

2nd Quarter Earnings

August 1, 2023



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 | Second Quarter | |
|--|-----------------|--------------|
| | 2023 | 2022 |
| Large Enterprise | \$ 1,179 | 1,432 |
| Mid-Market Enterprise | 507 | 562 |
| Public Sector | 414 | 494 |
| Enterprise Channels | 2,100 | 2,488 |
| Wholesale | 797 | 929 |
| Business Segment Revenue | 2,897 | 3,417 |
| Mass Markets Segment Revenue | 764 | 1,195 |
| Total Revenue⁽¹⁾⁽²⁾ | \$ 3,661 | 4,612 |
| Cost of Services and Products | 1,740 | 2,058 |
| Selling, General and Administrative Expenses | 790 | 815 |
| Loss on disposal group held for sale | 13 | — |
| Stock-based Compensation Expense | 9 | 25 |
| Net (Loss) Income | (8,736) | 344 |
| Net Income, Excluding Special Items ⁽³⁾⁽⁴⁾ | 98 | 357 |
| Adjusted EBITDA ⁽³⁾⁽⁵⁾⁽⁶⁾ | 1,127 | 1,764 |
| Adjusted EBITDA, Excluding Special Items ⁽³⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾ | 1,229 | 1,811 |
| Net (Loss) Income Margin | (238.6)% | 7.5 % |
| Net Income Margin, Excluding Special Items ⁽³⁾⁽⁴⁾ | 2.7 % | 7.7 % |
| Adjusted EBITDA Margin ⁽³⁾ | 30.8 % | 38.2 % |
| Adjusted EBITDA Margin, Excluding Special Items ⁽³⁾⁽⁷⁾ | 33.6 % | 39.3 % |
| Net Cash (Used in) Provided by Operating Activities | (100) | 1,396 |
| Capital Expenditures ⁽⁸⁾ | 796 | 761 |
| Unlevered Cash Flow ⁽³⁾⁽¹⁰⁾ | (701) | 947 |
| Unlevered Cash Flow, Excluding Cash Special Items ⁽³⁾⁽⁹⁾⁽¹⁰⁾ | (701) | 980 |
| Free Cash Flow ⁽³⁾⁽¹⁰⁾ | (896) | 635 |
| Free Cash Flow, Excluding Cash Special Items ⁽³⁾⁽⁹⁾⁽¹⁰⁾ | (896) | 668 |
| Net (Loss) Income per Common Share - Diluted | (8.88) | 0.34 |
| Net Income per Common Share - Diluted, Excluding Special Items ⁽³⁾⁽⁴⁾ | 0.10 | 0.35 |
| Weighted Average Shares Outstanding (in millions) - Diluted | 983.5 | 1,016.6 |

(1) Revenue for the second quarter of 2022 includes \$707 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 \$27 million for the second 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 activities and its 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) \$8.8 billion for the second quarter of 2023 and (ii) \$13 million for the second quarter of 2022.

(5) Adjusted EBITDA and Adjusted EBITDA excluding Special Items for the second quarter of 2022 includes \$398 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 \$(51) million for the second 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 activities and its current financial performance.

(7) Excludes Special Items in the amounts of (i) \$102 million for the second quarter of 2023 and (ii) \$47 million for the second quarter of 2022.

(8) Capital expenditures for the second quarter of 2022 includes (i) \$131 million of capital expenditures relating to the divested businesses, which will not recur in periods following the completion of these divestitures, and (ii) \$12 million of capital expenditures related to the CAF Phase II program, which lapsed on December 31, 2021. 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) net zero for the second quarter of 2023 and (ii) \$33 million for the second quarter of 2022.

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



Lumen Technologies, Inc.

Consolidated Statements of Operations

(UNAUDITED)

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

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

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



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

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



Lumen Technologies, Inc.

Segment Revenue ⁽¹⁾

(UNAUDITED)

(\$ in millions)

| | 2Q23 | 1Q23 | 4Q22 | 3Q22 | 2Q22 | 1Q22 | 4Q21 | 3Q21 | 2Q21 | 1Q21 |
|----------------------------|-----------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Segment Revenue | | | | | | | | | | |
| Business Segment Total | \$ 2,897 | 2,956 | 3,005 | 3,218 | 3,417 | 3,401 | 3,494 | 3,508 | 3,522 | 3,595 |
| Mass Markets Segment Total | 764 | 782 | 795 | 1,172 | 1,195 | 1,275 | 1,353 | 1,379 | 1,402 | 1,434 |
| Total | \$ 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)

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

| | 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⁾ | 13 | 11 | 10 | — | — | — | — | — | — | — |
| Included in Nurture - Divestitures ⁽¹⁾ | — | — | — | 41 | 41 | 42 | 43 | 40 | 40 | 39 |
| Included in Nurture - Post-closing commercial agreements ⁽²⁾ | 2 | 3 | 4 | — | — | — | — | — | — | — |
| Included in Harvest - Divestitures ⁽¹⁾ | — | — | — | 54 | 54 | 56 | 56 | 56 | 61 | 60 |
| Included in Harvest - Post-closing commercial agreements ⁽²⁾ | 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 | 25 | 26 | 28 | — | — | — | — | — | — | — |
| Included in Other - Divestitures ⁽¹⁾ | — | — | — | 1 | — | — | — | — | — | — |
| Included in Other - Post-closing commercial agreements ⁽²⁾ | 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⁾ | 13 | 11 | 10 | — | — | — | — | — | — | — |
| Included in Nurture - Divestitures ⁽¹⁾ | — | — | — | 62 | 88 | 91 | 92 | 88 | 90 | 90 |
| Included in Nurture - Post-closing commercial agreements ⁽²⁾ | 2 | 3 | 4 | — | — | — | — | — | — | — |
| Included in Harvest - Divestitures ⁽¹⁾ | — | — | — | 107 | 121 | 126 | 131 | 137 | 145 | 150 |
| Included in Harvest - Post-closing commercial agreements ⁽²⁾ | 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 | 25 | 26 | 28 | — | — | — | — | — | — | — |
| Included in Other - Divestitures ⁽¹⁾ | — | — | — | 1 | 1 | 1 | 1 | 6 | 2 | 1 |
| Included in Other - Post-closing commercial agreements ⁽²⁾ | 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 activities and its 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

June 30, 2023

(UNAUDITED)

(\$ in millions)

All information is presented as of June 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 | 200 |
| Lumen Technologies, Inc Term Loan A | SOFR + 2.00% | 1/31/2025 | 962 |
| Lumen Technologies, Inc Term Loan A-1 | SOFR + 2.00% | 1/31/2025 | 275 |
| 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 | 3,916 |
| 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. | | | \$ 8,746 |
| Total LUMN Consolidated (excluding Finance Leases, Premium/(Discount)/Other, net) | | | \$ 19,915 |



Lumen Technologies, Inc.

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

(UNAUDITED)

(\$ in millions)

| | | EMEA Business |
|--|-----------|---------------|
| Current Assets held for sale | | |
| Cash and cash equivalents | \$ | 46 |
| Accounts receivable, less allowance of \$5 | | 77 |
| Other current assets | | 63 |
| Property, plant and equipment, net accumulated depreciation of \$1,059 | | 1,986 |
| Customer relationships and other intangibles, net | | 106 |
| Operating lease assets | | 197 |
| Valuation allowance on assets held for sale | | (750) |
| Deferred tax assets | | 155 |
| Other non-current assets | | 39 |
| Total current assets held for sale | <u>\$</u> | <u>1,919</u> |
| Current Liabilities held for sale | | |
| Accounts payable | \$ | 67 |
| Salaries and benefits | | 17 |
| Current portion of deferred revenue | | 39 |
| Current operating lease liabilities | | 44 |
| Other current liabilities | | 34 |
| Deferred income taxes | | 52 |
| Asset retirement obligations | | 31 |
| Deferred revenue, non-current | | 103 |
| Operating lease liabilities, non-current | | 104 |
| Total current liabilities held for sale | <u>\$</u> | <u>491</u> |



Lumen Technologies, Inc.

Operating Metrics
(UNAUDITED)

| | 2Q23 | 1Q23 | 4Q22 | 3Q22 ⁽¹⁾ | 2Q22 ⁽¹⁾ | 1Q22 ⁽¹⁾ |
|---|-------|-------|-------|---------------------|---------------------|---------------------|
| Operating Metrics | | | | | | |
| Mass Markets broadband subscribers | | | | | | |
| <i>(in thousands)</i> | | | | | | |
| Fiber broadband subscribers | 877 | 856 | 832 | 813 | 786 | 760 |
| Other broadband subscribers ⁽²⁾ | 2,032 | 2,125 | 2,205 | 2,294 | 2,406 | 2,497 |
| Mass Markets total broadband subscribers ⁽³⁾ | 2,909 | 2,981 | 3,037 | 3,107 | 3,192 | 3,257 |
| Mass Markets average revenue per unit (ARPU) | | | | | | |
| Fiber broadband ARPU | \$61 | \$60 | \$60 | \$61 | \$60 | \$59 |
| Mass Markets broadband enabled units⁽⁴⁾ | | | | | | |
| <i>(in millions)</i> | | | | | | |
| Fiber broadband enabled units | 3.4 | 3.3 | 3.1 | 3.0 | 2.9 | 2.7 |
| Other broadband enabled units | 18.4 | 18.5 | 18.7 | 18.8 | 18.9 | 18.9 |
| Mass Markets total broadband enabled units | 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 | 2Q23 | 1Q23 | 4Q22 | 3Q22 | 2Q22 | 1Q22 | 4Q21 | 3Q21 | 2Q21 | 1Q21 |
|--|------------|------------|------------|--------------|-----------|-----------|-----------|-------------|-----------|----------|
| Consumer and other litigation | \$ (1) | — | — | — | (3) | — | (3) | — | 11 | 8 |
| Severance | 5 | 8 | 10 | — | — | 2 | 3 | — | — | — |
| Gain on sale of businesses ⁽¹⁾ | — | — | (180) | (593) | — | — | — | — | — | — |
| Loss on disposal groups held for sale | 13 | 77 | 700 | — | — | — | — | — | — | — |
| Transaction and separation costs ⁽²⁾ | 10 | 29 | 53 | 66 | 50 | 50 | 19 | 9 | 9 | — |
| Real estate transactions ⁽³⁾ | 75 | — | — | — | — | — | — | (40) | — | — |
| Total Special Items impacting Adjusted EBITDA | 102 | 114 | 583 | (527) | 47 | 52 | 19 | (31) | 20 | 8 |

| Special Items Impacting Net (Loss) Income | 2Q23 | 1Q23 | 4Q22 | 3Q22 | 2Q22 | 1Q22 | 4Q21 | 3Q21 | 2Q21 | 1Q21 |
|--|-----------------|--------------|--------------|--------------|-----------|-----------|-----------|-------------|-----------|----------|
| Consumer and other litigation | \$ (1) | — | — | — | (3) | — | (3) | — | 11 | 8 |
| Severance | 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 | 13 | 77 | 700 | — | — | — | — | — | — | — |
| Gain on early retirement of debt ⁽⁴⁾ | (9) | (609) | (205) | (9) | — | — | — | — | — | (8) |
| Transaction and separation costs ⁽²⁾ | 10 | 29 | 53 | 66 | 50 | 50 | 19 | 9 | 9 | — |
| Real estate transactions ⁽³⁾ | 75 | — | — | — | — | — | — | (40) | — | — |
| Income from transition and separation services ⁽⁵⁾ | (40) | (46) | (82) | (37) | (30) | (3) | — | — | — | — |
| Total Special Items impacting Net (Loss) Income | 8,846 | (541) | 3,567 | (573) | 17 | 49 | 19 | (31) | 20 | — |
| Income tax effect of Special Items ⁽⁶⁾ | (12) | 127 | (73) | 141 | (4) | (12) | (5) | 8 | (5) | — |
| Total Special Items impacting Net (Loss) Income, net of tax | \$ 8,834 | (414) | 3,494 | (432) | 13 | 37 | 14 | (23) | 15 | — |

| Special Items Impacting Cash Flows | 2Q23 | 1Q23 | 4Q22 | 3Q22 | 2Q22 | 1Q22 | 4Q21 | 3Q21 | 2Q21 | 1Q21 |
|---|----------|-------------|------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|
| Severance | \$ 7 | 5 | 7 | 7 | 7 | 16 | 6 | 13 | 29 | 22 |
| Consumer and other litigation | — | — | — | — | — | — | (3) | 11 | 20 | 19 |
| Pension contribution ⁽⁷⁾ | — | — | — | 319 | — | — | — | — | — | — |
| Transaction and separation costs ⁽²⁾ | 25 | 24 | 142 | 60 | 48 | 32 | 11 | 7 | 2 | — |
| Real estate transactions ⁽⁸⁾ | — | — | — | — | — | — | 3 | 1 | — | — |
| Income from transition and separation services ⁽⁵⁾ | (32) | (59) | (31) | (44) | (22) | — | — | — | — | — |
| Total Special Items impacting Cash Flows | — | (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 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 divestitures.

⁽⁶⁾ Tax effect calculated using the annualized effective statutory tax rate, excluding any non-recurring discrete items, which was 23.5% for both 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.



Lumen Technologies, Inc.

Non-GAAP Cash Flow Reconciliation
(UNAUDITED)
(\$ in millions)

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

⁽¹⁾ Includes the impact of \$938 million in cash tax payments in Q2 2023 and \$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.



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

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

2nd Quarter Earnings

August 1, 2023

LUMEN®

Lumen Technologies, Inc.

Supplemental Information Regarding Amounts included in Adjusted EBITDA and Capital Expenditures

(UNAUDITED)

(\$ in millions)

| | 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⁾ | (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 activities and its 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.

2nd Quarter Earnings

August 1, 2023

LUMEN[®]

Lumen Technologies, Inc.

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

| | 2Q23 | 1Q23 | 4Q22 | 3Q22 | Total LTM Adjusted EBITDA |
|--|-----------------|--------------|--------------|--------------|---------------------------|
| Total revenue | \$ 3,661 | 3,738 | 3,800 | 4,390 | 15,589 |
| Cost of services and products | 1,740 | 1,817 | 1,826 | 1,999 | 7,382 |
| Selling, general and administrative expenses ⁽¹⁾ | 803 | 798 | 1,191 | 199 | 2,991 |
| Add back: Stock-based compensation expense | 9 | 14 | 27 | 23 | 73 |
| Adjusted EBITDA ⁽²⁾ | \$ 1,127 | 1,137 | 810 | 2,215 | 5,289 |
| Add back: Severance | \$ 5 | 8 | 10 | — | 23 |
| Add back: Consumer and other litigation | (1) | — | — | — | (1) |
| Remove: Gain on sale of businesses ⁽³⁾ | — | — | (180) | (593) | (773) |
| Add back: (Gain) loss on disposal groups held for sale | 13 | 77 | 700 | — | 790 |
| Add back: Transaction and separation costs ⁽⁴⁾ | 10 | 29 | 53 | 66 | 158 |
| Add back: Real estate transaction costs ⁽⁵⁾ | 75 | — | — | — | 75 |
| Adjusted EBITDA excluding Special Items⁽²⁾ | \$ 1,229 | 1,251 | 1,393 | 1,688 | 5,561 |

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

⁽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 June 30, 2023

(UNAUDITED)

(\$ in millions)

Net Debt to LTM Adjusted EBITDA ratio:

| | | |
|--|-----------|---------------|
| Gross debt, as reported ⁽¹⁾ | \$ | 20,217 |
| Cash and cash equivalents, as reported ⁽²⁾ | | (457) |
| Net debt | <u>\$</u> | <u>19,760</u> |
| LTM Adjusted EBITDA excluding Special Items ⁽³⁾ | <u>\$</u> | <u>5,561</u> |

Net debt to LTM Adjusted EBITDA ratio

3.6

⁽¹⁾ Gross debt includes \$302 million of finance lease obligations, and \$3 million of which have been classified as held for sale on our balance sheet as of June 30, 2023.

⁽²⁾ Cash and cash equivalents includes \$46 million of cash and cash equivalents classified as held for sale on our balance sheet as of June 30, 2023.

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


Lumen Technologies, Inc.

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

(UNAUDITED)

(\$ in millions)

Adjusted EBITDA Outlook

Twelve Months Ended December 31, 2023

| | Range | |
|---------------------------------------|-----------------|--------------|
| | Low | High |
| Net Income | \$ 245 | 725 |
| Income tax expense | 65 | 235 |
| Total other expense, net | 1,100 | 900 |
| 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 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.

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.