

4th Quarter Earnings

February 7, 2023

LUMEN®

Financial Trending Schedule

Financial Results and Trend Schedules, Debt, Operating Metrics, and Adjusted EBITDA

4th Quarter Earnings

February 7, 2023



Lumen Technologies, Inc.

Financial Results

(UNAUDITED)

(\$ in millions, except per share data)

Metric	Fourth Quarter		Full Year	
	2022	2021	2022	2021
International and Global Accounts	\$ 797	\$ 1,025	\$ 3,645	\$ 4,083
Large Enterprise	804	931	3,409	3,771
Mid Market Enterprise	585	647	2,465	2,649
Enterprise Channels	2,186	2,603	9,519	10,503
Wholesale	819	891	3,520	3,616
Business Segment Revenue	3,005	3,494	13,039	14,119
Mass Markets Segment Revenue	795	1,353	4,439	5,568
Total Revenue	\$ 3,800	\$ 4,847	\$ 17,478	\$ 19,687
Cost of Services and Products	1,826	2,086	7,868	8,488
Selling, General and Administrative Expenses	671	723	3,078	2,895
Gain on sale of businesses ⁽¹⁾	(180)	—	(773)	—
Loss on disposal groups held for sale	700	—	700	—
Stock-based Compensation Expense	27	31	98	120
Adjusted EBITDA ⁽²⁾	810	2,069	6,703	8,424
Adjusted EBITDA, Excluding Special Items ⁽²⁾⁽³⁾	1,393	2,088	6,858	8,440
Adjusted EBITDA Margin ⁽²⁾	21.3 %	42.7 %	38.4 %	42.8 %
Adjusted EBITDA Margin, Excluding Special Items ⁽²⁾⁽³⁾	36.7 %	43.1 %	39.2 %	42.9 %
Net Cash Provided by Operating Activities	841	1,607	4,735	6,501
Capital Expenditures	833	848	3,016	2,900
Unlevered Cash Flow ⁽²⁾	264	1,100	3,059	5,086
Unlevered Cash Flow, Excluding Cash Special Items ⁽²⁾⁽⁴⁾	382	1,117	3,600	5,227
Free Cash Flow ⁽²⁾	8	759	1,719	3,601
Free Cash Flow, Excluding Cash Special Items ⁽²⁾⁽⁴⁾	126	776	2,260	3,742
Net (Loss) Income	(3,069)	508	(1,548)	2,033
Net Income, Excluding Special Items ⁽²⁾⁽⁵⁾	425	522	1,564	2,039
Net (Loss) Income per Common Share - Diluted ⁽⁵⁾	(3.08)	0.50	(1.54)	1.91
Net Income per Common Share - Diluted, Excluding Special Items ⁽²⁾⁽⁵⁾	0.43	0.51	1.55	1.91
Weighted Average Shares Outstanding (in millions) - Diluted	995.6	1,015.5	1,007.5	1,066.8

⁽¹⁾ Reflects (i) the pre-tax gain of \$597 million recorded in operating income as a result of our Latin American business divestiture completed August 1, 2022 and (ii) the pre-tax gain of \$176 million recorded in operating income as a result of our 20-state ILEC business divestiture completed October 3, 2022.

⁽²⁾ See the attached schedules for definitions of non-GAAP metrics and reconciliations to GAAP figures.

⁽³⁾ Excludes Special Items in the amounts of (i) \$583 million for the fourth quarter of 2022, (ii) \$19 million for the fourth quarter of 2021, (iii) \$155 million for full year 2022 and (iv) \$16 million for the full year 2021.

⁽⁴⁾ Excludes cash paid for Special Items of (i) \$118 million for the fourth quarter of 2022, (ii) \$17 million for the fourth quarter of 2021, (iii) \$541 million for the full year 2022 and (iv) \$141 million for the full year 2021.

⁽⁵⁾ Excludes Special Items (net of the income tax effect thereof) in the amounts of (i) \$3.5 billion for the fourth quarter of 2022, (ii) \$14 million for the fourth quarter of 2021, (iii) \$3.1 billion for the full year 2022 and (iv) \$6 million for the full year 2021.



Lumen Technologies, Inc.
Modified Revenue by Sales Channel and Product Category
(UNAUDITED)
(\$ in millions)

	4Q22			3Q22			2Q22			1Q22			4Q21			3Q21			2Q21			1Q21		
	Lumen Consolidated, as modified	Lumen Consolidated, totals ⁽¹⁾	Adjustments ⁽²⁾	Lumen Consolidated, as modified	Lumen Consolidated, totals ⁽¹⁾	Adjustments ⁽²⁾	Lumen Consolidated, as modified	Lumen Consolidated, totals ⁽¹⁾	Adjustments ⁽²⁾	Lumen Consolidated, as modified	Lumen Consolidated, totals ⁽¹⁾	Adjustments ⁽²⁾	Lumen Consolidated, as modified	Lumen Consolidated, totals ⁽¹⁾	Adjustments ⁽²⁾	Lumen Consolidated, as modified	Lumen Consolidated, totals ⁽¹⁾	Adjustments ⁽²⁾	Lumen Consolidated, as modified	Lumen Consolidated, totals ⁽¹⁾	Adjustments ⁽²⁾	Lumen Consolidated, as modified		
Revenue By Sales Channel																								
Business Segment:																								
Large Enterprise	\$ 1,217	1,239	(28)	1,211	1,386	(160)	1,226	1,397	(157)	1,240	1,429	(157)	1,272	1,436	(159)	1,277	1,426	(160)	1,266	1,447	(156)	1,291		
Mid-Market Enterprise	522	618	(85)	533	626	(86)	540	636	(87)	549	647	(88)	559	648	(86)	562	661	(88)	573	693	(90)	603		
Public Sector	431	457	(22)	435	493	(24)	469	477	(24)	453	525	(25)	500	531	(31)	500	529	(28)	501	524	(28)	496		
Enterprise Channels	2,170	2,314	(135)	2,179	2,505	(270)	2,235	2,510	(268)	2,242	2,601	(270)	2,331	2,615	(276)	2,339	2,616	(276)	2,340	2,664	(274)	2,390		
Wholesale	835	903	(64)	839	911	(56)	855	891	(60)	831	893	(62)	831	893	(58)	835	906	(62)	844	931	(56)	875		
Business Segment Revenue	3,005	3,217	(199)	3,018	3,416	(326)	3,090	3,401	(328)	3,073	3,494	(332)	3,162	3,508	(334)	3,174	3,522	(338)	3,184	3,595	(330)	3,265		
Mass Markets Segment Revenue	795	1,173	(355)	818	1,196	(358)	838	1,275	(424)	851	1,353	(493)	860	1,379	(499)	880	1,402	(509)	893	1,434	(513)	921		
Total Revenue	\$ 3,800	4,390	(554)	3,836	4,612	(684)	3,928	4,676	(752)	3,924	4,847	(825)	4,022	4,887	(833)	4,054	4,924	(847)	4,077	5,029	(843)	4,186		
Revenue by Product Category																								
Business Segment:																								
Grow	\$ 1,091	1,120	(45)	1,075	1,206	(135)	1,071	1,189	(127)	1,062	1,204	(128)	1,076	1,194	(124)	1,070	1,167	(122)	1,045	1,147	(109)	1,038		
Nurture	934	996	(51)	945	1,054	(78)	976	1,087	(82)	1,005	1,093	(80)	1,013	1,118	(79)	1,039	1,138	(83)	1,055	1,172	(87)	1,085		
Harvest	777	916	(136)	800	953	(127)	826	965	(133)	832	993	(138)	865	1,006	(141)	865	1,038	(147)	891	1,086	(146)	940		
Other	203	185	13	198	203	14	217	160	14	204	14	218	190	10	200	179	14	193	190	12	202			
Total Business Revenue	\$ 3,005	3,217	(199)	3,018	3,416	(326)	3,090	3,401	(328)	3,073	3,494	(332)	3,162	3,508	(334)	3,174	3,522	(338)	3,184	3,595	(330)	3,265		
Mass Markets Segment:																								
Fiber Broadband	\$ 148	160	(15)	145	151	(13)	138	145	(13)	132	137	(12)	125	135	(11)	124	130	(11)	119	122	(10)	112		
Other Broadband ⁽³⁾	377	580	(185)	395	596	(187)	409	610	(190)	420	608	(193)	415	619	(197)	422	632	(199)	433	648	(204)	444		
Voice and Other	270	433	(155)	278	449	(158)	291	520	(221)	299	608	(288)	320	625	(291)	334	640	(299)	341	664	(299)	365		
Mass Markets Segment Revenue	795	1,173	(355)	818	1,196	(358)	838	1,275	(424)	851	1,353	(493)	860	1,379	(499)	880	1,402	(509)	893	1,434	(513)	921		
Total Revenue	\$ 3,800	4,390	(554)	3,836	4,612	(684)	3,928	4,676	(752)	3,924	4,847	(825)	4,022	4,887	(833)	4,054	4,924	(847)	4,077	5,029	(843)	4,186		

⁽¹⁾ The sales channels within the Business Segment reflect upcoming adjustments to the Company's 2023 reporting. The International and CAM sales channel is now included in the Large Enterprise sales channel and the Public Sector sales channel is now reported separately from the Large Enterprise sales channel.

⁽²⁾ Adjustments reflect (i) removal of the financial impacts of the Latin American business divestiture completed August 1, 2022 and the 20-state I&EC business divestiture completed October 3, 2022, (ii) estimates of revenue that the Company would have received under the post-closing commercial agreements with the purchasers of the divested businesses if the transactions had previously been completed, (iii) removal of the financial impacts related to the Federal Communications Commission's Connect America Fund ("CAF") Phase II program, which lapsed on December 31, 2021 and (iv) reclassifications of certain prior period amounts to conform with current period presentation by product category. This fourth adjustment had no impact on total operating revenue for any period.

⁽³⁾ Other broadband revenue primarily includes revenue from lower speed copper-based broadband services marketed under the CenturyLink brand.



Lumen Technologies, Inc.
Modified Adjusted EBITDA, Adjusted EBITDA Margin, and Capital Expenditures
(UNAUDITED)
(\$ in millions)

	4Q22			3Q22			2Q22			1Q22			4Q21			3Q21			2Q21			1Q21		
	Lumen Consolidated, as reported	Lumen Consolidated, as reported	Adjustments ⁽¹⁾	Lumen Consolidated, as modified	Lumen Consolidated, as reported	Adjustments ⁽¹⁾	Lumen Consolidated, as modified	Lumen Consolidated, as reported	Adjustments ⁽¹⁾	Lumen Consolidated, as modified	Lumen Consolidated, as reported	Adjustments ⁽¹⁾	Lumen Consolidated, as modified	Lumen Consolidated, as reported	Adjustments ⁽¹⁾	Lumen Consolidated, as modified	Lumen Consolidated, as reported	Adjustments ⁽¹⁾	Lumen Consolidated, as modified	Lumen Consolidated, as reported	Adjustments ⁽¹⁾	Lumen Consolidated, as modified		
Adjusted EBITDA excluding Special Items ⁽²⁾	\$ 1,393	1,688	(366)	1,322	1,811	(438)	1,373	1,966	(514)	1,452	2,088	(592)	1,496	2,078	(594)	1,484	2,109	(577)	1,532	2,165	(585)	1,580		
Adjusted EBITDA margin, excluding Special Items ⁽²⁾	36.7%	38.5%	66.1%	34.5%	39.3%	64.0%	35.0%	42.0%	68.4%	37.0%	43.1%	71.8%	37.2%	42.5%	71.3%	36.6%	42.8%	68.1%	37.6%	43.1%	69.4%	37.7%		
Capital expenditures	\$ 833	845	(81)	764	761	(143)	618	577	(101)	476	848	(167)	681	690	(141)	549	646	(137)	509	716	(130)	586		

⁽¹⁾ Adjustments reflect (i) removal of the financial impacts of the Latin American business divestiture completed August 1, 2022 and the 20-state ILEC business divestiture completed October 3, 2022; (ii) estimates of revenue that the Company would have received under the post-closing commercial agreements with the purchasers of the divested businesses if the transactions had previously been completed; and (iii) removal of the financial impacts related to the Federal Communications Commission's Connect America Fund ("CAF") Phase II program, which lapsed on December 31, 2021.

⁽²⁾ Excludes Special Items in the amounts of \$563 million, \$(627) million, \$47 million, \$52 million, \$19 million, \$(31) million, \$20 million and \$8 million, for periods presented 4Q22 through 1Q21, respectively, as reported.

4th Quarter Earnings

February 7, 2023

**Lumen Technologies, Inc.**

Consolidated Statements of Operations

(UNAUDITED)

(\$ and shares in millions, except per share amounts)

	4Q22	3Q22	2Q22	1Q22	4Q21
OPERATING REVENUE	\$ 3,800	4,390	4,612	4,676	4,847
OPERATING EXPENSES					
Cost of services and products (exclusive of depreciation and amortization)	1,826	1,999	2,058	1,985	2,086
Selling, general and administrative	671	792	815	800	723
Gain on sale of businesses	(180)	(593)	—	—	—
Loss on disposal groups held for sale	700	—	—	—	—
Depreciation and amortization	796	808	827	808	877
Goodwill impairment	3,271	—	—	—	—
Total operating expenses	7,084	3,006	3,700	3,593	3,686
OPERATING INCOME	(3,284)	1,384	912	1,083	1,161
OTHER INCOME (EXPENSE)					
Interest expense	(280)	(363)	(337)	(352)	(372)
Other income (expense), net	382	(84)	(122)	70	(110)
Total other income (expense), net	102	(447)	(459)	(282)	(482)
Income tax (benefit) expense	(113)	359	109	202	171
NET INCOME	\$ (3,069)	578	344	599	508
BASIC AND DILUTED EARNINGS PER COMMON SHARE					
Basic	\$ (3.08)	0.57	0.34	0.59	0.50
Diluted	(3.08)	0.57	0.34	0.59	0.50
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING					
Basic	995.6	1,013.1	1,012.9	1,008.4	1,006.8
Diluted	995.6	1,017.0	1,016.6	1,015.2	1,015.5
DIVIDENDS DECLARED PER COMMON SHARE	—	0.25	0.25	0.25	0.25
Exclude: Special Items ⁽¹⁾	3,494	(432)	13	37	14
NET INCOME EXCLUDING SPECIAL ITEMS	\$ 425	146	357	636	522
DILUTED EARNINGS PER SHARE EXCLUDING SPECIAL ITEMS	\$ 0.43	0.14	0.35	0.63	0.51

⁽¹⁾ Excludes the Special Items described in the Non-GAAP Special Items table, net of the income tax effect thereof.


Lumen Technologies, Inc.

Consolidated Balance Sheets

(UNAUDITED)

(\$ in millions)

	4Q22	3Q22	2Q22	1Q22	4Q21
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	\$ 1,251	252	360	366	354
Accounts receivable, less allowance	1,477	1,457	1,460	1,419	1,544
Assets held for sale	1,889	6,779	9,089	9,025	8,809
Other current assets	803	894	881	962	829
Total current assets	5,420	9,382	11,790	11,772	11,536
NET PROPERTY, PLANT AND EQUIPMENT					
Property, plant and equipment	39,052	41,104	40,740	40,464	40,166
Accumulated depreciation	(19,886)	(20,391)	(20,020)	(19,635)	(19,271)
Net property, plant and equipment	19,166	20,713	20,720	20,829	20,895
GOODWILL AND OTHER ASSETS					
Goodwill	12,657	15,918	15,947	15,976	15,986
Other intangible assets, net	6,166	6,436	6,628	6,785	6,970
Other, net	2,172	2,368	2,590	2,675	2,606
Total goodwill and other assets	20,995	24,722	25,165	25,436	25,562
TOTAL ASSETS	\$ 45,581	54,817	57,675	58,037	57,993
LIABILITIES AND STOCKHOLDERS' EQUITY					
CURRENT LIABILITIES					
Current maturities of long-term debt	\$ 154	3,474	156	156	1,554
Accounts payable	950	1,009	1,053	902	758
Accrued expenses and other liabilities					
Salaries and benefits	692	788	705	687	860
Income and other taxes	1,158	275	233	244	228
Current operating lease liabilities	344	396	400	383	385
Interest	181	184	253	207	278
Other	277	173	107	184	232
Liabilities held for sale	451	1,792	2,249	2,250	2,257
Current portion of deferred revenue	596	624	625	642	617
Total current liabilities	4,803	8,715	5,781	5,655	7,169
LONG TERM DEBT	20,418	21,764	27,965	28,397	27,428
DEFERRED CREDITS AND OTHER LIABILITIES					
Deferred income taxes, net	3,163	4,595	4,254	4,222	4,049
Benefit plan obligations, net	2,391	3,192	3,553	3,634	3,710
Other	4,369	3,974	3,903	3,847	3,797
Total deferred credits and other liabilities	9,923	11,761	11,710	11,703	11,556
STOCKHOLDERS' EQUITY					
Common stock	1,002	1,035	1,032	1,033	1,024
Additional paid-in capital	18,080	18,221	18,459	18,695	18,972
Accumulated other comprehensive loss	(1,099)	(2,202)	(2,217)	(2,047)	(2,158)
Accumulated deficit	(7,546)	(4,477)	(5,055)	(5,399)	(5,998)
Total stockholders' equity	10,437	12,577	12,219	12,282	11,840
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 45,581	54,817	57,675	58,037	57,993



Lumen Technologies, Inc.

Condensed Consolidated Statements of Cash Flows

(UNAUDITED)

(\$ in millions)

	4Q22	3Q22	2Q22	1Q22	4Q21
OPERATING ACTIVITIES					
Net cash provided by operating activities	\$ 841	1,123	1,396	1,375	1,607
INVESTING ACTIVITIES					
Capital expenditures	(833)	(845)	(761)	(577)	(848)
Proceeds from sale of businesses	5,662	2,707	—	—	—
Proceeds from sale of property, plant and equipment and intangible assets	53	2	59	6	45
Other, net	—	—	1	2	40
Net cash provided by (used in) investing activities	4,882	1,864	(701)	(569)	(763)
FINANCING ACTIVITIES					
Payments of long-term debt	(4,194)	(2,367)	(58)	(1,474)	(994)
Net (payments on) proceeds from credit facility and revolving line of credit	(280)	(520)	(400)	1,000	200
Dividends paid	—	(255)	(254)	(271)	(253)
Repurchases of common stock	(200)	—	—	—	(91)
Other, net	(7)	(1)	(1)	(31)	(1)
Net cash used in financing activities	(4,681)	(3,143)	(713)	(776)	(1,139)
Net increase (decrease) in cash, cash equivalents and restricted cash	1,042	(156)	(18)	30	(295)
Cash, cash equivalents and restricted cash at beginning of period	265	421	439	409	704
Cash, cash equivalents and restricted cash at end of period	<u>\$ 1,307</u>	<u>265</u>	<u>421</u>	<u>439</u>	<u>409</u>
Cash, cash equivalents and restricted cash:					
Cash and cash equivalents	\$ 1,251	252	360	366	354
Cash and cash equivalents and restricted cash included in assets held for sale	44	—	48	59	40
Restricted cash	12	13	13	14	15
Total	<u>\$ 1,307</u>	<u>265</u>	<u>421</u>	<u>439</u>	<u>409</u>

4th Quarter Earnings

February 7, 2023



Lumen Technologies, Inc.

Segment Revenue ⁽¹⁾

(UNAUDITED)

(\$ in millions)

	4Q22	3Q22	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	4Q20
Business Unit Revenue									
Business Segment Total	\$ 3,005	3,217	3,416	3,401	3,494	3,508	3,522	3,595	3,667
Mass Markets Segment Total	795	1,173	1,196	1,275	1,353	1,379	1,402	1,434	1,458
Total	\$ 3,800	4,390	4,612	4,676	4,847	4,887	4,924	5,029	5,125

⁽¹⁾ Certain prior period amounts have been reclassified to conform to the current period presentation. These changes had no impact on total operating revenue, total operating expenses or net income for any period. On January 27, 2023, the Company furnished unaudited supplemental historical financial information previewing adjustments to its customer-facing sales channel and product reporting in Form 8-K.



Lumen Technologies, Inc.

Revenue by Sales Channel and Product Category⁽¹⁾

(UNAUDITED)

(\$ in millions)

	4Q22	3Q22	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	4Q20
Business Revenue By Sales Channel									
International and Global Accounts	\$ 797	853	996	999	1,025	1,027	1,011	1,020	1,041
Large Enterprise	804	844	884	877	931	942	945	953	999
Mid-Market Enterprise	585	618	626	636	647	648	661	693	698
Enterprise Channels	2,186	2,315	2,506	2,512	2,603	2,617	2,617	2,666	2,738
Wholesale	819	902	910	889	891	891	905	929	929
Business Segment Revenue	\$ 3,005	3,217	3,416	3,401	3,494	3,508	3,522	3,595	3,667
Mass Markets Segment Revenue	795	1,173	1,196	1,275	1,353	1,379	1,402	1,434	1,458
Total Revenue	\$ 3,800	4,390	4,612	4,676	4,847	4,887	4,924	5,029	5,125
Business Revenue by Product Category									
International and Global Accounts									
Compute and Application Services	146	154	184	183	184	183	181	183	188
IP and Data Services	320	350	417	423	429	431	427	429	433
Fiber Infrastructure Services	188	199	224	219	224	231	217	217	218
Voice and Other	143	150	171	174	188	182	186	191	202
Total IGAM Revenue	797	853	996	999	1,025	1,027	1,011	1,020	1,041
Large Enterprise									
Compute and Application Services	148	148	162	163	181	172	174	169	184
IP and Data Services	366	378	385	388	391	394	396	402	401
Fiber Infrastructure Services	119	117	129	113	137	143	130	130	159
Voice and Other	171	201	208	213	222	233	245	252	255
Total Large Enterprise Revenue	804	844	884	877	931	942	945	953	999
Mid-Market Enterprise									
Compute and Application Services	33	35	34	33	33	30	32	32	31
IP and Data Services	400	406	408	415	419	421	428	442	447
Fiber Infrastructure Services	44	49	50	49	51	50	50	56	52
Voice and Other	108	128	134	139	144	147	151	163	168
Total Mid-Market Enterprise Revenue	585	618	626	636	647	648	661	693	698
Wholesale									
Compute and Application Services	59	62	73	48	47	46	48	47	45
IP and Data Services	251	283	285	296	298	297	298	305	307
Fiber Infrastructure Services	172	165	161	154	159	154	155	154	156
Voice and Other	337	392	391	391	387	394	404	423	421
Total Wholesale Revenue	819	902	910	889	891	891	905	929	929
Business Segment by Product Category									
Compute and Application Services	386	399	453	427	445	431	435	431	448
IP and Data Services	1,337	1,417	1,495	1,522	1,537	1,543	1,549	1,578	1,588
Fiber Infrastructure Services	523	530	564	535	571	578	552	557	585
Voice and Other	759	871	904	917	941	956	986	1,029	1,046
Total Business Segment Revenue	3,005	3,217	3,416	3,401	3,494	3,508	3,522	3,595	3,667
Mass Markets Segment by Product Category									
Fiber Broadband	148	160	151	145	137	135	130	122	116
Other Broadband ⁽²⁾	377	580	596	610	608	619	632	648	654
Voice and Other	270	433	449	520	608	625	640	664	688
Total Mass Markets Segment	795	1,173	1,196	1,275	1,353	1,379	1,402	1,434	1,458

⁽¹⁾ Certain prior period amounts have been reclassified to conform to the current period presentation. These changes had no impact on total operating revenue, total operating expenses or net income for any period. On January 27, 2023, the Company furnished unaudited supplemental historical financial information previewing adjustments to its customer-facing sales channel and product reporting in Form 8-K.

⁽²⁾ Other broadband revenue primarily includes revenue from lower speed copper-based broadband services marketed under the CenturyLink brand.



Lumen Technologies, Inc.

Debt Schedule - Excludes all Finance Leases, Unamortized Premiums, Discounts and Other, Net

December 31, 2022

(UNAUDITED)

(\$ in millions)

All information is presented as of December 31, 2022

Entity (Original Issuer)	Coupon Rate	Maturity Date	Total
Qwest Corporation			
Qwest Corporation Senior Notes	7.250 %	9/15/2025	250
Qwest Corporation Term Loan	L + 2.25%	10/23/2027	215
Qwest Corporation Senior Notes	7.750 %	5/1/2030	43
Qwest Corporation Senior Notes	7.375 %	5/1/2030	55
Qwest Corporation Senior Notes (CTBB)	6.500 %	9/1/2056	978
Qwest Corporation Senior Notes (CTDD)	6.750 %	6/15/2057	660
Total Qwest Corporation			\$ 2,201
Qwest Capital Funding, Inc.			
Qwest Capital Funding, Inc. Senior Notes	6.875 %	7/15/2028	76
Qwest Capital Funding, Inc. Senior Notes	7.750 %	2/15/2031	116
Total Qwest Capital Funding, Inc.			\$ 192
Level 3 Financing, Inc.			
Level 3 Financing, Inc. Term Loan B	L + 1.75%	3/1/2027	2,411
Level 3 Financing, Inc. Sr. Secured Notes	3.400%	3/1/2027	750
Level 3 Financing, Inc. Senior Notes	4.625 %	9/15/2027	1,000
Level 3 Financing, Inc. Senior Notes	4.250 %	7/1/2028	1,200
Level 3 Financing, Inc. Senior Notes	3.625 %	1/15/2029	840
Level 3 Financing, Inc. Sustainability-Linked Senior Notes	3.750 %	7/15/2029	900
Level 3 Financing, Inc. Sr. Secured Notes	3.875 %	11/15/2029	750
Total Level 3 Parent, LLC and Subsidiaries			\$ 7,851
Lumen Technologies, Inc			
Lumen Technologies, Inc. Revolving Credit Facility	L + 2.00%	1/31/2025	\$ —
Lumen Technologies, Inc Term Loan A	L + 2.00%	1/31/2025	991
Lumen Technologies, Inc Term Loan A-1	L + 2.00%	1/31/2025	283
Lumen Technologies, Inc. Senior Notes - Series X	5.625 %	4/1/2025	214
Lumen Technologies, Inc. Senior Notes - Series D	7.200 %	12/1/2025	66
Lumen Technologies, Inc. Senior Notes	5.125 %	12/15/2026	719
Lumen Technologies, Inc. Senior Secured Notes	4.000%	2/15/2027	1,250
Lumen Technologies, Inc. Term Loan B	L + 2.25%	3/15/2027	3,941
Lumen Technologies, Inc. Senior Notes - Series G	6.875 %	1/15/2028	295
Lumen Technologies, Inc. Senior Notes	4.500 %	1/15/2029	968
Lumen Technologies, Inc. Senior Notes	5.375 %	6/15/2029	506
Lumen Technologies, Inc. Senior Notes - Series P	7.600 %	9/15/2039	519
Lumen Technologies, Inc. Senior Notes - Series U	7.650 %	3/15/2042	435
Total Lumen Technologies, Inc.			\$ 10,187
Total LUMN Consolidated (excluding Finance Leases, Premium/(Discount)/Other, net)			\$ 20,431



Lumen Technologies, Inc.

Assets and Liabilities Held For Sale as of December 31, 2022

(UNAUDITED)

(\$ in millions)

EMEA Business	
Current Assets held for sale	
Cash and cash equivalents	\$ 43
Accounts receivable, less allowance of \$5	76
Other current assets	59
Property, plant and equipment, net accumulated depreciation of \$1,033	1,873
Goodwill ⁽¹⁾	—
Customer relationships and other intangibles, net	100
Operating lease assets	156
Valuation allowance on assets held for sale	(660)
Deferred tax asset	138
Other non-current assets	38
Total current assets held for sale	<u>\$ 1,823</u>
Current Liabilities held for sale	
Accounts payable	\$ 78
Salaries and benefits	23
Current portion of deferred revenue	28
Current operating lease liabilities	33
Other current liabilities	28
Deferred income taxes	38
Asset retirement obligations	30
Deferred revenue, non-current	85
Operating lease liabilities, non-current	103
Total current liabilities held for sale	<u>\$ 446</u>

⁽¹⁾ The assignment of goodwill was based on the relative fair value of the applicable reporting unit prior to being classified as held for sale. Prior to classification as held for sale, the goodwill was fully impaired.

4th Quarter Earnings

February 7, 2023

Lumen Technologies, Inc.

Modified⁽¹⁾ Operating Metrics
(UNAUDITED)

LUMEN[®]

	4Q22	3Q22	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21
Operating Metrics								
Mass Markets broadband subscribers								
<i>(in thousands)</i>								
Fiber broadband subscribers	832	813	786	760	735	710	685	659
Other broadband subscribers ⁽²⁾	2,205	2,294	2,406	2,497	2,555	2,623	2,704	2,781
Mass Markets total broadband subscribers ⁽³⁾	3,037	3,107	3,192	3,257	3,290	3,333	3,389	3,440
Mass Markets average revenue per unit (ARPU)								
Fiber broadband ARPU	\$60	\$60	\$60	\$59	\$58	\$59	\$59	\$59
Mass Markets broadband enabled units⁽⁴⁾								
<i>(in millions)</i>								
Fiber broadband enabled units	3.1	3.0	2.9	2.7	2.5	2.5	2.4	2.3
Other broadband enabled units	18.7	18.8	18.9	18.9	18.8	18.8	18.9	18.9
Mass Markets total broadband enabled units	21.8	21.8	21.8	21.6	21.3	21.3	21.3	21.2

⁽¹⁾ Modified to remove the impacts of the 20-state ILEC business divestiture completed October 3, 2022.

⁽²⁾ Other broadband subscribers are customers that primarily subscribe to lower speed copper-based broadband services marketed under the CenturyLink brand.

⁽³⁾ Mass Markets broadband subscribers are customers that purchase broadband connection service through their existing telephone lines, stand-alone telephone lines, or fiber-optic cables. Our methodology for counting our Mass Markets broadband subscribers includes only those lines that we use to provide services to external customers and excludes lines used solely by us and our affiliates. It also excludes unbundled loops and includes stand-alone Mass Markets broadband subscribers. We count lines when we install the service.

⁽⁴⁾ Represents the total number of units capable of receiving our broadband services at period end. Other companies may use different methodologies to count their broadband enabled units.

Description of Non-GAAP Metrics

Pursuant to Regulation G, the company is hereby providing definitions of non-GAAP financial metrics and reconciliations to the most directly comparable GAAP measures.

The following describes and reconciles those financial measures as reported under accounting principles generally accepted in the United States (GAAP) with those financial measures as adjusted by the items detailed below and presented in the accompanying news release. These calculations are not prepared in accordance with GAAP and should not be viewed as alternatives to GAAP. In keeping with its historical financial reporting practices, the company believes that the supplemental presentation of these calculations provides meaningful non-GAAP financial measures to help investors understand and compare business trends among different reporting periods on a consistent basis.

We use the term *Special Items* as a non-GAAP measure to describe items that impacted a period's statement of operations for which investors may want to give special consideration due to their magnitude, nature or both. We do not call these items *non-recurring* because, while some are infrequent, others may recur in future periods.

We use the term "Modified" basis on certain metrics herein, which reflect amounts modified to assume the Latin American business and 20-state ILEC business divestitures took place on January 1, 2021 and excluding financial impacts related to the Federal Communications Commission's Connect America Fund ("CAF") Phase II program, which lapsed on December 31, 2021, each excluding the effects of special items. The modified historical financial information has not been prepared in conformity with Article XI of Regulation S-X and does not constitute pro forma financial information.

Adjusted EBITDA (\$) is defined as net income (loss) from the Statements of Operations before income tax (expense) benefit, total other income (expense), depreciation and amortization, stock-based compensation expense and impairments.

Adjusted EBITDA Margin (%) is defined as Adjusted EBITDA divided by total revenue.

Management believes that Adjusted EBITDA and Adjusted EBITDA Margin are relevant and useful metrics to provide to investors, as they are an important part of our internal reporting and are key measures used by management to evaluate profitability and operating performance of Lumen and to make resource allocation decisions. Management believes such measures are especially important in a capital-intensive industry such as telecommunications. Management also uses Adjusted EBITDA and Adjusted EBITDA Margin (and similarly uses these terms excluding Special Items) to compare our performance to that of our competitors and to eliminate certain non-cash and non-operating items in order to consistently measure from period to period our ability to fund capital expenditures, fund growth, service debt and determine bonuses. Adjusted EBITDA excludes non-cash stock compensation expense and impairments because of the non-cash nature of these items. Adjusted EBITDA also excludes interest income, interest expense and income taxes, and in our view constitutes an accrual-based measure that has the effect of excluding period-to-period changes in working capital and shows profitability without regard to the effects of capital or tax structure. Adjusted EBITDA also excludes depreciation and amortization expense because these non-cash expenses primarily reflect the impact of historical capital investments, as opposed to the cash impacts of capital expenditures made in recent periods, which may be evaluated through cash flow measures. Adjusted EBITDA further excludes the gain (or loss) on extinguishment and modification of debt and other income (expense), net, because these items are not related to the primary business operations of Lumen.

There are material limitations to using Adjusted EBITDA as a financial measure, including the difficulty associated with comparing companies that use similar performance measures whose calculations may differ from our calculations. Additionally, by excluding the above-listed items, Adjusted EBITDA may exclude items that investors believe are important components of our performance. Adjusted EBITDA and Adjusted EBITDA Margin (either with or without Special Items) should not be considered a substitute for other measures of financial performance reported in accordance with GAAP.

Unlevered Cash Flow is defined as net cash provided by (used in) operating activities less capital expenditures, plus cash interest paid and less interest income, all as disclosed in the Statements of Cash Flows or the Statements of Operations. Management believes that Unlevered Cash Flow is a relevant metric to provide to investors, because it reflects the operational performance of Lumen and, measured over time, enables management and investors to monitor the underlying business' growth pattern and ability to generate cash. Unlevered Cash Flow excludes cash used for acquisitions and debt service and the impact of exchange rate changes on cash and cash equivalents balances.

There are material limitations to using Unlevered Cash Flow to measure our cash performance as it excludes certain material items that investors may believe are important components of our cash flows. Comparisons of our Unlevered Cash Flow to that of some of our competitors may be of limited usefulness since Lumen does not currently pay a significant amount of income taxes due to net operating loss carryforwards, and therefore, currently generates higher cash flow than a comparable business that does pay income taxes. Additionally, this financial measure is subject to variability quarter over quarter as a result of the timing of payments related to accounts receivable, accounts payable, payroll and capital expenditures. Unlevered Cash Flow should not be used as a substitute for net change in cash, cash equivalents and restricted cash in the Consolidated Statements of Cash Flows.

Free Cash Flow is defined as net cash provided by (used in) operating activities less capital expenditures as disclosed in the Statements of Cash Flows. Management believes that Free Cash Flow is a relevant metric to provide to investors, as it is an indicator of our ability to generate cash to service our debt. Free Cash Flow excludes cash used for acquisitions, principal repayments and the impact of exchange rate changes on cash and cash equivalents balances.

There are material limitations to using Free Cash Flow to measure our performance as it excludes certain material items that investors may believe are important components of our cash flows. Comparisons of our Free Cash Flow to that of some of its competitors may be of limited usefulness since Lumen does not currently pay a significant amount of income taxes due to net operating loss carryforwards, and therefore, generates higher cash flow than a comparable business that does pay income taxes. Additionally, this financial measure is subject to variability quarter over quarter as a result of the timing of payments related to interest expense, accounts receivable, accounts payable, payroll and capital expenditures. Free Cash Flow should not be used as a substitute for net change in cash, cash equivalents and restricted cash on the Consolidated Statements of Cash Flows.

For further information on our use of Modified Revenue and Modified Adjusted EBITDA, see our current Report on Form 8-K filed with the U.S. Securities and Exchange Commission on January 27, 2023.



Lumen Technologies, Inc.

Non-GAAP Special Items

(UNAUDITED)

(\$ in millions)

Special Items Impacting Adjusted EBITDA	4Q22	3Q22	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	YTD 2022	YTD 2021
Consumer and other litigation	\$ —	—	(3)	—	(3)	—	11	8	(3)	16
Severance	10	—	—	2	3	—	—	—	12	3
Gain on sale of businesses ⁽¹⁾	(180)	(593)	—	—	—	—	—	—	(773)	—
Loss on disposal groups held for sale	700	—	—	—	—	—	—	—	700	—
Transaction and separation costs ⁽²⁾	53	66	50	50	19	9	9	—	219	37
Real estate transactions ⁽³⁾	—	—	—	—	—	(40)	—	—	—	(40)
Total Special Items impacting Adjusted EBITDA	\$ 583	(527)	47	52	19	(31)	20	8	155	16
Special Items Impacting Net (Loss) Income	4Q22	3Q22	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	YTD 2022	YTD 2021
Consumer and other litigation	\$ —	—	(3)	—	(3)	—	11	8	(3)	16
Severance	10	—	—	2	3	—	—	—	12	3
Impairment of goodwill	3,271	—	—	—	—	—	—	—	3,271	—
Gain on sale of businesses ⁽¹⁾	(180)	(593)	—	—	—	—	—	—	(773)	—
Loss on disposal groups held for sale	700	—	—	—	—	—	—	—	700	—
Gain on early retirement of debt ⁽⁴⁾	(205)	(9)	—	—	—	—	—	(8)	(214)	(8)
Transaction and separation costs ⁽²⁾	53	66	50	50	19	9	9	—	219	37
Real estate transactions ⁽³⁾	—	—	—	—	—	(40)	—	—	—	(40)
Income from transition and separation services ⁽⁵⁾	(82)	(37)	(30)	(3)	—	—	—	—	(152)	—
Total Special Items impacting net (loss) income	3,567	(573)	17	49	19	(31)	20	—	3,060	8
Income tax effect of special items ⁽⁶⁾	(73)	141	(4)	(12)	(5)	8	(5)	—	52	(2)
Total Special Items impacting net (loss) income, net of tax	\$ 3,494	(432)	13	37	14	(23)	15	—	3,112	6

⁽¹⁾ Reflects (i) the pre-tax gain of \$597 million recorded in operating income as a result of our Latin American business divestiture completed August 1, 2022 and (ii) the pre-tax gain of \$176 million recorded in operating income as a result of our 20-state ILEC business divestiture completed October 3, 2022, subject to certain post-closing adjustments.

⁽²⁾ Transaction and separation costs associated with (i) the sale of our Latin American business on August 1, 2022, (ii) the sale of our 20-state ILEC business on October 3, 2022, (iii) the exclusive arrangement to divest Lumen's operations in Europe, the Middle East and Africa (the "EMEA business") announced on November 2, 2022 and (iv) our evaluation of other potential transactions.

⁽³⁾ Real estate transactions include the Q3 2021 (gain) on sale of real estate, net of impairment charges or acceleration of costs associated with our real estate rationalization program.

⁽⁴⁾ Reflects a gain as a result of (i) \$4.4 billion in early debt retirement in Q4 2022, (ii) \$2.3 billion in early debt retirement in Q3 2022 and (iii) \$1.1 billion in early debt retirement in Q1 2021. There were no comparable gains or losses during Q2 2022, Q1 2022, Q4 2021, Q3 2021, or Q2 2021.

⁽⁵⁾ Income from transition and separation services includes charges we billed for transition services and IT professional services provided to the purchasers in connection with our divestitures.

⁽⁶⁾ Tax effect calculated using the annualized effective statutory tax rate, excluding any non-recurring discrete items, which was 24.6% for all quarters of 2022 and 24.5% for all quarters of 2021.

4th Quarter Earnings

February 7, 2023



Lumen Technologies, Inc.

Non-GAAP Cash Flow Reconciliation

(UNAUDITED)

(\$ in millions)

	4Q22	3Q22	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	YTD 2022	YTD 2021
Net cash provided by operating activities	\$ 841	1,123	1,396	1,375	1,607	1,730	1,639	1,525	4,735	6,501
Capital expenditures	(833)	(845)	(761)	(577)	(848)	(690)	(646)	(716)	(3,016)	(2,900)
Free cash flow	8	278	635	798	759	1,040	993	809	1,719	3,601
Cash interest paid	273	393	313	386	343	400	357	387	1,365	1,487
Interest income	(17)	(6)	(1)	(1)	(2)	—	—	—	(25)	(2)
Unlevered cash flow	\$ 264	665	947	1,183	1,100	1,440	1,350	1,196	3,059	5,086
Free cash flow	\$ 8	278	635	798	759	1,040	993	809	1,719	3,601
Add back: Severance	7	7	7	16	6	13	29	22	37	70
Add back: Consumer and other litigation	—	—	—	—	(3)	11	20	19	—	47
Add back: Pension contribution ⁽¹⁾	—	319	—	—	—	—	—	—	319	—
Add back: Transaction and separation costs ⁽²⁾	142	60	48	32	11	7	2	—	282	20
Add back: Real estate transactions ⁽³⁾	—	—	—	—	3	1	—	—	—	4
Remove: Income from transition and separation services ⁽⁴⁾	(31)	(44)	(22)	—	—	—	—	—	(97)	—
Free cash flow excluding Special Items	\$ 126	620	668	846	776	1,072	1,044	850	2,260	3,742
Unlevered cash flow	\$ 264	665	947	1,183	1,100	1,440	1,350	1,196	3,059	5,086
Add back: Severance	7	7	7	16	6	13	29	22	37	70
Add back: Consumer and other litigation	—	—	—	—	(3)	11	20	19	—	47
Add back: Pension contribution ⁽¹⁾	—	319	—	—	—	—	—	—	319	—
Add back: Transaction and separation costs ⁽²⁾	142	60	48	32	11	7	2	—	282	20
Add back: Real estate transactions ⁽³⁾	—	—	—	—	3	1	—	—	—	4
Remove: Income from transition and separation services ⁽⁴⁾	(31)	(44)	(22)	—	—	—	—	—	(97)	—
Unlevered cash flow excluding Special Items	\$ 382	1,007	980	1,231	1,117	1,472	1,401	1,237	3,600	5,227

⁽¹⁾ Cash pension contribution following a revaluation of the pension obligation and pension assets for the Lumen Pension Plan, in connection with the closing of the sale of the 20-state ILEC business on October 3, 2022.

⁽²⁾ Transaction and separation costs associated with (i) the sale of our Latin American business on August 1, 2022, (ii) the sale of our 20-state ILEC business on October 3, 2022, (iii) the exclusive arrangement to divest Lumen's operations in Europe, the Middle East and Africa (the "EMEA business") announced on November 2, 2022 and (iv) our evaluation of other potential transactions.

⁽³⁾ Real estate transactions include the incremental cash charges associated with our real estate rationalization program.

⁽⁴⁾ Income from transition and separation services includes charges we billed for transition services and IT professional services provided to the purchasers in connection with our divestitures.

4th Quarter Earnings

February 7, 2023



Lumen Technologies, Inc.

Adjusted EBITDA Non-GAAP Reconciliation

(UNAUDITED)

(\$ in millions)

	4Q22	3Q22	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21	YTD 2022	YTD 2021
Net income	\$ (3,069)	578	344	599	508	544	506	475	(1,548)	2,033
Income tax (benefit) expense	(113)	359	109	202	171	172	168	157	557	668
Total other expense, net	(102)	447	459	282	482	415	332	355	1,086	1,584
Depreciation and amortization expense	796	808	827	808	877	951	1,041	1,150	3,239	4,019
Stock-based compensation expense	27	23	25	23	31	27	42	20	98	120
Goodwill impairment	3,271	—	—	—	—	—	—	—	3,271	—
Adjusted EBITDA	\$ 810	2,215	1,764	1,914	2,069	2,109	2,089	2,157	6,703	8,424
Add back: Severance	\$ 10	—	—	2	3	—	—	—	12	3
Add back: Consumer and other litigation	—	—	(3)	—	(3)	—	11	8	(3)	16
Remove: Gain on sale of businesses ⁽¹⁾	(180)	(593)	—	—	—	—	—	—	(773)	—
Add back: Loss on disposal groups held for sale	700	—	—	—	—	—	—	—	700	—
Add back: Transaction and separation costs ⁽²⁾	53	66	50	50	19	9	9	—	219	37
Add back: Real estate transaction costs ⁽³⁾	—	—	—	—	—	(40)	—	—	—	(40)
Adjusted EBITDA excluding Special Items	\$ 1,393	1,688	1,811	1,966	2,088	2,078	2,109	2,165	6,858	8,440
Total revenue	\$ 3,800	4,390	4,612	4,676	4,847	4,887	4,924	5,029	17,478	19,687
Adjusted EBITDA margin	21.3 %	50.5 %	38.2 %	40.9 %	42.7 %	43.2 %	42.4 %	42.9 %	38.4 %	42.8 %
Adjusted EBITDA margin, excluding Special Items	36.7 %	38.5 %	39.3 %	42.0 %	43.1 %	42.5 %	42.8 %	43.1 %	39.2 %	42.9 %

⁽¹⁾ Reflects (i) the pre-tax gain of \$597 million recorded in operating income as a result of our Latin American business divestiture completed August 1, 2022 and (ii) the pre-tax gain of \$176 million recorded in operating income as a result of our 20-state ILEC business divestiture completed October 3, 2022.

⁽²⁾ Transaction and separation costs associated with (i) the sale of our Latin American business on August 1, 2022, (ii) the sale of our 20-state ILEC business on October 3, 2022, (iii) the exclusive arrangement to divest Lumen's operations in Europe, the Middle East and Africa (the "EMEA business") announced on November 2, 2022 and (iv) our evaluation of other potential transactions.

⁽³⁾ Real estate transactions include the Q3 2021 (gain) on sale of real estate, net of impairment charges or acceleration of costs associated with our real estate rationalization program.

4th Quarter Earnings

February 7, 2023



Lumen Technologies, Inc.

LTM Adjusted EBITDA
(UNAUDITED)
(\$ in millions)

	4Q22	3Q22	2Q22	1Q22	Total LTM Adjusted EBITDA
Total revenue	\$ 3,800	4,390	4,612	4,676	17,478
Cost of services and products	1,826	1,999	2,058	1,985	7,868
Selling, general and administrative expenses ⁽¹⁾	1,191	199	815	800	3,005
Add back: Stock-based compensation expense	27	23	25	23	98
Adjusted EBITDA	<u>\$ 810</u>	<u>2,215</u>	<u>1,764</u>	<u>1,914</u>	<u>6,703</u>
Add back: Severance	\$ 10	—	—	2	12
Add back: Consumer and other litigation	—	—	(3)	—	(3)
Remove: Gain on sale of businesses ⁽²⁾	(180)	(593)	—	—	(773)
Add back: Loss on disposal groups held for sale	700	—	—	—	700
Add back: Transaction and separation costs ⁽³⁾	53	66	50	50	219
Adjusted EBITDA excluding Special Items	<u>\$ 1,393</u>	<u>1,688</u>	<u>1,811</u>	<u>1,966</u>	<u>6,858</u>
Remove: Divested businesses ⁽⁴⁾	—	(366)	(438)	(455)	(1,259)
Remove: CAF II support ⁽⁵⁾	—	—	—	(59)	(59)
Modified Adjusted EBITDA excluding Special Items	<u>\$ 1,393</u>	<u>1,322</u>	<u>1,373</u>	<u>1,452</u>	<u>5,540</u>

⁽¹⁾ Inclusive of gain on sale of businesses for Q3 2022 and Q4 2022 and loss on disposal groups held for sale for Q4 2022.

⁽²⁾ Reflects (i) the pre-tax gain of \$597 million recorded in operating income as a result of our Latin American business divestiture completed August 1, 2022 and (ii) the pre-tax gain of \$176 million recorded in operating income as a result of our 20-state ILEC business divestiture completed October 3, 2022.

⁽³⁾ Transaction and separation costs associated with (i) the sale of our Latin American business on August 1, 2022, (ii) the sale of our 20-state ILEC business on October 3, 2022, (iii) the exclusive arrangement to divest Lumen's operations in Europe, the Middle East and Africa (the "EMEA business") announced on November 2, 2022 and (iv) our evaluation of other potential transactions.

⁽⁴⁾ Adjustment to remove the financial impacts of the Latin American business divestiture completed August 1, 2022 and the 20-state ILEC business divestiture completed October 3, 2022. This adjustment includes revenue expected to be received under the post-closing commercial agreements.

⁽⁵⁾ Adjustment to remove the financial impacts related to the Federal Communications Commission's Connect America Fund ("CAF") Phase II program, which lapsed on December 31, 2021.



Lumen Technologies, Inc.

Net Debt to LTM Adjusted EBITDA ratio as of December 31, 2022

(UNAUDITED)

(\$ in millions)

Net Debt to LTM Adjusted EBITDA ratio:

Gross debt, as reported ⁽¹⁾	\$	20,752
Cash and cash equivalents, as reported		(1,294)
Net debt	\$	19,458
LTM Adjusted EBITDA excluding Special Items ⁽²⁾	\$	6,858

Net debt to LTM Modified Adjusted EBITDA ratio

2.8

Estimated Net Debt to LTM Modified Adjusted EBITDA ratio

Gross debt, as reported	\$	20,752
Estimated Cash and cash equivalents ⁽³⁾		(344)
Estimated net debt	\$	20,408
Cash and cash equivalents, as reported	\$	(1,294)
Removal of estimated cash tax payments for 2022 divestitures ⁽³⁾		950
Estimated Cash and cash equivalents ⁽³⁾	\$	(344)
LTM Modified Adjusted EBITDA excluding Special Items ⁽²⁾	\$	5,540

Estimated net debt to LTM Modified Adjusted EBITDA ratio

3.7

⁽¹⁾ Gross debt includes \$4 million of finance lease obligations that have been classified as held for sale on our balance sheet as of December 31, 2022.

⁽²⁾ Please refer to the computation on Tab LTM Adjusted EBITDA

⁽³⁾ During the first half of 2023, we expect to pay approximately \$900 million to \$1 billion of cash taxes related to the 2022 divestitures of our Latin American and 20-state ILEC businesses. To provide comparability to prior periods, estimated cash and cash equivalents reflects the payment of those taxes as though it had occurred on or prior to December 31, 2022.



Lumen Technologies, Inc.

2023 OUTLOOK ^{(1) (2) (3) (4) (5)}

(UNAUDITED)

(\$ in millions)

Adjusted EBITDA Outlook

Twelve Months Ended December 31, 2023

	Range	
	Low	High
Net Income	\$ 185	670
Income tax expense	65	235
Total other expense	1,100	900
Depreciation and amortization expense	3,100	2,900
Non-cash compensation expense	150	95
Adjusted EBITDA	\$ 4,600	4,800

Free Cash Flow Outlook

Twelve Months Ended December 31, 2023

	Range	
	Low	High
Net cash provided by operating activities	\$ 2,900	3,300
Capital expenditures	(2,900)	(3,100)
Free cash flow	\$ —	200

⁽¹⁾ For definitions of Non-GAAP metrics and reconciliations to GAAP figures, see the above schedules and Lumen's Investor Relations website.

⁽²⁾ Outlook measures in this chart 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 7, 2023. See "Forward Looking Statements".

⁽³⁾ Includes accounting impacts of assets and liabilities held for sale and assumes the proposed sale of Lumen's EMEA business is not completed during 2023.

⁽⁴⁾ Assumes no discretionary pension plan contributions during 2023.

⁽⁵⁾ Excludes the estimated \$900 million to \$1 billion impact of taxes related to our divestitures completed on August 1, 2022 and October 3, 2022.

Outlook

To enhance the information in our outlook with respect to non-GAAP metrics, we are providing a range for certain GAAP measures that are components of the reconciliation of the non-GAAP metrics. The provision of these ranges is in no way meant to indicate that Lumen is explicitly or implicitly providing an outlook on those GAAP components of the reconciliation. In order to reconcile the non-GAAP financial metric to GAAP, Lumen has to use ranges for the GAAP components that arithmetically add up to the non-GAAP financial metric. While Lumen believes that it has used reasonable assumptions in connection with developing the outlook for its non-GAAP financial metrics, it fully expects that the ranges used for the GAAP components will vary from actual results. We will consider our outlook of non-GAAP financial metrics to be accurate if the specific non-GAAP metric is met or exceeded, even if the GAAP components of the reconciliation are different from those provided in an earlier reconciliation.