	173	(28)	145	483	(30)	453
Total Mass Markets Revenue	369	(42)	327	1,185	(79)	1,106
Total Revenue	$ 2,715	(333)	2,382	8,419	(924)	7,495

	Three Months Ended September 30, 2025			Nine Months Ended September 30, 2025		
	Total Revenue	Adjustments for Non-ASC 606 Revenue [1]	Total Revenue from Contracts with Customers	Total Revenue	Adjustments for Non-ASC 606 Revenue [1]	Total Revenue from Contracts with Customers
	(Dollars in millions)					
Sales Channel and Product Category						
Large Enterprise						
Strategic	$ 507	(101)	406	1,448	(279)	1,169
Legacy	275	—	275	869	—	869
Total Large Enterprise Revenue	782	(101)	681	2,317	(279)	2,038
Mid-Market Enterprise						
Strategic	236	(7)	229	704	(18)	686
Legacy	228	(1)	227	720	(4)	716
Total Mid-Market Enterprise Revenue	464	(8)	456	1,424	(22)	1,402
Public Sector						
Strategic	135	(25)	110	404	(73)	331
Legacy	341	—	341	1,036	—	1,036
Total Public Sector Revenue	476	(25)	451	1,440	(73)	1,367
Wholesale						
Strategic	255	(73)	182	779	(217)	562
Legacy	400	(40)	360	1,267	(125)	1,142
Total Wholesale Revenue	655	(113)	542	2,046	(342)	1,704
International and Other						
Strategic	34	(1)	33	101	(3)	98
Legacy	45	—	45	142	—	142
Total International and Other	79	(1)	78	243	(3)	240
Business Revenue by Product Category						
Strategic	1,167	(207)	960	3,436	(590)	2,846
Legacy	1,289	(41)	1,248	4,034	(129)	3,905
Total Business Revenue	2,456	(248)	2,208	7,470	(719)	6,751
Mass Markets by Product Category						
Fiber Broadband	225	(3)	222	651	(9)	642
Other Broadband	230	(23)	207	732	(71)	661
Voice and Other	176	(7)	169	508	24	532
Total Mass Markets Revenue	631	(33)	598	1,891	(56)	1,835
Total Revenue	$ 3,087	(281)	2,806	9,361	(775)	8,586

(1) Includes regulatory revenue and lease revenue not within the scope of ASC 606.

Operating Lease Revenue

We lease various dark fiber and conduit, office facilities, colocation facilities, switching facilities, other network sites, and service equipment to third parties under operating leases. Lease and sublease income are included in operating revenue in the consolidated statements of operations.

The following table provides details of our gross operating lease revenue:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(Dollars in millions)			
Operating lease revenue	$ 307	272	898	799
Percentage of operating revenue	11 %	9 %	11 %	9 %

Customer Receivables and Contract Balances

The following table provides balances of customer receivables, contract assets, and contract liabilities, net of amounts classified as held for sale:

	September 30, 2026	December 31, 2025
	(Dollars in millions)	
Customer receivables, net of allowance of $33 and $57[1]	$ 1,148	1,316
Contract assets	26	33
Contract liabilities[2]	773	647

(1) As of December 31, 2025, this amount excluded $13 million of customer receivables, net associated with the disposal group classified as held for sale.

(2) As of December 31, 2025, this amount excluded $32 million of contract liabilities associated with the disposal group classified as held for sale.

Contract liabilities are included within Deferred revenue on our consolidated balance sheets and consist of consideration we have received from our customers or billed in advance of providing goods or services promised in the future. We defer recognizing this consideration as revenue until we have satisfied the related performance obligation to the customer. Contract liabilities include recurring services billed one month in advance and installation, and maintenance charges that are deferred and recognized over the actual or expected contract term, which typically ranges from one to five years depending on the service.

During the three and nine months ended September 30, 2026, we recognized $55 million and $409 million of revenue that was included in contract liabilities of $647 million as of January 1, 2026, including contract liabilities that were classified as held for sale. During the three and nine months ended September 30, 2025, we recognized $60 million and $425 million of revenue that was included in contract liabilities of $733 million as of January 1, 2025.

Performance Obligations

As of September 30, 2026, we expect to recognize $6.1 billion of revenue in the future related to performance obligations associated with existing customer contracts that are partially or wholly unsatisfied. As of September 30, 2026, the transaction price related to unsatisfied performance obligations that are expected to be recognized for the remainder of 2026, 2027, and thereafter was $940 million, $2.7 billion and $2.5 billion, respectively.

These amounts exclude:

- the value of unsatisfied performance obligations for contracts for which we recognize revenue in amounts for which we have the right to invoice for services performed (for example, uncommitted usage or non-recurring charges associated with professional or technical services to be completed); and
- contracts that are classified as leasing arrangements or government assistance that are not subject to ASC 606.

Contract Costs

Acquisition Costs

- Includes commission fees paid to employees as a result of obtaining contracts.
- Amortized acquisition costs are included in Selling, general and administrative expenses in our consolidated statements of operations.

Fulfillment Costs

- Includes third-party and internal costs associated with the provision, installation, and activation of services to customers, including labor and materials consumed for these activities.
- Amortized fulfillment costs are included in Cost of services and products in our consolidated statements of operations.

We amortize deferred acquisition and fulfillment costs based on the transfer of services on a straight-line basis over the average contract life of approximately 50 months for Mass Markets customers and 38 months for Business customers.

The following tables provide changes in our contract acquisition costs and fulfillment costs:

	Three Months Ended September 30, 2026		Nine Months Ended September 30, 2026	
	Acquisition Costs	Fulfillment Costs	Acquisition Costs	Fulfillment Costs
	(Dollars in millions)		(Dollars in millions)	
Beginning of period balance[1]	$ 160	290	196	264
Costs incurred	26	57	81	168
Amortization	(26)	(44)	(81)	(129)
Change in contract costs held for sale	—	—	(36)	—
End of period balance	$ 160	303	160	303

(1) The beginning balance for the nine months ended September 30, 2026 excluded $24 million and $21 million of acquisition costs and fulfillment costs, respectively, associated with the disposal group classified as held for sale.

	Three Months Ended September 30, 2025		Nine Months Ended September 30, 2025	
	Acquisition Costs	Fulfillment Costs	Acquisition Costs	Fulfillment Costs
	(Dollars in millions)		(Dollars in millions)	
Beginning of period balance[1]	$ 210	241	203	222
Costs incurred	34	57	106	166
Amortization	(30)	(41)	(95)	(117)
Change in contract costs held for sale	—	(3)	—	(17)
End of period balance[2]	$ 214	254	214	254

(1) The beginning balance for the three months ended September 30, 2025 excluded $14 million of fulfillment costs associated with the disposal group classified as held for sale.

(2) The ending balance for the three and nine months ended September 30, 2025 excluded $17 million of fulfillment costs associated with the disposal group classified as held for sale.

We include deferred acquisition and fulfillment costs in Other current assets, net and Other assets, net on our consolidated balance sheets and assess them for impairment on a quarterly basis.

Note 5—Long-Term Debt and Credit Facilities

As of September 30, 2026, substantially all of our outstanding consolidated debt had been incurred by us or one of the following three subsidiaries, each of which has borrowed funds either on a standalone basis or as part of a separate restricted group with certain of its subsidiaries:

- Level 3 Financing, Inc. ("Level 3 Financing"), including its parent guarantor Level 3 Parent, LLC ("Level 3 Parent") and certain subsidiary guarantors;
- Qwest Corporation ("Qwest"); and
- Qwest Capital Funding, Inc., including its parent guarantor, Qwest Communications International Inc.

Each of these borrowers or borrowing groups has entered into a credit agreement with certain financial institutions or other institutional lenders or issued senior notes. Certain of these debt instruments are described further below or in Note 7—Long-Term Debt and Credit Facilities to the consolidated financial statements included in Item 8 of Part II of our Annual Report on Form 10-K for the year ended December 31, 2025.

The following table reflects the consolidated long-term debt of Lumen Technologies, Inc. and its subsidiaries as of the dates indicated below, including unamortized premiums (discounts) and unamortized debt issuance costs:

	Interest Rates[1]	Maturities[1]	September 30, 2026	December 31, 2025
			(Dollars in millions)	
Senior Secured Debt: [2]				
Lumen Technologies, Inc.				
Revolving Credit Facility	SOFR + 2.75%	2029	—	—
Term Loan A[3]	N/A	N/A	—	338
Term Loan B-1[4]	N/A	N/A	—	1,590
Term Loan B-2[4]	N/A	N/A	—	1,590
Superpriority notes	N/A	N/A	—	1,247
Subsidiaries				
Level 3 Financing, Inc.				
Term Loan B-5[5]	SOFR + 2.75%	2032	2,400	2,400
First Lien notes	6.875% - 7.000%	2033 - 2034	4,425	4,425
Unsecured Senior Notes and Other Debt:				
Lumen Technologies, Inc.				
Senior notes	4.500% - 7.650%	2028 - 2042	1,289	1,296
Subsidiaries				
Level 3 Financing, Inc.				
Senior notes	3.625% - 8.500%	2028 - 2037	3,024	2,144
Second Lien notes (formerly secured)	3.875% - 4.875%	2029 - 2031	48	660
Qwest Corporation				
Senior notes	6.500% - 7.750%	2030 - 2057	1,734	1,736
Qwest Capital Funding, Inc.				
Senior notes	6.875% - 7.750%	2028 - 2031	166	169
Finance lease and other obligations	Various	Various	248	220
Unamortized premiums (discounts), net			3	(223)
Unamortized debt issuance costs			(144)	(151)
Total long-term debt			13,193	17,441
Less current maturities			(29)	(88)
Long-term debt, excluding current maturities			$ 13,164	17,353

(1) As of September 30, 2026. All references to "SOFR" refer to the Secured Overnight Financing Rate.

(2) The debt listed under the caption "Senior Secured Debt" was either secured by assets of the issuer, guaranteed on a secured or unsecured basis by certain affiliates of the issuer, or both.

(3) Lumen's Term Loan A had an interest rate of 9.916% as of December 31, 2025.

(4) Lumen's Term Loan B-1 and B-2 each had an interest rate of 6.380% as of December 31, 2025.

(5) Level 3 Financing's Term Loan B-5, formerly Term Loan B-4, had an interest rate of 6.436% as of September 30, 2026. Level 3 Financing's Term Loan B-4 had an interest rate of 7.166% as of December 31, 2025.

Long-Term Debt Maturities

Set forth below is the aggregate principal amount of our long-term debt as of September 30, 2026 (excluding unamortized premiums (discounts), net, and unamortized debt issuance costs), maturing during the following years:

	(Dollars in millions)
2026 (remaining three months)	$ 13
2027	21
2028	208
2029	673
2030	143
2031 and thereafter	12,276
Total long-term debt	$ 13,334

2026 Debt Transactions

Repurchases of Debt Instruments - Third Quarter 2026

During the third quarter of 2026, we repurchased an immaterial amount of debt instruments on the open market. These repurchases related to the Qwest Corporation 6.500% Notes due 2056 and 6.750% Notes due 2057. These repurchases resulted in an immaterial gain which is included in our aggregate Net gain (loss) on early retirement of debt in Other income, net in our consolidated statement of operations for the three and nine months ended September 30, 2026.

Repurchases of Debt Instruments — Second Quarter 2026

In June 2026, we repurchased the following debt instruments on the open market. These repurchases resulted in an immaterial gain which is included in our aggregate Net gain (loss) on early retirement of debt in Other income, net in our consolidated statement of operations for the nine months ended September 30, 2026.

The following table sets forth the aggregate principal amount of each repurchase:

Debt	Principal Amount Repurchased
	(Dollars in millions)
Lumen Technologies, Inc.	
5.375% Senior Notes due 2029	$ 7
Level 3 Financing, Inc.	
3.750% Senior Notes due 2029	3
4.000% Second Lien Notes due 2031	4
Total	$ 14

Exchange Offers and Consent Solicitations — Second Quarter 2026

New Qwest Notes

On June 11, 2026, Lumen and its wholly-owned subsidiary, Qwest, settled previously announced exchange offers (the “Exchange Offers”) pursuant to the Registration Statement on Form S-4 filed with the Securities and Exchange Commission on April 16, 2026, as amended on May 20, 2026. In connection with the Exchange Offers, Qwest and Lumen also conducted consent solicitations (the “Consent Solicitations”) to amend the indentures governing certain outstanding Qwest notes (the “Old Qwest Notes”).

Upon settlement of the Exchange Offers and Consent Solicitations, Qwest issued two new series of senior unsecured notes (collectively, the "New Qwest Notes"), fully and unconditionally guaranteed by Lumen. The New Qwest Notes were issued under an indenture dated June 11, 2026 (the "New Base Indenture"), as supplemented by a first supplemental indenture (the "New Supplemental Indenture"), among Qwest, Lumen (as guarantor), and U.S. Bank Trust Company, National Association, as trustee. The Company has determined that the Exchange Offers and Consent Solicitations, constituted a debt modification. In conjunction with the Exchange Offers and Consent Solicitations, we recorded $10 million of fees to Selling, general and administrative expense in our consolidated statements of operations for the nine months ended September 30, 2026.

The following table summarizes the key terms of the New Qwest Notes:

Debt		Aggregate Principal Amount
		(Dollars in millions)
Qwest Corporation		
6.500% Notes due 2051	$	1,002
6.750% Notes due 2052		382

Old Qwest Notes Indenture Amendments

In connection with the Consent Solicitations, Qwest entered into the eighteenth supplemental indenture and nineteenth supplemental indenture (the "Old Qwest Notes Supplemental Indentures") with U.S. Bank Trust Company, National Association, as trustee, relating to its 6.500% Notes due 2056 and 6.750% Notes due 2057, respectively. These Old Qwest Notes Supplemental Indentures eliminate substantially all restrictive covenants contained in the original indentures governing the Old Qwest Notes.

The following table summarizes the remaining amount of the Old Qwest Notes:

Debt		Amount Remaining
		(Dollars in millions)
Qwest Corporation		
6.500% Notes due 2056	$	146
6.750% Notes due 2057		108

As part of simplifying its reporting obligations, Qwest delisted the Old Qwest Notes from the New York Stock Exchange ("NYSE") and deregistered the Old Qwest Notes under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). On April 30, 2026, Qwest filed a Notification of Removal from Listing on Form 25 with the SEC in connection with the delisting of the Old Qwest Notes from the NYSE, which became effective on May 11, 2026. On June 12, 2026, Qwest filed a Certification and Notice of Termination on Form 15 with the SEC to deregister the Old Qwest Notes and suspend Qwest's reporting obligations under Sections 13 and 15(d) of the Exchange Act. Qwest has ceased filing reports with the SEC under the Exchange Act with respect to the New Qwest Notes, in reliance on Rule 12h-5 under the Exchange Act, subject to Lumen's periodic reports containing the disclosures required by Rule 13-01 of Regulation S-X. Effective October 6, 2026, the New Qwest Notes are listed on Nasdaq and are fully and unconditionally guaranteed by Lumen.

Senior Notes Issuance and Senior Notes Tender Offers — Second Quarter 2026

On May 21, 2026, Level 3 Financing, Inc. issued $1.0 billion aggregate principal amount of its 7.500% Senior Notes due 2037. Level 3 Financing, Inc. used the net proceeds from this offering primarily to fund the repurchase of its outstanding unsecured Senior notes.

The following table sets forth the aggregate principal amount of each series of unsecured Senior notes repurchased as part of this transaction:

Debt	Principal Amount Repurchased
	(Dollars in millions)
Level 3 Financing, Inc.	
4.250% Senior Notes due 2028	$ 172
3.625% Senior Notes due 2029	292
3.750% Senior Notes due 2029	302
Total	$ 766

Third Credit Agreement Refinancing — Second Quarter 2026

On May 13, 2026, Level 3 Financing (i) refinanced all of the outstanding secured Term Loan B-4 facilities under its existing Credit Agreement, dated March 22, 2024 (as amended, restated, amended and restated or otherwise modified prior to such date, the "Existing Level 3 Credit Agreement"), by and among Level 3 Financing, as borrower, Level 3 Parent, as guarantor, Wilmington Trust, National Association, as administrative agent and collateral agent, and the lenders from time to time party thereto and (ii) entered into an amendment to the Existing Level 3 Credit Agreement (the Existing Level 3 Credit Agreement as amended, the “Level 3 Credit Agreement”; such transactions, collectively, “Third Credit Facilities Transactions”). This amendment revised the Existing Level 3 Credit Agreement to, among other things, reduce the pricing on Level 3 Financing’s term loan facility and make related changes to effect such repricing. Immediately following the Third Credit Facilities Transactions, Level 3 Financing had $2.4 billion of outstanding borrowings under its new secured Term Loan B-5 facility.

The Company determined that the Third Credit Facilities Transactions constituted a debt extinguishment and recorded a loss of $4 million, which is included in our aggregate Net gain (loss) on early retirement of debt in Other income, net in our consolidated statements of operations for the nine months ended September 30, 2026.

Supplemental Indentures and Lumen Parent Guarantee — Second Quarter 2026

On April 30, 2026, Lumen and certain of its subsidiaries entered into supplemental indentures (the “1L Supplemental Indentures”) relating to (i) the indenture, dated June 30, 2025, governing the 6.875% first lien notes due 2033 issued by Level 3 Financing and (ii) the indenture, dated August 18, 2025, governing the 7.000% first lien notes due 2034 issued by Level 3 Financing (collectively, the “1L Indentures”). Pursuant to the 1L Supplemental Indentures, Lumen provided unconditional guarantees on a senior unsecured basis of Level 3 Financing’s obligations under the 1L Indentures, in each case on the terms and conditions set forth in the 1L Indentures, subject to release as provided therein.

On April 30, 2026, Lumen also entered into a parent guarantee agreement pursuant to which Lumen provided an unconditional guarantee on a senior unsecured basis of Level 3 Financing’s obligations under the Existing Level 3 Credit Agreement.

The guarantees described above were entered into to simplify the reporting obligations of Lumen and its subsidiaries. As a result, Level 3 Parent will no longer file reports with the SEC and will instead satisfy its reporting obligations under the 1L Indentures, the indentures governing its senior unsecured notes, and the Level 3 Credit Agreement by furnishing Lumen’s Exchange Act filings. Lumen’s Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q will include certain summary financial information of Level 3 Parent on a consolidated basis.

Revolving Credit Agreement — Second Quarter 2026

On April 14, 2026, Lumen Technologies, Inc. entered into the Revolving Credit Agreement (the "Lumen Credit Agreement") providing for a revolving credit facility with commitments of $825 million. In connection with entry into the Lumen Credit Agreement, the revolving commitments outstanding under our Superpriority Revolving/Term A Credit Agreement were permanently reduced to zero and terminated.

Borrowings under the Lumen Credit Agreement bear interest at a rate equal to, at Lumen's option, for the Lumen Credit Agreement, Term SOFR (subject to a 0.00% floor) plus 2.75% for Term SOFR loans or a base rate plus 1.75% for base rate loans. The foregoing interest rates are subject to adjustment based on Lumen's total net leverage ratio in accordance with the pricing grid in the Lumen Credit Agreement. Interest is payable at the end of each interest period. Lumen may prepay amounts outstanding under the Lumen Credit Agreement at any time without premium or penalty. The revolving credit facility established under the Lumen Credit Agreement matures on April 14, 2029 (subject to a springing maturity in certain circumstances). Under the Lumen Credit Agreement and commencing with the fiscal quarter ended June 30, 2026, Lumen may not permit (i) its maximum total net leverage ratio to exceed 5.25 to 1.00 as of the last day of each fiscal quarter or (ii) its interest coverage ratio as of the last day of any test period to be less than 2.00 to 1.00.

Lumen does not provide security under the Lumen Credit Agreement but certain of Lumen's subsidiaries have provided or, in certain cases after receiving necessary regulatory approvals, will provide an unconditional guarantee of payment of Lumen's obligations (such entities, the "Lumen Guarantors") and certain of such guarantees will be secured by a lien on substantially all of the assets of the applicable Lumen Guarantors. Level 3 Parent, LLC, Level 3 Financing, and certain of Level 3's subsidiaries have provided or, in certain cases after receiving necessary regulatory approvals, will provide an unconditional guarantee of payment of Lumen's obligations under the Lumen Credit Agreement of up to $150 million, secured by a lien on substantially all of their assets (such entities, the "Level 3 Collateral Guarantors"). The guarantee by the Level 3 Collateral Guarantors may be reduced or terminated under certain circumstances. Qwest Corporation and certain of its subsidiaries will provide an unsecured guarantee of collection of Lumen's obligations under the Lumen Credit Agreement.

Senior Notes Issuance and Second Lien Tender Offers — First Quarter 2026

On January 9, 2026, Level 3 Financing, Inc. issued an additional $650 million aggregate principal amount of its 8.500% Senior Notes due 2036. Level 3 Financing, Inc. used the net proceeds from this offering primarily to fund the repurchase of its outstanding Second Lien notes.

The following table sets forth the aggregate principal amount of each series of Second Lien notes repurchased as part of this transaction:

Debt	**Principal Amount Repurchased**
	(Dollars in millions)
Level 3 Financing, Inc.	
4.875% Second Lien Notes due 2029	$ 595
4.500% Second Lien Notes due 2030	8
3.875% Second Lien Notes due 2030	4
Total	$ 607

Repurchases of Debt Instruments — First Quarter 2026

On February 2, 2026, we applied $4.8 billion of the proceeds from the Mass Markets Fiber-to-the-Home divestiture and cash on hand to fund the repurchase of the following debt:

Debt	Principal Amount Repurchased
	(Dollars in millions)
Lumen Technologies, Inc.	
4.125% Superpriority Senior Secured Notes due 2029	$ 331
4.125% Superpriority Senior Secured Notes due 2030	477
10.000% Secured Notes due 2032	439
Superpriority Term Loan A	338
Superpriority Term Loan B-1	1,590
Superpriority Term Loan B-2	1,590
Total	$ 4,765

In March 2026, we repurchased the following debt instruments on the open market. These repurchases resulted in an immaterial loss which is included in our aggregate Net gain (loss) on early retirement of debt in Other income, net in our consolidated statement of operations for the nine months ended September 30, 2026.

The following table sets forth the aggregate principal amount of each repurchase:

Debt	Principal Amount Repurchased
	(Dollars in millions)
Level 3 Financing, Inc.	
4.875% Second Lien Notes due 2029	$ 1
Qwest Capital Funding, Inc.	
6.875% Senior Notes due 2028	4
Total	$ 5

2025 Debt Transactions

For information on various debt transactions during 2025, see Note 7—Long-Term Debt and Credit Facilities in Item 8 of Part II of our Annual Report on Form 10-K for the year ended December 31, 2025.

Lumen Credit Agreements

As of September 30, 2026, no borrowings were outstanding under Lumen's $825 million revolving credit facility established by the Lumen Credit Agreement, which had $677 million of borrowing capacity available (net of undrawn letters of credit).

Level 3 Financing Credit Agreement

As of September 30, 2026, Level 3 Financing had $2.4 billion of non-amortizing secured Term Loan B-5 outstanding under the term loan facility established by the Level 3 Credit Agreement.

Borrowings under the Term Loan B-5 facility bear interest at a rate equal to, at Level 3 Financing's option, either (i) the base rate (which is the highest of (x) the overnight federal funds rate, plus 0.50%, (y) the prime rate on such day, and (z) the one-month SOFR published on such date, plus 1.00%), plus an applicable margin, or (ii) one-, three- or six-month SOFR, plus an applicable margin. The applicable margin for SOFR loans under the Term Loan B-5 is 2.75% and the applicable margin for base rate loans under the Term Loan Facility is 1.75%. The Term Loan B-5 is subject to a SOFR floor of 0.00%.

Level 3 Financing may voluntarily prepay loans or reduce commitments under the Level 3 Credit Agreement, in whole or in part, subject to minimum amounts, with prior notice, but without premium or penalty. Level 3 Financing is required to prepay borrowings under the term loan facility with 100% of the net cash proceeds of certain asset sales and 100% of the net cash proceeds of certain debt issuances, in each case subject to certain exceptions.

Senior Notes of Lumen and its Subsidiaries

The Company's consolidated indebtedness related to the senior notes of Lumen and its subsidiaries as of September 30, 2026 included:

- first lien secured notes issued by Level 3 Financing; and
- senior unsecured notes issued by Lumen, Level 3 Financing, Qwest, and Qwest Capital Funding, Inc. and second lien notes (unsecured) issued by Level 3 Financing.

All of these notes carry fixed interest rates and all principal is due on the notes' respective maturity dates, which rates and maturity dates are summarized in the table above.

Except for a limited number of senior notes issued by Qwest Corporation, the issuer generally can redeem the notes, at its option, in whole or in part, (i) pursuant to a fixed schedule of pre-established redemption prices, (ii) pursuant to a "make whole" redemption price, or (iii) under certain other specified limited conditions.

Revolving Letters of Credit

We use various financial instruments in the normal course of business. These instruments include letters of credit, which are conditional commitments issued on our behalf in accordance with specified terms and conditions. Lumen may draw letters of credit under (i) an uncommitted $225 million revolving letter of credit facility and (ii) the Lumen Credit Agreement.

As of September 30, 2026, we had $150 million of undrawn letters of credit outstanding, (i) $148 million of which were issued under the Lumen Credit Agreement and (ii) $2 million of which were issued under a separate facility maintained by Lumen subsidiaries (the full amount of which is collateralized by cash that is reflected on our consolidated balance sheets as restricted cash within Other assets, net).

Certain Guarantees and Security Interests

Lumen Credit Agreement

Lumen does not provide security under the Lumen Credit Agreement but certain of Lumen's subsidiaries have provided or, in certain cases after receiving necessary regulatory approvals, will provide an unconditional guarantee of payment of Lumen's obligations (such entities, the "Lumen Guarantors") and certain of such guarantees will be secured by a lien on substantially all of the assets of the applicable Lumen Guarantors. Level 3 Parent, LLC, Level 3 Financing, and certain of Level 3's subsidiaries have provided or, in certain cases after receiving necessary regulatory approvals, will provide an unconditional guarantee of payment of Lumen's obligations under the Lumen Credit Agreement of up to $150 million, secured by a lien on substantially all of their assets (such entities, the "Level 3 Collateral Guarantors"). The guarantee by the Level 3 Collateral Guarantors may be reduced or terminated under certain circumstances. Qwest Corporation and certain of its subsidiaries will provide an unsecured guarantee of collection of Lumen's obligations under the Lumen Credit Agreement.

Level 3 Financing's obligations under the Level 3 Credit Agreement are secured by a first priority lien on substantially all of its assets. In addition, the other Level 3 Collateral Guarantors have provided an unconditional

guarantee of Level 3 Financing's obligations under the Level 3 Credit Agreement secured by a lien on substantially all of their assets.

Secured Senior Debt

Level 3 Financing's obligations under its first lien notes are secured by a first priority lien on substantially all of its assets (subject, in certain cases, to receipt of necessary regulatory approvals), and are guaranteed by the other Level 3 Collateral Guarantors (or, for certain such guarantors, for certain notes, will be guaranteed upon the receipt of required regulatory approvals) on the same basis as the guarantees provided by such entities under the Level 3 Credit Agreement.

Lumen's reimbursement obligations under its outstanding letters of credit are secured by guarantees issued by certain of its subsidiaries.

Lumen also entered into a parent guarantee agreement pursuant to which Lumen provided an unconditional guarantee on a senior unsecured basis of Level 3 Financing's obligations under the Existing Level 3 Credit Agreement.

Unsecured Senior Notes

Level 3 Financing's obligations under its unsecured notes are guaranteed on an unsecured basis by the same affiliated entities that guarantee the Level 3 Credit Agreement and secured notes. The senior unsecured notes issued by Qwest Capital Funding, Inc. are guaranteed by its parent, Qwest Communications International Inc.

Covenants

Lumen

Under the Lumen Credit Agreement, Lumen may not permit:

- its maximum total net leverage ratio to exceed 5.25 to 1.00 as of the last day of each fiscal quarter; or
- its interest coverage ratio as of the last day of any test period to be less than 2.00 to 1.00.

The Lumen Credit Agreement contains various representations and warranties and extensive affirmative and negative covenants. Such covenants include, among other things and subject to certain significant exceptions, restrictions on our ability to declare or pay dividends, repurchase stock, repay certain other indebtedness, create liens, incur additional indebtedness, make investments, engage in transactions with our affiliates, dispose of assets, and merge or consolidate with other persons.

Lumen's senior unsecured notes were issued under four separate indentures. These indentures restrict Lumen's ability to (i) incur, issue, or create liens upon its property and (ii) consolidate with or merge into, or transfer or lease all or substantially all of its assets to, any other party.

Under certain circumstances in connection with a "change of control" of Lumen, Lumen will be required to make an offer to repurchase substantially all of these senior notes at a price of 101% of the principal amount redeemed, plus accrued and unpaid interest.

Level 3 Financing

The Level 3 Credit Agreement and Level 3 Financing's first lien notes, second lien (unsecured) notes, and unsecured notes contain various representations and extensive affirmative and negative covenants. Such covenants include, among other things and subject to certain significant exceptions, restrictions on their ability to declare or pay dividends, repay certain other indebtedness, create liens, incur additional indebtedness, make investments, dispose of assets, and merge or consolidate with other persons. Also, under certain circumstances in connection with a "change of control" of Level 3 Parent or Level 3 Financing, Level 3 Financing will be required to make an offer to repurchase each series of its outstanding senior notes at a price of 101% of the principal amount redeemed, plus accrued and unpaid interest.

Qwest Corporation and Qwest Capital Funding, Inc.

The senior notes of Qwest Corporation were issued under indentures dated April 15, 1990 and October 15, 1999. These indentures contain restrictions on the incurrence of liens and the consummation of certain transactions substantially similar to the above-described covenants in the indentures governing Lumen's senior unsecured notes (but contain no mandatory repurchase provisions). The senior notes of Qwest Capital Funding, Inc. were issued under an indenture dated June 29, 1998 containing terms substantially similar to those set forth in Qwest Corporation's indentures.

Compliance

As of September 30, 2026, Lumen Technologies, Inc. believes it and its subsidiaries were in compliance with the provisions and financial covenants in their respective material debt agreements in all material respects.

Guarantees

Lumen does not guarantee the debt of any unaffiliated parties, but, as noted above, as of September 30, 2026, certain of its key subsidiaries have guaranteed on either a secured or unsecured basis (i) Lumen's debt outstanding under its credit agreements and unsecured senior notes issued by certain other subsidiaries and its $225 million letter of credit facility and (ii) the outstanding term loans, senior secured notes and senior unsecured notes issued by certain other subsidiaries. As further noted above, several of the subsidiaries guaranteeing these obligations have pledged substantially all of their assets to secure certain of their respective guarantees.

Note 6—Severance

Periodically, we reduce our workforce and accrue liabilities for the related severance costs. These workforce reductions result primarily from the progression or completion of our post-acquisition integration plans, increased competitive pressures, cost reduction initiatives, process improvements through automation, and reduced workloads due to reduced demand for certain services.

Changes in our accrued liabilities for severance expenses were as follows:

	Severance
	(Dollars in millions)
Balance as of December 31, 2025	$ 34
Accrued to expense	98
Payments, net	(77)
Balance as of September 30, 2026	$ 55

Note 7—Employee Benefits

For detailed descriptions of the various defined benefit pension plans (qualified and non-qualified), post-retirement benefits plan, and defined contribution plan we sponsor, see Note 11—Employee Benefits to the consolidated financial statements in Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2025.

Net periodic benefit expense for the Lumen Combined Pension Plan (the "Combined Pension Plan" or the "Plan") includes the following components:

	Combined Pension Plan			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(Dollars in millions)			
Service cost	$ 4	5	13	16
Interest cost	52	61	154	181
Expected return on plan assets	(64)	(64)	(192)	(191)
Settlement charges	—	—	9	—
Curtailment loss	—	—	5	—
Recognition of prior service credit	(1)	—	(1)	(1)
Recognition of actuarial loss	28	36	84	108
Net periodic pension expense	$ 19	38	72	113

Net periodic benefit expense for our post-retirement benefit plan includes the following components:

	Post-Retirement Benefit Plan			
	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(Dollars in millions)			
Service cost	$ —	—	1	2
Interest cost	19	22	56	66
Recognition of prior service credit	(2)	(3)	(4)	(6)
Recognition of actuarial gain	(6)	(6)	(21)	(19)
Curtailment gain	—	—	(10)	—
Net periodic post-retirement benefit expense	$ 11	13	22	43

Service costs for our pension and post-retirement benefit plan are included in the Cost of services and products (exclusive of depreciation and amortization) and Selling, general and administrative line items in our consolidated statements of operations and all other costs listed above are included in Other income, net in our consolidated statements of operations for the three and nine months ended September 30, 2026 and 2025.

In connection with the sale of our Mass Markets Fiber-to-the-Home business described in Note 2—Divestiture and Acquisition, the pension liability for certain employees and an immaterial amount of pension assets were transferred to a pension plan sponsored by the purchaser. This transaction triggered a settlement charge for the Combined Pension Plan of $9 million that was recognized as part of the gain on the sale of the business, within our operating income in our consolidated statement of operations for the nine months ended September 30, 2026. In addition, the transfer of employees as part of the sale and the related termination of other employees related to the sale resulted in a curtailment loss for the Combined Pension Plan of $5 million, including the recognition of $1 million in prior service costs and a curtailment gain of $10 million for our post-retirement benefit plan, including the recognition of $6 million of prior service credits. This net curtailment gain was also recognized as part of the gain on the sale of the business, reflected in our consolidated statement of operations as described above.

Our Combined Pension Plan contains provisions that allow us, from time to time, to offer lump sum payment options to certain former employees in settlement of their future retirement benefits. We record an accounting settlement charge, consisting of the recognition of certain deferred costs of the pension plan associated with these lump sum payments, only if in the aggregate they exceed or are probable to exceed the sum of the annual service and interest costs for the plan's net periodic pension benefit cost, which represents the settlement accounting threshold. The amount of any future non-cash settlement charges will be dependent on several factors, including the total amount of our future lump sum benefit payments.

Benefits paid by the Combined Pension Plan are paid through a trust that holds the Plan's assets. The amount of required contributions to the Combined Pension Plan in 2026 and beyond will depend on a variety of factors, most of which are beyond our control, including earnings on plan investments, prevailing interest rates, demographic experience, changes in plan benefits, and changes in funding laws and regulations. We made a voluntary contribution of $101 million to the trust for the Combined Pension Plan during the first quarter of 2026. Based on current laws and circumstances, we do not expect to be required to make any additional contributions in 2026.

Note 8—Loss Per Common Share

Basic and diluted loss per common share for the three and nine months ended September 30, 2026 and 2025 were calculated as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(Dollars in millions, except per share amounts, shares in thousands)			
Loss (numerator)				
Net loss	$ (265)	(621)	(666)	(1,737)
Net loss applicable to common stock for computing basic loss per common share	(265)	(621)	(666)	(1,737)
Net loss as adjusted for purposes of computing diluted loss per common share	(265)	(621)	(666)	(1,737)
Shares (denominator):				
Weighted-average number of shares:				
Outstanding during period	1,031,461	1,026,473	1,029,509	1,023,737
Non-vested restricted stock	(26,688)	(30,475)	(26,919)	(29,800)
Weighted average shares outstanding for computing basic loss per common share	1,004,773	995,998	1,002,590	993,937
Incremental common shares attributable to dilutive securities:				
Shares issuable under convertible securities	—	—	—	—
Shares issuable under incentive compensation plans	—	—	—	—
Number of shares as adjusted for purposes of computing diluted loss per common share	1,004,773	995,998	1,002,590	993,937
Basic loss per common share	$ (0.26)	(0.62)	(0.66)	(1.75)
Diluted loss per common share[1]	$ (0.26)	(0.62)	(0.66)	(1.75)

(1) For the three and nine months ended September 30, 2026, we excluded from the calculation of diluted loss per share 7 million and 11 million shares, respectively, potentially issuable under incentive compensation plans or convertible securities, as their effect, if included, would have been anti-dilutive due to our net loss position. For the three and nine months ended September 30, 2025, we excluded from the calculation of diluted loss per share 11 million and 10 million shares, respectively, potentially issuable under incentive compensation plans or convertible securities, as their effect, if included, would have been anti-dilutive due to our net loss position.

Our calculation of diluted loss per common share excludes non-vested restricted stock awards that are anti-dilutive based upon the terms of the award. Such shares were 3.9 million and 7.6 million for the three months ended September 30, 2026 and 2025, respectively, and 3.9 million and 14.7 million for the nine months ended September 30, 2026 and 2025, respectively.

Note 9—Fair Value of Financial Instruments

Our financial instruments consist of cash, cash equivalents, restricted cash, accounts receivable, accounts payable, long-term debt (excluding finance lease and other obligations), certain equity investments, and certain indemnification obligations. Due primarily to their short-term nature, the carrying amounts of our cash, cash equivalents, restricted cash, accounts receivable, and accounts payable approximate their fair values.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between independent and knowledgeable parties who are willing and able to transact for an asset or liability at the measurement date. We use valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs when determining fair value and then we rank the estimated values based on the reliability of the inputs using the below-described fair value hierarchy.

We determined the fair values of our long-term debt, including the current portion, based on quoted market prices where available or, if not available, based on inputs other than quoted market prices in active markets that are either directly or indirectly observable such as discounted future cash flows using current market interest rates.

The three input levels in the hierarchy of fair value measurements are defined by the FASB generally as follows:

Input Level	Description of Input
Level 1	Observable inputs such as quoted market prices in active markets.
Level 2	Inputs other than quoted prices in active markets that are either directly or indirectly observable.
Level 3	Unobservable inputs in which little or no market data exists.

The following table presents the carrying amounts and estimated fair values of our financial liabilities, as well as the input level used to determine the fair values indicated below:

	Input Level	September 30, 2026		December 31, 2025	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
		(Dollars in millions)			
Long-term debt, excluding finance lease and other obligations	2	$ 12,945	12,101	17,221	17,101
Indemnifications related to the sale of the Latin American business[1]	3	98	82	86	82
Regulatory cost liability related to the sale of the Mass Markets Fiber-to-the-Home business[2]	3	36	36	—	—

(1) Nonrecurring fair value is measured as of August 1, 2022.

(2) Nonrecurring fair value is measured as of February 2, 2026.

Note 10—Segment Information

Historically, we disclosed two reportable segments, Business and Mass Markets, based on customer-facing sales channels, reflecting how the business was managed and how we supported our customers. In connection with the sale of the Mass Markets Fiber-to-the-Home business in 11 states to AT&T, which closed on February 2, 2026, our Chief Executive Officer, who serves as the Chief Operating Decision Maker ("CODM"), changed how the business is managed beginning in January 2026. The CODM now makes operating decisions and assesses performance and profitability on a consolidated basis and does not regularly review discrete financial information for individual business components.

As a result, we manage our business, make operating decisions, and evaluate financial performance based on one operating segment, which also represents our single reportable segment. The CODM primarily uses net income (loss), as well as a secondary non-GAAP financial measure of adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA"), to assess financial performance and allocate resources. These financial measures are used by the CODM to make key operating decisions.

Although our revenue is disaggregated by product and sales channel, which aligns with the customer markets in which the revenues are generated, we do not allocate significant operating expenses, assets, or debt to those sales channels. See Note 4—Revenue Recognition for additional information regarding revenue disaggregation.

The following tables present selected financial information with respect to our single operating segment:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(Dollars in millions)			
Revenue	$ 2,715	3,087	8,419	9,361
Operating expenses				
Cost of services and products related to network expenses	800	929	2,450	2,846
Headcount costs	617	685	1,851	1,953
Non-headcount costs	781	902	2,289	2,436
Net gain on sale of business	(4)	—	(569)	—
Stock-based compensation	18	13	49	35
Depreciation and amortization	670	674	2,002	2,075
Goodwill impairment	—	—	—	628
Total operating expenses	2,882	3,203	8,072	9,973
Total operating (loss) income	(167)	(116)	347	(612)
Total other expense, net	(168)	(697)	(760)	(1,595)
Loss before income taxes	(335)	(813)	(413)	(2,207)
Income tax (benefit) expense	(70)	(192)	253	(470)
Net loss	$ (265)	(621)	(666)	(1,737)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(Dollars in millions)			
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Cost of services and products related to network expenses	800	929	2,450	2,846
Headcount costs	617	685	1,851	1,953
Non-headcount costs	781	902	2,289	2,436
Net gain on sale of business	(4)	—	(569)	—
Adjusted EBITDA	$ 521	571	2,398	2,126

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(Dollars in millions)			
Net loss	$ (265)	(621)	(666)	(1,737)
Stock-based compensation	18	13	49	35
Depreciation and amortization	670	674	2,002	2,075
Goodwill impairment	—	—	—	628
Total other expense, net	168	697	760	1,595
Income tax (benefit) expense	(70)	(192)	253	(470)
Adjusted EBITDA	$ 521	571	2,398	2,126

Note 11—Commitments, Contingencies and Other Items

We are subject to various claims, legal proceedings, and other contingent liabilities, including the matters described below, which individually or in the aggregate could materially affect our financial condition, future results of operations or cash flows.

We review our litigation accrual liabilities on a quarterly basis, but in accordance with applicable accounting guidelines only establish accrual liabilities when losses are deemed probable and reasonably estimable and only revise previously established accrual liabilities when warranted by changes in circumstances, in each case based on then-available information. As such, as of any given date we could have exposure to losses under proceedings as to which no liability has been accrued or as to which the accrued liability is inadequate. Subject to these limitations, as of September 30, 2026 and December 31, 2025, we had accrued $50 million and $71 million, respectively, in the aggregate for our litigation and non-income tax contingencies, which is included in Other current liabilities or Other liabilities on our consolidated balance sheets as of such dates. Although we quantify our exposure for certain matters below, we cannot at this time estimate the reasonably possible loss or range of loss, if any, in excess of our $50 million accrual as of September 30, 2026 due to the inherent uncertainties and speculative nature of contested proceedings. The establishment of an accrual does not mean that actual funds have been set aside to satisfy a given contingency. Thus, the resolution of a particular contingency for the amount accrued could have no effect on our results of operations but nonetheless could have an adverse effect on our cash flows.

In this Note, a reference to a "putative" class action means a class has been alleged, but not certified, in that matter.

Principal Proceedings

Houser Shareholder Suit

Lumen and certain of its current and former officers and directors were named as defendants in a putative shareholder class action lawsuit filed on June 12, 2018 in the Boulder County District Court of the state of Colorado, captioned Houser et al. v. CenturyLink, et al. The original complaint asserted claims on behalf of a putative class of former Level 3 Communications, Inc. ("Level 3") shareholders who became CenturyLink, Inc. shareholders as a result of our acquisition of Level 3. It alleged that the proxy statement provided to the Level 3 shareholders failed to disclose various material information, including information about strategic revenue, customer loss rates, and customer account issues, among other items. The original complaint sought damages, costs and fees, rescission, rescissory damages, and other equitable relief. In May 2020, the court dismissed the original complaint. The plaintiffs appealed that decision, and in March 2022, the appellate court affirmed the district court's order in part and reversed it in part. It then remanded the case to the district court for further proceedings. The plaintiffs filed an amended complaint asserting the same claims and prayer for relief, and we filed a motion to dismiss. The court granted our motion to dismiss in May 2023 and the plaintiffs appealed that dismissal. In August 2024, the appellate court set aside the trial court's dismissal. In October 2024, we filed a petition with the Colorado Supreme Court. In April 2026, the Colorado Supreme Court affirmed the decision of the appellate court. The case has returned to the trial court for further proceedings. In August 2026, following remand, the district court granted in part and denied in part our motion to dismiss.

Lead-Sheathed Cable Litigation

Disclosure Litigation

On September 15, 2023, a purported shareholder of Lumen filed a putative class action complaint originally captioned Glauber, et al. v. Lumen Technologies (now captioned In re Lumen Technologies, Inc. Securities Litigation II, Case 3:23-cv-01290), in the U.S. District Court for the Western District of Louisiana. The complaint alleged that Lumen and certain of its current and former officers violated the federal securities laws by omitting or misstating material information related to Lumen's responsibility for environmental degradation allegedly caused by the lead sheathing of certain telecommunications cables. The court appointed lead plaintiffs who filed an amended complaint, seeking money damages, attorneys' fees and costs, and other relief. On March 31, 2025, the court granted Lumen's motion to dismiss plaintiffs' claims with prejudice. On April 30, 2025, the plaintiffs filed an appeal to the U.S. Court of Appeals for the Fifth Circuit. On January 30, 2026, the Fifth Circuit reversed on prejudice only and modified the dismissal to be without prejudice. On April 23, 2026, the plaintiffs filed a second amended complaint.

Derivative Litigation

On June 11, 2024, a purported shareholder of Lumen filed a shareholder derivative complaint on behalf of Lumen captioned Brown v. Johnson, et al., Case 3:24-cv-00798-TAD-KDM, in the U.S. District Court for the Western District of Louisiana. The complaint alleges claims for breach of fiduciary duty, violations of the federal securities laws, and other causes of action against current and former officers and directors of Lumen relating to placement or presence of lead-sheathed telecommunications cables. The complaint seeks damages, injunctive relief, and attorneys' fees. Substantially similar derivative cases have been filed as follows: (i) on August 9, 2024, Pourarian v. Johnson, et al., Case 3:24-cv-01071-TAD-KMM in the U.S. District Court for the Western District of Louisiana; (ii) on September 9, 2024, Capistrano v. Johnson, et al., Case 3:24-cv-01234-TAD-KMM in the U.S. District Court for the Western District of Louisiana; (iii) on September 16, 2024, Vogel v. Perry, et al., Case 2024-3360 in the 4th Judicial District Court for the Parish of Ouachita, State of Louisiana, subsequently removed on September 17, 2024 to the U.S. District Court for the Western District of Louisiana as Case 3:24-cv-01274-TAD-KMM; and (iv) on September 25, 2024, Murray v. Allen, et al., Case 3:24-cv-01320 in the U.S. District Court for the Western District of Louisiana. In April 2025, the court consolidated the Brown, Pourarian, Capistrano, and Murray actions and stayed the consolidated action pending further developments in *In re Lumen Technologies, Inc. Securities Litigation II*. In July 2025, the court similarly stayed the Vogel action.

Environmental Litigation

Parish of St. Mary

On July 9, 2024, a putative class action complaint was filed in the 16th Judicial District Court for the Parish of St. Mary, State of Louisiana, Case 138575, asserting claims on behalf of all parishes, municipalities, and citizens owning real properties in the State of Louisiana that have been affected by lead-sheathed telecommunications cables installed by AT&T and Lumen or their predecessors. The complaint seeks damages and injunctive relief under Louisiana state law. The case was removed to the United States District Court Western District of Louisiana Lafayette Division, Case 6:24-CV-01001-RRS-DJA. On December 6, 2024, the plaintiffs voluntarily dismissed the class action complaint without prejudice. On December 13, 2024, St. Mary's Parish along with other parishes, municipalities, and two individuals served a notice of intent to file citizen suit under the Louisiana Environmental Quality Act, asserting claims identical to the class action which the plaintiffs voluntarily dismissed. In April 2025, the Village of Parks (one of the municipalities which had served a notice of intent to file a citizen suit) served Lumen with a petition in an action captioned *Village of Parks v. Lumen Technologies, Inc.*, Case 95026, in the 16th Judicial District Court for the Parish of St. Martin, State of Louisiana. The Village of Parks petition seeks damages and injunctive relief under Louisiana state law relating to the above-described allegations about lead-sheathed telecommunications cables.

Blum

On November 6, 2023, a putative class action complaint was filed in the 16th Judicial District Court for the Parish of St. Mary, State of Louisiana, Case 137935, asserting claims on behalf of all citizens owning real properties in the State of Louisiana that have been affected by lead-sheathed telecommunications cables installed by AT&T, BellSouth, Verizon, and Lumen or their predecessors. The complaint seeks damages and injunctive relief under Louisiana state law. The case has been removed to Federal Court in the United States District Court Western District of Louisiana Lafayette Division, Case 6:23-CV-01748. In December 2024, the plaintiffs filed an amended complaint and a motion for remand. In September 2025, the motion to remand was denied.

FCRA Litigation

In November 2014, a putative class action complaint captioned Bultemeyer v. CenturyLink, Inc. was filed in the United States District Court for the District of Arizona, Case CV-14-02530-PHX-SPL, alleging violations of the Fair Credit Reporting Act (the "FCRA"). In February 2017, the case was dismissed for lack of standing. The plaintiff appealed and the Ninth Circuit reversed and remanded. Class certification was contested and ultimately granted in 2023. The Ninth Circuit denied Lumen's request to appeal the class certification ruling. A jury trial was conducted in September 2024. The jury found that CenturyLink willfully violated the FCRA and awarded each class member $500 for statutory damages and $2,000 for punitive damages. The district court denied Lumen's post-trial motions for relief, and on October 16, 2024, Lumen filed an appeal to the U.S. Court of Appeals for the Ninth Circuit. On September 22, 2026, the Ninth Circuit reversed the jury verdict and ruled that Lumen was entitled to judgment as a matter of law. We have not accrued a contingent liability for this matter.

Latin American Tax Indemnification Claims

In connection with the 2022 divestiture of our Latin American business, the purchaser assumed responsibility for the Brazilian tax claims described in our prior periodic reports filed with the SEC. However, we agreed to indemnify the purchaser for amounts paid with respect to the Brazilian tax claims. The value of this indemnification and others associated with the Latin American business divestiture are included in the indemnification amount as disclosed in Note 9—Fair Value of Financial Instruments. In addition, there remain other pending proceedings in Brazil, Peru, and other Latin America countries, that, if upheld, could result in a reasonably possible loss of up to approximately $81 million in excess of the amount accrued as of September 30, 2026.

Huawei Network Deployment Investigations

Lumen has received requests from the following federal agencies for information relating to the use of equipment manufactured by Huawei Technologies Company ("Huawei") in Lumen's networks.

- DOJ. Lumen has received a civil investigative demand from the U.S. Department of Justice in the course of a False Claims Act investigation alleging that Lumen Technologies, Inc. and Lumen Technologies Government Solutions, Inc. failed to comply with certain specified requirements in federal contracts concerning their use of Huawei equipment.

- FCC. The Federal Communications Commission's ("FCC") Enforcement Bureau issued a Letter of Inquiry to Lumen Technologies, Inc. regarding its written certifications to the FCC that Lumen has complied with FCC rules governing the use of resources derived from the High Cost Program, Lifeline Program, Rural Health Care Program, E-Rate Program, Emergency Broadband Benefit Program, and the Affordable Connectivity Program. Under these programs, federal funds may not be used to facilitate the deployment or maintenance of equipment or services provided by Huawei, a company the FCC has determined poses a national security threat to the integrity of U.S. communications networks or the communications supply chain.

- Team Telecom. The Committee for the Assessment of Foreign Participation in the United States Telecommunications Service Sector (comprised of the U.S. Attorney General, and the Secretaries of the Department of Homeland Security, and the Department of Defense), commonly referred to as Team Telecom, issued questions and requests for information relating to Lumen's FCC licenses and its use of Huawei equipment.

Minnesota State Income Tax Appeal

In May 2025, the Minnesota Department of Revenue issued an order (the "Order") denying the Company's petition for a separate allocation or separate apportionment of the taxable gain resulting from the 2022 divestiture of a portion of our incumbent local exchange carrier ("ILEC") business and making other minor adjustments. The Order seeks to assess additional income tax, penalties, and interest for the 2021 and 2022 tax years. On August 4, 2025, Lumen filed an appeal of the Order disputing this assessment, which is captioned Lumen Technologies, Inc. v. Commissioner of Revenue, Docket No. 9744-R., in the Minnesota Tax Court. The Company previously established an uncertain tax position for this item.

Residential Promotional Offers

In November 2023, the Company was named in a putative class action complaint in the U.S. District Court for the District of Oregon regarding claims that certain alleged legacy promotional offers on residential services were misleading to some customers. The court has dismissed certain of the claims and has yet to rule on a pending motion for class certification. In addition, several state attorneys general have also initiated investigations into certain of those promotional programs. The Company has not recorded a liability in connection with these matters because any potential loss is not currently probable and reasonably estimable. Additionally, the Company is unable to reasonably estimate the range of loss, if any, that may result from these matters.

Other Proceedings, Disputes and Contingencies

From time to time, we are involved in other proceedings incidental to our business, including patent infringement allegations, regulatory hearings relating primarily to our rates or services, actions relating to employee claims, tax issues, or environmental law issues, grievance hearings before labor regulatory agencies, miscellaneous third-party tort actions, or commercial disputes.

We are currently defending several patent infringement lawsuits asserted against us by non-practicing entities which are seeking substantial recoveries. These cases have progressed to various stages and one or more may go to trial within the next twelve months if they are not otherwise resolved. Where applicable, we are seeking full or partial indemnification from our vendors and suppliers.

We are subject to various foreign, federal, state, and local environmental protection and health and safety laws. From time to time, we are subject to judicial and administrative proceedings brought by various governmental authorities under these laws. Several such proceedings are currently pending, but none is reasonably expected to exceed $300,000 in fines and penalties. In addition, in the past we acquired companies that had installed lead-sheathed cables several decades earlier, or had operated certain manufacturing companies in the first part of the 1900s. Under applicable environmental laws, we could be named as a potentially responsible party for a share of the remediation of environmental conditions arising from the historical operations of our predecessors.

The outcomes of these other proceedings described under this heading are not predictable. However, based on current circumstances, we do not believe that the ultimate resolution of these other proceedings, after considering available defenses and any insurance coverage or indemnification rights, will have a material adverse effect on us.

The matters listed in this Note do not reflect all our contingencies. For additional information on our contingencies, see Note 17—Commitments, Contingencies and Other Items to the consolidated financial statements in Item 8 of Part II of our Annual Report on Form 10-K for the year ended December 31, 2025. The ultimate outcome of the above-described matters may differ materially from the outcomes anticipated, estimated, projected, or implied by us in certain of our statements appearing above in this Note, and proceedings we currently consider insignificant may ultimately affect us materially.

Note 12—Other Financial Information

Other Current Assets, Net

The following table presents details of other current assets, net reflected on our consolidated balance sheets:

	September 30, 2026	December 31, 2025
	(Dollars in millions)	
Prepaid expenses	$ 371	404
Income tax receivable	12	468
Materials, supplies and inventory	121	165
Contract assets	14	18
Contract acquisition costs	84	98
Contract fulfillment costs	151	136
Other	64	18
Total other current assets, net[1]	$ 817	1,307

(1) As of December 31, 2025, this amount excludes $30 million of other current assets associated with the disposal group classified as held for sale.

Current Liabilities

Included in accounts payable as of September 30, 2026 and December 31, 2025 were $348 million and $463 million, respectively, associated with capital expenditures.

Note 13—Accumulated Other Comprehensive Loss

Information Relating to 2026

The table below summarizes changes in accumulated other comprehensive loss recorded on our consolidated balance sheet by component:

	Pension Plans	Post-Retirement Benefit Plans	Foreign Currency Translation Adjustment and Other	Total
		(Dollars in millions)		
Balance as of December 31, 2025	$ (848)	271	(24)	(601)
Other comprehensive income before reclassifications	—	—	3	3
Amounts reclassified from accumulated other comprehensive loss	70	(23)	—	47
Net current-period other comprehensive income (loss)	70	(23)	3	50
Balance as of September 30, 2026	$ (778)	248	(21)	(551)

The tables below present further information about our reclassifications out of accumulated other comprehensive loss by component:

Three Months Ended September 30, 2026	Decrease (Increase) in Net Income	Affected Line Item in Consolidated Statement of Operations
	(Dollars in millions)	
Amortization of pension & post-retirement plans[1]		
Net actuarial loss	$ 22	Other income, net
Prior service credit	(2)	Other income, net
Total before tax	20	
Income tax benefit	(4)	Income tax (benefit) expense
Net of tax	$ 16	

Nine Months Ended September 30, 2026	Decrease (Increase) in Net Income	Affected Line Item in Consolidated Statement of Operations
	(Dollars in millions)	
Amortization of pension & post-retirement plans[1]		
Net actuarial loss	$ 73	Other income, net
Prior service credit	(11)	Other income, net
Total before tax	62	
Income tax benefit	(15)	Income tax expense (benefit)
Net of tax	$ 47	

(1) See Note 7—Employee Benefits for additional information on our net periodic benefit expense related to our pension and post-retirement plans.

Information Relating to 2025

The table below summarizes changes in accumulated other comprehensive loss recorded on our consolidated balance sheets by component:

	Pension Plans	Post-Retirement Benefit Plans	Foreign Currency Translation Adjustment and Other	Total
		(Dollars in millions)		
Balance as of December 31, 2024	$ (1,003)	320	(40)	(723)
Other comprehensive income before reclassifications	—	—	14	14
Amounts reclassified from accumulated other comprehensive loss	81	(19)	—	62
Net current-period other comprehensive income (loss)	81	(19)	14	76
Balance as of September 30, 2025	$ (922)	301	(26)	(647)

The tables below present further information about our reclassifications out of accumulated other comprehensive loss by component:

Three Months Ended September 30, 2025	Decrease (Increase) in Net Income	Affected Line Item in Consolidated Statement of Operations
	(Dollars in millions)	
Amortization of pension & post-retirement plans[1]		
Net actuarial loss	$ 30	Other income, net
Prior service credit	(3)	Other income, net
Total before tax	27	
Income tax benefit	(6)	Income tax (benefit) expense
Net of tax	$ 21	

Nine Months Ended September 30, 2025	Decrease (Increase) in Net Income	Affected Line Item in Consolidated Statement of Operations
	(Dollars in millions)	
Amortization of pension & post-retirement plans[1]		
Net actuarial loss	$ 89	Other income, net
Prior service credit	(7)	Other income, net
Total before tax	82	
Income tax benefit	(20)	Income tax expense (benefit)
Net of tax	$ 62	

(1) See Note 7—Employee Benefits for additional information on our net periodic benefit expense related to our pension and post-retirement plans.

Note 14—Labor Union Contracts

As of September 30, 2026, approximately 16% of our employees were represented by the Communications Workers of America (CWA) or the International Brotherhood of Electrical Workers (IBEW). Approximately 3% of our represented employees are subject to collective bargaining agreements that are scheduled to expire over the 12-month period ending September 30, 2027.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") provides an overview of our financial performance, liquidity, and the business environment in which we operate. This discussion is intended to help readers understand our results and key factors influencing our operations. The MD&A should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2025 and with the consolidated financial statements and accompanying notes in Item 1 of Part I of this report. Unless otherwise indicated, all references to "Notes" in this section refer to the Notes to Consolidated Financial Statements in Item 1 of Part I of this report.

This section includes forward-looking statements that involve risks and uncertainties. Actual results may differ materially from those expressed or implied. For a discussion of these risks and uncertainties, see (i) "Special Note Regarding Forward-Looking Statements" immediately prior to Item 1 of Part I of this report, (ii) "Risk Factors" in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2025 and in Part II, Item 1A in this report, and (iii) our other SEC filings.

Interim results are not necessarily indicative of results for the entire year, and actual results may differ materially from those expressed or implied.

OVERVIEW

We are a leading digital networking services company, empowering enterprise businesses to fuel growth in a multi-cloud, AI-first marketplace by connecting people, data, and applications quickly, securely, and effortlessly. We operate in a rapidly evolving landscape with growing demand for secure, high-speed connectivity. Our strategy focuses on growing and transforming our network and business to deliver next-generation solutions that meet these needs and build the backbone of the AI economy.

Products and Services

We categorize revenue from our operations within the products and services listed below based on the customers we serve.

- **Business customers**: Serves enterprise and wholesale customers through five distinct sales channels: Large Enterprise, Mid-Market Enterprise, Public Sector, Wholesale, and International and Other. Revenue is reported under two product categories: Strategic and Legacy.
- **Mass Markets customers**: Serves residential and small business customers. Revenue is reported under three product categories: Fiber Broadband, Other Broadband, and Voice and Other.

From time to time, we may change the categorization of our products and services. For additional information see Note 4—Revenue Recognition.

Strategy

Our strategic goal is to be the trusted provider of network services and to digitally connect people, data, and applications quickly, securely, and effortlessly. To attain this goal, we strive to, among other things:

- deliver best in class physical infrastructure to meet network, transport, data, and computing needs;
- optimize and innovate the way locations, data centers, and clouds connect;
- limit, detect, and mitigate network and data security vulnerabilities;
- expand our product offerings and strengthen our digital self-service ordering platforms;
- create a more adaptive, programmable and integrated network;
- continue to monetize our network-related assets, principally through the sale of PCF solutions;
- expand our network capacity through our artificial intelligence ("AI") backbone initiative;
- manage our non-core business for cash flow; and
- strengthen our financial position and performance through our modernization and simplification initiatives, designed to lower costs and reduce debt.

These strategic initiatives are intended to support our efforts to build the backbone of the AI economy, cloudify and agentify telecom, and scale a programmable, partner-driven connectivity platform for hyperscalers and enterprises.

2026 Divestiture and Acquisition

Mass Markets Fiber-to-the-Home Divestiture

On May 21, 2025, we entered into a definitive agreement to sell our Mass Markets Fiber-to-the-Home business in the Territory to AT&T (the "Mass Markets Fiber-to-the-Home divestiture"). On February 2, 2026, we completed the Mass Markets Fiber-to-the-Home divestiture in exchange for pre-tax cash proceeds of $5.72 billion, which are subject to working capital and other negotiated post-closing adjustments. In connection with the sale, we have entered into a transition services agreement under which we will provide to AT&T various support services and certain long-term agreements under which we and AT&T will provide to each other various network and other commercial services.

Alkira Acquisition

On July 1, 2026, our wholly owned subsidiary, Level 3 Communications, acquired Alkira for $485 million in cash, subject to customary adjustments.

For further information on this divestiture and acquisition, see Note 2—Divestiture and Acquisition.

Stock Exchange Listing

On October 6, 2026, our common stock, no par value per share (the "Common Stock"), as well as the 6.500% Notes due 2051 and the 6.750% Notes due 2052 (the "Notes") issued by Qwest Corporation, a wholly-owned subsidiary of the Company and guaranteed by the Company, began trading on The Nasdaq Stock Market LLC following our voluntary withdrawal from listing on the New York Stock Exchange at the close of trading on October 5, 2026.

The Common Stock continues to trade under the symbol "LUMN," and the Notes continue to trade under the symbols "CTGG" and "CTHH."

Current Business Environment and Macroeconomic Factors

The macroeconomic environment in which we operate remains dynamic and continues to affect our business. Key factors that have impacted us and our customers include:

- **Revenue mix**: Shifts in technology and economic conditions have driven us to continuously review our strategy. We expect to see continued reduction in legacy voice, broadband, and other legacy services, while fueling growth in our strategic products.
- **Inflationary pressures and build costs**: Rising costs for labor, materials, and energy have increased operating expenses and capital expenditures, particularly to support our continued network buildout and transformations.
- **Supply constraints**: Shortages of critical components and other materials have slowed certain network expansion efforts.
- **Geopolitical instability**: The conflict in the Middle East, including disruptions and heightened uncertainty regarding commercial transit through the Strait of Hormuz, has disrupted global shipping routes. While we have not experienced a direct material impact to date, prolonged instability could affect our supply chain, increase operating costs, and elevate risks to our network infrastructure. General geopolitical instability has also increased cybersecurity threats targeting telecommunications infrastructure.
- **Customer behavior**: Certain customers in the past have delayed purchasing decisions, and certain of our customers may delay future purchasing decisions, which has impacted and may impact sales cycles.

To date, we do not believe these factors have materially impacted our financial performance or position. However, ongoing economic and geopolitical uncertainty including risks arising from the conflict in the Middle East, tariffs, inflation, and supply constraints could increase costs, reduce revenues, delay network expansion, or disrupt service delivery, which could materially impact our results. If these conditions persist, our projected cash flows and market capitalization could decline. For further information relating to these matters, see "— Trends Impacting Our Operations" below and "Risk Factors" in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2025.

We are actively managing these challenges through disciplined capital allocation, cost optimization, and strategic investments in network infrastructure. We believe these actions position us to navigate current macroeconomic conditions while pursuing long-term growth opportunities.

We expect continued demand for high-capacity, low-latency connectivity solutions, supported by enterprise digital transformation and government broadband programs. While macroeconomic uncertainty and competitive pressures present risks, we believe our transformation initiatives position us to deliver long-term value.

Trends Impacting Our Operations

Our operations are shaped by evolving technology, customer expectations, and market dynamics. Key trends that impact us, and will continue to impact us, include:

- **Automation and digital innovation**: Growing demand for automated experiences and advanced technologies like AI and multi-cloud platforms requires ongoing investment in technology and infrastructure to enhance service quality and reduce costs.
- **Legacy decline and margin pressure**: Legacy wireline services continue to shrink necessitating cost optimization and pricing discipline.
- **Globalization and network expansion amid cost pressures**: Distributed business models drive demand for high-capacity, low-latency networks. We are expanding our network capacity to capture growth, while managing vendor cost increases and dis-synergies from recent divestitures.
- **Monetizing network assets with execution risk**: We aim to generate revenue through custom connectivity solutions, including PCF, by leveraging excess conduit and fiber assets. These opportunities can be significant but depend on market demand, regulatory conditions, and timely execution.

These and other developments and trends impacting our operations are discussed elsewhere in this Item 2.

RESULTS OF OPERATIONS

The following table summarizes the results of our consolidated operations:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(Dollars in millions, except per share amounts)			
Operating revenue	$ 2,715	3,087	8,419	9,361
Operating expenses	2,882	3,203	8,072	9,973
Operating (loss) income	(167)	(116)	347	(612)
Total other expense, net	(168)	(697)	(760)	(1,595)
Loss before income taxes	(335)	(813)	(413)	(2,207)
Income tax (benefit) expense	(70)	(192)	253	(470)
Net loss	$ (265)	(621)	(666)	(1,737)
Basic loss per common share	$ (0.26)	(0.62)	(0.66)	(1.75)
Diluted loss per common share	$ (0.26)	(0.62)	(0.66)	(1.75)

Operating Revenue

The following table summarizes our consolidated operating revenue recorded under our revenue categories described in Note 4—Revenue Recognition:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2026	2025	%Change	2026	2025	%Change
	(Dollars in millions)			(Dollars in millions)		
Business Revenue:						
Strategic	$ 1,279	1,167	10 %	3,814	3,436	11 %
Legacy	1,067	1,289	(17)%	3,420	4,034	(15)%
Total Business Revenue	2,346	2,456	(4)%	7,234	7,470	(3)%
Mass Markets Revenue						
Fiber Broadband	17	225	(92)%	126	651	(81)%
Other Broadband	179	230	(22)%	576	732	(21)%
Voice and Other	173	176	(2)%	483	508	(5)%
Total Mass Markets Revenue	369	631	(42)%	1,185	1,891	(37)%
Total consolidated operating revenue	$ 2,715	3,087	(12)%	8,419	9,361	(10)%

Operating revenue decreased $372 million and $942 million. The following were primary drivers within each revenue category:

- Strategic revenue increased $112 million and $378 million. This was primarily as a result of:
  - an increase of $59 million and $239 million in revenue from dark fiber and conduit; and
  - an increase of $12 million and $48 million from growth in IP services.
- Legacy revenue decreased $222 million and $614 million. This was primarily as a result of:
  - a decrease of $65 million and $215 million in VPN services; and
  - a decrease of $84 million and $238 million in voice services and private line services.
- Fiber Broadband revenue decreased $208 million and $525 million. This was primarily as a result of:
  - fewer Mass Markets subscribers as a result of our divestiture of the Mass Markets Fiber-to-the-Home business, as further described above.
- Other Broadband revenue decreased $51 million and $156 million. This was primarily as a result of:
  - fewer Mass Markets customers for our low speed copper-based broadband services.
- Voice and Other revenue decreased $3 million and $25 million. This was primarily as a result of:
  - a decrease of $90 million in voice revenue, for the nine month period, and offsetting increases of $46 million and $27 million, respectively, due to the withdrawal from the Rural Digital Opportunity Fund ("RDOF") program and the revenue related to support payments received under the Federal

Communications Commission's Connect America Fund Phase II program, which lapsed on December 31, 2021.

Operating Expenses

The following table summarizes our operating expenses:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2026	2025	%Change	2026	2025	%Change
	(Dollars in millions)			(Dollars in millions)		
Cost of services and products (exclusive of depreciation and amortization)	$ 1,432	1,700	(16) %	4,282	5,011	(15) %
Selling, general and administrative	784	829	(5) %	2,357	2,259	4 %
Net gain on sale of business	(4)	—	nm	(569)	—	nm
Depreciation and amortization	670	674	(1) %	2,002	2,075	(4) %
Goodwill impairment	—	—	nm	—	628	nm
Total operating expenses	$ 2,882	3,203	(10) %	8,072	9,973	(19) %

nm Percentages greater than 200% and comparisons between positive and negative values or to/from zero values are considered not meaningful.

Cost of Services and Products (exclusive of depreciation and amortization)

Cost of services and products (exclusive of depreciation and amortization) decreased $268 million and $729 million. This was primarily as a result of:

- a decrease of $128 million and $418 million in network expense;
- a decrease of $188 million and $420 million in employee-related expenses; and
- an offsetting increase of $67 million and $119 million in professional fees.

Selling, General and Administrative

Selling, general and administrative expenses decreased $45 million and increased $98 million. This was primarily as a result of:

- for the three month period, a decrease of $85 million, $23 million and $14 million in professional fees, property and other tax expenses, and marketing and advertising expenses, respectively; and an offsetting increase of $64 million and $16 million in employee-related expenses and hardware and software expenses, respectively; and
- for the nine month period, an increase of $195 million and $72 million in employee-related expenses and hardware and software expenses, respectively; and an offsetting decrease of $60 million, $31 million, $17 million and $15 million in professional fees, marketing and advertising expenses, external commissions, property and other tax expenses, respectively.

Net Gain on Sale of Business

For a discussion of the net gain on sale of business that we recognized during the nine months ended September 30, 2026, see Note 2—Divestiture and Acquisition.

Depreciation and Amortization

The following table details our depreciation and amortization expense:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2026	2025	%Change	2026	2025	%Change
	(Dollars in millions)			(Dollars in millions)		
Depreciation	$ 406	423	(4) %	1,239	1,324	(6) %
Amortization	264	251	5 %	763	751	2 %
Total depreciation and amortization	$ 670	674	(1) %	2,002	2,075	(4) %

Depreciation decreased $17 million and $85 million. This was primarily as a result of:

- a decrease of $64 million, for the nine month period, due to the discontinuation of the depreciation of the tangible assets of our Mass Markets Fiber-to-the-Home business held for sale during the second quarter of 2025; and
- a decrease of $15 million and $12 million associated with the net decrease in depreciable assets.

Amortization increased $13 million and $12 million. This was primarily as a result of:

- an increase of $6 million for both periods due to intangibles acquired as part of the Alkira acquisition.

Goodwill Impairment

We are required to perform impairment tests related to our goodwill annually, which we perform as of October 31, or sooner if an indicator of impairment occurs. See Note 3—Goodwill and Intangible Assets for further details.

Other Consolidated Results

The following table summarizes our total other expense, net and income tax (benefit) expense:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2026	2025	%Change	2026	2025	%Change
	(Dollars in millions)			(Dollars in millions)		
Interest expense	$ (189)	(319)	(41) %	(615)	(1,004)	(39) %
Net gain (loss) on early retirement of debt	1	(395)	nm	(219)	(666)	(67) %
Other income, net	20	17	18 %	74	75	(1) %
Total other expense, net	$ (168)	(697)	(76) %	(760)	(1,595)	(52) %
Income tax (benefit) expense	$ (70)	(192)	(64) %	253	(470)	nm

nm Percentages greater than 200% and comparisons between positive and negative values or to/from zero values are considered not meaningful.

Interest Expense

Interest expense decreased $130 million and $389 million. This was primarily as a result of:

- a decrease in average outstanding long-term debt of $5 billion and $3 billion.

Net Gain (Loss) on Early Retirement of Debt

For a discussion of certain transactions that resulted in the net gain (loss) on debt we recognized for the three and nine months ended September 30, 2026, see Note 5—Long-Term Debt and Credit Facilities. See Note 7—Long-Term Debt and Credit Facilities to the consolidated financial statements in Item 8 of Part II of our Annual Report on Form 10-K for the year ended December 31, 2025 for discussion of the 2025 transactions that resulted in the net loss on debt recognized for the three and nine months ended September 30, 2025.

Other Income, Net

Other income, net reflects certain items not directly related to our core operations, including:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(Dollars in millions)			
Pension and post-retirement net periodic expense	$ (26)	(46)	(76)	(138)
Foreign currency gain (loss)	3	(5)	(8)	8
Transition and separation services	41	37	108	114
Interest income	11	18	59	59
Other	(9)	13	(9)	32
Total other income, net	$ 20	17	74	75

Income Tax Expense

Our effective tax rate was as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	(Dollars in millions)			
Effective tax rate	20.9 %	23.6 %	(61.3)%	21.3 %

Our effective tax rate for the nine months ended September 30, 2026 was driven primarily by tax attributable to nondeductible goodwill from the Mass Markets Fiber-to-the-Home divestiture. Our effective tax rate for the nine months ended September 30, 2025 includes a $42 million unfavorable impact from our goodwill impairment.

LIQUIDITY AND CAPITAL RESOURCES

Overview of Sources and Uses of Cash

As a holding company, we rely on cash flows and capital resources from our subsidiaries to meet our parent-level liquidity needs. Access to subsidiary cash may be limited by debt terms, tax considerations, legal restrictions, or other limitations; see "— Debt Instruments and Financing Arrangements" below and Note 5—Long-Term Debt and Credit Facilities.

Our primary source of liquidity is cash from operating activities. We also use our revolving credit facilities as a source of liquidity for operating activities and our other cash requirements. In addition, our recently completed Mass Markets Fiber-to-the-Home divestiture, which closed February 2, 2026, generated significant cash proceeds, which were primarily used to pay down debt as described below, but also reduced our base of income-generating assets that generate our recurring cash from operating activities. Key uses of cash include operating expenses, capital expenditures, debt service, income taxes, share repurchases, pension contributions, and other benefit payments.

On July 1, 2026, our wholly owned subsidiary, Level 3 Communications, LLC, acquired Alkira, Inc. for aggregate cash consideration of $485 million, subject to customary adjustments. For additional information, see Note 2—Divestiture and Acquisition.

Key balances as of September 30, 2026 included:

- **Cash and cash equivalents**: $978 million
- **Revolving credit availability (net of undrawn letters of credit)**: $677 million
- **Total consolidated indebtedness**: $13.3 billion

As of September 30, 2026, $92 million of our cash and cash equivalents was held outside the U.S. Certain subsidiary debt covenants may limit upstreaming of cash. We currently believe there are no material restrictions on our ability to repatriate cash and cash equivalents into the United States, and that we may do so without paying or accruing significant U.S. or foreign taxes. Other than excess foreign cash held in India, we do not currently intend to repatriate to the United States material amounts of our foreign cash and cash equivalents.

We regularly review liquidity and capital allocation strategies with senior management and the Board of Directors, adjusting as strategies and conditions change.

Based on current assumptions, we believe our liquidity sources — operating cash flows, available cash, and credit capacity — will be sufficient to fund liquidity requirements and strategic investments for at least the next 12 months. For additional information on risks that could affect liquidity, see “Risk Factors — Financial Risks” in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2025.

Cash Flow Activities

The following table summarizes our consolidated cash flow activities:

	Nine Months Ended September 30,		
	2026	2025	$ Change
	(Dollars in millions)		
Net cash provided by operating activities	$ 2,812	4,176	(1,364)
Net cash provided by (used in) investing activities	1,803	(2,669)	(4,472)
Net cash used in financing activities	(4,639)	(995)	3,644

Operating Activities

Net cash provided by operating activities decreased $1.4 billion. This was primarily as a result of:

- lower cash allocated to operating activities received as part of the divestiture of our Mass Markets Fiber-to-the-Home business associated with the fair value of the contractual credits and commercial agreements described in Note 2—Divestiture and Acquisition;
- a reduction in advance payments under PCF agreements, partially offset by favorable working capital activity, primarily as a result of timing of payments and collections on payables and receivables; and
- an offsetting decrease in net loss adjusted for non-cash expenses and gains.

Cash provided by operating activities is subject to variability period over period as a result of timing differences, including with respect to the collection of receivables and payments of interest expense, accounts payable, and bonuses.

For additional information about our operating results, see "RESULTS OF OPERATIONS" above.

Investing Activities

Net cash provided by (used in) investing activities changed by $4.5 billion. This was primarily as a result of:

- an increase of $5.0 billion due to proceeds from the Mass Markets Fiber-to-the-Home divestiture discussed elsewhere herein.

Financing Activities

Net cash used in financing activities increased $3.6 billion. This was primarily as a result of:

- lower proceeds from issuance of long-term debt.

See Note 5—Long-Term Debt and Credit Facilities for additional information on our outstanding debt securities.

Short-term Liquidity

As of September 30, 2026, we held cash and cash equivalents of $978 million and had $677 million of borrowing capacity available under our $825 million revolving credit facility, net of undrawn letters of credit. These resources, together with cash generated from operating activities and any remaining proceeds from the Mass Markets Fiber-to-the-Home divestiture, which closed February 2, 2026, represent our primary sources of liquidity for the next 12 months.

As of September 30, 2026, based on our current capital allocation objectives, we project expenditures for the next 12 months to include, among others, the following:

- **Capital expenditures:** $3.2 billion to $3.4 billion primarily for network modernization and fiber expansion.
- **Debt service:** $29 million of finance lease obligations.

We expect to fund these expenditures primarily through operating cash flows, supplemented by available cash and borrowing capacity as needed. Based on current assumptions, we believe our liquidity sources will be sufficient to fund liquidity requirements and strategic investments for at least the next 12 months.

For additional information on short-term liquidity needs, see “Future Contractual Obligations” below.

Long-term Liquidity

Beyond the next 12 months, we plan to refinance a substantial portion of maturing debt through future debt issuances, subject to market conditions and covenant restrictions. Our ability to access capital markets depends on our credit ratings and prevailing interest rates and market conditions, and we cannot assure favorable terms for future borrowings. We may also consider other sources of liquidity, such as equity offerings or asset dispositions, depending on market conditions.

For additional information on our credit ratings and factors that may affect our access to capital markets, see “— Future Debt Transactions” below.

For additional information on long-term liquidity needs, see “Future Contractual Obligations” below.

Impact of Strategic Transactions on Liquidity

Our liquidity and capital resources have been influenced by several strategic actions aimed at optimizing our financial position, enhancing flexibility, and supporting long-term transformation initiatives. Key actions include:

- **Recent divestiture**: The Mass Markets Fiber-to-the-Home divestiture, which closed February 2, 2026, generated significant cash proceeds to strengthen our financial position but is expected to reduce recurring operating cash flows. The Mass Markets Fiber-to-the-Home divestiture is also expected to reduce our Mass Markets fiber-related capital expenditures by approximately $1 billion annually. While this transaction is expected to reduce recurring revenue and operating cash flows, we believe it will sharpen our focus on enterprise. It has also delivered significant cash proceeds to strengthen our financial position.
- **Recent acquisition**: On July 1, 2026, our wholly owned subsidiary, Level 3 Communications, LLC, acquired Alkira, Inc. for aggregate cash consideration of $485 million, subject to customary adjustments. For additional information, see Note 2—Divestiture and Acquisition.
- **PCF agreements**: Advance payments under PCF agreements have historically increased operating cash flow and deferred revenue. These payments vary by quarter and are applied to fund network expansion and simplification projects, which increases capital expenditures. We expect to enter into additional agreements in the future to sell products and services as part of our PCF solutions but cannot provide any assurances as to whether and when we may enter into these additional agreements or the anticipated benefits thereof. See "Risk Factors" in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2025.
- **Rural Digital Opportunity Fund ("RDOF") relinquishment**: In January 2026, we paid $99 million for remittance of awards and associated fees related to the voluntary relinquishment of our RDOF awards. As a result, we will no longer receive funding through the RDOF program.

We expect these and future transactions to influence cash flows, leverage, and investment capacity. While divestitures provide immediate liquidity and PCF agreements support network expansion, they also introduce variability in operating cash flows. We will continue to pursue opportunities aligned with our capital allocation priorities and market conditions.

Capital Expenditures

We regularly invest in capital projects to expand and improve services, enhance and modernize networks, fulfill contractual obligations, and strengthen our competitive position. Discretionary projects are evaluated based on strategic impact such as revenue growth, productivity, service levels, customer retention, and expected return on investment. Capital spending is influenced by demand, contractual and regulatory requirements, cash flow, and resource availability. We expect capital spending to be focused on:

- expanding our fiber network, including our other network capacity buildout plan;
- modernizing and enhancing network efficiency and reliability;
- developing new services; and
- replacing aging network assets.

These investments are intended to support the execution of our strategy discussed above and aim to improve service quality, drive innovation, and position us to meet future demand.

For additional details on our capital spending, see "Risk Factors" in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2025, as updated in Item 1A of Part II of this Quarterly Report on Form 10-Q, and “Cash Flow Activities — Investing Activities” and “Impact of Strategic Transactions on Liquidity,” above.

Debt Instruments and Financing Arrangements

Debt Instruments

We actively manage our capital structure through a series of transactions designed to enhance financial flexibility and optimize our debt profile to address upcoming maturities and support ongoing transformation initiatives.

Key debt balances as of September 30, 2026 included:

- **Secured debt outstanding:** $6.8 billion
- **Unsecured debt outstanding:** $6.3 billion
- **Revolving credit availability (net of undrawn letters of credit):** $677 million

For additional details on our debt and financing instruments and the debt activity below, see Note 5—Long-Term Debt and Credit Facilities.

Key 2026 Debt Activity, to date:

- ***Senior Notes Issuance and Second Lien Tender Offers — First Quarter 2026***: Level 3 Financing, Inc. issued an additional $650 million of its 8.500% Senior Notes due 2036. Net proceeds from this offering were used to fund the repurchase of $607 million of its Second Lien notes, including:
  - $595 million 4.875% Second Lien Notes due 2029;
  - $8 million 4.500% Second Lien Notes due 2030; and
  - $4 million 3.875% Second Lien Notes due 2030.

- ***Repurchases of Debt Instruments — First Quarter 2026*:** Lumen applied $4.8 billion of the pre-tax proceeds from the Mass Markets Fiber-to-the-Home divestiture, along with cash on hand, to complete the following transactions:
    - Redeem the following outstanding notes in full:
        - $331 million 4.125% Superpriority Senior Secured Notes due 2029;
        - $477 million 4.125% Superpriority Senior Secured Notes due 2030; and
        - $439 million 10.000% Secured Notes due 2032.
    - Repay all of the outstanding term loans due under our Superpriority Revolving/Term Loan A Credit Agreement; and
    - Repay all of the outstanding amounts due under our Superpriority Term B Credit Agreement in full satisfaction and discharge of its obligations thereunder.
- ***Revolving Credit Agreement — Second Quarter 2026:*** On April 14, 2026, we entered into the Revolving Credit Agreement (the "Lumen Credit Agreement") providing for a revolving credit facility with commitments of $825 million. In connection with entry into the Lumen Credit Agreement, the revolving commitments outstanding under our Superpriority Revolving/Term A Credit Agreement were permanently reduced to zero and terminated. For additional information, see Note 5—Long-Term Debt and Credit Facilities.
- ***Supplemental Indentures and Lumen Parent Guarantee — Second Quarter 2026:*** On April 30, 2026, Lumen entered into supplemental indentures in connection with Level 3 Financing's first lien notes due 2033 and 2034 and entered into a parent guarantee agreement with respect to the Existing Level 3 Credit Agreement. These arrangements provide for Lumen to unconditionally guarantee, on a senior unsecured basis and subject to release in accordance with their terms, certain obligations of Level 3 Financing and were implemented to simplify the reporting obligations of Level 3 Parent and its subsidiaries, including by permitting Level 3 Parent to satisfy certain reporting requirements under its debt agreements by furnishing Lumen's Exchange Act reports. For additional information, see Note 5—Long-Term Debt and Credit Facilities.
- ***Third Credit Agreement Refinancing — Second Quarter 2026:*** Level 3 Financing, Inc. amended and repriced its Term Loan B-4 credit facility, replacing its Term Loan B-4 with its Term Loan B-5, maintaining $2.4 billion outstanding immediately following the transactions.
- ***Senior Notes Issuance and Senior Notes Tender Offers — Second Quarter 2026:*** Level 3 Financing, Inc. issued $1.0 billion of 7.500% Senior Notes due 2037 and used the net proceeds from this offering primarily to fund the repurchase of its outstanding unsecured Senior notes, including:
    - $172 million 4.250% Senior Notes due 2028;
    - $292 million 3.625% Senior Notes due 2029; and
    - $302 million 3.750% Senior Notes due 2029.
- ***Exchange Offers and Consent Solicitations — Second Quarter 2026:*** On June 11, 2026, Qwest Corporation, a wholly-owned subsidiary of Lumen Technologies, Inc., completed previously announced exchange offers and related consent solicitations. In connection with the settlement, Qwest issued $1.0 billion of new 6.500% Notes due 2051 and $382 million of new 6.750% Notes due 2052 (collectively, the "New Qwest Notes"). The New Qwest Notes are senior unsecured obligations of Qwest and are fully and unconditionally guaranteed by Lumen. In connection with the consent solicitations, Qwest entered into supplemental indentures relating to its 6.500% Notes due 2056 and 6.750% Notes due 2057, which eliminated substantially all restrictive covenants in the original indentures governing those series.

- ***Repurchases of Debt Instruments — Second Quarter 2026:*** Lumen and Level 3 Financing, Inc. repurchased the following debt instruments:
  - Lumen Technologies, Inc.
    - $7 million 5.375% Senior Notes due 2029;
  - Level 3 Financing, Inc.
    - $3 million 3.750% Senior Notes due 2029; and
    - $4 million 4.000% Second Lien Notes due 2031.
- ***Repurchases of Debt Instruments - Third Quarter 2026:*** During the third quarter of 2026, we repurchased an immaterial amount of debt instruments on the open market related to the Qwest Corporation 6.500% Notes due 2056 and 6.750% Notes due 2057.

Liquidity and Credit Facilities Availability

As of September 30, 2026, we maintained $825 million of revolving credit facility capacity, with no amounts outstanding and $148 million in undrawn letters of credit.

As of September 30, 2026, we had $150 million undrawn letters of credit, including the aforementioned $148 million issued under our revolving credit facility, and $2 million issued under a separate facility maintained by certain Lumen subsidiaries, which is collateralized by cash.

In addition to indebtedness under their above-mentioned credit agreements, Lumen and Level 3 Financing are indebted under their respective outstanding senior notes, and certain of Lumen's other subsidiaries are indebted under their respective outstanding senior notes.

For detailed terms, maturities, covenants, and outstanding balances, see Note 5—Long-Term Debt and Credit Facilities and "— Other Matters" below.

Future Debt Transactions

Subject to market conditions, we expect to continue issuing debt securities as needed to refinance maturing obligations, including subsidiary debt, consistent with our capital allocation strategies and covenants. Availability, interest rates, and other terms of new borrowings will depend on credit ratings and market conditions, among other factors.

As of the filing date of this report, credit ratings for our and our subsidiaries' senior secured and unsecured debt were:

Borrower	Moody's Investors Service, Inc.[1]	Standard & Poor's	Fitch Ratings[1]
Lumen Technologies, Inc.:			
Secured	B3/Caa1	B+	BB
Unsecured	Caa1	B	BB
Level 3 Financing, Inc.:			
Secured	Ba3	B+	BB
Unsecured	B3	B-	B-
Qwest Corporation:			
Unsecured	Caa1	B	BB

[1] In February 2026, both Moody's and Fitch upgraded our Corporate Family Rating and Long-Term Issuer Default Rating to B2 and B, representing a one-notch and two-notch upgrade, respectively.

Future changes in these ratings could impact our access to capital and borrowing costs. We cannot be certain that we will be able to borrow additional funds on favorable terms, or at all. See "Risk Factors — Financial Risks" in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2025.

Income Tax Obligations

Net Operating Loss Carryforwards

As of December 31, 2025, we had $982 million of U.S. federal net operating loss carryforwards ("NOLs") that may be used to offset future federal taxable income. A portion of the NOLs are subject to annual usage limits under Section 382 of the Internal Revenue Code. We have a Section 382 Rights Agreement in place through late 2026 to help preserve our ability to use these NOLs. We expect to use substantially all remaining NOLs in future years, but we cannot assure you we will be able to utilize these federal NOLs as projected or at all.

See Note 15—Income Taxes, in Item 8 of Part II and "Risk Factors — Financial Risks — *We may not be able to fully utilize our NOLs*" in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2025.

Tax Law Changes

In July 2025, the U.S. enacted H.R. 1, also known as the One, Big Beautiful Bill Act, which permanently allows 100% bonus depreciation, immediate expensing for domestic R&D, and favorable changes to interest expense limitations. We filed a refund claim for approximately $400 million of 2025 federal estimated income taxes for which we received $420 million, including interest, during the nine months ended September 30, 2026. We do not expect these provisions to have a material impact on our 2026 effective tax rate but they are expected to significantly reduce our overall 2026 federal income tax liability.

The Organization for Economic Co-operation and Development ("OECD") has issued Pillar Two model rules introducing a new global minimum corporate tax of 15% for tax years effective after December 31, 2023. While the U.S. has not adopted Pillar Two legislation, certain countries in which we operate have already adopted legislation to implement Pillar Two. On January 5, 2026, the OECD announced the Side-by-Side ("SbS") package, implemented as administrative guidance and modifying the operation of Pillar Two rules that would fully exempt U.S.-parented groups from the application of certain Pillar Two top-up taxes. The SbS package also extends the current Transitional Country-by-Country Reporting Safe Harbor by one year, through the end of fiscal year of 2027. The Pillar Two rules have increased our compliance requirements, but we do not expect them to materially impact our 2026 results. We continue to monitor evolving global and domestic tax legislation and administrative guidance.

Pension and Post-retirement Benefit Obligations

We maintain significant pension and post-retirement benefit plans that require ongoing cash outflows and may affect our liquidity and financial flexibility. These obligations are sensitive to market conditions and actuarial assumptions, and adverse changes could increase funding requirements and reduce cash available for other uses.

Funding and Contributions

Benefits paid by our qualified pension plan (the "Combined Pension Plan") are paid through a trust that holds the plan's assets. Based on current laws and circumstances, we do not expect required contributions in 2026.

We occasionally make voluntary contributions in excess of required amounts. During 2026, we made a voluntary contribution of $101 million to the Combined Pension Plan trust.

Any additional contributions could reduce available cash and impact liquidity.

Post-retirement Benefits

Substantially all post-retirement health care and life insurance benefits are unfunded, and benefits are paid directly by us with available cash. In 2026, we expect to pay $181 million of post-retirement benefits, net of participant contributions and direct subsidies.

For additional information on our expected future benefits payments for our post-retirement benefit plan, see Note 11—Employee Benefits, in Item 8 of Part II of our Annual Report on Form 10-K for the year ended December 31, 2025.

Future Contractual Obligations

For information regarding our estimated future contractual obligations, see the MD&A discussion included in Item 7 of Part II of our Annual Report on Form 10-K for the year ended December 31, 2025.

Other Matters

Cash Management and Loan Arrangements

We have cash management and loan arrangements with a majority of our income-generating subsidiaries, in which a substantial portion of the aggregate cash of those subsidiaries is periodically advanced or loaned to us or our service company affiliate. Although we periodically repay these advances to fund the subsidiaries' cash requirements throughout the year, at any given point in time we may owe a substantial sum to our subsidiaries under these arrangements. In accordance with generally accepted accounting principles ("GAAP"), these arrangements are reflected in the balance sheets of our subsidiaries but are eliminated in consolidation and therefore not recognized on our consolidated balance sheets. For additional information, see "Risk Factors" in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2025.

Legal Proceedings and Other Contingent Liabilities

Our network includes some residual lead-sheathed copper cables installed years ago that constitute a small portion of our network. Media coverage of potential health and environmental risks associated with these cables has resulted in regulatory inquiries and lawsuits, and could subject us to legislative or regulatory actions, removal costs, compliance costs, or penalties. As of September 30, 2026, we have not accrued for any such potential costs and will only accrue when such costs are probable and reasonably estimable. For additional information about related litigation and potential risks, see Note 11—Commitments, Contingencies and Other Items and the risk factor disclosures included under "Risk Factors" in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2025.

We are also involved in various other legal proceedings that could substantially impact our financial position. See Note 11—Commitments, Contingencies and Other Items for additional information.

Critical Accounting Estimates

Our consolidated financial statements included in Item 1 of Part I of this report have been prepared in accordance with U.S. GAAP. The preparation of our consolidated financial statements in conformity with GAAP requires us to make estimates and judgments that affect our reported amounts of assets, liabilities, revenues and expenses. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

There have been no material changes to our critical accounting estimates as compared to those described in "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 of Part II of our Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

SUMMARIZED FINANCIAL INFORMATION (UNAUDITED)

Level 3 Parent, LLC

Level 3 Parent, LLC, our wholly owned subsidiary, had the following results of operations, prior to consolidated Lumen to Level 3 Parent, LLC eliminations:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2026	2025	2026	2025
	Level 3 Parent, LLC			
	(Dollars in millions)			
Operating revenue	$ 1,572	1,569	4,786	4,702
Operating revenue-affiliates	83	72	241	212
Total operating revenue	1,655	1,641	5,027	4,914
Cost of services and products (exclusive of depreciation and amortization)	706	687	2,106	2,102
Selling, general and administrative	293	311	868	859
Operating expenses - affiliates	284	255	875	768
Depreciation and amortization	362	348	1,068	1,028
Total operating expenses	1,645	1,601	4,917	4,757
OPERATING INCOME	10	40	110	157
Interest expense	(142)	(182)	(434)	(600)
Interest income - affiliate	28	73	136	217
Net gain (loss) on early retirement of debt	1	(396)	(70)	(666)
Other income, net	(8)	10	3	49
Total other expense, net	(121)	(495)	(365)	(1,000)
Income tax benefit	(28)	(119)	(65)	(221)
NET LOSS	$ (83)	(336)	$ (190)	(622)

The following table presents summarized financial information reflected in our consolidated balance sheets, prior to consolidated Lumen to Level 3 Parent, LLC eliminations:

	September 30, 2026	December 31, 2025
	Level 3 Parent, LLC	
	(Dollars in millions)	
Cash and cash equivalents	$ 451	380
Note receivable - affiliate	1,468	2,668
Other current assets	1,012	1,070
Property, plant, and equipment, net of accumulated depreciation of $5,164 and $4,772	10,322	9,030
Goodwill	268	—
Operating lease assets - affiliates	94	159
Other noncurrent assets	4,040	4,346
Total assets	$ 17,655	17,653
Current maturities of long-term debt	$ 28	36
Accounts payable - affiliates	353	312
Current operating lease liabilities - affiliates	47	80
Other current liabilities	2,326	2,212
Long-term debt	10,015	9,627
Noncurrent deferred revenue	7,439	6,054
Noncurrent operating lease liabilities - affiliates	45	76
Other noncurrent liabilities	957	1,028
Total member's deficit	(3,555)	(1,772)
Total liabilities and member's deficit	$ 17,655	17,653

The following table presents summarized financial information reflected in our consolidated statements of cash flows, prior to consolidated Lumen to Level 3 Parent, LLC eliminations:

	Nine Months Ended September 30,	
	2026	2025
	Level 3 Parent, LLC	
	(Dollars in millions)	
Net cash provided by operating activities	$ 2,451	3,387
Capital expenditures	(1,713)	(1,268)
Other investing activities, net	748	7
Net cash provided by (used in) investing activities	(965)	(1,261)
Net cash used in financing activities	(1,414)	(545)
Net increase in cash, cash equivalents and restricted cash	$ 72	1,581
Cash, cash equivalents and restricted cash at beginning of period	$ 382	602
Cash, cash equivalents and restricted cash at end of period	$ 454	2,183
Supplemental cash flow information:		
Interest paid (net of capitalized interest of $99 and $42)	$ (413)	(595)

Qwest Corporation

Qwest Corporation is our wholly owned subsidiary and has six series of currently outstanding Senior Notes, two referred to as the Old Qwest Notes, two referred to as the New Qwest Notes, and two referred to as the Qwest Notes due 2030.

In connection with the registration, listing and issuance of the New Qwest Notes, which are fully and unconditionally guaranteed by us on an unsubordinated unsecured basis, we have presented below the accompanying summarized financial information pursuant to Rule 13-01 of Regulation S-X "Guarantors and issuers of guaranteed securities registered or being registered."

The following table presents summarized financial information specified in Rule 1-02(bb)(1) of Regulation S-X:

	Three Months Ended September 30, 2026	Nine Months Ended September 30, 2026
	Qwest Corporation	
	(Dollars in millions)	
Operating revenue	$ 578	1,785
Operating revenue - affiliates	395	1,240
Operating expenses	491	1,828
Operating expenses - affiliates	231	678
OPERATING INCOME	251	519
NET INCOME	190	145

The following tables present summarized financial information reflected in our consolidated balance sheets:

	September 30, 2026	December 31, 2025
	Qwest Corporation	
	(Dollars in millions)	
Advances to affiliates	$ 234	666
Note receivable - affiliate	1,538	937
Other current assets	275	2,902
Other noncurrent assets	11,140	11,315
Other current liabilities	660	653
Affiliate obligations, net	366	399
Other noncurrent liabilities	3,972	3,852

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of September 30, 2026, we were exposed to market risk from changes in interest rates on our variable rate long-term debt obligations and fluctuations in certain foreign currencies.

Interest Rate Risk

Our management periodically reviews our exposure to interest rate fluctuations and implements strategies to manage the risk. From time to time, we have used derivative instruments to convert variable interest rates to fixed rates. We maintain policies and procedures governing risk assessment, approval, reporting, and monitoring of derivative activities. As of September 30, 2026, we did not hold or issue derivative financial instruments for trading or speculative purposes.

As of September 30, 2026, we had $2.4 billion aggregate principal amount of debt bearing unhedged floating interest rates based on the secured overnight financing rate ("SOFR"). A hypothetical increase of 100 basis points in SOFR relating to our unhedged floating rate debt would, among other things, increase our annual loss before income taxes by $24 million.

Foreign Currency Risk

We conduct a small portion of our business in currencies other than the U.S. dollar, the currency in which our consolidated financial statements are reported. Although we continue to evaluate strategies to mitigate risks related to fluctuations in currency exchange rates, we expect to continue recognizing gains or losses from international transactions. Accordingly, changes in foreign currency rates relative to the U.S. dollar could positively or negatively impact our operating results.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) and Rule 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended, (the “Exchange Act”)) designed to provide reasonable assurance that the information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC’s rules and forms. These include controls and procedures designed to ensure this information is accumulated and communicated to our senior leadership team, including our Chief Executive Officer and our President and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Our management, with the participation of our Chief Executive Officer and our President and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures as of September 30, 2026. Based on this evaluation, our Chief Executive Officer and our President and Chief Financial Officer concluded that, as of September 30, 2026, our disclosure controls and procedures were effective at a reasonable assurance level.

Inherent Limitations of Disclosure Controls and Procedures

The effectiveness of our or any system of disclosure controls and procedures is subject to certain limitations, including the exercise of judgment in designing, implementing, and evaluating the controls and procedures, the assumptions used in identifying the likelihood of future events and the inability to eliminate misconduct completely. As a result, there can be no assurance that our disclosure controls and procedures will detect all errors or fraud. By their nature, our or any system of disclosure controls and procedures can provide only reasonable assurance regarding management's control objectives.

Changes in Internal Control Over Financial Reporting

During the three months ended September 30, 2026, the Company substantially completed the implementation of its enterprise resource planning ("ERP") system. The Company expects to continue post-implementation refinements to processes and controls during the remainder of 2026 and 2027. The ERP implementation included changes to transaction processing and financial reporting systems and controls over these new systems. In addition, in connection with the Alkira acquisition, the Company implemented certain internal controls over financial reporting related to the accounting for the acquisition and related disclosures. The Company will continue to monitor further changes during subsequent periods to evaluate the effectiveness of internal control over financial reporting.

Except for changes in controls related to the changes noted above, there have been no other changes in the Company's internal control over financial reporting during the three months ended September 30, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information required under this Part II, Item 1 is set forth under the subheadings "Principal Proceedings" and "Other Proceedings, Disputes and Contingencies" in Note 11—Commitments, Contingencies and Other Items in Item 1 of Part I of this report and is incorporated herein by reference. The ultimate outcome of the matters described in Note 11 may differ materially from the outcomes anticipated, estimated, projected, or implied by us in certain of our statements appearing in such Note, and proceedings currently viewed as not significant by us may ultimately materially impact us. For more information, see "Risk Factors—Legal and Regulatory Risks—Our pending legal proceedings could have a material adverse impact on us" in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2025.

ITEM 1A. RISK FACTORS

Our operations and financial results are subject to various risks and uncertainties, which could adversely affect our business, financial condition, results of operations, or prospects. We recommend that you carefully consider (i) the other information set forth elsewhere in this report and (ii) the risk factors discussed in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2025. As of September 30, 2026, there have been no material changes from the risk factors previously disclosed in response to Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2025, except as set forth below.

Risks relating to the exchange offers and the consent solicitations, as described in Note 5—Long-Term Debt and Credit Facilities, are set forth in Lumen's Registration Statement on Form S-4 (File No. 333-295091-01) and the related prospectus.

Our use of AI in our service offerings and internally subjects us to additional risks.

We integrate AI into customer-facing offerings such as NaaS, Lumen Connect, programmable connectivity, managed security and digital self-service, and we are deploying AI internally to modernize systems, automate network operations, enhance customer care and improve productivity. Separately, our AI backbone initiative is focused on expanding our network capacity to position Lumen as the infrastructure platform that enables AI-driven networking and data movement. Certain of the AI functionality that is integrated into our service offerings and that we use internally is developed and supplied by third parties, and we have developed certain of our own AI functionalities on top of large language models and other AI tools supplied by third parties. If AI-enabled features we offer our customers do not perform as expected, produce biased, insufficient, or harmful outputs, cause service degradation, or fail to keep pace with our competitors' AI-native capabilities, we could lose customers and market share, damage our reputation, lose pricing power or be subject to litigation, contractual disputes and adverse regulatory consequences, even if the AI technology we used in our service offering was supplied by a third party and we had no control over its development, defects, functionality, vulnerabilities, or limitations.

Our internal use of AI also exposes us to the risk of inadvertent disclosure of confidential, proprietary, or customer data, including through the use of AI models or tools that are not appropriately restricted to our environment, reliance on inaccurate or "hallucinated" outputs in business and operational decisions, intellectual property contamination, and violations of evolving employment, privacy, and consumer protection laws, each of which may not be identified or mitigated by our AI governance framework, particularly given the pace and complexity of AI development. Because the AI we use internally and in our service offerings is, in part, supplied by third parties, we are also subject to the risk that our AI service or infrastructure providers limit, withdraw, reprice, or change the terms of these offerings, suffer a service disruption or outage, or their tools contain defects, security vulnerabilities, or infringing content, or become subject to export controls or other restrictions, any of which may cause our ability to deliver AI-enabled services and deploy AI internally to be materially impaired. We also use AI tools, including tools provided by third parties, to develop or assist with developing our own software code, and we may not be able to anticipate or detect security vulnerabilities in such AI-generated software code, which could expose us to cybersecurity risks. For these reasons, our use of AI could materially harm our business, operations, financial condition or reputation.

Rapid and Uncertain Developments in AI Technology, Regulation, and Market Dynamics May Increase Cybersecurity, Legal, Competitive, and Reputational Risks and Adversely Affect Our Business.

AI is reshaping our external environment regardless of our own deployment: threat actors increasingly use AI to develop more sophisticated, scalable, and effective cyber-attacks, social engineering, deepfakes, and fraud directed at our networks, employees, vendors, and customers, often times before patches become available or can be deployed; AI is subject to a rapidly evolving and fragmented patchwork of U.S. federal, state, and international laws and guidance, including the EU AI Act, which can impose significant penalties for breaches, and with which compliance is costly and uncertain across our jurisdictions and our customer segments; the EU Product Liability Directive also covers AI-enabled products and services, subjecting us to civil claims for AI-caused harms; a lack of comprehensive AI legislation in the U.S. subjects us to uncertainty as to whether and how existing state AI laws will apply; AI may enable competitors (including hyperscalers, satellite operators, and non-traditional entrants) to bypass elements of the traditional network value chain, commoditize services on which we depend, or deliver AI-native capabilities we cannot match; AI use by us or others may give rise to unsettled claims of copyright, patent, trademark or trade-secret infringement, or invalidity; and despite certain providers agreeing to indemnify us against intellectual property ("IP") infringement claims, we may not be successful in recovering all or any of our losses, and the law is unsettled as to whether we can obtain, maintain, or enforce IP rights in our content, software code, or other outputs developed with AI; a slowdown or reversal in AI infrastructure investment or in AI-driven demand for network capacity and services could adversely affect our business and public, employee, investor, customer, and governmental scrutiny of AI (including ethics, bias, energy, and water consumption of AI data centers we serve, as well as labor impacts) could harm our reputation, stakeholder relationships, and talent pipeline. Because AI is simultaneously a strategic opportunity, a set of tools we deploy, a category of third-party inputs we depend on, and an outside force reshaping our industry, these risks are interrelated and may compound one another, and the materialization of one or more could have a material adverse effect on our business, financial condition, results of operations, cash flows, reputation, and prospects.

Economic, political, and market conditions may adversely affect our business, financial condition, and results of operations.

Our business, financial condition, and operating results are affected by changes in general economic and political conditions, including interest rates, economic growth, recessions, or slowing growth, higher unemployment, changes or uncertainty in fiscal or monetary policy, tariffs and trade restrictions, fluctuations in global currencies, energy costs, rates of inflation (or concerns about deflation), supply chain disruptions, impacts of current geopolitical conflict or instability, such as the Ukraine-Russia, Israel-Hamas and Iran conflicts and any further escalations thereof, and other macroeconomic factors. Rising prices for goods, services, and labor due to inflation, including inflation resulting from higher tariffs, higher fuel costs, trade restrictions, and other economic disincentives to trade, could adversely impact our margins and growth. Weak economic and credit conditions may adversely affect our suppliers and other third-party partners, as well as our Business and government customers, some of which may file for bankruptcy, or may experience cash flow or liquidity problems, or may be unable to obtain or refinance credit such that they may no longer be able to operate. Any of these could adversely impact our business, financial condition and results of operations.

We may be unable to successfully identify, complete, integrate and realize the benefits of acquisitions or manage the associated risks, all of which could have a material adverse effect on our business, financial condition and results of operations.

We may opportunistically consider acquisitions or investments in order to, among other things, expand our products, services and technologies, and some of these acquisitions or investments may be material. There can be no assurance that we will successfully identify suitable candidates in the future for strategic transactions at acceptable prices or at all. Even if we do identify suitable candidates, we may not have sufficient capital resources or financing opportunities to finance potential acquisitions or be able to consummate any desired transactions. Financing acquisitions may require the incurrence of additional indebtedness, which may increase our interest expense and subject us to additional restrictive covenants, or the issuance of equity securities, which could be dilutive to our shareholders.

Failure to complete potential acquisitions in which we have invested time and resources whether as a result of failure to meet or waive closing conditions, receive necessary regulatory approvals, obtain financing (where applicable) or otherwise, could have a material adverse effect on our business, financial condition and results of operations.

Integration of acquired companies involves a number of risks and challenges, which may include, but are not limited to:

- diversion of management's attention from operating our business;
- retaining and developing our relationships with key clients and seeking new revenue opportunities;
- failing to retain key personnel of acquired companies, particularly to competitors, or facing resultant labor disputes, strikes or similar disruptions;
- facing legal and other risks and liabilities relating to the acquisition or the acquired entity's historic operations, which may be unanticipated or undisclosed and for which we may not be indemnified fully or at all;
- integration of our operations, including networks, products, services and technologies;
- completion of post-acquisition activities, such as alignment of employee cultures, corporate and accounting policies, controls and procedures, employee transfers and moves, information systems integration, optimization of product and service offerings and the establishment of control over new operations;
- information systems and other platform integration, including, where applicable, effective disclosure controls and procedures and internal control over financial reporting for the combined company;
- difficulty comparing and integrating financial reporting due to differing financial and/or internal reporting systems;
- making any necessary modifications to internal control over financial reporting to comply with applicable rules and regulations; and
- possible tax costs or inefficiencies associated with integrating the operations of the combined company.

These and other factors could cause us to not fully or timely integrate acquired companies, including Alkira, into our business and to fail to realize the anticipated growth, financial and/or strategic benefits, including but not limited to anticipated revenues and synergies of the acquisition, or cause the costs of achieving these benefits and synergies to be higher than expected, any of which could have a material adverse effect on our business, financial condition and results of operations.

In addition, following the completion of acquisitions, we may be required to rely on the seller to provide administrative and other support, including financial reporting and internal control over financial reporting, and other transition services to the acquired business for a period of time. There can be no assurance that the seller will do so in a manner that is acceptable to us or at all.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Issuer Purchases of Equity Securities

The following table contains information about shares of our previously-issued common stock that we withheld from employees upon vesting of their restricted stock-based awards during the third quarter of 2026 to satisfy the related tax withholding obligations:

Period	Total Number of Shares Purchased[1]	Average Price Paid Per Share	Total number of shares purchased as part of publicly announced plans or programs	Maximum number of shares that may yet be purchased under the plans or programs
July 1 - July 31, 2026	45,365	$ 6.76	—	—
August 1 - August 31, 2026	37,822	$ 6.45	—	—
September 1 - September 30, 2026	83,852	$ 6.37	—	—
Total	167,039			

[1] Represents shares of common stock withheld by the Company to satisfy employee tax withholding obligations in connection with the vesting of restricted stock-based awards. These shares were not acquired pursuant to a publicly announced share repurchase plan or program.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

(a) None.

(b) None.

(c) During the quarter ended September 30, 2026, none of our directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (as those terms are defined in Item 408 of Regulation S-K).

ITEM 6. EXHIBITS

Exhibits filed or furnished as part of this report are listed below.

Exhibit No.	Description	Incorporated by Reference			Filed or Furnished
		Filer and File No.(1)	Form	Date(2)	
3.1	Composite Articles of Incorporation of the Company, as amended and restated through May 26, 2026.	Registrant	8-K Exhibit No. 3.1	5/27/2026	
3.2	Amended and Restated Bylaws of the Registrant, as amended and restated through February 18, 2026.				Filed
10.1	Lumen Executive Severance Plan, effective as of October 22, 2026.				Filed
10.2	Amended and Restated Change of Control and Severance Agreement, effective as of October 22, 2026, between Lumen Technologies, Inc. and Kate Johnson.				Filed
22	Subsidiary Issuers of Guaranteed Securities				
31.1	Certification of the Chief Executive Officer of Lumen Technologies, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				Filed
31.2	Certification of the Chief Financial Officer of Lumen Technologies, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.				Filed
32.1	Certification of the Chief Executive Officer of Lumen Technologies, Inc. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				Furnished
32.2	Certification of the Chief Financial Officer of Lumen Technologies, Inc. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.				Furnished
101	Financial statements from the Quarterly Report on Form 10-Q of Lumen Technologies, Inc. for the period ended September 30, 2026, formatted in Inline XBRL: (i) the Consolidated Statements of Operations, (ii) the Consolidated Statements of Comprehensive Loss, (iii) the Consolidated Balance Sheets, (iv) the Consolidated Statements of Cash Flows, (v) the Consolidated Statements of Total Stockholders' Deficit and (vi) the Notes to Consolidated Financial Statements.				Filed
104	Cover page formatted as Inline XBRL and contained in Exhibit 101.				Filed

(1) For purposes of this column and when applicable, (i) "Registrant" means Lumen Technologies, Inc. (File No. 001-07784), formerly named CenturyLink, Inc., Century Tel, Inc. and Century Telephone Enterprises, Inc., (ii) "Qwest" means Qwest Corporation (File No. 001-03040), (iii) "Qwest Parent" means Qwest Communications International Inc. (File No. 001-15577), and (iv) "Level 3" means Level 3 Parent, LLC (File No. 001-35134), successor-in-interest to Level 3 Communications, Inc.

(2) Represents the date of filing the report.

(3) Exhibits 10.1 and 10.2 are management contracts or compensatory plans or arrangements.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized on November 4, 2026.

LUMEN TECHNOLOGIES, INC.

By: /s/ Donald Holt

Donald Holt
Chief Accounting Officer and Controller
(Principal Accounting Officer and authorized officer)