

# **Lumen Technologies Sale of Consumer Fiber-to-the-Home Business to AT&T**

**May 21, 2025**

# Transaction Unlocks Value For Lumen



## Financial Flexibility

This transaction brings financial freedom to Lumen and tremendous economic value to our investors



## Enterprise Focus

Lumen has a right to win in the \$80 billion growing enterprise market



## Innovation Engine

We are reimagining networking for enterprise in a multi-cloud, AI first world

# Transaction Overview



**Lumen is selling its Fiber-to-the-Home (FTTH) business to AT&T**



**Total Consideration of \$5.75 Billion in cash**



**Lumen is retaining critical network Infrastructure to support its enterprise ambitions**



**Lumen and AT&T have commercial agreements to accelerate fiber build activities**



**Transaction is expected to close in 1H 2026**

# Perfect Combination: Quantum Fiber Platform + AT&T

## Scaled Platform with Significant Upside

**Pure play consumer and SMB fiber broadband platform**  
**~4.0 million fiber enablements**  
**~1 million subscribers and growing**  
**Over \$750 million in estimated LQA revenue<sup>1</sup> and growing at ~20% year over year**

## Attractive and Diverse Market Mix

**FTTH platform spans 427 wirecenters**  
**30 geography footprint across 11 States**  
**Key Metros: Denver, Minneapolis, Seattle, Portland, Phoenix, Las Vegas, Salt Lake City, Orlando**

## AT&T is the Ideal Partner to Unlock the Full Potential

**Nationwide Wireless Platform**  
**Expertise in FTTH and Wireline / Wireless Convergence**  
**Premium Brand and distribution capabilities**  
**Customer-centric approach**  
**Financial flexibility to accelerate investment**

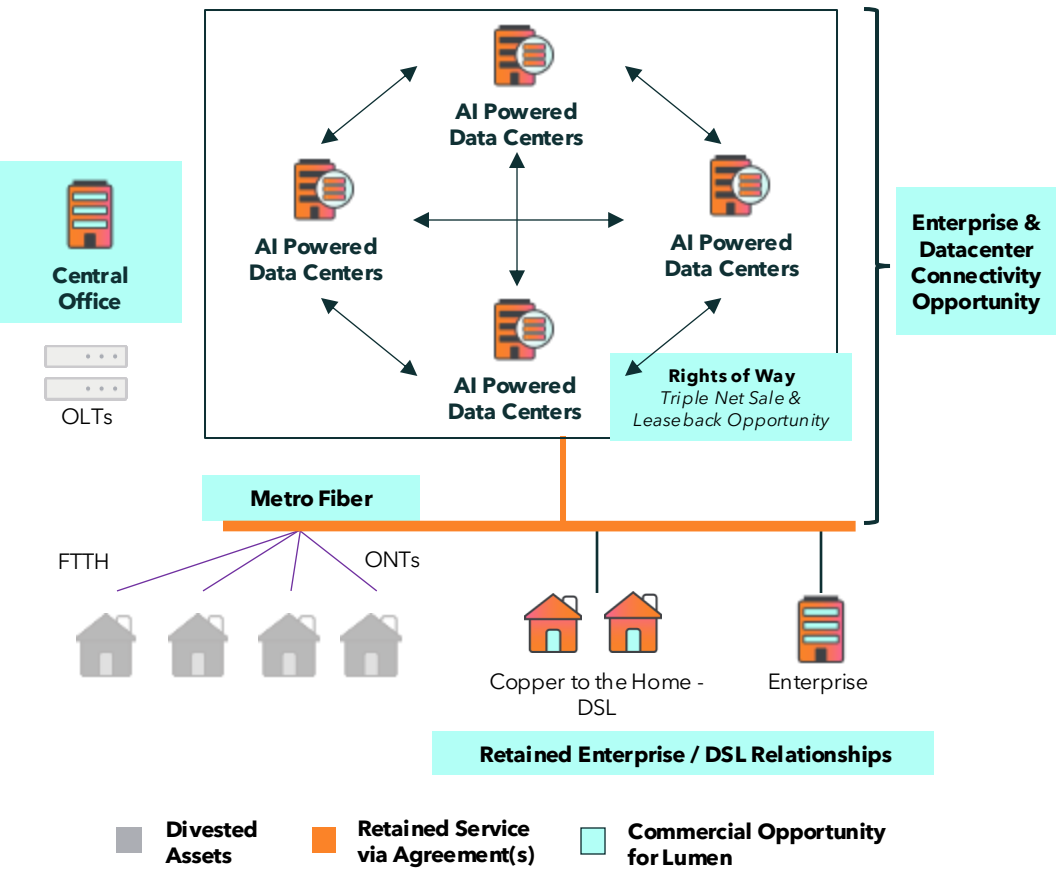
Note: Unless otherwise noted, data as of Q1 2025

1. Based on ~1M current subscribers \* ~\$63 Avg. ARPU as of Mar 2025

# Lumen to Retain Critical Infrastructure to Support its Enterprise Focus

Lumen retains central office infrastructure, key middle mile fiber assets, copper assets and enterprise relationships

Perimeter Network Infrastructure



Lumen Deal vs. Recent Transaction

	Lumen	Recent Transaction <sup>1</sup>
Fiber to the Home	Sold	Sold
Central Office and Associated Real Estate	Retained	Sold
Metro Fiber	Retained	Sold
Local Ethernet Connections	Retained	Sold
DSL Relationships	Retained	Sold

<sup>1</sup> Recent transaction announced September 2024

# Transaction Structure Highlights Value Today and Going Forward

**Fiber-To-The-Home  
Purchase Price**

**\$5.75B**

**Estimated Value of Retained Enterprise and  
Copper Mass Markets Revenue Streams<sup>1</sup>**

**~\$6B**

**Implied Total Value of  
Lumen's Local Assets<sup>1</sup>**

**~\$11.75B**

**Implied Value of Lumen's Local Assets  
per Fiber Enablement<sup>2</sup>**

**~\$2,900**

Note: Excludes any value creation from Cloudification or residual asset value from copper decommissioning for Lumen

<sup>1</sup> Valuations for Retained Mass Markets and Enterprise Revenue Based on DCF of Estimated Retained Cash Flows

<sup>2</sup> Based on enablements of ~4 million as of March 31, 2025



# Financial Flexibility to Fuel Growth...

Reduced capital structure risk by reducing leverage and ensuring strong liquidity

Cash accelerates innovation

**\$5.75B<sup>1</sup>**  
Upfront  
Cash

**\$4.8B**  
Debt  
Reduction

**~\$1.3B<sup>2</sup>**  
Improved  
Annual Cash  
Flow

**~1x<sup>3</sup>**  
Net Leverage  
Reduction

Cash accelerates innovation

1. Subject to working capital and other various purchase price adjustments.

2. For full year 2025, the sale will result in a capex reduction of ~\$1B and interest expense reduction of ~\$300M, excluding cash impacts from aEBITDA sold.

3. Based on projected 2025 aEBITDA guidance, Lumen's net debt to aEBITDA ratio would be reduced from 4.9x to 3.9x.



# ...With Significant Capital Structure Improvement

## Net Leverage



### Key Highlights

- Proceeds and cash on hand expected to pay down the \$4.8B of superpriority debt
- Results in significant improvement to Lumen's maturity profile, reducing 2029 and 2030 maturities by 40%
- Positions Lumen for additional refinancing opportunities and lower cost of capital
- Drives opportunity to simplify the capital structure

Source: Company data

Note: Estimated tax basis of ~\$750M yields cash taxes of ~\$1.2B at tax rate of 25%





# Lumen's Value for Enterprise Customers



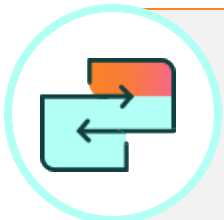
**Expanding our physical network** to 47 million intercity fiber miles by 2028, providing superior coverage, unique routes, and modern fiber and photonics equipment solutions

+



**Scaling Lumen's Digital Platform and Network-as-a-Service** for quick, secure, effortless experiences across the customer lifecycle, in a familiar cloud consumption model

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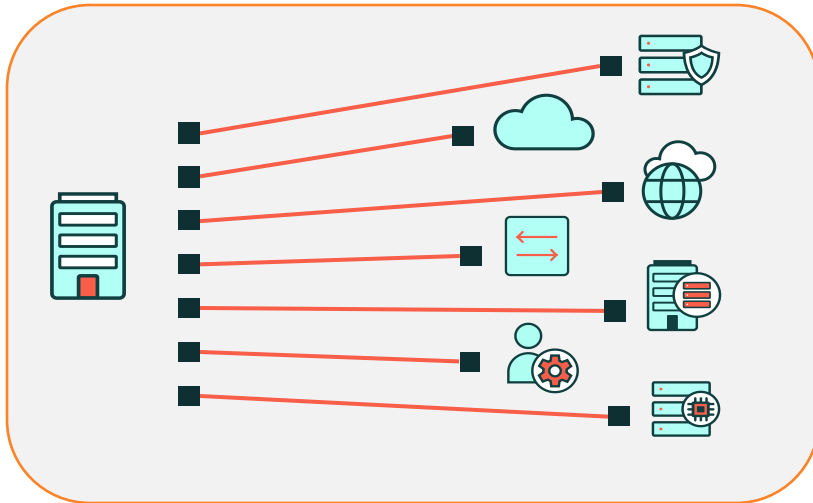


**Innovating new network architectures for multi-cloud and hybrid environments,** delivering increased performance, capacity, intelligence, and security to enterprise customers (DFA, cloud onramps, multi-cloud gateways, etc.)



# Leveraging Lumen's Network to Disrupt Enterprise Economics

## Traditional Telecom

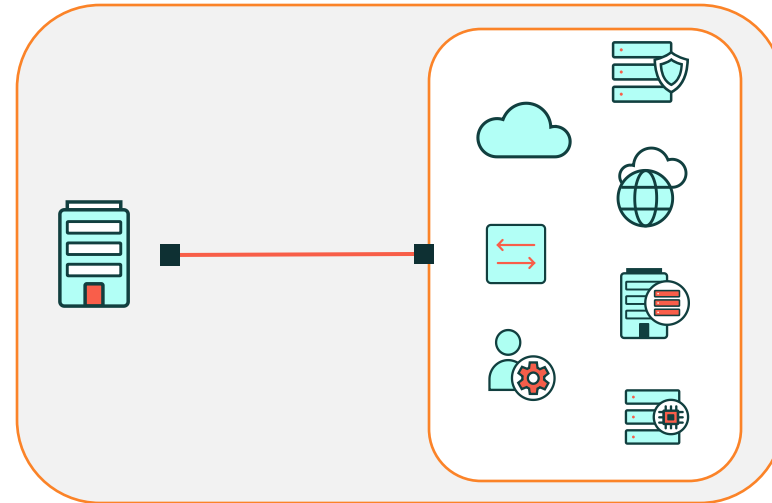


### Capital and labor intensive economics:

- Static, point to point
- Analog CX, slow, and people heavy
- Impeded growth often supporting 1 service per port
- Linear cost and revenue growth

Disruption

## 'Cloudified' Telecom



### Cloud economics:

- Dynamic, 1-to-many
- Digital CX enabled by platform
- Frictionless growth enabled by 'Fabric Ports' (thousands of services per port)

The background of the image is a stylized cityscape. On the left, there are several tall, modern skyscrapers. The one in the foreground is colored in a gradient of red and orange, while the others are in shades of teal and blue. A bridge with a red and orange railing is visible in the lower left. The sky is a solid teal color with some faint, wispy clouds. In the top right corner, the word "LUMEN" is written in a white, sans-serif font with a registered trademark symbol.

LUMEN®

The Trusted  
**Network**  
for AI