

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

FORM 10-K

- ☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2024
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. 001-03040

QWEST CORPORATION
(Exact name of registrant as specified in its charter)

Colorado
(State or other jurisdiction of
incorporation or organization)
931 14th Street, Denver, Colorado
(Address of principal executive offices)

84-0273800
(I.R.S. Employer
Identification No.)
80202
(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
6.5% Notes Due 2056	CTBB	New York Stock Exchange
6.75% Notes Due 2057	CTDD	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

THE REGISTRANT, A WHOLLY OWNED SUBSIDIARY OF LUMEN TECHNOLOGIES, INC. (FORMERLY NAMED CENTURYLINK, INC.) MEETS THE CONDITIONS SET FORTH IN GENERAL INSTRUCTIONS I(1) (a) AND (b) OF FORM 10-K AND IS THEREFORE FILING THIS FORM WITH REDUCED DISCLOSURE PURSUANT TO GENERAL INSTRUCTION I(2).

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

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 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, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting 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 has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☐

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

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

All of the capital stock of the registrant is held by an affiliate of the registrant. None of the registrant's capital stock is held by non-affiliates.

DOCUMENTS INCORPORATED BY REFERENCE: None.

Auditor Name: KPMG LLP Auditor Location: Denver, Colorado Auditor Firm ID: 185

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References in this report on Form 10-K, for all periods presented, to "QC," "Qwest," "we," "us," "the Company" and "our" refer to Qwest Corporation and its consolidated subsidiaries, unless the context otherwise requires. References to "Lumen Technologies" or "Lumen" refer to our ultimate parent company, Lumen Technologies, Inc. and its consolidated subsidiaries, including Level 3 Parent, LLC ("Level 3") and Level 3 Financing, Inc. ("Level 3 Financing").

PART I

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 our completed, pending or proposed transactions, investments, product development, transformation plans, participation in government programs, Quantum Fiber buildout, deleveraging plans, and other initiatives, including benefits or costs associated therewith;
- 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, debt leverage, capital allocation plans, financing or refinancing alternatives and sources, and pricing plans; 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 intense 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 schedule, replacing aging or obsolete plant and equipment, strengthening our relationships with customers and attaining projected cost savings;
- our ability to safeguard our network, and to avoid the adverse impact of 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 generate cash flows sufficient to fund our financial commitments and objectives, including our capital expenditures, operating costs, taxes, debt obligations, pension contributions and other benefits payments;
- our ability to effectively retain and hire key personnel and to successfully negotiate collective bargaining agreements on reasonable terms without work stoppages;
- our ability to successfully adjust to changes in customer demand for our products and services, including increased demand for high-speed data transmission services and artificial intelligence services;
- our ability to enhance our growth products and manage the decline of our legacy products, including by maintaining the quality and profitability of our existing offerings, introducing profitable new offerings on a timely and cost-effective basis, and transitioning customers from our legacy products to our newer offerings;
- our ability to successfully and timely implement our corporate strategies, including our transformation, buildout, and deleveraging strategies;
- changes in our operating plans, corporate strategies or capital allocation plans, whether based upon changes in our cash flows, cash requirements, financial performance, financial position, market or regulatory conditions, or otherwise;
- the negative impact of increases in the costs of Lumen's pension, healthcare, post-employment or other benefits, including those caused by changes in capital markets, interest rates, mortality rates, demographics, or regulations;
- the impact of events that harm our reputation or brands, including 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 acceptable terms, whether caused by changes in our financial position, lower credit ratings, unstable markets, debt covenant restrictions or otherwise;
- the ability of us and our affiliates to meet the terms and conditions of our respective 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 lenders;
- our ability to timely obtain necessary hardware, software, equipment, services, governmental permits and other items on favorable terms;
- the potential adverse effects arising out of allegations regarding the release of hazardous materials into the environment from network assets owned or operated by us or our predecessors, including any resulting governmental actions, removal costs, litigation, compliance costs, or penalties;
- our ability to collect our receivables from, or continue to do business with, financially troubled customers;
- our ability to continue to use intellectual property used to conduct our operations;
- any adverse developments in legal or regulatory proceedings involving us or our affiliates, including Lumen Technologies;

- changes in tax, trade, pension, healthcare or other laws or regulations, in governmental support programs, or in general government funding levels, including those arising from governmental programs promoting broadband development;
- the effects of changes in accounting policies, practices or assumptions, including changes that could potentially require additional future impairment charges;
- the effects of adverse weather, terrorism, epidemics, pandemics, war, rioting, vandalism, societal unrest, political discord, 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 changes in interest rates or inflation;
- the effects of more general factors such as changes in exchange rates, in operating costs, in public policy, in the views of financial analysts, or in general market, labor, economic, public health 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, our assessment of regulatory, technological, industry, competitive, economic and market conditions as of such date. We may change our intentions, strategies or plans (including our capital allocation plans) at any time and without notice, based upon any changes in such factors or otherwise.

ITEM 1. BUSINESS

Business Overview and Purpose

We are a networking company with the goal of connecting people, data, and applications quickly, securely and effortlessly. We are unleashing the world's digital potential by providing a broad array of integrated products and services to our domestic and global Business customers and our domestic Mass Markets customers. We report our revenue derived from our operations serving our Mass Markets customers, primarily within the 'Other Broadband', 'Voice and Other' and 'Fiber Broadband' categories and our revenue derived from our operations servicing our Business customers, primarily within the 'Harvest', 'Nurture' and 'Grow' categories. Our specific products and services are detailed below under the heading "Operations - Products and Services."

Our ultimate parent company, Lumen Technologies, Inc., has cash management arrangements or loan arrangements with a majority of its subsidiaries that include lines of credit, affiliate obligations, capital contributions and dividends. As part of these cash management or loan arrangements, affiliates provide lines of credit to certain other affiliates. Amounts outstanding under these lines of credit and intercompany obligations vary from time to time. Under these arrangements, the majority of our cash balance is advanced on a daily basis for centralized management by Lumen's service company affiliate. From time to time we may declare and pay dividends to Qwest Services Corporation ("QSC"), our direct parent, using cash owed to us under these advances, which has the net effect of reducing the amount of these advances. We report the balance of these transfers on our consolidated balance sheet as advances to affiliates.

We were incorporated under the laws of the State of Colorado in 1911. Our principal executive offices are located at 931 14th Street, Denver, Colorado 80202 and our telephone number is (318) 388-9000.

For a discussion of certain risks applicable to our business, see “Risk Factors” in Item 1A of Part I of this report. The summary financial information in this Item 1 should be read in conjunction with, and is qualified by reference to, our consolidated financial statements and notes thereto in Item 8 of Part II of this report and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Item 7 of Part II of this report.

Financial Highlights

The following table summarizes the results of our consolidated operations:

	Years Ended December 31,		
	2024	2023 ⁽¹⁾	2022
	(Dollars in millions)		
Operating revenue	\$ 5,508	5,915	6,449
Operating expenses	3,457	6,110	3,694
Operating income (loss)	\$ 2,051	(195)	2,755
Net income (loss)	\$ 1,487	(831)	1,919

⁽¹⁾ During 2023 we recorded non-cash, non-tax-deductible goodwill impairment charge of \$2.4 billion. For additional information, see Note 2—Goodwill And Other Intangible Assets to our consolidated financial statements in Item 8 of Part II of this report.

The following table summarizes certain selected financial information from our consolidated balance sheets:

	As of December 31,	
	2024	2023
	(Dollars in millions)	
Total assets	\$ 17,362	16,337
Total long-term debt ⁽¹⁾	1,927	2,157
Total stockholder's equity	12,243	10,756

⁽¹⁾ Total long-term debt does not include note payable-affiliate. For additional information on our total long-term debt, see Note 6—Long-Term Debt and Note Payable - Affiliate to our consolidated financial statements in Item 8 of Part II of this report. For information on our total obligations, see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources—Future Contractual Obligations” in Item 7 of Part II of this report.

Substantially all of our long-lived assets are located in the United States and substantially all of our total consolidated operating revenue is from customers located in the United States.

The summary financial information appearing above should be read in conjunction with, and is qualified by reference to, our consolidated financial statements and notes thereto in Item 8 of Part II of this report and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Item 7 of Part II of this report.

Operations

For the reasons noted in Note 1—Background and Summary of Significant Accounting Policies to our consolidated financial statements in Item 8 of Part II of this report, we believe we have one reportable segment.

Products and Services

While most of our customized customer interactions involve multiple integrated technologies and services, we organize our products and services according to the core technologies that drive them. At December 31, 2024, we reported our revenue derived from our operations serving our Mass Markets customers, primarily within the first three categories listed below, and our revenue derived from our operations servicing our Business customers, primarily in the 'Harvest', 'Nurture' and 'Grow' categories listed below:

- *Other Broadband*, under which we provide primarily lower speed broadband services to residential and small business customers utilizing our copper-based network infrastructure;
- *Voice and Other*, under which we derive revenues from (i) providing local and long-distance services, professional services, and other ancillary services, (ii) federal broadband and state support payments, and (iii) equipment, IT solutions and other services;
- *Fiber Broadband*, under which we provide high speed broadband services to residential and small business customers utilizing our fiber-based network infrastructure;
- *Grow*, which includes products and services in which we are significantly investing, primarily including:
 - *Optical Services*. We deliver high bandwidth optical wavelength networks to customers requiring an end-to-end solution with ethernet technology for a scalable amount of bandwidth connecting sites or providing high-speed access to cloud computing resources.
- *Nurture*, which includes our more mature offerings, such as:
 - *Ethernet*. We deliver a robust array of networking services built on ethernet technology. Ethernet services include point-to-point and multi-point equipment configurations that facilitate data transmissions across metropolitan areas and larger enterprise-class wide area networks. Our ethernet technology is also used by wireless service providers for data transmission via our fiber-optic cables connected to their towers.
- *Harvest*, which includes our legacy services managed for cash flow, including:
 - *Voice Services*. We offer our Business customers a complete portfolio of traditional Time Division Multiplexing voice services including Primary Rate Interface ("PRI") service, local inbound service, switched one-plus, toll free, long distance and international services; and
 - *Private Line*. We deliver private line services, a direct circuit or channel specifically dedicated for connecting two or more organizational sites. Private line service offers a high-speed, secure solution for frequent transmission of large amounts of data between sites, including wireless backhaul transmissions;
- *Affiliate Services*. We provide our affiliates certain telecommunication services that we also provide to external customers. Please see our products and services listed above for further description of these services. In addition, we provide our affiliates application development and support services, network support and technical services.

From time to time, we may change the categorization of our products and services.

Our Network

Our and Lumen's network, through which we provide most of our products and services, consists of fiber-optic and copper cables, high-speed transport equipment, electronics, voice switches, data switches, routers, and various other equipment. We operate part of our network with leased assets, and a substantial portion of our equipment with licensed software.

We and Lumen view our network as one of our most critical assets. We and Lumen have devoted, and plan to continue to devote, substantial resources to (i) simplify and modernize our network and legacy systems (ii) retire aging or obsolete systems and plant and (iii) expand our and Lumen's network to address demand for enhanced or new products. A key element of our network expansion plan is our Quantum Fiber buildout project. Under this project, we plan to construct additional fiber optic infrastructure over the next years to enable us to provide Quantum Fiber broadband services to several million additional urban and suburban locations in our ILEC markets.

Although either we or Lumen own most of our network, we lease a substantial portion of our fiber network from several other communication companies under arrangements that will periodically need to be renewed or replaced to support our current network operations.

As a critical infrastructure provider, we and our customers are a constant target of cyber-attacks from a wide range of intruders, including advanced persistent threat actors. From time to time in the ordinary course of our business we experience security incidents and disruption in our services. We develop and maintain systems and programs designed to protect against cyber-attacks and network outages. The development, maintenance and operation of these systems and programs is costly and requires ongoing monitoring and updating as technologies change and efforts to bypass security measures become more sophisticated and evolve rapidly.

For additional information regarding risks relating to our systems, network assets, network operations, capital expenditure requirements and reliance upon third parties, see "Risk Factors," in Item 1A of Part I of this report.

Competition

We compete in a dynamic and highly competitive market in which demand for high-speed, secure data services continues to grow. We expect continued intense competition from a wide variety of sources under these evolving market conditions. In addition to competition from large communications providers, we are facing competition from a growing number of sources, including, systems integrators, hyperscalers, cloud service providers, software networking companies, infrastructure companies, cable companies, wireless service providers, device providers, resellers and smaller niche providers.

Our ability to compete hinges upon effectively enhancing and better integrating our existing products, introducing new products on a timely and cost-effective basis, meeting changing customer needs, providing high-quality information security to build customer confidence and combat cyber-attacks, extending our core technology into new applications and anticipating emerging technological and industry changes. Depending on the applicable market and services, competition can be intense, especially if competitors in the market have network assets better suited to customer needs, offer faster transmission speeds, charge lower prices, or have a longer history of providing service in the market.

We compete to provide services to Business customers based on a variety of factors, including the comprehensiveness and reliability of our network, our data transmission speeds, price, the latency of our available network services, the scope of our integrated offerings, the reach and peering capacity of our IP network, digital ordering capabilities, ease of access and use, billing simplicity and customer service. We continue to experience pricing pressure for several of our products and services due to a wide array of large communications companies and systems integrators providing high-speed fiber services to enterprise and wholesale business customers and other companies that market slower-speed non-fiber services typically at lower prices to more price-sensitive customers.

Competition to provide broadband services to our Mass Markets customers remains high. Market demand for our broadband services could be adversely affected by (i) advanced wireless data transmission technologies, including fixed wireless and low-earth-orbit satellite services, and (ii) continued enhancements to cable-based services, each of which generally provides faster average broadband transmission speeds than our copper-based infrastructure. In addition, several established or new communications companies, infrastructure companies or municipalities have built or are building new fiber-based networks to provide high-speed broadband services in existing or unserved markets, frequently with the support of governmental subsidies. Our network expansion and innovation strategy is focused largely on addressing these competitive pressures. To meet these demands and remain competitive, we are continuing to invest in network capacity, security, reliability, flexibility and design innovations, including through our Quantum Fiber buildout initiatives.

For our traditional voice services, providers of wireless voice, social networking, videoconferencing, and electronic messaging services are significant competitors as many customers are increasingly using these services to communicate, resulting in the long-term systemic decline in our traditional voice services. Other potential sources of competition include non-carrier systems that are capable of bypassing our local networks, either partially or completely, through various means. Developments in software have permitted new competitors to offer affordable networking products that historically required more expensive hardware investment. We anticipate that all these trends will continue to decrease use of our voice network.

We continue to operate various incumbent local telephone carriers ("ILECs"), which are obligated under federal law to permit competitors to interconnect their facilities to the ILEC's network and to take various other steps that are designed to promote competition, including obligations to (i) negotiate interconnection agreements in good faith, (ii) provide nondiscriminatory "unbundled" access to specific portions of the ILEC's network and (iii) permit competitors to physically or virtually collocate their plant on the ILEC's property. Consequently, our ILECs face competition from competitive local exchange carriers ("CLECs"), which typically provide competing services through (i) reselling an ILEC's local services, (ii) using an ILEC's unbundled network elements, (iii) operating their own facilities or (iv) a combination thereof.

Additional information about competitive pressures is located under the heading "Risk Factors—Business Risks" in Item 1A of Part I of this report.

Sales and Marketing

Our enterprise sales and marketing approach focuses on solving complex customer problems with advanced technology and network solutions, striving to make core networks services compatible with digital tools. We also rely on our call center personnel and a variety of channel partners to promote sales of services that meet the needs of our customers. To meet the needs of different customers, our offerings include both stand-alone services and bundled services designed to provide a complete offering of integrated services.

Our Business customers range from small business offices to select enterprise customers. Our direct sales representatives generally market our business services to members of in-house IT departments or other highly-sophisticated customers with deep technological experience. These individuals typically satisfy their IT requirements by contracting with us or a rapidly evolving group of competitors, or by deploying in-house solutions. We also market our products and services through inbound call centers, telemarketing and third parties, including telecommunications agents, system integrators, value-added resellers and other telecommunications firms. We support our distribution through digital advertising, events, website promotions and public relations. We maintain local offices in most of the larger population centers within our local service area. These offices provide sales and customer support services to the communities in our local markets.

We generally market our business services to members of in-house IT departments or other highly-sophisticated customers with deep technological experience. These individuals typically satisfy their IT requirements by contracting with us or a rapidly evolving group of competitors, or by deploying in-house solutions.

Similarly, our sales and marketing approach to our Mass Market customers emphasizes customer-oriented sales, marketing and service with a local presence. Our approach includes marketing our products and services primarily through direct sales representatives, inbound call centers, telemarketing and third parties, including retailers, satellite television providers, door to door sales agents and digital marketing firms.

Research, Development & Intellectual Property

Due to the dynamic nature of our industry, we prioritize investing in developing new products, improving existing products, and licensing third party intellectual property rights to anticipate and meet our customers' evolving needs. We, or our affiliates, plan to continue to file new patent applications as we enhance and develop products and services, and we plan to continue to seek opportunities to expand our patent portfolio through strategic acquisitions and licensing.

In addition to our patent rights, either directly or through our affiliates, we have rights in various trade names, trademarks, copyrights and other intellectual property that we use to conduct our business. Our services often use the intellectual property of others, including licensed software. We also occasionally license our intellectual property to others as we deem appropriate.

For information on various litigation risks associated with owning and using intellectual property rights, see "Risk Factors—Business Risks" in Item 1A of Part I of this report, and Note 14—Commitments, Contingencies and Other Items to our consolidated financial statements in Item 8 of Part II of this report.

Regulation of Our Business

Our domestic operations are regulated by the Federal Communications Commission (the "FCC"), by various state regulatory commissions and occasionally by local agencies. Generally, we must obtain and maintain operating licenses from these bodies in most areas where we offer regulated services. For information on the risks associated with the regulations discussed below, see "Risk Factors—Legal and Regulatory Risks" in Item 1A of Part I of this report.

Changes in the composition and leadership of the FCC, state regulatory commissions and other agencies that regulate our business could have significant impacts on our revenue, expenses, competitive position and prospects. Changes in the composition and leadership of these agencies are often difficult to predict, which makes future planning more difficult.

The following description discusses some of the major regulations that affect our operations, but various others could have a substantial impact on us. For additional information, see "Risk Factors" in item 1A of Part I of this report.

Federal Regulation

General

The FCC regulates the interstate services we provide, including the business data service charges we bill for wholesale network transmission and intercarrier compensation, including the interstate access charges that we bill other communications companies in connection with the origination and termination of interstate phone calls. Additionally, the FCC regulates several aspects of our business related to international communications services, privacy, public safety and network infrastructure, including (i) our access to and use of local telephone numbers, (ii) our provision of emergency 911 services and (iii) our use or removal (potentially on a reimbursable basis) of equipment produced by certain vendors deemed to cause potential national security risks. We could incur substantial penalties if we fail to comply with the FCC's applicable regulations.

Many of the FCC's regulations adopted in recent years remain subject to judicial review and additional rule-makings, thus increasing the difficulty of determining the ultimate impact of these changes on us and our competitors.

Universal Service

For several years, the federal government has instituted various funding programs to facilitate greater access to broadband services, including those noted below.

Between 2015 and 2021, Lumen received approximately \$500 million annually through Phase II of the FCC's Connect America Fund ("CAF II"), a broadband support program that ended on December 31, 2021. Our share of this CAF II funding was approximately \$145 million annually. In connection with the CAF II funding, we were required to meet certain specified infrastructure buildout requirements in 13 states by the end of 2021, which required substantial capital expenditures. In the first quarter of 2022, we recognized \$13 million of previously deferred revenue related to the conclusion of the CAF II program based upon our final buildout and filing submissions. The government has the right to audit our compliance with the CAF II program. The ultimate outcome of any remaining examinations is unknown, but could result in a liability to us in excess of our accruals established for these matters.

In early 2020, the FCC created the Rural Digital Opportunity Fund ("RDOF"), which is a federal support program designed to fund broadband deployment in rural America. For the first phase of this program, RDOF Phase I, the FCC awarded \$6.4 billion in support payments to be paid in equal monthly installments over 10 years. Lumen Technologies was awarded RDOF funding in several of the states in which we operate and began receiving monthly support payments during the second quarter of 2022, our share of which is not material. In the third quarter of 2024, we relinquished rights to develop certain RDOF census blocks in four states, which resulted in (i) a reduction of our anticipated RDOF Phase I support payments and (ii) an expectation of payment to the federal government. These impacts are expected to be immaterial.

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 by a few states. In late 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, various state and federal agencies are continuing to take steps to make this funding available to eligible applicants. We believe that the release of this funding could increase competition for broadband customers.

In mid-2024, a federal appellate court rule that the FCC's universal service funding system, which for several years levied fees against us and other telecommunication companies, was unlawful. Due to pending judicial and legislative proceedings, it is unclear how this development may ultimately impact us.

For additional information about these programs, see (i) Note 3—Revenue Recognition to our consolidated financial statements in Item 8 of Part II of this report and (ii) "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 of Part II of this report.

Broadband Regulation

In February 2015, the FCC adopted an order regulating broadband internet access services ("BIAS") as a common carrier service under Title II of the Communications Act of 1934. In December 2017, the FCC voted to repeal this order. In May 2024, the FCC adopted a new order regulating BIAS as a Title II utility service, but a federal appeals court vacated this order in January 2025. Several states have proposed, implemented or enacted laws or orders focused on state-specific Internet service regulation. In addition, certain members of Congress and various consumer interest groups have advocated in favor of classifying BIAS as a Title II utility service. These developments make it difficult to predict the future degree of regulation of BIAS. Any imposition of heightened regulation of our Internet operations could potentially hamper our ability to operate our data networks efficiently, restrict our ability to implement network management practices necessary to ensure quality service, increase the cost of operating, maintaining and upgrading our network, and otherwise negatively impact our current operations.

State Regulation of Domestic Operations

Historically ILECs, including ours, have been regulated as “common carriers,” and state regulatory commissions have generally exercised jurisdiction over intrastate voice telecommunications services and their associated facilities. In recent years, most states have reduced their regulation of ILECs. State regulatory commissions generally continue to (i) set the rates that telecommunications companies charge each other for exchanging traffic, (ii) exercise some control over the rates telecommunications companies charge their customers for regulated services, (iii) require ILECs to provide voice service throughout their territories, particularly in areas where alternative voice service is not available, (iv) administer support programs designed to subsidize the provision of services to high-cost rural areas, (v) regulate the purchase and sale of ILECs, (vi) require ILECs to provide service under publicly-filed tariffs setting forth the terms, conditions and prices of regulated services, (vii) limit ILECs' ability to borrow and pledge their assets, (viii) regulate transactions between ILECs and their affiliates and (ix) impose various other service standards.

In most states, switched and business data services and interconnection services are subject to price regulation, although the extent of regulation varies by type of service and geographic region. State agencies also regulate certain aspects of non-ILEC communications businesses, including determining carrier's eligibility to receive universal service fund support.

Data Privacy Laws and Regulations

Various foreign, federal and state laws govern our storage, maintenance and use of customer data, including a wide range of consumer protection, data protection, privacy, intellectual property and similar laws. Data privacy regulations are complex and vary across jurisdictions. We must comply with various jurisdictional data privacy regulations, adopted by various jurisdictions in certain of our domestic markets. Domestically, the number of state privacy laws continues to increase. The application, interpretation and enforcement of these laws are often uncertain, and may be interpreted and applied inconsistently from jurisdiction to jurisdiction. These regulations require careful handling of personal and customer data and could have a significant impact on our business especially if we violate any of those regulations.

Other Regulations

Our networks and properties are subject to numerous federal, state, and local laws and regulations, including laws and regulations governing the use, storage and disposal of hazardous materials, the release of pollutants into the environment and the remediation of contamination. Our contingent liabilities under these laws are further described in Note 14—Commitments, Contingencies and Other Items. Certain federal and state agencies, including attorneys general, monitor and exercise oversight related to consumer protection issues. We are also subject to codes that regulate our trenching and construction operations or that require us to obtain permits, licenses or franchises to operate. Such regulations are enacted by municipalities, counties, state, federal, or other regional governmental bodies, and can vary widely from jurisdiction to jurisdiction as a result. Such regulations may also require us to pay substantial fees or impact network buildout initiatives.

Seasonality

Overall, our business is not materially impacted by seasonality. Our network-related operating expenses are, however, generally higher in the second and third quarters of the year. From time to time, weather related problems have resulted in increased costs to repair our network and respond to service calls in some of our markets. The amount and timing of these costs are subject to the weather patterns of any given year, but have generally been highest during the third quarter and have been related to damage from severe storms, including hurricanes, tropical storms and tornadoes.

Employees

At December 31, 2024, we had approximately 10,500 employees, of which approximately 42% are members of either the Communications Workers of America ("CWA") or the International Brotherhood of Electrical Workers ("IBEW"). See "Risk Factors— Business Risks" in Item 1A of Part I of this report and Note 16—Labor Union Contracts to our consolidated financial statements in Item 8 of Part II of this report for a discussion of risks relating to our labor relations and for additional information on the timing of certain contract expirations.

Additional Information

For further information on regulatory, technological and competitive factors that could impact our revenue, see "Risk Factors" under Item 1A below. For more information on the financial contributions of our various services, see "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 of Part II of this report.

For additional information about us and our ultimate parent, Lumen Technologies, Inc., please refer to the periodic reports filed by Lumen Technologies, Inc. with the SEC, which can be accessed by visiting the websites listed below under "Website Access and Important Investor Information."

Website Access and Important Investor Information

Lumen's and 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. Any references to our website in this report or any other periodic reports that we file with the SEC are provided for convenience only, and are not intended to make any of our website information a part of this or such other reports. You may obtain free electronic copies of our annual reports on Form 10-K, quarterly reports on Form 10-Q, and current reports on Form 8-K filed by us or our ultimate controlling stockholder Lumen Technologies, Inc. (i) in the "Investor Relations" section of our website (ir.lumen.com) under the heading "FINANCIALS" and subheading "SEC Filings" or (ii) on the SEC's website at www.sec.gov.

In connection with filing this report, our chief executive officer and chief financial officer made the certifications regarding our financial disclosures required under the Sarbanes-Oxley Act of 2002, and its related regulations.

As a large complex organization, we are from time to time subject to litigation, disputes, governmental or internal investigations, consent decrees, service outages, security breaches or other adverse events. We typically publicly disclose these occurrences (and their ultimate outcomes) only when we determine these disclosures to be material to investors or otherwise required by applicable law.

We typically disclose material non-public information by disseminating press releases, making public filings with the SEC, or disclosing information during publicly accessible meetings or conference calls. Nonetheless, from time to time we have used, and intend to continue to use, our website and social media accounts to augment our disclosures.

Although, at various times, we answer questions raised by securities analysts, it is against our policy to disclose to them selectively any material non-public information or other confidential information. Investors should not assume that we agree with any statement or report issued by an analyst with respect to our past or projected performance. To the extent that reports issued by securities analysts contain any projections, forecasts or opinions, such reports are not our responsibility.

Unless otherwise indicated, information contained in this report and other documents filed by us under the federal securities laws concerning our views and expectations regarding industry conditions are based on estimates made by us using data from industry sources and making assumptions based on our industry knowledge and experience. You should be aware that we have not independently verified data from industry or other third-party sources and cannot guarantee its accuracy or completeness.

ITEM 1A. RISK FACTORS

The following discussion identifies material factors that could (i) materially and adversely affect our business, financial condition, results of operations or prospects or (ii) cause our actual results to differ materially from our anticipated results, projections or other expectations. The following information should be read in conjunction with the other portions of this annual report, including "Special Note Regarding Forward-Looking Statements", "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7 and our consolidated financial statements and related notes in Item 8. All references to "Notes" in this Item 1A of Part I refer to the Notes to Consolidated Financial Statements included in Item 8 of Part II of this report. Please note the following discussion is not intended to comprehensively list all risks or uncertainties faced by us. Our operations or actual results could also be similarly impacted by additional risks and uncertainties that are not currently known to us, that we currently deem to be immaterial, that arise in the future or that are not specific to us. In addition, certain of the risks described below apply only to a part or segment of our business.

Business Risks

Challenges with integrating or modernizing our existing applications and systems could harm our performance.

To attain our operational and strategic goals and our projected cost savings, we need to integrate, simplify, upgrade, and modernize our existing applications and systems, including many legacy systems from past acquisitions. This process will require us to, among other things, timely retire aging or obsolete systems, deploy a master data management platform, and integrate various legacy IT systems into a new, simplified structure. These modernization efforts will require efficient allocation of resources, development capacity, greater use of artificial intelligence ("AI") and other emerging technologies, access to subject-matter experts, development of a sustainable and resilient operating model, advanced project management capabilities, and successful collaboration among personnel with differing expertise. We cannot assure you these efforts will be successful. Any failure to timely accomplish these initiatives may negatively affect our (i) ability to deliver services to our customers at required speed and scale, (ii) ability to realize anticipated efficiencies and attain our operational cost reduction projections, (iii) network stability, (iv) ability to timely repair infrastructure and respond to service outages or (v) ability to meet regulatory, legal or contractual obligations.

We may not be able to create the global digital experience expected by customers.

Our customers expect us to create and maintain a global digital platform, including: (i) automation and simplification of our offerings and (ii) digital self-service access to our products, services and customer support. To do so, we must timely and successfully complete the digital transformation of our operations that is currently underway. Effective digital transformation is a complex, dynamic process requiring efficient allocation and prioritization of resources, simplification of our product portfolio, faster product deployments, retirement of obsolete systems, migration of data, and corresponding transformations of our workforce and systems. We cannot assure you we will be able to timely effect the successful digital transformation necessary to develop or deliver a global digital experience expected by our customers. If we are unable to do so, we could lose existing customers or fail to attract new ones, either of which could prevent us from attaining our financial goals.

Our attempts to capitalize on emerging market opportunities may not be as successful as envisioned.

Growth in AI products and other recent industry changes have fueled demand for higher transmission speeds, greater bandwidth, lower latency and more advanced networking services. In response, we and our affiliates are endeavoring to build a digital networking services ecosystem that enables us to offer attractive products and services that fulfill this market demand. But, as indicated by other disclosures in this Item 1A, our success will be dependent on improving and integrating our systems and meeting evolving customer demands in a highly competitive industry experiencing rapid advances in technology. For these reasons and others, our attempts to capitalize on emerging market opportunities may not be as successful as we currently envision.

In connection with establishing our strategies, we have assumed that the continued development of AI will continue to drive robust demand for our products and services, which subjects us to the risk of misallocating our resources if AI-related demand fails to meet current expectations.

We operate in an intensely competitive industry and existing and future competitive pressures could harm our performance.

Each of our Business and Mass Market offerings faces increasingly intense competition from a wide range of sources under evolving market conditions that have increased the number and variety of companies that compete with us. Some of our current and potential competitors: (i) offer products or services that are substitutes for our traditional wireline services, including wireless broadband, wireless voice and non-voice communication services, (ii) offer a more comprehensive range of communications products and services, (iii) operate systems that are newer, more integrated or more advanced, which enable them to provision services faster and more efficiently, (iv) have greater financial, provisioning, technical, engineering, research, development, marketing, customer relations or other resources, (v) conduct operations or raise capital at a lower cost, (vi) are subject to less regulation, (vii) have stronger brand names, (viii) have deeper or more long-standing relationships with key customers, or (ix) have larger operations than ours, any of which may enable them to compete more successfully for customers, strategic partners and acquisitions. In recent years, competitive pressures have commoditized pricing for some of our products and services and lowered market prices for many of our other products and services. Continued competitive pressures will likely place further downward pressure on market pricing.

Our ability to successfully compete could be hampered if we fail to timely develop and market innovative technology solutions that address changing customer demands.

The technology and communications industry has been and continues to be impacted by significant technological changes, which are increasing demand for digitally-integrated products and enabling an increasing variety of companies to compete with us. Many of these technological changes are (i) displacing or reducing demand for certain of our services, (ii) enabling the development of competitive products or services, (iii) enabling customers to reduce or bypass use of our networks or (iv) reducing our profit margins. For example, our competitors may overbuild in our markets and roll out high speed connectivity products.

Increasingly, customers are demanding higher transmission speeds and more technologically advanced products that suit their evolving needs, including traditional and generative AI services. As we note below, several of our competitors have dedicated substantially more resources to developing such advanced services. If we fail to develop competitive services, our business and financial performance could be adversely impacted.

To remain competitive, we will need to accurately predict and respond to changes in technology, to continue developing and offering products and services attractive to our customers, to migrate our customers from legacy to newer products and services, to timely provision our products and services, to maintain and expand our network to enable it to support customer demands for significantly greater transmission capacity and speeds, and to discontinue outdated products and services on a cost-effective basis. Our ability to do so could be restricted by various factors, including limitations of our existing network, technology, capital or personnel. If we fail at that, we could fail to retain customers or attract new ones.

As we continue to transform our organization, we may be unable to attract, develop and retain leaders and employees with the right skill sets and technical expertise.

We may be unable to attract and retain skilled and motivated leaders and employees who possess the technical, development, operational, sales or managerial expertise to execute our plans for transformation, innovation and strategic growth. We operate in a highly competitive and expanding industry, where competition for highly skilled employees has grown increasingly intense and competitors have targeted hiring our employees. The prevalence of remote working arrangements has expanded the pool of companies that can compete for our employees and employee candidates. We believe some of our competitors with greater resources and fewer cost constraints than us have from time to time been able to offer compensation or benefits in excess of what we are able to offer. These risks to attracting and retaining key personnel may have been exacerbated by the impacts of the low trading price of Lumen's common stock, which, as discussed below, has diminished Lumen's ability to offer competitive compensation to our key employees. Our failure to successfully attract and retain key personnel could materially adversely impact our business or financial performance.

More than a third of our employees work fully from home, and a portion of the remainder work partly from home under "hybrid" work schedules. These work arrangements may impair our ability to maintain our collaborative and innovative culture, and may lower the productivity and collegiality of our workforce.

Uncertainty regarding our future prospects could adversely impact our ability to maintain satisfactory relations with our employees, customers, vendors and others.

For several years we have experienced declining revenues and high debt levels, which has created uncertainties regarding our future prospects and ability to discharge our obligations. Despite recent improvements in our parent company's financial position, these uncertainties persist.

Concerns regarding our future prospects and ability to discharge our obligations, coupled with Lumen's relatively low stock trading price and recent reductions of our workforce, could adversely impact our ability to attract, retain and motivate our employees. Lumen grants equity-based incentive awards to key personnel, the value of which is tied to its stock price, its financial performance or both. If recipients of those awards are concerned about our future stock price or financial performance, they may view less favorably the value of their equity awards and the competitiveness of their total compensation package.

Similarly, customers, vendors, landlords, banks or other third parties may be less willing to transact business with us if they believe our future is uncertain, any of which could adversely impact our business, financial performance, financial position or future prospects.

We could be harmed if our reputation is damaged.

We believe the Lumen and Qwest brand names and our reputation are important corporate assets that help us attract and retain customers and talented employees. However, our corporate reputation is susceptible to material damage by events such as disputes with customers or competitors, cyber-attacks, service outages, data breaches, internal control deficiencies, performance failures, compliance violations, employee misconduct, government investigations or legal proceedings. Similar events impacting one of our competitors could result in negative publicity for our entire industry that indirectly harms our business. We may also experience reputational damage if customers, vendors, employees, advocacy groups, regulators, investors, the media, social media influencers or others criticize our services, operations or public positions. For instance, we could be harmed if our customer experience scores, as measured by "NPS" (Net Promoter Score) and "CHS" (Customer Health Score), for our products and services are low or declining relative to our competitors. In addition, the reputational risk of unauthorized disclosure of confidential company or customer data could increase to the extent our employees inappropriately use social networking sites or other emerging technologies, such as generative AI tools.

There is a risk that negative or inaccurate information about us, even if based on rumor or misunderstanding, could adversely affect our business. Damage to our reputation could be difficult, expensive and time-consuming to repair. Damage to our reputation could also reduce the value and effectiveness of the Lumen brand name and could reduce investor confidence in us, having a material adverse impact on the value of our securities.

We could be harmed by cyber-attacks.

As a critical infrastructure service provider, we transmit large amounts of data over our systems, and process and store highly sensitive customer data. Consequently, we, our third-party service providers, and our customers are under constant threat of cyber-attacks. The number and sophistication of these attacks continues to increase. Despite our efforts to prevent these events, some of these attacks could result in a material adverse impact to our operations due to distributed denial of service attacks, ransomware attacks, malware, virus, credential harvesting, man-in-the-middle attacks, or social engineering attacks. In 2023 and 2024, sophisticated threat actors have accessed our internal information technology systems. We do not believe these incidents had or are likely to have a material adverse impact on our ability to serve our customers or our business, operations or financial results.

As further described in Item 1C of this annual report, cyber-attacks on our systems may stem from a variety of sources and take many forms. Cyber-attacks can put at risk personally identifiable information, customer data or protected health information, thereby implicating stringent domestic and foreign data protection laws. These threats may also arise from failure or intrusions of systems owned, operated or controlled by other unaffiliated third-party operators, upon whom we are materially reliant to operate our business. Various other factors could intensify these risks, including, (i) our maintenance of information in digital form stored on servers connected to the Internet, (ii) our use of open- and software-defined networks, (iii) the challenges of operating and maintaining our complex network composed of legacy and acquired properties, which is more difficult to safeguard than newer fully-integrated networks, (iv) growth in the size and sophistication of our customers and their service requirements, (v) increased use of our network due to greater demand for data services, (vi) the large number of our employees working from remote locations, and (vii) as further discussed below, the difficulty of defending against increasingly sophisticated attacks.

Cyber-attacks could (i) disrupt the proper functioning of our networks and systems, which could in turn disrupt the operations of our customers, (ii) result in the destruction, loss, theft, misappropriation or release of proprietary, confidential, sensitive, classified or otherwise valuable information of ours, our employees, our customers or our customers' end users, (iii) require us to notify customers, regulatory agencies or the public of data incidents, (iv) damage our reputation or result in a loss of business, (v) require us to provide credits for future service to our customers or to offer expensive incentives to retain customers, (vi) subject us to claims by our customers or regulators for damages, fines, penalties, license or permit revocations or other remedies, (vii) result in the loss of industry certifications or (viii) require significant management attention or financial resources to remedy the resulting damages or to change our systems. Any or all of the foregoing developments could have a material adverse impact on us.

We believe the importance of our network to global internet data flows will continue to make it a target to a wide range of threat actors, including nation state actors and other advanced persistent threat actors. Moreover, the risk of incidents is likely to continue to increase due to several factors, including (i) the increasing use of machine learning, AI and other sophisticated techniques to initiate cyber and phishing attacks, (ii) the wider accessibility of cyber-attack tools that can circumvent security controls and evade detection, which can delay and limit our ability to accurately assess and fully remediate the impact of the attack, and (iii) growing threats from Chinese, Russian and other state actors due to heightened geopolitical tensions and rivalries, and the attendant increased possibility of cyber warfare targeting us in the event of a direct conflict. It should also be noted that defenses against cyber-attacks currently available to us and others are unlikely to prevent intrusions by a highly-determined, highly-sophisticated threat actor. Consequently, you should assume that we will continue to experience cyber incidents in the future. Thus far, none of our past security incidents have had a material adverse effect on us, and we continue to take steps designed to limit our cyber risks. Nonetheless, we cannot assure you that future cyber incidents or events will not ultimately have a material adverse impact on our business, operations or financial results.

Although Lumen Technologies maintains insurance coverage that may, subject to policy terms and conditions (including self-insured deductibles, coverage restrictions and monetary coverage caps), cover certain aspects of our cyber risks, such insurance coverage may be unavailable or insufficient to cover our losses.

We could be harmed by outages in our network or various platforms, or other failures of our services.

From time to time in the ordinary course of our business, we experience outages in our network, hosting, cloud or IT platforms, or failures of our products or services (including basic and enhanced 911 emergency services) to perform in the manner anticipated. These disruptions expose us to several of the same risks listed above for cyber-attacks, including the loss of customers, the issuance of credits or refunds, and regulatory fines. We remain vulnerable to future disruptions due to several factors, including the challenges of maintaining and replacing aging or obsolete network elements, human error, continuous changes in our network, the introduction of new products or technologies, vulnerabilities in our vendors or supply chain, aberrant employees and hardware and software limitations. The process for remediating any interruptions, outages, delays or cessations of service could be more expensive, time-consuming, disruptive and resource intensive than planned. Delayed sales, lower margins, fines or lost customers resulting from future disruptions could have a material adverse impact on our business, reputation, results of operations, financial condition, and cash flows.

Several of our services continue to experience declining revenue, and our efforts to offset these declines may not be successful.

Primarily as a result of the competitive and technological changes discussed above, we have experienced a prolonged systemic decline in our local voice, long-distance voice, network access and private line revenues. Consequently, we have experienced declining consolidated revenues for a prolonged period and have not been able to realize cost savings sufficient to fully offset the decline. More recently, wholesale pricing pressure and other factors have caused us to experience declines in revenue derived from a broader array of our products and services, including those marketed to our Business customers as our "nurture" and "harvest" offerings. In addition, most of our more recent product and service offerings generate lower profit margins and may have shorter lifespans than our traditional communication services, and some can be expected to experience slowing or no growth in the future. Some of our new product offerings have reduced or displaced our sale of older higher-margin product offerings. Accordingly, the operating and strategic plans that we have implemented to address these challenges may not succeed in attaining our goal of achieving future revenue growth in the time frames we project, or at all.

Our operations, financial performance and liquidity are materially reliant on key suppliers, vendors and other third parties.

Our ability to conduct our operations could have a material adverse impact on us if certain of our arrangements with third parties were terminated, including those further described below.

Reliance on other communications providers. To offer certain services in certain of our markets, we must either purchase services or lease network capacity from, or interconnect our network with, the infrastructure of other communications carriers or cloud companies who typically compete against us in those markets. Our reliance on these supply or interconnection arrangements limits our control over the delivery, quality and quantity of these purchased services. In addition, we are exposed to the risk that other companies may be unwilling or unable to continue or renew these arrangements in the future for several reasons, including bankruptcy. Those risks are heightened when we contract with a competitor who may have incentives to act in ways unfavorable to us, including by terminating those contracts, imposing price increases or favoring their transmissions over ours. Additionally, several companies rely on our network to transmit their data or voice traffic. Their reliance on our network exposes us to the risk that they may transfer all or a portion of this traffic from our network to alternative networks owned, constructed or leased by them, thereby reducing our revenue. For instance, certain of our hyperscaler customers have built infrastructure that has reduced their reliance on us.

Reliance on key suppliers and vendors. We depend on a limited number of suppliers and vendors to provide us, directly or through other suppliers, with equipment and services relating to our network infrastructure, including fiber optic cable, software, optronics, transmission electronics, digital switches, routing equipment, customer premise equipment, and related components. We also rely on software and service vendors or other parties to assist us with operating, maintaining and administering our business, including billing, security, provisioning and general operations. Our operations could be adversely affected in the future if any of these vendors are unable or unwilling for any reason to continue to deliver their products or services on terms acceptable to us, including due to business interruptions, security incidents, litigation, financial distress, bankruptcy or changes in their operations or business strategies.

Reliance on key licensors. We rely on key technologies licensed from third parties to deliver certain of our products and services. Our agreements with these licensors may expire or be terminated, and some of the licenses may not be available to us in the future on terms acceptable to us or at all, including if the third-party licensor violates, or is alleged to have violated, the intellectual property rights of others. Moreover, if we incorporate licensed technology into our network, we may have limited flexibility to deploy different technologies from alternative licensors.

Reliance on key customer contracts. We have several complex high-value national and global customer contracts. These contracts are frequently impacted by a variety of factors that could reduce or eliminate the profitability of these contracts. Moreover, we would be adversely impacted if we fail to renew major contracts upon their expiration.

Reliance on landowners. We rely on rights-of-way, colocation agreements, franchises, licenses and other authorizations granted by governmental bodies, railway companies, utilities, carriers and other third parties to locate a portion of our network equipment over, on or under their respective properties, or to conduct operations within their jurisdictions. A significant number of these authorizations are scheduled to lapse over the next five to 10 years, unless we are able to extend or renew them. Our operations could be adversely affected if any of these authorizations are cancelled, or otherwise terminate or lapse, or if the landowner requests price increases. Similarly, our buildout plans can be delayed if we cannot receive necessary landowner authorizations or governmental permits. We cannot assure you we will be able to successfully extend these arrangements when their terms expire, or to enter into new arrangements that may be necessary to implement our network expansion opportunities.

Extreme weather conditions and climate changes could disrupt our operations, cause us to incur substantial additional capital and operating costs or negatively affect our business.

A substantial number of our domestic facilities are located in areas that subject them to the risks associated with severe tropical storms, hurricanes, tornadoes, earthquakes, floods, wildfires or other similar casualty events. From time to time these events have disrupted our operations, and similar future events could cause substantial damages, including downed transmission lines, flooded facilities, power outages, fuel shortages, network delays or failures, damaged or destroyed property and equipment, and business interruptions. Due to substantial deductibles, coverage limits and exclusions, and limited availability, we have typically recovered only a portion of our losses through insurance. Our system redundancy and other measures we take to protect our infrastructure and operations from the impacts of such events may be ineffective or inadequate to sustain our operations following such events. Any of these occurrences could result in lost revenues from business interruption, damage to our reputation and reduced profits.

Climate changes may increase the frequency or severity of natural disasters and other extreme weather events in the future, which would increase our exposure to the above-cited risks and could disrupt our supply chain from our key suppliers and vendors. Climate changes could also require us to continue to increase our spending on network resilience initiatives, and could result in additional regulation impacting our operations or profitability.

Our environmental programs and disclosures may expose us to reputational, legal and business risks.

Our reputation and brands could be impacted by our public environmental initiatives, including our political contributions, advocacy positions, human capital goals and environmental sustainability initiatives. These initiatives, goals, or targets could be difficult to achieve and costly to implement. To the extent that our required or voluntary disclosures about environmental initiatives, we could be criticized for their accuracy, adequacy, or completeness. We could fail to achieve, or be perceived to fail to achieve, our environmental-related initiatives, goals, or commitments. Our actual or perceived failure to achieve our environmental-related initiatives, goals, commitments, or to meet evolving stakeholder expectations or standards could adversely impact us by resulting in legal or regulatory proceedings against us, customer or employee attrition, reputational damage, or other negative impacts on our business. Conversely, we may fail to attract or retain customers, vendors, employees or other stakeholders who are opposed to our environmental-related initiatives, or may face claims from stakeholders who believe such initiatives harmed them or us.

Adverse developments impacting our non-consolidated affiliates could indirectly impact us.

Our consolidated operations constitute only a portion of the consolidated operations of our corporate parent, Lumen. We engage in various intercompany transactions with affiliates of Lumen that are not members of our consolidated group of companies. Events or developments that adversely impact these non-consolidated affiliates will not directly impact our consolidated financial position or performance as reported under U.S. generally accepted accounting principles ("GAAP"), but could nonetheless indirectly adversely impact us to the extent such developments interfere with the ability of such non-consolidated affiliates to provide services or pay amounts to which we or our subsidiaries are entitled. For these reasons, you are urged to review the risk factor disclosures contained in Item 1A of Lumen's Annual Report on Form 10-K for the year ended December 31, 2024.

We face other business risks.

We face other business risks, including among others (i) the difficulties of managing and administering an organization that offers a complex set of products to a diverse range of customers across several states, (ii) the possibility that supply constraints, labor shortages, construction delays or other factors could hamper our ability to attain our infrastructure buildout plans, (iii) the risk that the continuation of high vacancy rates in the fiber on-net buildings we serve could reduce demand for our services and (iv) the risks and uncertainties inherent in acquiring or disposing of businesses, or engaging in other strategic transactions.

Legal and Regulatory Risks

We are subject to an extensive, evolving regulatory framework that could create operational or compliance costs.

As explained in greater detail elsewhere in this annual report, our domestic operations are regulated by the FCC and other federal, state and local agencies are regulated by a wide range of various foreign and international bodies. We cannot assure you we will be successful in obtaining or retaining all regulatory licenses necessary to carry out our business in our various markets. Even if we are, the prescribed service standards and conditions imposed on us under these licenses and related laws may increase our costs, limit our operational flexibility or result in third-party claims.

We are subject to numerous requirements and interpretations under various international, federal, state and local laws, rules and regulations, which are often quite detailed or unclear and are occasionally in conflict with each other. Accordingly, we cannot ensure we will always be in compliance with all these requirements at any particular time.

Various governmental agencies, including state attorneys general with jurisdiction over our operations, have routinely in the past investigated our business practices either in response to customer complaints or on their own initiative, and are expected to continue to do the same in the future. Certain of these investigations have resulted in substantial fines in the past. On occasion, we have resolved such matters by entering into consent decrees, which are court orders that frequently restrict our future conduct. If breached by us, these consent decrees expose us not only to contractual remedies, but also to judicial enforcement via contempt of court proceedings, any of which could have material adverse consequences. Additionally, future investigations can potentially result in enforcement actions, litigation, fines, settlements or reputational harm, or could cause us to change our sales practices or operations.

Our prior or current participation in certain of the FCC's buildout programs subjects us to certain financial risks. For example, if we are not in compliance with FCC measures by the end of the CAF II or RDOF programs, we could incur substantial penalties or forfeitures, including but not limited to being suspended or debarred from future governmental programs or contracts, which could have a material adverse impact on our financial condition. From time to time, legislative or regulatory bodies create new subsidy programs designed to enhance the communications infrastructure in the U.S. (such as Congress's creation of a \$65 billion broadband connectivity fund in 2021), which in the past have typically increased the number of companies offering competing products in certain of our markets.

We provide products or services to various federal, state and local agencies. Our failure to comply with complex governmental regulations and laws applicable to these programs, or the terms of our governmental contracts, could result in us suffering substantial negative publicity or penalties, being suspended or debarred from future governmental programs or contracts for a significant period of time and in certain instances could lead to the revocation of our FCC licenses. Moreover, certain governmental agencies frequently reserve the right to terminate their contracts for convenience or if funding is unavailable. If our governmental contracts are terminated for any reason, or if we are suspended or debarred from governmental programs or contracts, it could have a material adverse impact on our results of operations and financial condition.

A variety of state, national, foreign and international laws and regulations apply to the collection, use, retention, protection, security, disclosure, transfer and other processing of personal and other data. The European Union and other international regulators, as well as some state governments, have recently enacted or enhanced data privacy legal requirements, and other governments are considering establishing similar or stronger protections. Many of these laws are complex and change frequently and often conflict with the laws in other jurisdictions. Some of our customers impose similar requirements on us that are equally or more demanding. If we fail to comply with any of these governmental or contractual requirements, we could incur potential substantial penalties and reputational damage.

For years, the laws governing our operations have been unsettled, which has impacted our ability to plan for the future. We expect regulatory uncertainty to increase following a 2024 U.S. Supreme Court decision reversing a prior ruling that required courts to defer to reasonable agency interpretations of ambiguous federal laws. New laws or court decisions could affect our services or expose us to burdensome requirements or liabilities. In particular, our business could be materially impacted if the U.S. Congress amends or eliminates current federal law limitations on the liability of private network providers, such as us, against claims related to third-party content stored or transmitted on private networks, as currently proposed by certain governmental officials, legislative leaders and consumer interest groups. We could also be materially affected if proposals to increase the regulation of internet service providers or to further strengthen data privacy laws are enacted or implemented. In addition, federal and state agencies that regulate the support program payments we receive or the fees that we charge for certain of our regulated services can, and from time to time do, reduce the amounts we receive or can charge. Finally, we expect that expanded regulation of 911 emergency services will increase our costs and exposure to fines for noncompliance.

As a carrier of last resort for certain of our Mass Market customers, we could be required to provide services under circumstances that are economically disadvantageous or that divert resources from other business priorities.

Third-party content stored or transmitted on our networks could result in liability or otherwise damage our reputation.

While we disclaim liability for third-party content in most of our service contracts, as a private network provider we potentially could be exposed to legal claims relating to third-party content stored or transmitted on our networks. Such claims could involve, among others, allegations of defamation, invasion of privacy, copyright infringement, or aiding and abetting restricted activities such as online gambling or pornography. Although we believe our liability for these types of claims is limited under current law, suits against other carriers have been successful and we cannot assure you that our defenses will prevail. Such third-party content could also result in adverse publicity and damage our reputation. Moreover, as noted above, pending proposals to change the law could materially heighten our legal exposure and potentially require us to implement changes to manage this exposure.

Pending legal proceedings against us or our affiliates could have a material adverse impact on us.

There are several potentially material proceedings pending against us and our affiliates, including several derivative and class action suits. Results of these legal proceedings cannot be predicted with certainty. As of any given date we could have exposure to losses under proceedings in excess of our accrued liability. For each of these reasons, any of the proceedings described in Note 14—Commitments, Contingencies and Other Items, as well as current litigation not described therein or future litigation, could have a material adverse effect on our business, reputation, financial position, operating results, the trading price of our securities and our ability to access the capital markets. We can give you no assurances as to the ultimate impact of these matters on us.

We may not be successful in protecting and enforcing our intellectual property rights.

We rely on various patents, copyrights, trade names, trademarks, service marks, trade secrets and other similar intellectual property rights, as well as confidentiality agreements and procedures, to establish and protect our proprietary rights. For a variety of reasons, however, these steps may not fully protect us, including due to inherent limitations on the ability to enforce these rights. If we are unsuccessful in protecting or enforcing our intellectual property rights, our business, competitive position, results of operations and financial condition could be adversely affected.

Issues related to our use of artificial intelligence (AI) could give rise to legal or regulatory actions, damage our reputation or otherwise materially harm our business.

We currently incorporate AI technology in certain of our products and services and in our business operations. Due to the complexity of its design and algorithms, AI presents various risks and challenges, and its use could cause operational disruptions or have other unintended adverse consequences. While we aim to use AI responsibly and attempt to identify and mitigate ethical and legal issues presented by its use, we may be unsuccessful in identifying or resolving issues before they arise. Our use of AI may give rise to risks related to harmful content, inaccurate output, bias, intellectual property infringement or misappropriation, defamation, privacy incidents, and cybersecurity vulnerabilities, among others. The United States, the European Union and other governmental bodies have taken initial steps to regulate AI, which could ultimately increase AI's legal risks or decrease its usefulness. For all these reasons, our use of AI could materially harm our business, operations or reputation.

We have been accused of infringing the intellectual property rights of others and will likely face similar accusations in the future.

We routinely receive notices from third parties or are named in lawsuits filed by third parties claiming we have infringed or are infringing their intellectual property rights. We are currently responding to several of these notices and claims and expect this industry-wide trend will continue. If these claims succeed, we could be required to pay significant monetary damages, to cease using the applicable technology or to make royalty payments to continue using the applicable technology. If we are required to take one or more of these actions, our revenues or profit margins may decline, our operations could be materially impaired or we may be required to stop selling or redesign one or more of our products or services, any of which could have a material adverse impact on our business. Similarly, from time to time, we may need to obtain the right to use certain patents or other intellectual property from third parties to be able to offer new products and services. If we cannot obtain rights to use any required technology from a third-party on reasonable terms, our ability to offer new products and services may be prohibited, restricted, made more costly or delayed.

Failure to extend or renegotiate our collective bargaining agreements or work stoppages could have a material impact on us.

As of December 31, 2024, approximately 42% of our employees were members of various bargaining units represented by labor unions. Although we have agreements with these labor unions, we cannot predict the outcome of our future negotiations of these agreements. We may be unable to reach new agreements, and union employees may engage in strikes, work slowdowns or other labor actions, which could materially disrupt our ability to provide services and increase our costs. Even if we succeed in reaching new or replacement agreements, they may impose significant new costs on us that impair our competitive position.

Media reports concerning our legacy infrastructure could expose us to governmental actions, removal costs, litigation, compliance costs, penalties or reputational damage.

Media reports issued in mid-2023 alleged that certain lead-sheathed cables that are part of our copper-based network infrastructure pose public health and environmental risks. These allegations have resulted in regulatory inquiries and lawsuits, and could in the future subject us to legislative or regulatory actions, removal costs, compliance costs or penalties. Accordingly, we may incur substantial expenses, which could have a material adverse impact on our financial results or condition.

We may also experience reputational harm from negative assertions about the public health or environmental impact of our lead-sheathed cables, which could adversely affect our business, even if such allegations ultimately prove to be inaccurate. Such damage to our reputation could be difficult, expensive and time-consuming to repair and could negatively impact our business or the value of our securities.

Financial Risks

Our significant debt levels expose us to a broad range of risks.

As of December 31, 2024, we had \$2.0 billion of outstanding consolidated unsecured indebtedness (excluding finance lease obligations, unamortized discounts, net and unamortized debt issuance costs, and note payable-affiliate).

Our significant levels of debt and related debt service obligations could adversely affect us in several respects, including:

- requiring us to dedicate a substantial portion of our cash flow from operations to the payment of interest and principal on our debt, thereby reducing the funds available to us for other purposes, including acquisitions, capital expenditures, strategic initiatives and dividends to our direct parent company;
- hindering our ability to capitalize on business opportunities and to plan for or react to changing market, industry, competitive or economic conditions;
- making us more vulnerable to economic or industry downturns, including interest rate increases (especially with respect to our variable rate debt);
- placing us at a competitive disadvantage compared to less leveraged companies;
- adversely impacting other parties' perception of Lumen, including but not limited to existing or potential customers, vendors, employees, creditors or investors;
- making it more difficult or expensive for us to obtain any necessary future financing or refinancing, including the risk that this could force us to sell assets or take other less desirable actions to raise capital; and
- increasing the risk that we may not meet the covenants contained in our debt agreements or timely make all required debt payments, either of which could result in the acceleration of some or all of our outstanding indebtedness.

The effects of each of these factors could be intensified if we increase our borrowings or experience any downgrade in our credit ratings or those of our affiliates. Subject to certain limitations and restrictions, the current terms of our debt instruments and our subsidiaries' debt instruments permit us or them to incur additional indebtedness.

We expect to periodically require financing, and we cannot assure you we will be able to obtain such financing on terms that are acceptable to us, or at all.

We expect to periodically require financing in the future to refinance existing indebtedness and potentially for other purposes. Our ability to arrange additional financing will depend on, among other factors, our financial position, performance, credit ratings, and debt covenants. Our ability to obtain additional financing could also depend on prevailing market conditions, which could be adversely affected by (i) general market conditions, such as disruptions in domestic or overseas sovereign or corporate debt markets, geo-political instabilities, trade restrictions, pandemics, weak economic conditions or other similar adverse economic developments in the U.S. or abroad, and (ii) specific conditions in the communications industry. Instability in the domestic or global financial markets has from time to time resulted in periodic volatility and disruptions in capital markets that have partially or severely limited the ability of leveraged companies like us to obtain debt financing. For these and other reasons, we can give no assurance additional financing for any of these purposes will be available on terms acceptable to us, or at all.

If we are unable to make required debt payments or refinance our debt, we would likely have to consider other options, such as selling assets, issuing additional securities, cutting or delaying costs or otherwise reducing our cash requirements, or negotiating with our lenders to restructure our applicable debt. The current and future debt instruments of us or our affiliates may restrict, or market or business conditions may limit, our ability to complete some of these actions on favorable terms, or at all. For these and other reasons, we cannot assure you we could implement these steps in a sufficient or timely manner, or at all. Even if successfully implemented, these transactions could be detrimental to our operations, financial performance or future prospects.

We are part of a highly complex debt structure, which could impact the rights of our investors.

Lumen Technologies, Inc. and various of its subsidiaries owe substantial sums pursuant to various debt and financing arrangements, certain of which are guaranteed by other principal subsidiaries. Roughly three-quarters of the debt of Lumen Technologies, Inc. is guaranteed by certain of its principal domestic subsidiaries, some of which have pledged substantially all of their assets (including certain of their respective subsidiaries) to secure their guarantees. The remainder of the debt of Lumen Technologies, Inc. is neither guaranteed nor secured. Most of the debt of Level 3 Financing, Inc. is (i) secured by a pledge of substantially all of its assets and (ii) guaranteed on a secured basis by certain of its affiliates. The remainder of the debt of Level 3 Financing, Inc. is not secured by any of its assets, but is guaranteed on an unsecured basis by certain of its affiliates. As of the date of this annual report, substantial amounts of debt are also owed by two direct or indirect subsidiaries of Qwest Communications International Inc. Most of the over 200 subsidiaries of Lumen Technologies, Inc. have neither borrowed money nor guaranteed any of the debt of Lumen Technologies, Inc. or its affiliates. As such, our investors should be aware that (i) determining the priority of the rights of holders of the debt instruments of us and our affiliates is a complex matter which is substantially dependent upon the assets and earning power of the entities that issued or guaranteed (if any) the applicable debt and (ii) such debt is structurally subordinated to all liabilities of the non-guarantor subsidiaries of Lumen Technologies, Inc. to the extent of the value of those subsidiaries that are obligors.

Our and our affiliates' various debt agreements include restrictions and covenants that could (i) limit our ability to conduct operations or borrow additional funds, (ii) restrict our ability to engage in inter-company transactions, and (iii) lead to the acceleration of our repayment obligations in certain instances.

Under our and our affiliates' consolidated debt and financing arrangements, the issuer of the debt is subject to various covenants and restrictions, the most restrictive of which pertain to the debt of Lumen Technologies, Inc. and Level 3 Financing.

Lumen Technologies, Inc.'s senior secured credit facilities and secured notes contain several significant limitations restricting the ability of it and its subsidiaries to, among other things, borrow additional money or issue guarantees; pay dividends or other distributions to shareholders; make loans; create liens on assets; sell assets; transact with its affiliates and engage in mergers, consolidations or other similar transactions. These restrictive covenants could have a material adverse impact on our and our affiliates' ability to operate or reconfigure our respective businesses, to issue additional priority debt, to pursue acquisitions, divestitures or strategic transactions, or to otherwise pursue our respective plans and strategies.

The debt and financing arrangements of Level 3 Financing, Inc. contain substantially similar limitations that restrict their operations on a standalone basis as a separate restricted group. Consequently, certain of these covenants may significantly restrict our ability to engage in transactions with Level 3 Parent, LLC, including receiving cash from Level 3 Parent, LLC or Level 3 Parent, LLC's ability to distribute cash to us or our affiliated entities.

Lumen Technologies, Inc.'s senior secured credit facilities contain financial maintenance covenants.

The failure of us or our affiliates to comply with the above-described restrictive or financial covenants could result in an event of default, which, if not cured or waived, could accelerate our debt repayment obligations. Any such acceleration of our debt could have materially adverse consequences, including reducing the possibility of obtaining financing and potentially forcing us to seek bankruptcy protection. Certain of our debt instruments have cross-default or cross-acceleration provisions. When present, these provisions could have a wider impact on liquidity than might otherwise arise from a default or acceleration of a single debt instrument.

In 2023, holders of a substantial portion of the funded indebtedness of our affiliates asserted that certain of our affiliates had violated certain of their debt covenants. Other creditors could potentially seek to assert similar claims in the future, the risk of which is heightened by the complexity of the debt structure, debt covenants and operations of us and our affiliates.

Our recent debt transactions may not achieve their anticipated benefits.

During 2024, Lumen and its affiliates, including us, engaged in certain transactions designed principally to reduce our indebtedness. In connection with announcing the closing of these transactions, Lumen indicated that these transactions would provide the Company with additional time to transform our operations and improve our financial performance. Lumen and its affiliates, including us, may not realize some or all of the benefits we anticipate receiving from completing our 2024 debt transactions.

Our cash flows may not adequately fund all of our cash requirements.

Our business is very capital intensive. We expect to continue to require significant capital to pursue our Quantum Fiber buildout plans and to otherwise maintain, upgrade and expand our network infrastructure and product offerings. These capital requirements are driven by several factors, including (i) changes in customers' service requirements; (ii) our need to continue to maintain aging or obsolete infrastructure until it can be replaced; (iii) our continuing need to expand and improve our network to remain competitive and meet customer demand; and (iv) our regulatory and contractual commitments. Any failure to make appropriate capital expenditures could adversely impact our financial performance or prospects. We will also continue to need substantial amounts of cash to meet our fixed commitments and other business objectives, including without limitation funding our debt repayments, interest expense, operating costs, maintenance expenses, debt repayments, tax obligations, periodic pension contributions and other benefits payments. We cannot assure you our future cash flows from operating activities will be sufficient to fund our capital investments, debt obligations or any other long-term cash requirements.

Increases in costs for pension and healthcare benefits for our active and retired employees may have a material impact on us.

As of December 31, 2024, we had a substantial number of active employees participating in a qualified pension plan sponsored by Lumen Technologies that has assumed the obligations under Qwest Communications International Inc.'s predecessor pension plan. As of such date, Lumen's pension plans and our other post-retirement benefit plans were substantially underfunded from an accounting standpoint. The amounts contributed by us through Lumen Technologies are not segregated or restricted and may be used to provide benefits to employees of Lumen's other subsidiaries. Lumen's costs of maintaining our pension and healthcare plans, and the future funding requirements for these plans, are affected by several factors, including investment returns on funds held by our applicable plan trusts; changes in prevailing interest rates and discount rates or other factors used to calculate the funding status of our plans; increases in healthcare costs generally or claims submitted under our healthcare plans specifically; the longevity and payment elections of our plan participants; changes in plan benefits; and the impact of the continuing implementation and modification of current federal healthcare and pension funding laws and regulations promulgated thereunder. Increased costs under these plans could reduce Lumen's profitability and increase its funding commitments to its pension plans, which in turn could affect our liquidity.

See Note 10—Employee Benefits for additional information regarding the funded status of Lumen's pension plans and Lumen's other post-retirement benefit plans.

If we are required to record additional intangible asset impairments, we will be required to record a significant charge to earnings and reduce our stockholder's equity.

As of December 31, 2024, approximately 41% of our total consolidated assets reflected on the consolidated balance sheet included in this annual report consisted of goodwill and other intangible assets. In the fourth quarter of 2023, we recorded a large non-cash charge to earnings in connection with reductions of the value of our intangible assets. If our intangible assets are determined to be impaired in the future, we may be required to record additional significant, non-cash charges to earnings, which could have a material adverse effect on our results of operations or financial condition.

We regularly transfer our cash for centralized management by Lumen Technologies, which exposes us to certain risks.

We are controlled by Lumen Technologies, our ultimate parent company. Under our cash management arrangement with Lumen, we regularly transfer our cash to Lumen, which we recognize on our consolidated balance sheets as advances to affiliates. Although Lumen periodically repays these advances to fund our cash requirements throughout the year, at any given point in time Lumen may owe us a substantial sum under this arrangement. Accordingly, developments that adversely impact Lumen could adversely impact our ability to collect these advances.

In addition, we intend to continue to distribute to our direct stockholder a substantial portion of our consolidated cash flow, thereby reducing our capital resources for debt repayments or other purposes. These and other risks of investing in our debt securities are more fully described in our disclosure documents distributed at the time of issuance.

High inflation could continue to adversely impact us.

Although inflation has recently been declining, during the past several years, our operations were impacted by the highest domestic inflation rates in decades. If inflation rates remain elevated or increase, our operations will likely continue to be impacted. Potential impacts of high inflation include (i) lower revenue if inflationary pressures cause our customers to defer or decrease their orders, (ii) lower profit margins, (iii) higher interest costs to the extent inflation places upwards pressure on prevailing interest rates and (iv) as noted above, potential difficulties retaining personnel if we do not match the salary increase expectations of our workforce.

Lapses in our disclosure controls and procedures or internal control over financial reporting could materially and adversely affect us.

We maintain (i) disclosure controls and procedures designed to provide reasonable assurances regarding the accuracy and completeness of our SEC reports and (ii) internal control over financial reporting designed to provide reasonable assurance regarding the reliability of our financial statements and their compliance with U.S. generally accepted accounting principles ("GAAP"). We cannot assure you these measures will be effective.

We face other financial risks.

We face other financial risks, including among others the risk that:

- downgrades in our credit ratings or unfavorable financial analyst reports regarding us, our affiliates, or our industry could adversely impact the liquidity or market prices of our outstanding debt securities; and
- one or more of our ongoing tax audits or examinations could result in tax liabilities that differ materially from those we have recognized in our consolidated financial statements.

General Risk Factors

Unfavorable general economic, societal, health or environmental conditions could negatively impact us.

Unfavorable general economic, societal, health or environmental conditions, including unstable economic and credit markets, or depressed economic activity caused by trade wars, epidemics, pandemics, wars, societal unrest, rioting, civic disturbances, natural disasters, terrorist attacks, environmental disasters, political instability or other factors, could negatively affect our business or operations in a variety of ways.

Shareholder or debtholder activism efforts could cause a material disruption to our business.

While we always welcome constructive input from our stakeholders, activist shareholders at the Lumen level may from time to time engage in proxy solicitations, submit shareholder proposals or otherwise attempt to effect changes or acquire control over Lumen and its affiliates, including us. Responding to these actions can be costly and time-consuming and may disrupt Lumen's and our operations and divert the attention of its Board of Directors and our management. These adverse impacts could be intensified if activist shareholders advocate actions that are not supported by other shareholders, Lumen's Board or management. The recent increase in the activism of debt holders could increase the risk of claims being made under the debt agreements of us or our affiliates.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Risk Management and Strategy

As a technology and communications company that globally transmits large amounts of information over our networks, we recognize the critical importance of maintaining the security and integrity of information and systems under our control. We view cybersecurity risk as one of our principal enterprise-wide risks, subject to control and monitoring at various levels of management throughout the Company. We dedicate significant resources towards programs designed to identify, assess, manage, mitigate and respond to cybersecurity threats.

As described in Item 1A “Risk Factors,” several features of our operations heighten our susceptibility to cyber-attacks, including (i) our material reliance on systems owned, operated or controlled by unaffiliated third-party operators and (ii) our processing and storage of large amounts of sensitive customer data. Cyber-attacks on our systems may be initiated by a wide variety of intruders, including employees, cyber-criminals, nation state actors and other advanced persistent threat actors, and may include attempts by outside parties to gain access to sensitive data that is stored in or transmitted across our network. Cyber-attacks can take many forms, including computer hackings, computer viruses, ransomware, worms or other destructive or disruptive software, denial of service attacks, or other malicious activities.

To identify, assess and mitigate cybersecurity risk, we have implemented a global information security management program that includes administrative, technical, and physical safeguards. This program seeks to identify, detect, protect and respond to threats to our information systems. Our security operations center provides advanced threat detection and response capabilities. Lumen maintains an insider threat program to detect, investigate and mitigate insider threat risks to Lumen assets, data, services and personnel globally.

Our cybersecurity and privacy policies encompass information security, incident response procedures, and vendor management. Our risk management team works closely with our information technology, privacy, product, and operations departments to continuously evaluate emerging cyber risk. We monitor existing or proposed cybersecurity and privacy laws, regulations and guidance that are or may be applicable to us in the regions where we operate, including in the European Union and the United Kingdom where we are subject to the GDPR, as well as various other laws governing privacy rights, data protection and cybersecurity in other regions. As a U.S. government contractor, we are required to comply with extensive governmental regulations and standards regarding cyber security.

Lumen periodically engage both internal and external auditors and consultants to assess and enhance our program. These independent external auditors and consultants are accredited under various information security standards, including those administered by the International Organization for Standardization and the PCI Security Standards Council. These engagements typically include penetration testing, third-party certifications, compliance assessments, audits, and assessments of vulnerabilities and emerging threats. We also periodically deploy our Internal Audit processes to conduct additional reviews and assessments. We also mutually exchange threat intelligence with government agencies, cyber analysis centers and cybersecurity associations.

As noted elsewhere in this annual report, we are materially reliant on a variety of third-party service providers to operate our business, which exposes us to the risk of cyber incidents impacting those providers' systems. We have a vendor risk management program that assesses, manages and oversees risks associated with third-party service providers who have access to our data and systems. We maintain ongoing monitoring to ensure their compliance with our cybersecurity standards.

Despite our efforts to prevent security incidents, (i) some of these attacks have resulted in security incidents (although thus far we do not believe that any of these incidents has resulted in a material adverse effect on our operating results or financial condition) and (ii) future security incidents are likely (some of which could have a material adverse effect on operating results or financial condition). See Item 1A “Risk Factors” for a further discussion of cybersecurity risks.

Lumen maintains an Incident Response Playbook that provides a set of guidelines for our stakeholders to follow when handling any data incident. This playbook describes how we assess incidents and how our security team shares information about such incidents with others at Lumen, including senior leadership and, if warranted, with some or all members of its Board of Directors. These escalation provisions, together with Lumen's disclosure controls and procedures, are designed to ensure that appropriate representatives throughout the Company are available to assess how to respond to such incidents and make any necessary public notifications.

The Cybersecurity Incident Response Team ("CIRT") is responsible for detecting and coordinating responses to all security incidents. This team regularly assesses its communication plan to confirm that its members can be alerted quickly in the event of an actual crisis and meet as a team to discuss response options. The CIRT also addresses each incident, unless it determines that an incident is sufficiently serious. In those instances, it will notify the Cyber Security Watch Team ("CSWAT"), which is responsible for addressing cybersecurity incidents that raise more significant risks.

The CSWAT is comprised of senior IT, operations, risk, legal and compliance leaders across business segments. In addition to addressing our more significant cyber incidents, the CSWAT manages risks from matters related to business continuity, including risks posed by cybersecurity threats, and implements controls to mitigate such operational risks. Among other processes, this team reviews our programs and processes related to information security, third-party risk, vendor management, facilities, unplanned downtime, business disruption, business continuity and disaster recovery.

Governance

As part of our overall risk management approach, Lumen prioritizes the identification and management of cybersecurity risk at several levels, including Board oversight, executive commitment and employee training. Lumen's Risk and Security Committee, comprised of independent directors from its Board, assists the Board in overseeing our cybersecurity and data privacy risk. Specifically, our Risk and Security Committee, which meets quarterly, (i) receives periodic reports from Lumen's Chief Security Officer ("CSO") on security programs, including incident reports, (ii) reviews cybersecurity risk assessments from information security, privacy, and internal audit management teams, including the adequacy and effectiveness of the Company's internal controls regarding cybersecurity; (iii) reviews emerging cybersecurity developments and threats; (iv) reviews compliance with applicable laws and industry standards; and (v) periodically reviews our strategy to mitigate cybersecurity risks, such as our cyber insurance coverage and contingency plans in the event of security incidents or other system disruptions. At least quarterly, the Risk and Security Committee provides reports to the full Board regarding matters recently discussed by the Committee, which enables the full Board to provide additional oversight of our cyber risks and cyber processes. The full Board also reviews our cybersecurity risks in connection with its annual review of our enterprise risk mitigation programs.

Lumen's CSO has extensive experience working in the public and private sectors leading security organizations, managing risk management functions, and driving large information technology deployments. He has an Engineering degree, a Master of Business Administration, a Chief Information Security Officer Certification, and a Global Information Assurance Certification Security Leadership Certification. He oversees the implementation and compliance of our information security standards and mitigation of information security related risks.

Lumen's cybersecurity organization includes a response team and management level committees who support our processes to assess and manage cybersecurity risk as follows:

- At the day-to-day operational level, Lumen maintains an experienced information security team who are tasked with implementing our privacy and cybersecurity program and support the CSO in implementing our detection, reporting, security and mitigation functions. This team and the CSO work to develop and implement tools and processes designed to assist in identifying, containing and remediating cybersecurity incidents, and periodically retain consultants to assist with these activities. Lumen generally seeks to promote a company-wide awareness of cybersecurity risk through broad-based communications and educational initiatives, including regularly conducting phishing tests and holding employee trainings on our privacy, cybersecurity and information management policies, at least annually and more frequently when legal or other developments warrant.

- The Technology, Security, and Privacy Council, co-chaired by the CSO, the Chief Information Officer (CIO), and the Chief Privacy Officer (CPO), leverages the combined expertise of various security, IT, legal, internal audit, and operational leaders across the company. This council provides a forum for these cross-functional members of management of our leadership team to consider emerging technologies, such as artificial intelligence and emerging cybersecurity risks; review cybersecurity and privacy regulations; review and update policies and standards as appropriate; and promote cross-functional collaboration to manage cybersecurity and privacy risks across the enterprise. Members of this council are responsible for reporting on cybersecurity and privacy risks to the Risk Oversight Committee ("ROC").
- The ROC, whose core members include our Chief Financial Officer, Chief Technology and Product Officer, Executive Vice President of Enterprise Operations, and Chief Legal Officer, oversees our company-wide risk mitigation strategies. With respect to cyber risks, the ROC's oversight function helps to ensure accountability, adequacy of resourcing, implementation of Company directives, and alignment of oversight provided by our Board of Directors and our senior leadership team. Some of the more significant risks discussed by the ROC are also reported to our Risk and Security Committee at least quarterly.

ITEM 2. PROPERTIES

Our property, plant and equipment consists principally of telephone lines, cable, central office equipment, land and buildings related to our operations. Our gross property, plant and equipment consisted of the following components as of the dates below:

	As of December 31,	
	2024	2023
Land	2 %	2 %
Fiber, conduit and other outside plant ⁽¹⁾	46 %	42 %
Central office and other network electronics ⁽²⁾	33 %	32 %
Support assets ⁽³⁾	16 %	17 %
Construction in progress ⁽⁴⁾	3 %	7 %
Gross property, plant and equipment	100 %	100 %

⁽¹⁾ Fiber, conduit and other outside plant consists of fiber and metallic cable, conduit, poles and other supporting structures.

⁽²⁾ Central office and other network electronics consists of circuit and packet switches, routers, transmission electronics and electronics providing service to customers.

⁽³⁾ Support assets consist of buildings, computers and other administrative and support equipment.

⁽⁴⁾ Construction in progress includes inventory held for construction and property of the aforementioned categories that is under construction and has not yet been placed in service.

We own a substantial portion of our telecommunications equipment required for our business. However, we also lease from third parties certain facilities, network capacity and equipment and software under various lease or other arrangements. We also own and lease administrative offices in major metropolitan locations primarily within our local service area. Substantially all of our network electronics equipment is located in buildings or on land that we own or lease within our local service area. Outside of our local service area, our assets are generally located on real property pursuant to an agreement with the property owner or another person with rights to the property. It is possible that we may lose our rights under one or more of these agreements, due to their termination or expiration or in connection with legal challenges to our rights under such agreements.

Our net property, plant and equipment was approximately \$8.9 billion and \$8.7 billion at December 31, 2024 and 2023, respectively. For additional information, see Note 8—Property, Plant and Equipment to our consolidated financial statements in Item 8 of Part II of this report.

We have entered into various agreements regarding our unused office and technical space to reduce our ongoing operating expenses regarding such space.

ITEM 3. LEGAL PROCEEDINGS

For information regarding legal proceedings in which we are involved, see Note 14—Commitments, Contingencies and Other Items to our consolidated financial statements in Item 8 of Part II of this report.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

References in this report to "QC," "Qwest," "we," "us" and "our" refer to Qwest Corporation and its consolidated subsidiaries, unless the context otherwise requires.

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Not Applicable.

ITEM 6. [Reserved]

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

All references to "Notes" in this Item 7 of Part II refer to the Notes to Consolidated Financial Statements included in Item 8 of Part II of this report. Certain statements in this report constitute forward-looking statements. See "Special Note Regarding Forward-Looking Statements" immediately prior to Item 1 of Part I of this report for factors relating to these statements and "Risk Factors" in Item 1A of Part I of this report for a discussion of certain risk factors applicable to our business, financial condition, results of operations, liquidity and prospects.

Overview

We are a networking company with the goal of connecting people, data, and applications quickly, securely and effortlessly. We are unleashing the world's digital potential by providing a broad array of integrated products and services to our domestic and global Business customers and our domestic Mass Markets customers. Our specific products and services are detailed in Note 3—Revenue Recognition and below under the heading "Operations - Products and Services" in Item 1 of Part I of this report.

Our ultimate parent company, Lumen Technologies, Inc., has cash management arrangements or loan arrangements with a majority of its subsidiaries that include lines of credit, affiliate obligations, capital contributions and dividends. As part of these cash management or loan arrangements, affiliates provide lines of credit to certain other affiliates. Amounts outstanding under these lines of credit and intercompany obligations vary from time to time. Under these arrangements, the majority of our cash balance is advanced on a daily basis for centralized management by Lumen's service company affiliate. From time to time we may declare and pay dividends to Qwest Services Corporation ("QSC"), our direct parent, using cash owed to us under these advances, which has the net effect of reducing the amount of these advances. We report the balance of these transfers on our consolidated balance sheet as advances to affiliates.

At December 31, 2024, we served approximately 1.6 million broadband subscribers. Our methodology for counting broadband subscribers may be different than the methodologies used by other companies.

For the reasons noted in Note 1—Background and Summary of Significant Accounting Policies we have determined that we have one reportable segment.

Products, Services and Revenue

We reported our revenue derived from our operations serving our Mass Markets customers, primarily within the first three categories listed below, and our revenue derived from our operations servicing our Business customers, primarily in the 'Harvest', 'Nurture' and 'Grow' categories listed below:

- *Other Broadband*, under which we provide primarily lower speed broadband services to residential and small business customers utilizing our copper-based network infrastructure;
- *Voice and Other*, under which we derive revenues from (i) providing local and long-distance services, professional services, and other ancillary services, (ii) federal broadband and state support payments, and (iii) equipment, IT solutions and other services;
- *Fiber Broadband*, under which we provide high speed broadband services to residential and small business customers utilizing our fiber-based network infrastructure;
- *Harvest*, which includes our legacy services managed for cash flow, including Time Division Multiplexing voice and private line services;
- *Nurture*, which includes our more mature offerings, including primarily ethernet;
- *Grow*, which includes existing and emerging products and services in which we are significantly investing, including our dark fiber and wavelengths services; and
- *Affiliate Services*, which are (i) communications services that we provide to our affiliates and also provide to external customers and (ii) application development and support services that we provide to our affiliates, as described further in Note 14—Affiliate Transactions.

From time to time, we may change the categorization of our products and services.

Macroeconomic Changes

Over the past few years, macroeconomic changes have impacted us and our customers in several ways.

We believe macroeconomic changes over the past few years have resulted in (i) increases in certain revenue streams and decreases in others, (ii) operational challenges resulting from inflation and shortages of certain components and other supplies that we use in our business, (iii) delays in our cost transformation initiatives and (iv) delayed decision-making by certain of our customers. None of these effects, individually or in the aggregate, have to date materially impacted our financial performance or financial position.

Industry developments over the past few years have increased fiber construction demand from customers. The resulting increase in construction labor rates increased the cost of enabling units to be capable of receiving our Quantum Fiber broadband services. We believe these factors also occasionally contributed to a delay in attaining our Quantum Fiber buildout targets.

Continued business uncertainty, supply constraints or inflationary pressures could materially impact our financial results in a variety of ways, including by increasing our expenses, decreasing our revenues, further delaying our network expansion plans or otherwise interfering with our ability to deliver products and services.

Trends Impacting Our Operations

In addition to the above-described impact of macroeconomic and industry pressures, our consolidated operations have been, and will continue to be, impacted by the following 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 our customers' experience and reduce our operating expenses.

- The increased use of digital applications, video streaming, gaming, robotics, quantum computing and artificial intelligence has substantially increased demand for robust, scalable network services. We are continuing to enhance our product and service offerings and taking other steps to enable customers to have access to greater bandwidth and capacity.
- 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.
- Changes in customer preferences and in the regulatory, technological and competitive environment are (i) significantly reducing demand for our more mature service offerings, commoditizing certain offerings, or resulting in volume or rate reductions for other offerings and (ii) also creating certain opportunities for us arising out of increased demand for advanced networking services and high-speed, low-latency secure data transmissions.
- 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.
- Uncertainties regarding our financial performance and overall leverage of us and our affiliates have caused, and may continue to cause, certain customers and other third parties to avoid transacting business with us.
- Declines in our traditional wireline services and other more mature offerings have necessitated right-sizing our cost structure to remain competitive.

These and other developments and trends impacting our operations are discussed elsewhere in Item 1A and this Item 7.

Results of Operations

The following table summarizes the results of our consolidated operations for the years ended December 31, 2024 and 2023:

	Years Ended December 31,	
	2024	2023
	(Dollars in millions)	
Operating revenue	\$ 5,508	5,915
Operating expenses	3,457	6,110
Operating income (loss)	2,051	(195)
Total other expense, net	(37)	(75)
Income (loss) before income taxes	2,014	(270)
Income tax expense	527	561
Net income (loss)	\$ 1,487	(831)

Operating Revenue

The following table summarizes our consolidated operating revenue recorded under our revenue categories described in Note 3—Revenue Recognition:

	Years Ended December 31,		% Change
	2024	2023	
	(Dollars in millions)		
Other Broadband	\$ 932	1,111	(16)%
Voice and Other	521	589	(12)%
Fiber Broadband	377	473	(20)%
Harvest	939	1,047	(10)%
Nurture	357	393	(9)%
Grow	133	143	(7)%
Affiliate Services	2,249	2,159	4 %
Total operating revenue	\$ 5,508	5,915	(7)%

Total operating revenue decreased by \$407 million for the year ended December 31, 2024 as compared to the year ended December 31, 2023. Within each revenue category, this decrease was primarily due to:

- Decreases in Other Broadband of \$179 million primarily due to fewer customers for our low speed broadband services;
- Decreases in Voice and Other of \$68 million due almost entirely to the continued loss of copper-based voice customers;
- Decreases in Fiber Broadband by \$96 million driven by fewer subscribers for our fiber services, primarily as a result of migrations to the Quantum Fiber services offered by Lumen (which bills customers for such services and pays us for use of our network in providing such services, as further described below);
- Decreases in Harvest of \$108 million primarily attributable to (i) declines in legacy voice services for Business customers of \$57 million, (ii) lower unbundled network elements revenue of \$21 million and (iii) a decrease in private line services of \$12 million;
- Decreases in Nurture of \$36 million primarily due to declines in Ethernet services for Business customers;
- Decreases in Grow of \$10 million primarily due to declines in wavelengths services for Business customers; and
- Increases in Affiliate Services of \$90 million primarily due to a \$43 million increase in fiber broadband and other direct telecommunication services provided to our affiliates, and \$47 million of additional employee shared services expense allocated to our affiliates.

Operating Expenses

The following table summarizes our consolidated operating expenses:

	Years Ended December 31,		% Change
	2024	2023	
	(Dollars in millions)		
Cost of services and products (exclusive of depreciation and amortization)	\$ 1,505	1,608	(6)%
Selling, general and administrative	438	478	(8)%
Operating expenses-affiliates	761	796	(4)%
Depreciation and amortization	753	823	(9)%
Goodwill impairment	—	2,405	nm
Total operating expenses	\$ 3,457	6,110	(43)%

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

These expense classifications may not be comparable to those of other companies.

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

Cost of services and products (exclusive of depreciation and amortization) are expenses incurred in providing products and services to our customers. These expenses include employee-related expenses directly attributable to operating and maintaining our network (such as salaries, wages, benefits and professional fees); facilities expenses (which include third-party telecommunications expenses we incur for using other carriers' networks to provide services to our customers); rents and utilities expenses; equipment expenses (such as modem expenses); costs incurred in connection with our participation in universal service funds (which are state funds that are established to promote the availability of telecommunications services to all consumers at reasonable and affordable rates); and certain legal and other expenses directly related to our operations.

Cost of services and products (exclusive of depreciation and amortization) decreased by \$103 million for the year ended December 31, 2024 as compared to the year ended December 31, 2023 primarily due to lower employee-related expenses of \$71 million and lower facilities costs of \$35 million.

Selling, General and Administrative

Selling, general and administrative expenses are expenses incurred in selling products and services to our customers, corporate overhead and other operating expenses. These expenses include: employee-related expenses (such as salaries, wages, internal commissions, benefits and professional fees) directly attributable to selling products or services and employee-related expenses for administrative functions; marketing and advertising expenses; property and other operating taxes and fees; external commissions; legal expenses associated with general matters; bad debt expense; and other selling, general and administrative expenses.

Selling, general and administrative expenses decreased by \$40 million for the year ended December 31, 2024 as compared to the year ended December 31, 2023 primarily due to (i) a decrease of \$18 million in marketing and advertising expense, (ii) a decrease of \$17 million in bad debt expense, (iii) a decrease of \$17 million in external commissions and (iv) a decrease of \$11 million related to gains on various real estate and other operating asset sales during the year. These decreases were partially offset by an increase of \$31 million in employee related expenses, inclusive of severance costs.

Operating Expenses-Affiliates

Operating expenses-affiliates decreased by \$35 million for the year ended December 31, 2024 as compared to the year ended December 31, 2023. The decrease was primarily due to a decrease of \$18 million in direct telecommunication services charged to us by affiliates and a decrease of \$17 million of lower allocated employee and professional services provided to us by our affiliates.

Depreciation and Amortization

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

	Years Ended December 31,		% Change
	2024	2023	
	(Dollars in millions)		
Depreciation	\$ 712	756	(6)%
Amortization	41	67	(39)%
Total depreciation and amortization	<u>\$ 753</u>	<u>823</u>	<u>(9)%</u>

Depreciation expense decreased by \$44 million for the year ended December 31, 2024 as compared to the year ended December 31, 2023, primarily due to a decrease of \$77 million resulting from changes in the method of depreciation from the group method of depreciation to the straight line by individual asset method and a decrease of \$24 million due to changes in depreciation lives of fiber assets as discussed in Note 1—Background and Summary of Significant Accounting Policies. These decreases were partially offset by an increase of \$57 million due to net growth in depreciable assets.

Amortization expense decreased by \$26 million for the year ended December 31, 2024 as compared to the year ended December 31, 2023, primarily due to a decrease of \$24 million associated with changes in the method of amortization from the group method to straight line by individual asset method.

Goodwill Impairment

We are required to perform impairment tests related to our goodwill annually, which we perform as of October 31, or sooner if an indicator of impairment occurs.

When we performed a qualitative impairment test during the fourth quarter of 2024, we concluded it was more likely than not that the estimated fair value of our reporting unit was greater than our carrying value of equity as of our testing date. Therefore, we concluded no impairment existed as of our annual assessment date in the fourth quarter of 2024.

During the second quarter of 2023, the Company determined circumstances existed indicating it was more likely than not that the carrying value of our reporting unit exceeded its fair value. Given the continued erosion in Lumen's market capitalization, we determined our quantitative impairment analysis would estimate the fair value of our reporting unit using only the market approach.

When we performed the impairment test during the second quarter of 2023, we concluded the estimated fair value of our reporting unit was greater than the carrying value of equity as of our testing date. Therefore, we concluded that goodwill was not impaired as of June 30, 2023.

When we performed an impairment test during the fourth quarter of 2023, we concluded the estimated fair value of our reporting unit was less than the carrying value of equity as of our testing date. As a result, we recorded a non-cash, non-tax-deductible goodwill impairment charge aggregating to \$2.4 billion for the year ended December 31, 2023.

When we performed our impairment test during the fourth quarter of 2022, we concluded the estimated fair value of our reporting unit was greater than our carrying value of equity as of our testing date. Therefore, we concluded no impairment existed as of our annual assessment date in the fourth quarter of 2022.

These above-mentioned macroeconomic factors, coupled with dis-synergies resulting from our affiliates' 2022 and 2023 divestitures, changes in customer preferences and negotiations with our creditors throughout 2024, placed additional pressures on our financial performance. These developments contributed to us recognizing \$2.4 billion in goodwill impairment charges in the fourth quarter of 2023. Some of these pressures continue to impact us. To the extent these pressures continue, we could experience additional deterioration in our projected cash flows, or make significant changes to the assumed discount rates or market multiples that we use to determine the fair value of our reporting unit. Any of these could result in additional future impairments of our approximately \$7.0 billion of remaining goodwill.

See Note 2—Goodwill and Other Intangible Assets to our consolidated financial statements in Item 8 of Part II of this report for further details on these tests and impairment charges.

Other Consolidated Results

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

	Years Ended December 31,		% Change
	2024	2023	
	(Dollars in millions)		
Interest expense	\$ (62)	(95)	(35)%
Interest income - affiliate, net	24	15	60 %
Other income, net	1	5	(80)%
Total other expense, net	\$ (37)	(75)	(51)%
Income tax expense	\$ 527	561	(6)%

Interest Expense

Interest expense decreased by \$33 million for the year ended December 31, 2024 as compared to the year ended December 31, 2023. The decline was primarily due to (i) a decrease of approximately \$114 million in average net outstanding debt and (ii) an increase of capitalized interest of \$21 million. See Note 6—Long-Term Debt and Note Payable - Affiliate and Liquidity and Capital Resources below for additional information about our debt.

Interest Income - Affiliate, Net

Interest income - affiliate, net increased by \$9 million for the year ended December 31, 2024 as compared to the year ended December 31, 2023. The increase in interest income - affiliate, net was primarily due to a higher average receivable from affiliate. Additionally, the average interest rate increased from 5.07% for the year ended December 31, 2023 to 5.36% to the year ended December 31, 2024.

Income Tax Expense

For the years ended December 31, 2024 and 2023, our effective income tax rate was 26.2% and (207.8)%, respectively. The effective tax rate for the year ended December 31, 2023 includes a \$505 million unfavorable aggregate impact of non-deductible goodwill impairment. See Note 12—Income Taxes to our consolidated financial statements in Item 8 of Part II of this report and "Critical Accounting Policies and Estimates—Income Taxes" below for additional information.

For additional information on income taxes, see Note 12—Income Taxes.

Critical Accounting Policies and Estimates

Our consolidated financial statements are prepared in accordance with accounting principles that are generally accepted in the United States. The preparation of these consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of our assets, liabilities, revenue and expenses. We have identified certain policies and estimates as critical to our business operations and the understanding of our past or present results of operations related to (i) goodwill and other intangible assets, (ii) affiliate transactions and (iii) income taxes. These policies and estimates are considered critical because they had a material impact, or they have the potential to have a material impact, on our consolidated financial statements and because they require us to make significant judgments, assumptions or estimates. We believe that our estimates, judgments and assumptions made when accounting for the items described below were reasonable, based on information available at the time they were made. However, actual results may differ from those estimates, and these differences may be material.

Goodwill and Other Intangible Assets

We have a significant amount of goodwill that is assessed at least annually for impairment. At December 31, 2024, goodwill and intangible assets totaled \$7.0 billion, or 41%, of our total assets. The impairment analyses of these assets are considered critical because of their significance to us and our segments and the subjective nature of certain assumptions used to estimate fair value.

Intangible assets arising from business combinations, such as goodwill and capitalized software are initially recorded at estimated fair value. We amortize capitalized software using the straight-line method primarily over estimated lives ranging up to seven years. We annually review the estimated lives and methods used to amortize our other intangible assets. The amount of future amortization expense may differ materially from current amounts, depending on the results of our annual reviews.

Our goodwill was derived from Lumen's acquisition of us where the purchase price exceeded the fair value of the net assets acquired.

We are required to assess our goodwill for impairment annually, or more frequently if an event occurs or circumstances change that indicates it is more likely than not the fair values of any of our reporting units were less than their carrying values. In assessing goodwill for impairment, we may first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value.

Our annual impairment assessment date for goodwill was October 31, at which date we compared our estimated fair value of equity of our reporting unit to the carrying value of equity. If the estimated fair value was greater than the carrying value, we concluded no impairment exists. If the estimated fair value was less than the carrying value, we recorded a non-cash impairment charge equal to the excess amount. Depending on the facts and circumstances, we typically estimated the fair value by considering either or both of (i) a discounted cash flow method, which was based on the present value of projected cash flows over a discrete projection period and a terminal value, which was based on the expected normalized cash flows following the discrete projection period, and (ii) a market approach, which included the use of multiples of publicly-traded companies whose services were comparable to ours. With respect to our analysis using the discounted cash flow method, the timing and amount of projected cash flows under these forecasts required estimates developed from our long-range plan, which is informed by wireline industry trends, the competitive landscape, product lifecycles, operational initiatives, capital allocation plans and other company-specific and external factors that influence our business. These projected cash flows considered recent historical results and are consistent with the Company's short-term financial forecasts and long-term business strategies. Due to inherent uncertainties, actual cash flows could vary significantly from our projected cash flows. Our determination of the discount rate was based on a weighted average cost of capital approach, which used a market participant's cost of equity and after-tax cost of debt and reflects certain risks inherent in the projected cash flows. With respect to our analysis using the market approach, the fair value was estimated based upon a market multiple applied to revenue and earnings before interest, taxes, depreciation and amortization ("EBITDA"), adjusted for an appropriate control premium based on recent market transactions. The fair value of our reporting unit was estimated under the market approach, using these revenue and EBITDA market multiples weighted depending on the characteristics of our reporting unit. We performed sensitivity analyses that considered a range of discount rates and a range of EBITDA market multiples and we believe the estimates, judgments, assumptions and allocation methods used by us were reasonable. Nonetheless, changes in any of them can significantly affect whether we must incur impairment charges, as well as the size of such charges.

For additional information on our goodwill balances and results of our impairment analyses, see Note 2—Goodwill and Other Intangible Assets for additional information.

Affiliate Transactions

We recognize intercompany charges for the amounts billed to us by our affiliates and we recognize intercompany revenue for services we bill to our affiliates.

Because of the significance of the services we provide to our affiliates and our other affiliate transactions, the results of operations, financial position and cash flows presented herein are not necessarily indicative of the results of operations, financial position and cash flows we would have achieved had we operated as a stand-alone entity during the periods presented. As it relates to telecommunications services provided to our affiliates, we expect a significant reduction to affiliate revenue for the fiscal year ended December 31, 2025. This is primarily due to the repricing of certain services to align with lower market rates including certain transport services, along with the termination of certain affiliate circuits that are no longer required to support services provided to our external customers. See Note 13—Affiliate Transactions for additional information.

Income Taxes

We are included in the consolidated federal income tax return of Lumen Technologies. Lumen Technologies treats our consolidated results as if we were a separate taxpayer. We are required to pay our tax liabilities to Lumen Technologies based upon our separate return taxable income. We are also included in the combined state tax returns filed by Lumen Technologies.

Our provision for income taxes includes amounts for tax consequences deferred to future periods. We record deferred income tax assets and liabilities reflecting future tax consequences attributable to tax credit carryforwards and differences between the financial statement carrying value of assets and liabilities and the tax bases of those assets and liabilities. Deferred taxes are computed using enacted tax rates expected to apply in the year in which the differences are expected to affect taxable income. The effect on deferred income tax assets and liabilities of a change in tax rate is recognized in earnings in the period that includes the enactment date.

The measurement of deferred taxes often involves the exercise of considerable judgment related to the realization of tax basis. Our deferred tax assets and liabilities reflect our assessment that tax positions taken in filed tax returns and the resulting tax basis are more likely than not to be sustained if they are audited by taxing authorities. Assessing tax rates that we expect to apply and determining the years when the temporary differences are expected to affect taxable income requires judgment about the future apportionment of our income among the states in which we operate. Any changes in our practices or judgments involved in the measurement of deferred tax assets and liabilities could materially impact our financial condition or results of operations. See Note 12—Income Taxes for additional information.

Liquidity and Capital Resources

Overview of Sources and Uses of Cash

We are an indirectly wholly-owned subsidiary of Lumen Technologies, Inc. As such, factors relating to, or affecting, Lumen's liquidity and capital resources could have material impacts on us, including impacts on our credit ratings, our access to capital markets and changes in the financial market's perception of us.

Our ultimate parent company, Lumen Technologies, Inc., has cash management arrangements or loan arrangements with a majority of its subsidiaries that include lines of credit, affiliate obligations, capital contributions and dividends. As part of these cash management or loan arrangements, affiliates provide lines of credit to certain other affiliates. Amounts outstanding under these lines of credit and intercompany obligations vary from time to time. Under these arrangements, the majority of our cash balance is advanced on a daily basis for centralized management by Lumen's service company affiliate. From time to time we may declare and pay dividends to QSC, our direct parent, sometimes in excess of our earnings to the extent permitted by applicable law, using cash owed to us under these advances, which has the net effect of reducing the amount of these advances. Our debt covenants do not currently limit the amount of dividends we can pay to QSC. Given our cash management arrangement with our ultimate parent, Lumen Technologies, Inc., and the resulting amounts due to us from Lumen Technologies, Inc., a significant component of our liquidity is dependent upon Lumen's ability to repay its obligation to us.

We anticipate that our future liquidity needs will be met through (i) our cash provided by our operating activities, (ii) amounts due to us from Lumen Technologies, (iii) our ability to refinance QC's debt securities to the extent permitted under applicable debt covenants, and (iv) capital contributions, advances or loans from Lumen Technologies or its affiliates if and to the extent they have available funds or access to available funds that they are willing and able to contribute, advance or loan.

See note under "Results of Operations—Goodwill Impairment" for consideration of the potential for additional goodwill impairments in future quarters.

The Inflation Reduction Act, enacted in 2022, among other things, implemented a new federal corporate alternative minimum tax ("CAMT") on adjusted financial statement income effective for tax periods occurring after December 31, 2022. The CAMT had no material impact on our financial results as of December 31, 2024. In addition, in 2021 the Organization for Economic Co-operation and Development ("OECD") has issued Pillar Two model rules introducing a new global minimum corporate tax of 15% and the OECD and the majority of its participating countries continue to work toward the enactment of such tax. While the U.S. has not adopted Pillar Two legislation, various other governments around the world have enacted such legislation that is effective for tax periods after December 31, 2023. These global minimum tax rules have increased our administrative and compliance burdens, but the impact to our financial statements for the year ended December 31, 2024 was immaterial. We anticipate further legislative activity and administrative guidance throughout 2025 and continue to monitor evolving global tax legislation.

Capital Expenditures

We incur capital expenditures on an ongoing basis in order to expand and improve our service offerings, enhance and modernize our networks, and compete effectively in our markets. Lumen Technologies and 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 the expected return on investment. The amount of Lumen's consolidated capital investment, and our portion thereof, is influenced by, among other things, demand for Lumen's services and products, our network requirements, cash flow generated by operating activities, cash required for debt services and other purposes, regulatory considerations (such as governmentally mandated infrastructure buildout requirements), and the availability of requisite supplies, labor and permits.

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 "Business" and "Risk Factors" in Items 1 and 1A, respectively, of Part I of this report.

Debt and Other Financing Arrangements

On March 22, 2024, Lumen completed debt modification transactions with a group of consenting debtholders representing over \$15.0 billion of Lumen's outstanding consolidated long-term debt to, among other things, (i) extend maturities of the debt instruments of Lumen and Level 3 Financing, (ii) fund the repayment of all amounts owed under our term loan maturing in 2027 and (iii) provide for us and certain of our subsidiaries to guarantee Lumen's obligations under its newly-established credit agreements and newly-issued superpriority senior notes.

As of December 31, 2024, we had approximately \$2.0 billion aggregate outstanding indebtedness (excluding finance leases, unamortized premiums, net, unamortized debt issuance costs, and Note Payable - Affiliate). \$237 million of our outstanding debt is due in the next 12 months (excluding finance lease obligations).

Subject to market conditions, and to the extent permitted under applicable debt covenants, Qwest Corporation may issue debt securities from time to time primarily to refinance a portion of our maturing debt. The availability, interest rate and other terms of any new borrowings will depend on the ratings assigned to Qwest Corporation by credit rating agencies, among other factors.

As of the filing date of this report, the credit ratings for Qwest Corporation's senior unsecured debt were as follows:

Agency	Credit Ratings
Standard & Poor's	B-
Moody's Investors Service, Inc.	Caa3
Fitch Ratings	B+

Lumen's and Qwest Corporation's 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. We cannot provide any assurances that we will be able to borrow additional funds on favorable terms, or at all. See "Risk Factors—Financial Risks" in Item 1A of Part I of this report.

From time to time over the past couple of years, we have engaged in various debt refinancings, redemptions, tender offers, exchange offers, open market purchases and other transactions designed principally to reduce our consolidated indebtedness, extend our debt maturities, improve our financial flexibility or otherwise enhance our debt profile. Subject to market conditions, restrictions under our debt covenants, and other limitations, we expect to opportunistically pursue similar transactions in the future to the extent feasible. See Note 6—Long-Term Debt and Note Payable - Affiliate to our consolidated financial statements in Item 8 of Part II of this report for additional information.

Note Payable - Affiliate

We are permitted to borrow up to \$2.0 billion from our parent Lumen Technologies under a revolving promissory note. On September 30, 2022, we repaid all amounts owed to Lumen Technologies under this promissory note. Since that time, we have not owed any amounts to Lumen Technologies under this promissory note. For more information, see "Note Payable—Affiliate" in Note 6—Long-Term Debt and Note Payable - Affiliate — to the financial statements appearing elsewhere herein.

Future Contractual Obligations

Our estimated future obligations as of December 31, 2024 include both current and long term obligations. Related to debt, as noted in Note 6—Long-Term Debt and Note Payable - Affiliate, we have long-term obligations of \$1.7 billion, with \$239 million of current maturities and no obligations related to note payable - affiliate, as discussed above. Under our operating leases as noted in Note 4—Leases, we have a current obligation, including interest, of \$20 million and a long-term obligation of \$64 million. As noted in Note 14—Commitments, Contingencies and Other Items, we have a current obligation related to right-of-way agreements and purchase commitments of \$38 million and a long-term obligation of \$143 million. Additionally, we have a current obligation for asset retirement obligations of \$5 million and a long-term obligation of \$24 million.

Dividends

We periodically pay dividends to QSC, our direct parent company, which reduce our capital resources for debt repayments and other purposes. For additional information, see (i) our consolidated statements of cash flows and stockholder's equity and (ii) Note 17—Stockholder's Equity.

Pension and Post-retirement Benefit Obligations

Lumen Technologies is subject to material obligations under its existing defined benefit pension plans and post-retirement benefit plans. At December 31, 2024, the accounting unfunded status of Lumen's qualified and non-qualified defined benefit pension plans and qualified post-retirement benefit plans was approximately \$645 million and \$1.7 billion, respectively. See Note 10—Employee Benefits to the consolidated financial statements in Item 8 of Part II of this report and Note 11—Employee Benefits to the consolidated financial statements in Item 8 of Part II of Lumen's annual report on Form 10-K for the year ended December 31, 2024 for additional information about our and Lumen's pension and post-retirement benefit arrangements.

A substantial portion of our active and retired employees participate in Lumen's qualified pension plan and post-retirement benefit plans. On December 31, 2014, the Qwest Communications International Inc. ("QCII") pension plan and a pension plan of an affiliate were merged into the CenturyLink Retirement Plan, which is now named the Lumen Combined Pension Plan. Our contributions are not segregated or restricted to pay amounts due to our employees and may be used to provide benefits to other employees of our affiliates. Prior to the pension plan merger, the above-noted employees participated in the QCII pension plan.

Benefits paid by Lumen's qualified pension plan are paid through a trust that holds all of the plan's assets. Based on current laws and circumstances, Lumen Technologies does not expect any contributions to be required for their qualified pension plan during 2025. The amount of required contributions to Lumen's qualified pension plan in 2026 and beyond will depend on a variety of factors, most of which are beyond their control, including earnings on plan investments, prevailing interest rates, demographic experience, changes in plan benefits and changes in funding laws and regulations. Lumen Technologies occasionally makes voluntary contributions in addition to required contributions and reserves the right to do so in the future. Lumen made a voluntary contribution of \$170 million to the trust for the Combined Pension Plan in 2024. Lumen Technologies has advised that it does not expect to make a voluntary contribution to the trust of the qualified pension plan in 2025.

Substantially all of Lumen's post-retirement health care and life insurance benefits plans are unfunded and are paid by Lumen Technologies with available cash.

The affiliate obligations, net in other within current liabilities and noncurrent liabilities on our consolidated balance sheets primarily represents the cumulative allocation of expenses, net of payments, associated with QCII's pension plans and post-retirement benefits plans prior to the plan mergers. In 2015, we agreed to a plan to settle the outstanding pension and post-retirement affiliate obligations, net balance with QCII over a 30 year term. Under the plan, payments are scheduled to be made on a monthly basis. For the year ended December 31, 2024, we made net settlement payments of \$52 million to QCII in accordance with the plan. Changes in the affiliate obligations, net are reflected in operating activities on our consolidated statements of cash flows. For the year ended 2025, we expect to make aggregate settlement payments of \$48 million to QCII under the plan.

For 2024, Lumen's expected annual long-term rate of return on pension plan assets, net of administrative expenses was 6.5%. For 2025, Lumen's expected annual long-term rate of return on these assets, net of administrative expenses, is 6.5%. However, actual returns could be substantially different.

For additional information, see "Risk Factors—Financial Risks in Item 1A of Part I of this report.

Federal Broadband Support Programs

In January 2020, the FCC created the Rural Digital Opportunity Fund ("RDOF"), which is a federal support program designed to fund broadband development in rural America. For the first phase of this program, RDOF Phase I, the FCC awarded \$6.4 billion in support payments to be paid in equal monthly installments over 10 years. Lumen Technologies was awarded RDOF funding in several of the states in which we operate and began receiving monthly support payments during the second quarter of 2022, our share of which is not material. In the third quarter of 2024, we relinquished rights to develop certain RDOF census blocks in four states, which resulted in (i) a reduction of our anticipated RDOF Phase I support payments and (ii) the expectation of payment to the federal government. These impacts are expected to be immaterial.

For additional information on these programs, see (i) Note 3—Revenue Recognition to our consolidated financial statements in Item 8 of Part II of this report, (ii) "Business—Regulation" in Item 1 of Part I of this report and (iii) "Risk Factors—Financial Risks" in Item 1A of Part I of this 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 increase broadband regulation. In late 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, various state and federal agencies are continuing to take steps to make this funding available to eligible applicants, including us. We anticipate that the release of this funding would increase competition for broadband customers in newly-served areas.

Cash Flow Activities

The following table summarizes our consolidated cash flow activities:

	Years Ended December 31,		\$ Change
	2024	2023	
	(Dollars in millions)		
Net cash provided by operating activities	\$ 2,194	2,389	(195)
Net cash used in investing activities	(1,891)	(466)	1,425
Net cash used in financing activities	(287)	(1,921)	(1,634)

Operating Activities

Net cash provided by operating activities decreased by \$195 million for the year ended December 31, 2024 as compared to the year ended December 31, 2023 primarily due to net income adjusted for non-cash items and partially offset by increases related to changes in working capital. Cash provided by operating activities is subject to variability period over period as a result of timing differences, including with respect to 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 increased by \$1.4 billion for the year ended December 31, 2024 as compared to the year ended December 31, 2023 primarily due to an increase in advances to affiliates, partially offset by a decrease in capital expenditures.

Financing Activities

Net cash used in financing activities decreased by \$1.6 billion for the year ended December 31, 2024 as compared to the year ended December 31, 2023 primarily due to a decrease in dividends paid to our parent.

Other Matters

We are subject to various legal proceedings and other contingent liabilities that individually or in the aggregate could materially affect our financial condition, future results of operations or cash flows. See Note 14—Commitments, Contingencies and Other Items for additional information.

Our network includes some residual lead-sheathed copper cables installed years ago that constitute a small portion of our network. Recent media coverage of potential health and environmental risks associated with these cables has resulted in regulatory inquiries and lawsuits, and could subject us to legislative or regulatory actions, removal costs, compliance costs or penalties. As of December 31, 2024, we have not accrued for any such potential costs and will only accrue when such costs are probable and reasonably estimable. For additional information about related litigation and potential risks, see Note 14—Commitments, Contingencies and Other Items to our consolidated financial statements in Item 8 of Part II of this report, and the risk factor disclosures included herein under "Risk Factors" in Item 1A of Part I of this report.

Lumen Technologies is involved in several legal proceedings to which we are not a party that, if resolved against it, could have a material adverse effect on its business and financial condition. As a wholly owned subsidiary of Lumen Technologies, our business and financial condition could be similarly affected. You can find descriptions of these legal proceedings in Lumen's quarterly and annual reports filed with the SEC. Because we are not a party to any of the matters, we have not accrued any liabilities for these matters as of December 31, 2024.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

As of December 31, 2024, we were not exposed to any significant market risk from changes in interest rates, as we did not have variable rate long-term debt obligations, and we have immaterial exposure to fluctuations in certain foreign currencies.

ITEM 8. CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholder
Qwest Corporation:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Qwest Corporation and subsidiaries (the Company) as of December 31, 2024 and 2023, the related consolidated statements of operations, cash flows, and stockholder's equity for each of the years in the three-year period ended December 31, 2024, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2024, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the consolidated financial statements that was communicated or required to be communicated to those charged with governance and that: (1) relates to accounts or disclosures that are material to the consolidated financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the consolidated financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Testing of revenue

As discussed in Note 3 to the consolidated financial statements, the Company recorded \$5.5 billion of operating revenues for the year ended December 31, 2024. The processing and recording of revenue are reliant upon multiple information technology (IT) systems.

We identified the evaluation of the sufficiency of audit evidence over revenue as a critical audit matter. Complex auditor judgment was required in evaluating the sufficiency of audit evidence over revenue due to the large volume of data and the number and complexity of the revenue accounting systems. Specialized skills and knowledge were needed to test the IT systems used for the processing and recording of revenue.

The following are the primary procedures we performed to address this critical audit matter. We applied auditor judgment to determine the nature and extent of procedures to be performed over the processing and recording of revenue, including the IT systems tested. We evaluated the design and tested the operating effectiveness of certain internal controls related to the processing and recording of revenue. This included manual and automated controls over the IT systems used for the processing and recording of revenue. For a selection of transactions, we compared the amount of revenue recorded to a combination of Company internal data, executed contracts, and other relevant third-party data. In addition, we involved IT professionals with specialized skills and knowledge who assisted in the design and performance of audit procedures related to certain IT systems used by the Company for the processing and recording of revenue. We evaluated the sufficiency of audit evidence obtained by assessing the results of procedures performed, including the relevance and reliability of evidence obtained.

/s/ KPMG LLP

We have served as the Company's auditor since 2002.

Denver, Colorado
February 20, 2025

QWEST CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

	Years Ended December 31,		
	2024	2023	2022
	(Dollars in millions)		
OPERATING REVENUE			
Operating revenue	\$ 3,259	3,756	4,155
Operating revenue - affiliates	2,249	2,159	2,294
Total operating revenue	5,508	5,915	6,449
OPERATING EXPENSES			
Cost of services and products (exclusive of depreciation and amortization)	1,505	1,608	1,646
Selling, general and administrative	438	478	454
Operating expenses - affiliates	761	796	734
Depreciation and amortization	753	823	860
Goodwill impairment	—	2,405	—
Total operating expenses	3,457	6,110	3,694
OPERATING INCOME (LOSS)	2,051	(195)	2,755
OTHER EXPENSE			
Interest expense	(62)	(95)	(112)
Interest income (expense) - affiliate, net	24	15	(60)
Other income, net	1	5	7
Total other expense, net	(37)	(75)	(165)
INCOME (LOSS) BEFORE INCOME TAXES	2,014	(270)	2,590
Income tax expense	527	561	671
NET INCOME (LOSS)	<u>\$ 1,487</u>	<u>(831)</u>	<u>1,919</u>

See accompanying notes to consolidated financial statements.

QWEST CORPORATION
CONSOLIDATED BALANCE SHEETS

	December 31,	
	2024	2023
	(Dollars in millions)	
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 26	10
Accounts receivable, less allowance of \$29 and \$34	227	261
Advances to affiliates	902	—
Other	152	144
Total current assets	1,307	415
Property, plant and equipment, net of accumulated depreciation of \$8,910 and \$8,239	8,865	8,700
GOODWILL AND OTHER ASSETS		
Goodwill	6,955	6,955
Other intangible assets, net	84	103
Other, net	151	164
Total goodwill and other assets	7,190	7,222
TOTAL ASSETS	\$ 17,362	16,337
LIABILITIES AND STOCKHOLDER'S EQUITY		
CURRENT LIABILITIES		
Current maturities of long-term debt	\$ 239	1
Accounts payable	221	362
Advances from affiliates	—	61
Accrued expenses and other liabilities		
Salaries and benefits	130	130
Income and other taxes	106	96
Other	117	121
Current portion of deferred revenue	153	162
Total current liabilities	966	933
LONG-TERM DEBT	1,688	2,156
DEFERRED CREDITS AND OTHER LIABILITIES		
Deferred income taxes, net	1,336	1,318
Affiliate obligations, net	444	495
Other	685	679
Total deferred credits and other liabilities	2,465	2,492
COMMITMENTS AND CONTINGENCIES (Note 14)		
STOCKHOLDER'S EQUITY		
Common stock - one share without par value, owned by Qwest Services Corporation	10,050	10,050
Retained earnings	2,193	706
Total stockholder's equity	12,243	10,756
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$ 17,362	16,337

See accompanying notes to consolidated financial statements.

QWEST CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,		
	2024	2023	2022
	(Dollars in millions)		
OPERATING ACTIVITIES			
Net income (loss)	\$ 1,487	(831)	1,919
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	753	823	860
Goodwill impairment	—	2,405	—
Deferred income taxes	37	22	20
Provision for uncollectible accounts	45	66	60
Accrued interest on affiliate note	—	—	28
Changes in current assets and liabilities:			
Accounts receivable	(11)	20	(68)
Accounts payable	14	14	(29)
Accrued income and other taxes	10	7	(5)
Other current assets and liabilities, net	(49)	(97)	(26)
Changes in other noncurrent assets and liabilities, net	(8)	17	(28)
Changes in affiliate obligations, net	(55)	(62)	(90)
Other, net	(29)	5	(15)
Net cash provided by operating activities	2,194	2,389	2,626
INVESTING ACTIVITIES			
Capital expenditures	(1,047)	(1,062)	(849)
Changes in advances to affiliates	(902)	569	(576)
Proceeds from sale of property, plant and equipment and other assets	58	27	76
Net cash used in investing activities	(1,891)	(466)	(1,349)
FINANCING ACTIVITIES			
Payment of note payable - affiliate	—	—	(1,215)
Payments of long-term debt	(226)	(2)	(1)
Dividends paid	—	(1,980)	—
Changes in advances from affiliates	(61)	61	(55)
Net cash used in financing activities	(287)	(1,921)	(1,271)
Net increase in cash, cash equivalents and restricted cash	16	2	6
Cash, cash equivalents and restricted cash at beginning of period	12	10	4
Cash, cash equivalents and restricted cash at end of period	\$ 28	12	10
Supplemental cash flow information:			
Income taxes paid, net	\$ (497)	(509)	(673)
Interest paid, including affiliate interest (net of capitalized interest of \$75, \$54 and \$29)	(63)	(97)	(113)
Supplemental noncash information of financing activities:			
Dividend to parent in exchange for advances to affiliates	\$ —	(1,980)	—
Cash, cash equivalents and restricted cash:			
Cash and cash equivalents	\$ 26	10	8
Restricted cash - noncurrent	2	2	2
Total	\$ 28	12	10

See accompanying notes to consolidated financial statements.

QWEST CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDER'S EQUITY

	Years Ended December 31,		
	2024	2023	2022
	(Dollars in millions)		
COMMON STOCK			
Balance at beginning of period	\$ 10,050	10,050	10,050
Balance at end of period	10,050	10,050	10,050
RETAINED EARNINGS			
Balance at beginning of period	706	3,517	1,598
Net income (loss)	1,487	(831)	1,919
Dividends declared and paid to Qwest Services Corporation	—	(1,980)	—
Balance at end of period	2,193	706	3,517
TOTAL STOCKHOLDER'S EQUITY	\$ 12,243	10,756	13,567

See accompanying notes to consolidated financial statements.

QWEST CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

References in this report on Form 10-K, for all periods presented, to "QC," "Qwest," "we," "us," "the Company" and "our" refer to Qwest Corporation and its consolidated subsidiaries, unless the context otherwise requires. References to "Lumen Technologies" or "Lumen" refer to our ultimate parent company, Lumen Technologies, Inc. and its consolidated subsidiaries, including Level 3 Parent, LLC ("Level 3") and Level 3 Financing, Inc. ("Level 3 Financing").

Note 1—Background and Summary of Significant Accounting Policies

General

We are a networking company with the goal of connecting people, data, and applications quickly, securely and effortlessly. We are unleashing the world's digital potential by providing a broad array of integrated products and services to our domestic and global Business customers and our domestic Mass Markets customers. Our specific products and services are detailed in Note 3—Revenue Recognition of this report.

We generate the majority of our total consolidated operating revenue from services provided in the 14-state region of Arizona, Colorado, Idaho, Iowa, Minnesota, Montana, Nebraska, New Mexico, North Dakota, Oregon, South Dakota, Utah, Washington and Wyoming. We refer to this region as our local service area.

Basis of Presentation

The accompanying consolidated financial statements include our accounts and the accounts of our subsidiaries. Intercompany amounts and transactions with our consolidated subsidiaries have been eliminated. Transactions with our non-consolidated affiliates (Lumen Technologies and its other subsidiaries, referred to herein as affiliates) have not been eliminated.

We reclassified certain prior period amounts to conform to the current period presentation, including our revenue by product and service categories. See Note 3—Revenue Recognition for additional information. These changes had no impact on total operating revenue, total operating expenses or net income (loss) for any period.

Operating Expenses

Our current definitions of operating expenses are as follows:

- *Cost of services and products (exclusive of depreciation and amortization)* are expenses incurred in providing products and services to our customers. These expenses include: employee-related expenses directly attributable to operating and maintaining our network (such as salaries, wages, benefits and professional fees); facilities expenses (which include third-party telecommunications expenses we incur for using other carriers' networks to provide services to our customers); rents and utilities expenses; equipment sales expenses (such as data integration and modem expenses); and other expenses directly related to our operations; and
- *Selling, general and administrative expenses* are corporate overhead and other operating expenses. These expenses include: employee-related expenses (such as salaries, wages, internal commissions, benefits and professional fees) directly attributable to selling products or services and employee-related expenses for administrative functions; marketing and advertising; property and other operating taxes and fees; external commissions; legal expenses associated with general matters; bad debt expense; and other selling, general and administrative expenses.

These expense classifications may not be comparable to those of other companies.

Segments

Our operations are integrated into and reported as part of Lumen Technologies. Lumen's CEO is our chief operating decision maker ("CODM") and reviews our financial information on an aggregate basis only in connection with our quarterly and annual reports that we file with the SEC. Our CODM assesses performance and allocates resources in conjunction with and based on the operations of Lumen Technologies. Consequently, we do not provide our discrete financial information to the CODM on a regular basis. As such, we have one reportable segment.

Summary of Significant Accounting Policies

Use of Estimates

Our consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles. These accounting principles require us to make certain estimates, judgments and assumptions. We believe that the estimates, judgments and assumptions we make when accounting for specific items and matters are reasonable, based on information available at the time they are made. These estimates, judgments and assumptions can materially affect the reported amounts of assets, liabilities and components of stockholder's equity as of the dates of the consolidated balance sheets, as well as the reported amounts of revenue, expenses and components of cash flows during the periods presented in our other consolidated financial statements. We also make estimates in our assessments of potential losses in relation to threatened or pending tax and legal matters. See Note 12—Income Taxes and Note 14—Commitments, Contingencies and Other Items for additional information.

For matters not related to income taxes, if a loss is considered probable and the amount can be reasonably estimated, we recognize an expense for the estimated loss. If we have the potential to recover a portion of the estimated loss from a third party, we make a separate assessment of recoverability and reduce the estimated loss if recovery is also deemed probable.

For matters related to income taxes, if we determine the impact of an uncertain tax position is more likely than not to be sustained upon audit by the relevant taxing authority, then we recognize a benefit for the largest amount that is more likely than not to be sustained. We do not recognize any portion of an uncertain tax position if the position has less than a 50% likelihood of being sustained. We recognize interest on the amount of unrecognized benefit from uncertain tax positions.

For all of these and other matters, actual results could differ materially from our estimates.

Revenue Recognition

We earn most of our consolidated revenue from contracts with customers, primarily through the provision of communications and other services. Revenue from contracts with customers is accounted for under Accounting Standards Codification ("ASC") 606. We also earn revenue from leasing arrangements (primarily fiber capacity agreements) and governmental subsidy payments, neither of which are accounted for under ASC 606.

Revenue is recognized when control of the promised goods or services is transferred to our customers, in an amount that reflects the consideration we expect to be entitled to receive in exchange for those goods or services. Revenue is recognized based on the following five-step model:

- Identification of the contract with a customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when, or as, we satisfy a performance obligation.

We provide an array of communications services to business and residential customers, including local voice, VPN, Ethernet, data, broadband, private line (including special access), network access, transport, voice, information technology, video and other ancillary services. We provide these services to a wide range of businesses, including global, enterprise, wholesale, government, and small and medium business customers. Certain contracts also include the sale of equipment, which is not significant to our business.

We recognize revenue for services when we provide the applicable service or when control of a product is transferred. Recognition of certain payments received in advance of services being provided is deferred. These advance payments may include design, planning, and engineering fees, as well as certain activation and installation charges. If these advance payments are not separate performance obligations, we recognize them as revenue over the actual or expected contract term using historical experience, which typically ranges from one to five years depending on the service. In most cases, termination fees or other fees on existing contracts that are negotiated in conjunction with new contracts are deferred and recognized over the new contract term.

For access services, we generally bill fixed monthly charges one month in advance to customers and recognize revenue as service is provided over the contract term in alignment with the customer's receipt of service. For usage and other ancillary services, we generally bill in arrears and recognize revenue as usage or delivery occurs. In most cases, the amount invoiced for our service offerings constitutes the price that would be billed on a standalone basis.

In certain cases, customers may be permitted to modify their contracts. We evaluate the change in scope or price to identify whether the modification should be treated as a separate contract, as a termination of the existing contract and creation of a new contract, or as a change to the existing contract.

Customer contracts are evaluated to determine whether the performance obligations are separable. If the performance obligations are deemed separable and separate earnings processes exist, the total transaction price that we expect to receive with the customer is allocated to each performance obligation based on its relative standalone selling price. The revenue associated with each performance obligation is then recognized as earned.

We periodically sell transmission capacity on our network. These transactions are generally structured as indefeasible rights of use, commonly referred to as IRUs, which are the exclusive right to use a specified amount of capacity or fiber for a specified term, typically 20 years. In most cases, we account for the cash consideration received on transfers of transmission capacity as ASC 606 revenue, which is adjusted for the time value of money and is recognized ratably over the term of the agreement. Cash consideration received on transfers of dark fiber is accounted for as non-ASC 606 lease revenue, which we also recognize ratably over the term of the agreement. We do not recognize revenue on any contemporaneous exchanges of our transmission capacity assets for other non-owned transmission capacity assets.

In connection with offering products and services provided to the end user by third-party vendors, we review the relationship between us, the vendor and the end user to assess whether revenue should be reported on a gross or net basis. In assessing whether revenue should be reported on a gross or net basis, we consider whether we act as a principal in the transaction and control the goods and services used to fulfill the performance obligations associated with the transaction.

We have service level commitments pursuant to contracts with certain of our customers. To the extent that we determine that such service levels were not achieved or may not have been achieved, we estimate the amount of credits to be issued and record a corresponding reduction to revenue in the period that the service level commitment was not met or may not be met.

Customer payments are made based on billing schedules included in our customer contracts, which is typically on a monthly basis.

We defer (or capitalize) incremental contract acquisition and fulfillment costs and recognize (or amortize) such costs over the average contract life. Our deferred contract costs for our customers have average amortization periods of approximately 50 months for Mass Markets customers and 35 months for Business customers. These deferred costs are periodically monitored to reflect any significant change in assumptions.

See Note 3—Revenue Recognition for additional information.

Affiliate Transactions

We provide to our affiliates telecommunications services that we also provide to external customers. In addition, we provide to our affiliates application development and support services. Services provided by us to our affiliates are recognized as operating revenue-affiliates in our consolidated statements of operations. We also purchase services from our affiliates including telecommunications services, marketing and employee-related support services. Services provided to us from our affiliates are recognized as operating expenses-affiliates on our consolidated statements of operations. Because of the significance of the services we provide to our affiliates and our affiliates provide to us, the results of operations, financial position and cash flows presented herein are not necessarily indicative of the results of operations, financial position and cash flows we would have achieved had we operated as a stand-alone entity during the periods presented.

We recognize intercompany charges at the amounts billed to us by our affiliates and we recognize intercompany revenue for services we bill to our affiliates. For additional information, see Note 13—Affiliate Transactions.

Our ultimate parent company, Lumen Technologies, Inc. has cash management arrangements or loan arrangements with a majority of its subsidiaries that include lines of credit, affiliate obligations, capital contributions and dividends. As part of these cash management arrangements, affiliates provide lines of credit to certain other affiliates. Amounts outstanding under these lines of credit and intercompany obligations vary from time to time. Under these arrangements, the majority of our cash balance is transferred on a daily basis for centralized management by Lumen's service company affiliate. From time to time, we may declare and pay dividends to QSC, our direct parent, using cash owed to us under these advances, which has the net effect of reducing the amount of these advances. We report the balance of these transfers on our consolidated balance sheet as advances to affiliates. Dividends paid are reflected on our consolidated statements of stockholder's equity and the consolidated statements of cash flows reflects the changes in advances to affiliates as investing activities and changes in advances from affiliates as financing activities. Interest is assessed on advances to and from affiliates using the current interest rate for our note payable-affiliate.

The affiliate obligations, net in current and noncurrent liabilities on our consolidated balance sheets primarily represents the cumulative allocation of expense, net of payments, associated with QCII's pension plans and post-retirement benefits plans prior to the plan mergers. In 2015, we agreed to a plan to settle the outstanding affiliate obligations, net balance with QCII over a 30 year term. Under the plan, payments are scheduled to be made on a monthly basis. For the years ended December 31, 2024 and 2023, we made settlement payments of \$52 million and \$57 million, respectively, to QCII in accordance with the plan. Changes in the affiliate obligations, net are reflected in operating activities on our consolidated statements of cash flows.

In the normal course of business, we transfer assets to and from various affiliates through our parent, QSC, which are recorded through our equity. It is our policy to record asset transfers based on carrying values. These transactions may reduce our capital resources for debt repayments and other purposes.

On September 30, 2022, Qwest Corporation repaid the outstanding principal and interest on the Note Payable - Affiliate to an affiliate of our ultimate parent company, Lumen Technologies, Inc., under a revolving promissory note. For additional information, see "Note Payable - Affiliate" in Note 6—Long-Term Debt and Note Payable - Affiliate.

Legal Costs

In the normal course of our business, we incur costs to hire and retain external legal counsel to advise us on finance, regulatory, litigation and other matters. Subject to certain exceptions, we expense these costs as the related services are received.

Income Taxes

Our results are included in the Lumen Technologies consolidated federal income tax return and certain combined state income tax returns. Lumen Technologies allocates income tax expense to us based upon a separate return method which results in income tax expense that approximates the expense that would result if we were a stand-alone entity. Our reported deferred tax assets and liabilities, as discussed below and in Note 12—Income Taxes, are primarily determined as a result of the application of the separate return method and therefore the settlement of these amounts is dependent upon our parent, Lumen Technologies, Inc., rather than tax authorities.

The provision for income taxes consists of an amount for taxes currently payable, an amount for tax consequences deferred to future periods and adjustments to our liabilities for uncertain tax positions. We record deferred income tax assets and liabilities reflecting future tax consequences attributable to differences between the financial statement carrying value of assets and liabilities and the tax basis of those assets and liabilities. Deferred taxes are computed using enacted tax rates expected to apply in the year in which the differences are expected to affect taxable income. The effect on deferred income tax assets and liabilities of a change in tax rate is recognized in earnings in the period that includes the enactment date.

We establish valuation allowances when necessary to reduce deferred income tax assets to the amounts that we believe are more likely than not to be recovered. Each quarter we evaluate the need to retain all or a portion of the valuation allowance on our deferred tax assets. See Note 12—Income Taxes for additional information.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments that are readily convertible into cash and are not subject to significant risk from fluctuations in interest rates. As a result, the value at which cash and cash equivalents are reported in our consolidated financial statements approximates their fair value. Our cash collections are transferred to Lumen Technologies, Inc. on a daily basis and our ultimate parent funds our cash disbursement needs. The net cash transferred to Lumen Technologies, Inc. has been reflected as advances to affiliates in our consolidated balance sheets.

Book overdrafts occur when we have issued checks but they have not yet been presented to our controlled disbursement bank accounts for payment. Disbursement bank accounts allow us to delay funding of issued checks until the checks are presented for payment. Until the issued checks are presented for payment, the book overdrafts are included in accounts payable on our consolidated balance sheets. This activity is included in the operating activities section in our consolidated statements of cash flows. There was less than \$1 million and no book overdrafts included in accounts payable at December 31, 2024 or December 31, 2023, respectively.

Restricted Cash

Restricted cash consists primarily of cash and investments that serve to collateralize certain performance and operating obligations. Restricted cash is recorded as current or non-current assets in the consolidated balance sheets depending on the duration of the restriction and the purpose for which the restriction exists.

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are recognized based upon the amount due from customers for the services provided or at cost for purchased and other receivables less an allowance for credit losses. We use a loss rate method to estimate our allowance for credit losses. For more information on our methodology for estimating our allowance for credit losses, see Note 5—Credit Losses on Financial Instruments.

We generally consider our accounts past due if they are outstanding over 30 days. Our past due accounts are written off against our allowance for credit losses and any recoveries of accounts previously written off are generally recognized as a reduction in bad debt expense in the period received. The carrying value of accounts receivable, net of the allowance for credit losses, approximates fair value.

Property, Plant and Equipment

As a result of our indirect acquisition by Lumen Technologies, Inc., property, plant and equipment acquired at the time of acquisition was recorded based on its estimated fair value as of the acquisition date. Subsequently purchased and constructed property, plant and equipment are recorded at cost, plus the estimated value of any associated legally or contractually required retirement obligations. Prior to January 1, 2024, we depreciated the majority of our property, plant and equipment using the straight-line group method over the estimated useful lives of groups of assets. Under the straight-line group method, assets dedicated to providing telecommunications services (which comprise the majority of our property, plant and equipment) that have similar physical characteristics, use and expected useful lives are pooled for purposes of depreciation and tracking. We used the equal life group procedure to establish each pool's average remaining useful life. Generally, under the straight-line group method, when an asset is sold or retired in the course of normal business activities, the cost is deducted from property, plant and equipment and charged to accumulated depreciation without recognition of a gain or loss. Effective January 1, 2024, we re-established all of our assets individually, including accumulated depreciation, and began to depreciate all of our assets using the straight-line method over the estimated useful lives of the specific asset. A gain or loss is recognized in our consolidated statements of operations only if a disposal is unusual. Leasehold improvements are amortized over the shorter of the useful lives of the assets or the expected lease term. Expenditures for maintenance and repairs are expensed as incurred. During the construction phase of network and other internal-use capital projects, we capitalize related employee and interest costs. Property, plant and equipment supplies used internally are carried at average cost, except for significant individual items for which cost is based on specific identification.

We perform annual internal reviews to evaluate the reasonableness of the depreciable lives for our property, plant and equipment. Our reviews utilize models that take into account actual usage, physical wear and tear, replacement history, assumptions about technology evolution and, in certain instances, actuarially determined probabilities to estimate the remaining useful life of our asset base. Our remaining useful life assessments evaluate the possible loss in service value of assets that may precede the physical retirement. Assets shared among many customers may lose service value as those customers reduce their use of the network. However, the asset is not retired until all customers no longer utilize the asset and we determine there is no alternative use for the asset.

We review long-lived tangible assets for impairment whenever facts and circumstances indicate that the carrying amounts of the assets may not be recoverable. For assessment purposes, long-lived assets are grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities, absent a material change in operations. An impairment loss is recognized only if the carrying amount of the asset group is not recoverable and exceeds its estimated fair value. Recoverability of the asset group to be held and used is assessed by comparing the carrying amount of the asset group to the estimated undiscounted future net cash flows expected to be generated by the asset group. If the asset group's carrying value is not recoverable, we recognize an impairment charge for the amount by which the carrying amount of the asset group exceeds its estimated fair value.

Goodwill and Other Intangible Assets

We initially record intangible assets arising from business combinations, such as goodwill and capitalized software at estimated fair value. We amortize capitalized software using the straight-line method over estimated lives ranging up to seven years. Other intangible assets not arising from business combinations are initially recorded at cost.

Internally used software, whether purchased or developed by us, is capitalized and amortized using the straight-line method over its estimated useful life. We have capitalized certain costs associated with software such as costs of employees devoting time to the projects and external direct costs for materials and services. Costs associated with software to be used for internal purposes are expensed until the point at which the project has reached the development stage. Subsequent additions, modifications or upgrades to internal-use software are capitalized only to the extent that they allow the software to perform a task it previously did not perform. Software maintenance, data conversion and training costs are expensed in the period in which they are incurred. We review the remaining economic lives of our capitalized software annually. Capitalized software is included in other intangible assets, net, in our consolidated balance sheets.

We are required to assess our goodwill for impairment annually, or more frequently if an event occurs or circumstances change that would indicate an impairment may have occurred. We are required to write-down the value of goodwill of the reporting unit in periods in which the carrying amount of the reporting unit equity exceeds the estimated fair value of the equity of the reporting unit limited to the goodwill balance. The impairment assessment is performed at the reporting unit level. We have determined that our operations consist of one reporting unit, consistent with our determination that our business consists of one operating segment. See Note 2—Goodwill and Other Intangible Assets for additional information.

Pension and Post-Retirement Benefits

A substantial portion of our active and retired employees participate in the Lumen Combined Pension Plan. On December 31, 2014, the QCII pension plan and a pension plan of an affiliate were merged into the CenturyLink Retirement Plan, and the CenturyLink Retirement Plan is now named the Lumen Combined Pension Plan. Prior to the pension plan merger, the above-noted employees participated in the QCII pension plan. In addition, certain of our employees participate in Lumen's post-retirement health care and life insurance benefit plans. Lumen Technologies allocates service costs relating to pension and post-retirement health care and life insurance benefits to us and its other affiliates. The amounts contributed by us through Lumen Technologies are not segregated or restricted to pay amounts due to our employees and may be used to provide benefits to other employees of Lumen Technologies. The allocation of the service costs to us is based upon our employees who are currently earning benefits under the plans.

For further information on qualified pension, post-retirement and other post-employment benefit plans, see Note 11—Employee Benefits to the consolidated financial statements in Item 8 of Part II of Lumen's annual report on Form 10-K for the year ended December 31, 2024.

Change in Accounting Estimates

Effective January 1, 2024, we changed our method of depreciation and amortization for incumbent local exchange carriers ("ILEC") fixed assets from the group method of depreciation to straight line by individual asset method. Historically, we have used the group method of depreciation for the property, plant and equipment and amortization of certain intangible capitalized software assets of our ILECs. Under the group method, all like kind assets were combined into common pools and depreciated under composite depreciation rates. We believe the straight-line depreciation method for individual assets is preferable to the group method as it will result in a more precise estimate of depreciation expense and will result in a consistent depreciation method for all our subsidiaries. This change in the method of depreciation and amortization is considered a change in accounting estimate inseparable from a change in accounting principle. The change in accounting estimate decreased depreciation and amortization expense \$101 million, \$77 million net of tax for the year ended December 31, 2024.

Additionally, during the first quarter of 2024, we updated our analysis of economic lives of owned fiber network assets. As of January 1, 2024, we extended the estimated economic life and depreciation period of such assets from 25 years to 30 years to better reflect the physical life of the assets that we have experienced and absence of technological changes that would replace fiber. The change in accounting estimate decreased depreciation expense by approximately \$24 million, \$18 million net of tax for the year ended December 31, 2024.

Recently Adopted Accounting Pronouncements

Segments

On January 1, 2024 we adopted Accounting Standards Update ("ASU") 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures." This ASU is intended to improve reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses. The ASU does not change how a public entity identifies its operating segments, aggregates them or applies quantitative thresholds to determine reportable segments. Public entities with a single reportable segment are required to provide the new disclosures and all the disclosures required under ASC 280, "Segment Reporting." We did not early adopt this standard. The adoption of this ASU did not have a material impact on our consolidated financial statements.

Government Assistance

On January 1, 2022, we adopted ASU 2021-10 "Government Assistance (Topic 832): Disclosures by Business Entities about Government Assistance." This ASU requires business entities to disclose information about certain types of government assistance they receive. Refer to Note 3—Revenue Recognition for more information on the impact of this ASU on our consolidated financial statements.

Investments

On January 1, 2024, we adopted ASU 2023-02, "Investments-Equity Method and Joint Ventures (Topic 323): Accounting for Investments in Tax Credit Structures Using the Proportional Amortization Method." This ASU allows reporting entities to elect to account for qualifying tax equity investments using the proportional amortization method, regardless of the program giving rise to the related income tax credits. The adoption of this ASU did not have any impact on our consolidated financial statements.

On January 1, 2024, we adopted ASU 2022-03, "Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions." This ASU clarifies that a contractual restriction on the sales of an investment in an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring its fair value. The adoption of this ASU did not have any impact on our consolidated financial statements.

Leases

On January 1, 2024, we adopted ASU 2023-01, "Leases (Topic 842): Common Control Arrangements." This ASU requires all entities to amortize leasehold improvements associated with common control leases over the useful life to the common control group. The adoption of this ASU did not have any impact on our consolidated financial statements.

On January 1, 2022, we adopted ASU 2021-05, "Leases (Topic 842): Lessors—Certain Leases with Variable Lease Payments." This ASU (i) amends the lease classification requirements for lessors, (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) provides guidance with respect to net investments by lessors under operating leases and other related topics. The adoption of this ASU did not have a material impact on our consolidated financial statements.

Reference Rate Reform

In December 2022, the Financial Accounting Standards Board ("FASB") issued ASU 2022-06, "Reference Rate Reform (Topic 848) – Deferral of the Sunset Date of Topic 848." This ASU, which was effective upon issuance, extends the period of time preparers can utilize the reference rate reform relief guidance in Topic 848, by deferring the sunset date from December 31, 2022, to December 31, 2024, after which entities will no longer be permitted to apply the relief in Topic 848. Based on our review of our key material contracts through December 31, 2024, this ASU does not have a material impact on our consolidated financial statements.

Supplier Finance Programs

On January 1, 2023, we adopted ASU 2022-04, "Liabilities-Supplier Finance Program (Subtopic 405-50): Disclosure of Supplier Finance Program Obligations." This ASU requires a company that uses a supplier finance program in connection with the purchase of goods or services to disclose sufficient information about the program to allow a user of financial statements to understand the program's nature, program activity during the period, changes from period to period and the potential magnitude of program transactions. The adoption of this ASU did not have a material impact on our consolidated financial statements.

Credit Losses

On January 1, 2023, we adopted ASU 2022-02, "Financial Instruments—Credit Losses (Topic 326): Troubled Debt Restructurings ("TDR") and Vintage Disclosures." The ASU eliminates the TDR recognition and measurement guidance, enhances existing disclosure requirements and introduces new requirements related to certain modifications of receivables made to borrowers experiencing financial difficulty. The adoption of this ASU did not have a material impact on our consolidated financial statements.

Adoption of Other ASUs

In July 2023, the FASB issued ASU 2023-03, "Presentation of Financial Statements (Topic 205), Income Statement—Reporting Comprehensive Income (Topic 220), Distinguishing Liabilities from Equity (Topic 480), Equity (Topic 505), and Compensation—Stock Compensation (Topic 718): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 120, SEC Staff Announcement at the March 24, 2022 EITF Meeting, and Staff Accounting Bulletin Topic 6.B, Accounting Series Release 280—General Revision of Regulation S-X: Income or Loss Applicable to Common Stock." This ASU became effective for us once the addition to the FASB Codification was made available in July 2023. This ASU amends or supersedes various SEC paragraphs within the applicable codification to conform to past SEC staff announcements. This ASU does not provide any new guidance. The adoption of this ASU did not have any impact on our consolidated financial statements.

Recently Issued Accounting Pronouncements

In November 2024, the FASB issued ASU 2024-04, "Debt—Debt with Conversion and Other Options (Subtopic 470-20): Induced Conversions of Convertible Debt Instruments." This ASU clarifies the requirements for determining whether certain settlements of convertible debt instruments should be accounted for as induced conversions rather than as debt extinguishments. This standard is effective for the annual period of fiscal 2026, and early adoption is permitted. As of December 31, 2024, we do not hold convertible debt instruments and do not expect this ASU will have any impact on our consolidated financial statements.

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

In December 2023, the FASB issued ASU 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." This ASU requires that public business entities must annually (1) disclose specific categories in the rate reconciliation and (2) provide additional information for reconciling items that meet a quantitative threshold (if the effect of those reconciling items is equal to or greater than 5 percent of the amount computed by multiplying pretax income or loss by the applicable statutory income tax rate). This ASU will become effective for us in the annual period of fiscal 2025 and early adoption is permitted. We have chosen not to early adopt this ASU and are currently evaluating its impact on our consolidated financial statements, including our annual disclosure within our Income Taxes footnote.

In December 2023, the FASB issued ASU 2023-08, "Intangibles—Goodwill and Other—Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets." This ASU is intended to improve the accounting for certain crypto assets by requiring an entity to measure those crypto assets at fair value each reporting period with changes in fair value recognized in net income. The amendments also improve the information provided to investors about an entity's crypto asset holdings by requiring disclosure about significant holdings, contractual sale restrictions, and changes during the reporting period. This ASU will become effective for us in the first quarter of fiscal 2025 and early adoption is permitted. As of December 31, 2024, we do not hold crypto assets and do not expect this ASU to have any impact on our consolidated financial statements.

In October 2023, the FASB issued ASU 2023-06, “Disclosure Improvements: Codification Amendments in Response to the SEC’s Disclosure Update and Simplification Initiative.” This ASU incorporates certain SEC disclosure requirements into the FASB Codification. The amendments in the ASU are expected to clarify or improve disclosure and presentation requirements of a variety of FASB Codification topics, allow users to more easily compare entities subject to the SEC’s existing disclosures with those entities that were not previously subject to the requirements, and align the requirements in the FASB Codification with the SEC’s regulations. This ASU will become effective for each amendment on the effective date of the SEC’s corresponding disclosure rule changes. As of December 31, 2024, we do not expect this ASU to have any impact on our consolidated financial statements.

In August 2023, the FASB issued ASU 2023-05, “Business Combinations – Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement.” This ASU applies to the formation of entities that meet the definition of a joint venture (or a corporate joint venture). The amendments in the ASU require that a joint venture apply a new basis of accounting upon formation. This ASU will become effective for us in the first quarter of fiscal 2025 and early adoption is permitted. As of December 31, 2024, we do not expect this ASU to have any impact on our consolidated financial statements.

Note 2—Goodwill and Other Intangible Assets

Goodwill and other intangible assets consisted of the following:

	As of December 31,	
	2024	2023
	(Dollars in millions)	
Goodwill, less accumulated impairment losses of \$2,405 and \$2,405	\$ 6,955	6,955
Other intangible assets, less accumulated amortization of \$1,841 and \$1,966	\$ 84	103

As of December 31, 2024 and 2023, the gross carrying amount of goodwill and other intangible assets was \$8.9 billion and \$9.0 billion, respectively.

Substantially all of our goodwill was derived from Lumen's acquisition of us where the purchase price exceeded the fair value of the net assets acquired.

We are required to assess our goodwill 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 our reporting unit exceeds its fair value. Our annual impairment assessment date for goodwill is October 31, at which date we assess goodwill at our reporting unit. In reviewing the criteria for reporting units, we have determined that we are one reporting unit.

2024 Goodwill Impairment Analysis

As of October 31, 2024, we performed our annual impairment analysis of the goodwill of our one above-mentioned reporting unit by using a qualitative assessment to determine whether it was more likely than not that the fair value of the reporting unit was less than its carrying value. Factors considered in the qualitative assessment included, among other things, macroeconomic conditions, industry and market conditions, financial performance of the reporting unit and other relevant reporting unit considerations. We concluded the estimated fair value of our reporting unit was greater than our carrying value of equity as of our testing date. Therefore, we concluded no impairment existed as of our annual assessment date in the fourth quarter of 2024.

2023 Goodwill Impairment Analyses

As of October 31, 2023, we performed our annual impairment analysis of our reporting unit. Given the continued decline in Lumen's share price, we determined our quantitative impairment analysis would estimate the fair value of our reporting unit using only the market approach. Applying this approach, we utilized company comparisons and analyst reports within the telecommunications industry which supported a range of fair values derived from annualized revenue and earnings before interest, tax, depreciation and amortization ("EBITDA") multiples between 1.5x and 3.5x and 4.8x and 8.4x, respectively. We selected a revenue multiple within and an EBITDA multiple below these comparable market multiples. Based on our assessment performed, we concluded that the estimated fair value of our reporting unit was less than their carrying value of equity at October 31, 2023. As a result, we recorded a non-cash, non-tax-deductible goodwill impairment charge of \$2.4 billion on October 31, 2023.

During the second quarter of 2023, the Company determined circumstances existed indicating it was more likely than not that the carrying value of our reporting unit exceeded its fair value. Given the continued erosion in Lumen's market capitalization, we determined our quantitative impairment analysis would estimate the fair value of our reporting unit using only the market approach. Applying this approach, we utilized company comparisons and analyst reports within the telecommunications industry which supported a range of fair values derived from annualized revenue and EBITDA multiples between 1.5x and 4.3x and 4.6x and 10.5x, respectively. We selected a revenue multiple within and an EBITDA multiple below these comparable market multiples. Based on our assessment performed, the estimated fair value of our equity exceeded our carrying value of equity by approximately 11% at June 30, 2023. We concluded that goodwill was not impaired as of June 30, 2023.

The market approach that we used incorporated estimates and assumptions related to the forecasted results for the remainder of the year, including revenues, expenses, and the achievement of certain strategic initiatives. In developing the market multiples, we considered observed trends of our industry participants. Our assessment included many factors that required significant judgment. Alternative interpretations of these factors could have resulted in different conclusions.

2022 Goodwill Impairment Analysis

At October 31, 2022, we estimated the fair value of equity by considering both a market approach and a discounted cash flow method. The market approach method includes the use of comparable multiples of publicly traded companies whose services are comparable to ours. The discounted cash flow method is based on the present value of projected cash flows and a terminal value, equal to the present value of all normalized cash flows after the projection period. Based on our assessment performed, the estimated fair value of our equity exceeded our carrying value of equity by approximately 24% at October 31, 2022. We concluded that goodwill was not impaired as of October 31, 2022.

Our fair value estimates for evaluating goodwill incorporated significant judgments and assumptions including forecast revenues and expenses, cost of capital, and control premiums. In developing market multiples, we also considered observed trends of our industry participants and other qualitative factors that required significant judgment. Alternative estimates, judgments, and interpretations of these factors could have resulted in different conclusions regarding the need for an impairment charge.

The following table shows the rollforward of goodwill from December 31, 2022 through December 31, 2024:

	(Dollars in millions)
As of December 31, 2022	\$ 9,360
Impairment	(2,405)
As of December 31, 2023 ⁽¹⁾	6,955
As of December 31, 2024 ⁽¹⁾	\$ 6,955

⁽¹⁾ Goodwill at December 31, 2024 and December 31, 2023 is net of accumulated impairment losses of \$2.4 billion.

We annually review the estimated lives and methods used to amortize our other intangible assets. The actual amounts of amortization expense may differ materially from our estimates, depending on the results of our annual reviews. As of December 31, 2024, the weighted average remaining useful life was three years for capitalized software.

Total amortization expense for intangible assets for the years ended December 31, 2024, 2023 and 2022 was \$41 million, \$67 million and \$79 million, respectively.

We estimate that future total amortization expense for finite-lived intangible assets will be as follows:

	(Dollars in millions)
2025	\$ 27
2026	17
2027	13
2028	10
2029	6
2030 and thereafter	11
Total finite-lived intangible assets future amortization expense	<u>\$ 84</u>

Note 3—Revenue Recognition

We categorize our revenue derived from our operations serving our Mass Markets customers, primarily within the first three categories listed below, and our revenue derived from our operations servicing our Business customers, primarily in the 'Harvest', 'Nurture' and 'Grow' categories listed below:

- *Other Broadband*, under which we provide primarily lower speed broadband services to residential and small business customers utilizing our copper-based network infrastructure;
- *Voice and Other*, under which we derive revenues from (i) providing local and long-distance services, professional services, and other ancillary services, (ii) federal broadband and state support payments, and (iii) equipment, IT solutions and other services;
- *Fiber Broadband*, under which we provide high speed broadband services to residential and small business customers utilizing our fiber-based network infrastructure;
- *Harvest*, which includes our legacy services managed for cash flow, including Time Division Multiplexing voice and private line services;
- *Nurture*, which includes our more mature offerings, including primarily ethernet;
- *Grow*, which includes existing and emerging products and services in which we are significantly investing, including our dark fiber and wavelengths services; and
- *Affiliate Services*, which are (i) communications services that we provide to our affiliates and also provide to external customers and (ii) application development and support services that we provide to our affiliates, as described further in Note 14—Affiliate Transactions.

Reconciliation of Total Revenue to Revenue from Contracts with Customers

The following tables provide our total revenue by product and service category as well as 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:

Year Ended December 31, 2024			
	Total Revenue	Adjustments for Non-ASC 606 Revenue ⁽¹⁾	Total Revenue from Contracts with Customers
	(Dollars in millions)		
Other Broadband	\$ 932	(79)	853
Voice and Other	521	(14)	507
Fiber Broadband	377	(12)	365
Harvest	939	(118)	821
Nurture	357	(8)	349
Grow	133	(6)	127
Affiliate Services	2,249	(48)	2,201
Total revenue	<u>\$ 5,508</u>	<u>(285)</u>	<u>5,223</u>
Timing of revenue			
Goods and services transferred at a point in time			\$ 13
Services performed over time			5,210
Total revenue from contracts with customers			<u>\$ 5,223</u>

Year Ended December 31, 2023			
	Total Revenue	Adjustments for Non-ASC 606 Revenue ⁽¹⁾	Total Revenue from Contracts with Customers
	(Dollars in millions)		
Other Broadband	\$ 1,111	(95)	1,016
Voice and Other	589	(16)	573
Fiber Broadband	473	(12)	461
Harvest	1,047	(139)	908
Nurture	393	(8)	385
Grow	143	—	143
Affiliate Services	2,159	(45)	2,114
Total revenue	<u>\$ 5,915</u>	<u>(315)</u>	<u>5,600</u>
Timing of revenue			
Goods and services transferred at a point in time			\$ 23
Services performed over time			5,577
Total revenue from contracts with customers			<u>\$ 5,600</u>

Year Ended December 31, 2022			
	Total Revenue	Adjustments for Non-ASC 606 Revenue ⁽¹⁾	Total Revenue from Contracts with Customers
(Dollars in millions)			
Other Broadband	\$ 1,275	(106)	1,169
Voice and Other	691	(31)	660
Fiber Broadband	462	(12)	450
Harvest	1,134	(161)	973
Nurture	435	(9)	426
Grow	158	(9)	149
Affiliate Services	2,294	(45)	2,249
Total revenue	\$ 6,449	(373)	6,076
Timing of revenue			
Goods and services transferred at a point in time			\$ 28
Services performed over time			6,048
Total revenue from contracts with customers			\$ 6,076

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

We do not have any single external customer that comprises more than 10% of our total consolidated operating revenue. Substantially all of our consolidated revenue comes from customers located in the United States.

Customer Receivables and Contract Balances

The following table provides balances of customer receivables, contract assets and contract liabilities:

	As of December 31,	
	2024	2023
(Dollars in millions)		
Customer receivables, less allowance of \$23 million and \$29 million	\$ 205	210
Contract assets	—	7
Contract liabilities	244	269

Contract liabilities consist of consideration we have received from our customers or billed in advance of providing goods or services promised in the future. We defer recognizing this consideration as revenue until we have satisfied the related performance obligation to the customer. Contract liabilities include recurring services billed one month in advance and installation and maintenance charges that are deferred and recognized over the actual or expected contract term, which ranges from one to five years depending on the service. Contract liabilities are included within deferred revenue in our consolidated balance sheets. During the years ended December 31, 2024 and December 31, 2023, we recognized \$175 million and \$169 million, respectively, of revenue that was included in contract liabilities of \$269 million and \$343 million as of January 1, 2024 and 2023, respectively.

Performance Obligations

As of December 31, 2024, we expect to recognize approximately \$2.2 billion of revenue in the future related to performance obligations associated with existing customer contracts that are partially or wholly unsatisfied. As of December 31, 2024, the transaction price related to unsatisfied performance obligations that are expected to be recognized in 2025, 2026 and thereafter was \$944 million, \$832 million, and \$452 million, respectively.

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), and (ii) contracts that are classified as leasing arrangements that are not subject to ASC 606.

Contract Costs

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

	Year Ended December 31, 2024	
	Acquisition Costs	Fulfillment Costs
	(Dollars in millions)	
Beginning of period balance	\$ 58	46
Costs incurred	32	34
Amortization	(39)	(34)
End of period balance	<u>\$ 51</u>	<u>46</u>

	Year Ended December 31, 2023	
	Acquisition Costs	Fulfillment Costs
	(Dollars in millions)	
Beginning of period balance	\$ 61	46
Costs incurred	43	38
Amortization	(46)	(38)
End of period balance	<u>\$ 58</u>	<u>46</u>

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 communications services to customers, including labor and materials consumed for these activities.

We amortize deferred acquisition and fulfillment costs based on the transfer of services on a straight-line basis over the average contract life of 50 months for Mass Markets customers and average contract life of 35 months for Business customers. We include amortized fulfillment costs in cost of services and products and amortized acquisition costs are included in selling, general and administrative expenses in our consolidated statements of operations. We include the amount of these deferred costs that are anticipated to be amortized in the next 12 months in other current assets on our consolidated balance sheets. We include the amount of deferred costs expected to be amortized beyond the next 12 months in other non-current assets on our consolidated balance sheets. We assess deferred acquisition and fulfillment costs for impairment on a quarterly basis.

Governmental Funding

Lumen participates in various U.S. federal and state programs under which government support payments are received to offset costs associated with providing services in targeted locations such as unserved or underserved high-cost or rural areas, or for certain types of customers, including non-profit organizations, educational institutions and local governmental bodies. In certain instances, support payments are conditioned on specified infrastructure buildouts by milestone deadlines or provision of services at specified locations and speed requirements. Commitments may be made annually, on a multi-year basis ranging from one to 10 years or be on-going subject to periodic change or termination. Consistent with customary practice and as referenced in ASC 832 *Government Assistance*, Lumen applies a grant model of accounting by which it accounts for these transactions as non-ASC 606 revenue over the periods in which the costs for which the funding is intended to compensate are incurred. This non-ASC 606 revenue is included in operating revenue in our consolidated statements of operations. Corresponding receivables are recorded when services have been provided to the customers and costs incurred, but the cash has not been received. These amounts are included in our accounts receivable, less allowance in our consolidated balance sheets. Certain programs are subject to audits of compliance with program commitments and, subject to the outcomes of those assessments, Lumen may be required to reimburse the government entity for cash previously received, or, in some cases, pay a penalty. Lumen evaluates each program and establishes a liability under the principles of ASC 450 if it is probable support payments will be recaptured or a penalty will be imposed.

For the year ended December 31, 2024 and 2023, we recorded non-customer revenue of \$31 million and \$36 million, respectively, under government assistance programs, of which 29% and 24%, respectively, was associated with state universal service fund support programs.

Between 2015 and 2021, Lumen received approximately \$500 million annually through the Federal Communications Commission (the "FCC")'s Connect America Fund II ("CAF II"), a program that ended on December 31, 2021. Our share of this CAF II funding was approximately \$145 million annually. In connection with the CAF II funding, we were required to meet certain specified infrastructure buildout requirements in 13 states by the end of 2021, which required substantial capital expenditures. In the first quarter of 2022, we recognized \$13 million of previously deferred revenue related to the conclusion of the CAF II program based upon our final buildout and filing submissions. The government has the right to audit our compliance with the CAF II program and the ultimate outcome of any remaining examinations is unknown, but could result in a liability to us in excess of our accruals established for these matters.

In early 2020, the FCC created the Rural Digital Opportunity Fund (the "RDOF") program, a federal support program designed to fund broadband deployment in rural America. For the first phase of this program, RDOF Phase I, the FCC ultimately awarded \$6.4 billion in support payments to be paid in equal monthly installments over 10 years. In the third quarter of 2024, we relinquished rights to develop certain RDOF census blocks in four states, which resulted in (i) a reduction of our anticipated RDOF Phase I support payments and (ii) an expectation of payment to the federal government. These impacts are expected to be immaterial.

We participate in multiple state sponsored programs for broadband deployment in unserved and underserved areas for which the states have state universal service funds sourced from fees levied on telecommunications providers and passed on to consumers. During the year ended December 31, 2024, we participated in these types of programs primarily in the states of Nebraska and New Mexico. During the year ended December 31, 2023, we participated in these types of programs primarily in the states of Nebraska, New Mexico, and Minnesota.

Note 4—Leases

We primarily lease various office facilities, colocation facilities and equipment to or from third parties. Leases with an initial term of 12 months or less are not recorded on our consolidated balance sheets; we recognize lease expense for these leases on a straight-line basis over the lease term.

We determine if an arrangement is a lease at inception and whether that lease meets the classification criteria of a finance or operating lease at the commencement date. Lease-related assets, or right-of-use assets, are recognized at the lease commencement date at amounts equal to the respective lease liabilities. Lease-related liabilities are recognized at the present value of the remaining contractual fixed lease payments, discounted using our incremental borrowing rates. As part of the present value calculation for the lease liabilities, we use an incremental borrowing rate as the rates implicit in the leases are not readily determinable. The incremental borrowing rates used for lease accounting are based on our unsecured rates, adjusted to approximate the rates at which we could borrow on a collateralized basis over a term similar to the recognized lease term. We apply the incremental borrowing rates to lease components using a portfolio approach based upon the length of the lease term and the reporting entity in which the lease resides. Operating lease expense is recognized on a straight-line basis over the lease term, while variable lease payments are expensed as incurred. Operating lease assets are included in Other, net under goodwill and other assets on our consolidated balance sheets. Current operating lease liabilities are included in Other under accrued expenses and other liabilities on our consolidated balance sheets. Noncurrent operating lease liabilities are included in Other under deferred credits and other liabilities on our consolidated balance sheets.

Some of our lease arrangements contain lease components, non-lease components (including common-area maintenance costs) and executory costs (including real estate taxes and insurance costs). We generally account for each component separately based on the estimated standalone price of each component. For colocation leases, we account for the lease and non-lease components as a single lease component.

Many of our lease agreements contain renewal options; however, we do not recognize right-of-use assets or lease liabilities for renewal periods unless we determine that we are reasonably certain of renewing the lease. Certain leases also include options to purchase the leased property. The depreciable life of assets and leasehold improvements are limited by the expected lease term, unless there is a transfer of title or purchase option reasonably certain to be exercised. Our lease agreements do not generally contain any material residual value guarantees or material restrictive covenants.

Lease expense consisted of the following:

	Years Ended December 31,		
	2024	2023	2022
	(Dollars in millions)		
Operating and short-term lease cost	\$ 23	26	25
Finance lease cost:			
Amortization of right-of-use assets	1	1	1
Total finance lease cost	1	1	1
Total lease cost	\$ 24	27	26

We lease various equipment, office facilities, retail outlets, and other network sites from third parties. These leases, with few exceptions, provide for renewal options and escalations that are either fixed or based on the consumer price index. Any rent abatements, along with rent escalations, are included in the computation of rent expense calculated on a straight-line basis over the lease term. The lease term for most leases includes the initial non-cancelable term plus any term under renewal options that are reasonably assured.

For the years ended December 31, 2024, 2023 and 2022, our gross rental expense was \$24 million, \$27 million and \$26 million, respectively. We also received sublease rental income for the years ended December 31, 2024, 2023 and 2022 of \$9 million, \$8 million and \$9 million, respectively.

Supplemental consolidated balance sheet information and other information related to leases is included below:

		As of December 31,	
Leases (Dollars in millions)	Classification on the Balance Sheet	2024	2023
Assets			
Operating lease assets	Other, net	\$ 64	65
Finance lease assets	Property, plant and equipment, net of accumulated depreciation	6	7
Total leased assets		\$ 70	72
Liabilities			
Current			
Operating	Other	\$ 15	20
Finance	Current maturities of long-term debt	—	1
Noncurrent			
Operating	Other	49	47
Finance	Long-term debt	3	3
Total lease liabilities		\$ 67	71
Weighted-average remaining lease term (years)			
Operating leases		5.4	4.9
Finance leases		8.4	7.7
Weighted-average discount rate			
Operating leases		10.52 %	4.83 %
Finance leases		5.05 %	5.89 %

Supplemental consolidated cash flow statement information related to leases is included below:

	Years Ended December 31,	
	2024	2023
(Dollars in millions)		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	\$ 24	35
Financing cash flows for finance leases	1	2
Supplemental lease cash flow disclosures		
Operating lease right-of-use assets obtained in exchange for new operating lease liabilities	\$ 20	15
Right-of-use assets obtained in exchange for new finance lease liabilities	—	3

As of December 31, 2024, maturities of lease liabilities were as follows:

	Operating Leases	Finance Leases
	(Dollars in millions)	
2025	\$ 20	1
2026	17	1
2027	15	1
2028	11	—
2029	7	—
Thereafter	14	1
Total lease payments	84	4
Less: interest	(20)	(1)
Total	64	3
Less: current portion	(15)	—
Long-term portion	\$ 49	3

As of December 31, 2024, we had no material operating or finance leases that had not yet commenced.

Operating Lease Revenue

We lease various data transmission capacity, office facilities, switching facilities and other network sites to third parties under operating leases. Lease and sublease income are included in operating revenue in the consolidated statements of operations. See "Revenue Recognition" in Note 1—Background and Summary of Significant Accounting Policies.

For the years ended December 31, 2024, 2023 and 2022, our gross rental income was \$273 million, \$304 million and \$346 million, respectively which represents 5% of our operating revenue for each of the years ended December 31, 2024, 2023 and 2022, respectively.

Note 5—Credit Losses on Financial Instruments

To assess our expected credit losses on financial instruments, we aggregate financial assets with similar risk characteristics to monitor their 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. We separately evaluate financial assets that do not share risk characteristics with other financial assets. 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 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 our 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:

	Business	Mass Markets	Total
	(Dollars in millions)		
Balance at December 31, 2021	\$ 19	19	38
Provision for expected losses	13	47	60
Write-offs charged against the allowance	(14)	(50)	(64)
Recoveries collected	2	—	2
Balance at December 31, 2022	20	16	36
Provision for expected losses	20	46	66
Write-offs charged against the allowance	(26)	(43)	(69)
Recoveries collected	—	1	1
Balance at December 31, 2023	14	20	34
Provision for expected losses	9	36	45
Write-offs charged against the allowance	(10)	(42)	(52)
Recoveries collected	—	2	2
Balance at December 31, 2024	\$ 13	16	29

Note 6—Long-Term Debt and Note Payable - Affiliate

The following chart reflects (i) the consolidated long-term debt of Qwest Corporation and its subsidiaries, including finance lease and other obligations, unamortized premiums, net, unamortized debt issuance costs and (ii) note payable-affiliate:

	Interest Rates ⁽¹⁾	Maturities ⁽¹⁾	As of December 31,	
			2024	2023
			(Dollars in millions)	
Senior notes	6.500% - 7.750%	2025 - 2057	\$ 1,973	1,986
Former term loan ⁽²⁾	N/A	N/A	—	215
Finance lease and other	Various	Various	3	4
Unamortized premiums, net			1	4
Unamortized debt issuance costs			(50)	(52)
Total long-term debt			1,927	2,157
Less current maturities			(239)	(1)
Long-term debt, excluding current maturities			\$ 1,688	2,156

N/A - Not applicable

⁽¹⁾ As of December 31, 2024.

⁽²⁾ Qwest Corporation's Term Loan was due in 2027 and had an interest rate of 7.970% as of December 31, 2023, prior to being cancelled on the TSA Effective Date (as defined below).

Long-Term Debt Maturities

Set forth below is the aggregate principal amount of our long-term debt as of December 31, 2024 (excluding unamortized premiums, net, unamortized debt issuance costs) maturing during the following years:

	(Dollars in millions)
2025	\$ 239
2026	1
2027	1
2028	—
2029	—
2030 and thereafter	1,735
Total long-term debt	\$ 1,976

2024 Debt Transactions

Transaction Support Agreement Transactions

On March 22, 2024 (the "TSA Effective Date"), Lumen Technologies, Level 3 Financing, Qwest Corporation and a group of creditors holding a majority of our consolidated debt completed transactions contemplated under the amended and restated transaction support agreement ("TSA") that such parties entered into on January 22, 2024 (the "TSA Transactions"), including (i) the repayment of our term loan maturing 2027 and (ii) the termination, repayment or exchange of previous commitments and debt of our affiliates and the issuance of new term loan facilities, notes, and revolving credit facilities by our affiliates.

Repurchases of Outstanding Notes

During 2024, we repurchased approximately \$13 million aggregate principal amount of our senior notes maturing in 2025. These transactions resulted in an immaterial net loss which was recognized in Other income, net in our consolidated statement of operations for the year ended December 31, 2024.

Qwest Guarantees of Lumen Debt

Lumen's obligations under its new credit agreements entered into on March 22, 2024 and its new superpriority secured senior notes issued on and after March 22, 2024 are unsecured, but Qwest Corporation and certain of its subsidiaries have provided an unconditional unsecured guarantee of payment of Lumen's obligations under these agreements and senior notes.

Note Payable - Affiliate

On June 30, 2022, Qwest Corporation entered into an amended and restated revolving promissory note ("Note Payable - Affiliate") with an affiliate of our ultimate parent company, Lumen Technologies, Inc. ("Lender"), that replaces the previous revolving promissory agreement that was scheduled to mature on June 30, 2022 ("Prior Note Payable - Affiliate"). The Note Payable - Affiliate, as amended, enables Qwest Corporation to borrow from Lumen up to \$2.0 billion. Any outstanding principal balance owed by Qwest Corporation under the Note Payable - Affiliate and the accrued interest thereon is due and payable on demand, but if no demand is made, then on the maturity date. The Note Payable - Affiliate has an initial maturity date of June 30, 2027, but will automatically renew for an unlimited number of successive 12-month periods unless the Lender provides notice of its intent not to renew at least 30 days prior to the initial maturity date or each subsequent maturity date.

In accordance with the terms of the amended Note Payable - Affiliate, interest is assessed every six months ending on June 30th and December 31st (an "Interest Period") and is payable within 30 days of the end of the respective Interest Period. Interest is accrued on the outstanding principal balance during the respective Interest Period using a weighted average per annum interest rate on the consolidated outstanding debt of Lumen Technologies, Inc. and its subsidiaries.

On September 30, 2022, Qwest Corporation repaid the outstanding principal and interest on the Note Payable - Affiliate of approximately \$1.2 billion and \$43 million, respectively. Since such payment, Qwest Corporation has not owed any amounts under the Note Payable - Affiliate.

Interest Expense

Interest expense includes interest on total long-term debt. The following table presents the amount of gross interest expense, net of capitalized interest and interest expense-affiliates, net:

	Years Ended December 31,		
	2024	2023	2022
	(Dollars in millions)		
Interest expense:			
Gross interest expense	\$ 137	149	141
Capitalized interest	(75)	(54)	(29)
Total interest expense	\$ 62	95	112
Interest (income) expense-affiliates, net	\$ (24)	(15)	60

Covenants

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

None of our long-term debt is secured or guaranteed by other companies.

Compliance

As of December 31, 2024, we believe we were in compliance with the financial covenants contained in our material debt agreements in all material respects.

Note 7—Accounts Receivable

The following table presents details of our accounts receivable balances:

	As of December 31,	
	2024	2023
	(Dollars in millions)	
Trade and purchased receivables	\$ 295	287
Earned and unbilled (credits) receivables	(67)	(15)
Other	28	23
Total accounts receivable	256	295
Less: allowance for credit losses	(29)	(34)
Accounts receivable, less allowance	\$ 227	261

We are exposed to concentrations of credit risk from our customers. We generally do not require collateral to secure our receivable balances. We have agreements with other telecommunications service providers whereby we agree to bill and collect on their behalf for services rendered by those providers to our customers within our local service area. We purchase accounts receivable from other telecommunications service providers primarily on a recourse basis and include these amounts in our accounts receivable balance. We have not experienced any significant loss associated with these purchased receivables.

Note 8—Property, Plant and Equipment

Net property, plant and equipment is composed of the following:

	Depreciable Lives	As of December 31,	
		2024	2023
(Dollars in millions)			
Property, plant and equipment:			
Land	N/A	\$ 329	334
Fiber, conduit and other outside plant ⁽¹⁾	15-45 years	8,246	7,126
Central office and other network electronics ⁽²⁾	7-10 years	5,792	5,488
Support assets ⁽³⁾	3-30 years	2,878	2,845
Construction in progress ⁽⁴⁾	N/A	530	1,146
Gross property, plant and equipment		17,775	16,939
Accumulated depreciation		(8,910)	(8,239)
Net property, plant and equipment		\$ 8,865	8,700

(1) Fiber, conduit and other outside plant consists of fiber and metallic cable, conduit, poles and other supporting structures.

(2) Central office and other network electronics consists of circuit and packet switches, routers, transmission electronics and electronics providing service to customers.

(3) Support assets consist of buildings, computers and other administrative and support equipment.

(4) Construction in progress includes inventory held for construction and property of the aforementioned categories that has not been placed in service as it is still under construction.

We recorded depreciation expense of \$712 million, \$756 million and \$781 million for the years ended December 31, 2024, 2023 and 2022, respectively.

Note 9—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.

During April 2024, we reduced our workforce by approximately 3% as a part of our efforts to change our workforce composition to reflect our ongoing transformation and cost reduction opportunities that align with our shapeshifting and focus on our strategic priorities. As a result of this plan, we incurred severance and related costs of approximately \$25 million. We have not incurred, and do not expect to incur, material impairment or exit costs related to this workforce reduction.

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

	Years Ended December 31,	
	2024	2023
(Dollars in millions)		
Balance at beginning of period	\$ 1	\$ 3
Accrued to expense	32	17
Payments, net	(29)	(19)
Balance at end of period	\$ 4	\$ 1

Note 10—Employee Benefits

Pension and Post-Retirement Benefits

QCII's post-retirement benefit plans were merged into Lumen's post-retirement benefit plans on January 1, 2012, and on December 31, 2014, QCII's qualified pension plan and a pension plan of an affiliate were merged into the CenturyLink Retirement Plan, which is now named the Lumen Combined Pension Plan (the "LCPP"). Based on current laws and circumstances, (i) Lumen Technologies was not required to make a cash contribution to the LCPP in 2024 and (ii) Lumen Technologies does not expect it will be required to make a contribution in 2025. The amount of required contributions to the LCPP in 2025 and beyond will depend on earnings on plan investments, prevailing discount rates, demographic experience, changes in plan benefits and changes in funding laws and regulations. Lumen Technologies occasionally makes voluntary contributions in addition to required contributions. Lumen Technologies made a voluntary contribution of \$170 million to the LCPP in 2024. Lumen Technologies did not make a voluntary contribution to the LCPP in 2023.

The unfunded status of Lumen's qualified and non-qualified pension plans for accounting purposes was approximately \$645 million and \$769 million as of December 31, 2024 and 2023, which includes the merged QCII qualified pension plan. The unfunded status of Lumen's post-retirement benefit plans for accounting purposes was \$1.7 billion and \$1.9 billion as of December 31, 2024 and 2023, respectively.

Lumen Technologies allocates current service costs to subsidiaries relative to employees who are currently earning benefits under the pension and post-retirement benefit plans. The net cost allocated to us is paid on a monthly basis through Lumen's intercompany cash management process.

The affiliate obligations, net in current and noncurrent liabilities on the consolidated balance sheets primarily represents the cumulative allocation of expense, net of payments, associated with QCII's pension plans and post-retirement benefits plans prior to the plan mergers. In 2015, we agreed to a plan to settle the outstanding pension and post-retirement affiliate obligations, net balance with QCII over a 30 year term. Under the plan, payments are scheduled to be made on a monthly basis. For the years ended December 31, 2024 and 2023, we made settlement payments in the aggregate of \$52 million and \$57 million, respectively, to QCII under the plan. Changes in the affiliate obligations, net are reflected in operating activities on our consolidated statements of cash flows.

We are allocated a portion of Lumen's pension and post-retirement services costs. The combined net pension and post-retirement service costs is included in cost of services and products and selling, general and administrative expenses on our consolidated statement of operations, in the amounts for the respective periods presented in the table below:

	Years Ended December 31,		
	2024	2023	2022
	(Dollars in millions)		
Allocated pension service costs	\$ 20	22	31
Allocated post-retirement service costs	4	4	7
% of Lumen's total pension and post-retirement service costs	86 %	87 %	72 %

Lumen Technologies sponsors a noncontributory qualified defined benefit pension plan that covers certain participants. The LCPP also provides survivor and disability benefits to certain participants. In November 2009, and prior to the plan merger, the pension plan was amended to no longer provide pension benefit accruals for active non-represented employees after December 31, 2009. In addition, non-represented employees hired after January 1, 2009 are not eligible to participate in the plans. Active non-represented employees who participate in these plans retain their accrued pension benefit earned as of December 31, 2009 and certain participants will continue to earn interest credits on their benefit after December 31, 2009. Employees are eligible to receive their vested accrued benefit when they separate from Lumen Technologies. The plans also provided a death benefit for eligible beneficiaries of certain retirees; however, the plan was amended to eliminate this benefit effective March 1, 2010 for retirees who retired prior to January 1, 2004 and whose deaths occur after February 28, 2010 and eliminate the death benefit for eligible beneficiaries of certain retirees who retired after December 31, 2003.

Lumen Technologies maintains post-retirement benefit plans that provide health care and life insurance benefits primarily for certain eligible retirees. The QCI post-retirement benefit plans were merged into Lumen's post-retirement benefit plans on January 1, 2012. The benefit obligation for the occupational health care and life insurance post-retirement plans is estimated based on the terms of benefit plans. In calculating this obligation, Lumen Technologies considers numerous assumptions, estimates and judgments, including but not limited to, discount rates, health care cost trend rates and plan amendments. Effective January 1, 2024, new represented employees are not eligible for benefits as a result of new collective bargaining agreements. New non-represented employees are also not eligible for benefits under the plan.

The terms of the post-retirement health care and life insurance plans between Lumen Technologies and its eligible non-represented employees and its eligible post-1990 non-represented retirees are established by Lumen Technologies and are subject to change at its discretion. Lumen Technologies has a practice of sharing some of the cost of providing health care benefits with its non-represented employees and post-1990 non-represented retirees. The benefit obligation for the non-represented post-retirement health care benefits is based on the terms of the current written plan documents and is adjusted for anticipated continued cost sharing with non-represented employees and post-1990 non-represented retirees. However, Lumen's contribution under its post-1990 non-represented retirees' health care plan is capped at a specific dollar amount.

Medicare Prescription Drug, Improvement and Modernization Act of 2003

Lumen Technologies sponsors post-retirement health care plans with several benefit options that provide prescription drug benefits that Lumen Technologies deems actuarially equivalent to or exceeding Medicare Part D. Lumen Technologies recognizes the impact of the federal subsidy received under the Medicare Prescription Drug, Improvement and Modernization Act of 2003 in the calculation of its post-retirement benefit obligation and net periodic post-retirement benefit expense.

Other Benefit Plans

Health Care and Life Insurance

We provide health care and life insurance benefits to essentially all of our active employees. We are largely self-funded for the cost of the health care plan. Our health care benefit expense for current employees was \$99 million, \$101 million and \$99 million for the years ended December 31, 2024, 2023 and 2022, respectively. Employees' group basic life insurance plans are fully insured and the premiums are paid by Lumen Technologies.

401(k) Plans

Lumen Technologies sponsors a qualified defined contribution plan covering substantially all of our employees. Under this plan, employees may contribute a percentage of their annual compensation up to certain maximums, as defined by the plan and by the Internal Revenue Service ("IRS"). Currently, we match a percentage of our employees' contributions in cash. We recognized \$25 million, \$27 million and \$27 million in expense related to this plan for the years ended December 31, 2024, 2023 and 2022, respectively.

Note 11—Fair Value of Financial Instruments

Our financial instruments consist of cash and cash equivalents, restricted cash, accounts receivable, advances to and from affiliates, accounts payable, note payable-affiliate and long-term debt, excluding finance lease and other obligations. Due to their short-term nature, the carrying amounts of our cash and cash equivalents, restricted cash, accounts receivable, advances to and from affiliates, accounts payable and note payable-affiliate approximate their fair values.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between independent and knowledgeable parties who are willing and able to transact for an asset or liability at the measurement date. We use valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs when determining fair value and then we rank the estimated values based on the reliability of the inputs using the below-described fair value hierarchy. We determined the fair values of our long-term debt, including the current portion, based on quoted market prices where available or, if not available, based on inputs other than quoted market prices in active markets that are either directly or indirectly observable such as discounted future cash flows using current market interest rates.

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

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

The following table presents the carrying amounts and estimated fair values of our financial liabilities as of December 31, 2024 and 2023, as well as the input level used to determine the fair values indicated below:

	Input Level	As of December 31, 2024		As of December 31, 2023	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
(Dollars in millions)					
Liabilities-Long-term debt (excluding finance lease and other obligations)	2	\$ 1,924	1,462	2,153	1,162

Note 12—Income Taxes

The components of the income tax expense from continuing operations are as follows:

	Years Ended December 31,		
	2024	2023	2022
(Dollars in millions)			
Income tax expense:			
Federal and foreign			
Current	\$ 396	432	514
Deferred	34	19	6
State and local			
Current	94	107	137
Deferred	3	3	14
Income tax expense	\$ 527	561	671

The effective income tax rate for continuing operations differs from the statutory tax rate as follows:

	Years Ended December 31,		
	2024	2023	2022
(Percentage of pre-tax income (loss))			
Effective income tax rate:			
Federal statutory income tax rate	21.0 %	21.0 %	21.0 %
State income taxes-net of federal effect	3.7 %	(31.3)%	4.3 %
Goodwill impairment	— %	(187.2)%	— %
Change in liability for unrecognized tax position	1.5 %	(8.9)%	0.6 %
Other	— %	(1.4)%	— %
Effective income tax rate	26.2 %	(207.8)%	25.9 %

For the years ended December 31, 2024 and 2023, our effective income tax rate was 26.2% and (207.8)%, respectively. The effective tax rate for the year ended December 31, 2023 includes a \$505 million unfavorable aggregate impact of non-deductible goodwill impairment.

The tax effects of temporary differences that gave rise to significant portions of the deferred tax assets and deferred tax liabilities were as follows:

	As of December 31,	
	2024	2023
	(Dollars in millions)	
Deferred tax liabilities:		
Property, plant and equipment	\$ (1,524)	(1,464)
Intangible assets	(83)	(95)
Other	(40)	(50)
Total deferred tax liabilities	(1,647)	(1,609)
Deferred tax assets:		
Payable to affiliate due to post-retirement benefit plan participation	312	292
Other	1	—
Gross deferred tax assets	313	292
Net deferred tax assets	313	292
Net deferred tax liabilities	\$ (1,334)	(1,317)

As of December 31, 2024 and 2023, we had no established valuation allowance based on our assessment of whether it is more likely than not that our deferred tax assets will be realized.

As of December 31, 2024 and 2023, the \$1.3 billion net deferred tax liabilities are included in long-term liabilities on our consolidated balance sheet.

With few exceptions, we are no longer subject to U.S. federal, state and local or non-U.S. income tax examinations by tax authorities for years before 2016. The Internal Revenue Service and state and local taxing authorities reserve the right to audit any period where net operating loss carryforwards are available.

A reconciliation of the change in our gross unrecognized tax benefits (excluding both interest and any related federal benefit) for the years ended December 31, 2024 and 2023 are as follows:

	Years ended December 31,	
	2024	2023
	(Dollars in millions)	
Unrecognized tax benefits at beginning of period	\$ 317	332
Decrease due to tax positions taken in a prior year	(11)	(1)
Decrease due to tax positions taken in a current year	(13)	(14)
Unrecognized tax benefits at end of period	\$ 293	317

As of December 31, 2024, the total amount of unrecognized tax benefits that, if recognized, would impact the effective income tax rate is immaterial. The unrecognized tax benefits also includes tax positions that, if recognized, would result in adjustments to other tax accounts, primarily deferred taxes, that would not impact the effective tax rate but could impact cash tax amounts payable to taxing authorities.

Our policy is to reflect interest expense associated with unrecognized tax benefits in income tax expense. We had accrued interest (presented before related tax benefits) of approximately \$160 million and \$125 million as of December 31, 2024 and 2023, respectively.

Based on our current assessment of various factors, including (i) the potential outcomes of these ongoing examinations, (ii) the expiration of statute of limitations for specific jurisdictions, (iii) the negotiated settlement of certain disputed issues, and (iv) the administrative practices of applicable taxing jurisdictions, it is reasonably possible that the related unrecognized tax benefits for uncertain tax positions previously taken may not change in the next 12 months. The actual amount of changes, if any, will depend on future developments and events, many of which are outside our control.

We paid \$497 million, \$509 million, and \$673 million related to income taxes for the years ended December 31, 2024, 2023, and 2022, respectively.

In August 2022, the Inflation Reduction Act was signed into law and which, among other things, implemented a corporate alternative minimum tax ("CAMT") on adjusted financial statement income effective for tax periods occurring after December 31, 2022. The CAMT had no material impact on our financial results as of December 31, 2024. In addition, in 2021, the Organization for Economic Co-operation and Development ("OECD") issued Pillar Two model rules introducing a new global minimum corporate tax of 15% and the OECD and the majority of its participating countries continue to work toward the enactment of such tax. While the U.S. has not adopted Pillar Two legislation, various other governments around the world have enacted such legislation that is effective for tax periods after December 31, 2023. These global minimum tax rules have increased our administrative and compliance burdens, but the impact to our financial statements for the year ended December 31, 2024 was immaterial. We anticipate further legislative activity and administrative guidance throughout 2025 and continue to monitor evolving global tax legislation.

Note 13—Affiliate Transactions

We provide incumbent local exchange carrier telecommunications services to our affiliates that we also provide to external customers. We periodically review and update our prices for affiliate network services to align with regulated rates, where applicable, or competitive market-based rates charged to external customers, taking into consideration the average third party customer contract term those affiliate services pertain to. These services are billed directly to our affiliates and recognized as affiliate revenue on our consolidated statements of operations.

We also provide to our affiliates shared services in the form of application development and support services, as well as network support and technical services, and administrative and corporate support. In this regard, we function as a service company to other Lumen affiliates, and correspondingly recognize affiliate revenue based on the costs for the services that we provide to those affiliates.

Whenever possible, costs for shared services are incurred directly by our affiliates for the services they use. When these shared costs are not directly incurred, they are allocated among all affiliates based upon what we determine to be the most reasonable method, first using cost causative measures, or, if no cost causative measure is available, using a general allocator. From time to time, we may adjust the basis for allocating the costs of a shared service among affiliates. Any such changes in allocation methodologies are applied prospectively.

The following table provides details of affiliate revenue:

	Years Ended December 31,		
	2024	2023	2022
	(Dollars in millions)		
Direct affiliate revenue	\$ 1,665	1,622	1,697
Allocated affiliate revenue	584	537	597
Total affiliate revenue	\$ 2,249	2,159	2,294

We also purchase services from our affiliates including telecommunication services, insurance, flight services and other support services such as legal, regulatory, finance administration and executive support. Our affiliates charge us for these services using the allocation methodology described above.

Note 14—Commitments, Contingencies and Other Items

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

We review our litigation accrual liabilities on a quarterly basis, but in accordance with applicable accounting guidelines only establish accrual liabilities when losses are deemed probable and reasonably estimable and only revise previously established accrual liabilities when warranted by changes in circumstances, in each case based on then-available information. As such, as of any given date we could have exposure to losses under proceedings as to which no liability has been accrued or as to which the accrued liability is inadequate. Subject to these limitations, at December 31, 2024 and December 31, 2023, we had accrued \$17 million and \$15 million, respectively, in the aggregate for our litigation and non-income tax contingencies, which are included in Other under Current Liabilities or Other under Deferred Credits and Other Liabilities in our consolidated balance sheets as of such dates. We cannot at this time estimate the reasonably possible loss or range of loss, if any in excess of this \$17 million accrual due to the inherent uncertainties and speculative nature of contested proceedings. The establishment of an accrual does not mean that actual funds have been set aside to satisfy a given contingency. Thus, the resolution of a particular contingency for the amount accrued could have no effect on our results of operations but nonetheless could have an adverse effect on our cash flows.

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

Principal Proceedings

Environmental Litigation

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

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

FCRA Litigation

In November 2014, a putative class action complaint captioned Bultemeyer v. CenturyLink, Inc. was filed in the United States District Court for the District of Arizona, Case CV-14-02530-PHX-SPL, alleging violations of the Fair Credit Reporting Act (the "FCRA"). In February 2017, the case was dismissed for lack of standing. The plaintiff appealed and the 9th Circuit reversed and remanded. Class certification was contested and ultimately granted in 2023. The 9th Circuit denied Lumen's request to appeal the class certification ruling. A jury trial was conducted in September 2024. The jury found that CenturyLink willfully violated the FCRA and awarded each class member \$500 for statutory damages and \$2,000 for punitive damages. If the verdict is not set aside in connection with post-trial motion practice, Lumen will appeal to the 9th Circuit. We have not accrued a contingent liability for this matter. While liability is possible, we have not determined it to be probable, and damages exposure, if any, is uncertain.

Billing Practices Suits

In June 2017, a former employee of a Lumen Technologies subsidiary filed an employment lawsuit against Lumen Technologies (at the time named CenturyLink, Inc.) claiming that she was wrongfully terminated for alleging that Lumen charged some of its 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.

We have settled the consumer and securities investor class actions, and the derivative actions.

Qwest has engaged in discussions regarding related claims with a number of state attorneys general, and has entered into agreements settling certain of the consumer practices claims asserted by several state attorneys general.

Huawei Network Deployment Investigations

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

- DOJ. Lumen has received a civil investigative demand from the U.S. Department of Justice in the course of a False Claims Act investigation alleging that Lumen Technologies, Inc. and Lumen Technologies Government Solutions, Inc. failed to comply with certain specified requirements in federal contracts concerning their use of Huawei equipment.
- FCC. The FCC's Enforcement Bureau issued a Letter of Inquiry to Lumen Technologies, Inc. regarding its written certifications to the FCC that Lumen has complied with FCC rules governing the use of resources derived from the High Cost Program, Lifeline Program, Rural Health Care Program, E-Rate Program, Emergency Broadband Benefit Program, and the Affordable Connectivity Program. Under these programs federal funds may not be used to facilitate the deployment or maintenance of equipment or services provided by Huawei, a company the FCC has determined poses a national security threat to the integrity of U.S. communications networks or the communications supply chain.
- Team Telecom. The Committee for the Assessment of Foreign Participation in the United States Telecommunications Service Sector (comprised of the U.S. Attorney General, and the Secretaries of the Department of Homeland Security, and the Department of Defense), commonly referred to as Team Telecom, issued questions and requests for information relating to Lumen's FCC licenses and its use of Huawei equipment.

Marshall Fire Litigation.

On December 30, 2021, a wildfire referred to as the Marshall Fire ignited near Boulder, Colorado. The Marshall Fire killed two people, and it burned thousands of acres, including entire neighborhoods. Approximately 300 lawsuits naming various defendants and asserting various claims for relief have been filed. To date, three of those name Qwest Corporation as being at fault: Allstate Fire and Casualty Insurance Company, et al., v. Qwest Corp., et al., Case 2023-cv-3048, and Wallace, et al., v. Qwest Corp., et al., Case 2023-cv-30488, both of which have been consolidated with Kupfner, et al., v. Public Service Company of Colorado, et al. Case 2022-cv-30195. The consolidated proceeding is pending in Colorado District Court, Boulder, Colorado. Preliminary estimates of potential damage claims exceed \$2 billion.

911 Surcharge

In June 2021, the Company was served with a complaint filed in the Santa Fe County District Court by Phone Recovery Services, LLC ("PRS"), acting on behalf of the State of New Mexico. The complaint claims Qwest Corporation and CenturyTel of the Southwest have violated the New Mexico Fraud Against Taxpayers Act since 2004 by failing to bill, collect and remit certain 911 surcharges from customers. Through pre-trial proceedings, the Court has narrowed the issues to be resolved by jury. On August 21, 2024, a jury decided the remaining issues, and consequently all claims asserted, in Lumen's favor. The plaintiff has filed a Notice of Appeal and Lumen submitted a cross-appeal as to the original motion to dismiss and motion for summary judgment.

Other Proceedings, Disputes and Contingencies

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

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

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

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

The matters listed in this Note do not reflect all of our contingencies. The ultimate outcome of the above-described matters may differ materially from the outcomes anticipated, estimated, projected or implied by us in certain of our statements appearing above in this Note, and proceedings we currently consider immaterial may ultimately affect us materially.

Right-of-Way

At December 31, 2024, our future rental commitments and Right-of-Way ("ROW") agreements were as follows:

	(Dollars in millions)	
2025	\$	29
2026		7
2027		7
2028		4
2029		4
2030 and thereafter		43
Total future minimum payments	\$	94

Purchase Commitments

We have several commitments to a variety of vendors for services to be used in the ordinary course of business totaling \$87 million at December 31, 2024. Of this amount, we expect to purchase \$9 million in 2025, \$18 million in 2026 through 2027, \$19 million in 2028 through 2029 and \$41 million in 2030 and thereafter. These amounts do not represent our entire anticipated purchases in the future, but represent only those items for which we are the contractually committed party as of December 31, 2024. In addition to our above-described contractual obligations, our ultimate parent company Lumen Technologies is contractually committed to purchase additional services under arrangements from which we may purchase in the future.

Note 15—Other Financial Information

Other Current Assets

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

	As of December 31,	
	2024	2023
	(Dollars in millions)	
Prepaid expenses	\$ 98	48
Contract acquisition costs	26	34
Contract fulfillment costs	26	28
Assets held for sale	—	29
Other	2	5
Total other current assets	\$ 152	144

Other Current Liabilities

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

	As of December 31,	
	2024	2023
	(Dollars in millions)	
Current affiliate obligation	\$ 48	52
Current operating lease liability	15	20
Other	54	49
Total other current liabilities	\$ 117	121

Included in accounts payable at December 31, 2024 and 2023 were \$57 million and \$116 million, respectively, associated with capital expenditures.

Other Noncurrent Liabilities

The following table presents details of other noncurrent liabilities in our consolidated balance sheets:

	As of December 31,	
	2024	2023
	(Dollars in millions)	
Unrecognized tax benefits	\$ 453	442
Deferred revenue	97	109
Noncurrent operating lease liability	49	47
Other	86	81
Total other noncurrent liabilities	\$ 685	679

Note 16—Labor Union Contracts

As of December 31, 2024, approximately 42% of our employees were represented by the Communication Workers of America ("CWA") or the International Brotherhood of Electrical Workers ("IBEW"). 1% of our represented employees are subject to collective bargaining agreements that are scheduled to expire within the 12 month period ending December 31, 2025.

Note 17—Stockholder's Equity

Common Stock

All of our outstanding capital stock is owned by QSC.

In addition, in the normal course of business, we transfer assets and liabilities to and from QSC and its affiliates, which are recorded through our equity. It is our policy to record these asset transfers based on carrying values.

Dividends

We declared and paid the following cash dividend to QSC:

	Years Ended December 31,		
	2024	2023	2022
	(Dollars in millions)		
Cash dividend declared to QSC	\$ —	1,980	—
Cash dividend paid to QSC ⁽¹⁾	—	1,980	—

⁽¹⁾ In 2023, we declared a dividend of advances to affiliate to our parent.

The timing of cash payments for declared dividends to QSC is at our discretion in consultation with QSC. We may declare and pay dividends to QSC in excess of our earnings to the extent permitted by applicable law. Our debt covenants do not limit the amount of dividends we can pay to QSC. Dividends paid are reflected on our consolidated statement of cash flows as financing activities.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. 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 leadership team, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure. Our management, with the participation of our President and Chief Executive Officer, Kate Johnson, and our Executive Vice President and Chief Financial Officer, Chris Stansbury, evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2024. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded our disclosure controls and procedures were effective, as of December 31, 2024, 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 fourth quarter of 2024 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.

Internal Control Over Financial Reporting

Management's Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act), a process designed 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 in the United States. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on our evaluation under the framework of COSO, our management concluded that our internal control over financial reporting was effective at December 31, 2024.

Management's Report on the Consolidated Financial Statements

Management of the Company has prepared and is responsible for the integrity and objectivity of our consolidated financial statements for the year ended December 31, 2024. The consolidated financial statements included in this report have been prepared in accordance with accounting principles generally accepted in the United States and necessarily include amounts determined using our best judgments and estimates.

Our consolidated financial statements have been audited by KPMG LLP, an independent registered public accounting firm, who have expressed an unqualified opinion on the consolidated financial statements. Their audit was conducted in accordance with standards of the Public Company Accounting Oversight Board (United States).

ITEM 9B. OTHER INFORMATION

None.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Omitted pursuant to General Instruction I (2).

ITEM 11. EXECUTIVE COMPENSATION

Omitted pursuant to General Instruction I (2).

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Omitted pursuant to General Instruction I (2).

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE

Omitted pursuant to General Instruction I (2).

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Pre-Approval Policies and Procedures

The Audit Committee of Lumen's Board of Directors is responsible for the appointment, compensation and oversight of the work of our independent registered public accounting firm. Under the Audit Committee's charter, the Audit Committee pre-approves all audit and permissible non-audit services provided by our independent registered public accounting firm. The approval may be given as part of the Audit Committee's approval of the scope of the engagement of our independent registered public accounting firm or on an individual basis. The pre-approval of non-audit services may be delegated to one or more of the Audit Committee's members, but the decision must be reported to the full Audit Committee. Our independent registered public accounting firm may not be retained to perform the non-audit services specified in Section 10A(g) of the Exchange Act.

Fees Paid to the Independent Registered Public Accounting Firm

QCII first engaged KPMG LLP to be our independent registered public accounting firm in May 2002. The aggregate audit fees billed or allocated to us was \$1.5 million and \$1.6 million for the years ended December 31, 2024 and 2023, respectively, for professional accounting services, including KPMG's audit of our annual consolidated financial statements.

Audit fees are fees billed for the year shown for professional services performed for the audit of the consolidated financial statements included in our Form 10-K filing for that year, the review of condensed consolidated financial statements included in our Form 10-Q filings made during that year, comfort letters, consents and assistance with and review of documents filed with the SEC. Audit fees for 2024 and 2023 include amounts that have been billed through the date of this filing and any additional amounts that are expected to be billed thereafter.

The Audit Committee of Lumen Technologies, Inc. approved in advance all of the services performed by KPMG described above.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

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.⁽¹⁾

Exhibit No. ⁽¹⁾	Description	Filed or Furnished with this Form 10-K	Incorporated by Reference ⁽²⁾	
			Form	Date ⁽³⁾
3.1	Amended and restated Articles of Incorporation of Qwest Corporation		10-Q	3/31/13
3.2	Amended and Restated Bylaws of Qwest Corporation		10-K	12/31/02
4.1	Indenture, dated as of April 15, 1990, by and between The Mountain States Telephone and Telegraph Company (currently named Qwest Corporation) and The First National Bank of Chicago under which the 7.375% Notes due 2030 of Qwest Corporation were issued.		10-K	12/31/02
	a. First Supplemental Indenture, dated as of April 16, 1991, by and between U S WEST Communications, Inc. (currently named Qwest Corporation) and The First National Bank of Chicago.		10-K	12/31/02
4.2	Indenture, dated as of April 15, 1990, by and between Northwestern Bell Telephone Company (predecessor to Qwest Corporation) and The First National Bank of Chicago under which the 7.250% Notes due 2025 and 7.750% Notes due 2030 of Qwest Corporation were issued.		10-Q	3/31/12
	a. First Supplemental Indenture, dated as of April 16, 1991, by and between U S WEST Communications, Inc. (currently named Qwest Corporation) and The First National Bank of Chicago.		10-K	12/31/02
4.3	Indenture, dated as of October 15, 1999, by and between US West Communications, Inc. (currently named Qwest Corporation) and Bank One Trust Company, N.A., as trustee.		10-K	12/31/99
	a. Sixteenth Supplemental Indenture, dated as of August 22, 2016, by and between Qwest Corporation and U.S. Bank National Association, designating and outlining the terms and conditions of the 6.500% Notes due 2056 of Qwest Corporation.		8-A	8/22/16
	b. Seventeenth Supplemental Indenture dated as of April 27, 2017, by and between Qwest Corporation and U.S. Bank National Association, designating and outlining the terms and conditions of the 6.750% Notes due 2057 of Qwest Corporation.		8-A	4/27/17
4.4	Description of Qwest Corporation's securities registered under Section 12 of the Securities Exchange Act of 1934, as amended.	X		
10.1	Amended and Restated Transaction Support Agreement by and among Lumen Technologies, Inc., Level 3 Financing, Inc., Qwest Corporation, and the Consenting Parties identified therein, dated January 22, 2024.		8-K	1/25/24
19	Insider Trading Policy of Lumen Technologies, Inc.	X		
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X		
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	X		
32.1	Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X		

Exhibit No. ⁽¹⁾	Description	Filed or Furnished with this Form 10-K	Incorporated by Reference ⁽²⁾	
			Form	Date ⁽³⁾
32.2	Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	X		
101	Financial statements from the Annual Report on Form 10-K of Qwest Corporation for the period ended December 31, 2024, formatted in Inline XBRL: (i) the Consolidated Statements of Operations, (ii) the Consolidated Balance Sheets, (iii) the Consolidated Statements of Cash Flows, (iv) the Consolidated Statements of Stockholder's Equity and (v) the Notes to the Consolidated Financial Statements.	X		
104	Cover page formatted as Inline XBRL and contained in Exhibit 101.	X		

⁽¹⁾ Certain of the items in Sections 4.1 through 4.3 (i) omit supplemental indentures or other instruments governing debt that has been retired, or (ii) refer to trustees who may have been replaced, acquired or affected by similar changes. In accordance with applicable SEC rules copies of certain instruments defining the rights of holders of certain of our long-term debt are not filed herewith.

⁽²⁾ All documents listed below were filed by the registrant (File No. 001-03040), except for Exhibits 4.2 and 19 both of which were filed by the registrant's parent company, Lumen Technologies, Inc. (File No. 001-07784).

⁽³⁾ Represents (i) the date appearing on the cover page of each applicable 10-K or 10-Q report and (ii) the date of filing with respect to all other reports.

ITEM 16. SUMMARY OF BUSINESS AND FINANCIAL INFORMATION

Not applicable.

SIGNATURES

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 February 20, 2025.

Date: February 20, 2025

By:

QWEST CORPORATION

/s/ Andrea Genschaw

Andrea Genschaw
Chief Accounting Officer and Controller
(Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Kate Johnson</u> Kate Johnson	Chair of the Board and Chief Executive Officer (Principal Executive Officer)	February 20, 2025
<u>/s/ Chris Stansbury</u> Chris Stansbury	Executive Vice President and Chief Financial Officer (Principal Financial Officer) and Director	February 20, 2025
<u>/s/ Andrea Genschaw</u> Andrea Genschaw	Chief Accounting Officer and Controller (Principal Accounting Officer)	February 20, 2025

**DESCRIPTION OF THE REGISTRANT'S SECURITIES
REGISTERED PURSUANT TO SECTION 12 OF THE
SECURITIES EXCHANGE ACT OF 1934**

December 31, 2024

As of December 31, 2024, Qwest Corporation (“Qwest”, the “Company”, “we” or “us”) had two classes of securities registered under Section 12 of the Securities Exchange Act of 1934 (as amended, the “Exchange Act”): (i) 6.5% Notes Due 2056 and (ii) 6.75% Notes Due 2057, both of which are listed on The New York Stock Exchange.

DESCRIPTION OF DEBT SECURITIES

The following summary of the Company’s 6.5% Notes Due 2056 (the “2056 Notes”) and 6.75% Notes Due 2057 (the “2057 Notes,” and together with the 2056 Notes, the “Notes”) is a general description only of the Notes’ material terms, and does not purport to be complete. This summary description is qualified in its entirety by reference to the indenture, dated as of October 15, 1999, between Qwest Corporation (formerly named U.S. WEST Communications, Inc.), as issuer, and U.S. Bank National Association, as trustee (as amended or supplemented from time to time, the “Indenture”) and the respective supplemental indentures related to each series of Notes.

The 2056 Notes

General. The Company issued \$977.5 million aggregate principle amount of the 2056 Notes on August 22, 2016. As of December 31, 2024, \$977.5 million aggregate principal amount of the 2056 Notes was outstanding. The 2056 Notes:

- were issued as a separate series of senior debt securities under the Indenture, as supplemented by the sixteenth supplemental indenture thereto establishing the terms of the 2056 Notes between Qwest, as issuer, and the Trustee,
- will mature on September 1, 2056, unless redeemed or repurchased prior to that date as described below,
- are redeemable at our option, in whole or in part, at a redemption price equal to 100% of the principal amount redeemed plus accrued and unpaid interest to, but not including, the redemption date, and
- are listed on the New York Stock Exchange under the trading symbol “CTBB.”

None of our obligations under the 2056 Notes are secured by collateral. None of Lumen Technologies, Inc., any of our other affiliates, or any other person has guaranteed the payment of principal, premium, if any, or interest on the 2056 Notes or has any other obligation in connection with the 2056 Notes.

Ranking. The 2056 Notes are our senior unsecured obligations. The 2056 Notes rank senior to any of our future subordinated debt and rank equally in right of payment with all of our existing and future unsecured and unsubordinated debt.

Quarterly Interest Payments. Interest on the 2056 Notes at a rate of 6.5% per year is paid quarterly in arrears on March 1, June 1, September 1 and December 1 of each year (each, an “Interest Payment Date”).

Redemption and Repayment. The 2056 Notes are redeemable at our option, in whole or in part, upon not less than 15 nor more than 60 days’ notice, at a redemption price equal to 100% of the principal amount redeemed plus accrued and unpaid interest to, but not including, the redemption date.

The 2057 Notes

General. The Company issued \$660 million aggregate principle amount of the 2057 Notes on April 27, 2017 and May 5, 2017. As of December 31, 2024, \$660.0 million aggregate principal amount of the 2057 Notes was outstanding. The 2057 Notes:

- were issued as a separate series of senior debt securities under the Indenture, as supplemented by the seventeenth supplemental indenture thereto establishing the terms of the 2057 Notes between Qwest, as issuer, and the Trustee,

- will mature on June 15, 2057, unless redeemed or repurchased prior to that date as described below,
- will be redeemable at our option, in whole or in part, at any time on and after June 15, 2022, at a redemption price equal to 100% of the principal amount redeemed plus accrued and unpaid interest to, but not including, the redemption date, and
- are listed on the New York Stock Exchange under the trading symbol “CTDD.”

None of our obligations under the 2057 Notes are secured by collateral. None of Lumen Technologies, Inc., any of our other affiliates, or any other person has guaranteed the payment of principal, premium, if any, or interest on the 2057 Notes or has any other obligation in connection with the 2057 Notes.

Ranking. The 2057 Notes are our senior unsecured obligations. The 2057 Notes rank senior to any of our future subordinated debt and rank equally in right of payment with all of our existing and future unsecured and unsubordinated debt.

Quarterly Interest Payments. Interest on the 2057 Notes at a rate of 6.75% per year is paid quarterly in arrears on March 15, June 15, September 15 and December 15 of each year (each, an “Interest Payment Date”).

Redemption and Repayment. The 2057 Notes will be redeemable at our option, in whole or in part, at any time on and after June 15, 2022 upon not less than 15 nor more than 60 days’ notice, at a redemption price equal to 100% of the principal amount redeemed plus accrued and unpaid interest to, but not including, the redemption date.

Provisions Applicable to All Notes

Events of Default. The Indenture provides that an Event of Default means that one or more of the following events has occurred and is continuing with respect to debt securities of a particular series:

- failure for 90 days to pay interest on the debt securities of that series when due
- failure to pay principal on the debt securities of that series when due and payable upon maturity, upon redemption or otherwise
- failure to comply with any of our other agreements with respect to the debt securities or in the Indenture, which failure continues for 90 days after we receive notice from the Trustee or the holders of at least 25% of the aggregate principal amount of such series of debt securities then outstanding
- occurrence of certain events relating to bankruptcy or insolvency with respect to the Company.

No Event of Default with respect to the debt securities of a particular series necessarily constitutes an Event of Default with respect to the debt securities of any other series issued under the Indenture.

If an Event of Default shall occur and be continuing with respect to any series and if it is known to the Trustee, the Trustee is required to mail to each holder of that series a notice of the Event of Default within 90 days of such default. The Trustee may withhold from holders notice of any continuing default (except a default in the payment of monies owed) if it determines that withholding notice is in their interests.

If an Event of Default with respect to a series of debt securities occurs and is continuing, the Trustee or the holders of at least 25% in aggregate principal amount of that series of debt securities then outstanding may declare the principal of that series of debt securities to be due and payable immediately. The holders of a majority in principal amount of a series of debt securities may rescind such declaration and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default have been cured or waived except nonpayment of principal or interest that has become due solely as a result of such acceleration. Holders of debt securities may not enforce the Indenture, except as provided therein. Subject to the provisions of the Indenture relating to the duties of the Trustee, if an Event of Default occurs and is continuing the Trustee will be under no obligation to

exercise any of the rights or powers under the Indenture at the request or direction of any holders of the affected series, unless, among other things, the holders shall have offered the Trustee indemnity reasonably satisfactory to it. Subject to certain limitations, the holders of a majority in aggregate principal amount of a series of debt securities then outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred upon the Trustee. The holders of a majority in aggregate principal amount of the then outstanding debt securities of any series affected by a default may, in certain cases, waive such default except a default in payment of principal of, or any premium, if any, or interest on, the debt securities of that series or a call for redemption of the debt securities of that series.

Discharge and Defeasance. We may terminate all of our obligations with respect to any series of debt securities and the Indenture or any installment of principal (and premium, if any) or interest on any series of debt securities if we irrevocably deposit in trust with the Trustee money or U.S. government obligations sufficient to pay, when due, principal and interest on that series of debt securities to maturity or redemption or such installment of principal or interest, as the case may be, and if all other conditions set forth in the Indenture are met.

Merger and Consolidation. Under the Indenture, we may consolidate or merge with or transfer or lease our property and assets substantially as an entirety to another entity, provided that:

- the successor entity is a corporation and assumes by supplemental indenture all of our obligations under each series of debt securities issued under the Indenture, and
- after giving effect to the transaction, no default or Event of Default has occurred and is continuing.

Modification of Indenture. With the written consent of the holders of a majority in principal amount of the debt securities of each series issued under the Indenture then outstanding (with each series voting as a class), we and the Trustee may amend or supplement the Indenture or modify the rights of the holders of debt securities; provided that any such amendment that affects the terms of a series of debt securities as distinct from the other series of debt securities issued under the Indenture will require only the consent of at least a majority in aggregate principal amount of that series of debt securities then outstanding. Such majority holders may also waive compliance by us of any provision of the Indenture or any supplemental indenture, except a default in the payment of principal or interest. However, without the consent of the holder of each debt security affected, an amendment or waiver may not:

- reduce the amount of debt securities whose holders must consent to an amendment or waiver,
- change the rate or the time for payment of interest,
- change the principal or the fixed maturity,
- waive a default in the payment of principal or interest,
- make any series of debt securities payable in a different currency, or
- make any change in the provisions of the Indenture concerning (a) waiver of existing defaults, (b) rights of holders of debt securities to receive payment or (c) amendments and waivers without the consent of the holder of each debt security affected.

We and the Trustee may amend or supplement the Indenture without the consent of any holder of any of series of debt securities to:

- cure any ambiguity, defect or inconsistency in the Indenture or any debt securities issued thereunder,
- provide for the assumption of all of our obligations under the Indenture or any debt securities issued thereunder by any corporation in connection with a merger, consolidation or transfer or lease of our property and assets substantially as an entirety,

- provide for uncertificated debt securities in addition to or instead of certificated debt securities,
- add to the covenants made by us for the benefit of the holders of any series of debt securities (and if such covenants are to be for the benefit of less than all series of debt securities, stating that such covenants are included solely for the benefit of such series) or to surrender any right or power conferred upon us,
- add to, delete from, or revise the conditions, limitations, and restrictions on the authorized amount, terms, or purposes of issue, authentication and delivery of the debt securities, as set forth in the Indenture
- secure any debt securities pursuant to the covenant described below under “-Limitation on Liens,”
- provide for the issuance of and establish the form and terms and conditions of a series of debt securities or to establish the form of any certifications required to be furnished pursuant to the terms of the Indenture or any series of debt securities or to add to the rights of the holders of any series of debt securities, or
- make any change that does not adversely affect the rights of any holder of debt securities in any material respect.

Limitation on Liens. The Indenture contains a covenant that if we mortgage, pledge or otherwise subject to any Lien, as defined in the Indenture (other than Permitted Liens, as defined below), all or some of our property or assets, we will secure any series of debt securities under the Indenture and any of our other obligations which may then be outstanding and entitled to the benefit of a covenant similar in effect to such covenant contained in the Indenture, equally and proportionally with the indebtedness or obligations secured by such Lien, for as long as any such indebtedness or obligation is so secured. “Permitted Liens,” as defined in the First Supplemental Indenture dated August 19, 2004 between the Company and the Trustee, means any of the following Liens permitted under the Indenture:

- Liens existing on the date of the initial issuance of debt securities,
 - Liens on any asset existing at the time such asset is acquired, if not created in contemplation of such acquisition,
 - Liens on any asset (a) created within 180 days after such asset is acquired, or (b) securing the cost of acquisition, construction or improvement of such asset; provided, in either case, that such Lien extends to no property or asset other than the asset so acquired, constructed or improved and property incidental thereto,
 - (a) Liens incidental to the conduct of our business or the ownership of our properties or otherwise incurred in the ordinary course of business which (i) do not secure debt, and (ii) do not in the aggregate materially detract from the value of our assets taken as a whole or materially impair the use thereof in the operation of our business, and (b) Liens not described in clause (a) on cash, cash equivalents or securities that secure any obligation with respect to letters of credit or surety bonds or similar arrangements, which obligation in each case does not exceed \$100 million,
 - any Lien to secure public or statutory obligations or with any governmental agency at any time required by law in order to qualify us to conduct all or some part of our business or in order to entitle us to maintain self-insurance or to obtain the benefits of any law relating to workmen’s compensation, unemployment insurance, old age pensions or other social security, or with any court, board, commission or governmental agency as security incident to the proper conduct of any proceeding before it,
 - any Liens for taxes, assessments, governmental charges, levies or claims and similar charges either (a) not delinquent or (b) being contested in good faith by appropriate proceedings and as to which a reserve or other appropriate provision, if any, as shall be required in conformity with generally accepted accounting principles shall have been made,
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- Liens securing the performance of bids, tenders, leases, contracts, sureties, stays, appeals, indemnities, performance or similar bonds or public or statutory obligations of like nature, incurred in the ordinary course of business,
- materialmen's, mechanics, repairmen's, employees, operators' or other similar Liens or charges arising in the ordinary course of business incidental to the acquisition, construction, maintenance or operation of any of our assets which have not at the time been filed pursuant to law and any such Liens and charges incidental to the acquisition, construction, maintenance or operation of any of our assets, which, although filed, relate to obligations not yet due or the payment of which is being withheld as provided by law, or to obligations the validity of which is being contested in good faith by appropriate proceedings,
- zoning restrictions, servitudes, easements, licenses, reservations, provisions, covenants, conditions, waivers, restrictions on the use of property or minor irregularities of title (and with respect to leasehold interests, mortgages, obligations, Liens and other encumbrances incurred, created assumed or permitted to exist and arising by, through or under or asserted by a landlord or owner of the leased property, with or without consent of the lessee) and other similar charges or encumbrances, which will not individually or in the aggregate interfere materially and adversely with our business and subsidiaries taken as a whole Liens created by or resulting from any litigation or proceeding which is currently being contested in good faith by appropriate proceedings and as to which levy and execution have been stayed and continue to be stayed or for which we are maintaining adequate reserves or other provision in conformity with generally accepted accounting principles,
- Liens created by or resulting from any litigation or proceeding which is currently being contested in good faith by appropriate proceedings and as to which levy and execution have been stayed and continue to be stayed or for which the Company is maintaining adequate reserves or other provision in conformity with generally accepted accounting principles,
- any interest or title of vendor or lessor in the property subject to any lease, conditional sale agreement or other title retention agreement,
- Liens in connection with the securitization or factoring of our or any of our subsidiaries' receivables in a transaction intended to be a "true sale," or
- any Lien securing a refinancing, replacement, extension, renewal or refunding of any debt secured by a Lien permitted by any of the foregoing clauses of this definition of "Permitted Liens" to the extent secured in all material respects by the same asset or assets.

Notwithstanding the foregoing, "Permitted Liens" shall not include any Lien to secure Debt (as defined below) that is required to be granted on an equal and ratable basis under the "negative pledge," or equivalent, provisions of a Debt instrument (including outstanding debt securities) as a result of the creation of a Lien that itself would constitute a "Permitted Lien."

"Debt" of any person means, at any date, without duplication:

- all obligations of such person for borrowed money,
 - all obligations of such person evidenced by bonds, debentures, notes or other similar instruments,
 - all obligations of such person as lessee which are capitalized in accordance with generally accepted accounting principles,
 - all Debt secured by a Lien on any asset of such person, whether or not such Debt is otherwise an obligation of such person, and
 - all Debt of others guaranteed by such person.
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The restrictions in the Indenture described above would not protect the debt holders in the event of a highly leveraged transaction in which unsecured indebtedness was incurred or in which the Liens arising in connection therewith were freely permitted under the Indenture, nor would it afford protection in the event of one or more highly leveraged transactions in which secured indebtedness was incurred by our subsidiaries.

Concerning the Trustee. The Trustee, prior to the occurrence of an Event of Default, undertakes to perform only such duties as are specifically set forth in the Indenture and, after the occurrence of an Event of Default, shall exercise the same degree of care as a prudent person would exercise in the conduct of such person's own affairs. Subject to such provision, the Trustee may refuse to perform any duty or exercise any right or power unless it receives indemnity satisfactory to it against any loss, liability or expense. We will pay the Trustee reasonable compensation and reimburse it for reasonable expenses incurred in accordance with the Indenture.

A Trustee may resign with respect to one or more series and a successor trustee may be appointed to act with respect to such series.

U.S. Bank National Association and certain of its affiliates serve as trustee, authenticating agent, or paying agent with respect to certain other of the debt securities of the Company and its affiliates. In addition, the Company and certain of its affiliates maintain banking and other business relationships in the ordinary course of business with U.S. Bank National Association.

Additional Indebtedness. The Indenture does not limit the aggregate principal amount of senior debt securities that we may issue thereunder and provides that debt securities may be issued thereunder from time to time in one or more series.

Interest Payment Determinations. With respect to any Interest Payment Date arising while the Notes remain in book-entry form, the record date will be one business day prior to the relevant Interest Payment Date. The amount of interest payable for any period will be computed on the basis of twelve 30-day months and a 360-day year. The amount of interest payable for any period shorter than a full quarterly interest period will be computed on the basis of the number of days elapsed in a 90-day quarter of three 30-day months. If any Interest Payment Date is a legal holiday in New York, New York, the required payment will be made on the next succeeding day that is not a legal holiday as if it were made on the date such payment was due and no interest will accrue on the amount so payable for the period from and after such Interest Payment Date to such next succeeding day. "Legal holiday" means a Saturday, a Sunday or a day on which banking institutions in New York, New York are not required to be open.

Purchase and Repayment. We or our affiliates may at any time repurchase any of the outstanding Notes at any price by tender, in the open market or by private agreements, and may hold, resell or surrender such Notes to the Trustee for cancellation. The holders of the Notes do not have the right to require us to repay the Notes prior to maturity. We are not required to establish a sinking fund to retire the Notes prior to maturity.

Book-Entry Notes. All of the Notes were issued in book-entry form and are represented by global notes deposited with a nominee of The Depository Trust Company. Except in the limited circumstances described in the Indenture, certificated notes will not be issued in exchange for beneficial interests in the global notes.

Additional Information

For additional information on the 2056 Notes and the 2057 Notes, see our Registration Statements on Form 8-A filed with the SEC on August 22, 2016, and April 27, 2017, respectively. The Indenture and each of the above-referenced supplemental indentures are filed as exhibits to our accompanying Annual Report on Form 10-K.

Nov. 13, 2024

Insider Trading Policy

Nov. 13, 2024

The Board of Directors (the “Board”) of Lumen Technologies, Inc. (“Lumen,” and together with its subsidiaries, the “Company”) has adopted this Insider Trading Policy (the “Policy”) on behalf of the Company. This Policy sets forth the general standards for all Personnel (defined below) and directors of the Company with respect to (1) the handling of confidential information about the Company, and (2) engaging in transactions in Company securities and securities of other publicly traded companies. This Policy also explains the prohibitions against “insider trading” based on federal securities laws and establishes Lumen’s policies and procedures to promote and monitor compliance with those laws.

1. Reasons for adopting this policy

- 1.1. **Insider Trading Under the Securities Laws.** Various federal, state, and foreign securities laws prohibit persons who possess material nonpublic information from (1) trading securities on the basis of such information and (2) disclosing such information to others who might be expected to trade while in possession of that information (also known as “tipping”). In addition, public companies and their directors can be subject to liability if they fail to take appropriate steps to prevent insider trading violations. Accordingly, we have adopted this Policy to highlight the importance of complying with insider trading laws and to take measures where appropriate to prevent violations of such laws. In addition, we have adopted this Policy to avoid even the appearance of improper conduct. We have worked hard over the years to establish the Company’s reputation for integrity and ethical conduct, and it is important that we continue to uphold that standard.
- 1.2. Insider trading laws are distinct from and in addition to the other securities laws to which the Company’s Personnel and directors may be subject. A transaction that is structured specifically in order to meet the requirements of other securities laws (for example, the Section 16(b) prohibition against short-swing profits) may nonetheless be a violation of insider trading laws if the applicable person possesses material nonpublic information at the time of the transaction.
- 1.3. **Penalties for Insider Trading.** Insider trading violations are pursued vigorously by the Securities and Exchange Commission (the “SEC”), the Department of Justice and state and foreign enforcement authorities. The consequences of insider trading violations are extremely serious. Individuals who engage in insider trading or tipping may be liable for substantial penalties, including, as of the date of this Policy:
 - 1.3.1. a civil penalty of up to three times the profit gained or loss avoided;
 - 1.3.2. a criminal fine (no matter how small the benefit) of up to \$5 million; and
 - 1.3.3. a jail term of up to 20 years.
- 1.4. In addition, if the Company fails to take appropriate steps to prevent unlawful insider trading, it may have “controlling person” liability for an insider trading violation. Controlling person liability may also extend to any officer or director of the Company or any supervisory employee who fails to take appropriate steps to prevent unlawful insider trading by other Personnel over whom he or she exercises control. As of the date of this Policy, controlling persons may be held liable for civil penalties equal to the greater of (1) \$1 million and (2) three times the profit gained or loss avoided. In addition, if the Company is found to be a “controlling person,” it may also be liable for criminal penalties of up to \$25 million.
- 1.5. In addition to the criminal and civil penalties, anyone who buys from, or sells to, persons subject to this Policy or who buys from, or sells to, an individual who has been “tipped” by a person subject to this Policy could have a civil cause of action for damages against the trading or tipping person. Moreover, as discussed further below, failure to comply with this Policy could result in disciplinary action, including your dismissal for cause.
- 1.6.

2. Scope of this policy

- 2.1. Persons Subject to this Policy.** This Policy applies to you if you are an employee, including an officer, consultant, or independent contractor (each and collectively "Personnel") or a director of the Company. The same restrictions that apply to you also apply to
- 2.1.1. members of your family who reside with you,
 - 2.1.2. anyone else who lives in your household,
 - 2.1.3. any parents, children or other family members who do not live in your household but whose transactions in Company Securities (as defined below) are directed by you or are subject to your influence or control, and
 - 2.1.4. all trusts, corporations, partnerships, limited liability companies or other entities controlled by you or any other person specified in items (2.1.1), (2.1.2) or (2.1.3) above (with all persons referred to in the foregoing items (2.1.1), (2.1.2), (2.1.3) and (2.1.4) being referred to collectively as "related persons").
- 2.2. Transactions Covered.** For purposes of this Policy, "Securities" means any debt or equity securities within the meaning of the federal securities laws, including without limitation, common stock, preferred stock, options or warrants to purchase common or preferred stock, senior or subordinated notes, and other instruments convertible into or exchangeable for any of the foregoing. This Policy applies to transactions in any Securities of any type issued by Lumen or any of its subsidiaries that file periodic reports with the SEC (collectively referred to in this Policy as "Company Securities"), as well as derivative securities that are not issued by the Company, such as exchange-traded put or call options or swaps, relating to Company Securities. Transactions subject to this Policy include purchases, sales and bona fide gifts of Company Securities.
- 2.3. Individual Responsibility.** Persons subject to this Policy have ethical and legal obligations to maintain the confidentiality of information about the Company and to not engage in transactions in Company Securities while in possession of material nonpublic information. All persons subject to this Policy are responsible for (1) determining whether they possess material nonpublic information, (2) complying with this Policy and (3) ensuring that all of their related persons also comply with this Policy. While the Company provides policies, procedures and training on insider trading, those or similar actions by the Company, or by any of its employees, officers or directors, shall not constitute legal advice and do not insulate you from liability under applicable securities laws.
- 2.4. Application to the Company.** It is Lumen's policy that it will not engage in transactions in Company Securities in violation of applicable securities laws.

3. Statement of policy

- 3.1. Prohibition Against Trading on or Disclosing Material Nonpublic Information.** No person subject to this Policy who is in possession of material nonpublic information relating to the Company, nor any related person, may directly or indirectly:
- 3.1.1. engage in transactions in Company Securities, except as otherwise specified in this Policy (see Section 5 "Transactions excluded from this policy");
 - 3.1.2. recommend that others engage in transactions in any of the Company's Securities;
 - 3.1.3. disclose material nonpublic information to persons (a) within the Company whose jobs do not require them to have that information, or (b) outside of the Company, including family, friends, business associates, investors and consulting firms, unless any such disclosure is made in accordance with Lumen's policies and procedures; or
 - 3.1.4. assist anyone engaged in the above activities.
- 3.2. It makes no difference whether or not you relied upon or otherwise considered material nonpublic information in deciding to transact in Company Securities. If you are aware of material nonpublic information about the Company, the prohibition applies. You should avoid even the appearance of an improper transaction.
- 3.3. A transaction that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) is not an exception to this Policy. Even the appearance of an improper transaction must be avoided to preserve Lumen's reputation for adhering to the highest standard of conduct.

3.4. Serious problems could be caused for Lumen by unauthorized disclosure of internal information about the Company or other companies with which it does business, whether or not for the purpose of facilitating improper trading in securities. This prohibition against unauthorized disclosures of nonpublic information to others will apply regardless of whether or not you derive any monetary benefit from such disclosure.

3.5. Specific Prohibited Transactions. The Company has determined that there is a heightened legal risk and the appearance of improper or inappropriate conduct if Personnel and directors engage in certain types of transactions. Therefore, it is the Company's policy that you may not engage in any of the following transactions with respect to Company Securities:

3.5.1. **Short-Term Trading.** Short-term trading of Company Securities may unduly focus you on the Company's short-term stock market performance instead of the Company's long-term business objectives. For this reason, any Personnel or director of the Company who purchases Company Securities in the open market may not sell any Company Securities of the same class during the six months following the purchase (or vice versa).

3.5.2. **Publicly-Traded Options.** Given the relatively short term of publicly-traded options, transactions in options may create the appearance that you are focused on short-term performance at the expense of the Company's long term objectives. Accordingly, transactions in put options, call options or other derivative securities with respect to Company Securities, on an exchange or in any other organized market, are prohibited by this Policy.

3.5.3. **Short Sales.** Short sales of Company Securities (i.e., the sale of a security that the seller does not own) may evidence an expectation that the Company Securities will decline in value, and therefore have the potential to signal to the market that you lack confidence in the Company's prospects. In addition, short sales may reduce your incentive to improve the Company's performance. For these reasons, short sales of Company Securities are prohibited by this Policy.

3.5.4. **Hedging Transactions.** Hedging or monetization transactions can be accomplished through a number of possible mechanisms, including through the use of financial instruments such as prepaid variable forwards, equity swaps, collars and exchange funds. Such transactions may permit you to continue to own Company Securities obtained through employee benefit plans or otherwise, but without the full risks and rewards of ownership. When that occurs, you may no longer have the same objectives as the Company's other Personnel and directors. Therefore, these types of transactions are prohibited by this Policy.

3.6. Prohibition against trading on material nonpublic information about other companies. If any Personnel or director, in the course of working for, or providing services to, the Company, learns of material nonpublic information about a company that transacts business with the Company, then neither that person nor their related persons may trade in such company's Securities, or any derivative securities relating to such company's Securities, until the information becomes public or is no longer material. Such companies include current or prospective customers or suppliers of the Company, companies with which the Company may be negotiating a significant agreement, and companies that may be a party to potential corporate transactions such as an acquisition, investment or sale.

4. Material nonpublic information

4.1. Material Information. Material information includes any information, whether positive or negative, that a reasonable investor would consider important in a decision to buy, hold, or sell Securities. Information is material even if it alone would not influence the investor's decision; the fact that a reasonable investor would want to know it in connection with the investor's decision to buy, hold or sell Securities will suffice. Any information that could reasonably be expected to affect the market price of a Security is likely to be considered material. This determination is made based on the facts and circumstances of each particular situation. Material information can relate to any aspect of the Company's business or to any type of Company Securities, whether debt, equity or a hybrid. Information that could be considered material to the Company includes, but is not limited to, information regarding:

- Revenues, expenses or other financial or operational results, including anticipated results or projections;
- Proposed or pending mergers, acquisitions, divestitures, joint ventures, exchange offers or tender offers;
- Significant borrowings or financing transactions;
- A major change in strategy;
- Development of a new product or service;
- Plans to open or close a particular operation;
- Changes in the Company's pricing or cost structure or significant developments regarding major customers or contracts;
- Changes in dividend policy, the declaration of a stock split or an offering of additional securities, a default on securities or a call of securities for redemption;
- Establishment of, or change in, a repurchase program for Company Securities;
- Significant cybersecurity incidents, such as a data breach, or any other significant disruption in the Company's operations or loss, potential loss, breach or unauthorized access of its property or assets, whether at its facilities or through its information technology infrastructure;
- Changes in Lumen's executive officers or directors;
- Change in auditors or notification that the auditor's reports may no longer be relied upon;
- Developments regarding threatened, new or pending significant litigation or government investigations, or the resolution of such litigation or investigations;
- Significant unusual accounting charges or gains;
- A change in control of the Company; and
- Bankruptcies or receiverships involving the Company.

4.2. The above list (which also applies in connection with determining the materiality of any other company's information) is not exclusive and many other types of information may be considered material, depending on the circumstances. The probability of whether an event will or will not occur affects the determination of whether it is material. The determination of whether information was material will be viewed in hindsight, and any questions concerning the materiality of particular information should be resolved in favor of materiality and trading should be avoided.

4.3. Policy on When Information is Public. In order for information to be considered public, it must be widely disseminated in a manner making it generally available to investors, including through the issuance of a press release, a webcast or a filing with the SEC. Generally, information regarding relatively simple matters, such as quarterly or annual financial results, will be considered public one full business day after its release. For example, if we release the information after the normal trading day ends in the U.S. markets on a Tuesday and you are not otherwise in possession of material nonpublic information, you are permitted to trade immediately after the trading day begins on Thursday. If the information involves more complex matters such as a prospective major acquisition or disposition, it may be necessary to allow additional time for the information to be adequately absorbed. In such circumstances, Personnel and directors desiring to trade Company Securities should consult with the Office of the Chief Legal Officer regarding a suitable waiting period before trading.

4.4. "Window Period." As a general guideline, unless you are subject to a blackout period (as described in Section 6.2), the most appropriate time to trade in Company Securities is during the 20-business day period commencing one full business day following the release of quarterly or annual financial results. This period of time is frequently referred to as the "window period." Unless you are subject to a blackout period, it may be permissible to trade at other times. *However, you may never engage in transactions in Company Securities (whether during or outside of a window period), if you are in possession of material, nonpublic information.*

5. Transactions excluded from this policy

This Policy does not apply to the following transactions, except as specifically noted:

- 5.1. Restricted Stock and Restricted Stock Unit Awards.** This Policy does not apply to the vesting of restricted stock and restricted stock units, or the exercise of a tax withholding right pursuant to which you elect to have the Company withhold shares of stock to satisfy tax withholding obligations upon the vesting of such compensatory awards. However, this Policy does apply to any sale of common stock received by you as a result of the vesting, including to satisfy tax liabilities.
- 5.2. Stock Option Exercises.** This Policy does not apply to the exercise of a compensatory stock option if the exercise price is paid in cash or to an award recipient's use of shares delivered or withheld from the exercise to cover the cost of the option exercise or the satisfaction of tax withholding obligations. However, this Policy does apply to any sale of the underlying stock or to a cashless option exercise through a broker (which entails the sale of a portion of the underlying stock on the market to cover the costs of exercise or the resulting taxes), or any other market sale for the purpose of generating cash to pay the exercise price.
- 5.3. Company Benefit Plans.** This Policy does not apply to purchases of Company Securities under any employee stock purchase plan, retirement plan or other broad-based benefit plan of the Company that automatically allocates shares to employee accounts at pre-established intervals pursuant to pre-established and non-discretionary procedures. This Policy does apply, however, to certain elections you may make under such plans, including: (1) an election to increase or decrease the percentage of your periodic contributions that are to be allocated to the Company Securities fund; (2) an election to make an intra-plan transfer of an existing account balance into or out of the Company Securities fund; (3) an election to borrow money against your plan account if the loan will result in a liquidation of some or all of your Company Securities fund balance; and (4) an election to pre-pay a plan loan if the pre-payment will result in allocation of loan proceeds to the Company Securities fund.
- 5.4. Transactions with the Company.** Any other purchase of Company Securities from the Company or sale of Company Securities to the Company are not subject to this Policy.
- 5.5. Transactions Pursuant to Rule 10b5-1 Plans.** Notwithstanding this Policy, you may engage in transactions involving Company Securities if made in accordance with a compliant Rule 10b5-1 plan and Section 9 of this Policy. Rule 10b5-1 under the Securities Exchange Act of 1934 provides an affirmative defense from insider trading liability to a person who enters into a trading plan for transactions in Company Securities that meets the conditions specified in Rule 10b5-1. It is your responsibility to ensure that your trading plan, and transactions made pursuant to such plan, meet all the conditions of Rule 10b5-1. See Section 9 of this Policy for additional requirements with respect to Rule 10b5-1 plans, some of which apply to all persons covered by this Policy and some of which apply only to directors and Section 16 officers.

6. Additional restrictions applicable to Directors, Section 16 Officers and certain other personnel.

7. In addition to all of the other requirements of this Policy, the following additional restrictions apply:

- 7.1. Pre-Clearance.** You must pre-clear your transaction with the Office of the Chief Legal Officer if you are a Section 16 officer, a director or have otherwise been notified by the Company that you are subject to this pre-clearance requirement. All pre-cleared transactions must be effected within two business days following the date of receipt of pre-clearance or the pre-clearance automatically expires. However, under no circumstance may you effect a transaction while in possession of material nonpublic information, even if pre-cleared. Lumen's approval of any particular transaction under this pre-clearance procedure does not insulate you from liability under securities laws.

7.2. Blackout Periods. Section 16 officers, directors and other persons who have been notified in writing by the Company that they are subject to additional restrictions on when they may trade are considered “Insiders.” If you are an Insider, you may not trade during any blackout period that the Company indicates is applicable to you. All Section 16 officers and directors, and other designated Insiders, are subject to quarterly “blackout periods” that begin at the close of business on the tenth day of the third month of each fiscal quarter and ends on the date the next succeeding window period commences. The Company may also designate other periods during which trading is not permitted for some or all Insiders.

7.3. For example, an event may occur or information may arise that is material to the Company and is known by only certain directors or Personnel. If you are one of the persons with such knowledge and the Company imposes a related blackout period, you may not transact in Company Securities as long as the event or information remains material and nonpublic, even if a window period would otherwise be open. The existence of such an event or information specific blackout period will not be announced, and should not be communicated by you to any other person.

7.4. Under certain extremely limited circumstances, a person may request an exception to trade during a blackout period, but only if the person does not in fact possess material nonpublic information and the Chief Legal Officer approves such request. Persons wishing to request an exception to trade during a blackout period must contact the Office of the Chief Legal Officer at least 10 business days in advance of any proposed transaction.

7.5. Notwithstanding the foregoing, during a blackout period you may: purchase or sell Company Securities under a written plan, contract or other arrangement that (1) has been approved in advance in writing by the Office of the Chief Legal Officer, (2) satisfies all the requirements of Rule 10b5-1 promulgated under the Securities Exchange Act of 1934 and (3) otherwise complies with Section 9 below.

7.6. Pledging. If you are a Section 16 officer or a director of the Company, you are prohibited from holding Company Securities in a margin account or otherwise pledging Company Securities as collateral.

8. Post-termination transactions

If a person subject to this Policy is in possession of material nonpublic information when the individual's service terminates, that person may not disclose that information or trade in Company Securities until that information has become public or is no longer material. Further, individuals who are subject to a blackout period in effect at the time of termination are prohibited from trading Company Securities until such blackout period expires.

9. Sanctions for violations of policy

The Company expects the strictest compliance with the terms of this Policy. Failure to comply will result in disciplinary action, up to and including dismissal for cause.

10. Policies and procedures related to the adoption or termination of 10b5-1 trading plans

Directors and Personnel may enter into trading plans under Rule 10b5-1 under the Securities Exchange Act of 1934, which provides a defense from insider trading liability to a person who enters into a plan in compliance with such rule. Any Rule 10b5-1 trading plan must be pre-cleared with the Office of the Chief Legal Officer. A compliant Rule 10b5-1 trading plan must satisfy the requirements of the rule, including the following:

10.1. Written Certifications When Entering Into Plans. You must certify at the time of adoption or modification of a Rule 10b5-1 plan that you are (1) not aware of material nonpublic information about the Company or the Company Securities and (2) adopting the plan in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5.

10.2. Mandatory Cooling-Off Period. Rule 10b5-1 plans adopted by directors and Section 16 officers must not permit trading under the plan until the later of (1) 90 days after the adoption or modification date and (2) two business days after the Company's disclosure of financial results in the Form 10-Q or 10-K for the fiscal quarter in which the plan was adopted or modified (but not to exceed 120 days). Persons other than directors and Section 16 officers have a "cooling-off" period of 30 days.

10.3. Restrictions on Overlapping and Single-Trade Plans. Multiple overlapping plans are prohibited except for: (1) plans that authorize sell-to-cover transactions to satisfy tax withholding obligations on vesting of compensatory equity awards where the insider has no control over timing of the sales and (2) trades under contracts with multiple broker-dealers or agents that constitute a "single plan" for securities held in different accounts. For single-trade plans, the affirmative defense is limited to one such plan during any consecutive 12-month period.

Directors and Section 16 officers should be aware that the Company must disclose in its Form 10-Qs and Form 10-K the adoption (including modification) or termination of Rule 10b5-1 trading plans by directors and Section 16 officers during the last quarter, and the material terms of the plan (other than price), including the person's name, date of adoption or termination, duration of plan, aggregate number of securities subject to the plan and, if applicable, description of any modification.

I1. Other

If your transactions in Company Securities become the subject of scrutiny, the transactions would be analyzed after the fact with the benefit of hindsight. Before any transaction, you should carefully consider how regulators and others might view the transaction in hindsight. If you have any questions about specific transactions or this Policy, please email Insider.Trading@lumen.com. However, as noted above, the ultimate responsibility for adhering to this Policy and avoiding improper transactions rests with you.

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Kate Johnson, Chief Executive Officer, certify that:

1. I have reviewed this Annual Report on Form 10-K of Qwest Corporation;
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: February 20, 2025

/s/ Kate Johnson

Kate Johnson
Chief Executive Officer

CERTIFICATION OF CHIEF FINANCIAL OFFICER

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

1. I have reviewed this Annual Report on Form 10-K of Qwest Corporation;
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: February 20, 2025

/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, Kate Johnson, Chief Executive Officer of Qwest Corporation ("Qwest"), certify that, to my knowledge, the Annual Report on Form 10-K for the year ended December 31, 2024 of Qwest 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-K fairly presents, in all material respects, the financial condition and results of operations of Qwest as of the dates and for the periods covered by such report.

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

Date: February 20, 2025

/s/ Kate Johnson

Kate Johnson
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 Qwest Corporation ("Qwest"), certify that, to my knowledge, the Annual Report on Form 10-K for the year ended December 31, 2024 of Qwest 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-K fairly presents, in all material respects, the financial condition and results of operations of Qwest as of the dates and for the periods covered by such report.

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

Date: February 20, 2025

/s/ Chris Stansbury

Chris Stansbury
Executive Vice President and Chief
Financial Officer