

# First Quarter 2022 Results

May 4, 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; possible 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 our pending divestitures 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 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, 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; 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 and vaccination policies 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 effects of more general factors such as changes in interest rates, in inflation, 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.

# 2022 Priorities

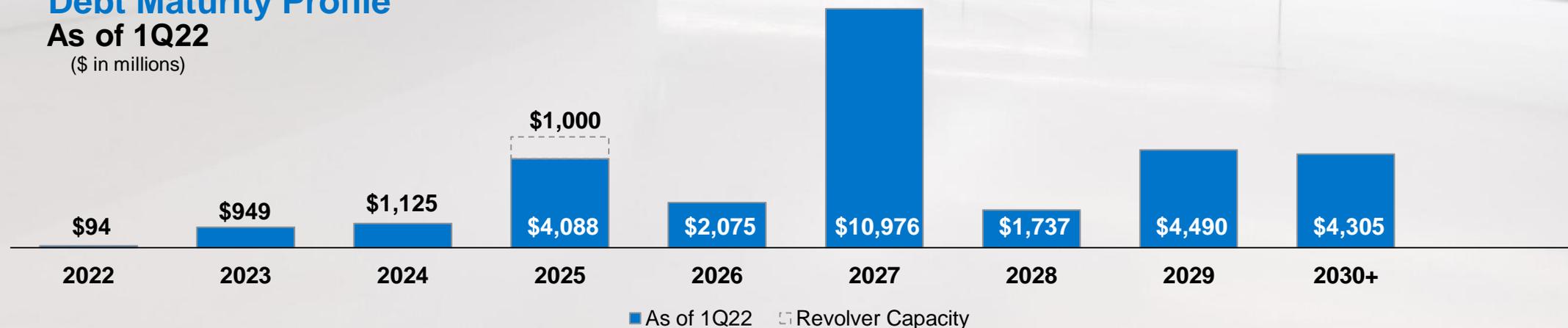
**1 Growth**  
Invest in fiber deployments and product enhancements to drive toward profitable revenue growth

**2 Shareholder Returns**  
Maintain our \$1 per share dividend; evaluate future share repurchase

**3 Debt Management**  
Reduced net debt by approximately \$1.5 billion since the first quarter 2021

**4 Portfolio Optimization**  
Continued focus on portfolio optimization; expect ~\$7 billion of net cash proceeds upon closing our LATAM and ILEC transactions

**Debt Maturity Profile<sup>(1)</sup>**  
As of 1Q22  
(\$ in millions)

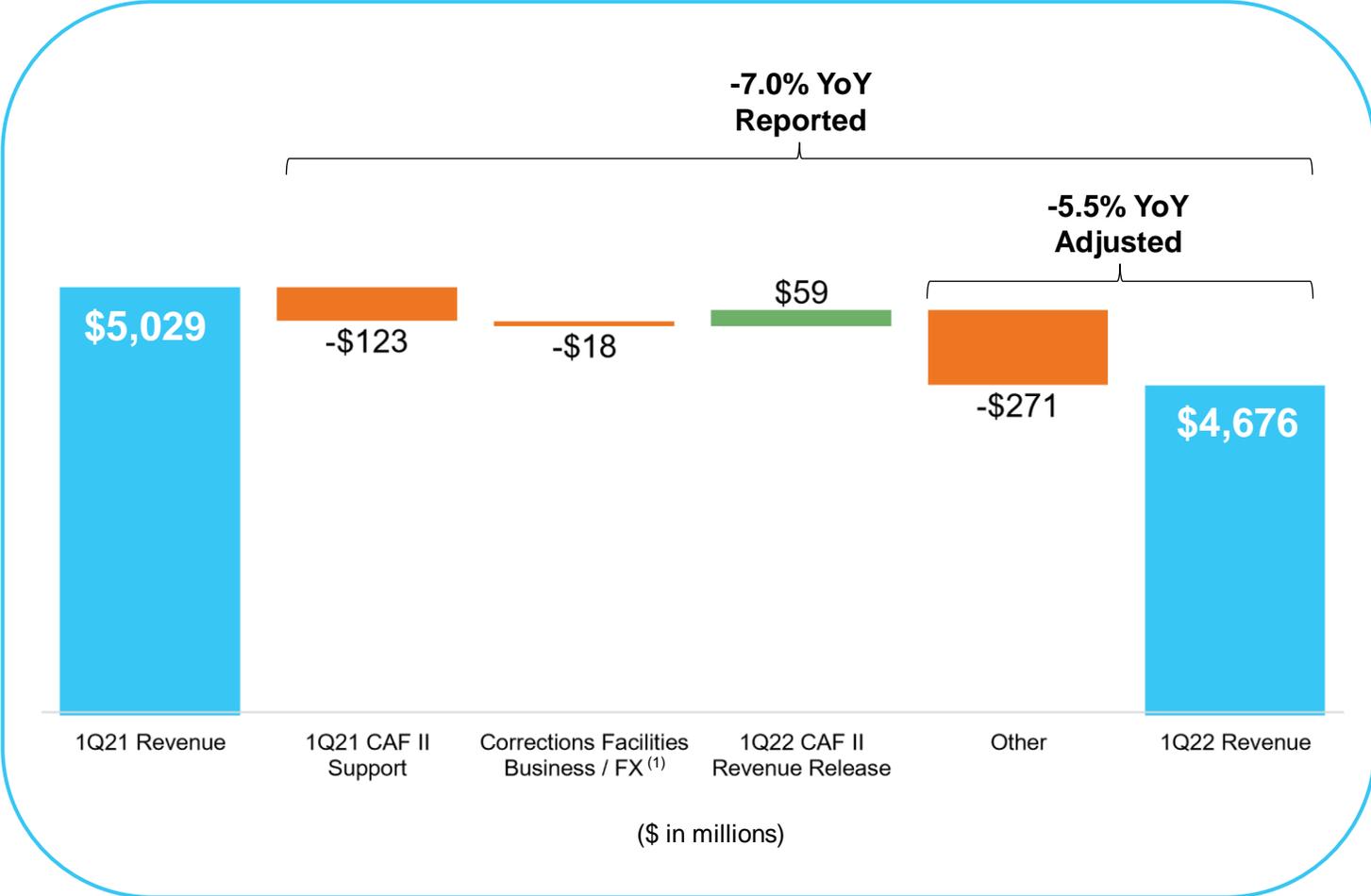


<sup>(1)</sup> Includes \$1.437 billion Embarq Corporation 7.995% Senior Notes due 6/01/2036 that had been reclassified as held for sale as of 3/31/22.

# Financial Highlights for 1Q22

- Maintained strong Adjusted EBITDA margins and Free Cash Flow
- Improved Mass Markets revenue performance excluding CAF II through fiber subscriber growth and ARPU expansion
- Returned \$271 million to our shareholders during the quarter through our quarterly dividend
- Reduced Net Debt by approximately \$1.5 billion since the first quarter 2021
- Full-year 2022 financial outlook measures updated due to the timing of expected 20-state ILEC transaction closing

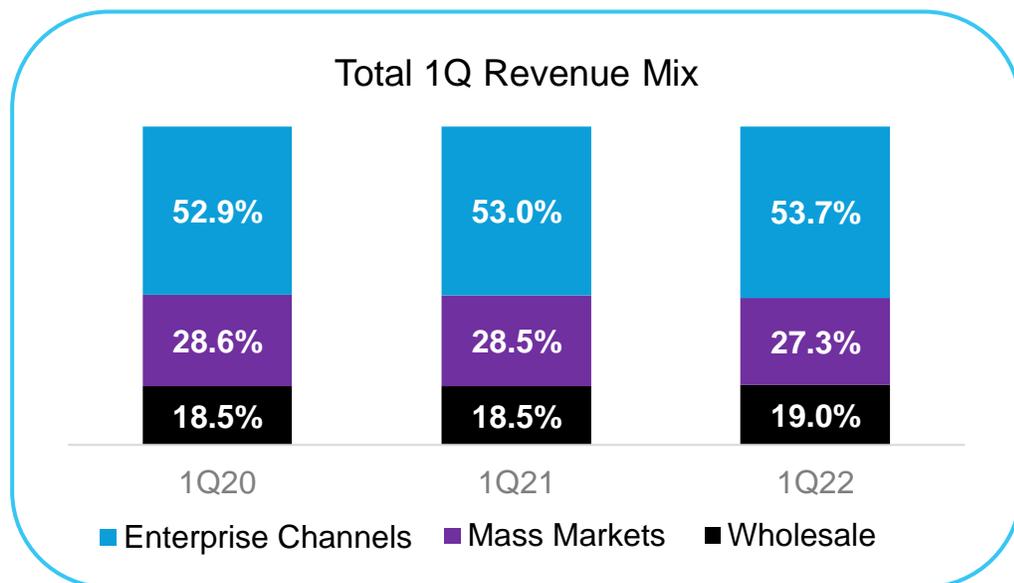
# 1Q22 Year-Over-Year Total Revenue Bridge



**Adjusted Revenue Performance In Line with Recent Results**

<sup>(1)</sup> Includes \$10 million impact from the sale of our corrections facilities business in 4Q21 and \$8 million impact from foreign currency headwinds.

# 1Q22 Revenue – Sales Channels



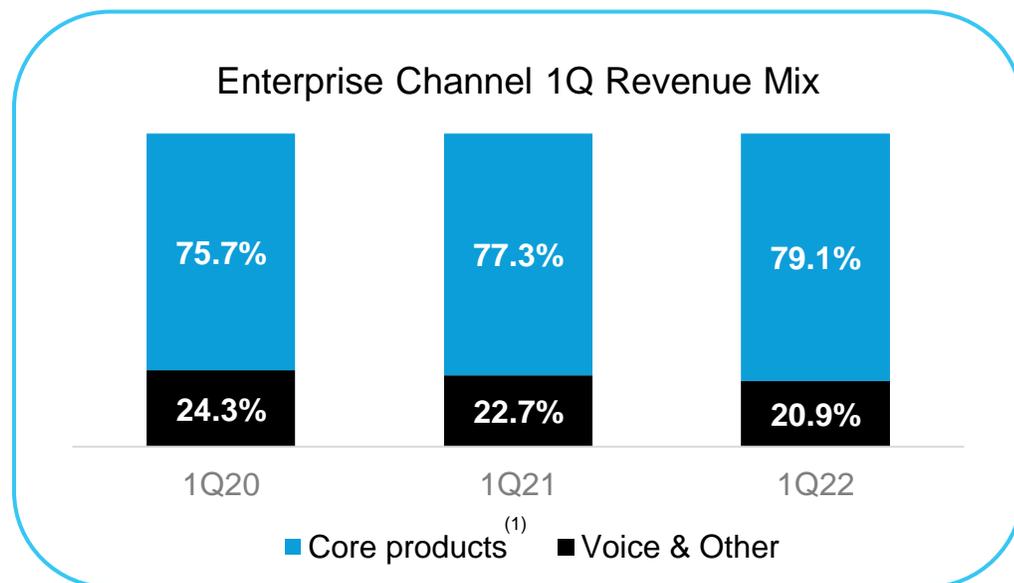
Investing for Future Growth in Enterprise Channels and Mass Markets

Revenue (\$ in millions)	1Q22	YoY% Change	QoQ% Change
Enterprise Channels <sup>(1)</sup>	\$2,512	(5.8%)	(3.5%)
Wholesale	\$889	(4.3%)	(0.2%)
<b>Business Subtotal</b>	<b>\$3,401</b>	<b>(5.4%)</b>	<b>(2.7%)</b>
<b>Mass Markets<sup>(2)</sup></b>	<b>\$1,275</b>	<b>(11.1%)</b>	<b>(5.8%)</b>
<b>Total Revenue</b>	<b>\$4,676</b>	<b>(7.0%)</b>	<b>(3.5%)</b>

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

<sup>(2)</sup> 1Q21, 4Q21 and 1Q22 include CAF II impacts of \$123 million, \$122 million and \$59 million, respectively.

# 1Q22 Enterprise Channel Revenue



Voice & Other  
Exposure Declining

Revenue (\$ in millions)	1Q22	YoY% Change	QoQ% Change
International and GAM	\$999	(2.1%)	(2.5%)
Large Enterprise	\$877	(8.0%)	(5.8%)
Mid-Market Enterprise	\$636	(8.2%)	(1.7%)
<b>Total Enterprise Channels</b>	<b>\$2,512</b>	<b>(5.8%)</b>	<b>(3.5%)</b>

# 1Q22 Mass Markets Revenue

## Total Mass Markets Product Categories

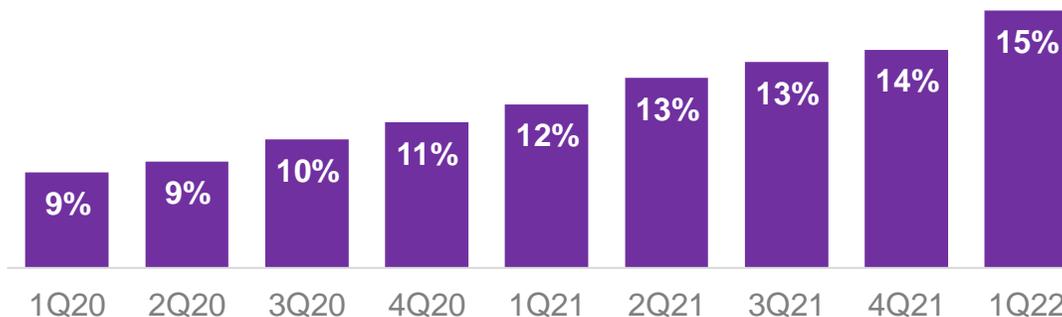
Revenue (\$ in millions)	1Q22	YoY% Change	QoQ% Change	% Total
Fiber Broadband	\$145	18.9%	5.8%	11%
Other Broadband <sup>(1)</sup>	\$610	(5.9%)	0.3%	48%
Voice and Other <sup>(2)</sup>	\$520	(21.7%)	(14.5%)	41%
<b>Total Mass Markets</b>	<b>\$1,275</b>	<b>(11.1%)</b>	<b>(5.8%)</b>	<b>100%</b>

## RemainCo Mass Markets Product Categories

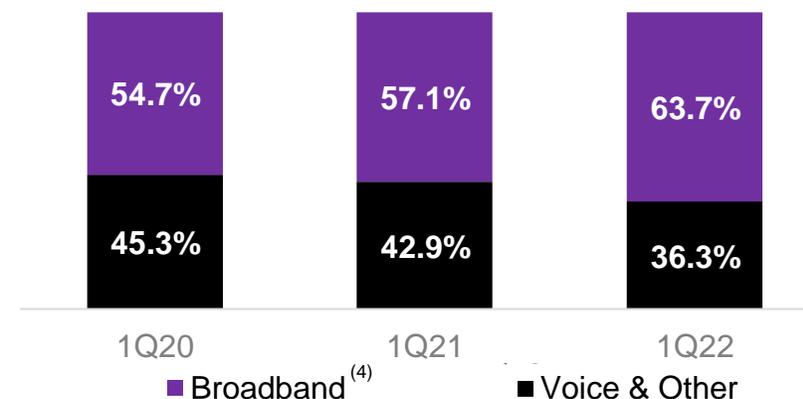
Revenue (\$ in millions)	1Q22	YoY% Change	QoQ% Change	% Total
Fiber Broadband	\$132	17.9%	5.6%	15%
Other Broadband	\$416	(5.7%)	1.0%	49%
Voice and Other <sup>(3)</sup>	\$312	(24.8%)	(15.9%)	36%
<b>Total Mass Markets</b>	<b>\$860</b>	<b>(11.2%)</b>	<b>(5.3%)</b>	<b>100%</b>

## Significant Revenue Mix Improvement Expected Within RemainCo

RemainCo  
Mass Markets Fiber Contribution



RemainCo  
Mass Markets 1Q Revenue Mix



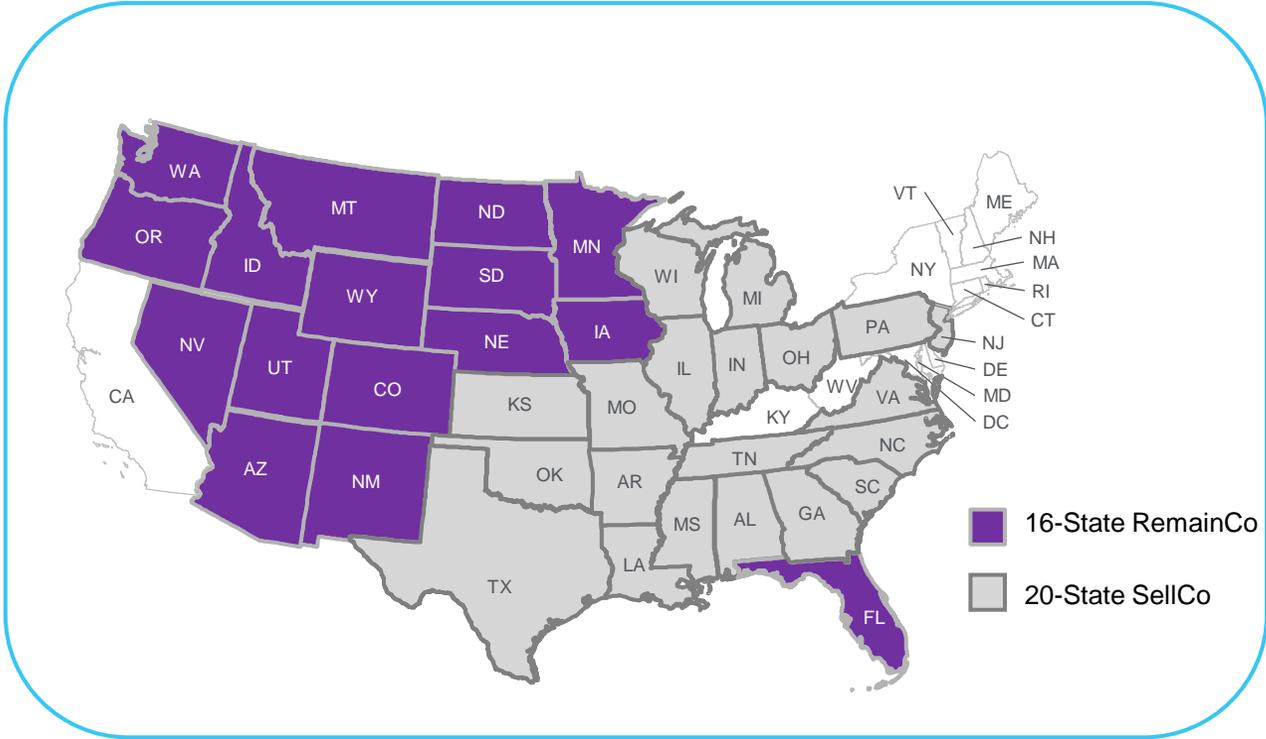
(1) Other Broadband revenue primarily includes revenue from lower speed copper-based broadband services marketed under the CenturyLink brand.

(2) 1Q21, 4Q21 and 1Q22 include CAF II impacts of \$123 million, \$122 million and \$59 million, respectively.

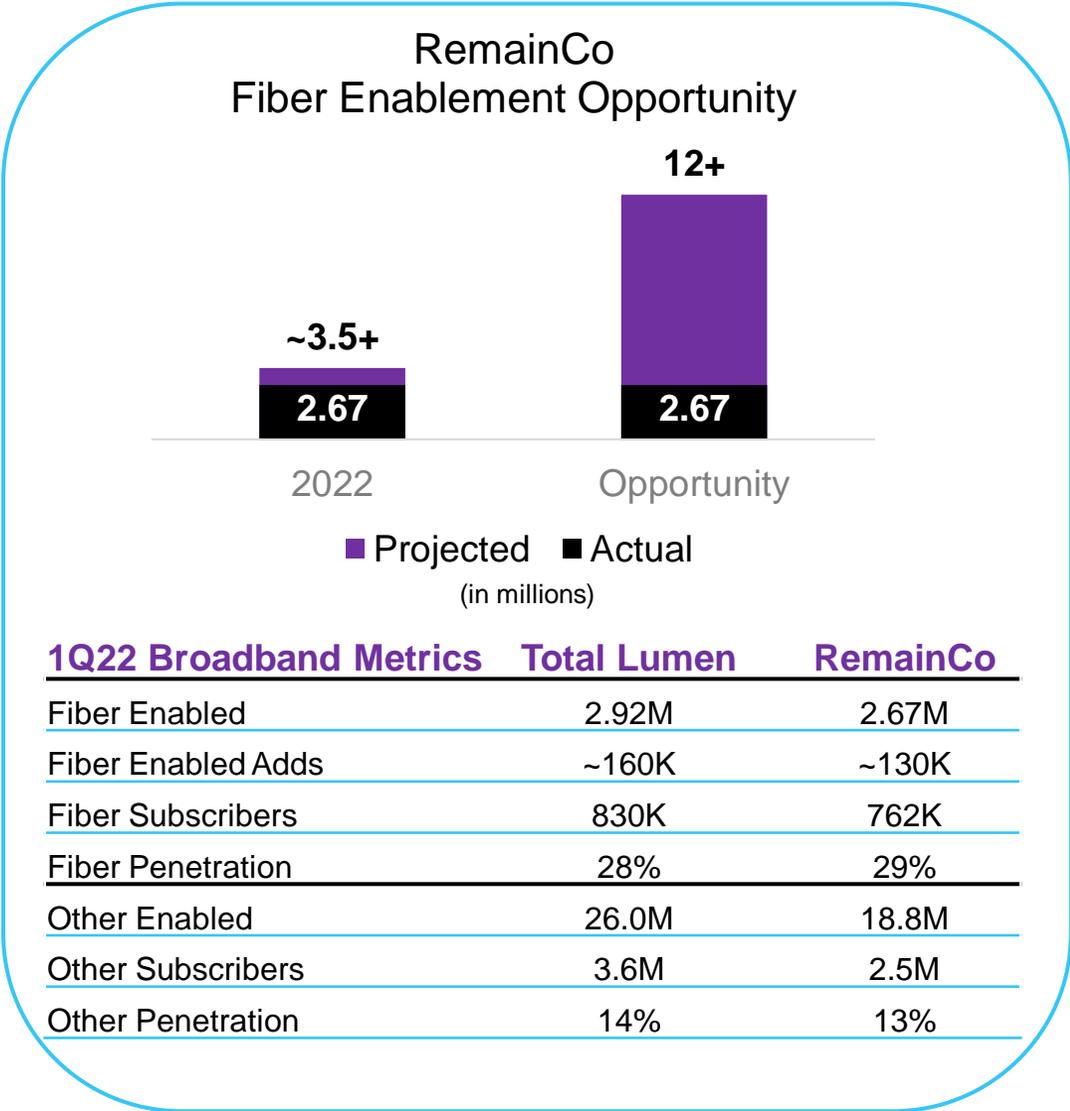
(3) 1Q21, 4Q21 and 1Q22 include CAF II impacts of \$54 million, \$53 million and \$14 million, respectively.

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

# 12M+ Addressable Fiber Opportunity in RemainCo Footprint



## Ramping Our Quantum Fiber Enablements in 2022 and Beyond



# 1Q22 RemainCo Quantum Fiber Subscriber Growth and KPIs

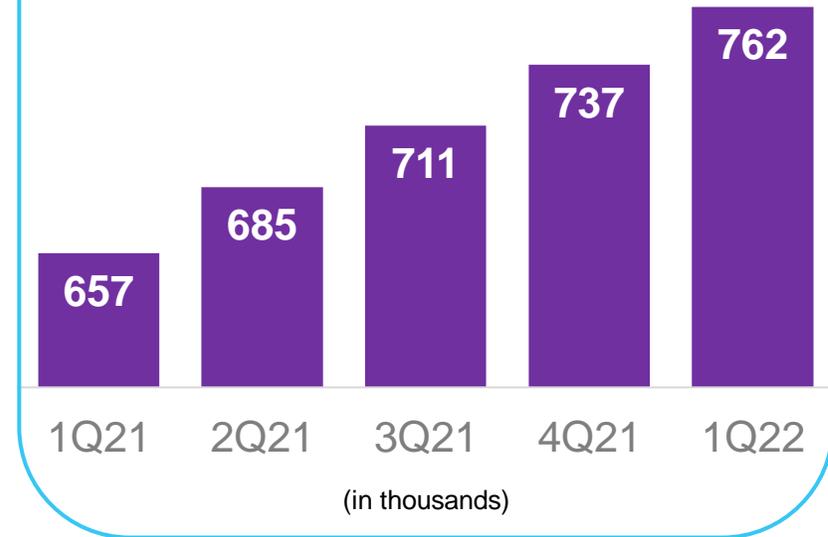
**~\$59**  
ARPU

**> 22%**

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

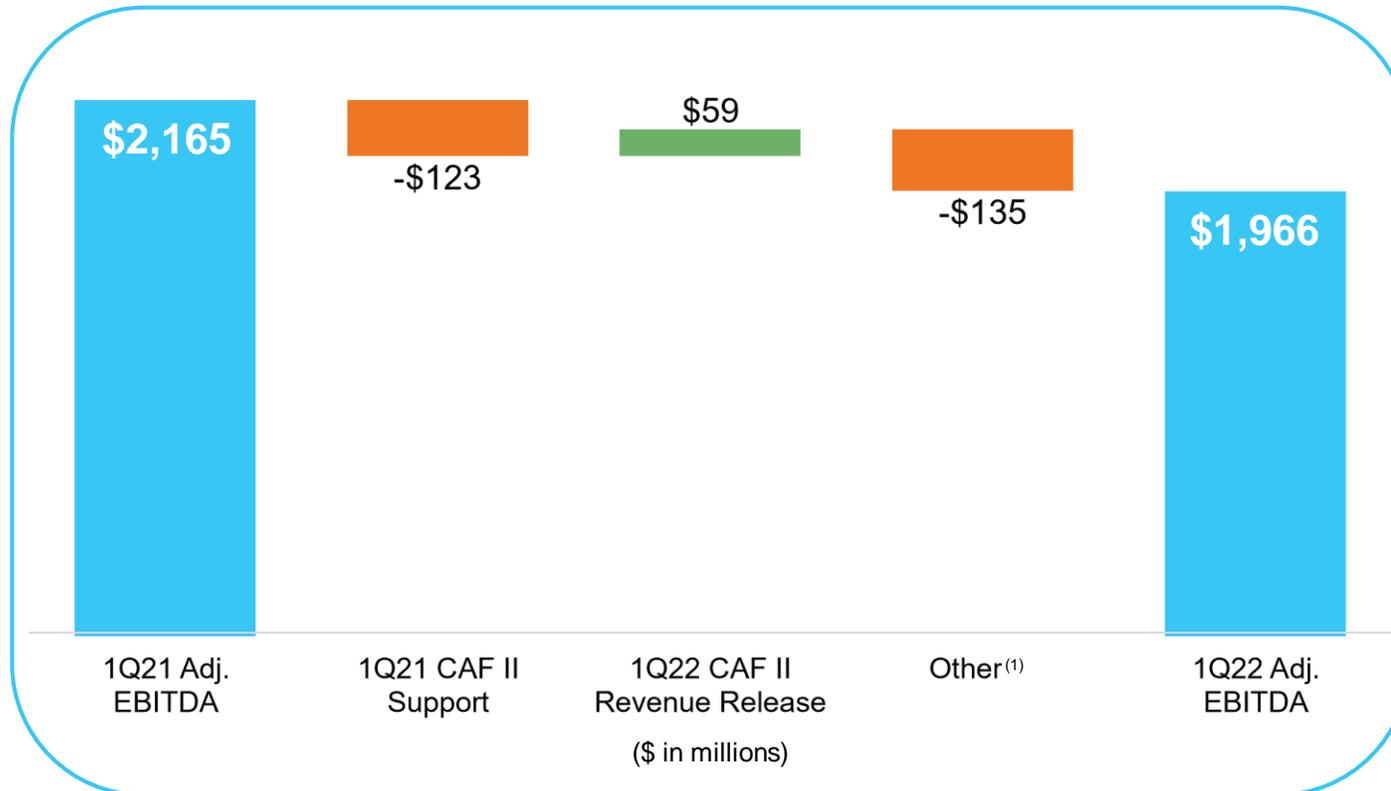
**> +50**  
NPS

RemainCo Quantum Fiber  
Subscriber Trends



**Roughly 90% of Subscriber Additions New to Lumen**

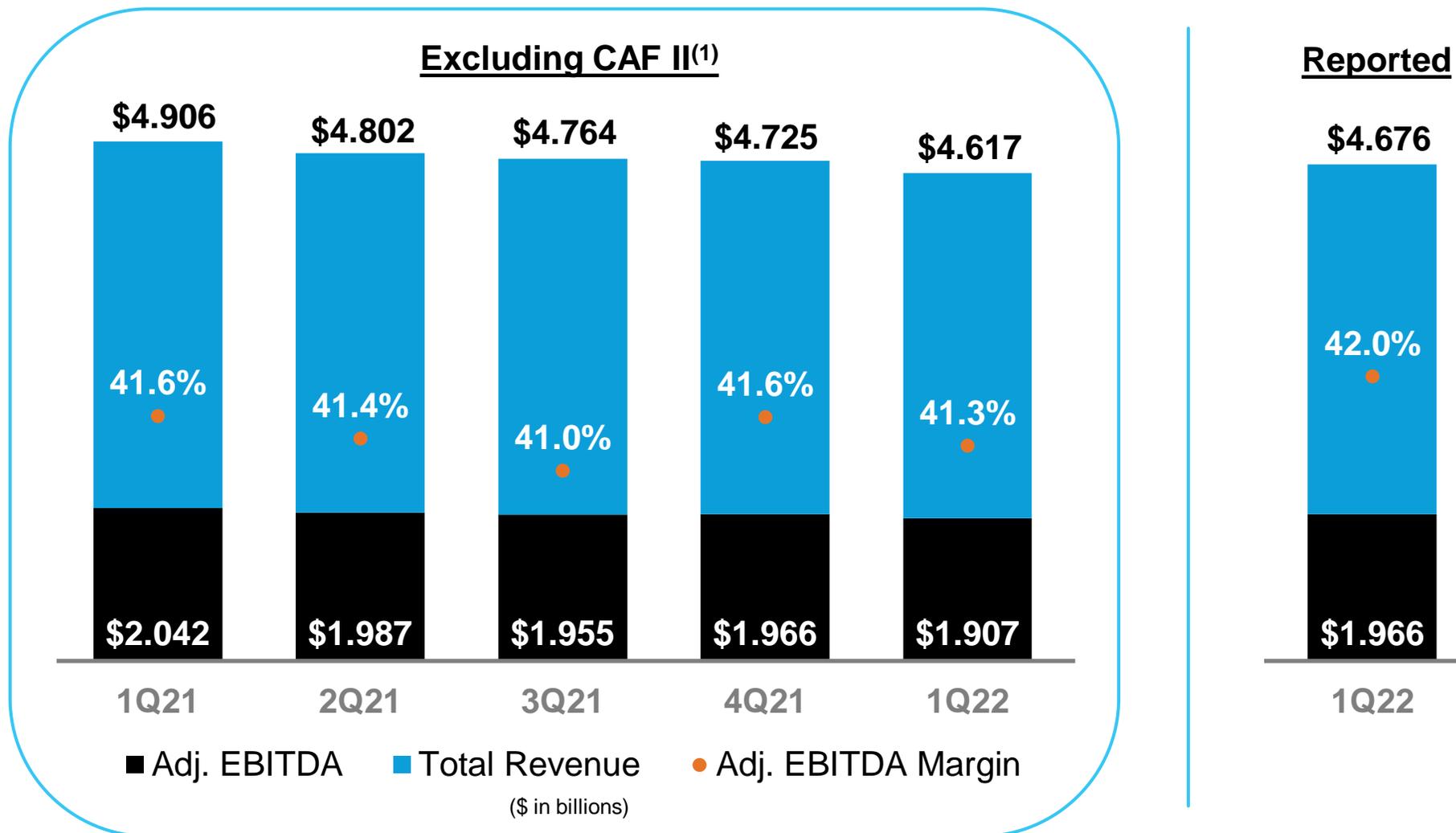
# 1Q22 Year-over-year Adjusted EBITDA Bridge



**CAF II Support and Revenue Release Impacting Comparability with Prior Periods**

<sup>(1)</sup> Includes impact of revenue declines, investments for growth and separation-related activities resulting in lower transformation savings.

# Adjusted EBITDA | Adjusted EBITDA Margin



<sup>(1)</sup> 1Q21, 2Q21, 3Q21, 4Q21 and 1Q22 exclude CAF II impacts of \$123 million, \$122 million, \$123 million, \$122 million and \$59 million, respectively.

# 1Q22 Free Cash Flow

**Free Cash Flow  
Positively Impacted  
by the Timing of  
Capital Expenditures**

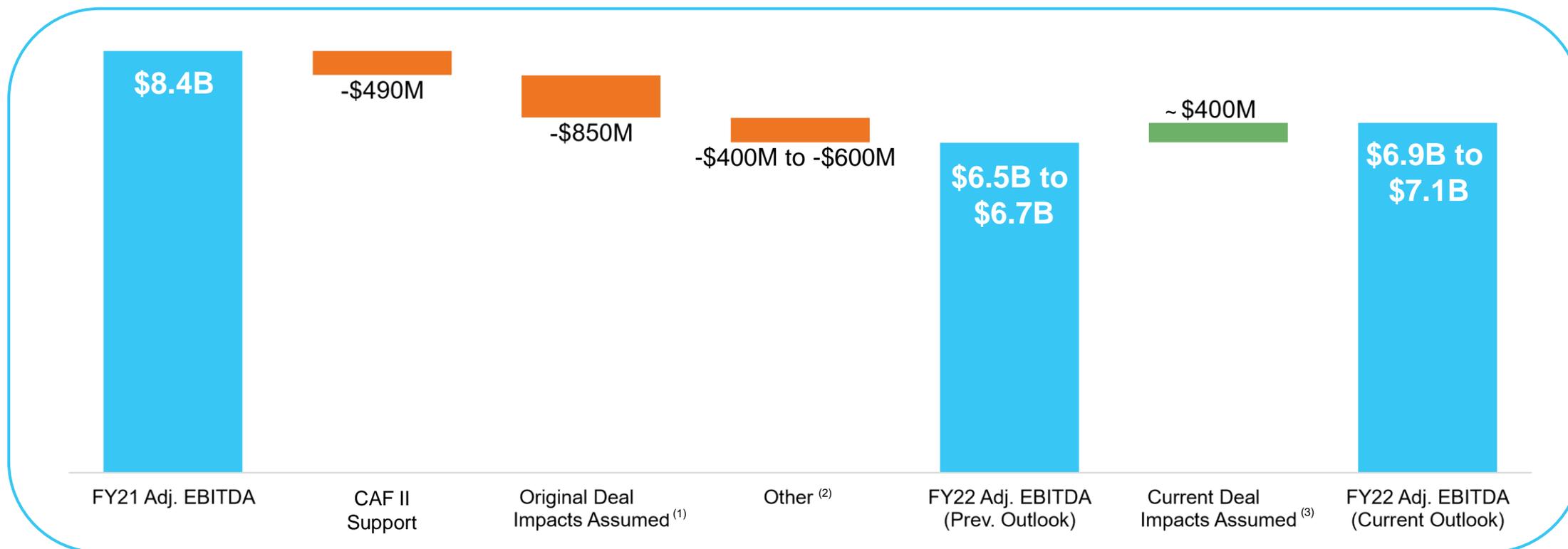
**\$846M**  
Free Cash Flow

**\$577M**  
Capital Expenditures

**\$385M**  
Net Cash Interest

# YoY Adj. EBITDA Change: Previous and Current Outlook

Updating our Outlook Based on Adjusted Timing of the 20-state ILEC Business Divestiture



<sup>(1)</sup> The previous outlook assumed that the pending sales of Lumen's LATAM business and 20-state ILEC business would be completed at mid-year 2022, resulting in 2022 financial contributions of two quarters for each business.

<sup>(2)</sup> Includes impact of revenue declines, investments for growth and separation-related activities resulting in dis-synergies and lower transformation savings.

<sup>(3)</sup> The current outlook assumes the pending sales of Lumen's LATAM business and 20-state ILEC business would be completed in the third quarter of 2022 and the fourth quarter of 2022, respectively, resulting in 2022 financial contributions of two quarters and three quarters, respectively for each business.

# Updated 2022 Financial Outlook

Metric <sup>(1)(2)</sup>	Current Outlook <sup>(3)</sup>	Previous Outlook <sup>(4)</sup>
Adjusted EBITDA	\$6.9 to \$7.1 billion	\$6.5 to \$6.7 billion
Free Cash Flow <sup>(5)</sup>	\$2.0 to \$2.2 billion	\$1.6 to \$1.8 billion
Net Cash Interest	\$1.3 to \$1.4 billion	\$1.3 to \$1.4 billion
GAAP Interest Expense	\$1.350 billion	\$1.350 billion
Dividends <sup>(6)</sup>	\$1.00 per share	\$1.00 per share
Capital Expenditures	\$3.2 to \$3.4 billion	\$3.2 to \$3.4 billion
Depreciation & Amortization	\$3.2 to \$3.4 billion	\$3.2 to \$3.4 billion
Stock-based Compensation Expenses	~\$150 million	~\$150 million
Cash Income Taxes	~\$100 million	~\$100 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, 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 May 4, 2022. See "Forward Looking Statements" at the beginning of this presentation.

(3) Current outlook measures include accounting impacts of assets and liabilities held for sale and assume the pending sales of Lumen's LATAM business and 20-state ILEC business would be completed in the third quarter of 2022 and the fourth quarter of 2022, respectively, resulting in updated guidance which includes 2022 financial

contributions of two quarters and three quarters, respectively, for each business.

(4) Refers to full-year 2022 financial outlook provided on Feb. 9, 2022, which assumed two quarters of financial contributions for each business.

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

(6) Based on common stock outstanding as of Dec. 31, 2021 as well as expected accrued dividends. Given our \$1.00 per share dividend outlook, this implies cash dividends of approximately \$1.040 billion.



**Q&A**