

Second Quarter 2023 Results

LUMEN

AUGUST 1, 2023

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 intense competition from a wide variety of competitive providers, including decreased demand for our more mature service offerings and increased pricing pressures; the effects of new, emerging or competing technologies, including those that could make our products less desirable or obsolete; our ability to successfully and timely attain our key operating imperatives, including simplifying and consolidating our network, simplifying and automating our service support systems, attaining our Quantum Fiber buildout goals, strengthening our relationships with customers and attaining projected cost savings; our ability to safeguard our network, and to avoid the adverse impact of cyber-attacks, security breaches, service outages, system failures, or similar events impacting our network or the availability and quality of our services; the effects of ongoing changes in the regulation of the communications industry, including the outcome of legislative, regulatory or judicial proceedings relating to content liability standards, intercarrier compensation, universal service, service standards, broadband deployment, data protection, privacy and net neutrality; our ability to generate cash flows sufficient to fund our financial commitments and objectives, including our capital expenditures, operating costs, debt repayments, taxes, pension contributions and other benefits payments; our ability to effectively retain and hire key personnel and to successfully negotiate collective bargaining agreements on reasonable terms without work stoppages; our ability to successfully adjust to changes in customer demand for our products and services, including increased demand for high-speed data transmission services; our ability to successfully maintain the quality and profitability of our existing product and service offerings, to introduce profitable new offerings on a timely and cost-effective basis and to transition customers from our legacy products to our newer offerings; our ability to successfully and timely implement our corporate strategies, including our deleveraging and buildout strategies; our ability to successfully and timely consummate the pending divestiture of our European, Middle Eastern and African business, to successfully and timely realize the anticipated benefits from that divestiture and our divestitures completed in 2022, and to successfully operate and transform our remaining business; changes in our operating plans, corporate strategies, or capital allocation plans, whether based upon changes in our cash flows, cash requirements, financial performance, financial position, market or regulatory conditions, or otherwise; the impact of any future material acquisitions or divestitures that we may transact; the negative impact of increases in the costs of our pension, healthcare, 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, debt covenant restrictions 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; the impact of any purported notice of default or notice of acceleration arising from alleged breach of covenants under our credit documents; our ability to maintain favorable relations with our security holders, key business partners, suppliers, vendors, landlords and financial institutions; our ability to timely obtain necessary hardware, software, equipment, services, governmental permits and other items on favorable terms; our ability to meet evolving environmental, social and governance (“ESG”) expectations and benchmarks, and effectively communicate and implement our ESG strategies; the potential adverse effects arising out of allegations regarding the release of hazardous materials into the environment from network assets owned or operated by us or our predecessors, including any resulting governmental actions, removal costs, litigation, compliance costs or penalties; our ability to collect our receivables from, or continue to do business with, financially-troubled customers; our ability to continue to use 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 governmental programs promoting broadband development; our ability to use our net operating loss carryforwards in the amounts projected; 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 and its aftermath could have on our business, operations, cash flows and corporate initiatives; the effects of adverse weather, terrorism, epidemics, pandemics, rioting, vandalism, 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 changes in interest rates or inflation; the effects of more general factors such as changes in exchange rates, in operating costs, in public policy, in the views of financial analysts, or in general market, labor, economic or geopolitical 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.

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 information and 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.



KATE JOHNSON
President & CEO

Strategic Plan for Growth



Secure the Base



**Drive Commercial
Excellence**



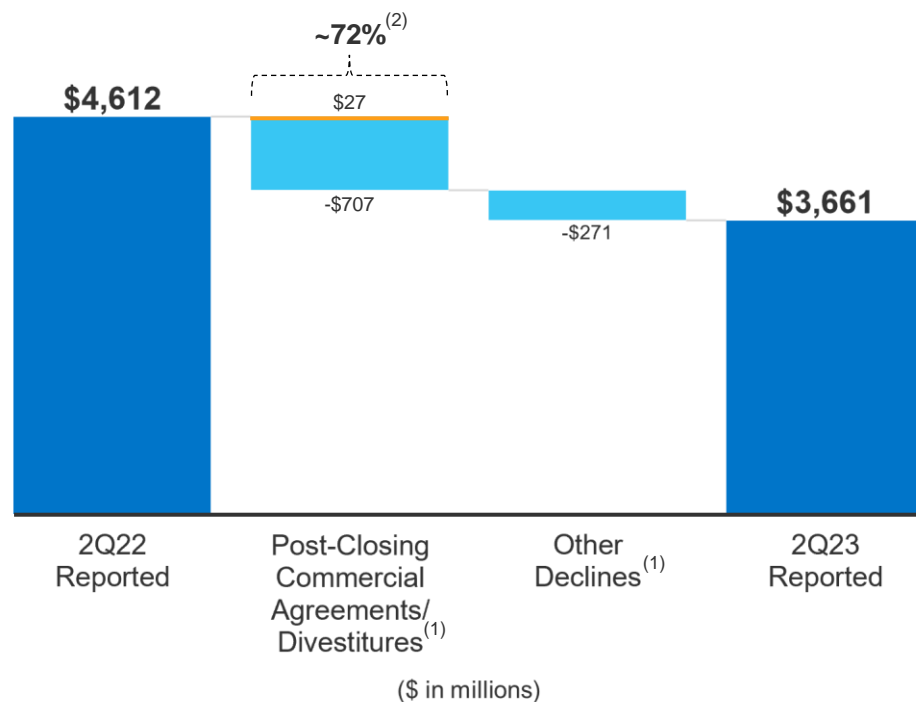
Innovate for Growth



CHRIS STANSBURY
EVP & CFO

2Q23 Year-Over-Year Total Reported Revenue Bridge

~72% of Decline Due to Post-Closing Commercial Agreements and Divestitures



(\$ in millions)	2Q23	Y/Y Change
Business	\$2,897	(15.2%)
Mass Markets	\$764	(36.1%)
Total	\$3,661	(20.6%)

⁽¹⁾ The Company believes that these figures will allow analysts and investors to understand (i) the amounts associated with the divestitures and the impact that it had on the Company's revenue generating activities in the second quarter of 2022 in relation to the Company's past, but not current or future, financial performance and (ii) the impact that the post-closing agreements have had on the Company's activities in the second quarter of 2023 and its current financial performance.

⁽²⁾ Calculated by combining the impacts from Post-Closing Commercial Agreements and Divestitures and showing them as a percent of the total dollar change from 2Q22 Reported Revenue to 2Q23 Reported Revenue.

2Q23 Total Reported Revenue

Expanding Revenue Contribution of Grow Products

Revenue (\$ in millions)	2Q23	Q/Q% Change	% Total
Enterprise Channels	\$2,100	(1.8%)	57.3%
Large Enterprise	\$1,179	(1.3%)	32.2%
Mid-Market Enterprise	\$507	(1.6%)	13.8%
Public Sector	\$414	(3.7%)	11.3%
Wholesale	\$797	(2.4%)	21.8%
Total Business	\$2,897	(2.0%)	79.1%
Total Mass Markets	\$764	(2.3%)	20.9%
Total Revenue	\$3,661	(2.1%)	100%

Revenue (\$ in millions)	2Q23	Q/Q% Change	% Total	Direct Margin ⁽²⁾
Grow	\$1,138	0.9%	39.3%	~83%
Nurture	\$869	(4.0%)	30.0%	~68%
Harvest	\$717	(3.0%)	24.7%	~81%
Subtotal	\$2,724	(1.7%)	94.0%	~78%
Other ⁽¹⁾	\$173	(6.0%)	6.0%	~22%
Total Business	\$2,897	(2.0%)	100%	~74%

⁽¹⁾ Other includes Equipment and IT Solutions.

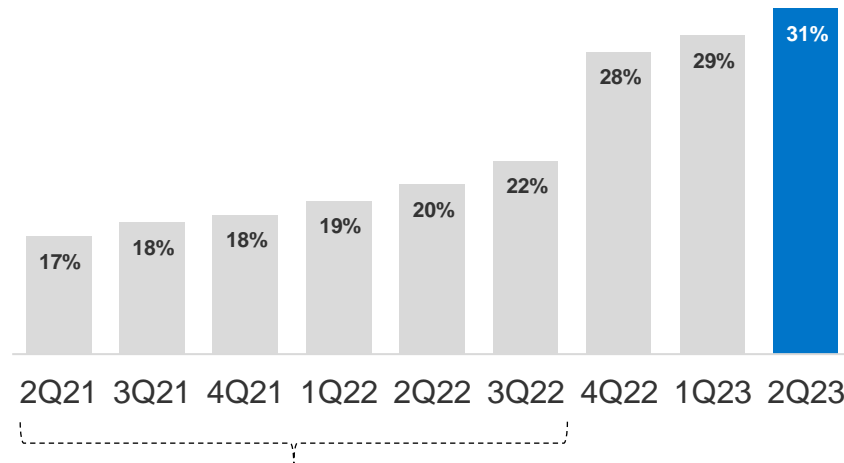
⁽²⁾ Direct margin is defined as revenue less variable and fixed costs directly associated with the provision of services and products to customers. Direct costs would include, but are not limited to: direct labor and materials/goods, direct taxes and fees, incremental third-party costs that can be attributed to a specific customer, and certain fixed costs.

2Q23 Mass Markets Revenue

Fiber Contribution Ramping

Revenue (\$ in millions)	2Q23	Q/Q% Change	% Total
Fiber Broadband	\$157	3.3%	20.5%
Other Broadband ⁽¹⁾	\$355	(3.8%)	46.5%
Voice and Other	\$252	(3.4%)	33.0%
Total Mass Markets	\$764	(2.3%)	100%

Fiber Revenue Contribution to Total Broadband



Includes the 20-State ILEC Business Divestiture

2Q23 Mass Markets Broadband Metrics

Fiber ARPU and Enabled Locations Increasing Q/Q

Fiber ⁽¹⁾	2Q23	Y/Y Change ⁽²⁾	Q/Q Change
Enabled Locations	3.4M	540K	130K
Subscribers	877K	91K	21K
Other ⁽¹⁾	2Q23	Y/Y Change ⁽²⁾	Q/Q Change
Enabled Locations	18.4M	(516K)	(64K)
Subscribers	2.0M	(374K)	(93K)

⁽¹⁾ For more information on how we calculate enabled locations and subscribers, see our accompanying earnings release.

⁽²⁾ Prior year amounts have been adjusted to remove the impacts of the 20-state ILEC business divestiture completed October 3, 2022, which included (i) fiber broadband subscribers of 72 thousand, (ii) other broadband subscribers of 1,113 thousand, (iii) fiber broadband enabled units of 0.3 million and (iv) other broadband enabled units of 7.2 million. The Company believes that this information will allow analysts and investors to understand the operating metrics associated with the divestiture of the 20-state ILEC business to understand the impact they had in relation to historical performance which will not recur.

~130K

Fiber Enabled Locations Adds Q/Q

>+60

average NPS score on
Quantum Fiber

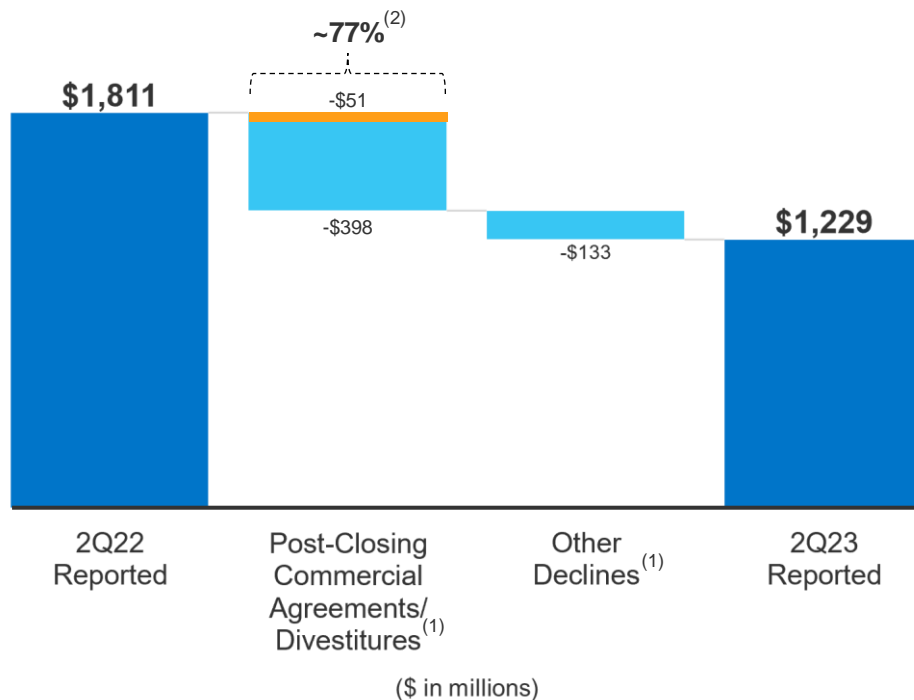
~\$61

Fiber Broadband ARPU



2Q23 Year-Over-Year Adjusted EBITDA Bridge

~77% of Decline Due to Post-Closing Commercial Agreements and Divestitures



(\$ in millions)	2Q23	Y/Y Change
Total Revenue	\$3,661	(20.6%)
Adjusted EBITDA	\$1,229	(32.1%)
Adj. EBITDA Margin	33.6%	(570bps)

⁽¹⁾ The Company believes that these figures will allow analysts and investors to understand (i) the amounts associated with the divestitures and the impact that it had on the Company's revenue generating activities in the second quarter of 2022 in relation to the Company's past, but not current or future, financial performance and (ii) the impact that the post-closing agreements have had on the Company's activities in the second quarter of 2023 and its current financial performance.

⁽²⁾ Calculated by combining the impacts from Post-Closing Commercial Agreements and Divestitures and showing them as a percent of the total dollar change from 2Q22 Adjusted EBITDA to 2Q23 Adjusted EBITDA.

Consolidated Cash Flow Summary

Key Metrics	
(\$ in millions)	2Q23
Cash Flow from Operations	(\$100)
Capital Expenditures	\$796
Free Cash Flow ⁽¹⁾	(\$896)
Net Cash Interest	\$195

⁽¹⁾ Includes the impact of \$938 million in cash tax payments related to our divestitures completed on August 1, 2022 and October 3, 2022.

Updated 2023 Financial Outlook

Metric ⁽¹⁾⁽²⁾	Current Outlook ⁽³⁾	Previous Outlook ⁽³⁾
Adjusted EBITDA	\$4.6 to \$4.8 billion	\$4.6 to \$4.8 billion
Free Cash Flow ⁽⁴⁾⁽⁵⁾	\$0 to \$200 million	\$0 to \$200 million
Net Cash Interest	\$1.1 to \$1.2 billion	\$1.1 to \$1.2 billion
GAAP Interest Expense	\$1.200 billion	\$1.200 billion
Capital Expenditures	\$2.9 to \$3.1 billion	\$2.9 to \$3.1 billion
Depreciation & Amortization	\$2.9 to \$3.1 billion	\$2.9 to \$3.1 billion
Stock-based Compensation Expenses	~\$65 million	~\$125 million
Cash Income Taxes ⁽⁵⁾	~\$300 to \$400 million	~\$300 to \$400 million
Full Year Effective Income Tax Rate	~26%	~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, goodwill impairments, 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 August 1, 2023. See "Forward Looking Statements" at the beginning of this presentation.

⁽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 approximately \$1 billion impact of taxes related to our divestitures completed on August 1, 2022 and October 3, 2022.

The background of the slide features a complex, abstract pattern of glowing blue lines and dots, resembling a circuit board or a network diagram. The lines are thin and interconnected, with some dots acting as nodes or junctions. The overall color scheme is dark blue and black, with the glowing lines providing a high-contrast, futuristic aesthetic.

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