

First Quarter 2025 Earnings FAQ

Can you provide an update on the potential asset sale? How should we think about the rumored sale price of \$5.5B?

While we will not comment directly on the details of the rumors, we have been consistent in saying that we are proud of the consumer fiber platform we have built, but the investment and return profile are not consistent with our desire to focus on the enterprise connectivity and services market. If we were to sell our consumer fiber assets, it would have to result in the following benefits: 1) fair market value; 2) allow us to execute on our enterprise vision; 3) reduce debt, interest expense and capital expense; and 4) improve our cash flow. We have no news to report now, but we will update the market when it is appropriate to do so.

What drove stronger than expected EBITDA in Q1?

Generally speaking, our stronger than expected EBITDA in the first quarter resulted from a combination of strong year over year growth in our NA Business Grow revenue, improvements in customer disconnects, and a strong start to the year in our Modernization and Simplification program.

Given the first quarters EBITDA, how do you think about FY guidance of \$3.2 to \$3.4 billion.

Though first quarter EBITDA results were above expectations, we feel it is prudent to continue evaluating the evolving macroeconomic landscape before considering increasing our guidance. We've had a strong start to 2025, but it is still early in the year, and as we gather more information we will adjust as needed.

How could tariff policy impact Lumen?

We remain in communication with our vendors and our partners in DC and will be proactive in evaluating any potential changes that would impact Lumen. Generally, we believe the work we are doing around PCF and our network is critical infrastructure for the US to remain a global technology leader.

Can you update the progress of the existing \$8.5 billion in PCF contracts, and the outlook for remaining large contracts?

We are progressing nicely with the construction of the \$8.5 billion of PCF projects we announced last year. Multiple ILA sites are under construction and we've initiated deployment of new fiber on several routes. Given our progress to date, we feel confident in completing these builds on time and on budget despite the macro environment.

We continue to be in discussions for the next tranche of PCF deals, and as indicated by our partners recent earnings reports, we are happy to confirm the demand for critical infrastructure to support the AI economy is still there. While the market is a bit uncertain, we see that overall PCF demand is still there at both the large deal level, as well as at the smaller enterprise deal level. We anticipate that trend will continue as these networks are critical infrastructure for the United States to be the world leader in AI.

Have you noticed changes in customer buying behavior?

As of today, we haven't seen enterprise buying behavior change, but we do understand the challenges hyperscalers and enterprises face as they grow their AI business. Lumen is enabling customers to get to the cloud faster, more efficiently and with larger workloads than ever needed before. Key product innovations, like we announced with Google on Direct Fiber Access, are enabling ease of business and unlocking faster rates of growth for hyperscalers and cloud service providers. Lumen has become a trusted advisor to build the backbone of AI.