

# 4<sup>th</sup> Quarter 2020 Results

February 10<sup>th</sup>, 2021

LUMEN<sup>®</sup>

# Forward-Looking Statements

Except for historical and factual information, the matters set forth in this presentation and other of our oral or written statements identified by words such as “estimates,” “expects,” “anticipates,” “believes,” “plans,” “intends,” “will,” and similar expressions are forward-looking statements as defined by the federal securities laws, and are subject to the “safe harbor” protections thereunder. These forward-looking statements are not guarantees of future results and are based on current expectations only, are inherently speculative, and are subject to a number of assumptions, risks and uncertainties, many of which are beyond our control. Actual events and results may differ materially from those anticipated, estimated, projected or implied by us in those statements if one or more of these risks or uncertainties materialize, or if underlying assumptions prove incorrect. Factors that could affect actual results include but are not limited to: uncertainties regarding the extent to which COVID-19 health and economic disruptions will continue to impact our business, operations, cash flows and corporate initiatives; the effects of competition from a wide variety of competitive providers, including decreased demand for our more mature service offerings and increased pricing pressures; the effects of new, emerging or competing technologies, including those that could make our products less desirable or obsolete; our ability to attain our key operating imperatives, including simplifying and consolidating our network, simplifying and automating our service support systems, strengthening our relationships with customers and attaining projected cost savings; our ability to safeguard our network, and to avoid the adverse impact of possible 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, broadband deployment, data protection, privacy and net neutrality; our ability to effectively retain and hire key personnel and to successfully negotiate collective bargaining agreements on reasonable terms without work stoppages; possible changes in the demand for our products and services, including increased demand for high-speed data transmission services; our ability to successfully maintain the quality and profitability of our existing product and service offerings and to introduce profitable new offerings on a timely and cost-effective basis; our ability to generate cash flows sufficient to fund our financial commitments and objectives, including our capital expenditures, operating costs, debt repayments, dividends, pension contributions and other benefits payments; our ability to successfully and timely implement our operating plans and corporate strategies, including our delevering strategy; changes in our operating plans, corporate strategies, dividend payment plans or other capital allocation plans, whether based upon COVID-19 disruptions, changes in our cash flows, cash requirements, financial performance, financial position, market conditions or otherwise; the impact of any future material acquisitions or divestitures that we may engage in; the negative impact of increases in the costs of our pension, health, post-employment or other benefits, including those caused by changes in markets, interest rates, mortality rates, demographics or regulations; the potential negative impact of customer complaints, government investigations, security breaches or service outages impacting us or our industry; adverse changes in our access to credit markets on favorable terms, whether caused by changes in our financial position, lower credit ratings, unstable markets or otherwise; our ability to meet the terms and conditions of our debt obligations and covenants, including our ability to make transfers of cash in compliance therewith; our ability to maintain favorable relations with our securityholders, key business partners, suppliers, vendors, landlords and financial institutions; our ability to meet evolving environmental, social and governance expectations and benchmarks; our ability to collect our receivables from, or continue to do business with, financially-troubled customers, including, but not limited to, those adversely impacted by the economic dislocations caused by the COVID-19 pandemic; our ability to use our net operating loss carryforwards in the amounts projected; any adverse developments in legal or regulatory proceedings involving us; changes in tax, pension, healthcare or other laws or regulations, in governmental support programs, or in general government funding levels, including those arising from pending proposals to increase federal income tax rates; 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, rioting, societal unrest, or other natural or man-made disasters or disturbances; the potential adverse effects if our internal controls over financial reporting have weaknesses or deficiencies, or otherwise fail to operate as intended; the effects of more general factors such as changes in interest rates, in exchange rates, in operating costs, in public policy, in the views of financial analysts, or in general market, labor, economic or geo-political conditions; and other risks referenced from time to time in our filings with the U.S. Securities and Exchange Commission. You 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, regulatory, technological, industry, competitive, economic and market conditions, and our related assumptions, as of such date. We may change our intentions, strategies or plans without notice at any time and for any reason..

# Non-GAAP Measures

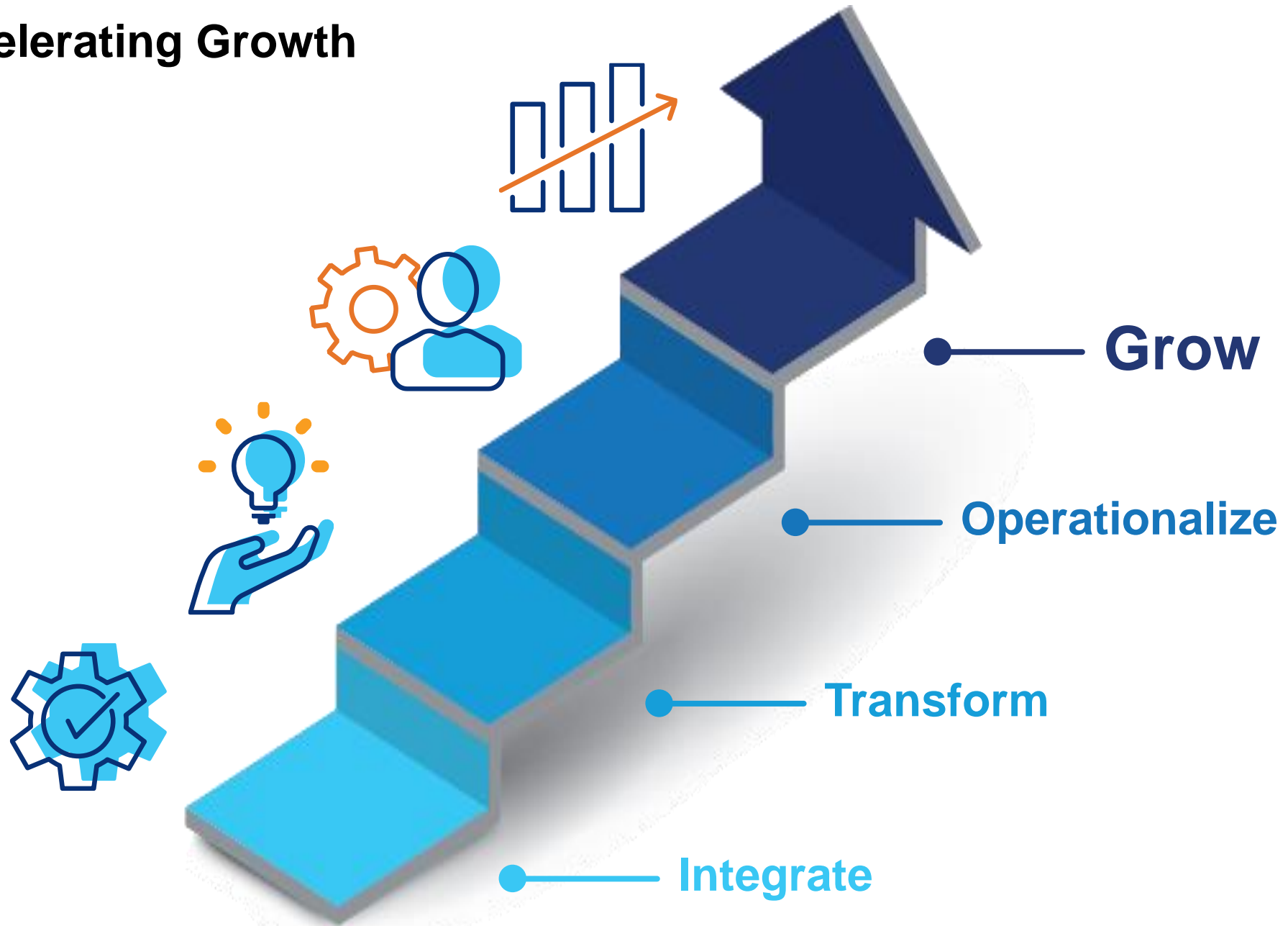
This presentation includes certain historical and forward-looking non-GAAP financial measures, including but not limited to adjusted EBITDA, free cash flow, unlevered cash flow, and adjustments to GAAP and non-GAAP measures to exclude the effect of integration and transformation costs and special items. In addition to providing key metrics for management to evaluate the company's performance, we believe these measurements assist investors in their understanding of period-to-period operating performance and in identifying historical and prospective trends.

Reconciliations of non-GAAP financial measures to the most comparable GAAP measures are included in the financial schedules to the Company's accompanying earnings release. Reconciliation of additional non-GAAP historical financial measures that may be discussed during the call, along with further descriptions of non-GAAP financial measures, will be available in the Investor Relations portion of the company's website at <http://ir.lumen.com>. Non-GAAP measures are not presented to be replacements or alternatives to the GAAP measures, and investors are urged to consider these non-GAAP measures in addition to, and not in substitution for, measures prepared in accordance with GAAP. Lumen may present or calculate its non-GAAP measures differently from other companies.

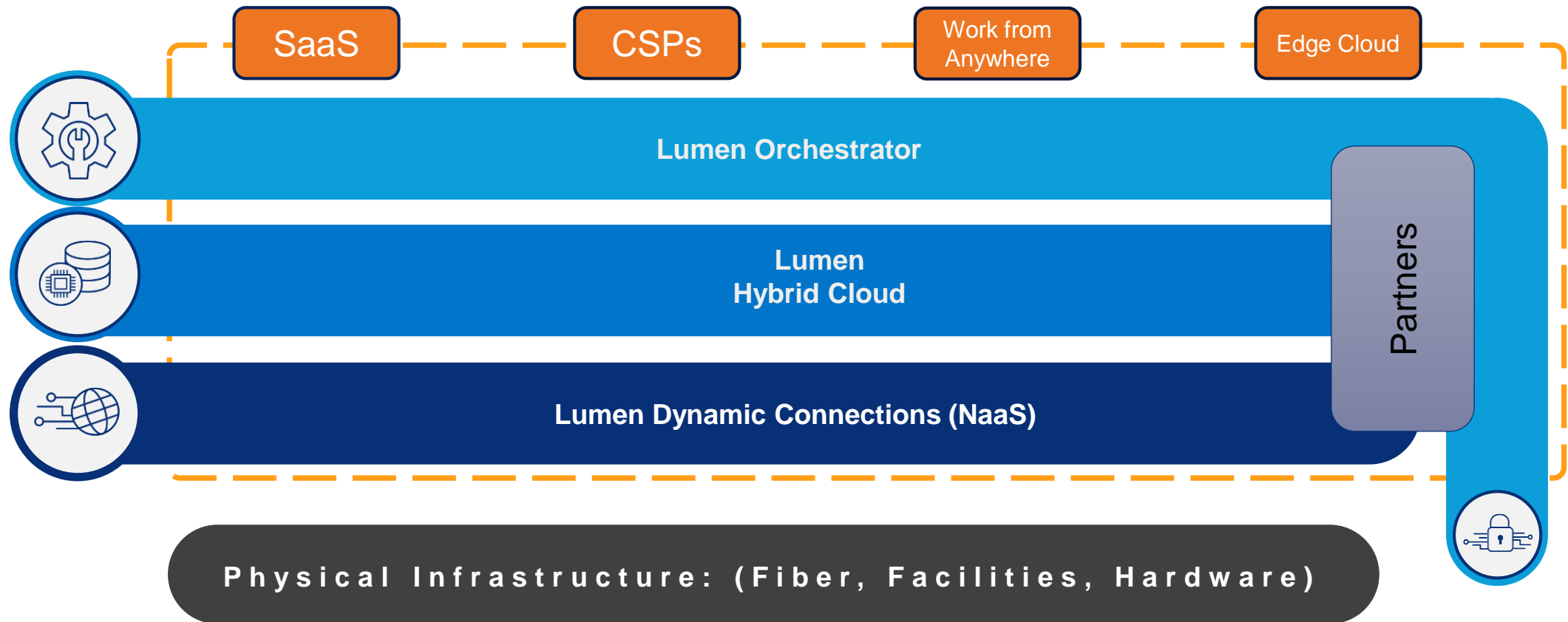
## 2020: Solid Execution and Transition to Lumen

- ✓ Launched the Lumen Platform; providing the growth engine for the future
- ✓ Continued making significant improvement in the customer experience
- ✓ Drove efficiencies throughout the business with our Transformation Plan
- ✓ Made solid progress toward our revenue growth objectives
- ✓ Continued execution on our capital allocation plan
- ✓ Executed on company-wide ESG initiatives

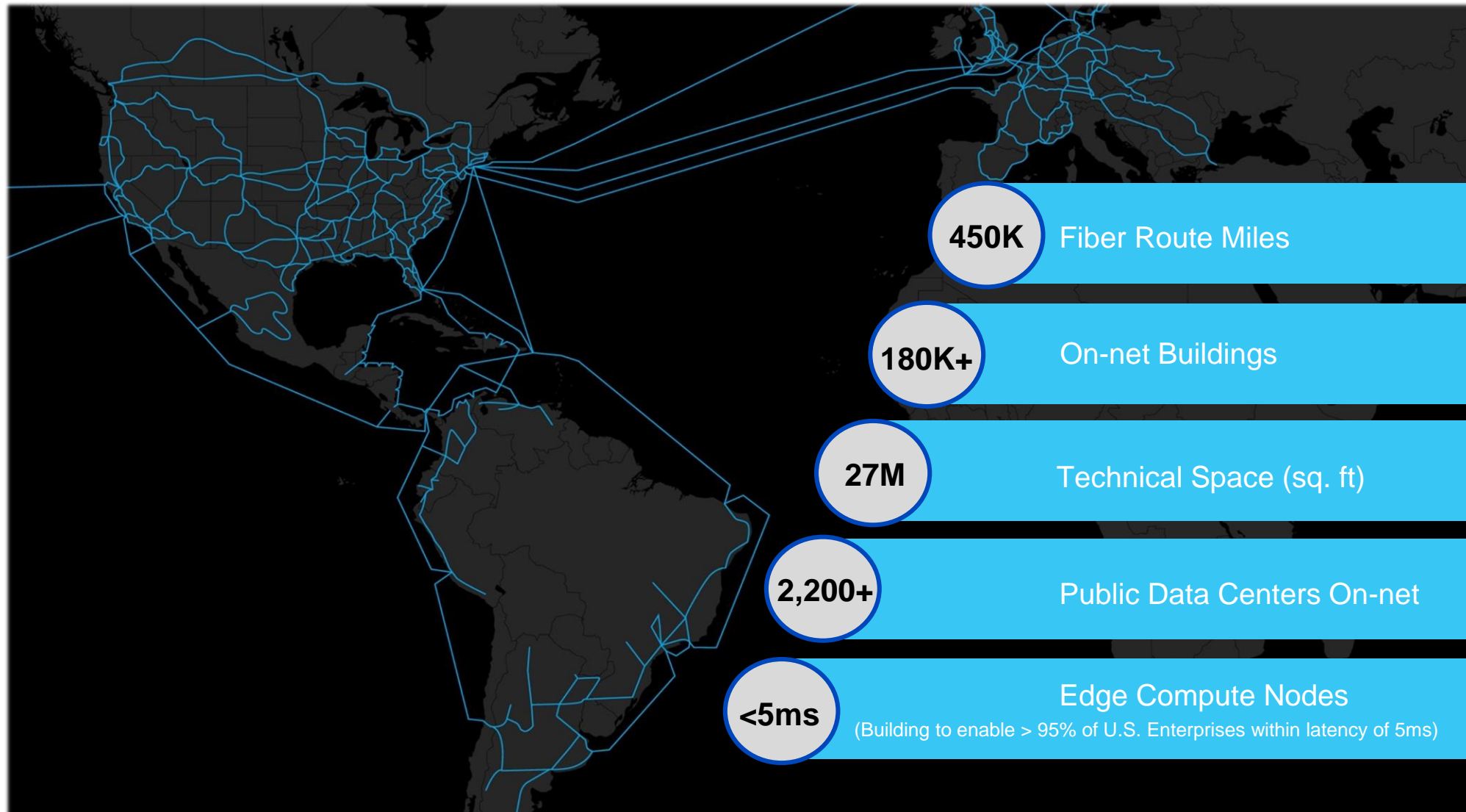
# 2021 Accelerating Growth



# The Platform for Amazing Things



# The Power Behind the Platform





# 2021 Lumen Priorities

Drive growth over the Lumen Platform



- Expand the digital marketplace and partnership ecosystem
- Continue to add new products and capabilities

Improve penetration of existing services



- Capitalize on expanding fiber footprint
- Increase wallet share with existing customers

Transform the business



- Increase digital interactions to make it easier to consume networking services
- Continue to improve efficiency and reduce costs

Continue balanced capital allocation



- Invest in the business to drive growth
- Return capital through a dividend
- Reduce debt and strengthen balance sheet



# Financial Results

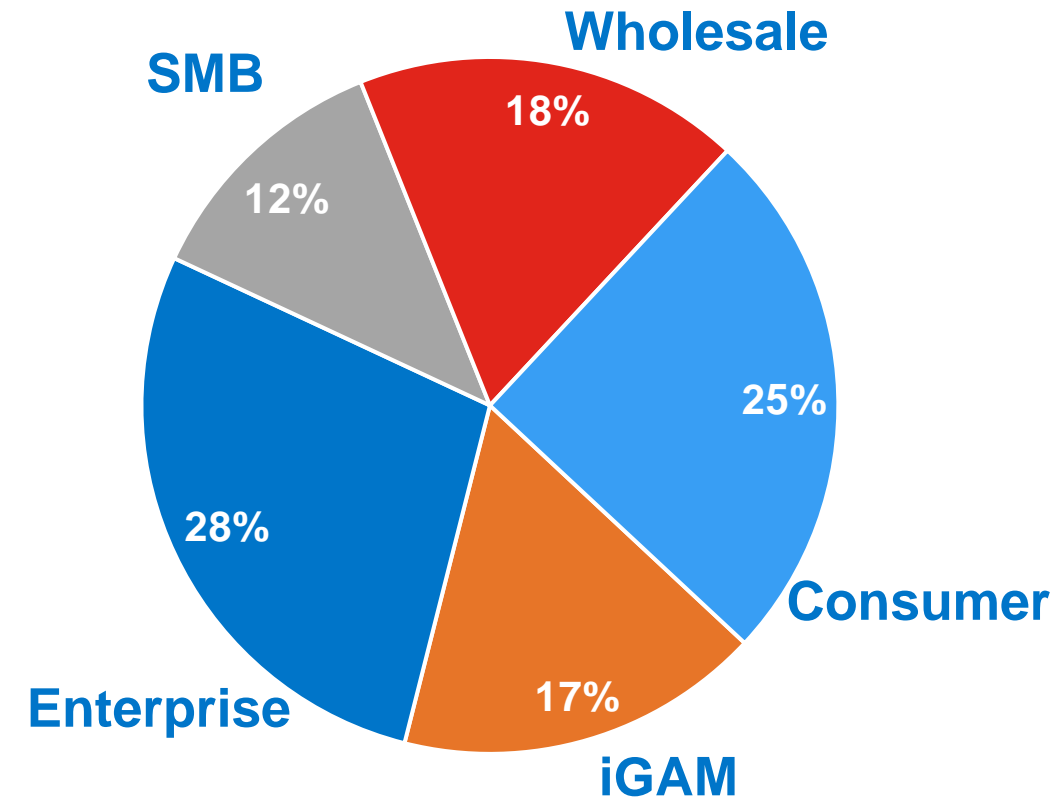
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# Financial Highlights for 2020

- ✓ **YoY improvement in Total Revenue performance**
- ✓ **Achieved target for cost transformation initiatives**
- ✓ **Delivered solid Adjusted EBITDA and Free Cash Flow**
- ✓ **Continued progress on deleveraging and refinancing initiatives**

# Revenue Results

Revenue (\$ in millions)	4Q20	YoY% Change <sup>(2)</sup>	QoQ% Change
International & GAM <sup>(1)</sup>	\$856	(1.6%)	2.5%
Enterprise	\$1,430	(0.3%)	(0.6%)
SMB	\$618	(7.1%)	(2.7%)
Wholesale	\$922	(6.2%)	(2.8%)
Consumer	\$1,299	(4.1%)	(0.8%)
<b>Total Revenue</b>	<b>\$5,125</b>	<b>(3.4%)</b>	<b>(0.8%)</b>



(1) On a constant currency basis, iGAM declined 0.7% YoY and increased 2.5% QoQ

(2) Reflects certain reclassifications due to accounting changes made in the first quarter of 2020, which were announced in the Company's 8-K report filed with the SEC on April 30, 2020

# 4Q20 Consumer Metrics

Revenue (\$ in millions)	4Q20	YoY % Change <sup>(1)</sup>	QoQ % Change
Broadband	\$731	1.8%	0.1%
Voice	\$391	(11%)	(2.5%)
Regulatory	\$152	(5.6%)	(0.7%)
Other <sup>(2)</sup>	\$25	(29%)	0%
<b>Consumer Total</b>	<b>\$1,299</b>	<b>(4.1%)</b>	<b>(0.8%)</b>

Consumer Broadband Performance (in thousands)	4Q20
Total Subscribers	4,544
Subscriber Quarterly Net Change	(19)
Below 20 Mbps	(57)
20 Mbps & Above	38
➤20 to 99 Mbps	(16)
➤100 Mbps & Above	54

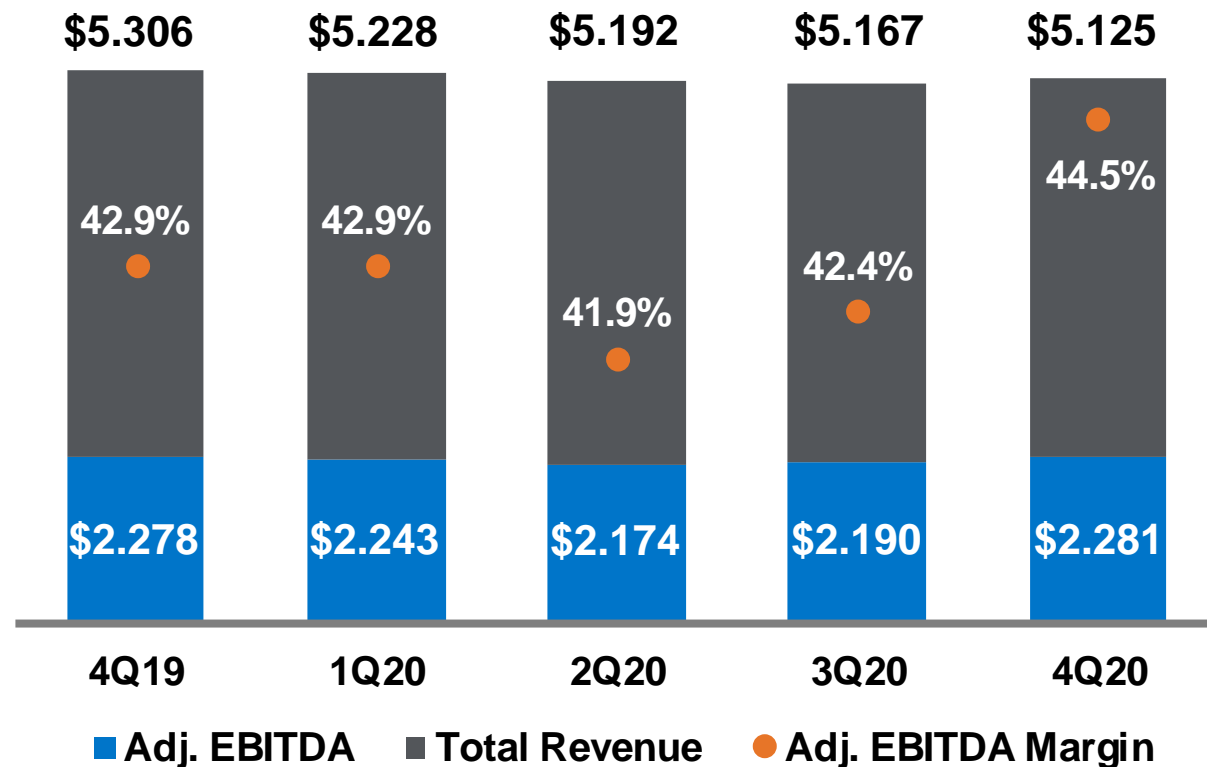
(1) Reflects certain reclassifications due to accounting changes made in the first quarter of 2020, which were announced in the Company's 8-K report filed with the SEC on April 30, 2020

(2) Other includes consumer retail video revenue, professional services and other ancillary services

# Adjusted EBITDA | Adjusted EBITDA Margin

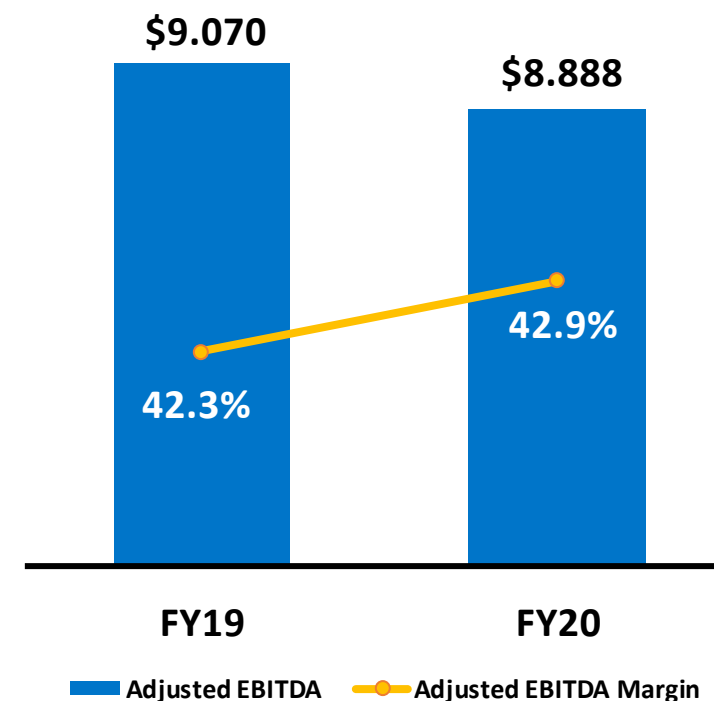
## Quarterly Performance<sup>(1)(2)</sup>

(\$ in Billions)



## Year-over-Year Performance<sup>(3)</sup>

(\$ in Billions)



(1) 4Q19, 1Q20, 2Q20, 3Q20 and 4Q20 exclude Integration, Transformation and Special Items of \$173 million, \$34 million, \$89 million, \$78 million and \$198 million respectively

(2) Reflects certain reclassifications due to accounting changes made in the first quarter of 2020, which were announced in the Company's 8-K report filed with the SEC on April 30, 2020

(3) FY19 and FY20 exclude Integration, Transformation and Special Items of \$299 million and \$399 million respectively

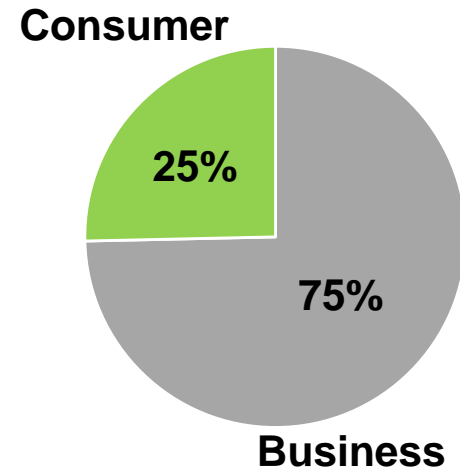
# 2021 External Reporting

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# 2021 Financial Reporting | Business vs. Mass Markets

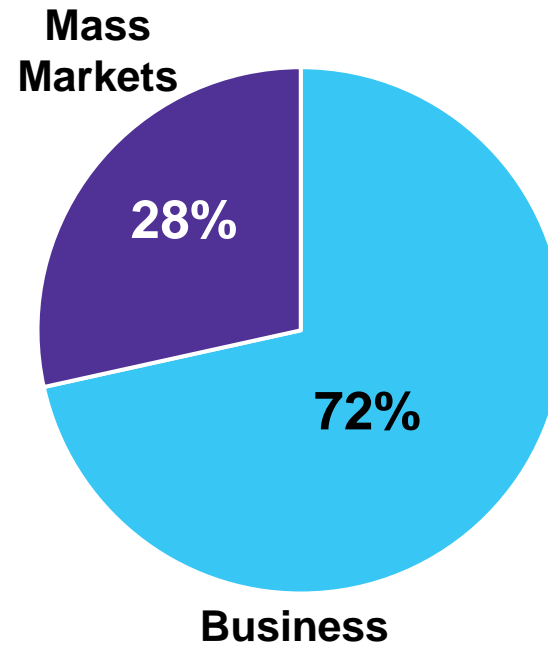
## 2020 Reporting Format

4Q20 Revenue



## 2021 Reporting Format

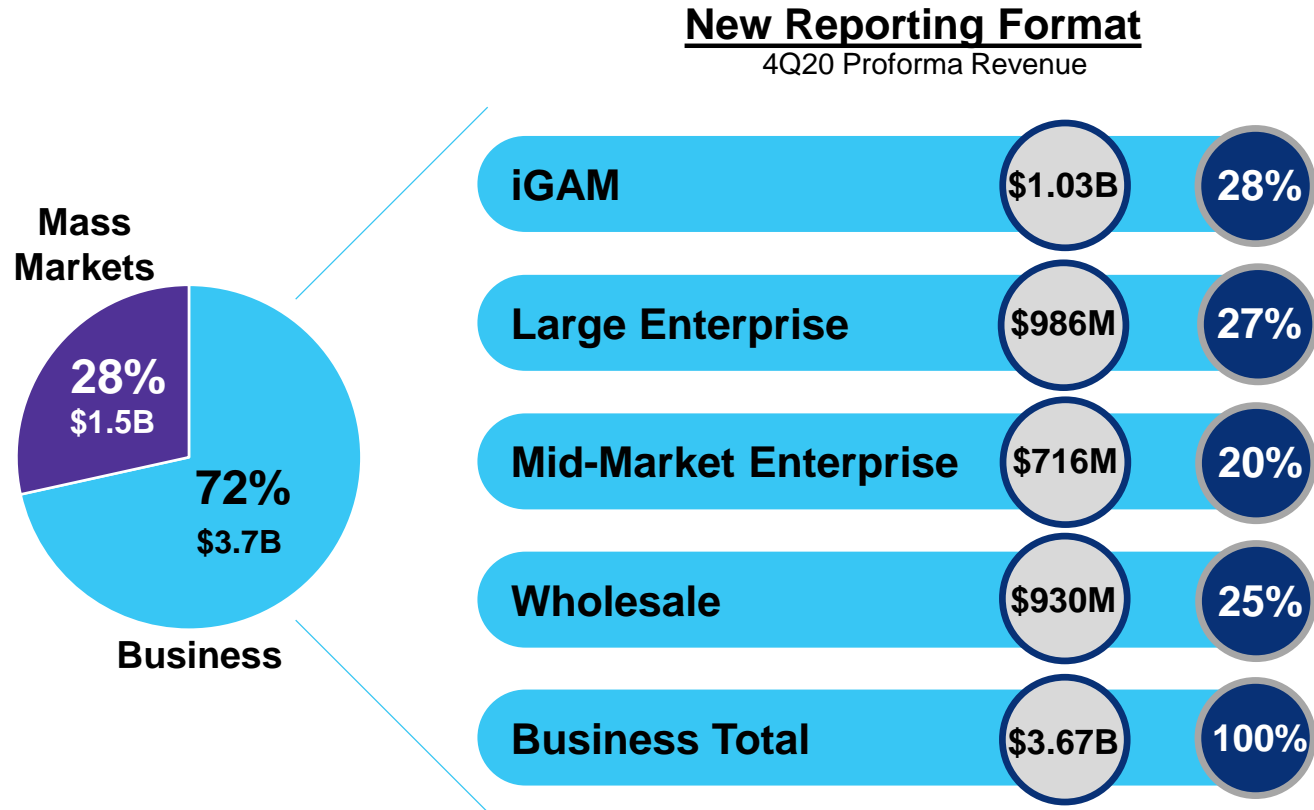
4Q20 Proforma Revenue



- ✓ Combining Consumer and Small Business (SBG) into a new segment, Mass Markets
- ✓ New Business segment includes mid-sized to largest enterprise customers
- ✓ Changes better reflect company's go to market strategy and investments for growth



# 2021 Financial Reporting | Business



## 2021 Lumen Business Sales Channels:

### ✓ iGAM

- Includes international, multinational and enterprise customers. Gains high potential customers from Enterprise channel

### ✓ Large Enterprise

- Includes large enterprises and public sector customers

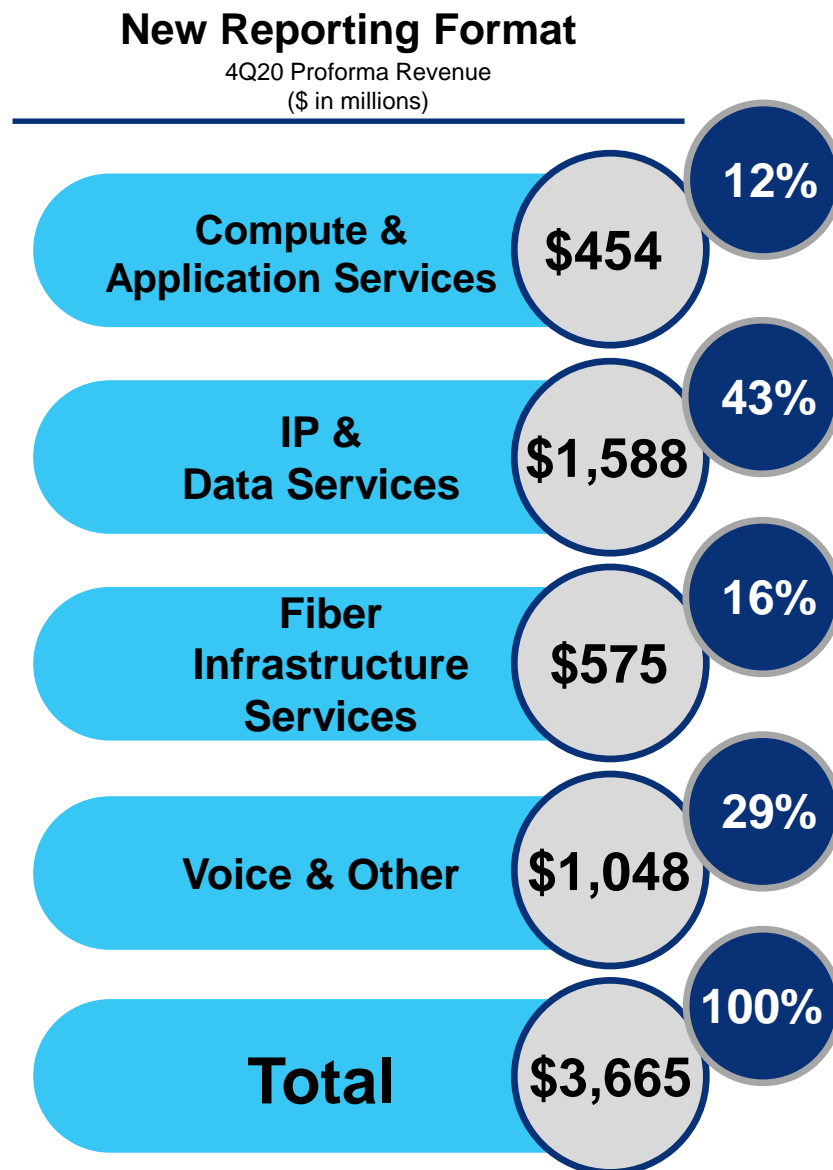
### ✓ Mid-Market Enterprise

- Includes all medium-sized enterprise customers

### ✓ Wholesale

- Includes customers ranging from large global telecom providers to small regional providers

# 2021 Financial Reporting | Business Product Categories



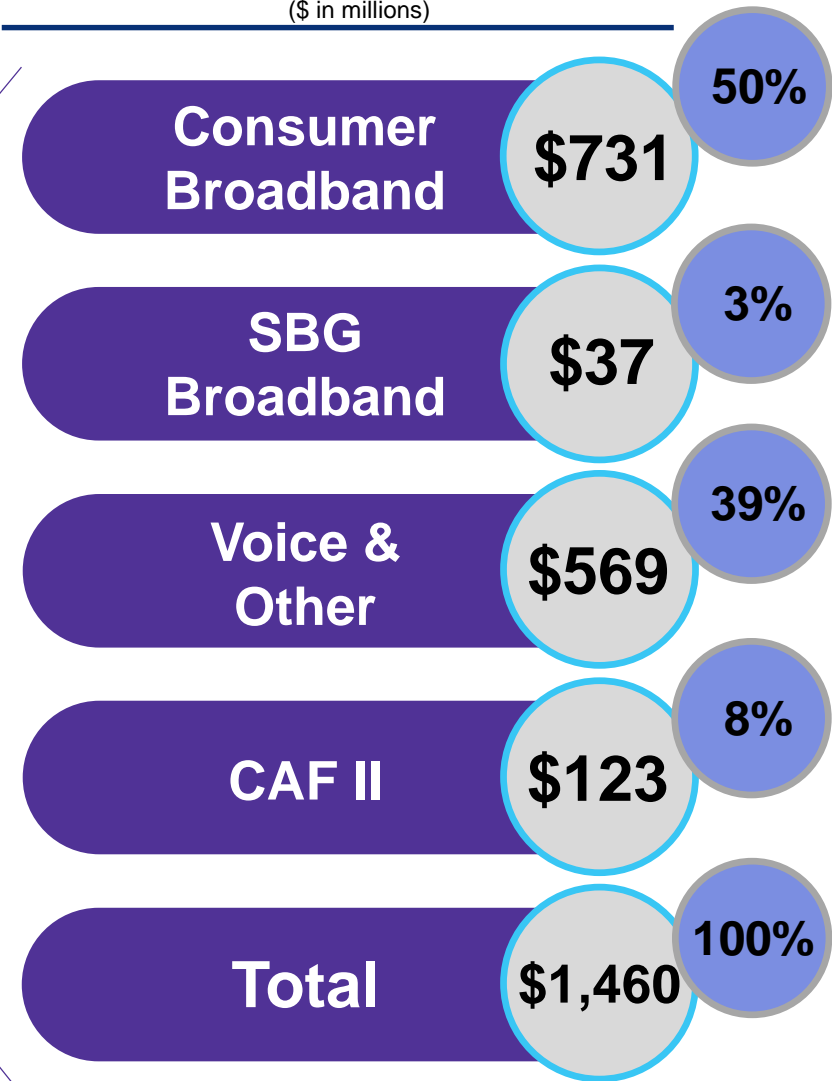
## 2021 Lumen Business Product Categories:

- ✓ **Compute & Application Services**
  - Includes Edge Cloud Services, Datacenter, CDN & Security Services
- ✓ **IP & Data Services**
  - Includes adaptive networking, hybrid networking, VPN, SDN-based services and Dynamic Connections
- ✓ **Fiber Infrastructure Services**
  - Includes dark fiber and optical services
- ✓ **Voice & Other**
  - Includes TDM voice and other legacy services

# 2021 Financial Reporting | Mass Markets Product Categories

## New Reporting Format

4Q20 Proforma Revenue  
(\$ in millions)



Mass Markets Broadband Performance	4Q20PF
Fiber Subscribers	675K
Fiber Enabled	2.4M
Fiber Penetration	~28%
Fiber ARPU	~\$56

# Adjusted EBITDA and Free Cash Flow Reporting Changes

## Proforma Adj. EBITDA Reporting

(\$ in Millions)

Metric	2020 Reported	2020 Proforma
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>\$8,489</b>	<b>\$8,489</b>
Add Backs:		
Severance <sup>(2)</sup>	\$151	\$151
Other Integration and Transformation	\$224	n/a
Subtotal	\$375	\$151
Special Items	\$24	\$24
<b>Total Add Backs</b>	<b>\$399</b>	<b>\$175</b>
<b>Adjusted EBITDA</b> Excl. Integration and Transformation and Special items	<b>\$8,888</b>	n/a
<b>Adjusted EBITDA</b> Excl. Special Items	n/a	<b>\$8,664</b>
<b>Adjusted EBITDA Margin<sup>(3)</sup></b>	<b>42.9%</b>	<b>41.8%</b>

## Proforma Free Cash Flow Reporting

(\$ in Millions)

Metric	2020 Reported	2020 Proforma
<b>Free Cash Flow<sup>(1)</sup></b>	<b>\$2,795</b>	<b>\$2,795</b>
Add Backs:		
Cash Severance Costs <sup>(2)</sup>	\$137	\$137
Cash Other Integration and Transformation Costs	\$152	n/a
Subtotal	\$289	\$137
Cash Special Items	\$47	\$47
<b>Total Add Backs</b>	<b>\$336</b>	<b>\$184</b>
<b>Free Cash Flow</b> Excl. Cash Integration and Transformation and Special Items	<b>\$3,131</b>	n/a
<b>Free Cash Flow</b> Excl. Special Items	n/a	<b>\$2,979</b>

1) For definitions of non-GAAP metrics and reconciliation to GAAP figures, see Lumen's Investor Relations website

2) Severance costs were previously classified within Integration and Transformation costs. Effective in 2021 will be reported within Special Items

3) 2020 reported Adj. EBITDA margin excludes Integration and Transformation Costs and Special Items; 2020 pro forma Adj. EBITDA margin excludes only Special Items (including severance costs).

# 2021 Financial Outlook

2021 Metric <sup>(1)(2)</sup>	2020 Proforma <sup>(3)</sup>	2021 Outlook
Adjusted EBITDA (excluding Special Items)	\$8.664 billion	\$8.4 to \$8.6 billion
Free Cash Flow (excluding Special Items) <sup>(4)</sup>	\$2.979 billion	\$2.8 to \$3.0 billion

2021 Metric <sup>(1)(2)</sup>	2020 Actual	2021 Outlook
Net Cash Interest	\$1.627 billion	\$1.525 to \$1.575 billion
GAAP Interest Expense	\$1.668 billion	\$1.550 billion
Dividends <sup>(5)</sup>	\$1.1 billion	\$1.1 billion
Capital Expenditures	\$3.729 billion	\$3.5 to \$3.8 billion
Depreciation & Amortization	\$4.710 billion	\$4.2 to \$4.4 billion
Share-Based Compensation Expense	\$175 million	~\$200 million
Cash Income Taxes	\$70 million	\$100 million
Full Year Effective Income Tax Rate <sup>(6)</sup>	24%	~27%

1) For definitions of non-GAAP metrics and reconciliation to GAAP figures, see Lumen's Investor Relations website

2) Outlook measures in this presentation and the accompanying schedules (i) exclude the effects of Special Items, future changes in our operating or capital allocation plans, unforeseen changes in regulation, laws or litigation, and other unforeseen events or circumstances impacting our financial performance and (ii) speak only as of February 10, 2021. See "Forward Looking Statements" at the beginning of this presentation

3) For 2020 results, Adjusted EBITDA and Free Cash Flow are on a proforma basis to reflect our upcoming 2021 reporting. All other metrics are on an as reported basis.

4) Free Cash Flow outlook does not include any potential discretionary pension fund contribution

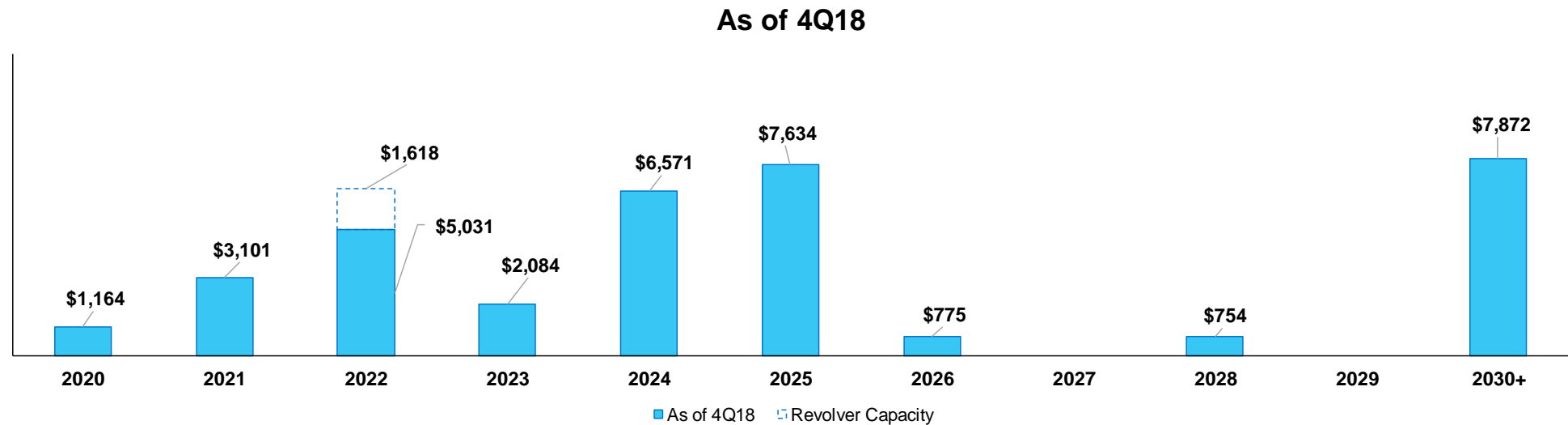
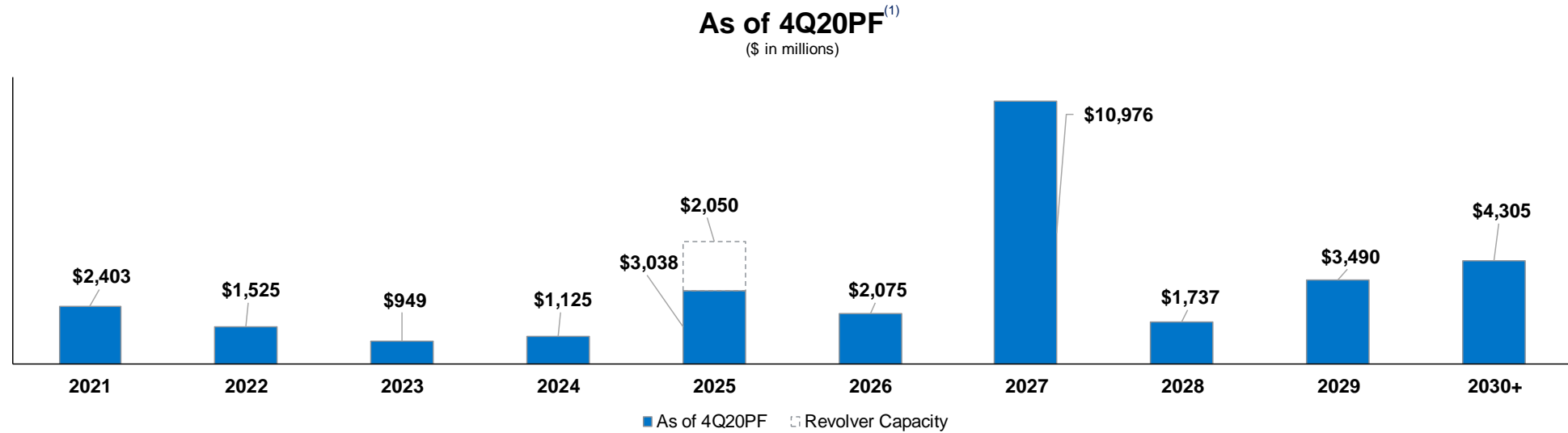
5) Dividends are defined as dividends paid as disclosed in the Consolidated Statements of Cash Flows. Assumes payment of dividends at the rate of \$1.00 per share per year, based on the number of shares outstanding on December 31, 2020. Payments of all dividends are at the discretion of the Board of Directors

6) 2020 Actual excludes goodwill impairment

# Appendix

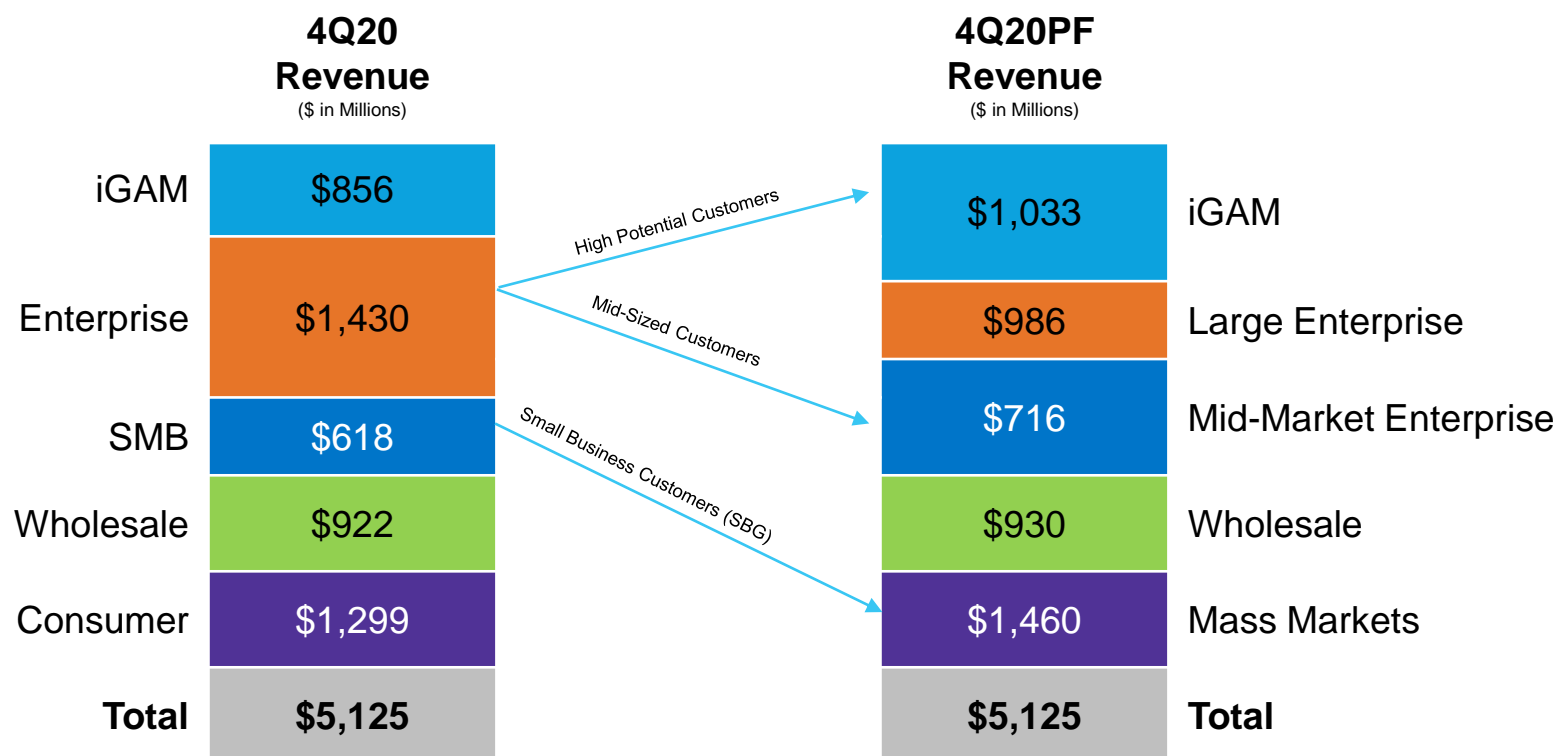
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# Improved Debt Maturity Profile






# New Reporting Summary | Sales Channel Revenue Moves



- ✓ Changes better reflect company's go to market strategy and investments for growth
- ✓ Changes made based on customer buying behavior and customer service model
- ✓ iGAM increases in size with ~350 customers, includes highest potential customers and all international customers
- ✓ Small Business customers (SBG) moved to the Mass Markets segment

# New Reporting Summary | Business Product Revenue Moves

Product Category	4Q20 Revenue (\$ in Millions)		Product Category	4Q20PF Revenue (\$ in Millions)
IP & Data	\$1,580		Compute & Application	\$454
Transport & Infrastructure	\$1,274		IP & Data	\$1,588
Voice & Collaboration	\$858		Fiber Infrastructure Services	\$575
IT & Managed Services	\$114		Voice & Other	\$1,048
<b>Total</b>	<b>\$3,826</b>		<b>Total</b>	<b>\$3,665</b>

## Lumen Business Product Categories:

- ✓ **Compute & Application Services**
  - Includes Edge Cloud Services, Datacenter, CDN & Security Services
- ✓ **IP & Data Services**
  - Includes adaptive networking, hybrid networking, VPN, SDN-based services and Dynamic Connections
- ✓ **Fiber Infrastructure Services**
  - Includes dark fiber and optical services
- ✓ **Voice & Other**
  - Includes TDM voice and other legacy services