

Second Quarter 2022 Results

August 3, 2022

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: the effects of competition from a wide variety of competitive providers, including decreased demand for our more mature service offerings and increased pricing pressures; the effects of new, emerging or competing technologies, including those that could make our products less desirable or obsolete; our ability to successfully and timely attain our key operating imperatives, including simplifying and consolidating our network, simplifying and automating our service support systems, attaining our Quantum Fiber buildout plans, strengthening our relationships with customers and attaining projected cost savings; our ability to safeguard our network, and to avoid the adverse impact of possible cyber-attacks, security breaches, service outages, system failures, or similar events impacting our network or the availability and quality of our services; the effects of ongoing changes in the regulation of the communications industry, including the outcome of legislative, regulatory or judicial proceedings relating to content liability standards, intercarrier compensation, universal service, service standards, broadband deployment, data protection, privacy and net neutrality; our ability to effectively retain and hire key personnel and to successfully negotiate collective bargaining agreements on reasonable terms without work stoppages; changes in customer demand for our products and services, including increased demand for high-speed data transmission services; our ability to successfully maintain the quality and profitability of our existing product and service offerings and to introduce profitable new offerings on a timely and cost-effective basis; our ability to generate cash flows sufficient to fund our financial commitments and objectives, including our capital expenditures, operating costs, debt repayments, dividends, pension contributions and other benefits payments; our ability to successfully and timely implement our corporate strategies, including our deleveraging strategy; our ability to successfully and timely consummate the pending divestiture of a portion of our incumbent local exchange business on the terms proposed, to realize the anticipated benefits therefrom, and to operate our retained business successfully thereafter; changes in our operating plans, corporate strategies, dividend payment plans or other capital allocation plans, whether based upon changes in our cash flows, cash requirements, financial performance, financial position, market or regulatory conditions or otherwise; the impact of any future material acquisitions or divestitures that we may transact; the negative impact of increases in the costs of our pension, 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 (“ESG”) expectations and benchmarks, and effectively communicate and implement our ESG strategies; our ability to collect our receivables from, or continue to do business with, financially-troubled customers; our ability to use our net operating loss carryforwards in the amounts projected; our ability to continue to use or renew intellectual property used to conduct our operations; any adverse developments in legal or regulatory proceedings involving us; changes in tax, pension, healthcare or other laws or regulations, in governmental support programs, or in general government funding levels, including those arising from recently-enacted federal legislation promoting broadband spending; the effects of changes in accounting policies, practices or assumptions, including changes that could potentially require additional future impairment charges; continuing uncertainties regarding the impact that COVID-19 disruptions could have on our business, operations, cash flows and corporate initiatives; 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 effect of changes in interest rates and inflation; the effects of more general factors such as changes in exchange rates, in operating costs, in public policy, in the views of financial analysts, or in general market, labor, economic 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.

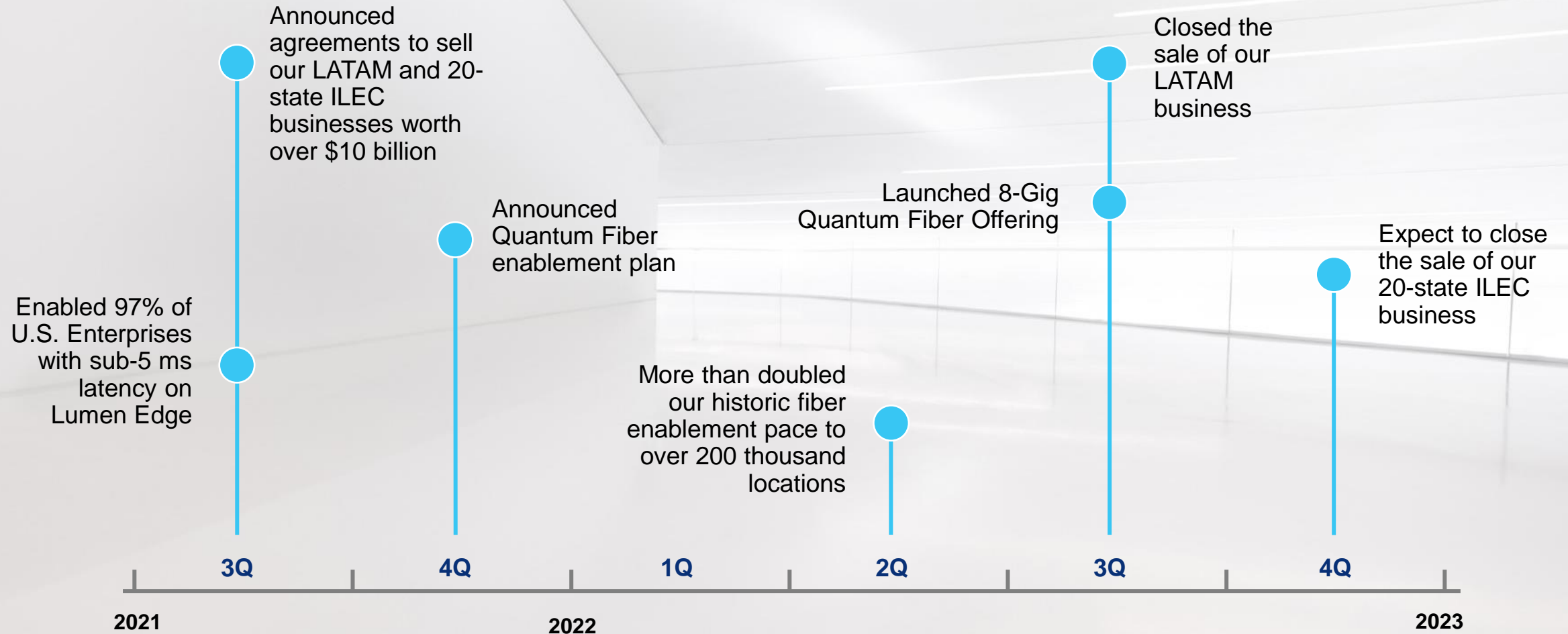
Non-GAAP Measures

This presentation includes certain historical and forward-looking non-GAAP financial measures, including but not limited to adjusted EBITDA, adjusted EBITDA margin, net-debt-to-adjusted-EBITDA and free cash flow, each excluding the effects of special items, and adjustments to GAAP and other non-GAAP measures to exclude the effect of 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.

Disclosures for our Mass Markets segment associated with our pending 20-state ILEC business divestiture to Apollo are referred to as RemainCo in our earnings materials. These are internal estimates which may be subject to change. Our goal is to allow investors and others to begin to model our Mass Markets segment as we near completion of the expected divestiture. Given the complexity, we do not intend to provide prior period estimates but will provide RemainCo estimated quarterly results through the close of the transaction with Apollo.

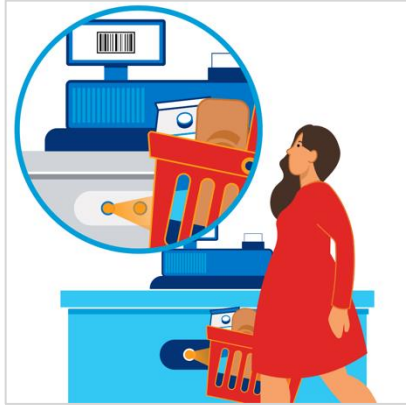
Reconciliations of non-GAAP financial measures to the most comparable GAAP measures are included in the financial schedules to the Company's accompanying earnings release. Reconciliation of additional non-GAAP historical financial measures that may be discussed during the call, along with further descriptions 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.

Key Milestones



Enabling Low-latency Use Cases

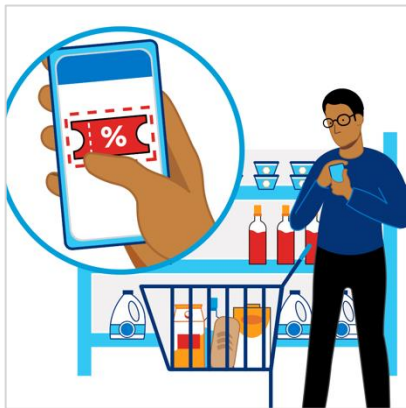
RETAIL



Contactless Checkout



**Inventory Management
and Fraud Prevention**

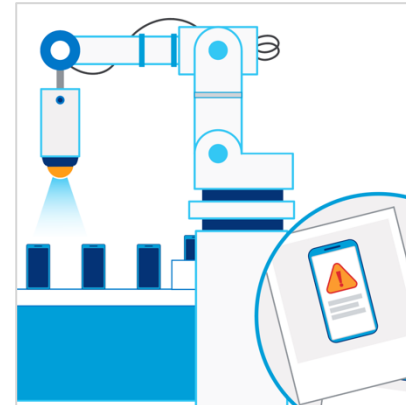


Real-time Promotions



AR/VR Customer Experiences

MANUFACTURING



Optical inspections



AR Workflows



Predictive Maintenance



Real-time Process Control

Launched Our Quantum Fiber Multi-Gig Offer



Congrats! You qualify for ultra-fast internet.

New!

Up to

3 Gig

\$150/mo

Taxes and fees may apply.
[Offer Details.](#)

- **15X** faster than the average U.S. download speeds
- **99.9%** reliability
- **3 Gig** uploads/downloads
- **Wall-to-wall** WiFi coverage

New!

Up to

8 Gig

\$300/mo

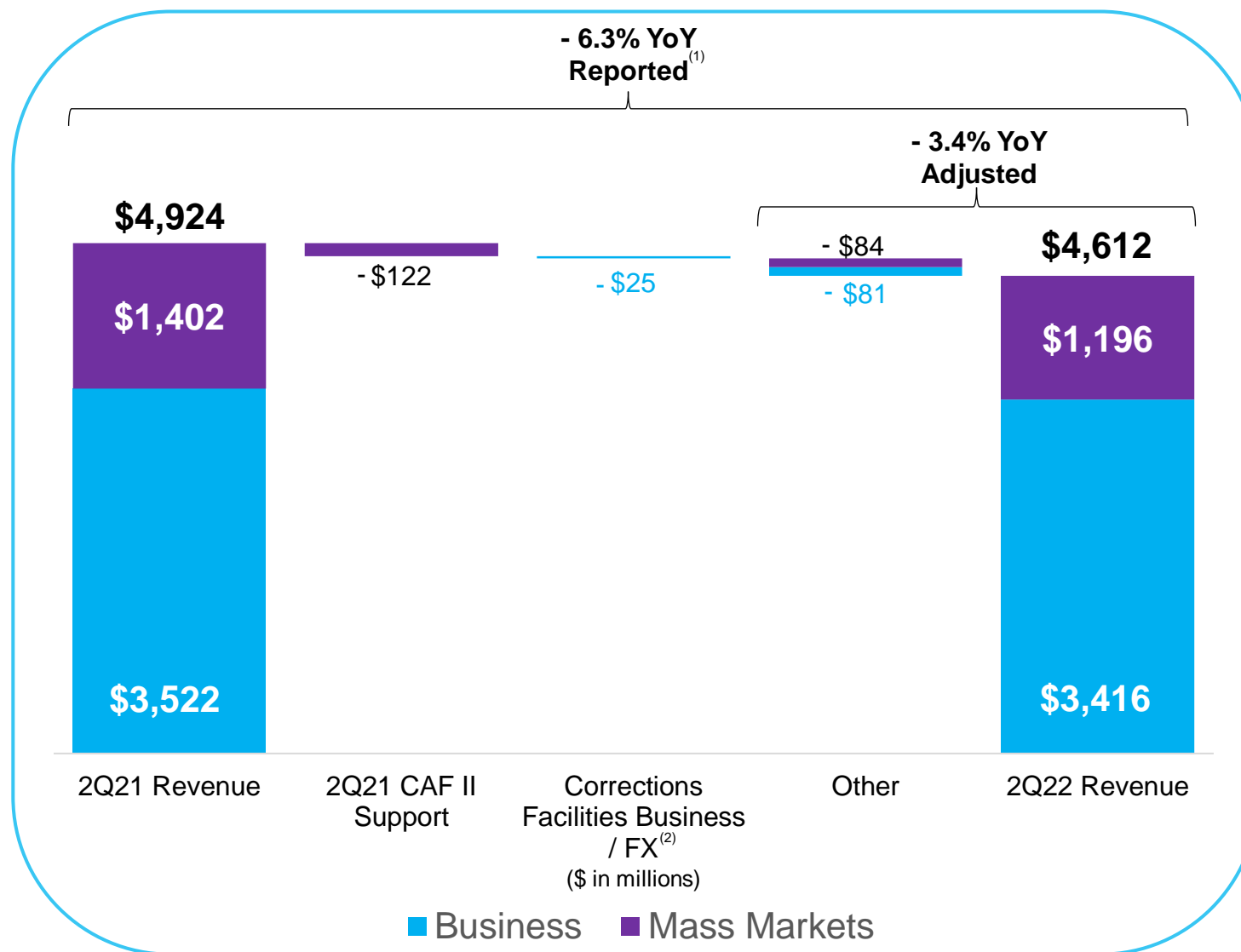
Taxes and fees may apply.
[Offer Details.](#)

- **40X** faster than the average U.S. download speeds
- **99.9%** reliability
- **8 Gig** uploads/downloads
- **Wall-to-wall** WiFi coverage

Financial Highlights for 2Q22

- Completed the LATAM business divestiture on August 1 for approximately \$2.7 billion
- Improved Business revenue performance across all Enterprise channels
- Continued improvement in Mass Markets revenue mix with Fiber Broadband revenue up over 16% year over year
- Reduced Net Debt by nearly \$900 million year to date in 2022
- Generated Free Cash Flow of \$668 million
- Reiterated all full-year 2022 financial outlook measures

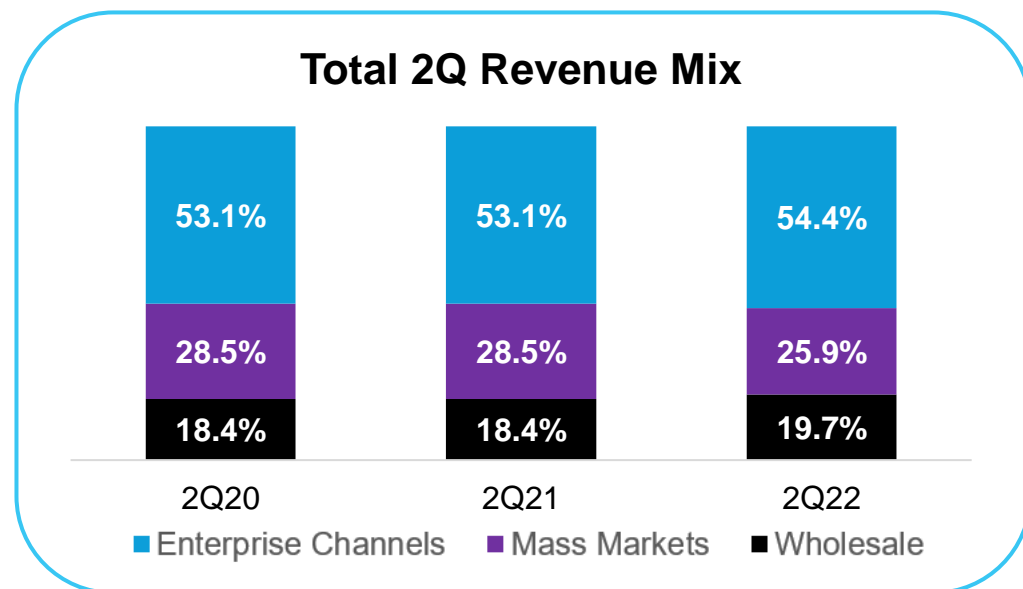
2Q22 Year-Over-Year Total Revenue Bridge



Adjusted Revenue Performance:

- **Business: -2.3%**
- **Mass Markets: -6.6%**
- **Total: -3.4%**

2Q22 Revenue – Sales Channels



Investing for Future Growth in Enterprise Channels and Mass Markets

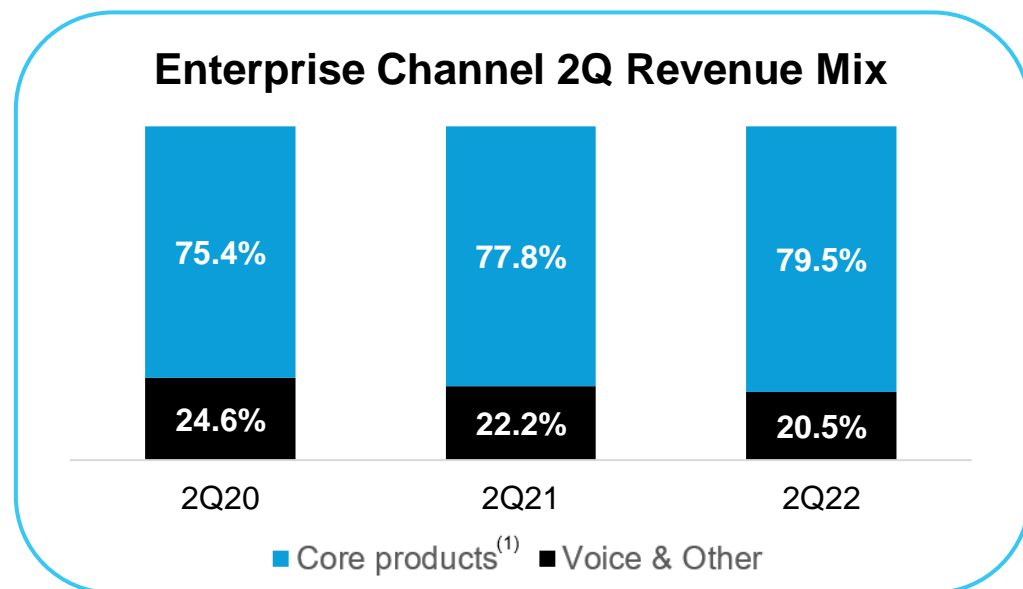
Revenue (\$ in millions)	2Q22	YoY% Change	QoQ% Change
Enterprise Channels ⁽¹⁾	\$2,506	(4.2%)	(0.2%)
Wholesale ⁽²⁾	\$910	0.6%	2.4%
Business Subtotal	\$3,416	(3.0%)	0.4%
Mass Markets⁽³⁾	\$1,196	(14.7%)	(6.2%)
Total Revenue	\$4,612	(6.3%)	(1.4%)

(1) Enterprise Channels include the International and Global Accounts (iGAM), Large Enterprise and Mid-Market Enterprise sales channels.

(2) 2Q22 includes benefits from IT professional services provided in connection with pending divestiture transactions and carrier re-rates.

(3) 2Q21 and 1Q22 include CAF II impacts of \$122 million and \$59 million, respectively.

2Q22 Enterprise Channel Revenue



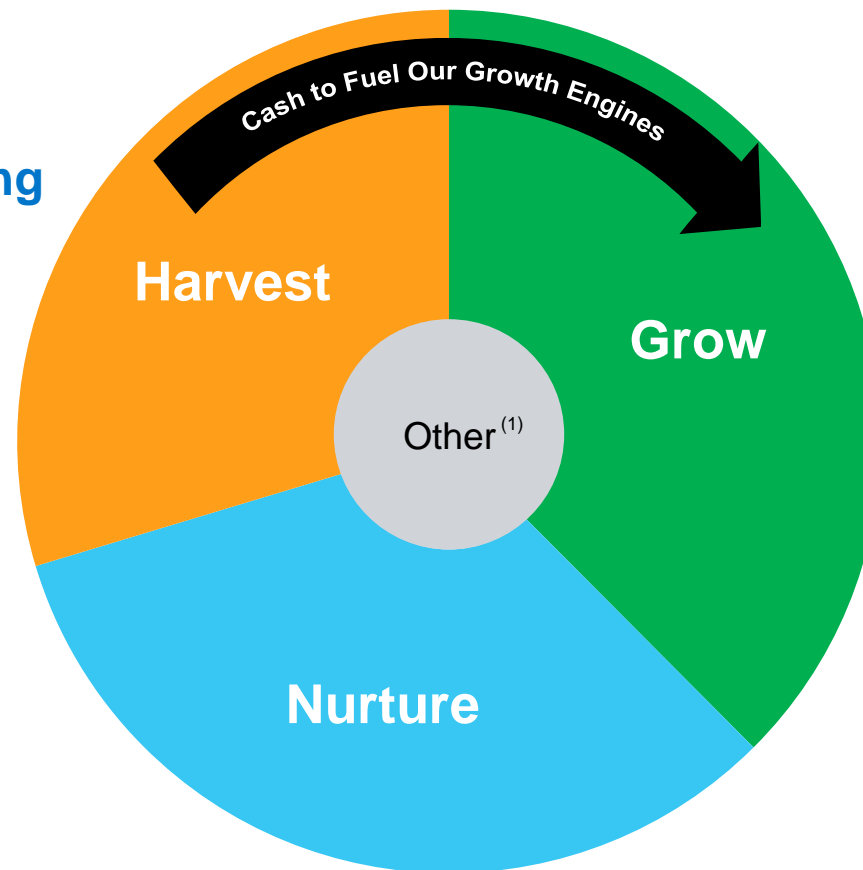
Improved year-over-year performance across all Enterprise Channels in 2Q22

Revenue (\$ in millions)	2Q22	YoY% Change	QoQ% Change
International and GAM	\$996	(1.5%)	(0.3%)
Large Enterprise	\$884	(6.5%)	0.8%
Mid-Market Enterprise	\$626	(5.3%)	(1.6%)
Total Enterprise Channels	\$2,506	(4.2%)	(0.2%)

New Business Product Revenue Reporting

Managing mature, declining products for cash and supporting customers through technology migration

Legacy Voice, Private Line, UNEs, etc.



Invest for growth to develop and expand new revenue streams

SD-WAN, SASE, IP, Security, Cloud, UC&C / VoIP, etc.

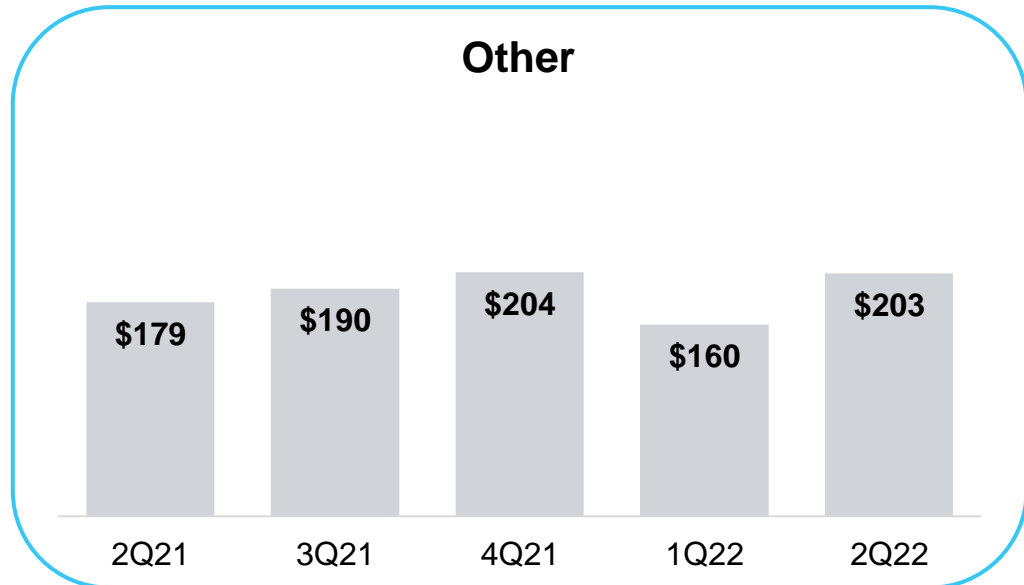
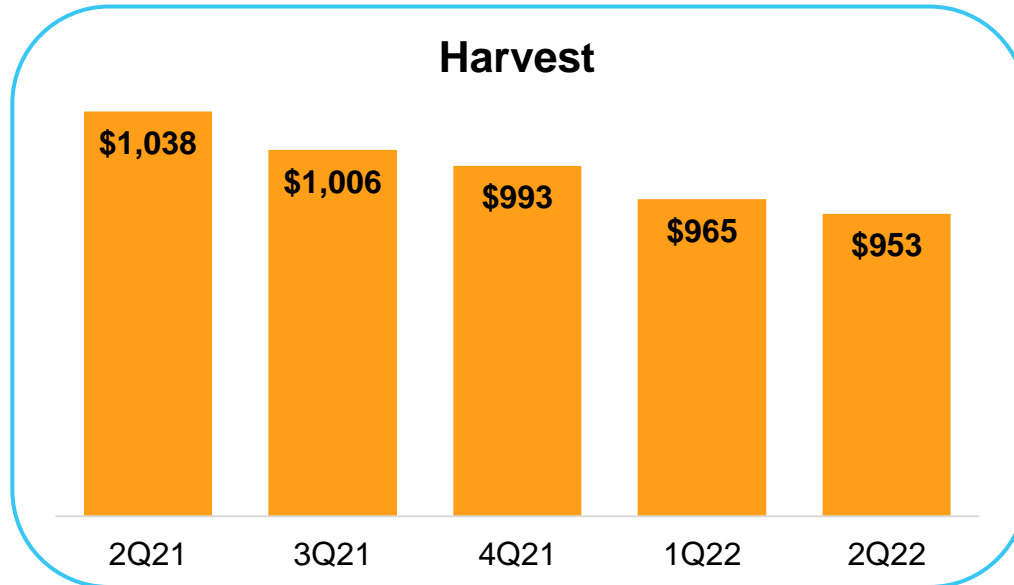
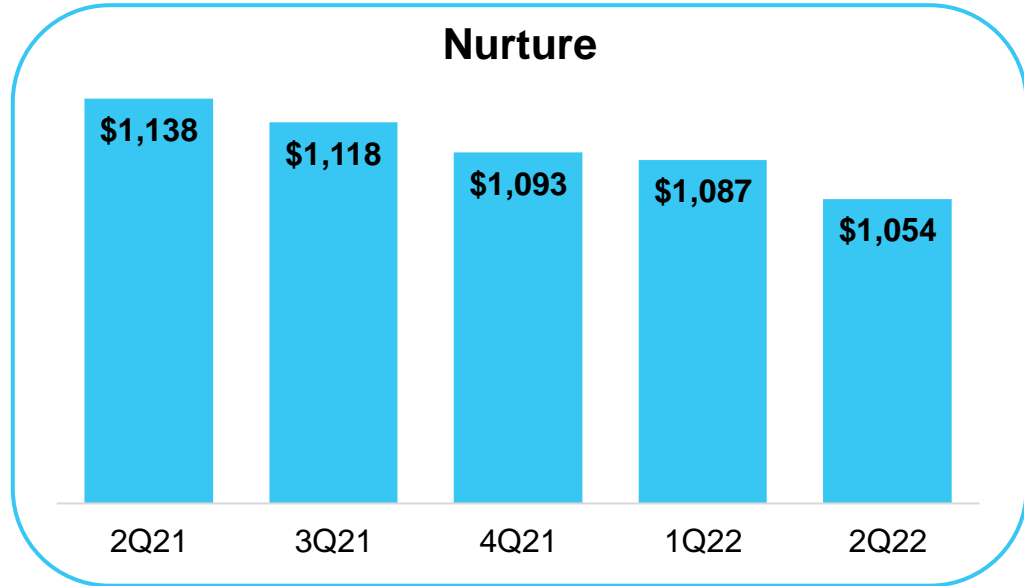
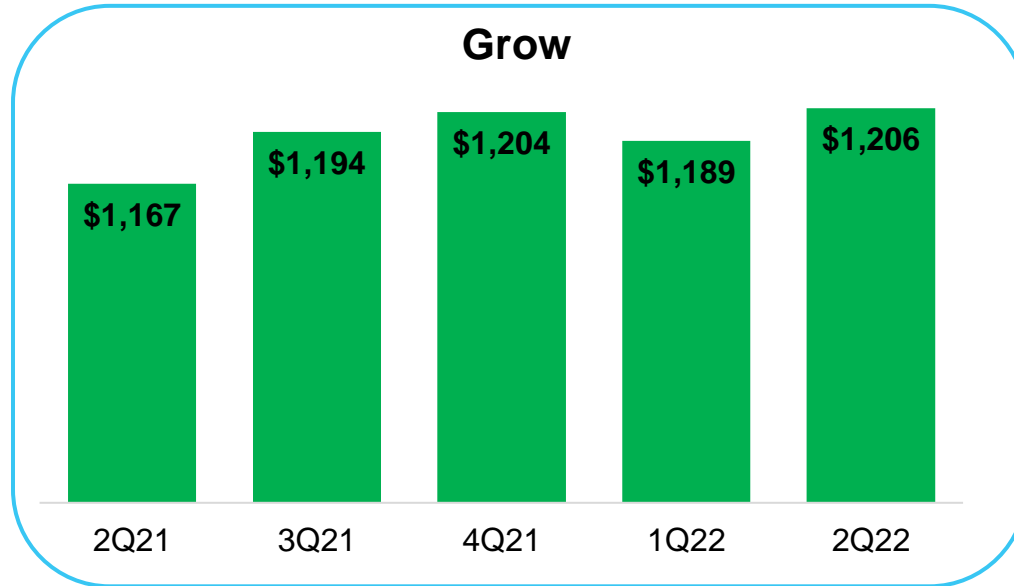


Improve portfolio margins through automation and digital experience investments

VPN Data Networks, Ethernet, etc.



New Business Product Revenue Reporting



2Q22 Mass Markets Revenue

Total Mass Markets Product Categories

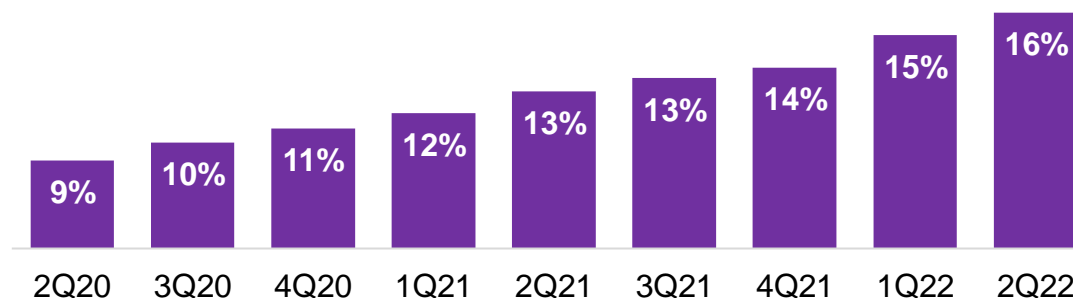
Revenue (\$ in millions)	2Q22	YoY% Change	QoQ% Change	% Total
Fiber Broadband	\$151	16.2%	4.1%	13%
Other Broadband ⁽¹⁾	\$596	(5.7%)	(2.3%)	50%
Voice and Other ⁽²⁾	\$449	(29.8%)	(13.7%)	37%
Total Mass Markets	\$1,196	(14.7%)	(6.2%)	100%

RemainCo Mass Markets Product Categories

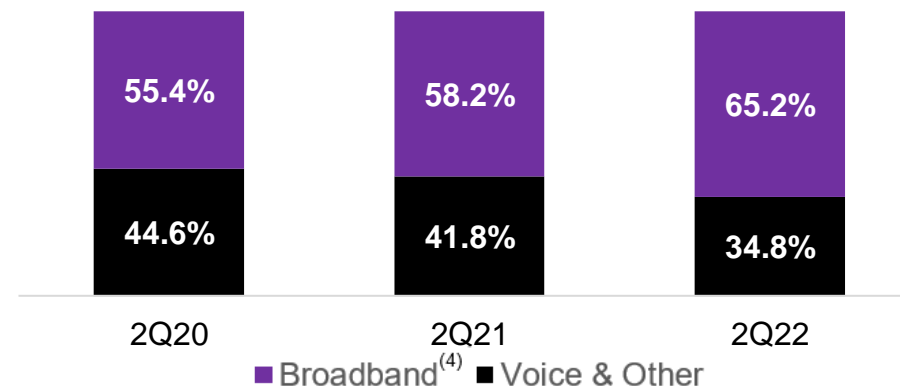
Revenue (\$ in millions)	2Q22	YoY% Change	QoQ% Change	% Total
Fiber Broadband	\$138	16.0%	4.5%	16%
Other Broadband	\$409	(4.7%)	(1.7%)	49%
Voice and Other ⁽³⁾	\$292	(25.9%)	(6.4%)	35%
Total Mass Markets	\$839	(10.9%)	(2.4%)	100%

Significant Revenue Mix Improvement Expected Within RemainCo

RemainCo Mass Markets Fiber Contribution



RemainCo Mass Markets 2Q Revenue Mix



(1) Other Broadband revenue primarily includes revenue from lower speed copper-based broadband services marketed under the CenturyLink brand.

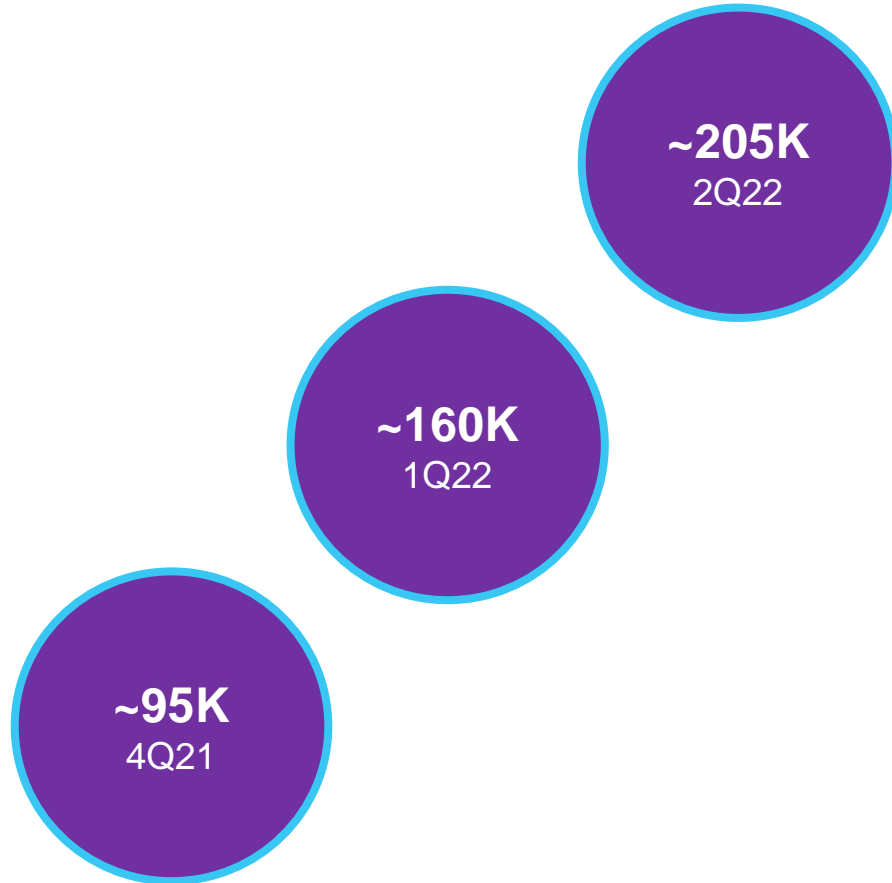
(2) 2Q21 and 1Q22 include CAF II impacts of \$122 million and \$59 million, respectively.

(3) 2Q21 and 1Q22 include CAF II impacts of \$53 million and \$14 million, respectively.

(4) Broadband includes Fiber Broadband and Other Broadband product categories.

Quantum Fiber Enabled Locations Ramping

Total Lumen Quarterly Enabled Location Adds



2Q22 Broadband Metrics

<u>Fiber</u>	<u>Total Lumen</u>	<u>RemainCo</u>
Enabled Locations	3.1M	2.9M
Enabled Location Adds	~205K	~185K
Subscribers	858K	788K
Penetration	27%	28%
<u>Other</u>	<u>Total Lumen</u>	<u>RemainCo</u>
Enabled Locations	26.1M	18.9M
Subscribers	3.5M	2.4M
Penetration	14%	13%

2Q22 RemainCo Quantum Fiber Subscriber Growth and KPIs

8Gbps

Launched Multi-gig Offerings

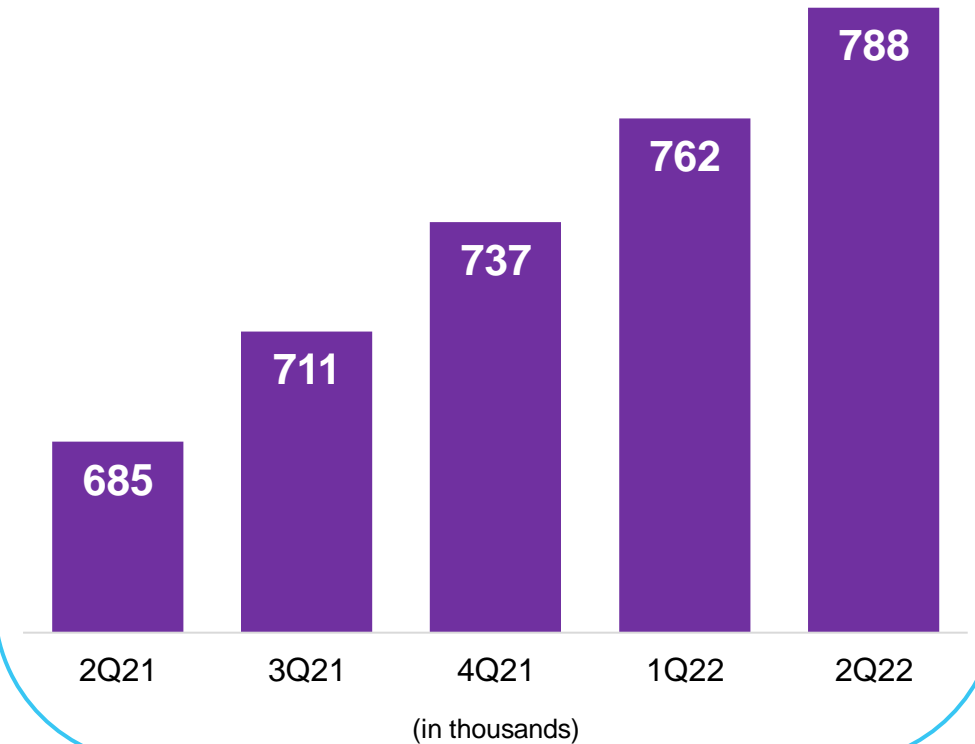
~\$59
ARPU

> 22%

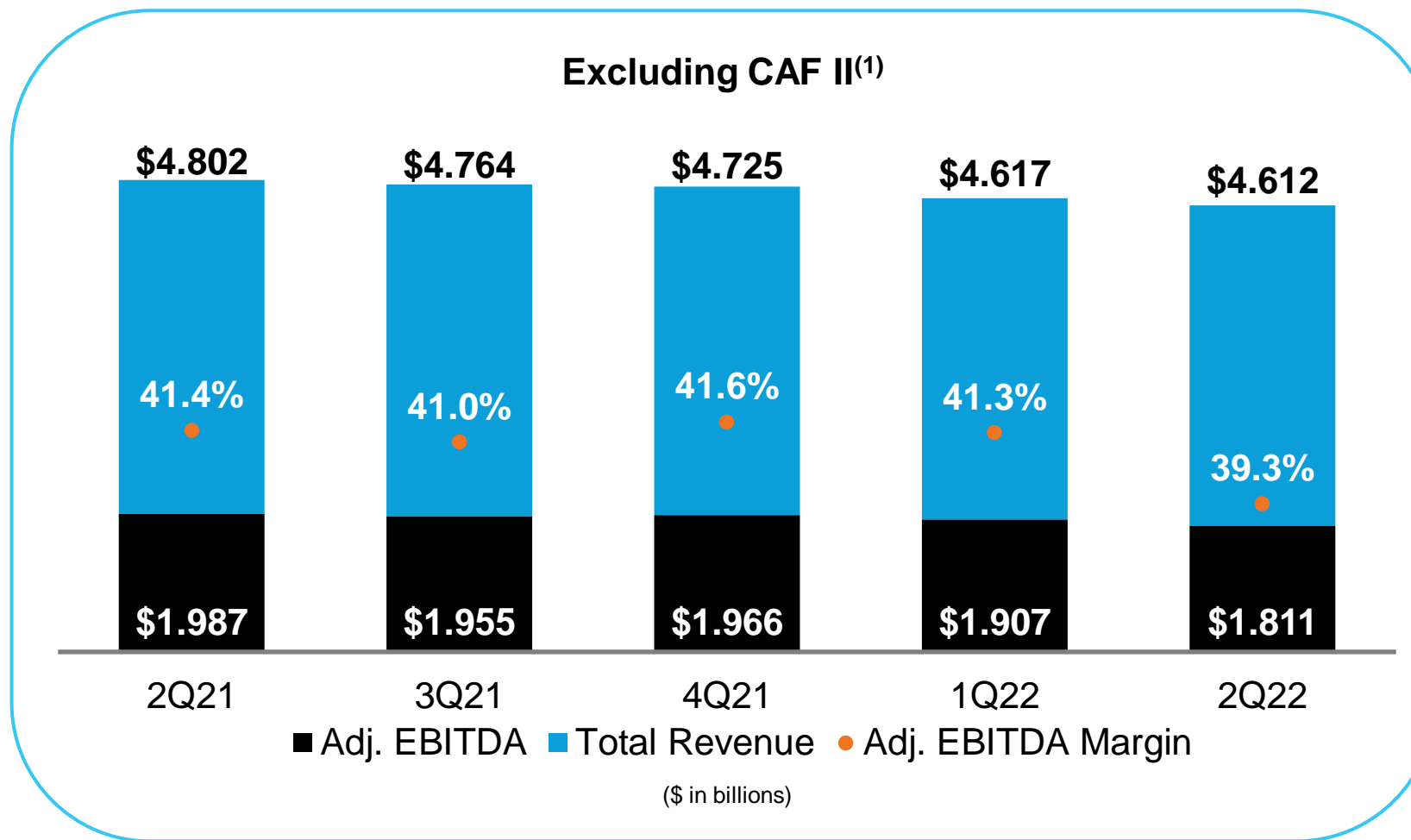
Penetration of the 2020 Enablement Vintage
(at 12-month mark)

> +50
NPS

RemainCo Quantum Fiber
Subscriber Trends



Adjusted EBITDA | Adjusted EBITDA Margin



Consolidated Cash Flow Summary

Key Metrics

(\$ in millions)

2Q22

Cash Flow From Operations

\$1,396

Capital Expenditures

\$761

Free Cash Flow

\$668

Net Cash Interest

\$312

Net Debt

\$29,411

**Continued Strong
Free Cash Generation**

Reiterated 2022 Financial Outlook

Metric ⁽¹⁾⁽²⁾	Outlook ⁽³⁾
Adjusted EBITDA	\$6.9 to \$7.1 billion
Free Cash Flow ⁽⁴⁾	\$2.0 to \$2.2 billion
Net Cash Interest	\$1.3 to \$1.4 billion
GAAP Interest Expense	\$1.350 billion
Dividends ⁽⁵⁾	\$1.00 per share
Capital Expenditures	\$3.2 to \$3.4 billion
Depreciation & Amortization	\$3.2 to \$3.4 billion
Stock-based Compensation Expenses	~\$150 million
Cash Income Taxes	~\$100 million
Full Year Effective Income Tax Rate	~26%

⁽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 Aug. 3, 2022. See "Forward Looking Statements" at the beginning of this presentation.

⁽³⁾ Outlook measures include accounting impacts of assets and liabilities held for sale and assume the pending sale of Lumen's 20-state ILEC business would be completed in the fourth quarter of 2022, resulting in 2022 financial contributions of three quarters for that business.

⁽⁴⁾ Assumes no discretionary pension plan contributions during 2022 and excludes any contributions related to the 20-state ILEC business transaction.

⁽⁵⁾ This implies cash dividends of approximately \$1.040 billion, based on common stock outstanding as of Dec. 31, 2021 and projected accrued dividends.

Q&A