**Risk Factors Comparison 2024-02-22 to 2023-02-23 Form: 10-K**

**Legend: New Text** ~~Removed Text~~ Unchanged Text Moved Text Section

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 succeed,we need to integrate,update and upgrade our existing applications and systems,including many legacy systems from past acquisitions.We cannot assure you we will be able to integrate our legacy IT systems,modernize our infrastructure,timely retire aging ~~or obsolete~~ systems or deploy a master data management platform.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 operating model and successful collaboration between legal,privacy and security personnel.Any failure to timely accomplish these initiatives may negatively affect our (i) customer and employee experiences, (ii) ability to meet regulatory,legal or contractual obligations,(iii) network stability,(iv) ability to realize anticipated efficiencies, (v) ability to timely repair infrastructure and respond to service outages or (vi) ability to deliver services to our **customers at required speed and scale.** 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 experience, 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 workforce and system development. 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. Challenges with integrating or modernizing our existing...... customers at required speed and scale. 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, with increased pressure to timely offer digitally integrated services, 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 enable them to provision services easier and faster, (iv)** have greater financial, provisioning, technical, engineering, research, development, marketing, customer relations or other resources, ( ~~iv~~ **v** ) conduct operations or raise capital at a lower cost ~~than we do~~ , ( ~~v~~ **vi** ) are subject to less regulation ~~than we are~~ , ( ~~vi~~ **vii** ) have stronger brand names, ( ~~vii~~ **viii** ) have deeper or more long- standing relationships with key customers ~~, (viii) might be perceived as having an ESG profile more attractive to customers or employees~~ , 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 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, as service providers continue to invest in 5G and low earth orbit satellite networks and services, their services could reduce demand for our network services. Increasingly, customers are demanding 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 their development. If we fail to develop competitive AI 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 products and services attractive to our customers, to timely provision our products and services, to maintain and expand our network to enable it to support customer demands for 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 lose customers or fail to attract new ones. We may be unable to attract, develop and retain leaders and employees with the right skillsets and technical expertise. We may be unable to attract and retain skilled and motivated leaders and employees who possess the right skillsets and technical, managerial and development expertise to execute ~~on~~ 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 ~~we~~ **competitors have targeted hiring our employees. We** have experienced, and may continue to experience, higher than anticipated levels of employee attrition ~~. Our competitors periodically target our employees with highly sought- after skills and will likely continue to do so in the future~~ . Further, the increased availability of remote working arrangements, largely driven by the COVID- 19 pandemic, 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, benefits or accommodations in excess of what we are able to offer. These risks to attracting and retaining **key personnel** ~~the necessary talent~~ may ~~be~~ **have been** exacerbated by ~~inflationary pressures on~~ **the impacts of the low trading price of our common stock, which, as discussed below, restricted our ability in 2023 to offer competitive equity incentive compensation to our key** ~~employee~~ **employees** ~~wages and benefits~~ . **Our failure** ~~As a result, we may be unable~~ to **successfully attract** ~~cost- effectively hire~~ and retain **key** ~~employees with market- leading skills. There is no assurance our efforts to recruit and retain qualified~~ personnel ~~will be successful. If we are unable to do so, such failure~~ could ~~have a material~~ **materially** ~~adverse~~ **adversely** ~~effect on~~ **impact our business** ~~our~~ - **or** ~~operations and~~ financial ~~condition~~ **performance** . **Under** ~~The COVID- 19 pandemic caused us to modify~~ our ~~workforce practices~~ **current work guidelines implemented in 2022** , **nearly half** ~~including having the majority~~ of our employees work **fully** from home ~~on~~ **, and** a ~~fully remote or~~ **substantial portion of the remainder work partly from home under"** hybrid **"** ~~basis. We reopened our offices in 2022 under a " hybrid " working environment, meaning that some of our employees have the flexibility to~~ work **schedules** ~~remotely at least some of the time, for the foreseeable future~~ . ~~The~~ **These work arrangements** ~~hybrid working environment~~ may impair our ability to maintain our collaborative and innovative culture, and may cause disruptions among our employees, including decreases in productivity, challenges in collaboration between on- site and off- site employees and, potentially, employee dissatisfaction and attrition. If our attempts to operate under a hybrid working environment are not successful, our business could be adversely impacted. The pandemic, inflation and other events over the past couple years have increased employees' expectations regarding compensation, workplace flexibility and work- home balance. These developments have intensified certain of our above- described challenges and made it relatively more difficult for us to attract and retain top talent. **Uncertainty regarding our future prospects could adversely impact our ability to maintain satisfactory relations with our employees, customers, vendors and others. Developments related to our negotiations with creditors, coupled with concerns regarding continued declines in our revenues and increased leverage, have (i) created uncertainties about our future ability to improve our financial performance and refinance or extend our upcoming debt maturities and (ii) placed downward pressure on the per share trading price of our common stock. These uncertainties coupled with a low stock trading price could adversely impact our ability to attract, retain and motivate our employees.** We **grant equity- based incentive awards to key personnel, the value of which is tied to our stock price, our financial performance or both. During 2023, the low trading price of our stock limited our ability under our 2018 equity incentive plan to grant equity incentive awards in aggregate amounts consistent with our prior practices. Our ability to attract, retain and motivate our employees could be weakened if (i) the anticipated value of such equity- based incentive awards does not materialize, (ii) our equity- based compensation otherwise ceases to be viewed as a valuable benefit, (iii) our total compensation package is not viewed as being competitive, or (iv) we** do not ~~expect~~ **obtain** ~~these~~ -- **the** ~~developments~~ **shareholder approval needed** to ~~have~~ **continue granting equity- based incentive awards in the amounts we believe are necessary. 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. Under certain specified circumstances,** a ~~material adverse impact~~ **low stock price could also cause the New York Stock Exchange to initiate proceedings to delist our securities from trading** on **the New York Stock Exchange. If our securities were ultimately delisted for any reason, we believe the liquidity and market price of our shares would decrease and fewer investors would be willing to own our shares. In addition, a low stock price could limit our ability to raise capital through the issuance of capital stock and could limit the number of financial analysts willing to publish reports about** us ~~, but we can provide no assurances to this effect~~ . We could be harmed if our reputation is damaged. We believe our Lumen and other 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 or service outages, internal control deficiencies, delivery failures, compliance violations, 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 Lumen, 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. Our vulnerability to cyber- attacks is heightened by several features of our operations, including (i) our material reliance on our **owned and leased** networks to conduct our operations, (ii) our transmission of large amounts of data over our systems and (iii) our processing and storage of sensitive customer data. **As further described in Item 1C of this annual report,** ~~Cyber~~ **cyber** - attacks on our systems may stem from a variety of sources ~~, including fraud, malice or sabotage on the part of foreign nations, third parties, vendors, or employees~~ and ~~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~~ . Cyber- attacks can put at risk personally identifiable customer data or protected health information, thereby implicating stringent domestic and foreign data protection laws. These threats may also arise from failure or ~~breaches~~ **intrusions** of systems owned, operated or controlled by other unaffiliated operators ~~to the extent~~ **, upon whom** we ~~rely on them~~ **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** ~~complexity~~ --- **complex** ~~of our~~ multi-continent 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 ~~and~~ **,** (vi) our increased incidence of employees working from remote locations ~~. Like~~ **and (vii)** ~~other~~ -- **the** ~~prominent technology~~ **increased difficulty of defending against attacks that use AI-generated social engineering, increasingly malicious code** and ~~communications companies~~ **increasingly sophisticated phishing techniques. As a critical infrastructure service provider** , we and our customers are constant targets of cyber-attacks. The number of these attacks against us increased in ~~2022~~ **2023** . Despite our efforts to prevent these events, some of these attacks have resulted in security ~~breaches~~ **incidents. On March 27** , ~~although thus far~~ **2023, we filed with the U. S. Securities and Exchange Commission a Current Report on Form 8- K announcing two cybersecurity incidents, including** ~~none~~ - **one** ~~of~~ **that involved a sophisticated threat actor that had accessed our internal information technology systems. Since filing that report, we have taken the measures described therein to assess, contain and remediate both incidents, including working with outside forensic firms. Based on information known to us at this time, we continue to believe that** these ~~breaches has resulted in~~ **incidents have neither had nor are likely to have** a material adverse ~~effect~~ **impact** on our **ability to serve our customers or our business,** ~~operating~~ **operations or financial** results **. We believe the importance of** ~~or~~ **our** ~~financial condition. You should be aware, however,~~ **network to global internet data flows will continue to make it a target to a wide range of** ~~that~~ **threat actors, including nation state actors and other advanced persistent threat actors. Moreover,** the risk of ~~breaches~~ **incidents** is likely to continue to increase due to several factors, including **(i)** the increasing sophistication of cyber- attacks ~~and~~ **, (ii)** the wider accessibility of cyber- attack tools ~~. Known~~ and **(iii) growing threats from Chinese** ~~newly discovered software and hardware vulnerabilities are constantly evolving~~ , ~~which increases~~ **Russian and** ~~the~~ **other state actors due to heightened geopolitical tensions** ~~difficulty of detecting and successfully defending against them~~ . ~~You~~ **It** should **also** be **noted** ~~further aware~~ that defenses against cyber- attacks currently available to **us and others** ~~U. S. companies~~ are unlikely to prevent intrusions by a highly- determined, highly- sophisticated ~~hacker~~ **threat actor** . Consequently, you should assume **that** we will **continue** ~~be unable~~ to ~~implement~~ **experience cyber incidents in the future. Thus far, none of our past** security ~~barriers~~ **incidents have had a material adverse effect on us, and we continue to take steps designed to limit** ~~or~~ **our** ~~other preventative measures~~ **cyber risks. Nonetheless, we cannot assure you** that ~~repel all~~ future cyber ~~- attacks~~ **incidents or events will not ultimately have a material adverse impact on our ability to serve our customers or our business, operations or financial results** . Although we maintain 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. 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 ~~breaches~~ **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 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, cash flows and stock price. 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 (excluding acquisitions) for a prolonged period and have not been able to realize cost savings sufficient to fully offset the decline. More recently, we have experienced declines in revenue derived from a broader array of our products and services, including those marketed to our enterprise customers and customers with global locations. We have thus far been unable to reverse our annual revenue losses (excluding acquisitions). 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 product offerings. Accordingly, we may not be successful in attaining our goal of achieving future revenue growth. 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 and quality of our services. In addition, we are exposed to the risk that other ~~carriers~~ **companies** may be unwilling or unable to continue or renew these arrangements in the future. Those risks are heightened when the other ~~carrier~~ **company** is a competitor who may benefit from terminating the agreement or imposing price increases. Additionally, several ~~communications~~ 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. 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. ~~If~~ **Our operations could be adversely affected if** any of these vendors experience business interruptions, security ~~breaches~~ **incidents** , litigation or other issues that interfere with their ability to deliver their products or services on a timely basis ~~, our operations could suffer significantly. For a description of how the COVID- 19 pandemic and its aftermath have impacted our access to supplies and labor, please see Item 7 in Part II of this report~~ . 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. 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 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. A significant number of these authorizations are scheduled to lapse over the next five to ten years, unless we are able to extend or renew them. Further, some of our operations are subject to licensing and franchising requirements imposed by municipalities or other governmental authorities. 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. Climate change 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 coastal states, which subjects them to the risks associated with severe tropical storms, hurricanes and tornadoes, and many other of our facilities are subject to the risk of earthquakes, floods, fires, tornadoes or other similar casualty events. From time to time these events (including Hurricane Ian in 2022 in Florida) have disrupted our operations, and similar future events could cause substantial damages, including downed transmission lines, flooded facilities, power outages, fuel shortages, network ~~congestion, delay~~ **delays** or ~~failure~~ **failures** , damaged or destroyed property and equipment, and work 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 change 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. Our environmental, social and governance (ESG) commitments **, programs** and disclosures may expose us to reputational ~~and~~ **,** legal **and business** risks. Our ~~brand and~~ reputation **and brands** could be impacted by our public commitments to various corporate environmental, social and governance (ESG) initiatives, including our political contributions, our advocacy positions, and our goals for sustainability, inclusion and diversity. **These initiatives, goals,** ~~Positions we take or do not take on ESG issues could negatively impact our~~ **or commitments** ~~ability to attract or retain customers and employees. In addition, we~~ could be **difficult** ~~criticized for the timing, scope or nature of these initiatives, goals, or commitments, or for any revisions~~ to ~~them~~ **achieve and costly to implement** . To the extent that our required and voluntary disclosures about ESG matters increase, we could be criticized for ~~the~~ **their** accuracy, adequacy, or completeness ~~of such disclosures~~ . ~~Our actual~~ **We could fail to achieve,** or **be** perceived ~~failure~~ **to fail** to achieve **,** our ESG- related initiatives, goals, **or** commitments ~~or mandates could negatively impact our reputation or otherwise materially harm our business. Increasing focus on ESG matters has resulted in, and is expected to continue to result in, the adoption of legal and regulatory requirements designed to mitigate the effects of climate change on the environment, as well as legal and regulatory requirements requiring additional related disclosures. If new laws or regulations are more stringent than current legal or regulatory requirements, we may experience increased compliance burdens and costs to meet such obligations~~. In addition, **we could be criticized for the timing, scope** ~~our~~ - **or** ~~selection~~ **nature** of **these initiatives** ~~voluntary disclosure frameworks and standards~~, ~~and~~ **goals, commitments, or for any revisions to** ~~the~~ **them** ~~interpretation or application of those frameworks and standards, may change from time to time or may not meet the expectations of investors or other stakeholders~~. Our ~~ability~~ **actual or perceived failure** to achieve our ~~ESG commitments is subject to numerous risks, many of which are outside of our control, including: (i) evolving and potentially inconsistent regulatory requirements affecting ESG standards, measurements, methodologies and disclosures; (ii) the availability of suppliers that can meet our sustainability, diversity and other standards; and (iii) our ability to recruit, develop, and retain diverse talent. Our processes and controls for reporting ESG matters across our operations and supply chain are evolving along with multiple disparate standards for identifying, measuring, and reporting ESG metrics, including enhanced~~ ESG- related **initiatives** ~~disclosures that may be required by the SEC~~, ~~and other regulators. Such~~ **goals, commitments, or to meet evolving stakeholder expectations or** standards ~~may change over time, which could result in significant revisions to our current goals, reported progress in achieving such goals, or ability to achieve such goals in the future. Any additional future acquisitions or strategic investments may not be available on attractive terms and would subject us to additional risks. Much of our past growth is attributable to acquisitions. In an effort to implement our business strategies, we may from time to time in the future attempt to pursue other acquisition or expansion opportunities, including strategic investments. To the extent we can identify attractive opportunities, these transactions could involve acquisitions of entire businesses or investments in start- up or established companies and could take several forms. These types of transactions may present significant risks and uncertainties, including the difficulty of identifying appropriate companies to acquire or invest in on acceptable terms, potential violations of covenants in our debt instruments, insufficient revenue acquired to offset liabilities assumed, unexpected expenses, inadequate return of capital, regulatory or compliance issues, potential infringements, difficulties integrating the new properties into our operations, and other unidentified issues not discovered in due diligence. In addition, the financing of any future acquisition completed by us~~ could adversely impact **us** ~~our capital structure. Except as required~~ by **resulting in legal** ~~law or applicable securities exchange listing standards, we do not expect to ask our~~ - **or** ~~shareholders to vote~~ **regulatory proceedings against us, customer or employee attrition, reputational damage, or other negative impacts** on ~~any proposed acquisition. Dispositions could have a detrimental impact on us or~~ **our** ~~the holders of our securities. In the past, we have disposed of businesses~~ -- **business** ~~or asset groups for a variety of reasons, and currently expect to consummate within the next year a planned divestiture discussed elsewhere in this section" Item 1A. Risk Factors." In addition, we may dispose of other businesses or asset groups from time to time in the future. If we proceed with any such other divestitures of assets, we may experience operational difficulties segregating them from our retained assets and operations, which could result in disruptions to our operations or claims for damages, among other things. Moreover, such dispositions could reduce our cash flows available to support our capital expenditures, pension contributions, debt maturities or other commitments~~. 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 continents ~~;~~ **, (ii) the risks** and ~~•~~ **uncertainties inherent in acquiring or disposing of businesses, or engaging in other strategic transactions, and (iii)** the adverse effects of terrorism, rioting, vandalism or social unrest. 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, (i) our domestic operations are regulated by the FCC and other federal, state and local agencies and (ii) our international operations 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 and occasionally in conflict with each other. Accordingly, we cannot ensure we will always be considered to be in compliance with all these requirements at any single point in 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** ~~bind us to specific~~ conduct ~~going forward~~. 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 participation in the FCC' s CAF II program and current participation in the FCC' s RDOF program subjects us to certain financial risks. If we are not in compliance with FCC measures by the end of the CAF II and RDOF programs, we could incur substantial penalties or forfeitures, including but not limited to being suspended or disbarred from future governmental programs or contracts for a significant period of time, which could have a material adverse impact on our financial condition. 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 ~~regulations~~ **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** ~~Despite our best efforts~~ to comply with **any of** these governmental or contractual requirements, **we** ~~any noncompliance~~ could **incur** ~~result in incurring~~ potential substantial penalties and reputational damage. Adapting and responding to changing regulatory requirements has historically materially impacted our operations. We believe evolving regulatory developments and regulatory uncertainty could continue to have a material impact on our business. 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 currently pending proposals to increase the regulation of internet service providers or to further strengthen data privacy laws are 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. The variability of these laws could also hamper the ability of us and our customers to plan for the future or establish long- term strategies. 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. Our pending legal proceedings could have a material adverse impact on us. There are several potentially material proceedings pending against us. 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 18 — 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 the development and 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. AI is currently being developed in a highly competitive and rapidly evolving environment by a wide variety of technology companies, many of which are dedicating substantially more resources than we are to research and development initiatives. Due to the complexity of its design and algorithms, AI presents various risks and challenges, and its use could have unintended adverse consequences. While we aim to develop and 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. The Company' s 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, we cannot assure you that our use of AI will not 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, ~~2022~~ **2023** , approximately ~~20~~ **21** % 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. Our international operations expose us to various regulatory, currency, tax, legal and other risks. Our international operations are subject to U. S. and non- U. S. laws and regulations regarding operations in international jurisdictions in which we provide services **, either directly or indirectly through our contractual arrangements with other carriers** . These numerous and sometimes conflicting laws and regulations include anti- corruption laws, anti- competition laws, trade restrictions, economic sanctions, tax laws, immigration laws, environmental laws, privacy laws and accounting requirements. Many of these laws are complex and change frequently. There is a risk that these laws or regulations may materially restrict our ability to deliver services in various international jurisdictions or expose us to the risk of fines, penalties or license revocations if we are determined to have violated applicable laws or regulations. Additionally, these laws or regulations may potentially impact our customers and result in foregone business or penalties to us if we fail to comply with any applicable sanctions or restrictions on our activities. Many non- U. S. laws and regulations relating to communications services are more restrictive than U. S. laws and regulations. We are subject to the GDPR of the European Union and the United Kingdom, as well as various other laws governing privacy rights, data protection and cybersecurity laws in other regions. These laws and regulations continue to proliferate and evolve, are becoming more complex and increasingly conflict among the various countries in which we operate, which has resulted in greater compliance risk and cost for us. Moreover, many countries are still in the early stages of providing for and adapting to a liberalized telecommunications market, which could make it more difficult for us to obtain licenses and conduct our operations. In addition to these international regulatory risks, some of the other risks inherent in conducting business internationally include: economic, social and political instability, with the attendant risks of terrorism, kidnapping, extortion, civic unrest, potential seizure or nationalization of assets; currency and exchange controls, repatriation restrictions and fluctuations in currency exchange rates, ~~including, without limitation, the matters outlined in Note 1 — Background and Summary of Significant Accounting Policies — Foreign Currency;~~ problems collecting accounts receivable; the difficulty or inability in certain jurisdictions to enforce contract or intellectual property rights; reliance on certain third parties with whom we lack extensive experience; supply chain challenges; and challenges in securing and maintaining the necessary physical and telecommunications infrastructure. Our operations and financial results could be impacted by changes in multilateral conventions, treaties, tariffs or other arrangements between or among sovereign nations, including most recently Brexit. **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. Such allegations may subject us to legislative or regulatory actions, removal costs, litigation, 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. Damage to our reputation could reduce investor confidence in us and have a material adverse impact on the value of our securities.** Financial Risks Our significant debt levels expose us to a broad range of risks. As of December 31, ~~2022~~ **2023** , we had approximately $ ~~10~~ **11** . 4 billion of outstanding consolidated secured indebtedness, $ ~~10~~ **8** . ~~1~~ **5** billion of outstanding consolidated unsecured indebtedness (excluding (i) finance lease obligations, (ii) unamortized premiums, net and (iii) unamortized debt issuance costs) and **approximately** $ ~~2~~ **1** . ~~2~~ **8** billion of unused borrowing capacity under our ~~Revolving~~ **revolving** ~~Credit~~ **credit** ~~Facility~~ **facility** . 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 and strategic initiatives; • 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 or creditors; • 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 financial or non- financial 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 **. Prior allegations that we have breached covenants in our credit documents could dissuade potential lenders from extending credit to us** , ~~as well as~~ **unless and until we satisfactorily address these concerns through the execution of additional credit agreements, the receipt of waivers or other similar actions. Our ability to obtain additional financing could also depend on** prevailing market conditions **, which** ~~and other factors beyond our control. Prevailing market conditions~~ 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, contractions or limited growth in the economy 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. Our current and future debt instruments 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. Nor can we assure you that these steps, even if successfully implemented, would not be detrimental to our operations, financial performance or future prospects. We have 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. Over half 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. ~~Nearly~~ **Over** half 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 ~~nearly 300~~ **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, investors in our consolidated debt instruments should be aware that (i) determining the priority of their rights as creditors 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) a substantial portion of 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 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 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, Inc. Lumen Technologies, Inc.' s senior secured credit facilities and secured notes contain several significant limitations restricting our ability 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 ability to operate or reconfigure our business, to issue additional priority debt, to pursue acquisitions, divestitures or strategic transactions, or to otherwise pursue our 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, including receiving cash from Level 3, or distributing cash from Level 3 to other of our affiliated entities. Lumen Technologies, Inc.' s senior secured credit facilities, as well as the term loan debt of Qwest Corporation, also contain financial maintenance covenants which are described further in Note 7 — Long- Term Debt and Credit Facilities. The failure of Lumen Technologies, Inc. or any of its subsidiaries 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. 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. **Certain debtholders of Level 3 may seek to claim that Level 3' s use of proceeds following the sale of its Latin American business resulted in potential defaults under its credit documents. On July 25, 2023, the Company received a letter from representatives purporting to act on behalf of holders of approximately 37 % of Lumen Technologies, Inc.' s funded debt and approximately 56 % of Level 3' s funded debt requesting a meeting to discuss the Company' s upcoming debt maturities as well as what the letter referred to as an apparent event of default by Level 3 relating to Level 3' s use of proceeds from the divestiture of its Latin American business. If the transactions contemplated by the TSA are consummated, the participating creditors would waive and release us from any claims or remedies arising out of any such breaches to the extent permitted under the Company' s debt agreements and applicable law. However, there can be no assurance that these transactions will be consummated, or that other creditors will not seek to assert claims against us. If the transactions contemplated by the TSA are not consummated, there can be no assurance that participating creditors would not attempt to deliver purported notices of default, or seek to declare the principal amount of their debt holdings due and payable, together with accrued interest. Any such acceleration also could allow lenders under our senior secured credit facilities to declare all funds borrowed to be due and payable, to terminate their commitments thereunder, and to cease making further loans. Secured debtholders could also institute foreclosure proceedings against their collateral. Although the Company would vigorously dispute any and all such actions, any such actions may result in an outcome that could have a material adverse impact on our business, operations and financial condition, and any such actions could force us to seek bankruptcy protection. In addition, responding to or defending against any claims of default, including through litigation, may require us to expend significant funds and management time and attention, and could adversely impact**

**our ability to obtain financing in the future or to refinance our existing indebtedness. The transactions contemplated by the TSA may not be consummated as contemplated, on the currently expected timeline or at all, and even if such transactions are consummated, we may not achieve their anticipated benefits. We expect that the completion of the transactions contemplated by the TSA will enhance our liquidity and extend our debt maturities. However, completion of these transactions is subject to the satisfaction of certain conditions and the TSA permits certain specified lender groups and the Company to terminate the agreement under various specified circumstances. As a result, any or all of the transactions may not be consummated as originally contemplated, on the currently expected timeline, or at all. Accordingly, we may not be able to realize the expected benefits from these transactions on a timely basis or at all. Even if we are successful in completing the transactions contemplated by the TSA, we may not realize some or all of the expected benefits from such transactions. We have incurred, and will continue to incur, significant costs, expenses and fees for professional services and other transaction costs in connection with the transactions contemplated by the TSA, and these fees and costs are payable by us regardless of whether such transactions are consummated. If we are successful in completing the transactions contemplated by the TSA, the Company will be subject to higher levels of interest, which could have important consequences, including, (i) limiting our ability to obtain additional financing to fund future working capital, capital expenditures, acquisitions or other general corporate requirements, and increasing our cost of borrowing; (ii) requiring a substantial portion of our cash flows to be dedicated to payments on our obligations instead of for other purposes; and (iii) each of the other factors specified above under the heading" " – Our significant debt levels expose us to a broad range of risks. " In addition, the agreements that will govern the Company' s indebtedness to be executed in connection with the consummation of the transactions contemplated by the TSA will contain significant additional restrictions that could limit the Company' s ability to engage in activities that may be in our long- term best interest, including certain restrictions on our ability to incur indebtedness, incur liens, enter into mergers or consolidations, dispose of assets, enter into affiliate transactions, pay dividends, make acquisitions and make investments, loans and advances. These restrictions may affect our ability to execute our business strategies, limit our ability to raise additional debt or equity financing needed to operate our business, including during economic or business downturns, and limit our ability to compete effectively or take advantage of new business opportunities. Our failure to comply with those covenants could result in an event of default which, if not cured or waived, could result in the acceleration of all our debt.** Our cash flows may not adequately fund all of our cash requirements. Each segment of 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** , based on several factors, including (i) changes in customers' service requirements; (ii) our **need to replace aging or obsolete infrastructure; (iii) our** continuing need to expand and improve our network to remain competitive and meet customer demand; and ( ~~iii~~ **iv** ) our regulatory 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,** operating costs, maintenance expenses ~~, debt repayments~~ , tax obligations, periodic pension contributions and other benefits payments. As discussed elsewhere in this annual report, our revenues have decreased for several years, which, coupled with **asset divestitures and** other factors, has placed downward pressure on our cash flows. For all these reasons, we cannot assure you our future cash flows from operating activities will be sufficient to fund all of our cash requirements in the manner currently contemplated. As a holding company, we rely on payments from our operating companies to meet our obligations. As a holding company, substantially all of our income and operating cash flow is dependent upon the earnings of our subsidiaries and their distribution of those earnings to us in the form of dividends, loans or other payments. As a result, we rely upon our subsidiaries to generate cash flows in amounts sufficient to fund our obligations, including the payment of our long- term debt. Our subsidiaries are separate and distinct legal entities and have no obligation to pay any amounts owed by us, except to the extent they have guaranteed such payments. Similarly, subject to limited exceptions for tax- sharing or cash management purposes, our **non- guarantor** subsidiaries have no obligation to make any funds available to us to repay our obligations, whether by dividends, loans or other payments. As discussed in greater detail elsewhere herein, restrictions imposed by credit instruments or other agreements applicable to Level 3 and certain of our other subsidiaries limit the amount of funds our subsidiaries are permitted to transfer to us, including the amount of dividends that may be paid to us. Moreover, our rights to receive assets of any subsidiary upon its liquidation or reorganization would be effectively subordinated to the claims of creditors of that subsidiary, including trade creditors. In addition, the laws under which our subsidiaries were organized typically restrict the amount of dividends they may pay. The ability of our subsidiaries to transfer funds could be further restricted under applicable state or federal tax laws, regulatory orders or regulations. For all these reasons, you should not assume our subsidiaries will be able in the future to generate and distribute to us cash in amounts sufficient to fund our cash requirements. We may not be able to fully utilize our NOLs. As of December 31, ~~2022~~ **2023** , we had approximately $ **800** ~~1. 0 billion~~ **million** of federal net operating loss carryforwards (" NOLs"), which remain subject to limitations under Section 382 of the Internal Revenue Code and related regulations (" Section 382"). These limitations could restrict our ability to use these NOLs in the amounts we project. In an effort to safeguard our NOLs, we have maintained an NOL rights agreement which is scheduled to lapse in late ~~2023~~ **2026 , assuming it is ratified by our shareholders at our 2024 annual shareholder meeting** . At December 31, ~~2022~~ **2023** , we also had substantial state NOLs which we believe are subject to legal and practical limitations on our ability to realize their full benefit. We cannot assure you we will be able to utilize these NOLs as projected or at all. 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, ~~2022~~ **2023** , our company- sponsored benefit plans that cover our current and former U. S.- based employees had approximately ~~25~~ **24** , 000 active employee participants, approximately ~~58~~ **55** , 000 active and retired employees and surviving spouses eligible for post- retirement healthcare benefits, approximately ~~22~~ **21** , 000 pension retirees and approximately 7, 000 former employees with vested pension benefits. As of such date, our domestic pension plans and our other domestic post- retirement benefit plans were substantially underfunded from an accounting standpoint. We also maintain benefit plans for a much smaller base of our non- U. S. employees. The cost to fund the pension and healthcare benefit plans for our active and retired employees has a significant impact on our profitability. Our 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, modification or potential repeal of current federal healthcare and pension funding laws and regulations promulgated thereunder. Increased costs under these plans could reduce our profitability and increase our funding commitments to our pension plans. See Note 11 — Employee Benefits for additional information regarding the funded status of our pension plans and our other post- retirement benefit plans. 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 and compliance with U. S. generally accepted accounting principles (" GAAP ") of our financial statements. We cannot assure you these measures will be effective. Our management previously identified two material weaknesses that, while successfully remediated during 2019, were costly to remediate and **delayed the filing of** ~~caused us to request an extension in order to timely file~~ our annual report on Form 10- K for the year ended December 31, 2018. If we are required to record additional intangible asset impairments, we will be required to record a significant charge to earnings and reduce our stockholders' equity. As of December 31, ~~2022~~ **2023** , approximately ~~42~~ **22** % of our total consolidated assets reflected on the consolidated balance sheet included in this annual report consisted of goodwill, customer relationships and other intangible assets ~~(including goodwill and other intangible assets classified as assets held for sale)~~ . From time to time, including most recently in the fourth **and second** quarter of ~~2022~~ **2023** and in the fourth quarter of ~~2020~~ **2022** , we have recorded large non- cash charges to earnings in connection with required 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 during the period in which the impairment is determined to have occurred. Any such charges could, in turn, have a material adverse effect on our results of operation or financial condition. High inflation could continue to adversely impact us. Although inflation ~~appears to be~~ **has recently been** declining, during ~~2021 and 2022~~ **the past three years** our operations were impacted by the highest domestic inflation rates in decades. If inflation rates remain elevated, our operations will likely continue to be impacted. Potential impacts of high inflation include (i) lower revenue if inflationary pressures cause customers to defer, decrease or cancel their expenditures on our products and services, (ii) lower margins if we cannot offset the higher cost of our labor and supplies by raising our prices or reducing our other expenses, (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. 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 or our industry could adversely impact the liquidity or market prices of our outstanding debt or equity securities; • a change of control of us or certain of our affiliates could accelerate a substantial portion of our outstanding indebtedness in an amount that we might not be able to repay; ~~• the tax provisions contained in the Inflation Reduction Act of 2022, including the 1 % excise tax on net stock repurchases and the 15 % corporate book minimum tax, might increase our federal taxes;~~ and • ongoing attempts of the United States, various foreign countries and supranational or international organizations to reform taxes or identify new tax sources could materially impact our taxes, or that 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. Divestiture Risks ~~The completion of our planned EMEA divestiture is subject to several conditions. As described further in Note 2 — Divestitures of the Latin American and ILEC Businesses and Planned Divestiture of the EMEA Business we have agreed to divest our EMEA business. The completion of the divestiture is subject to receipt of all requisite regulatory approvals in the U. S. and certain countries where the EMEA business operates, as well as the satisfaction of other customary conditions. We cannot assure you that this divestiture will be completed in the timeframes anticipated by us or at all. The pendency of the EMEA divestiture could adversely affect our business. The pendency of our EMEA divestiture could impact us in several ways, including (i) impacting relationships with our customers and vendors, (ii) restricting our operations due to certain specified operating covenants in the purchase agreement, (iii) diverting management' s attention from operating our business in the ordinary course, and (iv) diminishing our ability to retain or attract employees due to concerns over future job security or responsibilities.~~ We may be unable to ~~successfully separate our divested businesses from our retained business and~~ realize the anticipated benefits of our recently completed ~~and planned~~ divestitures. In connection with **divesting** ~~our planned EMEA divestiture, we have agreed to (i) complete certain restructuring transactions to segregate the divested business from our retained business, (ii) provide certain post- closing transition and commercial services to the purchasers, and (iii) receive certain post- closing services from the purchaser designed to ensure the continuity of services to our retained customers. Similarly, in connection with the 2022 divestitures of~~ our Latin American **and EMEA** ~~business~~ **businesses** and a portion of our ILEC business **in 2022 and 2023** , we completed internal restructurings and entered into multi- year agreements with the purchasers to provide certain transitional services and to provide or receive certain commercial services. We anticipate that it will be challenging and time- consuming to **continue** ~~segregate the businesses and provide~~ **providing** transition services to the ~~purchaser~~ **purchasers** of our ~~EMEA business, and to continue to support the businesses that we sold in 2022. Even if we successfully complete the EMEA divestiture and continue to successfully support the~~ divested ~~businesses, we~~ **operations. We** may incur or experience (i) greater tax or other costs or realize fewer benefits than anticipated under our ~~pre- and~~ post- closing agreements with the purchasers, (ii) operational or commercial difficulties segregating the divested assets from our retained assets, (iii) disputes with the purchasers regarding the nature and sufficiency of the transition services we provide or the terms and conditions of our commercial agreements with the purchasers, (iv) potential disputes with creditors concerning the transactions or use of the proceeds therefrom, (v) higher vendor costs due to reduced economies of scale or other similar dis- synergies, (vi) ~~lower productivity~~ **weaker performance** to the extent segregation **and support** of the divested businesses distracts or diverts personnel **and resources** from the operation, digitization, and transformation of our retained business, (vii) losses or increased inefficiencies from stranded or underutilized assets, (viii) the loss of any customers dissatisfied with our services post- closing, (ix) challenges in retaining and attracting personnel or (x) the loss of vendors or customers due to our inability to assign contracts with their consent. The divestitures will reduce our future cash flows. If our remaining business fails to perform as expected, the divestitures could exacerbate certain of the other financial risks specified in this Item 1A, including our ability to fund all of our current cash requirements. General Risk Factors ~~An outbreak of disease or similar public health threat, such as the recent COVID- 19 pandemic, could have a material adverse impact on us. An outbreak of disease or similar public health threat, such as the recent COVID- 19 pandemic and its attendant detrimental impact on the worldwide economy, could have a material adverse impact on our operating results and financial condition. Even as efforts to contain the COVID- 19 pandemic, including vaccinations, have fostered progress and eased governmental restrictions, new variants of the virus have continued to cause outbreaks and uncertainties. Variants of the virus continue to pose the risk that we or our employees, contractors, suppliers, customers and other business partners may be prevented from conducting business activities at expected levels through established processes. Future events regarding the pandemic, which are unpredictable and beyond our control, could continue impacting our operations. Accordingly, COVID- 19, or any other future major public health crisis, may have negative impacts on our business in the future, and any future adverse impacts on our business may be worse than we anticipate. Moreover, to the extent any of these risks and uncertainties adversely impact us, they may also have the effect of heightening many of the other risks described in this section " Item 1A. 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** ~~. While it is difficult to predict the ultimate impact of these general economic, societal or environmental conditions, they could adversely affect demand for some of our products and services and could cause customers to shift to lower- priced products and services or to delay or forego purchases of our products and services for~~ a variety of **ways** ~~reasons. Any one or more of these circumstances could continue to depress our revenue. Also, our customers may encounter financial hardships which could negatively impact their ability to make timely payments to us or to continuing doing business with us~~ . We currently do not pay dividends to our common shareholders and any decision to adopt or continue a stock repurchase plan is entirely discretionary. We discontinued paying dividends to our holders of common stock in the fourth quarter of 2022, and have no current plans to pay dividends in respect of our common stock for the foreseeable future. From time to time we adopt share repurchase plans. Holders of our common stock should be aware that repurchases of our common stock under any such plans are completely discretionary and may be suspended or discontinued at any time and for any reason without prior notice. Shareholder or debtholder activism efforts could cause a material disruption to our business. While we always welcome constructive input from our shareholders and regularly engage in dialogue with our shareholders to that end, activist shareholders may from time to time engage in proxy solicitations, advance shareholder proposals or otherwise attempt to effect changes or acquire control over us. Responding to these actions can be costly and time- consuming and may disrupt our operations and divert the attention of our board and management. These adverse impacts could be intensified if activist shareholders advocate actions that are not supported by other shareholders, our board or management. The recent increase in the activism of debtholders could increase the risk of claims being made under our debt agreements. Our agreements and organizational documents and applicable law could similarly limit another party' s ability to acquire us. A number of provisions in our organizational documents and various provisions of applicable law or our Section 382 rights agreement may delay, defer or prevent a future takeover of us unless the takeover is approved by our board. These provisions (which are described further in our Registration Statement on Form 8- A / A filed with the SEC on March 2, 2015) could deprive our shareholders of any related takeover premium.