

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 March 31, 2022
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 No. 001-7784

LUMEN[®]

LUMEN TECHNOLOGIES, INC.
(Exact name of registrant as specified in its charter)

Louisiana

(State or other jurisdiction of
incorporation or organization)

72-0651161

(I.R.S. Employer
Identification No.)

**100 CenturyLink Drive,
Monroe, Louisiana**

(Address of principal executive offices)

71203

(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, par value \$1.00 per share	LUMN	New York Stock Exchange
Preferred Stock Purchase Rights	N/A	New York Stock Exchange

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 (Section 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, 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 April 29, 2022, there were 1,033,055,343 shares of common stock outstanding.

TABLE OF CONTENTS

	Special Note Regarding Forward-Looking Statements	3
Part I.	Financial Information	
Item 1.	Financial Statements	
	Consolidated Statements of Operations (Unaudited)	6
	Consolidated Statements of Comprehensive Income (Unaudited)	7
	Consolidated Balance Sheets (Unaudited)	8
	Consolidated Statements of Cash Flows (Unaudited)	9
	Consolidated Statements of Stockholders' Equity (Unaudited)	10
	Notes to Consolidated Financial Statements (Unaudited)*	11
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	38
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	54
Item 4.	Controls and Procedures	54
Part II.	Other Information	
Item 1.	Legal Proceedings	55
Item 1A.	Risk Factors	55
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	56
Item 5.	Other Information	56
Item 6.	Exhibits	57
Signature		58

* 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 law include, and future oral or written statements or press releases by us and our management may include, forward-looking statements about our business, financial condition, operating results or prospects. These "forward-looking" statements are defined by, and are subject to the "safe harbor" protections under the federal securities laws. These statements include, among others:

- forecasts of our anticipated future results of operations, cash flows or financial position;
- statements concerning the anticipated impact of our transactions, investments, product development, participation in government programs, Quantum Fiber buildout plans, and other initiatives, including synergies or costs associated with these initiatives;
- statements about our liquidity, profitability, profit margins, tax position, tax assets, tax rates, asset values, contingent liabilities, growth opportunities, growth rates, acquisition and divestiture opportunities, business prospects, regulatory and competitive outlook, market share, product capabilities, investment and expenditure plans, business strategies, dividend and securities repurchase plans, leverage, capital allocation plans, financing alternatives and sources, and pricing plans;
- statements regarding how the health and economic challenges raised by the COVID-19 pandemic may impact our business, financial position, operating results or prospects; 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 are highlighted by 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, (ii) are inherently speculative and (iii) are subject to a number of risks and uncertainties. Actual events and results may differ materially from those anticipated, estimated, projected or implied 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 below 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:

- the effects of competition from a wide variety of competitive providers, including decreased demand for our more mature service offerings and increased pricing pressures;
- the effects of new, emerging or competing technologies, including those that could make our products less desirable or obsolete;
- our ability to successfully and timely attain our key operating imperatives, including simplifying and consolidating our network, simplifying and automating our service support systems, attaining our Quantum Fiber buildout plans, strengthening our relationships with customers and attaining projected cost savings;
- our ability to safeguard our network, and to avoid the adverse impact of possible cyber-attacks, security breaches, service outages, system failures, or similar events impacting our network or the availability and quality of our services;
- the effects of ongoing changes in the regulation of the communications industry, including the outcome of legislative, regulatory or judicial proceedings relating to content liability standards, intercarrier compensation, universal service, service standards, broadband deployment, data protection, privacy and net neutrality;

- our ability to effectively retain and hire key personnel and to successfully negotiate collective bargaining agreements on reasonable terms without work stoppages;
- possible changes in customer demand for our products and services, including increased demand for high-speed data transmission services;
- our ability to successfully maintain the quality and profitability of our existing product and service offerings and to introduce profitable new offerings on a timely and cost-effective basis;
- our ability to generate cash flows sufficient to fund our financial commitments and objectives, including our capital expenditures, operating costs, debt repayments, dividends, pension contributions and other benefits payments;
- our ability to successfully and timely implement our corporate strategies, including our deleveraging strategy;
- our ability to successfully and timely consummate our pending divestitures on the terms proposed, to realize the anticipated benefits therefrom and to operate our retained business successfully thereafter;
- changes in our operating plans, corporate strategies, dividend payment plans or other capital allocation plans, whether based upon changes in our cash flows, cash requirements, financial performance, financial position, market or regulatory conditions, or otherwise;
- the impact of any future material acquisitions or divestitures that we may transact;
- the negative impact of increases in the costs of our pension, healthcare, post-employment or other benefits, including those caused by changes in markets, interest rates, mortality rates, demographics or regulations;
- the potential negative impact of customer complaints, government investigations, security breaches or service outages impacting us or our industry;
- adverse changes in our access to credit markets on favorable terms, whether caused by changes in our financial position, lower credit ratings, unstable markets or otherwise;
- our ability to meet the terms and conditions of our debt obligations and covenants, including our ability to make transfers of cash in compliance therewith;
- our ability to maintain favorable relations with our security holders, key business partners, suppliers, vendors, landlords and financial institutions;
- our ability to meet evolving environmental, social and governance ("ESG") expectations and benchmarks, and effectively communicate and implement our ESG strategies;
- our ability to collect our receivables from, or continue to do business with, financially-troubled customers, including, but not limited to, those adversely impacted by the economic dislocations caused by the COVID-19 pandemic;
- our ability to use our net operating loss carryforwards in the amounts projected;
- our ability to continue to use or renew intellectual property used to conduct our operations;
- any adverse developments in legal or regulatory proceedings involving us;
- changes in tax, pension, healthcare or other laws or regulations, in governmental support programs, or in general government funding levels, including those arising from recently enacted legislation promoting broadband spending;

- the effects of changes in accounting policies, practices or assumptions, including changes that could potentially require additional future impairment charges;
- continuing uncertainties regarding the impact that COVID-19 disruptions and vaccination policies could have on our business, operations, cash flows and corporate initiatives;
- the effects of adverse weather, terrorism, epidemics, pandemics, rioting, vandalism, societal unrest, or other natural or man-made disasters or disturbances;
- the potential adverse effects if our internal controls over financial reporting have weaknesses or deficiencies, or otherwise fail to operate as intended;
- the effects of more general factors such as changes in interest rates, in inflation, in exchange rates, in operating costs, in public policy, in the views of financial analysts, or in general market, labor, economic or geopolitical conditions; and
- other risks referenced in the "Risk Factors" section or other portions of this report or other of our filings with the U.S. Securities and Exchange Commission (the "SEC").

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. 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, existing regulatory, technological, industry, competitive, economic and market conditions, and our assumptions as of such date. We may change our intentions, strategies or plans (including our dividend or other capital allocation plans) at any time and without notice, based upon any changes in such factors, in our assumptions or otherwise.

PART I—FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	Three Months Ended March 31,	
	2022	2021
	(Dollars in millions, except per share amounts, and shares in thousands)	
OPERATING REVENUE	\$ 4,676	5,029
OPERATING EXPENSES		
Cost of services and products (exclusive of depreciation and amortization)	1,985	2,136
Selling, general and administrative	800	756
Depreciation and amortization	808	1,150
Total operating expenses	3,593	4,042
OPERATING INCOME	1,083	987
OTHER (EXPENSE) INCOME		
Interest expense	(352)	(389)
Other income, net	70	34
Total other expense, net	(282)	(355)
INCOME BEFORE INCOME TAXES	801	632
Income tax expense	202	157
NET INCOME	\$ 599	475
BASIC AND DILUTED EARNINGS PER COMMON SHARE		
BASIC	\$ 0.59	0.44
DILUTED	\$ 0.59	0.44
WEIGHTED-AVERAGE COMMON SHARES OUTSTANDING		
BASIC	1,008,430	1,082,474
DILUTED	1,015,215	1,091,586

See accompanying notes to consolidated financial statements.

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

	Three Months Ended March 31,	
	2022	2021
	(Dollars in millions)	
NET INCOME	\$ 599	475
OTHER COMPREHENSIVE INCOME (LOSS):		
Items related to employee benefit plans:		
Change in net actuarial loss, net of \$(9) and \$(12) tax	28	38
Change in net prior service cost, net of \$— and \$(1) tax	(1)	1
Reclassification of realized loss on interest rate swaps to net income, net of \$(5) and \$(5) tax	17	15
Foreign currency translation adjustment, net of \$10 and \$7 tax	67	(86)
Other comprehensive income (loss)	111	(32)
COMPREHENSIVE INCOME	\$ 710	443

See accompanying notes to consolidated financial statements.

LUMEN TECHNOLOGIES, INC.
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

	March 31, 2022	December 31, 2021
	(Dollars in millions and shares in thousands)	
<u>ASSETS</u>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 366	354
Accounts receivable, less allowance of \$111 and \$114	1,419	1,544
Assets held for sale	9,025	8,809
Other	962	829
Total current assets	11,772	11,536
Property, plant and equipment, net of accumulated depreciation of \$19,635 and \$19,271	20,829	20,895
GOODWILL AND OTHER ASSETS		
Goodwill	15,976	15,986
Other intangible assets, net	6,785	6,970
Other, net	2,675	2,606
Total goodwill and other assets	25,436	25,562
TOTAL ASSETS	\$ 58,037	57,993
<u>LIABILITIES AND STOCKHOLDERS' EQUITY</u>		
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 156	1,554
Accounts payable	902	758
Accrued expenses and other liabilities		
Salaries and benefits	687	860
Income and other taxes	244	228
Current operating lease liabilities	383	385
Interest	207	278
Other	184	232
Liabilities held for sale	2,250	2,257
Current portion of deferred revenue	642	617
Total current liabilities	5,655	7,169
LONG-TERM DEBT	28,397	27,428
DEFERRED CREDITS AND OTHER LIABILITIES		
Deferred income taxes, net	4,222	4,049
Benefit plan obligations, net	3,634	3,710
Other	3,847	3,797
Total deferred credits and other liabilities	11,703	11,556
COMMITMENTS AND CONTINGENCIES (Note 13)		
STOCKHOLDERS' EQUITY		
Preferred stock—non-redeemable, \$25.00 par value, authorized 2,000 and 2,000 shares, issued and outstanding 7 and 7 shares	—	—
Common stock, \$1.00 par value, authorized 2,200,000 and 2,200,000 shares, issued and outstanding 1,032,909 and 1,023,512 shares	1,033	1,024
Additional paid-in capital	18,695	18,972
Accumulated other comprehensive loss	(2,047)	(2,158)
Accumulated deficit	(5,399)	(5,998)
Total stockholders' equity	12,282	11,840
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 58,037	57,993

See accompanying notes to consolidated financial statements.

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

	Three Months Ended March 31,	
	2022	2021
	(Dollars in millions)	
OPERATING ACTIVITIES		
Net income	\$ 599	475
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	808	1,150
Deferred income taxes	179	131
Provision for uncollectible accounts	25	27
Net gain on early retirement of debt	—	(8)
Stock-based compensation	23	20
Changes in current assets and liabilities:		
Accounts receivable	131	45
Accounts payable	(38)	(93)
Accrued income and other taxes	34	31
Other current assets and liabilities, net	(376)	(272)
Retirement benefits	(38)	(71)
Changes in other noncurrent assets and liabilities, net	(27)	66
Other, net	55	24
Net cash provided by operating activities	1,375	1,525
INVESTING ACTIVITIES		
Capital expenditures	(577)	(716)
Proceeds from sale of property, plant and equipment and other assets	6	35
Other, net	2	6
Net cash used in investing activities	(569)	(675)
FINANCING ACTIVITIES		
Net proceeds from issuance of long-term debt	—	891
Payments of long-term debt	(1,474)	(1,176)
Net proceeds from (payments on) revolving line of credit	1,000	(150)
Dividends paid	(271)	(294)
Other, net	(31)	(45)
Net cash used in financing activities	(776)	(774)
Net increase in cash, cash equivalents and restricted cash	30	76
Cash, cash equivalents and restricted cash at beginning of period	409	427
Cash, cash equivalents and restricted cash at end of period	\$ 439	503
Supplemental cash flow information:		
Income taxes paid, net	\$ (10)	(21)
Interest paid (net of capitalized interest of \$16 and \$13)	\$ (386)	(387)
Cash, cash equivalents and restricted cash:		
Cash and cash equivalents	\$ 366	486
Cash and cash equivalents included in Assets held for sale	59	—
Restricted cash included in Other current assets	2	2
Restricted cash included in Other, net noncurrent assets	12	15
Total	\$ 439	503

See accompanying notes to consolidated financial statements.

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

	Three Months Ended March 31,	
	2022	2021
	(Dollars in millions except per share amounts)	
COMMON STOCK		
Balance at beginning of period	\$ 1,024	1,097
Issuance of common stock through incentive and benefit plans	9	9
Balance at end of period	1,033	1,106
ADDITIONAL PAID-IN CAPITAL		
Balance at beginning of period	18,972	20,909
Shares withheld to satisfy tax withholdings	(28)	(39)
Stock-based compensation and other, net	23	20
Dividends declared	(272)	(292)
Balance at end of period	18,695	20,598
ACCUMULATED OTHER COMPREHENSIVE LOSS		
Balance at beginning of period	(2,158)	(2,813)
Other comprehensive income (loss)	111	(32)
Balance at end of period	(2,047)	(2,845)
ACCUMULATED DEFICIT		
Balance at beginning of period	(5,998)	(8,031)
Net income	599	475
Balance at end of period	(5,399)	(7,556)
TOTAL STOCKHOLDERS' EQUITY	\$ 12,282	11,303
DIVIDENDS DECLARED PER COMMON SHARE	\$ 0.25	0.25

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. References in the Notes to "Level 3" refer to Level 3 Parent, LLC and its predecessor, Level 3 Communications, Inc., which we acquired on November 1, 2017.

(1) Background

General

We are an international facilities-based technology and communications company engaged primarily in providing a broad array of integrated products and services to our business and mass markets customers. Our specific products and services are detailed in Note 4—Revenue Recognition.

Basis of Presentation

Our consolidated balance sheet as of December 31, 2021, which was derived from our audited consolidated financial statements, and our unaudited interim consolidated financial statements provided herein have been prepared in accordance with the instructions for Form 10-Q. Certain information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") have been condensed or omitted pursuant to rules and regulations of the U.S. Securities and Exchange Commission ("SEC"). However, in our opinion, the disclosures made therein are adequate to make the information presented not misleading. We believe these consolidated financial statements include all normal recurring adjustments necessary to fairly present the results for the interim periods. The consolidated results of operations and cash flows for the first three months of the year are not necessarily indicative of the consolidated results of operations and cash flows that might be expected for the entire year. These consolidated financial statements and the accompanying notes should be read in conjunction with the audited consolidated financial statements and the notes thereto included in our Annual Report on Form 10-K for the year ended December 31, 2021.

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.

To simplify the overall presentation of our consolidated financial statements, we report immaterial amounts attributable to noncontrolling interests in certain of our subsidiaries as follows: (i) income attributable to noncontrolling interests in other income, net, (ii) equity attributable to noncontrolling interests in additional paid-in capital and (iii) cash flows attributable to noncontrolling interests in other, net financing activities.

We reclassified certain prior period amounts to conform to the current period presentation, including the recategorization of our Mass Markets revenue by product category in our segment reporting. See Note 12—Segment Information for additional information. These changes had no impact on total operating revenue, total operating expenses or net income for any period.

Operating lease assets are included in other, net under goodwill and other assets on our consolidated balance sheets. Noncurrent operating lease liabilities are included in other under deferred credits and other liabilities on our consolidated balance sheets.

There were no book overdrafts included in accounts payable at March 31, 2022 or December 31, 2021.

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 and accompanying notes in Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2021.

Recently Adopted Accounting Pronouncements

Government Assistance

On January 1, 2022, we adopted Accounting Standards Update ("ASU") 2021-10, "*Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance*" ("ASU 2021-10"). This ASU increases transparency in financial reporting by requiring business entities to disclose information about certain types of government assistance they receive. The ASU only impacts annual financial statement note disclosures. Therefore, the adoption of ASU 2021-10 did not have a material impact to our consolidated financial statements.

Leases

On January 1, 2022, we adopted ASU 2021-05, "*Leases (Topic 842): Lessors—Certain Leases with Variable Lease Payments*" ("ASU 2021-05"). This ASU (i) amends the lease classification requirements for lessors to align them with practice under ASC Topic 840, (ii) provides criteria for lessors to classify and account for a lease with variable lease payments that do not depend on a reference index or a rate as an operating lease; and (iii) when a lease is classified as operating, the lessor does not recognize a net investment in the lease, does not derecognize the underlying asset, and, therefore, does not recognize a selling profit or loss. The adoption of ASU 2021-05 did not have a material impact to our consolidated financial statements.

Debt

On January 1, 2021, we adopted ASU 2020-09, "*Debt (Topic 470) Amendments to SEC Paragraphs Pursuant to SEC Release No. 33-10762*" ("ASU 2020-09"). This ASU amends and supersedes various SEC guidance to reflect SEC Release No. 33-10762, which includes amendments to the financial disclosure requirements applicable to registered debt offerings that include credit enhancements, such as subsidiary guarantees. The adoption of ASU 2020-09 did not have a material impact to our consolidated financial statements.

Investments

On January 1, 2021, we adopted ASU 2020-01, "*Investments—Equity Securities (Topic 321), Investments—Equity Method and Joint Ventures (Topic 323), and Derivatives and Hedging (Topic 815)*" (ASU 2020-01). This ASU, among other things, clarifies that a company should consider observable transactions that require a company to either apply or discontinue the equity method of accounting under Topic 323, *Investments - Equity Method and Joint Ventures*, for the purposes of applying the measurement alternative in accordance with Topic 321 immediately before applying or upon discontinuing the equity method. As of March 31, 2022, we determined there was no application or discontinuation of the equity method during the reporting periods covered by this report. The adoption of ASU 2020-01 did not have a material impact to our consolidated financial statements.

Income Taxes

On January 1, 2021, we adopted ASU 2019-12, "*Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*" ("ASU 2019-12"). This ASU removes certain exceptions for investments, intra-period allocations and interim calculations, and adds guidance to reduce complexity in accounting for income taxes. The adoption of ASU 2019-12 did not have a material impact to our consolidated financial statements.

Recently Issued Accounting Pronouncements

In March 2022, the Financial Accounting Standards Board ("FASB") issued ASU 2022-02, "*Financial Instruments—Credit Losses (Topic 326): Troubled Debt Restructurings ("TDR") and Vintage Disclosures*" ("ASU 2022-02"). These amendments eliminate the TDR recognition and measurement guidance and enhance existing disclosure requirements and introduce new requirements related to certain modifications of receivables made to borrowers experiencing financial difficulty. ASU 2022-02 will become effective for us in the first quarter of fiscal 2023 and early adoption is permitted. As of March 31, 2022, we do not expect ASU 2022-02 to have an impact to our consolidated financial statements.

In March 2022, the FASB issued ASU 2022-01, "*Derivatives and Hedging (Topic 815): Fair Value Hedging-Portfolio Layer Method*" (ASU 2022-01). The ASU expands the current single-layer method to allow multiple hedged layers of a single closed portfolio under the method. ASU 2020-01 will become effective for us in the first quarter of fiscal 2023 and early adoption is permitted. As of March 31, 2022, we do not expect ASU 2022-01 to have an impact to our consolidated financial statements.

In October 2021, the FASB issued ASU 2021-08, "*Business Combinations (Topic 805): Accounting for Contract Assets and Contract Liabilities from Contracts with Customers*" ("ASU 2021-08"), which requires entities to apply Topic 606 to recognize and measure contract assets and contract liabilities in a business combination. ASU 2021-08 will become effective for us in the first quarter of fiscal 2023 and early adoption is permitted. As of March 31, 2022, we do not expect ASU 2021-08 to have an impact to our consolidated financial statements.

In January 2021, the FASB issued ASU 2021-01, "*Reference Rate Reform (Topic 848): Scope*" ("ASU 2021-01"), which clarifies that certain optional expedients and exceptions in Topic 848 for contract modifications and hedge accounting apply to derivatives that are affected by the discounting transition. ASU 2021-01 also amends the expedients and exceptions in Topic 848 to capture the incremental consequences of the scope clarification and to tailor the existing guidance to derivative instruments affected by the discounting transition. These amendments may be applied prospectively to contract modifications made and hedging relationships entered into or evaluated on or before December 31, 2022. ASU 2021-01 provides option guidance for a limited time to ease the potential burden in accounting for reference rate reform. Based on our review of our key material contracts through March 31, 2022, we do not expect ASU 2021-01 to have a material impact to our consolidated financial statements.

(2) Planned Divestiture of the Latin American and ILEC Businesses

On July 25, 2021, affiliates of Level 3 Parent, LLC, an indirect wholly-owned subsidiary of Lumen Technologies, Inc., entered into a definitive agreement to divest Lumen's Latin American business to an affiliate of a fund advised by Stonepeak Partners LP in exchange for \$2.7 billion cash, subject to certain working capital, other purchase price adjustments and related transaction expenses (estimated to be approximately \$50 million). Level 3 Parent, LLC anticipates closing the transaction during the second half of 2022, upon receipt of all requisite regulatory approvals in the U.S. and certain countries where the Latin American business operates, as well as the satisfaction of other customary conditions.

On August 3, 2021, we and certain of our affiliates entered into a definitive agreement to divest our incumbent local exchange ("ILEC") business conducted within 20 Midwestern and Southern states to an affiliate of funds advised by Apollo Global Management, Inc. In exchange, we would receive \$7.5 billion, subject to offsets for (i) assumed indebtedness (expected to be approximately \$1.4 billion) and (ii) certain purchaser's transaction expenses along with working capital, tax, other customary purchase price adjustments and related transaction expenses (estimated to be approximately \$1.7 billion). We anticipate closing the transaction during the second half of 2022 upon receipt of all regulatory approvals and the satisfaction of other customary closing conditions.

The actual amount of our net after-tax proceeds from these divestitures could vary substantially from the amounts we currently estimate, particularly if we experience delays in completing the transactions or if any of our other assumptions prove to be incorrect.

We do not believe these divestiture transactions represent a strategic shift for Lumen. Therefore, neither divested business meets the criteria to be classified as a discontinued operation. As a result, we will continue to report our operating results for the Latin American and ILEC businesses (the "disposal groups") in our consolidated operating results until the transactions are closed. The pre-tax net income of the disposal groups is estimated to be as follows in the table below:

	Three Months Ended March 31,	
	2022	2021
	(Dollars in millions)	
Latin American business pre-tax net income	\$ 83	28
ILEC business pre-tax net income	255	149
Total disposal groups pre-tax net income	<u>\$ 338</u>	<u>177</u>

As of March 31, 2022 in the accompanying consolidated balance sheet, the assets and liabilities of our Latin American and ILEC businesses are classified as held for sale and are measured at the lower of (i) the carrying value of the disposal groups and (ii) the fair value of the disposal groups, less costs to sell. Effective with the designation of both disposal groups as held for sale on July 25, 2021 and August 3, 2021, respectively, we suspended recording depreciation of property, plant and equipment and amortization of finite-lived intangible assets and right-of-use assets while these assets are classified as held for sale. We estimate that we would have recorded an additional \$170 million of depreciation, intangible amortization, and amortization of right-of-use assets for the three months ended March 31, 2022 if the Latin American and ILEC businesses did not meet the held for sale criteria, of which \$49 million and \$121 million relates to the Latin American business and ILEC business, respectively.

As a result of our evaluation of the recoverability of the carrying value of the assets and liabilities held for sale relative to the agreed upon sales price, adjusted for costs to sell, we did not record any estimated loss on disposal during the three months ended March 31, 2022. The recoverability of each disposal group will be re-evaluated each reporting period until the closing of each transaction.

The principal components of the held for sale assets and liabilities are as follows:

	March 31, 2022			December 31, 2021		
	Latin American Business	ILEC Business	Total	Latin American Business	ILEC Business	Total
(Dollars in millions)						
Assets held for sale						
Cash and cash equivalents	\$ 58	1	59	39	1	40
Accounts receivable, less allowance of \$3, \$18, \$21, \$3, \$21 and \$24	93	191	284	83	227	310
Other current assets	83	40	123	81	45	126
Property, plant and equipment, net accumulated depreciation of \$456, \$8,379, \$8,835, \$434, \$8,303 and \$8,737	1,704	3,565	5,269	1,591	3,491	5,082
Goodwill ⁽¹⁾	259	2,615	2,874	239	2,615	2,854
Other intangible assets, net	138	158	296	126	158	284
Other non-current assets	83	37	120	75	38	113
Total assets held for sale	<u>\$ 2,418</u>	<u>6,607</u>	<u>9,025</u>	<u>2,234</u>	<u>6,575</u>	<u>8,809</u>
Liabilities held for sale						
Accounts payable	\$ 90	50	140	101	64	165
Salaries and benefits	25	25	50	23	25	48
Income and other taxes	34	30	64	27	24	51
Interest	—	38	38	—	10	10
Current portion of deferred revenue	26	82	108	26	90	116
Other current liabilities	7	23	30	7	35	42
Long-term debt, net of discounts ⁽²⁾	—	1,387	1,387	—	1,377	1,377
Deferred income taxes, net	148	—	148	129	—	129
Pension and other post-retirement benefits ⁽³⁾	2	56	58	2	56	58
Other non-current liabilities	132	95	227	120	141	261
Total liabilities held for sale	<u>\$ 464</u>	<u>1,786</u>	<u>2,250</u>	<u>435</u>	<u>1,822</u>	<u>2,257</u>

(1) The assignment of goodwill was based on the relative fair values of the applicable reporting units prior to being reclassified as held for sale.

(2) Long-term debt, net of discounts, as of March 31, 2022 and December 31, 2021 includes (i) \$1.4 billion for both periods of 7.995% Embarq senior notes maturing in 2036, (ii) \$116 million and \$117 million of related unamortized discounts, respectively, and (iii) \$66 million and \$57 million of long-term finance lease obligations, respectively.

(3) Excludes pension obligation of approximately \$2.5 billion for the ILEC business as of March 31, 2022 and December 31, 2021, which will be transferred to the purchaser of the ILEC business upon closing. As of January 1, 2022, a new pension plan (the "Lumen Pension Plan") was spun off in anticipation of this transfer. Along with the transfer of the \$2.5 billion pension benefit obligation, \$2.2 billion of assets were allocated to the new plan. The remaining portion of the obligation is expected to be separately funded with cash paid by Lumen at the time of closing. See Note 8—Employee Benefits for additional information.

(3) Goodwill, Customer Relationships and Other Intangible Assets

Goodwill, customer relationships and other intangible assets consisted of the following:

	March 31, 2022	December 31, 2021
	(Dollars in millions)	
Goodwill	\$ 15,976	15,986
Indefinite-lived intangible assets	\$ 9	9
Other intangible assets subject to amortization:		
Customer relationships, less accumulated amortization of \$3,268 and \$11,740 ⁽¹⁾	5,180	5,365
Capitalized software, less accumulated amortization of \$3,656 and \$3,624	1,469	1,459
Trade names, patents and other, less accumulated amortization of \$162 and \$160	127	137
Total other intangible assets, net	\$ 6,785	6,970

⁽¹⁾ Certain customer relationships with a gross carrying value of \$8.7 billion became fully amortized during 2021 and were retired during the first quarter of 2022.

As of March 31, 2022, the gross carrying amount of goodwill, customer relationships, indefinite-lived and other intangible assets was \$29.8 billion.

Our goodwill was derived from numerous acquisitions where the purchase price exceeded the fair value of the net assets acquired.

We 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. Our annual impairment assessment date for indefinite-lived intangible assets other than goodwill is December 31.

Our reporting units are not discrete legal entities with discrete full financial statements. Our assets and liabilities are employed in and relate to the operations of multiple reporting units. For each reporting unit, we compare its estimated fair value of equity to its carrying value of equity that we assign to the reporting unit. If the estimated fair value of the reporting unit is greater than the carrying value, we conclude that no impairment exists. If the estimated fair value of the reporting unit is less than the carrying value, we record a non-cash impairment equal to the excess amount. Depending on the facts and circumstances, we typically estimate the fair value of our reporting units by considering either or both of (i) a discounted cash flow method, which is based on the present value of projected cash flows over a discrete projection period and a terminal value, which is based on the expected normalized cash flows of the reporting units following the discrete projection period, and (ii) a market approach, which includes the use of market multiples of publicly-traded companies whose services are comparable to ours.

The following table shows the rollforward of goodwill assigned to our reportable segments from December 31, 2021 through March 31, 2022:

	Business	Mass Markets	Total
	(Dollars in millions)		
As of December 31, 2021 ⁽¹⁾⁽²⁾	\$ 11,235	4,751	15,986
Effect of foreign currency exchange rate change and other	(10)	—	(10)
As of March 31, 2022 ⁽¹⁾⁽²⁾	\$ 11,225	4,751	15,976

⁽¹⁾ Goodwill at March 31, 2022 and December 31, 2021 is net of accumulated impairment losses of \$7.7 billion.

⁽²⁾ As of March 31, 2022 and December 31, 2021, these amounts exclude goodwill classified as held for sale of \$2.9 billion. See Note 2—Planned Divestiture of the Latin American and ILEC Businesses.

We report our results within two segments: Business and Mass Markets. See Note 12—Segment Information for more information on these segments and the underlying sales channels. We have five reporting units for goodwill impairment testing, which are (i) Mass Markets, (ii) North America Business (iii) Europe, Middle East and Africa region, (iv) Asia Pacific region and (v) Latin America region.

Total amortization expense for finite-lived intangible assets for the three months ended March 31, 2022 and 2021 totaled \$274 million and \$425 million, respectively.

We estimate that total amortization expense for finite-lived intangible assets for the years ending December 31, 2022 through 2026 will be as provided in the table below. As a result of reclassifying our Latin American and ILEC businesses as being held for sale on our March 31, 2022 consolidated balance sheet, the amounts presented below do not include future amortization expense for intangible assets of the businesses to be divested. See Note 2—Planned Divestiture of the Latin American and ILEC Businesses for more information.

	(Dollars in millions)
2022 (remaining nine months)	\$ 770
2023	948
2024	878
2025	811
2026	735

(4) Revenue Recognition

Product and Service Categories

We categorize our products and services revenue among the following categories for the Business segment:

- *Compute and Application Services*, which include our Edge Cloud services, IT solutions, Unified Communications and Collaboration ("UC&C"), data center, content delivery network ("CDN") and Managed Security services;
- *IP and Data Services*, which include Ethernet, IP, and VPN data networks, including software-defined wide area networks ("SD WAN") based services, Dynamic Connections and Hyper WAN;
- *Fiber Infrastructure Services*, which include dark fiber, optical services and equipment; and
- *Voice and Other*, which include Time Division Multiplexing ("TDM") voice, private line and other legacy services.

Beginning in the first quarter of 2022, we have categorized our products and services revenue among the following categories for the Mass Markets segment:

- *Fiber Broadband*, which includes high speed fiber-based broadband services to residential and small business customers;
- *Other Broadband*, which primarily includes lower speed copper-based broadband services to residential and small business customers; and
- *Voice and Other*, which includes revenues from (i) providing local and long-distance services, professional services, and other ancillary services, and (ii) federal broadband and state support payments.

Reconciliation of Total Revenue to Revenue from Contracts with Customers

The following table provides total revenue by segment, sales channel and product category. It also provides the amount of revenue that is not subject to ASC 606, "Revenue from Contracts with Customers" ("ASC 606"), but is instead governed by other accounting standards:

	Three Months Ended March 31, 2022			Three Months Ended March 31, 2021		
	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)						
Business Segment by Sales Channel and Product Category						
International and Global Accounts ("IGAM")						
Compute and Application Services	\$ 183	(73)	110	183	(69)	114
IP and Data Services	423	—	423	429	—	429
Fiber Infrastructure	219	(34)	185	217	(30)	187
Voice and Other	174	—	174	191	—	191
Total IGAM Revenue	999	(107)	892	1,020	(99)	921
Large Enterprise						
Compute and Application Services	163	(14)	149	169	(15)	154
IP and Data Services	388	—	388	402	—	402
Fiber Infrastructure	113	(13)	100	130	(15)	115
Voice and Other	213	—	213	252	—	252
Total Large Enterprise Revenue	877	(27)	850	953	(30)	923
Mid-Market Enterprise						
Compute and Application Services	33	(7)	26	32	(8)	24
IP and Data Services	415	(1)	414	442	(1)	441
Fiber Infrastructure	49	(2)	47	56	(2)	54
Voice and Other	139	—	139	163	—	163
Total Mid-Market Enterprise Revenue	636	(10)	626	693	(11)	682
Wholesale						
Compute and Application Services	48	(40)	8	47	(40)	7
IP and Data Services	296	—	296	305	—	305
Fiber Infrastructure	154	(27)	127	154	(31)	123
Voice and Other	391	(64)	327	423	(63)	360
Total Wholesale Revenue	889	(131)	758	929	(134)	795
Business Segment by Product Category						
Compute and Application Services	427	(134)	293	431	(132)	299
IP and Data Services	1,522	(1)	1,521	1,578	(1)	1,577
Fiber Infrastructure	535	(76)	459	557	(78)	479
Voice and Other	917	(64)	853	1,029	(63)	966
Total Business Segment Revenue	3,401	(275)	3,126	3,595	(274)	3,321
Mass Markets Segment by Product Category						
Fiber Broadband	145	(5)	140	122	—	122
Other Broadband	610	(56)	554	648	(55)	593
Voice and Other	520	(79)	441	664	(145)	519
Total Mass Markets Revenue	1,275	(140)	1,135	1,434	(200)	1,234
Total Revenue	\$ 4,676	(415)	4,261	5,029	(474)	4,555

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

Operating Lease Income

Lumen Technologies leases various dark fiber, 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 our consolidated statements of operations.

For the three months ended March 31, 2022 and 2021, our gross rental income was \$337 million and \$332 million, respectively, which represents approximately 7% of our operating revenue for both the three months ended March 31, 2022 and 2021.

Customer Receivables and Contract Balances

The following table provides balances of customer receivables, contract assets and contract liabilities, net of amounts reclassified as held for sale, as of March 31, 2022 and December 31, 2021:

	March 31, 2022	December 31, 2021
	(Dollars in millions)	
Customer receivables ⁽¹⁾	\$ 1,365	1,493
Contract assets ⁽²⁾	70	73
Contract liabilities ⁽³⁾	671	680

(1) Reflects gross customer receivables of \$1.5 billion and \$1.6 billion, net of allowance for credit losses of \$99 million and \$102 million, at March 31, 2022 and December 31, 2021, respectively. As of March 31, 2022 and December 31, 2021, these amounts exclude customer receivables, net reclassified as held for sale of \$260 million and \$288 million, respectively.

(2) As of March 31, 2022 and December 31, 2021, these amounts exclude contract assets reclassified as held for sale of \$9 million as of both periods.

(3) As of March 31, 2022 and December 31, 2021, these amounts exclude contract liabilities reclassified as held for sale of \$154 million and \$161 million, respectively.

Contract liabilities are 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. Contract liabilities are included within deferred revenue in our consolidated balance sheets. During the three months ended March 31, 2022, we recognized \$395 million of revenue that was included in contract liabilities of \$841 million as of January 1, 2022, including contract liabilities that were classified as held for sale. During the three months ended March 31, 2021, we recognized \$425 million of revenue that was included in contract liabilities of \$950 million as of January 1, 2021.

Performance Obligations

As of March 31, 2022, our estimated revenue expected to be recognized in the future related to performance obligations associated with existing customer contracts that are partially or wholly unsatisfied is approximately \$5.8 billion. We expect to recognize approximately 76% of this revenue through 2024, with the balance recognized thereafter.

These amounts exclude (i) the value of unsatisfied performance obligations for contracts for which we recognize revenue at the amount to 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), (ii) contracts that are classified as leasing arrangements or government assistance that are not subject to ASC 606 and (iii) the value of unsatisfied performance obligations for contracts which relate to our planned divestitures.

Contract Costs

The following table provides changes in our contract acquisition costs and fulfillment costs:

	Three Months Ended March 31, 2022		Three Months Ended March 31, 2021	
	Acquisition Costs ⁽¹⁾	Fulfillment Costs ⁽²⁾	Acquisition Costs	Fulfillment Costs
	(Dollars in millions)		(Dollars in millions)	
Beginning of period balance	\$ 222	186	289	216
Costs incurred	43	40	44	37
Amortization	(52)	(39)	(54)	(37)
Change in contract costs held for sale	2	—	—	—
End of period balance	<u>\$ 215</u>	<u>187</u>	<u>279</u>	<u>216</u>

⁽¹⁾ The beginning and ending balance for the three months ended March 31, 2022 exclude acquisition costs reclassified as held for sale of \$34 million and \$32 million, respectively.

⁽²⁾ Both the beginning and ending balance for the three months ended March 31, 2022 exclude fulfillment costs reclassified as held for sale of \$32 million.

Acquisition costs include commission fees paid to employees as a result of obtaining contracts. Fulfillment costs include third party and internal costs associated with the provision, installation and activation of services to customers, including labor and materials consumed for these activities.

Deferred acquisition and fulfillment costs are amortized based on the transfer of services on a straight-line basis over the average contract life of approximately 32 months for mass markets customers and 30 months for business customers. Amortized fulfillment costs are included in cost of services and products and amortized acquisition costs are included in selling, general and administrative expenses in our consolidated statements of operations. The amount of these deferred costs that are anticipated to be amortized in the next 12 months are included in other current assets on our consolidated balance sheets. The amount of deferred costs expected to be amortized beyond the next twelve months is included in other non-current assets on our consolidated balance sheets. Deferred acquisition and fulfillment costs are assessed for impairment on an annual basis.

(5) Credit Losses on Financial Instruments

We aggregate financial assets with similar risk characteristics to align our expected credit losses with the credit quality or deterioration over the life of such assets. We periodically monitor certain risk characteristics within our aggregated financial assets and revise their composition accordingly, to the extent internal and external risk factors change. Financial assets that do not share risk characteristics with other financial assets are evaluated separately. Our financial assets measured at amortized cost primarily consist of accounts receivable.

We use a loss rate method to estimate our allowance for credit losses. Our determination of the current expected credit loss rate begins with our review of historical loss experience as a percentage of accounts receivable. We measure our historical loss period based on the average days to recognize accounts receivable as credit losses. When asset specific characteristics and current conditions change from those in the historical period, due to changes in our credit and collections strategy, certain classes of aged balances, or credit loss and recovery policies, we perform a qualitative and quantitative assessment to adjust our historical loss rate. We use regression analysis to develop an expected loss rate using historical experience and economic data over a forecast period. We measure our forecast period based on the average days to collect payment on billed accounts receivable. To determine our current allowance for credit losses, we combine the historical and expected credit loss rates and apply them to our period end accounts receivable.

If there is an unexpected deterioration of a customer's financial condition or an unexpected change in economic conditions (including changes caused by COVID-19 or other macroeconomic events), we assess the need to adjust the allowance for credit losses. Any such resulting adjustments would affect earnings in the period that adjustments are made.

The assessment of the correlation between historical observed default rates, current conditions and forecasted economic conditions requires judgment. Alternative interpretations of these factors could have resulted in different conclusions regarding the allowance for credit losses. The amount of credit loss is sensitive to changes in circumstances and forecasted economic conditions. Our historical credit loss experience, current conditions and forecast of economic conditions may also not be representative of the customers' actual default experience in the future, and we may use methodologies that differ from those used by other companies.

The following table presents the activity of our allowance for credit losses by accounts receivable portfolio for the three months ended March 31, 2022:

	Business	Mass Markets	Total
	(Dollars in millions)		
As of December 31, 2021 ⁽¹⁾	\$ 88	26	114
Provision for expected losses	8	17	25
Write-offs charged against the allowance	(13)	(22)	(35)
Recoveries collected	3	1	4
Change in allowance in assets held for sale	(1)	4	3
Ending balance at March 31, 2022 ⁽¹⁾	\$ 85	26	111

⁽¹⁾ As of March 31, 2022 and December 31, 2021, these amounts exclude allowance for credit losses classified as held for sale of \$21 million and \$24 million, respectively. See Note 2—Planned Divestiture of the Latin American and ILEC Businesses.

(6) Long-Term Debt and Credit Facilities

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

	Interest Rates ⁽¹⁾	Maturities ⁽¹⁾	March 31, 2022	December 31, 2021
(Dollars in millions)				
Senior Secured Debt: ⁽²⁾				
<i>Lumen Technologies, Inc.</i>				
Revolving Credit Facility ⁽³⁾	LIBOR + 2.00%	2025	\$ 1,200	200
Term Loan A ⁽⁴⁾	LIBOR + 2.00%	2025	1,035	1,050
Term Loan A-1 ⁽⁴⁾	LIBOR + 2.00%	2025	296	300
Term Loan B ⁽⁵⁾	LIBOR + 2.25%	2027	4,888	4,900
Senior notes	4.000%	2027	1,250	1,250
<i>Subsidiaries:</i>				
<i>Level 3 Financing, Inc.</i>				
Tranche B 2027 Term Loan ⁽⁶⁾	LIBOR + 1.75%	2027	3,111	3,111
Senior notes	3.400% - 3.875%	2027 - 2029	1,500	1,500
<i>Embarq Corporation subsidiaries</i>				
First mortgage bonds	7.125% - 8.375%	2023 - 2025	138	138
Senior Notes and Other Debt: ⁽⁷⁾				
<i>Lumen Technologies, Inc.</i>				
Senior notes	4.500% - 7.650%	2023 - 2042	7,014	8,414
<i>Subsidiaries:</i>				
<i>Level 3 Financing, Inc.</i>				
Senior notes	3.625% - 5.375%	2025 - 2029	5,515	5,515
<i>Qwest Corporation</i>				
Senior notes	6.500% - 7.750%	2025 - 2057	1,986	1,986
Term loan ⁽⁸⁾	LIBOR + 2.00%	2027	215	215
<i>Qwest Capital Funding, Inc.</i>				
Senior notes	6.875% - 7.750%	2028 - 2031	255	255
Finance lease and other obligations	Various	Various	343	347
Unamortized premiums, net			20	21
Unamortized debt issuance costs			(213)	(220)
Total long-term debt			28,553	28,982
Less current maturities			(156)	(1,554)
Long-term debt, excluding current maturities			\$ 28,397	27,428

⁽¹⁾ As of March 31, 2022.

⁽²⁾ See Note 7—Long-Term Debt and Credit Facilities in our Annual Report on Form 10-K for the year ended December 31, 2021 for a description of certain parent or subsidiary guarantees and liens securing this debt.

⁽³⁾ The Revolving Credit Facility had interest rates of 2.387% and 2.103% as of March 31, 2022 and December 31, 2021, respectively.

⁽⁴⁾ Term Loans A and A-1 had interest rates of 2.457% and 2.104% as of March 31, 2022 and December 31, 2021, respectively.

⁽⁵⁾ Term Loan B had interest rates of 2.707% and 2.354% as of March 31, 2022 and December 31, 2021, respectively.

⁽⁶⁾ The Level 3 Tranche B 2027 Term Loan had interest rates of 2.207% and 1.854% as of March 31, 2022 and December 31, 2021, respectively.

- (7) As of both March 31, 2022 and December 31, 2021, the table excludes \$1.4 billion of 7.995% Embarq senior notes maturing in 2036 that are classified as held for sale. See Note 2—Planned Divestiture of the Latin American and ILEC Businesses.
- (8) The Qwest Corporation Term Loan had interest rates of 2.460% and 2.110% as of March 31, 2022 and December 31, 2021, respectively.

Long-Term Debt Maturities

Set forth below is the aggregate principal amount of our long-term debt as of March 31, 2022 (excluding unamortized premiums, net, and unamortized debt issuance costs), maturing during the following years:

	(Dollars in millions) ⁽¹⁾
2022 (remaining nine months)	\$ 150
2023	977
2024	1,158
2025	4,108
2026	2,062
2027 and thereafter	20,291
Total long-term debt	<u>\$ 28,746</u>

- (1) As of March 31, 2022, these amounts exclude \$1.5 billion of debt and finance lease obligations that have been reclassified as held for sale. See Note 2—Planned Divestiture of the Latin American and ILEC Businesses for more information.

Borrowings and Repayments

During the three months ended March 31, 2022, Lumen Technologies borrowed \$1.4 billion from, and made repayments of \$350 million to, its Revolving Credit Facility, and used the resulting net proceeds, together with cash on hand, primarily to repay \$1.4 billion of its 5.800% senior notes at maturity.

Covenants

Certain of our debt instruments contain affirmative and negative covenants. Debt at Lumen Technologies, Inc. and Level 3 Financing, Inc. contains more extensive covenants including, among other things and subject to certain exceptions, restrictions on the ability to declare or pay dividends, repay certain other indebtedness, create liens, incur additional indebtedness, make investments, engage in transactions with affiliates, dispose of assets and merge or consolidate with any other person. Also, Lumen Technologies, Inc. and certain of its affiliates will be required to offer to purchase certain of their respective outstanding debt under defined circumstances in connection with specified "change of control" transactions.

Certain of our debt instruments contain cross-payment default or cross-acceleration provisions.

Compliance

As of March 31, 2022, 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.

(7) 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 at December 31, 2021	\$	36
Accrued to expense		2
Payments, net		(16)
Balance at March 31, 2022	\$	22

(8) Employee Benefits

For detailed description of the various defined benefit pension plans (qualified and non-qualified), post-retirement benefits plans and defined contribution plan we sponsor, see Note 11—Employee Benefits to the consolidated financial statements and accompanying notes in Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2021.

As of January 1, 2022, we spun off a new pension plan (the "Lumen Pension Plan") from the Lumen Combined Pension Plan (the "Combined Pension Plan") in anticipation of the sale of the ILEC business, as described further in Note 2—Planned Divestiture of the Latin American and ILEC Businesses. The Lumen Pension Plan covers approximately 2,500 active plan participants along with 19,000 other participants. At the time of the spin-off, the Lumen Pension Plan had a pension benefit obligation of \$2.5 billion and assets of \$2.2 billion. In addition, the December 31, 2021 actuarial (loss) gain and prior service cost included in accumulated other comprehensive loss was allocated between the Lumen Pension Plan and the Lumen Combined Pension Plan. The amounts allocated to the Lumen Pension Plan are subject to adjustment up to the closing of the sale of the ILEC business. We will recognize pension costs related to both plans throughout 2022 until the sale of the ILEC business, at which time balances related to the Lumen Pension Plan will be reflected in the calculation of our gain on the sale of the business.

Net periodic benefit income for the Combined Pension Plan and the Lumen Pension Plan (together the "Pension Plans") includes the following components:

	Pension Plans Three Months Ended March 31,	
	2022	2021
	(Dollars in millions)	
Service cost	\$ 12	13
Interest cost	52	50
Expected return on plan assets	(100)	(138)
Recognition of prior service credit	(3)	(2)
Recognition of actuarial loss	37	49
Net periodic pension income	\$ (2)	(28)

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

Post-Retirement Benefit Plans		
Three Months Ended March 31,		
	2022	2021
	(Dollars in millions)	
Service cost	\$ 3	4
Interest cost	15	12
Recognition of prior service cost	2	4
Recognition of actuarial loss	—	1
Net periodic post-retirement benefit expense	\$ 20	21

Service costs for our Pension Plans and post-retirement benefit plans are included in the cost of services and products and selling, general and administrative line items on our consolidated statements of operations and all other costs listed above are included in other income, net on our consolidated statements of operations for the three months ended March 31, 2022 and 2021.

Our Pension Plans contain 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. Benefit payments for the Lumen Pension Plan are also currently being made from the Combined Pension Plan trust. The pension obligation and pension assets for the Lumen Pension Plan will be revalued in conjunction with the closing of the sale of the ILEC business, and we will make the necessary contributions, if any, to fully fund the pension obligation at, or prior to, the time of closing as required under the purchase agreement. The amount of required contributions to the Combined Pension Plan in 2022 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. Based on current laws and circumstances, we do not believe we are required to make any contributions to the Combined Pension Plan in 2022, and we do not expect to make voluntary contributions to the trust for the Combined Pension Plan in 2022.

(9) Earnings Per Common Share

Basic and diluted earnings per common share for the three months ended March 31, 2022 and 2021 were calculated as follows:

	Three Months Ended March 31,	
	2022	2021
	(Dollars in millions, except per share amounts, shares in thousands)	
Income (Numerator)		
Net income	\$ 599	475
Net income applicable to common stock for computing basic earnings per common share	599	475
Net income as adjusted for purposes of computing diluted earnings per common share	\$ 599	475
Shares (Denominator):		
Weighted-average number of shares:		
Outstanding during period	1,027,217	1,100,350
Non-vested restricted stock	(18,787)	(17,876)
Weighted average shares outstanding for computing basic earnings per common share	1,008,430	1,082,474
Incremental common shares attributable to dilutive securities:		
Shares issuable under convertible securities	10	10
Shares issuable under incentive compensation plans	6,775	9,102
Number of shares as adjusted for purposes of computing diluted earnings per common share	1,015,215	1,091,586
Basic earnings per common share	\$ 0.59	0.44
Diluted earnings per common share	\$ 0.59	0.44

Our calculation of diluted earnings per common share excludes unvested restricted stock awards that are antidilutive as a result of unrecognized compensation cost. Such shares were 8.2 million and less than 1 million for the three months ended March 31, 2022 and 2021, respectively.

(10) 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, interest rate swap contracts and certain investments. 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 used following the 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 of March 31, 2022 and December 31, 2021:

		March 31, 2022		December 31, 2021	
	Input Level	Carrying Amount	Fair Value	Carrying Amount	Fair Value
		(Dollars in millions)			
Long-term debt, excluding finance lease and other obligations ⁽¹⁾	2	\$ 28,210	27,405	28,635	29,221
Interest rate swap contracts (see Note 11)	2	\$ 3	3	25	25

⁽¹⁾ As of March 31, 2022 and December 31, 2021, these amounts exclude \$1.4 billion of carrying amount for both periods and \$1.4 billion and \$1.6 billion, respectively, of fair value of debt that has been reclassified as held for sale. See Note 2—Planned Divestiture of the Latin American and ILEC Businesses for more information.

Investment Held at Net Asset Value

We hold an investment in a limited partnership that functions as a holding company for a portion of the colocation and data center business that we divested in 2017. The limited partnership solely holds investments in those entities and has sole discretion as to the amount and timing of distributions of the underlying assets. As of March 31, 2022, the underlying investments held by the limited partnership are traded in active markets and as such, we account for our investment in the limited partnership using net asset value ("NAV"). As of March 31, 2022, the limited partnership is subject to lock-up agreements that restrict the sale of certain underlying assets. The restrictions are set to terminate in 2022.

	As of March 31, 2022	As of December 31, 2021
	Net Asset Value	
	(Dollars in millions)	
Investment in limited partnership ⁽¹⁾	\$ 365	299

⁽¹⁾ For the three months ended March 31, 2022, we recognized a \$66 million gain on investment, reflected in other income, net in our consolidated statement of operations.

(11) Derivative Financial Instruments

From time to time, we use derivative financial instruments, primarily interest rate swaps, to manage our exposure to fluctuations in interest rates. Our primary objective in managing interest rate risk is to decrease the volatility of our earnings and cash flows affected by changes in the underlying rates. We have floating rate long-term debt (see Note 6—Long-Term Debt and Credit Facilities). These obligations expose us to variability in interest payments due to changes in interest rates. If interest rates increase, our interest expense increases. Conversely, if interest rates decrease, our interest expense also decreases. We have designated our currently outstanding interest rate swap agreements as cash flow hedges. As described further below, under these hedges, we receive variable-rate amounts from a counterparty in exchange for us making fixed-rate payments over the lives of the agreements without exchange of the underlying notional amount. The change in the fair value of the interest rate swap agreements is reflected in accumulated other comprehensive income ("AOCI") and, as described below, is subsequently reclassified into earnings in the period that the hedged transaction affects earnings by virtue of qualifying as effective cash flow hedges. We do not use derivative financial instruments for speculative purposes.

In 2019, we entered into variable-to-fixed interest rate swap agreements to hedge the interest on \$4.0 billion notional amount of floating rate debt. A portion of these swap agreements with a total notional amount of \$2.5 billion expired on March 31, 2022. The remaining agreements expire June 30, 2022.

As of March 31, 2022 and December 31, 2021, we evaluated the effectiveness of our remaining hedges quantitatively and determined that hedges in effect on such dates qualified as effective hedge relationships.

We may be exposed to credit-related losses in the event of non-performance by counterparties. The counterparties to any of the financial derivatives we enter into are major institutions with investment grade credit ratings. We evaluate counterparty credit risk before entering into any hedge transaction and continue to closely monitor the financial market and the risk that our counterparties will default on their obligations as part of our quarterly qualitative effectiveness evaluation.

Amounts accumulated in AOCI related to derivatives are indirectly recognized in earnings as periodic settlement payments are made throughout the term of the swaps.

The table below presents the fair value of our derivative financial instruments as well as their classification on the consolidated balance sheets at March 31, 2022 and December 31, 2021, as follows (in millions):

Derivatives designated as	Balance Sheet Location	March 31, 2022	December 31, 2021
		Fair Value	
Cash flow hedging contracts	Other current and noncurrent liabilities	\$ 3	25

The amount of realized losses reclassified from AOCI to the statement of operations consists of the following (in millions):

Derivatives designated as hedging instruments	2022	2021
Cash flow hedging contracts		
Three Months Ended March 31,	\$ 22	20

Amounts included in AOCI as of March 31, 2022 will be reclassified into earnings upon the settlement of the remaining cash flow hedging contracts during the second quarter of 2022. We estimate that \$3 million of net losses on the interest rate swaps (based on the estimated LIBOR curve as of March 31, 2022) will be reflected in our consolidated statements of operations upon settlement of the remaining agreements in the second quarter of 2022.

(12) Segment Information

We report our results within two segments: Business and Mass Markets.

Under our Business segment we provide products and services to meet the needs of our enterprise and wholesale customers under four distinct sales channels: International and Global Accounts, Large Enterprise, Mid-Market Enterprise and Wholesale. For Business segment revenue, we report the following product categories: Compute and Application Services, IP and Data Services, Fiber Infrastructure Services and Voice and Other, in each case through the sales channels outlined above.

Under our Mass Markets Segment, we provide products and services to residential and small business customers. Following the completion of the CAF II program at December 31, 2021, we recategorized our products used to report our Mass Markets segment revenue and currently use the following categories: Fiber Broadband, Other Broadband and Voice and Other. See detailed descriptions of these product and service categories in Note 4—Revenue Recognition.

As described in more detail below, our segments are managed based on the direct costs of providing services to their customers and directly associated selling, general and administrative costs (primarily salaries and commissions). Shared costs are managed separately and included in "Operations and Other" in the tables below. As referenced above, we reclassified certain prior period amounts to conform to the current period presentation. See Note 1—Background for additional detail on these changes.

The following table summarizes our segment results for the three months ended March 31, 2022 and 2021, based on the segment categorization we were operating under at March 31, 2022.

	Three Months Ended March 31, 2022				
	Business	Mass Markets	Total Segments	Operations and Other	Total
	(Dollars in millions)				
Revenue	\$ 3,401	1,275	4,676	—	4,676
Expenses:					
Cost of services and products	815	32	847	1,138	1,985
Selling, general and administrative	298	134	432	368	800
Less: stock-based compensation	—	—	—	(23)	(23)
Total expense	1,113	166	1,279	1,483	2,762
Total adjusted EBITDA	\$ 2,288	1,109	3,397	(1,483)	1,914

	Three Months Ended March 31, 2021				
	Business	Mass Markets	Total Segments	Operations and Other	Total
	(Dollars in millions)				
Revenue	\$ 3,595	1,434	5,029	—	5,029
Expenses:					
Cost of services and products	884	43	927	1,209	2,136
Selling, general and administrative	304	134	438	318	756
Less: stock-based compensation	—	—	—	(20)	(20)
Total expense	1,188	177	1,365	1,507	2,872
Total adjusted EBITDA	\$ 2,407	1,257	3,664	(1,507)	2,157

Revenue and Expenses

Our segment revenue includes all revenue from our two segments as described in more detail above. Our segment revenue is based upon each customer's classification. We report our segment revenue based upon all services provided to that segment's customers. Our segment expenses include specific cost of service expenses incurred as a direct result of providing services and products to segment customers, along with selling, general and administrative expenses that are directly associated with specific segment customers or activities. We have not allocated assets or debt to specific segments.

The following items are excluded from our segment results, because they are centrally managed and not monitored by or reported to our CODM by segment:

- network expenses not incurred as a direct result of providing services and products to segment customers;
- centrally managed expenses such as Finance, Human Resources, Legal, Marketing, Product Management and IT, which are reported as "Operations and other expenses" in the table below;
- depreciation and amortization expense;
- goodwill or other impairments;
- interest expense;
- stock-based compensation; and
- other income and expense items.

The following table reconciles total segment adjusted EBITDA to net income for the three months ended March 31, 2022 and 2021:

	Three Months Ended March 31,	
	2022	2021
	(Dollars in millions)	
Total segment adjusted EBITDA	\$ 3,397	3,664
Depreciation and amortization	(808)	(1,150)
Operations and other expenses	(1,483)	(1,507)
Stock-based compensation	(23)	(20)
Operating income	1,083	987
Total other expense, net	(282)	(355)
Income before income taxes	801	632
Income tax expense	202	157
Net income	\$ 599	475

(13) 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. As a matter of course, we are prepared to both litigate these matters to judgment as needed, as well as to evaluate and consider reasonable settlement opportunities.

Irrespective of its merits, litigation may be both lengthy and disruptive to our operations and could cause significant expenditure and diversion of management attention. 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. Amounts accrued for our litigation and non-income tax contingencies at March 31, 2022 aggregated to approximately \$102 million and are included in other current liabilities, other liabilities or liabilities held for sale in our consolidated balance sheet as of such date. 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, when we refer to a class action as "putative" it is because a class has been alleged, but not certified, in that matter.

Principal Proceedings

Shareholder Class Action Suit

Lumen and certain Lumen Board of Directors members and officers 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 complaint asserted claims on behalf of a putative class of former 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 of several kinds, including information about strategic revenue, customer loss rates, and customer account issues, among other items. The complaint seeks damages, costs and fees, rescission, rescissory damages, and other equitable relief. In May 2020, the court dismissed the complaint. 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.

State Tax Suits

Since 2012, a number of Missouri municipalities have asserted claims in the Circuit Court of St. Louis County, Missouri, alleging that we and several of our subsidiaries have underpaid taxes. These municipalities are seeking, among other things, declaratory relief regarding the application of business license and gross receipts taxes and back taxes from 2007 to the present, plus penalties and interest. In a February 2017 ruling in connection with one of these pending cases, the court entered an order awarding plaintiffs \$4 million and broadening the tax base on a going-forward basis. We appealed that decision to the Missouri Supreme Court. In December 2019, it affirmed the circuit court's order in some respects and reversed it in others, remanding the case to the circuit court for further proceedings. The Missouri Supreme Court's decision reduced our exposure in the case. In a June 2021 ruling in one of the pending cases, another trial court awarded the cities of Columbia and Joplin approximately \$55 million, plus statutory interest. We have appealed that decision to the Missouri Court of Appeals. That appeal is pending. If the trial court's decision is not overturned or modified in light of the Missouri Supreme Court's decision, it will result in a tax liability to us in excess of our reserved accruals established for these matters. We continue to vigorously defend against these claims.

Billing Practices Suits

In June 2017, a former employee filed an employment lawsuit against us claiming that she was wrongfully terminated for alleging that we charged some of our retail customers for products and services they did not authorize. Thereafter, based in part on the allegations made by the former employee, several legal proceedings were filed, including consumer class actions in federal and state courts, a series of securities investor class actions in federal courts and several shareholder derivative actions in federal and Louisiana state courts. The derivative cases were brought on behalf of CenturyLink, Inc. against certain current and former officers and directors of the Company and seek damages for alleged breaches of fiduciary duties.

The consumer class actions, the securities investor class actions, and the federal derivative actions were transferred to the U.S. District Court for the District of Minnesota for coordinated and consolidated pretrial proceedings as In Re: CenturyLink Sales Practices and Securities Litigation. We have settled the consumer and securities investor class actions. Those settlements are final. The derivative actions remain pending.

We have engaged in discussions regarding related claims with a number of state attorneys general, and have entered into agreements settling certain of the consumer practices claims asserted by state attorneys general. While we do not agree with allegations raised in these matters, we have been willing to consider reasonable settlements where appropriate.

Telephone Consumer Protection Act Litigation

In December 2020, Lumen was named as a defendant in *Diana Mey v. CenturyLink Communications, LLC, et al.*, an action pending in the US District Court for the Northern District of West Virginia alleging violations of the Telephone Consumer Protection Act for delivering unsolicited calls to her mobile phone. She asserts claims on behalf of herself and a putative class of similarly situated persons. The complaint seeks damages, statutory awards, costs and fees, and other relief. We are defending the claims asserted.

December 2018 Outage Proceedings

We experienced an outage on one of our transport networks that impacted voice, IP, 911, and transport services for some of our customers between the 27th and 29th of December 2018. We believe that the outage was caused by a faulty network management card from a third-party equipment vendor.

The FCC and four states (both Washington Utilities and Transportation Commission ("WUTC") and the Washington Attorney General; the Montana Public Service Commission; the Nebraska Public Service Commission; and the Wyoming Public Service Commission) initiated formal investigations. In November 2020, following the FCC's release of a public report on the outage, we negotiated a settlement which was released by the FCC in December 2020. The amount of the settlement was not material to our financial statements.

In December 2020, the Staff of the WUTC filed a complaint against us based on the December 2018 outage, seeking penalties owed for alleged violations of Washington regulations and laws. We have denied the allegations and will defend the claims asserted.

Peruvian Tax Litigation

In 2005, the Peruvian tax authorities ("SUNAT") issued tax assessments against one of our Peruvian subsidiaries asserting \$26 million of additional income tax withholding and value-added taxes ("VAT"), penalties and interest for calendar years 2001 and 2002 on the basis that the Peruvian subsidiary incorrectly documented its importations. In May 2021, the Company paid the remaining amount on the fractioning regimes entered into by the Company to pay the amount assessed while it was appealed.

We challenged the assessments via administrative and then judicial review processes. In October 2011, the highest administrative review tribunal (the Tribunal) decided the central issue underlying the 2002 assessments in SUNAT's favor. We appealed the Tribunal's decision to the first judicial level, which decided the central issue in favor of Level 3. SUNAT and we filed cross-appeals with the court of appeal. In May 2017, the court of appeal issued a decision reversing the first judicial level. In June 2017, we filed an appeal of the decision to the Supreme

Court of Justice, the final judicial level. Oral argument was held before the Supreme Court of Justice in October 2018. A decision on this case is pending.

In October 2013, the Tribunal decided the central issue underlying the 2001 assessments in SUNAT's favor. We appealed that decision to the first judicial level in Peru, which decided the central issue in favor of SUNAT. In June 2017, we filed an appeal with the court of appeal. In November 2017, the court of appeals issued a decision affirming the first judicial level and we filed an appeal of the decision to the Supreme Court of Justice. Oral argument was held before the Supreme Court of Justice in June 2019. In May 2021, the Company was served with a favorable and final decision from the Supreme Court of Justice. The Company has provided SUNAT the information requested about tax payments made in 2001.

Brazilian Tax Claims

The São Paulo and Rio de Janeiro state tax authorities have issued tax assessments against our Brazilian subsidiaries for the Tax on Distribution of Goods and Services ("ICMS"), mainly with respect to revenue from leasing certain assets and revenue from the provision of Internet access services by treating such activities as the provision of communications services, to which the ICMS tax applies. We filed objections to these assessments in both states, arguing, among other things that neither the lease of assets nor the provision of Internet access qualifies as "communication services" subject to ICMS.

We have appealed to the respective state judicial courts the decisions by the respective state administrative courts that rejected our objections to these assessments. In cases in which state lower courts ruled partially in our favor finding that the lease assets are not subject to ICMS, the State appealed those rulings. In other cases, the assessment was affirmed at the first administrative level and we have appealed to the second administrative level. Other assessments are still pending state judicial decisions.

We are vigorously contesting all such assessments in both states and view the assessment of ICMS on revenue from equipment leasing and Internet access to be without merit. These assessments, if upheld, could result in a loss of up to \$51 million as of March 31, 2022, in excess of the reserved accruals established for 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, various tax issues, environmental law issues, grievance hearings before labor regulatory agencies and miscellaneous third-party tort actions or commercial disputes.

We are currently defending several patent infringement lawsuits asserted against us by non-practicing entities, many of 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. As with all litigation, we are vigorously defending these actions and, as a matter of course, are prepared to litigate these matters to judgment, as well as to evaluate and consider all reasonable settlement opportunities.

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.

The outcome of these other proceedings described under this heading is 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 of our contingencies. For additional information on our contingencies, see Note 18—Commitments, Contingencies and Other Items to the consolidated financial statements and accompanying notes in Part II, Item 8 of our Annual Report on Form 10-K for the year ended December 31, 2021. 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 currently viewed as immaterial by us may ultimately materially impact us.

(14) Other Financial Information

Other Current Assets

The following table presents details of other current assets reflected in our consolidated balance sheets:

	March 31, 2022	December 31, 2021
	(Dollars in millions)	
Prepaid expenses	\$ 410	295
Income tax receivable	17	22
Materials, supplies and inventory	128	96
Contract assets	45	45
Contract acquisition costs	139	142
Contract fulfillment costs	107	106
Note receivable	56	56
Receivable for sale of land	49	56
Other	11	11
Total other current assets ⁽¹⁾	\$ 962	829

⁽¹⁾ As of March 31, 2022 and December 31, 2021, other current assets exclude \$123 million and \$126 million, respectively, that have been reclassified as held for sale.

(15) Accumulated Other Comprehensive Loss

Information Relating to 2022

The table below summarizes changes in accumulated other comprehensive loss recorded on our consolidated balance sheet by component for the three months ended March 31, 2022:

	Pension Plans	Post-Retirement Benefit Plans	Foreign Currency Translation Adjustment and Other	Interest Rate Swap	Total
	(Dollars in millions)				
Balance at December 31, 2021	\$ (1,577)	(164)	(400)	(17)	(2,158)
Other comprehensive income before reclassifications	—	—	67	—	67
Amounts reclassified from accumulated other comprehensive loss	26	1	—	17	44
Net current-period other comprehensive income	26	1	67	17	111
Balance at March 31, 2022	\$ (1,551)	(163)	(333)	—	(2,047)

The table below presents further information about our reclassifications out of accumulated other comprehensive loss by component for the three months ended March 31, 2022:

Three Months Ended March 31, 2022	Decrease (Increase) in Net Income	Affected Line Item in Consolidated Statement of Operations
	(Dollars in millions)	
Interest rate swaps	\$ 22	Interest expense
Income tax benefit	(5)	Income tax expense
Net of tax	\$ 17	
Amortization of pension & post-retirement plans ⁽¹⁾		
Net actuarial loss	\$ 37	Other income, net
Prior service credit	(1)	Other income, net
Total before tax	36	
Income tax benefit	(9)	Income tax expense
Net of tax	\$ 27	

(1) See Note 8—Employee Benefits for additional information on our net periodic benefit expense (income) related to our pension and post-retirement plans.

Information Relating to 2021

The table below summarizes changes in accumulated other comprehensive loss recorded on our consolidated balance sheets by component for the three months ended March 31, 2021:

	Pension Plans	Post-Retirement Benefit Plans	Foreign Currency Translation Adjustment and Other	Interest Rate Swap	Total
	(Dollars in millions)				
Balance at December 31, 2020	\$ (2,197)	(272)	(265)	(79)	(2,813)
Other comprehensive loss before reclassifications	—	—	(86)	—	(86)
Amounts reclassified from accumulated other comprehensive loss	35	4	—	15	54
Net current-period other comprehensive income (loss)	35	4	(86)	15	(32)
Balance at March 31, 2021	<u>\$ (2,162)</u>	<u>(268)</u>	<u>(351)</u>	<u>(64)</u>	<u>(2,845)</u>

The table below presents further information about our reclassifications out of accumulated other comprehensive loss by component for the three months ended March 31, 2021:

Three Months Ended March 31, 2021	Decrease (Increase) in Net Income	Affected Line Item in Consolidated Statement of Operations
	(Dollars in millions)	
Interest rate swaps	\$ 20	Interest expense
Income tax benefit	(5)	Income tax expense
Net of tax	<u>\$ 15</u>	
Amortization of pension & post-retirement plans ⁽¹⁾		
Net actuarial loss	\$ 50	Other income, net
Prior service cost	2	Other income, net
Total before tax	52	
Income tax benefit	(13)	Income tax expense
Net of tax	<u>\$ 39</u>	

(1) See Note 8—Employee Benefits for additional information on our net periodic benefit income related to our pension and post-retirement plans.

(16) Labor Union Contracts

As of March 31, 2022, approximately 22% of our employees were represented by the Communication Workers of America ("CWA") or the International Brotherhood of Electrical Workers ("IBEW"). Approximately 2% of our represented employees are subject to collective bargaining agreements that expired and were being renegotiated as of March 31, 2022. Approximately 11% of our represented employees are subject to collective bargaining agreements that are scheduled to expire over the 12 month period ending March 31, 2023.

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

Unless the context requires otherwise, (i) references in this report to "Lumen Technologies" or "Lumen," "we," "us" and "our" refer to Lumen Technologies, Inc. and its consolidated subsidiaries and (ii) references in this report to "Level 3" refer to Level 3 Parent, LLC and its predecessor, Level 3 Communications, Inc., which we acquired on November 1, 2017.

All references to "Notes" in this Item 2 of Part I refer to the Notes to Consolidated Financial Statements included in Item 1 of Part I of this report.

Certain statements in this report constitute forward-looking statements. See "Special Note Regarding Forward-Looking Statements" appearing at the beginning of this report and "Risk Factors" referenced in Item 1A of Part II of this report or other of our filings with the SEC for a discussion of certain factors that could cause our actual results to differ from our anticipated results or otherwise impact our business, financial condition, results of operations, liquidity or prospects.

Overview

Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") included herein should be read in conjunction with MD&A and the other information included in our Annual Report on Form 10-K for the year ended December 31, 2021 and with the consolidated financial statements and related notes in Item 1 of Part I of this report. The results of operations and cash flows for the first three months of the year are not necessarily indicative of the results of operations and cash flows that might be expected for the entire year.

We are an international facilities-based technology and communications company focused on providing our business and mass markets customers with a broad array of integrated products and services necessary to fully participate in our rapidly evolving digital world. We operate one of the world's most interconnected networks. Our platform empowers our customers to rapidly adjust digital programs to meet immediate demands, create efficiencies, accelerate market access, and reduce costs - allowing customers to rapidly evolve their IT programs to address dynamic changes. We are among the largest providers of communications services to domestic and global enterprise customers. Our terrestrial and subsea fiber optic long-haul network throughout North America, Europe, Latin America and Asia Pacific connects to metropolitan fiber networks that we operate. We provide services in over 60 countries, with most of our revenue being derived in the United States. As of March 31, 2022, we had approximately 35,000 employees.

Planned Divestiture of the Latin American and ILEC Businesses

On July 25, 2021, affiliates of Level 3 Parent, LLC, an indirect wholly-owned subsidiary of Lumen, agreed to divest their Latin American business in exchange for \$2.7 billion cash, subject to certain working capital, other purchase price adjustments and related transaction expenses (estimated to be approximately \$50 million). On August 3, 2021, Lumen and certain of its subsidiaries agreed to divest a substantial portion of their incumbent local exchange business in exchange for \$7.5 billion, subject to offsets for (i) assumed indebtedness (expected to be approximately \$1.4 billion) and (ii) our transaction expenses, certain of purchaser's transaction expenses, income taxes and certain working capital and other customary purchase price adjustments (currently estimated to aggregate to approximately \$1.7 billion). The actual amount of our net after-tax proceeds from these divestitures could vary substantially from the amounts we currently estimate, particularly if we experience delays in completing the transactions or any of our other assumptions prove to be incorrect. For more information, see (i) Note 2—Planned Divestiture of the Latin American and ILEC Businesses to our consolidated financial statements in Item 1 of Part I of this report and (ii) the risk factors referred to in Item 1A of Part II of this report.

Impact of COVID-19 Pandemic

As previously described in greater detail in Item 7 of Part II of our Annual Report on Form 10-K for the year ended December 31, 2021, in response to the safety and economic challenges arising out of the COVID-19 pandemic and in a continued attempt to mitigate the negative impact on our stakeholders, we have taken a variety of steps to ensure the availability of our network infrastructure, to promote the safety of our employees and customers, to enable us to continue to adapt and provide our products and services worldwide to our customers, and to strengthen our communities. As vaccination rates increase, we expect to continue revising our responses to the pandemic or take additional steps necessary to adjust to changed circumstances.

Social distancing, business and school closures, travel restrictions, and other actions taken in response to the pandemic have impacted us, our customers and our business since March 2020. During the second half of 2020 and continuing through 2021, we rationalized our leased footprint and ceased using 39 leased property locations that were underutilized due to the COVID-19 pandemic. We determined that we no longer needed the leased space and, due to the limited remaining term on the contracts, concluded that we had neither the intent nor ability to sublease the properties. In conjunction with our plans to continue to reduce costs, we expect to continue our real estate rationalization efforts and incur additional costs during 2022. Additionally, as discussed further elsewhere herein, the pandemic resulted in (i) increases in certain revenue streams and decreases in others, (ii) increases in overtime expenses, (iii) operational challenges resulting from component shortages and certain other supplies that we use in our business, and (iv) delays in our cost transformation initiatives. We also experienced delayed decision-making by certain of our customers during 2021. Thus far, these changes have not materially impacted our financial performance or financial position. However, we continue to monitor global disruptions and work with our vendors to mitigate supply chain risks.

We reopened our offices in April 2022 under a "hybrid" working environment, which will permit some of our employees the flexibility to work remotely at least some of the time for the foreseeable future.

Reporting Segments

Our reporting segments are currently organized as follows, by customer focus:

- **Business Segment:** Under our Business segment, we provide our products and services under four sales channels:
 - **International and Global Accounts ("IGAM"):** Our IGAM sales channel includes multinational and enterprise customers. We provide our products and services to approximately 350 of our highest potential enterprise customers and to enterprise customers and carriers in three operating regions: Europe Middle East and Africa, Latin America and Asia Pacific.
 - **Large Enterprise:** Under our large enterprise sales channel, we provide our products and services to large enterprises and the public sector, including the U.S. Federal government, state and local governments and research and education institutions.
 - **Mid-Market Enterprise:** Under our mid-market enterprise sales channel, we provide our products and services to medium-sized enterprises directly and through our indirect channel partners.
 - **Wholesale:** Under our wholesale sales channel, we provide our products and services to a wide range of other communication providers across the wireline, wireless, cable, voice and data center sectors.
- **Mass Markets Segment:** Under our Mass Markets segment, we provide products and services to residential and small business customers. At March 31, 2022, we served 4.5 million broadband subscribers under our Mass Markets segment.

See Note 12—Segment Information to our consolidated financial statements in Item 1 of Part I of this report for additional information.

We categorize our Business segment revenue among the following products and services categories:

- *Compute and Application Services*, which include our Edge Cloud services, IT solutions, Unified Communications and Collaboration ("UC&C"), data center, content delivery network ("CDN") and Managed Security services;
- *IP and Data Services*, which include Ethernet, IP, and VPN data networks, including software-defined wide area networks ("SD WAN") based services, Dynamic Connections and Hyper WAN;
- *Fiber Infrastructure Services*, which include dark fiber, optical services and equipment; and
- *Voice and Other*, which include Time Division Multiplexing ("TDM") voice, private line and other legacy services.

Beginning in the first quarter of 2022, we have categorized our products and services revenue among the following categories for the Mass Markets segment:

- *Fiber Broadband*, which includes high speed fiber-based services to residential and small business customers;
- *Other Broadband*, which primarily includes lower speed copper-based broadband services to residential and small businesses; and
- *Voice and Other*, which includes revenues from (i) providing local and long-distance services, professional services, and other ancillary services, and (ii) federal broadband and state support payments.

Trends Impacting Our Operations

In addition to the above-described impact of the pandemic, our consolidated operations have been, and are expected to continue to be, impacted by the following company-wide trends:

- Customers' demand for automated products and services and competitive pressures will require that we continue to invest in new technologies and automated processes to improve the customer experience and reduce our operating expenses.
- The increasingly digital environment and the growth in online video and gaming require robust, scalable network services. We are continuing to enhance our product capabilities and simplify our product portfolio based on demand and profitability to enable customers to have access to greater bandwidth.
- Businesses continue to adopt distributed, global operating models. We are expanding and enhancing our fiber network, connecting more buildings to our network to generate revenue opportunities and reducing our reliance upon other carriers.
- Industry consolidation, coupled with changes in regulation, technology and customer preferences, are significantly reducing demand for our traditional voice services and are pressuring some other revenue streams through volume or rate reductions, while other advances, such as the need for lower latency provided by Edge computing or the implementation of 5G networks, are expected to create opportunities.
- The operating margins of several of our newer, more technologically advanced services, some of which may connect to customers through other carriers, are lower than the operating margins on our traditional, on-net wireline services.
- Declines in our traditional wireline services and other more mature offerings have necessitated right-sizing our cost structures to remain competitive.

The amount of support payments we receive from governmental agencies has decreased substantially since December 31, 2021. This and other developments and trends impacting our operations are discussed elsewhere in this Item 2.

Results of Operations

In this section, we discuss our overall results of operations and highlight special items that are not included in our segment results. In "Segment Results" we review the performance of our two reporting segments in more detail.

The following table summarizes the results of our consolidated operations for the three months ended March 31, 2022 and March 31, 2021:

	Three Months Ended March 31,	
	2022	2021
	(Dollars in millions, except per share amounts)	
Operating revenue	\$ 4,676	5,029
Operating expenses	3,593	4,042
Operating income	1,083	987
Total other expense, net	(282)	(355)
Income before income taxes	801	632
Income tax expense	202	157
Net income	\$ 599	475
Basic earnings per common share	\$ 0.59	0.44
Diluted earnings per common share	\$ 0.59	0.44

For years, we have experienced revenue declines, excluding the impact of acquisitions, primarily due to declines in voice and private line customers, switched access rates and minutes of use. More recently, we have experienced declines in revenue derived from the sale of certain of our other products and services and a reduction in government support payments, in particular the cessation of the CAF II program. To partially mitigate these revenue declines, we remain focused on efforts to, among other things:

- promote long-term relationships with our customers through bundling of integrated services;
- increase the size, capacity, speed and usage of our networks;
- provide a wide array of diverse services, including enhanced or additional services that may become available in the future due to, among other things, advances in technology or improvements in our infrastructure;
- provide our premium services to a higher percentage of our customers;
- pursue acquisitions of additional assets or divestitures of non-strategic assets, in each case if available at attractive prices;
- increase prices on our products and services if and when practicable; and
- market our products and services to new customers.

Revenue

The following table summarizes our consolidated operating revenue recorded under each of our two segments and in our four above-described revenue sales channels within the Business segment:

	Three Months Ended March 31,		% Change
	2022	2021	
	(Dollars in millions)		
Business Segment:			
International & Global Accounts	\$ 999	1,020	(2)%
Large Enterprise	877	953	(8)%
Mid-Market Enterprise	636	693	(8)%
Wholesale	889	929	(4)%
Business Segment Revenue	3,401	3,595	(5)%
Mass Markets Segment Revenue	1,275	1,434	(11)%
Total consolidated operating revenue	\$ 4,676	5,029	(7)%

Our consolidated operating revenue decreased by \$353 million for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021, due to revenue declines in all of our above-listed revenue categories with the exception of fiber broadband. See our segment results below for additional information.

Operating Expenses

The following table summarizes our operating expenses for the three months ended March 31, 2022 and 2021:

	Three Months Ended March 31,		% Change
	2022	2021	
	(Dollars in millions)		
Cost of services and products (exclusive of depreciation and amortization)	\$ 1,985	2,136	(7)%
Selling, general and administrative	800	756	6 %
Depreciation and amortization	808	1,150	(30)%
Total operating expenses	\$ 3,593	4,042	(11)%

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

Cost of services and products (exclusive of depreciation and amortization) decreased by \$151 million for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021. This decrease was primarily due to reductions in salaries and wages and other employee-related expense from lower headcount and lower facility and real estate costs.

Selling, General and Administrative

Selling, general and administrative expenses increased by \$44 million for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021. The increase was primarily due to a gain on sale of assets in the three months ended March 31, 2021 and higher professional fees related to the pending sale of our Latin American and ILEC businesses. The increases were partially offset by lower property and other taxes.

Depreciation and Amortization

The following table provides detail of our depreciation and amortization expense:

	Three Months Ended March 31,		% Change
	2022	2021	
	(Dollars in millions)		
Depreciation	\$ 534	725	(26)%
Amortization	274	425	(36)%
Total depreciation and amortization	\$ 808	1,150	(30)%

Depreciation expense decreased by \$191 million for the three months ended March 31, 2022, as compared to the three months ended March 31, 2021 primarily due to discontinuing the depreciation of the tangible assets reclassified as held for sale of our Latin American and ILEC businesses upon entering into our divestiture agreements. We estimate we would have recorded an additional \$153 million of depreciation expense during the three months ended March 31, 2022 if we had not agreed to sell these businesses. In addition, depreciation expense decreased \$48 million due to the early retirement of certain copper-based infrastructure during the fourth quarter of 2021 and decreased \$9 million due to the impact of annual rate depreciable life changes. These decreases were partially offset by higher depreciation expense of \$25 million associated with net growth in depreciable assets.

Amortization expense decreased by \$151 million for the three months ended March 31, 2022, as compared to the three months ended March 31, 2021. The decrease was primarily due to a decrease of \$118 million as a result of certain customer relationship intangible assets becoming fully amortized at the end of the first quarter 2021, a decrease of \$15 million due to discontinuing the amortization of the intangible assets reclassified as held for sale of our Latin American and ILEC businesses upon entering into our divestiture agreements, and a decrease of \$11 million associated with net reductions in amortizable assets.

Further analysis of our segment operating expenses by segment is provided below in "Segment Results."

Other Consolidated Results

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

	Three Months Ended March 31,		% Change
	2022	2021	
	(Dollars in millions)		
Interest expense	\$ (352)	(389)	(10)%
Other income, net	70	34	106 %
Total other expense, net	\$ (282)	(355)	(21)%
Income tax expense	\$ 202	157	29 %

Interest Expense

Interest expense decreased by \$37 million for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021. The decrease was primarily due to the decrease in average outstanding long-term debt from \$31.6 billion to \$28.8 billion and the decrease in the average interest rate of 4.88% to 4.58% for the three months ended March 31, 2021 compared to the three months ended March 31, 2022.

Other Income, Net

Other income, net reflects certain items not directly related to our core operations, including (i) gains and losses on extinguishments of debt, (ii) components of net periodic pension and post-retirement benefit costs, (iii) foreign currency gains and losses, (iv) our share of income from partnerships we do not control, (v) interest income, (vi) gains and losses from non-operating asset dispositions and (vii) other non-core items.

	Three Months Ended March 31,		% Change
	2022	2021	
	(Dollars in millions)		
Gain on extinguishment of debt	\$ —	8	nm
Pension and post-retirement net periodic (expense) income	(3)	24	nm
Foreign currency loss	(13)	(16)	(19)%
Gain on investment in limited partnership	66	—	nm
Other	20	18	11 %
Total other income, net	<u>\$ 70</u>	<u>34</u>	106 %

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

The change in pension and post-retirement net periodic (expense) income for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021 is primarily driven by lower expected returns on plan assets. Other income, net for the three months ended March 31, 2022 also included a gain on investment in a limited partnership as a result of the commencement of active trading in late 2021 of the underlying investments held by the limited partnership, which resulted in an increase to the net asset value of our investment. See Note 10—Fair Value of Financial Instruments for more information regarding the gain recognized on the investment in a limited partnership.

Income Tax Expense

For the three months ended March 31, 2022 and 2021, our effective income tax rate was 25.2% and 24.8%, respectively.

Segment Results

General

Reconciliation of segment revenue to total operating revenue is below:

	Three Months Ended March 31,	
	2022	2021
	(Dollars in millions)	
Operating revenue		
Business	\$ 3,401	3,595
Mass Markets	1,275	1,434
Total operating revenue	<u>\$ 4,676</u>	<u>5,029</u>

Reconciliation of segment EBITDA to total adjusted EBITDA is below:

	Three Months Ended March 31,	
	2022	2021
	(Dollars in millions)	
Adjusted EBITDA		
Business	\$ 2,288	2,407
Mass Markets	1,109	1,257
Total segment EBITDA	3,397	3,664
Operations and Other EBITDA	(1,483)	(1,507)
Total adjusted EBITDA	\$ 1,914	2,157

For additional information on our reportable segments and product and services categories, see Note 4—Revenue Recognition and Note 12—Segment Information to our consolidated financial statements in Item 1 of Part I of this report.

Business Segment

	Three Months Ended March 31,		% Change
	2022	2021	
	(Dollars in millions)		
Business Segment Product Categories:			
Compute and Application Services	\$ 427	431	(1)%
IP and Data Services	1,522	1,578	(4)%
Fiber Infrastructure Services	535	557	(4)%
Voice and Other	917	1,029	(11)%
Total Business Segment Revenue	3,401	3,595	(5)%
Expenses:			
Total expense	1,113	1,188	(6)%
Total adjusted EBITDA	\$ 2,288	2,407	(5)%

Three months ended March 31, 2022 compared to the same period ended March 31, 2021

Business segment revenue decreased \$194 million for the three months ended March 31, 2022 as compared to March 31, 2021. The revenue decrease was primarily due to the following factors:

- Compute and Application Services declined primarily due an ongoing large customer disconnect for IT Solutions and lower demand in the Large Enterprise and IGAM sales channels, partially offset by growth in Managed Security and Cloud services;
- IP and Data Services decreased primarily due to declines in traditional VPN networks and continued declines in Ethernet sales across all our sales channels, partially offset by an increase in IP services across our IGAM and Enterprise sales channels;
- Fiber Infrastructure Services declined primarily due to lower equipment sales, specifically within our Large Enterprise and Mid Markets sales channels and lower dark fiber sales within our Large Enterprise sales channel;
- Voice and Other decreased due to continued decline of legacy voice, private line and other services to customers across all sales channels.

The decrease in Business segment revenue for the three months ended March 31, 2022 includes \$8 million of unfavorable foreign currency adjustments as compared to the three months ended March 31, 2021.

Business segment expense decreased by \$75 million for the three months ended March 31, 2022 compared to March 31, 2021 primarily due to lower cost of sales due to the decline in revenue and lower employee headcount.

Business segment adjusted EBITDA as a percentage of revenue was 67% for both the three months ended March 31, 2022 and March 31, 2021.

Mass Markets Segment

	Three Months Ended March 31,		% Change
	2022	2021	
	(Dollars in millions)		
Mass Markets Product Categories:			
Fiber Broadband	\$ 145	122	19 %
Other Broadband	610	648	(6)%
Voice and Other	520	664	(22)%
Total Mass Markets Segment Revenue	1,275	1,434	(11)%
Expenses:			
Total expense	166	177	(6)%
Total adjusted EBITDA	\$ 1,109	1,257	(12)%

Three months ended March 31, 2022 compared to the same period ended March 31, 2021

Segment revenue decreased \$159 million for the three months ended March 31, 2022 as compared to the March 31, 2021 primarily due to the following factors:

- Fiber Broadband revenue increased driven by continued growth in fiber customers associated with our continued increase in enabled locations from our Quantum Fiber buildout;
- Other Broadband revenue decreased during the period driven by continued pressure on our lower speed copper-based broadband services due to customer losses;
- Voice and Other declined primarily due to (i) a \$64 million net reduction in CAF II revenue during the three months ended March 31, 2022 compared to the same period in 2021, resulting from a decrease of \$123 million due to the conclusion of the CAF II program on December 31, 2021, partially offset by our recognition of \$59 million of non-cash revenue release related to CAF II support payments received through the end of 2021 based on our final buildout and filing submissions, (ii) the continued loss of legacy voice customers and (iii) the exit of our Prism video product.

Mass Markets segment expense decreased \$11 million for the three months ended March 31, 2022 as compared to the March 31, 2021 primarily due to lower cost of sales due to the decline in revenue and lower employee headcount.

Segment adjusted EBITDA as a percentage of revenue was 87% for the three months ended March 31, 2022 and 88% for the three months ended March 31, 2021.

Liquidity and Capital Resources

Overview of Sources and Uses of Cash

We are a holding company that is dependent on the capital resources of our subsidiaries to satisfy our parent company liquidity requirements. Several of our significant operating subsidiaries have borrowed funds either on a standalone basis or as part of a separate restricted group with certain of its subsidiaries or affiliates. The terms of the instruments governing the indebtedness of these borrowers or borrowing groups may restrict our ability to access their accumulated cash. In addition, our ability to access the liquidity of these and other subsidiaries may be limited by tax, legal and other considerations.

At March 31, 2022, we held cash and cash equivalents of \$425 million, which includes cash and cash equivalents classified as held for sale, and we also had \$1.0 billion of borrowing capacity available under our revolving credit facility. We typically use our revolving credit facility as a source of liquidity for operating activities and our other cash requirements. We had approximately \$148 million of cash and cash equivalents outside the United States at March 31, 2022. We currently believe that 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 U.S. taxes. Other than transactions related to the pending sale of our Latin American business, we do not currently intend to repatriate to the United States any of our foreign cash and cash equivalents from operating entities.

Our executive officers and our Board of Directors review our sources and potential uses of cash in connection with our annual budgeting process. Generally speaking, our principal funding source is cash from operating activities, and our principal cash requirements include operating expenses, capital expenditures, income taxes, debt repayments, dividends, periodic securities repurchases, periodic pension contributions and other benefits payments. The impact of the pending sale of our Latin American and ILEC businesses is further described below.

Based on our current capital allocation objectives, for the full year 2022 we project expending approximately \$3.2 billion to \$3.4 billion of capital expenditures and \$1.00 per share for cash dividends on our common stock (based on the assumptions described below under "Dividends").

For the 12 month period ending March 31, 2023, we project that our fixed commitments will include (i) \$125 million of scheduled term loan amortization payments and (ii) \$33 million of finance lease and other fixed payments (which includes \$2 million of current finance lease obligations that have been reclassified as held for sale).

We will continue to monitor our future sources and uses of cash, and anticipate that we will make adjustments to our capital allocation strategies when, as and if determined by our Board of Directors. We may also draw on our revolving credit facility as a source of liquidity for operating activities and to give us additional flexibility to finance our capital investments, repayments of debt, pension contributions and other cash requirements.

For additional information, 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, 2021.

Impact of the Planned Divestiture of the Latin American and ILEC Businesses

As discussed in Note 2—Planned Divestiture of the Latin American and ILEC Businesses to our consolidated financial statements in Item 1 of Part I of this report, we entered into definitive agreements to divest our Latin American and ILEC businesses on July 25, 2021 and August 3, 2021, respectively. As further described elsewhere herein, these transactions are expected to provide us with a substantial amount of cash proceeds upon closing, but ultimately will reduce our base of income-generating assets that generate our recurring cash from operating activities.

Capital Expenditures

We incur capital expenditures on an ongoing basis to expand and improve our service offerings, enhance and modernize our networks and compete effectively in our markets. We evaluate capital expenditure projects based on a variety of factors, including expected strategic impacts (such as forecasted impact on revenue growth, productivity, expenses, service levels and customer retention) and our expected return on investment. The amount of capital investment is influenced by, among other things, current and projected demand for our services and products, cash flow generated by operating activities, cash required for other purposes and regulatory considerations (such as governmentally-mandated infrastructure buildout requirements).

Our capital expenditures continue to be focused on enhancing network operating efficiencies, supporting new service developments, and expanding our fiber network, including our Quantum Fiber buildout plan. For more information on our capital spending, see (i) "—Overview of Sources and Uses of Cash " above, (ii) "Cash Flow Activities—Investing Activities" below and (iii) Item 1 of Part I of our Annual Report on Form 10-K for the year ended December 31, 2021.

Debt and Other Financing Arrangements

Subject to market conditions, we expect to continue to issue debt securities from time to time in the future to refinance a substantial portion of our maturing debt, including issuing debt securities of certain of our subsidiaries to refinance their maturing debt to the extent feasible and consistent with our capital allocation strategies. The availability, interest rate and other terms of any new borrowings will depend on the ratings assigned by credit rating agencies, among other factors.

As of the date of this report, the credit ratings for the senior secured and unsecured debt of Lumen Technologies, Inc., Level 3 Financing, Inc. and Qwest Corporation were as follows:

Borrower	Moody's Investors Service, Inc.	Standard & Poor's	Fitch Ratings
Lumen Technologies, Inc.:			
Unsecured	B2	BB-	BB
Secured	Ba3	BBB-	BB+
Level 3 Financing, Inc.			
Unsecured	Ba3	BB	BB
Secured	Ba1	BBB-	BBB-
Qwest Corporation:			
Unsecured	Ba2	BBB-	BB

Our credit ratings are reviewed and adjusted from time to time by the rating agencies. Any future changes in the senior unsecured or secured debt ratings of us or our subsidiaries could impact our access to capital or borrowing costs. 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, 2021.

Net Operating Loss Carryforwards

As of December 31, 2021, Lumen Technologies had approximately \$2.9 billion of federal net operating loss carryforwards ("NOLs"), which for U.S. federal income tax purposes can be used to offset future taxable income. These NOLs are primarily related to federal NOLs we acquired through the Level 3 acquisition on November 1, 2017 and are subject to limitations under Section 382 of the Internal Revenue Code and related U.S. Treasury Department regulations. We maintain a Section 382 rights agreement designed to safeguard through late 2023 our ability to use those NOLs. Assuming we can continue using these NOLs in the amounts projected, we expect to utilize a substantial portion of our NOLs to offset taxable gains generated by the completion of our pending divestitures. The amounts of our near-term future tax payments will depend upon many factors, including our future earnings and tax circumstances and the impact of any corporate tax reform or taxable transactions. Based on current laws and our current assumptions and projections, we estimate our cash income tax liability related to 2022 will be approximately \$100 million. If, as expected, we use a substantial portion of our NOLs in 2022 to offset divestiture-related gains, we anticipate that our cash income tax liabilities will increase substantially in future periods.

We cannot assure you we will be able to use our NOL carryforwards fully. See "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, 2021.

Dividends

We currently expect to continue our current practice of paying quarterly cash dividends in respect of our common stock subject to our Board of Directors' discretion to modify or terminate this practice at any time and for any reason without prior notice. Our current quarterly common stock dividend rate is \$0.25 per share, as approved by our Board of Directors, which we believe is a payout rate which enables us to balance our multiple objectives of managing and investing in our business, deleveraging our balance sheet over time and returning a substantial portion of our cash to our shareholders. Assuming continued authorization by our Board during 2022 at this rate of \$0.25 per share, our average total dividend paid each quarter would be approximately \$253 million based on the number of our currently outstanding shares (which figure (i) assumes no increases or decreases in the number of shares and (ii) includes dividend payments in connection with the anticipated vesting of currently outstanding equity awards). Dividend payments upon the vesting of equity incentive awards was \$19 million during three months ended March 31, 2022. See Risk Factors—"Business Risks" in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2021.

Revolving Facilities and Other Debt Instruments

At March 31, 2022, we had \$13.4 billion of outstanding consolidated secured indebtedness, \$16.4 billion of outstanding consolidated unsecured indebtedness (including long-term debt reclassified as liabilities held for sale, but excluding finance lease obligations, unamortized premiums, net and unamortized debt issuance costs) and \$1.0 billion of unused borrowing capacity under our revolving credit facility, as discussed further below.

Under our amended and restated credit agreement dated as of January 31, 2020 (the "Amended Credit Agreement"), we maintained at March 31, 2022 (i) a \$2.2 billion senior secured revolving credit facility, under which we owed \$1.2 billion as of such date, and (ii) \$6.2 billion of senior secured term loan facilities. For additional information, see (i) "—Overview of Sources and Uses of Cash," (ii) Note 6—Long-Term Debt and Credit Facilities to our consolidated financial statements in Item 1 of Part I of this report and (iii) 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, 2021.

At March 31, 2022, we had \$47 million of letters of credit outstanding under our \$225 million uncommitted letter of credit facility. Additionally, under separate facilities maintained by one of our affiliates, we had outstanding letters of credit, or other similar obligations, of approximately \$67 million as of March 31, 2022, of which \$4 million was collateralized by cash that is reflected on our consolidated balance sheets as restricted cash.

In addition to its indebtedness under our Amended Credit Agreement, Lumen Technologies is indebted under its outstanding senior notes, and several of its subsidiaries are indebted under separate credit facilities or senior notes. For information on the terms and conditions of other debt instruments of ours and our subsidiaries, including financial and operating covenants, see (i) Note 6—Long-Term Debt and Credit Facilities to our consolidated financial statements in Item 1 of Part I of this report and (ii) "—Other Matters" below.

Pension and Post-retirement Benefit Obligations

We are subject to material obligations under our existing defined benefit pension plans and post-retirement benefit plans. At December 31, 2021, the accounting unfunded status of our qualified and non-qualified defined benefit pension plans and our qualified post-retirement benefit plans was \$1.2 billion and \$2.8 billion, respectively. For additional information about our pension and post-retirement benefit arrangements, see "Critical Accounting Policies and Estimates—Pensions and Post-Retirement Benefits" in Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2021 and see Note 11—Employee Benefits to our consolidated financial statements in Item 8 of Part II of the same report.

As of January 1, 2022, we spun off a new pension plan (the "Lumen Pension Plan") from the Lumen Combined Pension Plan ("Combined Pension Plan") in anticipation of the pending sale of the ILEC business, as described further in Note 2—Planned Divestiture of the Latin American and ILEC Businesses to our consolidated financial statements in Item 1 of Part I of this report. As a result, at the time of the spin-off \$2.5 billion of pension benefit obligation and \$2.2 billion of plan assets were transferred to the Lumen Pension Plan.

Benefits paid by our Combined Pension Plan and the Lumen Pension Plan are paid through the trust that holds the Combined Pension Plan's assets. The pension obligation and pension assets for the Lumen Pension Plan will be revalued in conjunction with the closing of the sale of the ILEC business, and we will make the necessary contributions, if any, to fully fund the Lumen Pension Plan obligation at, or prior to, the time of closing as required under the purchase agreement. Based on current laws and circumstances, we do not expect any contributions to be required for our Combined Pension Plan during 2022. The amount of required contributions to our Combined Pension Plan in 2023 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 occasionally make voluntary contributions to our plans in addition to required contributions and reserve the right to do so in the future. We last made a voluntary contribution to the trust for our Combined Pension Plan during 2018, and we currently do not expect to make a voluntary contribution in 2022.

Substantially all of our post-retirement health care and life insurance benefits plans are unfunded and are paid by us with available cash. Based on our most recent estimates, we expect to pay \$217 million of post-retirement benefits, net of participant contributions and direct subsidies for the full year 2022. For additional information on our expected future benefits payments for our post-retirement benefit plans, please see Note 11—Employee Benefits to our consolidated financial statements in Item 8 of Part II of our Annual Report Form 10-K for the year ended December 31, 2021.

Our 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 the sum of the annual service and interest costs for the plan's net periodic pension benefit cost, which represents the settlement accounting threshold. During 2021, lump sum pension settlement payments exceeded the settlement threshold. Please see Note 11—Employee Benefits to our consolidated financial statements in Item 8 of Part II of our Annual Report Form 10-K for the year ended December 31, 2021 for additional information. Although the settlement threshold was not exceeded as of, March 31, 2022, it could be reached in subsequent quarters this year.

For 2022, our expected annual long-term rate of return on the pension plan assets is 5.5%. However, actual returns could be substantially different.

See Note 8—Employee Benefits to our consolidated financial statements in Item 1 of Part I of this report for more information.

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, 2021.

Federal Broadband Support Programs

Between 2015 and 2021, we received approximately \$500 million annually through Phase II of the CAF, a program that ended on December 31, 2021. In connection with the CAF funding, we were required to meet certain specified infrastructure buildout requirements in 33 states by the end of 2021, which required substantial capital expenditures. In the first quarter of 2022, we recognized \$59 million of previously deferred revenue related to the conclusion of the CAF program based upon our final buildout and filing submissions. The government has the right to audit our compliance with the CAF program and the ultimate outcome of any remaining examinations is unknown, but could result in a liability to us in excess of our reserve accruals established for these matters.

In early 2020, the FCC created the Rural Digital Opportunity Fund (the "RDOF"), which is a new federal support program designed to replace the CAF Phase II program. On December 7, 2020, the FCC allocated in its RDOF Phase I auction \$9.2 billion in support payments over 10 years to deploy high speed broadband to over 5.2 million unserved locations. We won bids for RDOF Phase I support payments of \$26 million, annually. We expect our support payments under the RDOF Phase I program will begin soon after our anticipated receipt of the FCC's approval of our pending application. Assuming we timely complete our pending divestiture of the ILEC business on the terms described herein, we expect a portion of these payments will accrue to the purchaser of that business. See Note 2—Planned Divestiture of the Latin American and ILEC Businesses to our consolidated financial statements in Item 1 of Part I of this report.

For additional information on these programs, see (i) "Business—Regulation of Our Business" in Item 1 of Part I of our Annual Report on Form 10-K for the year ended December 31, 2021 and (ii) "Risk Factors—Financial Risks" in Item 1A of Part I of the same Annual Report.

Federal officials have proposed changes to current programs and laws that could impact us, including proposals designed to increase broadband access, increase competition among broadband providers, lower broadband costs and re-adopt "net neutrality" rules similar to those adopted under the Obama Administration. In November 2021, the U.S. Congress enacted legislation that appropriated \$65 billion to improve broadband affordability and access, primarily through federally funded state grants. As of the date of this report, the U.S. Department of Commerce is still developing guidance regarding these grants, so it is premature to speculate on the potential impact of this legislation on us.

Cash Flow Activities

The following table summarizes our consolidated cash flow activities for the three months ended March 31, 2022 and 2021.

	Three Months Ended March 31,		\$ Change
	2022	2021	
	(Dollars in millions)		
Net cash provided by operating activities	\$ 1,375	1,525	(150)
Net cash used in investing activities	(569)	(675)	(106)
Net cash used in financing activities	(776)	(774)	2

Operating Activities

Net cash provided by operating activities decreased by \$150 million for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021 primarily due to lower net income adjusted for non-cash expenses and gains, partially offset by increased collections on accounts receivable. 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 used in investing activities decreased by \$106 million for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021 primarily due to a decrease in capital expenditures.

Financing Activities

Net cash used in financing activities increased by \$2 million for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021 primarily due to higher payments of long-term debt, partially offset by higher net borrowing on the Revolving Credit Facility.

See Note 6—Long-Term Debt and Credit Facilities to our consolidated financial statements in Item 1 of Part I of this report for additional information on our outstanding debt securities.

Other Matters

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, 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.

We are also involved in various legal proceedings that could substantially impact our financial position. See Note 13—Commitments, Contingencies and Other Items to our consolidated financial statements in Item 1 of Part I of this report for additional information.

Market Risk

As of March 31, 2022, we are exposed to market risk from changes in interest rates on our variable rate long-term debt obligations and fluctuations in certain foreign currencies.

Management periodically reviews our exposure to interest rate fluctuations and periodically implements strategies to manage the exposure. From time to time, we have used derivative instruments to (i) swap our exposure to variable interest rates for fixed interest rates or (ii) to swap obligations to pay fixed interest rates for variable interest rates. We have established policies and procedures for risk assessment and the approval, reporting and monitoring of derivative instrument activities. As of March 31, 2022, we did not hold or issue derivative financial instruments for trading or speculative purposes.

In 2019, we executed swap agreements that reduced our exposure to floating rates with respect to \$4.0 billion principal amount of floating rate debt. Certain agreements relating to \$2.5 billion of such debt expired on March 31, 2022, with the remainder expiring on June 30, 2022. See Note 11—Derivative Financial Instruments to our consolidated financial statements in Item 1 of Part I of this report for additional disclosure regarding our hedging arrangements.

As of March 31, 2022, we had approximately \$10.7 billion of floating rate debt, \$1.5 billion of which was subject to the remaining hedging arrangements described above. A hypothetical increase of 100 basis points in LIBOR relating to our \$9.2 billion of unhedged floating rate debt would, among other things, decrease our annual pre-tax earnings by approximately \$92 million. Additionally, our credit agreements contain language about a possible change from LIBOR to an alternative index.

We conduct a portion of our business in currencies other than the U.S. dollar, the currency in which our consolidated financial statements are reported. Our European subsidiaries and certain Latin American subsidiaries use the local currency as their functional currency, as the majority of their revenue and purchases are transacted in their local currencies. Certain Latin American countries previously designated as highly inflationary economies use the U.S. dollar as their functional currency. Although we continue to evaluate strategies to mitigate risks related to the effect of fluctuations in currency exchange rates, we will likely recognize gains or losses from international transactions. Accordingly, changes in foreign currency rates relative to the U.S. dollar could adversely impact our operating results.

Certain shortcomings are inherent in the method of analysis presented in the computation of exposures to market risks. Actual values may differ materially from those disclosed by us from time to time if market conditions vary from the assumptions used in the analyses performed. These analyses only incorporate the risk exposures that existed at March 31, 2022.

Other Information

Our website is www.lumen.com. We routinely post important investor information in the "Investor Relations" section of our website at ir.lumen.com. The information contained on, or that may be accessed through, our website is not part of this quarterly report. You may obtain free electronic copies of annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K filed by us or our affiliates Level 3 Parent, LLC and Qwest Corporation, and all amendments to those reports, in the "Investor Relations" section of our website (ir.lumen.com) under the headings "FINANCIALS" and "SEC Filings." These reports are available on our website as soon as reasonably practicable after they are electronically filed with the SEC. From time to time, we also use our website to webcast our earnings calls and certain of our meetings with investors or other members of the investment community.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

See "Liquidity and Capital Resources—Market Risk" in Item 2 of Part I above.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures (as defined in Rule 13a-15(e) promulgated under the Securities Exchange Act of 1934 (the "Exchange Act")) designed to provide reasonable assurance that the information required to be disclosed by us in the reports we file or furnish 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 management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Management, with the participation of our Chief Executive Officer, Jeff K. Storey, and our Executive Vice President and Chief Financial Officer, Chris Stansbury, evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2022. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded our disclosure controls and procedures were effective, as of March 31, 2022, in providing reasonable assurance the information required to be disclosed by us in this report was accumulated and communicated in the manner provided above.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) that occurred during the first quarter of 2022 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Inherent Limitations of Internal Controls

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.

PART II—OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The information contained in Note 13—Commitments, Contingencies and Other Items included in Item 1 of Part I of this quarterly report on Form 10-Q is incorporated herein by reference. The ultimate outcome of the matters described in Note 13 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 immaterial by us may ultimately materially impact us. For more information, see “Risk Factors—Risks Relating to Legal and Regulatory Matters—Our pending legal proceedings could have a material adverse impact on our financial condition and operating results, on the trading price of our securities and on our ability to access the capital markets” in Item 1A of Part I of our Annual Report on Form 10-K for the year ended December 31, 2021.

ITEM 1A. RISK FACTORS

Our operations and financial results are subject to various risks and uncertainties, which could adversely affect our business, financial condition or future results. We urge you to carefully consider (i) the other information set forth in this report and (ii) the risk factors discussed in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2021.

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

The following table contains information about shares of our previously-issued common stock that we withheld from employees upon vesting of their stock-based awards during the first quarter of 2022 to satisfy the related tax withholding obligations:

Period	Total Number of Shares Withheld for Taxes	Average Price Paid Per Share
Jan-22	10,750	\$ 13.77
Feb-22	16,668	\$ 12.57
Mar-22	2,911,740	\$ 10.42
Total	2,939,158	

ITEM 5. OTHER INFORMATION

The following disclosure is being made under Section 13(r) of the Exchange Act:

During the first quarter of 2022, we terminated our commercial activities within Russia. Prior to doing so, we were required to engage on a regular basis with the Russian Federal Security Service (“FSB”) in the FSB’s official capacity of regulating our use of technology in Russia in connection with providing commercial services therein through our local subsidiary. On March 2, 2021, the U.S. Secretary of State designated the FSB as a party subject to the provisions of U.S. Executive Order No. 13382 issued in 2005. We do not derive any gross revenues or net profits directly associated with any such dealings by us with the FSB and all such dealings were explicitly authorized by General License 1B issued by the U.S. Department of the Treasury’s Office of Foreign Assets Control.

ITEM 6. EXHIBITS

Exhibits identified in parentheses below are on file with the SEC and are incorporated herein by reference. All other exhibits are provided as part of this electronic submission.

Exhibit Number	Description
10.1*	Offer letter between Lumen Technologies, Inc. and Christopher D. Stansbury, dated March 24, 2022.
10.2*	Lumen Supplemental Savings Plan, amended and restated effective January 1, 2022.
31.1*	Certification of the Chief Executive Officer of Lumen Technologies, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of the Chief Financial Officer of Lumen Technologies, Inc. pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of the Chief Executive Officer of Lumen Technologies, Inc. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of the Chief Financial Officer of Lumen Technologies, Inc. pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101*	Financial statements from the Quarterly Report on Form 10-Q of Lumen Technologies, Inc. for the period ended March 31, 2022, formatted in Inline XBRL: (i) the Consolidated Statements of Operations, (ii) the Consolidated Statements of Comprehensive Income, (iii) the Consolidated Balance Sheets, (iv) the Consolidated Statements of Cash Flows, (v) the Consolidated Statements of Stockholders' Equity and (vi) the Notes to Consolidated Financial Statements.
104*	Cover page formatted as Inline XBRL and contained in Exhibit 101.

* Exhibit filed herewith.

SIGNATURE

Pursuant to the requirements of Section 13 or 15(d) 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 May 4, 2022.

LUMEN TECHNOLOGIES, INC.

By: /s/ Andrea Genschaw
Andrea Genschaw
Senior Vice President, Controller
(Principal Accounting Officer)



March 24, 2022

Mr. Christopher Stansbury
5151 S. Steel St.
Greenwood Village, CO 80121

Re: Offer of Employment

Dear Chris:

I am pleased to confirm our offer of EVP Chief Financial Officer ("CFO") of Lumen. We anticipate you will assume this position after our current EVP CFO steps down from the position (your "Start Date"), which likely will occur in early April 2022. In this position, you will report to Jeff Storey, Chief Executive Officer ("CEO"), and your work location will be Broomfield, CO. It is our pleasure to extend this offer to you. In this letter you will find an explanation of our offer.

Compensation (Annualized)

Annual Base Salary	\$750,000.00
Target Annual Bonus (STI) Plan	125% of base pay = \$937,500.00
Target Long-Term Incentive (LTI)	\$4,350,000.00

One-Time Sign-On Compensation

Cash Sign-On Bonus	\$150,000.00
LTI Sign-On Award	\$3,750,000.00

Annual Bonus (STI) Plan: You will be eligible to participate in the annual short-term incentive ("STI") plan subject to the terms and conditions of that plan. Your annual bonus under the STI plan will be pro-rated based on the number of eligible days worked from the Start Date through the end of the program year. Actual bonus payouts may be more or less than target, depending on both individual and corporate performance.

Annual Long Term Incentive Program: You will be eligible to participate in Lumen's Long-Term Incentive (LTI) Program. The target annual LTI grant amount for your role currently is \$4,350,000. Awards under the LTI Program are expressed as a fixed dollar amount, which is then converted to a number of shares using the same methodology applicable to other senior executives of Lumen. Currently, annual awards under the LTI program consist of a mix of time-based restricted shares (TBRS) and performance-based restricted shares (PBRS). Annual LTI grant values in future years will be based on a variety of factors, including market data (which influences annual target LTI), individual performance, and scope of job responsibilities, and may be more or less than the current target. All awards are subject to approval of Lumen's Human Resources and Compensation Committee of the Board of Directors ("Compensation Committee").

In connection with this offer, effective upon your Start Date, you will receive your annual LTI award for 2022 with a target value as of the grant date of **\$4,350,000**, and the mix of shares will be 40% TBRS and 60% PBRS. The TBRS awards will vest ratably over three years with one-third vesting on each of the first, second and third anniversaries of the grant date, and PBRS awards will vest in one installment on the third anniversary of the grant date, subject to satisfaction of the applicable performance criteria. LTI awards vest over time, subject to continued employment at the time of vesting and the terms of the applicable equity incentive plan and stock award agreements.

Cash Sign-On Bonus: We are pleased to provide you with a cash sign-on bonus in the gross amount of **\$150,000**, to be paid concurrently with the first regular payroll cycle following your Start Date and subject to normal withholdings. This bonus may be subject to clawback as follows:

- a) If your employment is terminated for Cause (as defined in the Lumen Executive Severance Plan, or the “Executive Severance Plan”) or you voluntarily resign employment within 12 months after your Start Date, you will be required to return the full amount of your sign-on bonus (\$150,000) in cash to Lumen on or before your last day of work.
- b) If you are involuntarily terminated for Cause (as defined in the Executive Severance Plan) or you voluntarily resign employment at any time beginning after the end of the 12th month after your Start Date to the end of the 24th month after your Start Date, you will be required to return a pro rata amount of your sign-on bonus in cash to Lumen on or before your last day of work. The pro rata amount will equal the gross amount of your cash sign-on bonus less \$12,500 (1/12th of the total amount) for each full month worked after the 12th month following your Start Date, until the end of the 24th month, when no repayment is due.

LTI Sign-On Award: We are pleased to provide you with a sign-on equity award in the form of TBRS in the gross amount of **\$3,750,000** (the “Sign-On Equity Award”). This Sign-On Equity Award is intended to partially offset the forfeiture of certain equity awards and supplemental executive retirement plan (SERP) benefits which will occur as a result of your resignation from your current employer.

The Sign-On Equity Award will be awarded into two separate components. The first component of \$750,000 will vest ratably over three years, with one-third vesting on each of the first, second and third anniversaries of the grant date. The second component of \$3,000,000 will vest in two equal installments, with the first installment vesting on the fifth (5th) anniversary of the grant date and the second installment vesting on the seventh (7th) anniversary of the grant date.

The grant of the Sign-On Equity Award will occur on your Start Date. As with the annual LTI grants, the Sign-On Equity Award is subject to continued employment at the time of vesting and all other terms and conditions of the applicable equity incentive plan and the stock award agreements.

Executive Officer / Section 16 Officer Status: Upon your assumption of the role as EVP CFO and subject to approval by the Company’s Board of Directors and/or its designated committee(s), you will be designated an executive officer and Section 16 officer of Lumen under the Securities Exchange Act of 1934, as amended (the “Exchange Act”). As an executive officer and/or Section 16 officer, you will be required to comply with disclosure and reporting requirements outlined under the Exchange Act. Also, our current stock ownership guidelines would require you to beneficially own Lumen stock valued at least three times your annual base salary. You will have three years to attain this stock ownership target. As a Lumen employee, you will be subject to the company’s Policy Statement on Insider Trading (“Insider Trading Policy”), and any transactions involving Lumen securities will be subject to the Insider Trading Policy and applicable securities laws and regulations.

Severance Programs: Following the Start Date, the Executive Severance Plan will govern your severance rights and benefits absent a change of control of Lumen. Following the Start Date, your severance rights and benefits for termination in connection with a change of control of Lumen will be governed by a separate change of control agreement. This change of control agreement is a “double trigger” agreement, meaning that no severance benefits will be paid unless there is both (1) a change of control of Lumen and (2) either an involuntary termination not for cause or a good reason resignation (as such events are defined in such agreement).

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

Your rights and obligations under this letter are subject to and contingent upon (i) your continued employment and service as CFO of the Company, (ii) the terms of the plan documents for any applicable benefit plan, and (iii) your acceptance (confirmed by your signature) of the terms of this offer, including the terms of the attached Offer Letter Addendum ("Addendum"). The Addendum will govern many of the conditions of our employer-employee relationship, and it includes an agreement to arbitrate employment-related disputes. Please read these documents carefully. This offer supersedes any prior offers, understandings or representations regarding the subject matter of this letter, and this letter cannot be altered or changed except by a written document that has been approved and signed by me or the CEO.

Chris, I am very much looking forward to you joining the Lumen leadership team. We are confident that you can help propel Lumen forward in achieving its higher purpose – to further human progress through technology. In moving forward, we count on our leaders to drive transformation with a growth mindset, a focus on getting the right things done, effective communication with capable teams, and a desire to challenge the status quo as change makers.

If you have any questions about the terms of your offer, please reach out directly to Denise Mabile in Executive Compensation at denise.mabile@lumen.com or by phone at (225) 936-1010.

Sincerely,

/s/ Scott Trezise

Scott Trezise
EVP, Human Resources

I certify and acknowledge that I have read, understand and agree to the above conditions of employment.

SIGNED: /s/ Christopher D. Stansbury DATE: 3/24/2022
Christopher Stansbury

OFFER LETTER ADDENDUM
Additional Requirements and Agreements

As used in this Addendum, "Lumen" means any subsidiary or affiliate of Lumen Technologies, Inc., including subsidiaries and affiliates of CenturyTel, Embarq, Qwest, Savvis, or Level 3, and any predecessor or successor to those subsidiaries or affiliates.

By accepting this offer, you hereby agree to the following, each of which is a condition of your employment:

COMPLIANCE WITH LEGAL REQUIREMENTS AND POLICIES

As a condition of employment, you must complete Section 1 of the Form I-9 no later than your first day of work, and you must present appropriate documents, as required by the federal government, to establish your identity and eligibility to work in the United States as required by Section 2 of Form I-9 within three business days of beginning work. You must provide satisfactory original documentation from the lists on the Form I-9. You may be requested to provide additional documentation as required by the Social Security Administration and/or the Department of Homeland Security (DHS), in accordance with the DHS E-Verify Program, applicable laws and regulations. Cooperating with such requests is a condition of employment.

You agree to abide by the Lumen Code of Conduct and Lumen policies, as found in the online U.S. Employee Handbook Policies, as they are issued or modified from time to time. Now and throughout your employment with Lumen, you are required to disclose to Lumen's Corporate Compliance department all potential or actual conflicts of interest. You must familiarize yourself with Lumen's Conflict of Interest Policy, which is part of the Lumen Code of Conduct, so that you can identify potential conflicts of interest. Your employment will be subject to and governed by these policies, and your acceptance of this offer will constitute an express acceptance of the terms and provisions of those policies. Any future changes in policies will also automatically be binding on you.

The policies posted in the online Employee Toolkit do not constitute a contract between Lumen and you. Lumen retains the right to change, modify, suspend, interpret, or cancel in whole or part any of its policies or practices, without advance notice, in its sole discretion. **Your employment is voluntary and 'At-Will,' meaning either you or the company can end your employment at will at any time, for any reason, with or without cause.** When practicable, each party will try to provide the courtesy of reasonable notice of intent to terminate the employment relationship. Your 'At-Will' status can only be changed by a writing signed by Lumen's EVP of Human Resources.

INTELLECTUAL PROPERTY

You agree that any inventions, discoveries, creations (including without limitation software, product documentation, web pages, writings, drawings, articles, presentations, videos and other works), improvements, Confidential Information and other intellectual property ("Creations") that you may develop or create, or assist in developing or creating during your employment with Lumen, whether or not patentable or eligible for copyright, that relate to the actual, planned, or foreseeable business or other activities of Lumen, or that result from your work for Lumen or from using Lumen property and equipment, shall be the exclusive property of Lumen. To the extent such Creations are not owned by or assigned to Lumen by operation of law, you hereby assign to Lumen all right, title and interest to your Creations in all countries. You shall promptly disclose all Creations to Lumen and shall, both during and after your employment, and without additional compensation, execute all assignments and other documents and take all actions deemed necessary by Lumen to secure and enforce any U.S. or foreign intellectual property right in such Creations. You are not obligated to assign any intellectual property to Lumen that you created prior to your employment with Lumen. You must identify in writing on a separate page entitled "Prior Intellectual Property" any such intellectual property that you wish to exclude from the operation of this Agreement and email it to HRonboarding@lumen.com along with this Addendum to Lumen.

CONFIDENTIAL INFORMATION

You agree (a) to keep in confidence and not to, except as required in the course of Lumen's business or as authorized in writing on its behalf, publish, disclose, use, or authorize anyone else to publish, disclose or use during the period of your employment and at any time thereafter, any Confidential Information; (b) that all Confidential Information shall at all times remain Lumen's property; (c) that on or prior to the day your employment terminates, you will return to Lumen all of its property, including all documents, records, copies and excerpts of documents

(including electronically stored information) containing any Confidential Information; and (d) from that day forward you shall not disclose Confidential Information to any person outside Lumen, or use Confidential Information for any purpose.

“Confidential Information” is any oral or written technical or business information not generally known outside of Lumen, including without limitation, sensitive business information, trade secrets, non-public intellectual property, customer records and lists, negotiations, policy manuals, merger and acquisition plans, training materials and marketing plans, corporate financial information, software and documentation (including object code), performance evaluations, analyses of competitive products, contracts and sales proposals, employment records, other critical and sensitive information, internal audit reports, and all information regarding which Lumen owes a third party a duty of confidence or nondisclosure.

In addition, during your employment with Lumen, you will not disclose or make use of any confidential information or trade secrets in violation of any agreements with, or rights of, any other employer or party, and you will not bring to Lumen's premises or property (including its computers) any confidential, trade secret or non-public information belonging to or obtained from any other employer or party.

Notwithstanding the foregoing, and in accordance with 18 U.S.C. § 1833, neither this Addendum nor any Lumen policy prohibits you (1) from disclosing Confidential Information (a) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney, and (b) solely for the purpose of reporting or investigating a suspected violation of law; or (2) from disclosing Confidential Information in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. Disclosures to attorneys, made under seal, or pursuant to court order are also protected in certain circumstances under 18 U.S.C. § 1833.

NON-SOLICITATION OF CUSTOMERS

You agree that while employed by Lumen and during the one (1) year period immediately following either a voluntary termination or an involuntary termination for cause (including but not limited to conflicts of interest or other misconduct) of your employment, you shall not contact, call on, solicit, attempt to obtain, accept or in any other way secure business for or on behalf of anyone other than Lumen from any client, customer or prospective client or customer of Lumen. As used herein, “client, customer or prospective client or customer of Lumen” includes any person or entity with whom you had contact while employed by Lumen, for whom you provided any services, directly or indirectly (e.g., by providing direction guidance or supervision to another person), on behalf of Lumen or about whom you learned any confidential or proprietary information during the one (1) year period prior to your termination of employment with Lumen. As used herein, “contact,” “call on,” “solicit” and “attempt to obtain” include any direct or indirect (e.g., by directing, guiding or supervising another person) contact and apply regardless of who (*i.e.*, you, a person directed by you or the customer or prospective customer) first initiated the contact.

NON-SOLICITATION OF EMPLOYEES

You further agree that, without the prior written consent of Lumen, while employed by Lumen, and during the two (2) year period immediately following the termination of your employment, whether voluntary or involuntary, you will neither directly nor indirectly induce or encourage, or attempt to induce or encourage, any employee of Lumen to terminate his or her employment. As used herein, “induce” and “encourage” include any direct or indirect contacts, regardless of who (*i.e.*, you or the other employee) first initiated the contact.

RECOVERY OF BENEFITS, OVERPAYMENTS AND INDEBTEDNESS

You hereby authorize Lumen, where permitted by law, to withhold and offset from any compensation otherwise due to you (including any salary, wages, bonuses or expense reimbursements) any and all debts owed by you to Lumen (including any inadvertent overpayments, personal charges on your company credit or purchasing card, or other amounts which you are not entitled to retain), indebtedness to an employee benefit plan, any repayment obligation under your offer letter, or other indebtedness to the Company. If Lumen incurs any legal expenses in collecting these amounts, you are personally liable for such expenses, unless otherwise provided by the applicable agreements. You will be obligated to repay any remaining balance.

NO PREVIOUS AGREEMENTS LIMITING EMPLOYMENT WITH LUMEN

You confirm that you are not bound by any agreement with any previous employer or any party which restricts in any way your prospective employment by Lumen (for example, any non-compete, non-solicitation, non-disclosure or confidentiality agreement). Such agreements may be contained in prior offer letters, stock grants, employment agreements, consulting agreements, or agreements for the sale of a business. You also represent that your employment with Lumen and the performance of your proposed duties for Lumen will not violate any obligations you may have to previous employers or other parties. In your work for Lumen, you will not disclose or make use of any information or trade secrets in violation of any agreements with or rights of any previous employer or other party, and you will not bring to Lumen's premises or use on its behalf any non-public information belonging to or obtained from any previous employment or other party.

WAIVER OF RIGHT TO JURY TRIAL AND WAIVER OF RIGHT TO BRING CLASS, COLLECTIVE, CONSOLIDATED OR REPRESENTATIVE ACTIONS

To the extent permitted by applicable law, both **you and the Company agree that they voluntarily, knowingly, and intelligently agree to waive:**

- (a) **any right they may have to bring, recover money damages or otherwise participate with other persons in any class, collective, consolidated or representative action** under any federal, state or local law or statute regarding any and all claims or causes of action arising out of or relating to your employment with the company (the "Class Action Waiver"); and
- (b) **their right to jury trial regarding any and all Claims or causes of action** arising out of or relating to your employment with the Company (the "Jury Trial Waiver").

In the event of litigation, this Agreement may be filed as a written consent to a trial of claims individually (i.e., not as part of a class, collective or consolidated proceeding) by a court of competent jurisdiction without a jury. The Class Action Waiver and Jury Trial Waiver shall be severable from the remainder of this Agreement if there is a final judicial determination that either one or both of such waivers are unenforceable or enforceable only in the context of arbitration. In such event, but only in such event, you and the Company agree to individual binding arbitration of any and all claims pursuant to the attached Exhibit A, Arbitration Provision.

You confirm that you have read and understand the terms of this Addendum, have had an opportunity to ask questions and seek the assistance of legal counsel regarding its terms, and are not relying upon any advice from Lumen in this regard.

Exhibit A to this Addendum contains an agreement to arbitrate disputes. Please read it in its entirety. You affirm your understanding of and your agreement to the terms and conditions set forth herein, including those set out in Exhibit 1, and you hereby accept this offer of employment:

Signature: : /s/ Christopher D. Stansbury DATE: 3/24/2022

EXHIBIT A Arbitration Provision

This Exhibit A, Arbitration Provision, applies only if a court has concluded that the Class Action Waiver and/or the Jury Trial Waiver in the Offer Letter Addendum is either unenforceable or only enforceable in the context of an arbitration agreement. The covenants in this Exhibit A are made in consideration for, and as a precondition to, receiving the benefits under the offer letter. This Arbitration Provision is governed by the Federal Arbitration Act, as amended, 9 U.S.C. §§ 1, et seq. ("FAA").

Arbitration

Both the Company and you **voluntarily, knowingly, and intelligently agree to binding arbitration of any and all Claims or causes of action arising out of or relating to your employment with the Company and termination of such employment**, including but not limited to all Claims. The term "Claims" means any claim, controversy or dispute between you and Lumen relating in any way to your hiring, employment, compensation, terms and conditions of employment, the termination of your employment, or the interpretation of your offer letter or any addendum to it, whether sounding in contract, statute, tort, fraud, misrepresentation, discrimination or any other legal theory. It includes claims under: Title VII of the Civil Rights Act of 1964, as amended; the Civil Rights Act of 1991; the Age Discrimination in Employment Act of 1967, as amended; 42 U.S.C. sections 1981, 1981a, 1983, 1985, or 1988; the Family and Medical Leave Act of 1993; the Americans with Disabilities Act of 1990, as amended; the Rehabilitation Act of 1973, as amended; the Fair Labor Standards Act of 1938, as amended; the Employee Retirement Income Security Act of 1974, as amended; or any other similar federal, state, or local law or regulation.

Both the Company and you waive any right they may otherwise have to a jury trial and to pursue remedies in court or other forums except as noted in the Exceptions to Arbitration Requirement section below. If, however, you would otherwise be legally or contractually permitted or required to exhaust administrative remedies to obtain legal relief, you may pursue permitted administrative remedies and must exhaust required administrative remedies prior to pursuing arbitration. The terms of this Arbitration Provision shall apply to Claims against the Company, its parents, subsidiaries, affiliates, and their directors, officers, and employees and any of their respective successors or assignees and to Claims against the You, his/her heirs, executors, administrators, or legal representatives.

In the event a court concludes that this Arbitration Provision is not enforceable under the FAA in a particular case, the law of the state of Colorado shall apply and govern the arbitrability of all Claims in that case. In all cases, arbitrability shall be determined by a court of competent jurisdiction. The substantive law of the state of Colorado, to the extent it is consistent with the terms stated in this Arbitration Provision, shall apply to any Claims. A single neutral arbitrator will conduct the arbitration under the Judicial Arbitration and Mediation Services Inc. ("JAMS") Employment Arbitration Rules and Procedures ("JAMS Rules") in effect when the demand for arbitration is filed. The current rules can be accessed at www.jamsadr.com. The Company will provide a printed copy of the current rules upon request. Other than as set forth in this Agreement, the arbitrator shall have no authority to add to, detract from, change, amend or modify existing law. The parties will mutually agree on the arbitrator (who does not need to be on the JAMS panel) and the location of the arbitration. The arbitrator shall have the authority to order such discovery as is necessary for a fair resolution of the dispute. The arbitrator shall also have the authority to award all relief or remedies provided under the statute or other law pursuant to which an asserted prevailing claim or defense is raised, as if the matter were being decided in court. The arbitrator may award punitive damages, where provided for by statute or the common law, subject to applicable caps (including but not limited to Title VII of the Civil Rights Act of 1964, as amended; the Civil Rights Act of 1991, as amended; the Age Discrimination in Employment Act of 1967, as amended; and the Americans with Disabilities Act of 1990, as amended), and the arbitrator shall be bound by any limitations on the amount of punitive or other damages imposed by said statutes or laws or the U.S Constitution. The arbitrator shall not have authority to hear any class, collective, consolidated, or representative claims but is limited to individual claims. The Company does not agree that class, collective, consolidated, or representative claims may be arbitrated. The arbitrator will apply the same statutes of limitation that would apply in court, to the extent allowed by law. The arbitrator will honor claims of privilege recognized by law and will take reasonable steps to protect confidential or proprietary information, including the use of protective orders. The arbitrator's award will be in writing and shall include the essential findings of fact and conclusions of law on which the award is based. The arbitrator's decision and award shall be final and binding as to all Claims that were or could have been raised in the arbitration, except as otherwise provided by the FAA, and judgment upon the award rendered by the arbitrator may be entered by any court having jurisdiction thereof.

A party may apply to a court of competent jurisdiction for temporary or preliminary injunctive relief in connection with an arbitrable controversy in accordance with applicable law, and any such application shall not be deemed incompatible with or waiver of this Arbitration Provision. The court to which the application is made is authorized to consider the merits of the arbitrable controversy to the extent it deems necessary in making its ruling, but only to the extent permitted by applicable law. All determinations of final relief, however, will be decided in arbitration.

Nothing in this Arbitration Provision prohibits you from reporting possible violations of local, state, or federal law or regulation to any government agency or entity, including but not limited to the Equal Employment Opportunity Commission, Department of Justice, the Securities and Exchange Commission, the U.S. Congress, and any agency Inspector General, or making other disclosures that are protected under the whistleblower provisions of law.

Attorneys' Fees and Costs

For arbitrations commenced by you pursuant to this section, the JAMS Rules applicable to initial filing fees shall apply, but in no event will you be responsible for any portion of those fees more than the filing or initial appearance fees applicable to court actions in the jurisdiction where the arbitration will be conducted. The Company otherwise shall pay all costs and expenses unique to arbitration, including without limitation the arbitrator's fees. The Company will pay all arbitrator fees and expenses if it commences the arbitration. Each party will pay its own attorneys' fees and costs in arbitration and in court proceedings, except the arbitrator has the discretion to award the prevailing party reasonable attorneys' fees and costs where fees and costs are expressly permitted under the law.

Exceptions to Arbitration Requirement

The only exceptions to the parties' obligations to arbitrate disputes under this Arbitration Provision section are:

1. **Sarbanes-Oxley (SOX) whistleblower claims.** This Arbitration Provision does not require arbitration of any claims to enforce rights or remedies provided by 18 U.S.C. § 1514A.
2. **Miscellaneous Claims:** All claims for employee benefits under the Employee Retirement Income Security Act ("ERISA") of 1984, as amended, are governed by the terms of the applicable Agreement and/or ERISA. Similarly, claims for workers' compensation or unemployment compensation benefits are not subject to the terms of this Arbitration Provision. You retain the right to file administrative claims with any state or federal agency including, but not limited to the National Labor Relations Board, the Equal Employment Opportunity Commission, and the Department of Labor.

Waiver of Right to Bring Class, Collective, Consolidated or Representative Actions

YOU AND THE COMPANY AGREE THAT THEY VOLUNTARILY, KNOWINGLY, AND INTELLIGENTLY WAIVE ANY RIGHT THEY MAY HAVE TO BRING OR OTHERWISE PARTICIPATE WITH OTHER PERSONS IN ANY CLASS, COLLECTIVE, CONSOLIDATED ACTION OR REPRESENTATIVE ACTION UNDER ANY FEDERAL, STATE OR LOCAL LAW OR STATUTE TO THE FULLEST EXTENT PERMITTED BY LAW (the "Class Action Waiver"). Accordingly, both the Company and you agree to bring any dispute in arbitration on an individual basis only, and not on a class or collective basis on behalf of others. There is no right or authority for any dispute to be brought, heard, or arbitrated as a class or collective action, or as a member in any such class or collective proceeding.

Notwithstanding any other provision of this Agreement or the JAMS Rules, issues regarding the validity, enforceability or breach of the Class Action Waiver, whether in the context of a court proceeding or arbitration, may be resolved only by the court and not by an arbitrator. You will not be retaliated against, disciplined, or threatened with discipline because of your filing of or participation in a class or collective action in any forum. However, the Company may lawfully seek enforcement of the Class Action Waiver under the FAA and seek dismissal of such class and collective actions or claims. The Class Action Waiver shall be severable in any case in which the dispute is filed as an individual action and severance is necessary to ensure that the individual action proceeds in arbitration.

Severability

If any term of this Arbitration Provision is held to be invalid or unenforceable or contrary to public policy or any law by a court of competent jurisdiction, the term shall be severed in its entirety from this Agreement; the remaining terms of this Agreement shall remain in full force and effect.

LUMEN SUPPLEMENTAL SAVINGS PLAN
Amended and Restated Effective January 1, 2022

I. PURPOSE OF THIS PLAN; EFFECTIVE DATE

1.01 Purpose. This Lumen Supplemental Savings Plan (this “*Plan*”) was established by the Company (defined below) to provide to certain select management employees of the Company and its subsidiaries and designated affiliates the opportunity to defer a portion of their compensation in excess of the deferrals permissible under the terms of the Lumen 401(k) Savings Plan (the “*Savings Plan*”), which is also maintained by the Company, and to allow the Company to make matching contributions based on such deferrals in excess of those permissible under such plan. This Plan is not intended to constitute a qualified plan under Section 401(a) of the Code (defined below), and is designed to be exempt from the participation, vesting, funding and fiduciary responsibility rules of ERISA (defined below). This Plan is intended to comply with Section 409A (defined below).

1.02 Effective Date. This Plan previously was restated effective January 1, 2005, January 1, 2008, January 1, 2014, and was subsequently further amended effective January 1, 2015, and most recently was restated effective February 1, 2020, and was subsequently further amended effective September 1, 2020. This Plan is again amended and restated in its entirety effective as of January 1, 2022 (the “*2022 Restatement*”), as set forth in this document, to reflect the plan design changes set forth herein.

II. DEFINITIONS

As used in this Plan, the following words and phrases shall have the meanings indicated, unless the context otherwise specifies or requires:

2.01 ACCOUNT means the account established and maintained with respect to each Participant under this Plan in accordance with Section 4.01. Each Participant’s Account may consist of one or more subaccounts, which may include but not be limited to one or more Education Accounts and In-Service Accounts and, as the context may require, each such subaccount also shall be referred to herein as an “Account”. For each Account, a Participant may elect separate and distinct annual deferral elections as described in Article V, and time and form of payment options as described in Articles VIII, IX and X and investments as described in Section 4.02.

Subaccounts include, but are not limited to the following:

- (a) **Profit Sharing Account** means an account first established in 2006 and continuing thereafter under this Plan to which certain contributions, which were described in Section 6.03 of the Plan, as it was amended and restated and existed effective January 1, 2005, were credited. The Profit Sharing Account of each Participant who was an active employee on November 6, 2006, became fully vested and nonforfeitable at all times. The Profit Sharing Accounts were merged into the Accounts under the Plan for Participants effective as of January 1, 2008, and the separate existence of Profit Sharing Accounts ceased as of January 1, 2008.

- (b) **Transfer Account** means an account that was established on behalf of each former inactive Participant in the CenturyLink, Inc. Supplemental Defined Contribution Plan (the “**SDC Plan**”) who elected no later than December 15, 2005, to have his account balance in the SDC Plan transferred to another nonqualified plan of the Company. Such Transfer Account holds the amount transferred from the SDC Plan to this Plan for each such inactive Participant. No other amounts shall be accepted as Transfers to a Transfer Account. Such Transfer Account shall be treated as if it were an Account under this Plan, except that in lieu of any other earnings, the balance in each Transfer Account shall be credited with interest at the rate equal to the 6 month Treasury bill rate adjusted each January 1, and the form of payment shall be the form of payment the Participant elected under the SDC Plan and not the form of payment under Section 8.01. The form of payment the Participant selected under the SDC Plan cannot be changed.

2.02 ACCOUNT BALANCE means, as of a given date, the fair market value of each of a Participant’s Accounts as determined by the Committee.

In 2005, each active Participant was given the right to elect to have his Account Balance transferred to the Lumen Combined Pension Plan, or its predecessor (collectively, the “**Retirement Plan**”) to the extent permitted under the QSERP concept (*i.e.*, to the extent possible given nondiscrimination limitations applicable to the Retirement Plan). Each Participant’s Account Balance was reduced by the amount that was transferred to the Retirement Plan, if any. In 2005, under the Section 409A transition rules, each Participant was also given the right to elect to take a distribution of the portion of his Account Balance that was not transferred to the Retirement Plan. Each Participant’s Account Balance was reduced by the amount distributed to him in 2005, if any.

2.03 BENEFICIARY means the person or persons, entity or entities designated by the Participant or determined by the Plan to receive the Participant’s Plan benefits after the death of the Participant.

2.04 BOARD means the Board of Directors of the Company.

2.05 BONUS COMPENSATION means the amount of a Participant’s annual cash bonus from which the Participant can no longer make deferral contributions under the Savings Plan due to having reached the limit on deferrals under Code Section 402(g) for the Plan Year in question (ignoring any catch-up contributions to the Savings Plan for those age 50 or older, and ignoring any subsequent adjustments to contributions under such plan, such as due to nondiscrimination testing refunds, corrective distributions, or other changes in the ultimate amount of deferrals under such plan for the year in question). If a Participant receives a cash bonus and elected to defer a portion of such bonus to the Savings Plan, thereby causing the Participant to reach the Code Section 402(g) limit, then Bonus Compensation under this Plan shall only include the portion of the bonus that did not result in additional deferrals to the Savings Plan (having reached the Code Section 402(g) limit).

2.06 CODE means the Internal Revenue Code of 1986, as amended.

2.07 COMMITTEE means the Lumen Employee Benefits Committee or its designee in Human Resources, Benefits.

2.08 COMPANY means Lumen Technologies, Inc., which prior to September 14, 2020, was known as CenturyLink, Inc.

2.09 COMPENSATION COMMITTEE means the Compensation Committee of the Board.

2.10 EFFECTIVE DATE means, for this Plan, as amended and restated as set forth in this document, January 1, 2022.

2.11 EMPLOYER means the Company, and any Subsidiary and any affiliate designated by the Company as a participating employer under this Plan.

2.12 ERISA means the Employee Retirement Income Security Act of 1974, as amended.

2.13 EXCESS SALARY means the amount of a Participant's regular salary from which the Participant can no longer make elective deferral contributions under the Savings Plan due to having reached the limit on deferrals under Code Section 402(g) for the Plan Year in question (ignoring any catch-up contributions to the Savings Plan for those age 50 or older, and ignoring any subsequent adjustments to contributions under such plan, such as due to nondiscrimination testing refunds, corrective distributions, or other changes in the ultimate amount of deferrals under such plan for the year in question). Salary shall not be deferred under this Plan with respect to any regular payroll payment from which any Savings Plan contributions are withheld, but rather, Excess Salary for purposes of this Plan shall relate to salary earned beginning with the following payroll period. As provided in Treasury Regulations Section 1.409A-2(a)(13), compensation paid after the last day of the Plan Year solely for services performed during the final payroll period described in Code Section 3401(b) shall be treated as compensation for services provided for the subsequent calendar year.

2.14 INCENTIVE COMPENSATION means any amount awarded to a Participant under the Company's Key Employee Incentive Compensation Plan or other similar executive incentive compensation arrangement maintained by the Company (other than Bonus Compensation defined in Section 2.05), including the amount of any stock award in its cash equivalent at the time of conversion of the award from cash to stock. A Participant's Incentive Compensation shall be determined on an annual basis and shall, for purposes of this Plan, be allocated to the year in which the Participant performed the services with respect to which the Incentive Compensation was awarded. There shall be no deferrals under this Plan from Incentive Compensation on or after January 1, 2015.

2.15 IN-SERVICE ACCOUNT means one or more separate Accounts to be kept for each Participant that has elected to take In-Service Distributions. Each In-Service Account shall be adjusted in the same manner and at the same time as all other Accounts under Article IV and in accordance with the rules and elections in effect under Article IV.

2.16 IN-SERVICE DISTRIBUTION means the payment of an In-Service Account in the form and at the time elected by the Participant in a Participation Agreement or in accordance with the Plan.

2.17 NOTIONAL means imaginary, not actual.

2.18 PARTICIPANT means any officer of the Company, any Subsidiary thereof, and any designated affiliate, who is granted participation in this Plan in accordance with the provisions of Article III.

2.19 PARTICIPATION AGREEMENT means a written agreement, including electronic submissions by the Participant or at the Participant's direction, entered into between a Participant and the Employer, and which will include the deferral elections made in accordance with Article V, the forms of payment elections made in accordance with Article VIII, the distribution elections made in accordance with Article IX, and any changes thereto as permitted in Article X.

2.20 PLAN means the Lumen Supplemental Savings Plan, as amended and restated herein and as it subsequently may be further amended. Immediately prior to January 22, 2021, this Plan was known as the CenturyLink Supplemental Savings Plan and immediately prior to January 1, 2021, this Plan was known as the CenturyLink Supplemental Dollars & Sense Plan.

2.21 PLAN YEAR means the calendar year.

2.22 QUALIFYING DISTRIBUTION EVENT means the earlier of (a) the Separation from Service of the Participant, (b) the death of the Participant, or (c) the time specified by the Participant in a Participation Agreement (or an amendment thereto) for an In-Service Distribution.

2.23 SAVINGS PLAN means the Lumen 401(k) Savings Plan and any amendment thereto. Immediately prior to November 12, 2020, the Savings Plan was known as the CenturyLink 401(k) Savings Plan and immediately prior to September 1, 2020, the Savings Plan was known as the CenturyLink Dollars & Sense 401(k) Plan.

2.24 SECTION 409A means Section 409A of the Code and the Treasury Regulations and other interpretive guidance issued thereunder, including any issued after the date hereof.

2.25 SEPARATION FROM SERVICE means a "separation from service" within the meaning of Treasury Regulation Section 1.409A-1(h).

2.26 SPECIFIED EMPLOYEE means a Participant who, in accordance with Treasury Regulation Section 1.409A-1(i), meets the requirements for key employee treatment under Code Section 416(i)(1)(A)(i), (ii) or (iii) (applied in accordance with the Treasury Regulations thereunder and without regard to Code Section 416(i)(5)) at any time during the 12-month period ending on December 31 of each year (the "*identification date*"). If a person is a key employee as of any identification date, the person is treated as a Specified Employee for the 12-month period beginning on the first day of the fourth month following the identification date. Unless binding corporate action is taken by the Board or the Compensation Committee to

establish different rules for determining Specified Employees for all plans of the Employer and its controlled group members that are subject to Section 409A, the foregoing rules and the other default rules under the regulations of Section 409A shall apply.

2.27 SUBSIDIARY means any corporation in which the Company owns, directly or indirectly through subsidiaries, at least 50% of the combined voting power of all classes of stock.

III. PARTICIPATION

3.01 Eligibility. Any employee of an Employer who is either (i) one of the officers of an Employer in a position to contribute materially to the continued growth and future financial success of an Employer or (ii) one who has made a significant contribution to the Employer's operations, thereby meriting special recognition, shall be eligible to participate provided the following requirements are met:

(a) The officer is employed on a full-time basis by an Employer and is compensated by a regular salary; and

(b) The coverage of the officer is duly approved by the Vice President of Compensation and Benefits of the Company (the "**Approving Officer**").

The determination of whether an individual is an employee of an Employer shall be made solely in accordance with the classifications used by the Employer and shall not be dependent on, or change due to, the treatment of the individual for any purposes under the Code, common law or any other law, or any determination made by any court or government agency.

3.02 Reemployment. It is intended that participation in this Plan shall be extended only to those officers who are members of a select group of management or highly compensated employees of the Employer, within the meaning of Sections 201(2), 301(a)(3) and 401(a)(1) of ERISA, as determined by the Approving Officer. If a Participant who retired or otherwise terminated employment is rehired, he shall not again become a Participant in this Plan unless the coverage of the officer is again duly approved by the Approving Officer.

IV. ACCOUNTS AND INVESTMENTS

4.01 Establishment of Plan Accounts. An Account, which may be comprised of one or more subaccounts, shall be established on behalf of each Participant who receives an allocation pursuant to Sections 6.01 and 6.02. Each Participant's Account shall be credited with such allocation, and earnings and gains on his Account Balance, and shall be debited with distributions, losses, and any expenses properly chargeable thereto.

4.02 Investment of Plan Account. Each Participant shall have the same rights with respect to investment of amounts in his Account hereunder as are available from time to time under the Savings Plan, as to permissible investment funds, except as provided in the next sentence. Investment in securities or other obligations issued by the Employer or, effective February 1, 2020, in the Savings Plan's Self-Directed Brokerage Account ("**SDBA**") and also referred to as the "**Personal Choice Retirement Account**" or "**PCRA**") will not be available

under this Plan. The investment rights of each Participant hereunder shall extend to all amounts in his Account, including deferral contributions and matching contributions.

4.03 Valuation. The Account Balances of Participants in this Plan shall be revalued as of the end of each trading day, taking into account the values of the various assets which are Notional investments of the Accounts and taking into account Notional contributions or transfers to each Account during the day and Notional withdrawals or transfers from each Account during the day.

V. PARTICIPANT DEFERRALS

5.01 Deferrals. Deferrals shall comply with the following requirements, in addition to other requirements set forth in this Plan:

(a) **Deferral Elections and Sources.** Each Participant shall make separate written or electronic elections (each, a “*deferral election*”), prior to the first day of each Plan Year (or, as to a Participant who first becomes a Participant in this Plan as of a day other than January 1 and who is not then a participant in any other account balance plan of or agreement with the Employer governed by Section 409A that permits elective deferrals by the Participant, as defined in Treasury Regulation Section 1.409A-1(c)(2)(i)(A), within 30 days after the date the Participant becomes eligible to Participate in this Plan (but only with respect to compensation paid for services to be performed subsequent to the election)) to defer a portion of his: (i) Excess Salary, (ii) Bonus Compensation, and/or (iii) Incentive Compensation; *provided, however*, on and after January 1, 2015, no deferrals of Incentive Compensation pursuant to this subsection 5.01(a)(iii) shall be allowed. The total amount of annual allowable deferral pursuant to a Participant’s deferral election shall be a whole percentage, not to exceed 80% (50% prior to January 1, 2022, and 25% prior to January 1, 2011).

(b) **Compensation Eligible for Deferral.** An election to defer Excess Salary shall provide for a deferral to be made from each paycheck, but only as to payroll periods that fall after the payroll period in which Participant deferred sufficient compensation to reach the maximum annual deferral limit under Code Section 402(g) (as further detailed in Section 2.13) (ignoring the annual catch-up contribution limit). Similarly, an election to defer Bonus Compensation shall provide for a deferral to be made from the bonus payroll check following the participant having reached the Code Section 402(g) limit under the Savings Plan (as further detailed in Section 2.05) or alternatively, from the bonus check from which the Participant has made sufficient deferrals to the Savings Plan to reach the limit detailed in Section 2.05.

(c) **Performance-Based Compensation.** Notwithstanding the above, with respect to any Bonus Compensation that is performance-based, as defined in Treasury Regulation Section 1.409A-1(e), each Participant may make a separate written or electronic election no later than June 30 of the calendar year performance period. Rehires shall be treated as if they were in their first year of eligibility if they satisfy the 24-month rule in Treasury Regulation Section 1.409A-2(a)(7)(ii).

5.02 Deferral Election is Irrevocable. Any deferral election made under the terms of Section 5.01 shall be irrevocable until the succeeding January 1. Participants in this Plan shall likewise be unable to change or revoke their deferral elections under the Savings Plan for the

Plan Year in question (with the exception of after-tax and catch-up contributions under such plan), in accordance with the terms of such plan. However, as permitted by Treasury Regulation Section 1.409A-3(j)(4)(viii), a Participant may cancel his deferral election under this Plan (and under the Savings Plan) due to an unforeseeable emergency or in order to qualify for a hardship distribution pursuant to Treasury Regulation Section 1.401(k)-1(d)(3).

5.03 Annual Deferral Election Required. If a Participant does not make new deferral elections for a succeeding Plan Year in accordance with Section 5.01, the Participant will not be able to defer under this Plan for such succeeding Plan Year.

VI. ALLOCATIONS TO PARTICIPANT'S ACCOUNTS

6.01 Participant Contributions. The Employer shall allocate to each Participant's Account the amount of Excess Salary and/or Bonus Compensation deferred by such Participant pursuant to a deferral election made as described in Section 5.01. The allocation hereunder shall be made as soon as administratively feasible following the date of the payroll check or bonus check to which the deferral by the Participant relates.

6.02 Employer Matching Contributions.

(a) Excess Salary. The Employer shall allocate a matching contribution to each Participant's Account under this Plan for each applicable pay period during the Plan Year an amount equal to the matching percentage under the Savings Plan, applied against the Excess Salary deferral made under this Plan for such pay period.

(b) Bonus Compensation. The Employer may contribute a matching contribution to this Plan based on the matching percentage under the Savings Plan, provided the Participant elected to defer a portion of his bonus to this Plan. The amount of match on such bonus deferral is contingent on: (i) the Participant's bonus deferral percentage elected under the Savings Plan and (ii) the bonus deferral percentage under this Plan. Matching contributions on Bonus Compensation will be made first to the Savings Plan, to the extent of the percentage of the bonus deferred into such Plan, and any excess will be contributed to this Plan.

For example, if the matching formula under the Savings Plan is a 100% match on the first 1% of bonus deferred, and a 60% match on the next 5% of bonus deferred, and if a Participant elected to defer 6% of his Bonus Compensation to the Savings Plan and to this Plan, but the Participant is only able to defer 4% of his Bonus Compensation into the Savings Plan before reaching the annual deferral limit described in Section 2.05, the Participant would receive a matching contribution in an amount equal to 2.8% of the Bonus Compensation into the Savings Plan (1% plus 60% of 3%) and the remaining 1.2% matching contribution amount (60% of 2%) would be credited to this Plan.

Note that if a Participant elects to defer a percentage of the bonus to the Savings Plan that results in less than a full employer match, then the Participant will not receive the full match under the Savings Plan or this Plan.

VII. VESTING OF ACCOUNT

7.01 A Participant's Account Balance shall be fully vested and nonforfeitable at all times.

VIII. FORMS OF PAYMENT

8.01 Forms of Payment Options – In General. Except as provided in Sections 4.01 and Article IX, a Participant may elect that any Account will be paid either in a single lump sum or, with respect to deferral elections for Plan Years beginning after December 31, 2021, in annual installments in accordance with Section 8.03 (each, a “*payment election*”), and subsequently may elect to change the form of payment (including with respect to pre-Plan Year 2022 deferrals) in accordance with Article X.

8.02 Default Form of Payment. Subject to the distribution rules in Article IX, if a Participant does not make a valid payment election with respect to any of the Participant's Accounts, the Account Balance thereof will be distributed as a single lump sum payment.

8.03 Installment Payments.

(a) As indicated in Section 8.01, each Participant may elect to receive some or all of the Participant's Account in annual installments over a term certain not shorter than 2 years and not longer than 10 years.

(b) If the Participant elects to receive installment payments upon a Qualifying Distribution Event, the payment of each installment shall be made on the anniversary of the date of the first installment payment, and the amount of each installment payment shall be adjusted on such anniversary for credits or debits to the Participant's Account pursuant to Article IV. Such adjustment shall be made by dividing the balance in the applicable Account on such date by the number of installments remaining to be paid hereunder; provided that the last installment due under this Plan shall be the entire amount credited to the Participant's Account on the date of that last installment payment.

(c) For purposes of Section 409A, each installment payment shall be deemed to be a separate and distinct payment.

IX. DISTRIBUTION RULES

9.01 Distributions – In General. Payment of a Participant's Account shall be made in the manner elected by the Participant on the applicable Participation Agreement (each, a “*distribution election*”) and payment shall commence as soon as practicable after the distribution date specified for the applicable Qualifying Distribution Event. Distribution shall begin no later than within 60 days following the day after the Qualifying Distribution Event. No payment shall be deemed late if the payment is made (or commences) on or before the later of (a) December 31 of the calendar year in which the Qualifying Distribution Event occurs or (b) the date that is 2-1/2 months after the Qualifying Distribution Event occurs. Participants shall not have any influence as to the tax year or timing of the distribution. For each payment, the Committee must specify a date for the Account(s) to be valued. In the event the Participant fails to make a valid

distribution election, the distribution will be made in a single lump sum payment as soon as practicable after the Qualifying Distribution Event. A payment may be further delayed solely to the extent required or permitted in Article XII.

9.02 Separation From Service. Except as provided in Section 9.04 and Articles X, XI and XII, and notwithstanding any Participation Agreement providing for an In-Service Distribution, a Participant's vested Account Balance shall begin to be paid immediately upon the Participant's Separation From Service for any reason and shall be paid in the form of benefit payment as elected by the Participant; *provided, however*, if a Participant is a Specified Employee, then commencement of payment upon such Specified Employee's Separation from Service shall be delayed for 6 months until the first day of the 7th month following the date of the Specified Employee's Separation from Service and, at that time, the payments to which the Specified Employee otherwise would have been entitled to receive during the 6-month period will be accumulated and paid in a single lump sum at the time the 6-month period elapses. Nevertheless, for all other purposes of this Plan, a payment shall be deemed to have been made on the date it would have been paid had the Participant not been a Specified Employee. The 6-month payment delay applicable to Specified Employees described in this Section will not apply with respect to a payment due to the Participant's death or in accordance with Section 11.03 or Section 11.04.

9.03 In-Service Distributions. A Participant may designate in any distribution election to have a specified amount credited to an In-Service Account for an In-Service Distribution that will commence on the date specified by the Participant, and the Account shall be paid according to the related payment election; *provided, however*, the Participant does not have an earlier Separation from Service or death. In no event may distribution of an In-Service Account be made before the date that is two years after the first day of the year in which any deferral election to such In-Service Account became effective. Notwithstanding the foregoing, (a) if a Participant incurs a Qualifying Distribution Event that is a Separation from Service prior to the date on which the entire balance in the In-Service Account has been distributed, then the vested balance in the In-Service Account on the date of the Separation from Service shall be paid as provided under Section 9.02 and (b) if a Participant incurs a Qualifying Distribution Event that is a death prior to the date on which the entire balance in the In-Service Account has been distributed, then the vested balance in the In-Service Account on the date of the death shall be paid as provided under Section 9.04.

9.04 Payment Upon Participant's Death. The Account Balance of a deceased Participant shall be paid in a single lump sum cash payment to the Beneficiary, if any, designated by the Participant on a form provided by the Committee for such purpose. If no Beneficiary has been properly designated or if no designated Beneficiary survives the Participant or the scheduled date of payment to such Beneficiary, the Account Balance of the deceased Participant shall be paid in a single lump sum cash payment first to the Participant's surviving spouse and, if there is no surviving spouse, then to the Participant's estate (which shall include the Participant's probate estate or living trust). Any amount that becomes payable in accordance with this Section 9.04 shall be paid within 90 days after the date of the Participant's death.

9.05 De Minimis Amounts. Notwithstanding any payment elections or distribution elections made by the Participant, the Employer may, but is not required to, distribute the balance all of a Participant's Accounts in a single lump sum payment at any time, whether or not

a Qualifying Distribution Event has occurred if the total of all Account Balances does not exceed the limit in Code Section 402(g)(1)(B) and such payment results in the termination of the Participant's entire interest in this Plan and any other Employer plan subject to aggregation under Section 409A.

9.06 Residual Distributions. If calculation of the amount of any credit to a Participant's Account is not administratively practicable due to events beyond the control of the Employer, payments may be made to the Participant for residual amounts contributed to or remaining in an Account after payments under the provisions of this Article IX have commenced or been completed. The residual amount shall be credited to the Account when the calculation of the amount becomes administratively practicable. Examples of residual amounts include, but are not limited to, additional investment returns credited after payment (due to dividends or pricing changes) or additional contributions made after payment (such as an annual bonus deferral or Employer contribution allocation). Payments that would have been made had the residual amount been calculable at the benefit commencement date shall be made up as soon as practicable after crediting to the Account, in no case later than the end of the year in which calculation of the amount becomes administratively practicable.

9.07 Ineffective Deferrals. If a Participant's deferral election under Article V to contribute to an In-Service Account is ineffective for any reason, the amount deferred will be credited to an Account that is not an In-Service Account. If the Participant only has one Account of any type, the amount deferred will be credited to that Account. If the Participant has multiple Accounts of the same type, and one of the Accounts has a lump sum at Separation from Service distribution election, the amount deferred will be credited to that Account. If the Participant has multiple accounts of the same type and does not have an Account with a lump sum at Separation from Service distribution election, one will be established with a lump sum at Separation from Service distribution election and the amount deferred will be credited to this Account.

X. CHANGES TO DISTRIBUTION ELECTIONS AND PAYMENT ELECTIONS

10.01 With the consent of the Committee, a Participant may change one or more distribution elections and/or payment elections with respect to any one or more Accounts to delay or change the time of payment and/or the form of payment of such Account(s) subject to the following requirements:

(a) The new distribution election may not take effect until at least 12 months after the date on which the new distribution election is made.

(b) If the new distribution election relates to a payment for a Qualifying Distribution Event other than the death of the Participant, the new distribution election must provide for the deferral of the payment for a period of at least five years from the date such payment would otherwise have been made.

(c) If the new distribution election relates to a payment from the In-Service Account, the new distribution election must be made at least 12 months prior to the date of the first scheduled payment from such Account.

10.02 For purposes of Section X and Article XI, a payment is each separately identified amount to which the Participant is entitled under this Plan.

XI. ACCELERATION OF PAYMENTS

11.01 No Acceleration; Exceptions. The acceleration of the time or schedule of any payment due under this Plan is prohibited except as expressly provided in this Article.

11.02 Acceleration Upon Failure to Comply with Section 409A. If at any time this Plan fails to meet the requirements of Section 409A, an amount equal to the amount required to be included in the Participant's income as a result of the failure to comply with the requirements of Section 409A shall be paid to the Participant in one lump sum on the first day of the month following the Company's determination that the failure has occurred.

11.03 Acceleration Due to Domestic Relations Order. If this Plan receives a domestic relations order, as defined in Code Section 414(p)(1)(B) and ERISA Section 206(d)(3)(B)(ii), the Committee shall accelerate the time of payment to an individual other than the Participant as may be necessary to fulfill such order in an amount not to exceed the Participant's Account Balance, provided that the provisions of ERISA Sections 206(d)(3)(C) through (F) shall apply as if this Plan were governed by part 2 of Title I of ERISA.

11.04 Acceleration Due to Ethics or Conflict of Interest. The Committee shall accelerate the time or schedule of a payment under this Plan as may be necessary: (1) to comply with an ethics agreement between the Participant and the Federal government, or (2) to comply with applicable Federal, state, local or foreign ethics laws or conflict of interest laws; each as described in Treasury Regulation Section 1.409A-3(j)(4)(iii).

XII. DELAY OF PAYMENTS

12.01 A payment otherwise due hereunder shall be delayed to a date after the designated payment date under the following circumstances:

(a) Notwithstanding any other provision hereof, any payment that constitutes deferred compensation under Section 409A and that is not exempt from coverage by Section 409A shall commence upon termination of employment of a Participant who is a Specified Employee in accordance with Section 9.02.

(b) Notwithstanding any other provision hereof, a Participant shall not have separated from service with the Employer on account of termination of employment for reasons other than death if he would not be deemed to have experienced a termination of employment under the default rules of Treasury Regulation Section 1.409A-1(h).

(c) If the making of the payment at the date specified under this Plan would jeopardize the ability of the Employer to continue as a going concern (in such case, payment will be made during the first taxable year of the Employer in which the making of the payment would not have such effect).

(d) Payment where the Employer reasonably anticipates that the making of the payment will violate Federal securities laws or other applicable law, provided that the payment shall be made at the earliest date at which the Employer reasonably anticipates that the making of the payment will not cause such violation. (The making of a payment that would cause inclusion in gross income or the application of any penalty provision or other provision of the Code is not treated as a violation of applicable law.)

(e) Payment may also be delayed upon such other events and conditions as the Commissioner of Internal Revenue may prescribe in generally applicable guidance published in the Internal Revenue Bulletin.

XIII. ADDITIONAL RESTRICTIONS ON BENEFIT PAYMENTS

13.01 In no event will there be a duplication of benefits payable under this Plan because of employment by more than one participating Employer.

XIV. ADMINISTRATION AND INTERPRETATION

14.01 This Plan shall be administered by the Committee. The Committee shall have full discretionary power and authority to interpret and administer this Plan and, subject to the provisions herein set forth, to prescribe, amend and rescind rules and regulations and make all other determinations necessary, appropriate, desirable or advisable for the administration of this Plan.

14.02 The decision of the Committee relating to any question concerning or involving the interpretation or administration of this Plan shall be final and conclusive, subject to any appeal rights of Participants set forth in Article XX.

XV. NATURE OF THIS PLAN

15.01 Benefits under this Plan shall generally be payable by the Employer from its own funds, and such benefits shall not (a) impose any obligation upon the trust(s) of the other employee benefit programs of the Employer; (b) be paid from such trust(s); or (c) have any effect whatsoever upon the amount or payment of benefits under the other employee benefit programs of the Employer. Participants have only an unsecured right to receive benefits under this Plan from the Employer as general creditors of the Employer. The Employer may deposit amounts in a trust established by the Employer for the purpose of funding the Employer's obligations under this Plan. Participants and their beneficiaries, however, have no secured interest or special claim to the assets of such trust, and the assets of the trust shall be subject to the payment of claims of general creditors of the Employer upon the insolvency or bankruptcy of the Employer, as provided in the trust.

XVI. EMPLOYMENT RELATIONSHIP

16.01 An employee shall be considered to be in the employment of the Employer as long as he remains an employee of either the Company, any Subsidiary of the Company, any designated affiliate, or any corporation to which substantially all of the assets and business of any of such entities are transferred. Nothing in the adoption of this Plan or the designation of any

Participant shall confer on any employee the right to continued employment by the Employer or affect in any way the right of the Employer to terminate his employment at any time. Any question as to whether and when there has been a termination of an employee's employment, and the cause, notice or other circumstances of such termination, shall be determined by the Committee, and its determination shall be final.

XVII. AMENDMENT AND TERMINATION OF PLAN

17.01 Termination of this Plan. The Company, acting through the Board, the Compensation Committee, or the Lumen Plan Design Committee, or any person or entity designated by such entities, may terminate this Plan and accelerate any payments due (or that may become due) under this Plan:

(a) Within 12 months of a corporate dissolution of the Company taxed under Code Section 331, or with the approval of a bankruptcy court pursuant to 11 U.S.C. Section 503(b)(1)(A), provided that the amounts deferred under this Plan are included in the Participant's gross income in the latest of (i) the calendar year in which the termination occurs, (ii) the calendar year in which the amount is no longer subject to a substantial risk of forfeiture or (iii) the first calendar year in which the payment is administratively practicable.

(b) Within the 30 days preceding or the 12 months following a Change in Control Event (as defined in Treasury Regulation Section 1.409A-3(i)(5)) provided that Treasury Regulation Section 1.409A-3(j)(4)(ix)(B) is complied with.

(c) In the Company's discretion, provided that Treasury Regulation Section 1.409A-3(j)(4)(ix)(C) is complied with.

(d) Due to such other events and conditions as the Commissioner of the IRS may prescribe in generally applicable guidance published in the Internal Revenue Bulletin.

17.02 Amendment of This Plan. The Company, acting through the Board, the Compensation Committee, or the Lumen Plan Design Committee, or any person or entity designated by such entities, may amend this Plan, at any time and from time to time, in its sole discretion. No amendment shall be made to this Plan without the consent of the Company or its designee, the Lumen Plan Design Committee. Moreover, no amendments shall divest otherwise vested rights of Participants (or their Beneficiaries or spouses).

XVIII. BINDING EFFECT

18.01 This Plan shall be binding on the Company, each Subsidiary and any designated affiliate, the successors and assigns thereof, and any entity to which substantially all of the assets or business of the Company, a Subsidiary, or a designated affiliate are transferred.

XIX. CONSTRUCTION

19.01 The masculine gender, where appearing in this Plan, shall be deemed to include the feminine gender, and the singular may indicate the plural, unless the context clearly indicates the contrary. The words "hereof", "herein", "hereunder" and other similar

compounds of the word “here” shall, unless otherwise specifically stated, mean and refer to the entire Plan, not to any particular provision or Section. Article and Section headings are included for convenience of reference and are not intended to add to, or subtract from, the terms of this Plan.

19.02 Application of Section 409A. Notwithstanding any other provision of this Plan, it is the intention of the Company that no payment or entitlement pursuant to this Plan will give rise to any adverse tax consequences to any Participant under Section 409A. This Plan and any amendments hereto shall be interpreted to that end and (a) to the maximum extent permitted by law, no effect shall be given to any provision herein, any amendment hereto or any action taken hereunder in a manner that reasonably could be expected to give rise to adverse tax consequences under Section 409A and (b) the Company unilaterally shall take any corrective action reasonably within its control that the Company in its sole discretion believes is necessary to avoid such adverse tax consequences. Any provision of this Plan that would cause a violation of Section 409A if followed shall be disregarded.

19.03 Any reference to any section of the Code or the Treasury Regulations shall be deemed to also refer to any successor provisions thereto.

XX. DEMAND FOR BENEFITS

20.01 Filing of Claims for Benefits. Plan benefits shall ordinarily be paid to a Participant without the need for demand, and to a Beneficiary upon receipt of the Beneficiary’s address and Social Security Number (and evidence of death of the Participant, if needed). Nevertheless, a Participant or a person claiming to be a Beneficiary who claims entitlement to a Plan benefit can file a claim in writing with the Committee for a Plan benefit to which the claimant believes that he is entitled, to enforce rights under the terms of this Plan, to obtain clarification of a right to future benefits from this Plan, or to protest a benefit claim denial.

20.02 Notification to Claimant of Decision. If a claim is wholly or partially denied, a notice of the decision rendered in accordance with the rules set forth below will be furnished to the claimant not later than 90 days after receipt of the claim by the Committee.

If special circumstances require an extension of time for processing the claim, the Committee will give the claimant a written notice of the extension prior to the end of the initial 90 day period. In no event will the extension exceed an additional 90 days. The extension notice will indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render its final decision.

20.03 Content of Notice. The Committee will provide to every claimant who is denied a claim for benefits written or electronic notice setting forth in a clear and simple manner:

- (a) The specific reason or reasons for denial;
- (b) Specific reference to pertinent plan provisions on which denial is based;

(c) A description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such materials or information are necessary; and

(d) Appropriate information as to the steps to be taken if the claimant wishes to submit his or her claim for review, including a statement of the claimant's right to bring a civil action under ERISA Section 502(a) following an adverse determination on review.

20.04 Review Procedure. After the claimant has received written notification of an adverse benefit determination, the claimant or a duly authorized representative will have 60 days within which to appeal, in writing, such determination. The claimant may submit written comments, documents, records, and any other information relevant to the claim for benefits. The Committee will provide the claimant, upon request and free of charge, reasonable access to and copies of all documents, records, and other information relevant to the claimant's claim for benefits.

The review will take into consideration all items submitted by the claimant, regardless of whether such information was submitted or considered in the initial benefit determination.

20.05 Decision on Review. The decision on review by the Committee will be rendered as promptly as is feasible, but not later than 60 days after the receipt of a request for review, unless the Committee in its sole discretion determines that special circumstances require an extension of time for processing, in which case a decision will be rendered as promptly as is feasible, but not later than 120 days after receipt of a request for review.

If an extension of time for review is required because of special circumstances, written notice of the extension will be furnished to the claimant before termination of the initial 60-day review period and shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the determination on review.

The decision on review will be in written or electronic form. In the event of an adverse benefit determination, the decision shall contain: (a) specific reasons for the adverse determination, written in a clear and simple manner; (b) specific references to the pertinent plan provisions on which the determination is based; (c) a statement that the claimant may request, free of charge, reasonable access to and copies of all documents, records and other information relevant to the claim for benefits; and (d) the claimant's right to bring an action under ERISA Section 502(a).

20.06 Failure to Establish and Follow Reasonable Claims Procedure. In the case of the failure of the Committee to establish or follow claims procedures consistent with the requirements of U.S. Department of Labor Regulation Section 2560.503-1, the claimant shall be deemed to have exhausted the administrative remedies available under this Plan and shall be entitled to pursue any available remedies under ERISA Section 502(a) on the basis that this Plan has failed to provide a reasonable claims procedure that would yield a decision on the merits of the claim.

IN WITNESS WHEREOF, the undersigned, who has been duly authorized to execute this 2022 Restatement on behalf of Lumen Technologies, Inc., does hereby execute this 2022 Restatement on this _____ day of _____, 2021.

LUMEN TECHNOLOGIES, INC.

By: _____
Marina Pearson
Vice President, Human Resources, Benefits & Policy

LUMEN SUPPLEMENTAL SAVINGS PLAN
Amended and Restated Effective January 1, 2022

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Jeff K. Storey, Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lumen Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors:
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2022

/s/ Jeff K. Storey

Jeff K. Storey
Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Chris Stansbury, Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Lumen Technologies, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Directors:
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 4, 2022

/s/ Chris Stansbury

Chris Stansbury
Executive Vice President and Chief
Financial Officer

**Certification Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

I, Jeff K. Storey, Chief Executive Officer of Lumen Technologies, Inc. ("Lumen Technologies"), certify that, to my knowledge, the Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 of Lumen Technologies fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Lumen Technologies as of the dates and for the periods covered by such report.

A signed original of this statement has been provided to Lumen Technologies and will be retained by Lumen Technologies and furnished to the Securities and Exchange Commission or its staff upon request.

Date: May 4, 2022

/s/ Jeff K. Storey
Jeff K. Storey
Chief Executive Officer

**Certification Pursuant to
18 U.S.C. Section 1350,
as Adopted Pursuant to
Section 906 of the Sarbanes-Oxley Act of 2002**

I, Chris Stansbury, Chief Financial Officer of Lumen Technologies, Inc. ("Lumen Technologies"), certify that, to my knowledge, the Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 of Lumen Technologies fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Lumen Technologies as of the dates and for the periods covered by such report.

A signed original of this statement has been provided to Lumen Technologies and will be retained by Lumen Technologies and furnished to the Securities and Exchange Commission or its staff upon request.

Date: May 4, 2022

/s/ Chris Stansbury

Chris Stansbury
Executive Vice President and Chief
Financial Officer