

3rd Quarter Earnings

October 31, 2023

LUMEN®

Financial Trending Schedule

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



Lumen Technologies, Inc.

Financial Results

(UNAUDITED)

(\$ in millions, except per share data)

Metric	Third Quarter	
	2023	2022
Large Enterprise	\$ 1,182	1,286
Mid-Market Enterprise	498	555
Public Sector	444	457
Enterprise Channels	2,124	2,298
Wholesale	770	920
Business Segment Revenue	2,894	3,218
Mass Markets Segment Revenue	747	1,172
Total Revenue⁽¹⁾⁽²⁾	\$ 3,641	4,390
Cost of Services and Products	1,850	1,999
Selling, General and Administrative Expenses	791	792
Gain on Sale of Business	—	(593)
Loss on Disposal Group Held for Sale	22	—
Stock-based Compensation Expense	16	23
Net (Loss) Income	(78)	578
Net (Loss) Income, Excluding Special Items ⁽³⁾⁽⁴⁾	(85)	146
Adjusted EBITDA ⁽³⁾⁽⁵⁾⁽⁶⁾	994	2,215
Adjusted EBITDA, Excluding Special Items ⁽³⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾	1,049	1,688
Net (Loss) Income Margin	(2.1)%	13.2 %
Net (Loss) Income Margin, Excluding Special Items ⁽³⁾⁽⁴⁾	(2.3)%	3.3 %
Adjusted EBITDA Margin ⁽⁵⁾	27.3 %	50.5 %
Adjusted EBITDA Margin, Excluding Special Items ⁽³⁾⁽⁷⁾	28.8 %	38.5 %
Net Cash Provided by Operating Activities	881	1,123
Capital Expenditures ⁽⁸⁾	843	845
Unlevered Cash Flow ⁽³⁾	358	665
Unlevered Cash Flow, Excluding Cash Special Items ⁽³⁾⁽⁹⁾	363	1,007
Free Cash Flow ⁽³⁾	38	278
Free Cash Flow, Excluding Cash Special Items ⁽³⁾⁽⁹⁾	43	620
Net (Loss) Income per Common Share - Diluted	(0.08)	0.57
Net (Loss) Income per Common Share - Diluted, Excluding Special Items ⁽³⁾⁽⁴⁾	(0.09)	0.14
Weighted Average Shares Outstanding (in millions) - Diluted	983.6	1,017.0

⁽¹⁾ Revenue for the third quarter of 2022 includes \$571 million of revenue from the Latin American business divested August 1, 2022 and the 20-state ILEC business divested October 3, 2022 (the "divestitures"), which will not recur in periods following the completion of these divestitures. The Company believes that these figures will allow analysts and investors to understand the amounts associated with these transactions to understand the impact they had on the Company's past, but not current or future, financial performance. Therefore, these amounts will impact the Company's ability to match its past performance in current and future periods.

⁽²⁾ The post-closing revenue impact of actual amounts received by the Company under the post-closing agreements with the purchasers of the divested businesses was \$23 million for the third quarter of 2023. The Company believes that this provides useful information to investors to understand the impact that the post-closing agreements have had on the Company's current financial performance.

⁽³⁾ See the attached schedules for definitions of non-GAAP metrics and reconciliations to GAAP figures.

⁽⁴⁾ Excludes Special Items (net of the income tax effect thereof), which positively impacts this metric by (i) \$(7) million for the third quarter of 2023 and (ii) \$(432) million for the third quarter of 2022.

⁽⁵⁾ Adjusted EBITDA and Adjusted EBITDA excluding Special Items for the third quarter of 2022 includes \$332 million of Adjusted EBITDA from our businesses divested in the second half of 2022, which will not recur in periods following the completion of these divestitures. The Company believes that these figures will allow analysts and investors to understand the amounts associated with these transactions to understand the impact they had on the Company's past, but not current or future, financial performance. Therefore, these amounts will impact the Company's ability to match its past performance in current and future periods.

⁽⁶⁾ The post-closing net financial impacts of actual amounts received or paid by the Company under its post-closing agreements with the purchasers of the divested businesses was a net reduction of \$(40) million for the third quarter 2023. The Company believes that this provides useful information to investors to understand the impact that the post-closing agreements have had on the Company's current financial performance.

⁽⁷⁾ Excludes Special Items in the amounts of (i) \$55 million for the third quarter of 2023 and (ii) \$(527) million for the third quarter of 2022.

⁽⁸⁾ Capital expenditures for the third quarter of 2022 includes \$81 million of capital expenditures relating to the divested businesses, which will not recur in periods following the completion of these divestitures. The Company believes that these figures will allow analysts and investors to understand the amounts associated with these transactions and programs to understand the impact they had on the Company's past, but not current or future, capital expenditures. Therefore, these amounts will impact the Company's ability to match its past capital expenditure activities in current and future periods.

⁽⁹⁾ Excludes cash paid for Special Items of (i) \$5 million for the third quarter of 2023 and (ii) \$342 million for the third quarter of 2022.

3rd Quarter Earnings

October 31, 2023



Lumen Technologies, Inc.

Consolidated Statements of Operations

(UNAUDITED)

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

	3Q23	2Q23	1Q23	4Q22	3Q22	2Q22	1Q22
OPERATING REVENUE	\$ 3,641	3,661	3,738	3,800	4,390	4,612	4,676
OPERATING EXPENSES							
Cost of services and products (exclusive of depreciation and amortization)	1,850	1,740	1,817	1,826	1,999	2,058	1,985
Selling, general and administrative	791	790	721	671	792	815	800
Gain on sale of businesses	—	—	—	(180)	(593)	—	—
Loss on disposal groups held for sale	22	13	77	700	—	—	—
Depreciation and amortization	755	746	733	796	808	827	808
Goodwill impairment	—	8,793	—	3,271	—	—	—
Total operating expenses	3,418	12,082	3,348	7,084	3,006	3,700	3,593
OPERATING (LOSS) INCOME	223	(8,421)	390	(3,284)	1,384	912	1,083
OTHER (EXPENSE) INCOME							
Interest expense	(295)	(294)	(279)	(280)	(363)	(337)	(352)
Net gain on early retirement of debt	—	9	609	205	9	—	—
Other (expense) income, net	(13)	16	(40)	177	(93)	(122)	70
Total other (expense) income, net	(308)	(269)	290	102	(447)	(459)	(282)
Income tax (benefit) expense	(7)	46	169	(113)	359	109	202
NET (LOSS) INCOME	\$ (78)	(8,736)	511	(3,069)	578	344	599
BASIC AND DILUTED (LOSS) EARNINGS PER COMMON SHARE							
Basic	\$ (0.08)	(8.88)	0.52	(3.08)	0.57	0.34	0.59
Diluted	(0.08)	(8.88)	0.52	(3.08)	0.57	0.34	0.59
WEIGHTED AVERAGE COMMON SHARES OUTSTANDING							
Basic	983.6	983.5	981.6	995.6	1,013.1	1,012.9	1,008.4
Diluted	983.6	983.5	982.3	995.6	1,017.0	1,016.6	1,015.2
DIVIDENDS DECLARED PER COMMON SHARE							
	—	—	—	—	0.25	0.25	0.25
Exclude: Special Items ⁽¹⁾	(7)	8,834	(414)	3,494	(432)	13	37
NET (LOSS) INCOME EXCLUDING SPECIAL ITEMS	\$ (85)	98	97	425	146	357	636
DILUTED (LOSS) EARNINGS PER SHARE EXCLUDING SPECIAL ITEMS	\$ (0.09)	0.10	0.10	0.43	0.14	0.35	0.63

⁽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)

	3Q23	2Q23	1Q23	4Q22	3Q22	2Q22	1Q22
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	\$ 311	411	1,148	1,251	252	360	366
Accounts receivable, less allowance	1,411	1,473	1,432	1,477	1,457	1,460	1,419
Assets held for sale	1,942	2,005	1,946	1,889	6,779	9,089	9,025
Other current assets	982	984	879	803	894	881	962
Total current assets	4,646	4,873	5,405	5,420	9,382	11,790	11,772
NET PROPERTY, PLANT AND EQUIPMENT							
Property, plant and equipment	40,582	39,961	39,612	39,052	41,104	40,740	40,464
Accumulated depreciation	(20,976)	(20,529)	(20,291)	(19,886)	(20,391)	(20,020)	(19,635)
Net property, plant and equipment	19,606	19,432	19,321	19,166	20,713	20,720	20,829
GOODWILL AND OTHER ASSETS							
Goodwill	3,864	3,864	12,657	12,657	15,918	15,947	15,976
Other intangible assets, net	5,744	5,899	6,034	6,166	6,436	6,628	6,785
Other, net	2,061	2,100	2,113	2,172	2,368	2,590	2,675
Total goodwill and other assets	11,669	11,863	20,804	20,995	24,722	25,165	25,436
TOTAL ASSETS	\$ 35,921	36,168	45,530	45,581	54,817	57,675	58,037
LIABILITIES AND STOCKHOLDERS' EQUITY							
CURRENT LIABILITIES							
Current maturities of long-term debt	\$ 155	154	153	154	3,474	156	156
Accounts payable	1,015	1,171	1,131	950	1,009	1,053	902
Accrued expenses and other liabilities							
Salaries and benefits	733	605	590	692	788	705	687
Income and other taxes	287	234	1,303	1,158	275	233	244
Current operating lease liabilities	296	323	326	344	396	400	383
Interest	139	176	88	181	184	253	207
Other	174	177	178	277	173	107	184
Liabilities held for sale	478	496	472	451	1,792	2,249	2,250
Current portion of deferred revenue	643	627	607	596	624	625	642
Total current liabilities	3,920	3,963	4,848	4,803	8,715	5,781	5,655
LONG TERM DEBT	19,740	19,899	19,743	20,418	21,764	27,965	28,397
DEFERRED CREDITS AND OTHER LIABILITIES							
Deferred income taxes, net	3,192	3,204	3,200	3,163	4,595	4,254	4,222
Benefit plan obligations, net	2,322	2,335	2,358	2,391	3,192	3,553	3,634
Deferred revenue	1,902	1,850	1,808	1,758	1,830	1,761	1,749
Other	2,626	2,633	2,578	2,611	2,144	2,142	2,098
Total deferred credits and other liabilities	10,042	10,022	9,944	9,923	11,761	11,710	11,703
STOCKHOLDERS' EQUITY							
Common stock	1,008	1,008	1,005	1,002	1,035	1,032	1,033
Additional paid-in capital	18,117	18,100	18,094	18,080	18,221	18,459	18,695
Accumulated other comprehensive loss	(1,057)	(1,053)	(1,069)	(1,099)	(2,202)	(2,217)	(2,047)
Accumulated deficit	(15,849)	(15,771)	(7,035)	(7,546)	(4,477)	(5,055)	(5,399)
Total stockholders' equity	2,219	2,284	10,995	10,437	12,577	12,219	12,282
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 35,921	36,168	45,530	45,581	54,817	57,675	58,037



Lumen Technologies, Inc.
Condensed Consolidated Statements of Cash Flows
(UNAUDITED)
(\$ in millions)

	3Q23	2Q23	1Q23	4Q22	3Q22	2Q22	1Q22
OPERATING ACTIVITIES							
Net cash provided by (used in) operating activities	\$ 881	(100)	595	841	1,123	1,396	1,375
INVESTING ACTIVITIES							
Capital expenditures	(843)	(796)	(640)	(833)	(845)	(761)	(577)
Proceeds from sale of businesses	—	3	—	5,662	2,707	—	—
Proceeds from sale of property, plant and equipment and intangible assets	9	3	23	53	2	59	6
Other, net	7	1	1	—	—	1	2
Net cash (used in) provided by investing activities	(827)	(789)	(616)	4,882	1,864	(701)	(569)
FINANCING ACTIVITIES							
Payments of long-term debt	(45)	(39)	(61)	(4,194)	(2,367)	(58)	(1,474)
Net (payments on) proceeds from revolving line of credit	(125)	200	—	(280)	(520)	(400)	1,000
Dividends paid	(1)	(1)	(8)	—	(255)	(254)	(271)
Repurchases of common stock	—	—	—	(200)	—	—	—
Other, net	(2)	(2)	(17)	(7)	(1)	(1)	(31)
Net cash (used in) provided by financing activities	(173)	158	(86)	(4,681)	(3,143)	(713)	(776)
Net (decrease) increase in cash, cash equivalents and restricted cash	(119)	(731)	(107)	1,042	(156)	(18)	30
Cash, cash equivalents and restricted cash at beginning of period	469	1,200	1,307	265	421	439	409
Cash, cash equivalents and restricted cash at end of period	\$ 350	469	1,200	1,307	265	421	439
Cash, cash equivalents and restricted cash:							
Cash and cash equivalents	\$ 311	411	1,148	1,251	252	360	366
Cash and cash equivalents and restricted cash included in assets held for sale	28	47	41	44	—	48	59
Restricted cash	11	11	11	12	13	13	14
Total	\$ 350	469	1,200	1,307	265	421	439



Lumen Technologies, Inc.

Segment Revenue ⁽¹⁾
(UNAUDITED)
(\$ in millions)

	3Q23	2Q23	1Q23	4Q22	3Q22	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21
Segment Revenue											
Business Segment Total	\$ 2,894	2,897	2,956	3,005	3,218	3,417	3,401	3,494	3,508	3,522	3,595
Mass Markets Segment Total	747	764	782	795	1,172	1,195	1,275	1,353	1,379	1,402	1,434
Total	\$ 3,641	3,661	3,738	3,800	4,390	4,612	4,676	4,847	4,887	4,924	5,029

⁽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.



Lumen Technologies, Inc.
Revenue by Sales Channel and Product Category⁽¹⁾
(UNAUDITED)
(\$ in millions)

	3Q23	2Q23	1Q23	4Q22	3Q22	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21
Revenue By Sales Channel											
Large Enterprise	1,182	1,179	1,194	1,217	1,286	1,432	1,442	1,476	1,480	1,470	1,492
Mid-Market Enterprise	498	507	515	522	555	562	573	583	586	599	630
Public Sector	444	414	430	431	457	494	479	526	532	529	524
Enterprise Channels	2,124	2,100	2,139	2,170	2,298	2,488	2,494	2,585	2,598	2,598	2,646
Wholesale	770	797	817	835	920	929	907	909	910	924	949
Business Segment Revenue	2,894	2,897	2,956	3,005	3,218	3,417	3,401	3,494	3,508	3,522	3,595
Mass Markets Segment Revenue	747	764	782	795	1,172	1,195	1,275	1,353	1,379	1,402	1,434
Total Revenue⁽²⁾	3,641	3,661	3,738	3,800	4,390	4,612	4,676	4,847	4,887	4,924	5,029
Business Revenue by Product Category and Sales Channel											
Large Enterprise											
Grow	557	558	550	533	571	658	653	657	651	627	617
Nurture	369	369	375	383	404	444	454	461	473	483	489
Harvest	186	197	207	229	245	272	276	294	292	300	319
Subtotal	1,112	1,124	1,132	1,145	1,220	1,374	1,383	1,412	1,416	1,410	1,425
Other	70	55	62	72	66	58	59	64	64	60	67
Total Large Enterprise Revenue	1,182	1,179	1,194	1,217	1,286	1,432	1,442	1,476	1,480	1,470	1,492
Mid-Market Enterprise											
Grow	201	202	196	192	192	188	185	186	180	179	179
Nurture	195	202	211	217	226	231	241	245	251	259	271
Harvest	94	94	100	106	129	135	140	144	148	154	167
Subtotal	490	498	507	515	547	554	566	575	579	592	617
Other	8	9	8	7	8	8	7	8	7	7	13
Total Mid-Market Enterprise Revenue	498	507	515	522	555	562	573	583	586	599	630
Public Sector											
Grow	117	118	116	107	106	116	115	116	126	121	118
Nurture	98	93	106	110	121	128	131	131	131	131	135
Harvest	96	95	99	101	119	124	124	132	140	149	148
Subtotal	311	306	321	318	346	368	370	379	397	401	401
Other	133	108	109	113	111	126	109	147	135	128	123
Total Public Sector Revenue	444	414	430	431	457	494	479	526	532	529	524
Enterprise Subtotals											
Grow	875	878	862	832	869	962	953	959	957	927	914
Nurture	662	664	692	710	751	803	826	837	855	873	895
Harvest	376	386	406	436	493	531	540	570	580	603	634
Subtotal	1,913	1,928	1,960	1,978	2,113	2,296	2,319	2,366	2,392	2,403	2,443
Other	211	172	179	192	185	192	175	219	206	195	203
Total Enterprise Revenue	2,124	2,100	2,139	2,170	2,298	2,488	2,494	2,585	2,598	2,598	2,646
Wholesale											
Grow	250	260	266	259	247	240	233	239	230	232	229
Nurture	203	205	213	224	255	258	267	265	269	270	276
Harvest	314	331	333	341	404	405	407	405	411	422	444
Subtotal	767	796	812	824	906	903	907	909	910	924	949
Other	3	1	5	11	14	26	—	—	—	—	—
Total Wholesale Revenue	770	797	817	835	920	929	907	909	910	924	949
Business Segment by Product Category											
Grow	1,125	1,138	1,128	1,091	1,116	1,202	1,186	1,198	1,187	1,159	1,143
Nurture	865	869	905	934	1,006	1,061	1,093	1,102	1,124	1,143	1,171
Harvest	690	717	739	777	897	936	947	975	991	1,025	1,078
Subtotal	2,680	2,724	2,772	2,802	3,019	3,199	3,226	3,275	3,302	3,327	3,392
Other	214	173	184	203	199	218	175	219	206	195	203
Total Business Segment Revenue	2,894	2,897	2,956	3,005	3,218	3,417	3,401	3,494	3,508	3,522	3,595
Mass Markets Segment by Product Category											
Fiber Broadband	162	157	152	148	160	151	145	137	135	130	122
Other Broadband ⁽³⁾	340	355	369	377	580	597	610	608	619	632	648
Voice and Other	245	252	261	270	432	447	520	608	625	640	664
Total Mass Markets Segment	747	764	782	795	1,172	1,195	1,275	1,353	1,379	1,402	1,434

⁽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.

⁽²⁾ Revenue includes amounts from the (i) Latin American business divested on August 1, 2022 and the 20-state ILEC business divested on October 3, 2022, (ii) the Federal Communications Commission's Connect America Fund ("CAF") Phase II program, which lapsed on December 31, 2021, and (iii) revenue related to the post-closing commercial agreements with the purchasers of the divested businesses. Refer to Tab "Included in Revenue by channel" for details.

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



Lumen Technologies, Inc.

Supplemental Information Regarding Amounts included in Revenue by Sales Channel and Product Category
(UNAUDITED)
(\$ in millions)

	3Q23	2Q23	1Q23	4Q22	3Q22	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21
Revenue by Product Category and Sales Channel											
Large Enterprise											
Included in Grow - Divestitures ⁽¹⁾	—	—	—	—	44	137	131	128	124	121	113
Included in Grow - Post-closing commercial agreements ⁽²⁾	—	—	—	—	—	—	—	—	—	—	—
Included in Nurture - Divestitures ⁽¹⁾	—	—	—	—	15	43	44	44	44	45	46
Included in Nurture - Post-closing commercial agreements ⁽²⁾	—	—	—	—	—	—	—	—	—	—	—
Included in Harvest - Divestitures ⁽¹⁾	—	—	—	—	16	26	27	31	34	37	43
Included in Harvest - Post-closing commercial agreements ⁽²⁾	—	—	—	—	—	—	—	—	—	—	—
Subtotal included in Grow, Nurture, Harvest - Divestitures	—	—	—	—	75	206	202	203	202	203	202
Subtotal included in Grow, Nurture, Harvest - Post-closing commercial agreements	—	—	—	—	—	—	—	—	—	—	—
Included in Other - Divestitures ⁽¹⁾	—	—	—	—	—	—	—	1	1	1	(1)
Included in Other - Post-closing commercial agreements ⁽²⁾	—	—	—	—	—	—	—	—	—	—	—
Mid-Market Enterprise											
Included in Grow - Divestitures ⁽¹⁾	—	—	—	—	—	—	—	—	—	—	—
Included in Grow - Post-closing commercial agreements ⁽²⁾	—	—	—	—	—	—	—	—	—	—	—
Included in Nurture - Divestitures ⁽¹⁾	—	—	—	—	2	1	2	1	1	2	1
Included in Nurture - Post-closing commercial agreements ⁽²⁾	—	—	—	—	—	—	—	—	—	—	—
Included in Harvest - Divestitures ⁽¹⁾	—	—	—	—	20	21	22	23	24	24	24
Included in Harvest - Post-closing commercial agreements ⁽²⁾	—	—	—	—	—	—	—	—	—	—	—
Subtotal included in Grow, Nurture, Harvest - Divestitures	—	—	—	—	22	22	24	24	25	26	25
Subtotal included in Grow, Nurture, Harvest - Post-closing commercial agreements	—	—	—	—	—	—	—	—	—	—	—
Included in Other - Divestitures ⁽¹⁾	—	—	—	—	—	—	—	—	(1)	—	2
Included in Other - Post-closing commercial agreements ⁽²⁾	—	—	—	—	—	—	—	—	—	—	—
Public Sector											
Included in Grow - Divestitures ⁽¹⁾	—	—	—	—	1	1	1	1	—	1	1
Included in Grow - Post-closing commercial agreements ⁽²⁾	—	—	—	—	—	—	—	—	—	—	—
Included in Nurture - Divestitures ⁽¹⁾	—	—	—	—	4	3	3	4	3	3	4
Included in Nurture - Post-closing commercial agreements ⁽²⁾	—	—	—	—	—	—	—	—	—	—	—
Included in Harvest - Divestitures ⁽¹⁾	—	—	—	—	17	20	21	21	23	23	23
Included in Harvest - Post-closing commercial agreements ⁽²⁾	—	—	—	—	—	—	—	—	—	—	—
Subtotal included in Grow, Nurture, Harvest - Divestitures	—	—	—	—	22	24	25	26	26	27	28
Subtotal included in Grow, Nurture, Harvest - Post-closing commercial agreements	—	—	—	—	—	—	—	—	—	—	—
Included in Other - Divestitures ⁽¹⁾	—	—	—	—	—	1	1	—	6	1	—
Included in Other - Post-closing commercial agreements ⁽²⁾	—	—	—	—	—	—	—	—	—	—	—
Wholesale											
Included in Grow - Divestitures ⁽¹⁾	—	—	—	—	2	2	1	2	2	1	2
Included in Grow - Post-closing commercial agreements ⁽²⁾	12	13	11	10	—	—	—	—	—	—	—
Included in Nurture - Divestitures ⁽¹⁾	—	—	—	—	41	41	42	43	40	40	39
Included in Nurture - Post-closing commercial agreements ⁽²⁾	3	2	3	4	—	—	—	—	—	—	—
Included in Harvest - Divestitures ⁽¹⁾	—	—	—	—	54	54	56	56	56	61	60
Included in Harvest - Post-closing commercial agreements ⁽²⁾	7	10	12	14	—	—	—	—	—	—	—
Subtotal included in Grow, Nurture, Harvest - Divestitures	—	—	—	—	97	97	99	101	98	102	101
Subtotal included in Grow, Nurture, Harvest - Post-closing commercial agreements	22	25	26	28	—	—	—	—	—	—	—
Included in Other - Divestitures ⁽¹⁾	—	—	—	—	1	—	—	—	—	—	—
Included in Other - Post-closing commercial agreements ⁽²⁾	1	2	2	5	—	—	—	—	—	—	—
Business Segment by Product Category											
Included in Grow - Divestitures ⁽¹⁾	—	—	—	—	47	140	133	131	126	123	116
Included in Grow - Post-closing commercial agreements ⁽²⁾	12	13	11	10	—	—	—	—	—	—	—
Included in Nurture - Divestitures ⁽¹⁾	—	—	—	—	62	88	91	92	88	90	90
Included in Nurture - Post-closing commercial agreements ⁽²⁾	3	2	3	4	—	—	—	—	—	—	—
Included in Harvest - Divestitures ⁽¹⁾	—	—	—	—	107	121	126	131	137	145	150
Included in Harvest - Post-closing commercial agreements ⁽²⁾	7	10	12	14	—	—	—	—	—	—	—
Subtotal included in Grow, Nurture, Harvest - Divestitures	—	—	—	—	216	349	350	354	351	358	356
Subtotal included in Grow, Nurture, Harvest - Post-closing commercial agreements	22	25	26	28	—	—	—	—	—	—	—
Included in Other - Divestitures ⁽¹⁾	—	—	—	—	1	1	1	1	6	2	1
Included in Other - Post-closing commercial agreements ⁽²⁾	1	2	2	5	—	—	—	—	—	—	—
Mass Markets Segment by Product Category											
Included in Fiber Broadband - Divestitures ⁽¹⁾	—	—	—	—	15	13	13	12	11	11	10
Included in Other Broadband - Divestitures ⁽¹⁾	—	—	—	—	185	188	190	193	197	199	204
Included in Voice and Other - Divestitures ⁽¹⁾	—	—	—	—	154	156	162	166	168	177	176
Included in Voice and Other - CAF II ⁽³⁾	—	—	—	—	—	—	59	122	123	122	123

⁽¹⁾ Represents the revenue related to the Latin American business divested August 1, 2022 and the 20-state ILEC business divested October 3, 2022 (the "divestitures"), which will not recur in periods following the completion of these divestitures. The Company believes that these figures will allow analysts and investors to understand the amounts associated with these transactions to understand the impact they had on the Company's past, but not current or future, financial performance. Therefore, these amounts will impact the Company's ability to match its past performance in current and future periods.

⁽²⁾ Represents the post-closing financial impacts of actual amounts received by the Company under the post-closing agreements with the purchasers of the divested businesses. The Company believes that this provides useful information to investors to understand the impact that the post-closing agreements have had on the Company's current financial performance.

⁽³⁾ Represents the revenue related to the Federal Communications Commission's Connect America Fund ("CAF") Phase II program, which lapsed on December 31, 2021 from the CAF Phase II program, which lapsed on December 31, 2021. The Company believes that this provides useful information to investors to understand the impact that the CAF Phase II program had on the Company's revenue generating activities in relation to the Company's past, but not current or future, financial performance.



Lumen Technologies, Inc.

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

September 30, 2023

(UNAUDITED)

(\$ in millions)

All information is presented as of September 30, 2023

Entity (Original Issuer)	Coupon Rate	Maturity Date	Total
Qwest Corporation			
Qwest Corporation Senior Notes	7.250 %	9/15/2025	250
Qwest Corporation Term Loan	SOFR + 2.50%	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	SOFR + 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
Level 3 Financing, Inc. Sr. Secured Notes	10.500 %	5/15/2030	925
Total Level 3 Parent, LLC and Subsidiaries			\$ 8,776
Lumen Technologies, Inc.			
Lumen Technologies, Inc. Revolving Credit Facility	SOFR + 2.00%	1/31/2025	75
Lumen Technologies, Inc Term Loan A	SOFR + 2.00%	1/31/2025	948
Lumen Technologies, Inc Term Loan A-1	SOFR + 2.00%	1/31/2025	271
Lumen Technologies, Inc. Senior Notes - Series X	5.625 %	4/1/2025	157
Lumen Technologies, Inc. Senior Notes - Series D	7.200 %	12/1/2025	45
Lumen Technologies, Inc. Senior Notes	5.125 %	12/15/2026	412
Lumen Technologies, Inc. Senior Secured Notes	4.000%	2/15/2027	1,250
Lumen Technologies, Inc. Term Loan B	SOFR + 2.25%	3/15/2027	3,903
Lumen Technologies, Inc. Senior Notes - Series G	6.875 %	1/15/2028	242
Lumen Technologies, Inc. Senior Notes	4.500 %	1/15/2029	409
Lumen Technologies, Inc. Senior Notes	5.375 %	6/15/2029	232
Lumen Technologies, Inc. Senior Notes - Series P	7.600 %	9/15/2039	354
Lumen Technologies, Inc. Senior Notes - Series U	7.650 %	3/15/2042	292
Total Lumen Technologies, Inc.			\$ 8,590
Total LUMN Consolidated (excluding Finance Leases, Premium/(Discount)/Other, net)			\$ 19,759

3rd Quarter Earnings

October 31, 2023

LUMEN®

Lumen Technologies, Inc.

Assets and Liabilities Held For Sale as of September 30, 2023

(UNAUDITED)

(\$ in millions)

EMEA Business**Current Assets held for sale**

Cash and cash equivalents	\$	27
Accounts receivable, less allowance of \$4		70
Other current assets		55
Property, plant and equipment, net accumulated depreciation of \$1,020		1,955
Customer relationships and other intangibles, net		103
Operating lease assets		215
Valuation allowance on assets held for sale		(772)
Deferred tax assets		154
Other non-current assets		38
Total current assets held for sale	\$	<u>1,845</u>

Current Liabilities held for sale

Accounts payable	\$	57
Salaries and benefits		20
Current portion of deferred revenue		28
Current operating lease liabilities		41
Other current liabilities		34
Deferred income taxes		60
Asset retirement obligations		31
Deferred revenue, non-current		99
Operating lease liabilities, non-current		103
Total current liabilities held for sale	\$	<u>473</u>



Lumen Technologies, Inc.

Operating Metrics
(UNAUDITED)

	3Q23	2Q23	1Q23	4Q22	3Q22 ⁽¹⁾	2Q22 ⁽¹⁾	1Q22 ⁽¹⁾
Operating Metrics							
Mass Markets broadband subscribers							
<i>(in thousands)</i>							
Fiber broadband subscribers	896	877	856	832	813	786	760
Other broadband subscribers ⁽²⁾	1,940	2,032	2,125	2,205	2,294	2,406	2,497
Mass Markets total broadband subscribers ⁽³⁾	2,836	2,909	2,981	3,037	3,107	3,192	3,257
Mass Markets average revenue per unit (ARPU)							
Fiber broadband ARPU	\$61	\$61	\$60	\$60	\$61	\$60	\$59
Mass Markets broadband enabled units⁽⁴⁾							
<i>(in millions)</i>							
Fiber broadband enabled units	3.5	3.4	3.3	3.1	3.0	2.9	2.7
Other broadband enabled units	18.2	18.4	18.5	18.7	18.8	18.9	18.9
Mass Markets total broadband enabled units	21.7	21.8	21.8	21.8	21.8	21.8	21.6

⁽¹⁾ These 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 76 thousand in Q3 2022, 72 thousand in Q2 2022 and 70 thousand in Q1 2022, (ii) other broadband subscribers of 1,073 thousand in Q3 2022, 1,113 thousand in Q2 2022 and 1,140 thousand in Q1 2022, (iii) fiber broadband enabled units of 0.3 million in Q3 2022, Q2 2022 and Q1 2022 and (iv) other broadband enabled units of 7.2 million in Q3 2022, 7.2 million in Q2 2022 and 7.0 million in Q1 2022. 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 on the Company's past, but not current or future, financial performance.

⁽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.

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. 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 our competitors may be of limited usefulness since until recently we did not pay a significant amount of income taxes due to net operating loss carryforwards, and therefore generated 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.



Lumen Technologies, Inc.

Non-GAAP Special Items
(UNAUDITED)
(\$ in millions)

Special Items Impacting Adjusted EBITDA	3Q23	2Q23	1Q23	4Q22	3Q22	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21
Consumer and other litigation	\$ (3)	(1)	—	—	—	(3)	—	(3)	—	11	8
Severance	8	5	8	10	—	—	2	3	—	—	—
Gain on sale of businesses ⁽¹⁾	—	—	—	(180)	(593)	—	—	—	—	—	—
Loss on disposal groups held for sale	22	13	77	700	—	—	—	—	—	—	—
Transaction and separation costs ⁽²⁾	28	10	29	53	66	50	50	19	9	9	—
Real estate transactions ⁽³⁾	—	75	—	—	—	—	—	—	(40)	—	—
Total Special Items impacting Adjusted EBITDA	55	102	114	583	(527)	47	52	19	(31)	20	8
Special Items Impacting Net (Loss) Income	3Q23	2Q23	1Q23	4Q22	3Q22	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21
Consumer and other litigation	\$ (3)	(1)	—	—	—	(3)	—	(3)	—	11	8
Severance	8	5	8	10	—	—	2	3	—	—	—
Goodwill impairment	—	8,793	—	3,271	—	—	—	—	—	—	—
Gain on sale of businesses ⁽¹⁾	—	—	—	(180)	(593)	—	—	—	—	—	—
Loss on disposal groups held for sale	22	13	77	700	—	—	—	—	—	—	—
Gain on early retirement of debt ⁽⁴⁾	—	(9)	(609)	(205)	(9)	—	—	—	—	—	(8)
Transaction and separation costs ⁽²⁾	28	10	29	53	66	50	50	19	9	9	—
Real estate transactions ⁽³⁾	—	75	—	—	—	—	—	—	(40)	—	—
Income from transition and separation services ⁽⁵⁾	(64)	(40)	(46)	(82)	(37)	(30)	(3)	—	—	—	—
Total Special Items impacting Net (Loss) Income	(9)	8,846	(541)	3,567	(573)	17	49	19	(31)	20	—
Income tax effect of Special Items ⁽⁶⁾	2	(12)	127	(73)	141	(4)	(12)	(5)	8	(5)	—
Total Special Items impacting Net (Loss) Income, net of tax	\$ (7)	\$ 8,834	(414)	3,494	(432)	13	37	14	(23)	15	—
Special Items Impacting Cash Flows	3Q23	2Q23	1Q23	4Q22	3Q22	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21
Severance	\$ 7	7	5	7	7	7	16	6	13	29	22
Consumer and other litigation	(3)	—	—	—	—	—	—	(3)	11	20	19
Pension contribution ⁽⁷⁾	—	—	—	—	319	—	—	—	—	—	—
Transaction and separation costs ⁽²⁾	28	25	24	142	60	48	32	11	7	2	—
Real estate transactions ⁽⁸⁾	—	—	—	—	—	—	—	3	1	—	—
Income from transition and separation services ⁽⁵⁾	(27)	(32)	(59)	(31)	(44)	(22)	—	—	—	—	—
Total Special Items impacting Cash Flows	5	—	(30)	118	342	33	48	17	32	51	41

⁽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 agreement to divest Lumen's operations in Europe, the Middle East and Africa (the "EMEA business") initially announced on November 2, 2022 and (iv) our evaluation of other potential transactions.

⁽³⁾ Real estate transactions include the Q2 2023 loss on donation of real estate and 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) \$19 million of debt exchanges in Q2 2023, (ii) \$1.5 billion of debt exchanges in Q1 2023, (iii) \$4.4 billion in early debt retirement in Q4 2022 and (iv) \$2.3 billion in early debt retirement in Q3 2022. There were no comparable gains or losses during Q3 2023, Q2 2022 or Q1 2022.

⁽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 2022 divestitures.

⁽⁶⁾ Tax effect calculated using the annualized effective statutory tax rate, excluding any non-recurring discrete items, which was 23.5% for the three quarters of 2023 and 24.6% for all quarters of 2022.

⁽⁷⁾ 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.

⁽⁸⁾ Real estate transactions include the incremental cash charges associated with our real estate rationalization program.

3rd Quarter Earnings

October 31, 2023

LUMEN®

Lumen Technologies, Inc.

Non-GAAP Cash Flow Reconciliation

(UNAUDITED)

(\$ in millions)

	3Q23	2Q23	1Q23	4Q22	3Q22	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21
Net cash provided by (used in) operating activities ⁽¹⁾	\$ 881	(100)	595	841	1,123	1,396	1,375	1,607	1,730	1,639	1,525
Capital expenditures ⁽²⁾	(843)	(796)	(640)	(833)	(845)	(761)	(577)	(848)	(690)	(646)	(716)
Free cash flow⁽¹⁾	\$ 38	(896)	(45)	8	278	635	798	759	1,040	993	809
Cash interest paid	325	198	363	273	393	313	386	343	400	357	387
Interest income	(5)	(3)	(13)	(17)	(6)	(1)	(1)	(2)	—	—	—
Unlevered cash flow⁽¹⁾	\$ 358	(701)	305	264	665	947	1,183	1,100	1,440	1,350	1,196
Free cash flow⁽¹⁾	\$ 38	(896)	(45)	8	278	635	798	759	1,040	993	809
Add back: Severance	7	7	5	7	7	7	16	6	13	29	22
Add back: Consumer and other litigation	(3)	—	—	—	—	—	—	(3)	11	20	19
Add back: Pension contribution ⁽³⁾	—	—	—	—	319	—	—	—	—	—	—
Add back: Transaction and separation costs ⁽⁴⁾	28	25	24	142	60	48	32	11	7	2	—
Add back: Real estate transactions ⁽⁵⁾	—	—	—	—	—	—	—	3	1	—	—
Remove: Income from transition and separation services ⁽⁶⁾	(27)	(32)	(59)	(31)	(44)	(22)	—	—	—	—	—
Free cash flow excluding Special Items⁽¹⁾	\$ 43	(896)	(75)	126	620	668	846	776	1,072	1,044	850
Unlevered cash flow⁽¹⁾	\$ 358	(701)	305	264	665	947	1,183	1,100	1,440	1,350	1,196
Add back: Severance	7	7	5	7	7	7	16	6	13	29	22
Add back: Consumer and other litigation	(3)	—	—	—	—	—	—	(3)	11	20	19
Add back: Pension contribution ⁽³⁾	—	—	—	—	319	—	—	—	—	—	—
Add back: Transaction and separation costs ⁽⁴⁾	28	25	24	142	60	48	32	11	7	2	—
Add back: Real estate transactions ⁽⁵⁾	—	—	—	—	—	—	—	3	1	—	—
Remove: Income from transition and separation services ⁽⁶⁾	(27)	(32)	(59)	(31)	(44)	(22)	—	—	—	—	—
Unlevered cash flow excluding Special Items⁽¹⁾	\$ 363	(701)	275	382	1,007	980	1,231	1,117	1,472	1,401	1,237

⁽¹⁾ Includes the impact of (i) \$938 million in cash tax payments in Q2 2023 and (ii) \$90 million in cash tax payments in Q1 2023 related to our divestitures completed on August 1, 2022 and October 3, 2022.

⁽²⁾ Capital expenditures include amounts from the (i) Latin American business divested on August 1, 2022 and the 20-state ILEC business divested on October 3, 2022 and (ii) the Federal Communications Commission's Connect America Fund ("CAF") Phase II program, which lapsed on December 31, 2021. Refer to Tab "Included in Adj. EBITDA & Capex" for details.

⁽³⁾ 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.

⁽⁴⁾ 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 agreement to divest Lumen's operations in Europe, the Middle East and Africa (the "EMEA business") initially announced on November 2, 2022 and (iv) our evaluation of other potential transactions.

⁽⁵⁾ Real estate transactions include the incremental cash charges associated with our real estate rationalization program.

⁽⁶⁾ 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.

3rd Quarter Earnings

October 31, 2023

LUMEN[®]

Lumen Technologies, Inc.
Adjusted EBITDA Non-GAAP Reconciliation
(UNAUDITED)
(\$ in millions)

	3Q23	2Q23	1Q23	4Q22	3Q22	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21
Net (Loss) Income	\$ (78)	(8,736)	511	(3,069)	578	344	599	508	544	506	475
Income tax (benefit) expense	(7)	46	169	(113)	359	109	202	171	172	168	157
Total other expense (income), net	308	269	(290)	(102)	447	459	282	482	415	332	355
Depreciation and amortization expense	755	746	733	796	808	827	808	877	951	1,041	1,150
Stock-based compensation expense	16	9	14	27	23	25	23	31	27	42	20
Goodwill impairment	—	8,793	—	3,271	—	—	—	—	—	—	—
Adjusted EBITDA⁽¹⁾	\$ 994	1,127	1,137	810	2,215	1,764	1,914	2,069	2,109	2,089	2,157
Business Segment Adjusted EBITDA	1,774	1,849	1,865	1,910	2,133	2,259	2,267	2,309	2,328	2,338	2,383
Mass Markets Segment Adjusted EBITDA	369	411	432	421	677	744	848	922	933	924	951
Other unallocated expense	(1,149)	(1,133)	(1,160)	(1,521)	(595)	(1,239)	(1,201)	(1,162)	(1,152)	(1,173)	(1,177)
Adjusted EBITDA⁽¹⁾	\$ 994	1,127	1,137	810	2,215	1,764	1,914	2,069	2,109	2,089	2,157
Add back: Severance	\$ 8	5	8	10	—	—	2	3	—	—	—
Add back: Consumer and other litigation	(3)	(1)	—	—	—	(3)	—	(3)	—	11	8
Remove: Gain on sale of businesses ⁽²⁾	—	—	—	(180)	(593)	—	—	—	—	—	—
Add back: Loss on disposal groups held for sale	22	13	77	700	—	—	—	—	—	—	—
Add back: Transaction and separation costs ⁽³⁾	28	10	29	53	66	50	50	19	9	9	—
Add back: Real estate transaction costs ⁽⁴⁾	—	75	—	—	—	—	—	—	(40)	—	—
Adjusted EBITDA excluding Special Items⁽¹⁾	\$ 1,049	1,229	1,251	1,393	1,688	1,811	1,966	2,088	2,078	2,109	2,165
Net (Loss) Income excluding Special Items	\$ (85)	98	97	425	146	357	636	522	521	521	475
Total revenue⁽⁵⁾	\$ 3,641	3,661	3,738	3,800	4,390	4,612	4,676	4,847	4,887	4,924	5,029
Net (Loss) Income Margin	(2.1)%	(238.6)%	13.7 %	(80.8)%	13.2 %	7.5 %	12.8 %	10.5 %	11.1 %	10.3 %	9.4 %
Net (Loss) Income Margin, excluding Special Items	(2.3)%	2.7 %	2.6 %	11.2 %	3.3 %	7.7 %	13.6 %	10.8 %	10.7 %	10.6 %	9.4 %
Adjusted EBITDA Margin	27.3 %	30.8 %	30.4 %	21.3 %	50.5 %	38.2 %	40.9 %	42.7 %	43.2 %	42.4 %	42.9 %
Adjusted EBITDA Margin, excluding Special Items	28.8 %	33.6 %	33.5 %	36.7 %	38.5 %	39.3 %	42.0 %	43.1 %	42.5 %	42.8 %	43.1 %

⁽¹⁾ Adjusted EBITDA and Adjusted EBITDA excluding Special Items include the financial impacts of (i) the Latin American business divested on August 1, 2022 and the 20-state ILEC business divested on October 3, 2022, (ii) the Federal Communications Commission's Connect America Fund ("CAF") Phase II program, which lapsed on December 31, 2021 and (iii) the post-closing commercial agreements with the purchasers of the divested businesses. Refer to Tab "Included in Adj. EBITDA & Capex" for details.

⁽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 agreement to divest Lumen's operations in Europe, the Middle East and Africa (the "EMEA business") initially announced on November 2, 2022 and (iv) our evaluation of other potential transactions.

⁽⁴⁾ Real estate transactions include the Q2 2023 loss on donation of real estate and Q3 2021 (gain) on sale of real estate, net of impairment charges or acceleration of costs associated with our real estate rationalization program.

⁽⁵⁾ Revenue includes amounts from the (i) Latin American business divested on August 1, 2022 and the 20-state ILEC business divested on October 3, 2022, (ii) the Federal Communications Commission's Connect America Fund ("CAF") Phase II program, which lapsed on December 31, 2021 and (iii) revenue related to the post-closing commercial agreements with the purchasers of the divested businesses. Refer to Tab "Included in Revenue by channel" for details.



Lumen Technologies, Inc.

Supplemental Information Regarding Amounts included in Adjusted EBITDA and Capital Expenditures

(UNAUDITED)

(\$ in millions)

	3Q23	2Q23	1Q23	4Q22	3Q22	2Q22	1Q22	4Q21	3Q21	2Q21	1Q21
Adjusted EBITDA											
Included in Adjusted EBITDA - Divestitures ⁽¹⁾	—	—	—	—	332	398	415	429	431	416	428
Included in Adjusted EBITDA - Post-close commercial agreements ⁽²⁾	(40)	(51)	(48)	(43)	—	—	—	—	—	—	—
Included in Adjusted EBITDA - CAF II ⁽³⁾	—	—	—	—	—	—	59	122	123	122	123
Capital expenditures											
Included in Capital expenditures - Divestitures ⁽¹⁾	—	—	—	—	81	131	95	132	100	103	95
Included in Capital expenditures - CAF II ⁽³⁾	—	—	—	—	—	12	6	35	41	34	35

⁽¹⁾ Represents the financial impacts and capital expenditures related to the Latin American business divested on August 1, 2022 and the 20-state ILEC business divested on October 3, 2022 (the "divestitures"), which will not recur in periods following the completion of these divestitures. The Company believes that these figures will allow analysts and investors to understand the amounts associated with these transactions to understand the impact they had on the Company's past, but not current or future, financial performance and capital expenditures. Therefore, these amounts will impact the Company's ability to match its past performance in current and future periods.

⁽²⁾ Represents the post-closing financial impacts of actual amounts received or paid by the Company under the post-closing agreements with the purchasers of the divested businesses. The Company believes that this provides useful information to investors to understand the impact that the post-closing agreements have had on the Company's current financial performance.

⁽³⁾ Represents the financial impacts and capital expenditures related to the Federal Communications Commission's Connect America Fund ("CAF") Phase II program, which lapsed on December 31, 2021 from the CAF Phase II program, which lapsed on December 31, 2021. The Company believes that this provides useful information to investors to understand the impact that the CAF Phase II program had on the Company's revenue generating activities and capital expenditures in relation to the Company's past, but not current or future, financial performance.



Lumen Technologies, Inc.

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

	3Q23	2Q23	1Q23	4Q22	Total LTM Adjusted EBITDA
Total revenue	\$ 3,641	3,661	3,738	3,800	14,840
Cost of services and products	1,850	1,740	1,817	1,826	7,233
Selling, general and administrative expenses ⁽¹⁾	813	803	798	1,191	3,605
Add back: Stock-based compensation expense	16	9	14	27	66
Adjusted EBITDA ⁽²⁾	\$ 994	1,127	1,137	810	4,068
Add back: Severance	\$ 8	5	8	10	31
Add back: Consumer and other litigation	(3)	(1)	—	—	(4)
Remove: Gain on sale of businesses ⁽³⁾	—	—	—	(180)	(180)
Add back: Loss on disposal groups held for sale	22	13	77	700	812
Add back: Transaction and separation costs ⁽⁴⁾	28	10	29	53	120
Add back: Real estate transaction costs ⁽⁵⁾	—	75	—	—	75
Adjusted EBITDA excluding Special Items⁽²⁾	\$ 1,049	1,229	1,251	1,393	4,922

⁽¹⁾ Inclusive of gain on sale of businesses for Q4 2022 and loss on disposal groups held for sale for Q4 2022, Q1 2023, Q2 2023 and Q3 2023.

⁽²⁾ Adjusted EBITDA and Adjusted EBITDA excluding Special Items include the financial impacts of (i) the Latin American business divested on August 1, 2022 and the 20-state ILEC business divested on October 3, 2022, (ii) the Federal Communications Commission's Connect America Fund ("CAF") Phase II program, which lapsed on December 31, 2021, and (iii) the post-closing commercial agreements with the purchasers of the divested businesses. Refer to Tab "Included in Adj. EBITDA & Capex" for details.

⁽³⁾ Reflects a pre-tax gain of \$180 million recorded in operating income as a result of our Latin American business divestiture completed August 1, 2022 and our 20-state ILEC business divestiture completed October 3, 2022.

⁽⁴⁾ 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 agreement to divest Lumen's operations in Europe, the Middle East and Africa (the "EMEA business") initially announced on November 2, 2022 and (iv) our evaluation of other potential transactions.

⁽⁵⁾ Real estate transactions include the Q2 2023 loss on donation of real estate and acceleration of costs associated with our real estate rationalization program.



Lumen Technologies, Inc.

Net Debt to LTM Adjusted EBITDA ratio as of September 30, 2023

(UNAUDITED)

(\$ in millions)

Net Debt to LTM Adjusted EBITDA ratio:

Gross debt, as reported ⁽¹⁾	\$	20,053
Cash and cash equivalents, as reported ⁽²⁾		(338)
Net debt	\$	<u>19,715</u>
LTM Adjusted EBITDA excluding Special Items ⁽³⁾	\$	<u>4,922</u>

Net debt to LTM Adjusted EBITDA ratio

4.0

⁽¹⁾ Gross debt includes \$294 million of finance lease obligations, \$3 million of which have been classified as held for sale on our balance sheet as of September 30, 2023.

⁽²⁾ Cash and cash equivalents includes \$27 million of cash and cash equivalents classified as held for sale on our balance sheet as of September 30, 2023.

⁽³⁾ Please refer to the computation on Tab "LTM Adjusted EBITDA"


Lumen Technologies, Inc.

 2023 OUTLOOK ^{(1) (2) (3) (4) (5) (6)}

(UNAUDITED)

(\$ in millions)

Adjusted EBITDA Outlook

Twelve Months Ended December 31, 2023

	Range		
	Low		High
Net Income	\$	145	625
Income tax expense		65	235
Total other expense, net		1,200	1,000
Depreciation and amortization expense		3,100	2,900
Non-cash compensation expense		90	40
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 August 1, 2023. See "Forward Looking Statements" in our August 1, 2023 earnings release.

⁽³⁾ Includes accounting impacts of assets and liabilities held for sale and assumes the proposed sale of Lumen's EMEA business is completed Nov. 1, 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.

⁽⁶⁾ Excludes one-time, unique or non-recurring impacts to net income such as goodwill impairment and gain or loss on early retirement of debt.

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.