

Non-GAAP Reconciliations

As of December 31, 2019



Definitions - Non-GAAP Measures

Non-GAAP Measures

Verizon's financial information was prepared in conformity with generally accepted accounting principles in the United States (GAAP) as well as on a non-GAAP basis. It is management's intent to provide non-GAAP financial information to enhance the understanding of Verizon's GAAP financial information and it should be considered by the reader in addition to, but not instead of, the financial statements prepared in accordance with GAAP. Each non-GAAP financial measure is presented along with the corresponding GAAP measure so as not to imply that more emphasis should be placed on the non-GAAP measure. We believe that non-GAAP measures provide relevant and useful information, which is used by management, investors and other users of our financial information in assessing both consolidated and segment performance. The non-GAAP financial information presented may be determined or calculated differently by other companies and may not be directly comparable to that of other companies.

EBITDA and EBITDA Margin Related Non-GAAP Measures

Consolidated earnings before interest, taxes, depreciation and amortization (EBITDA), Segment EBITDA and Segment EBITDA Margin are non-GAAP financial measures that we believe are useful to management, investors and other users of our financial information in evaluating operating profitability on a more variable cost basis as they exclude depreciation and amortization expense related primarily to capital expenditures and acquisitions that occurred in prior periods, as well as in evaluating operating performance in relation to Verizon's competitors.

Consolidated EBITDA is calculated by adding back interest, taxes and depreciation and amortization expense to net income.

Segment EBITDA is calculated by adding back segment depreciation and amortization expense to segment operating income. Segment EBITDA Margin is calculated by dividing Segment EBITDA by segment total operating revenues.

Consolidated Adjusted EBITDA and Consolidated Adjusted EBITDA Margin Related Non-GAAP Measures

Consolidated Adjusted EBITDA and Consolidated Adjusted EBITDA Margin are non-GAAP financial measures that we believe provide relevant and useful information to management, investors and other users of our financial information in evaluating the effectiveness of our operations and underlying business trends in a manner that is consistent with management's evaluation of business performance. We believe that Consolidated Adjusted EBITDA and Consolidated Adjusted EBITDA Margin are used by investors to compare a company's operating performance to its competitors by minimizing impacts caused by differences in capital structure, taxes and depreciation policies. Further, the exclusion of non-operational items and special items enables comparability to prior period performance and trend analysis.

Consolidated Adjusted EBITDA is calculated by excluding from Consolidated EBITDA the effect of the following non-operational items: equity in losses and earnings of unconsolidated businesses and other income and expense, net, and the following special items: impairment charges, severance charges, product realignment charges, acquisition and integration related charges and net gain from dispositions of assets and businesses. The impairment charges relate to goodwill impairment charges recognized in 2019 and 2018 as a result of the Company's annual goodwill impairment testing of its media business, Verizon Media, and the impairment charge of an investment in a media joint venture in 2019. Severance charges recorded during 2019 and 2018 relate to headcount reduction initiatives. Product realignment charges primarily relate to the discontinuation of the go90 platform and associated content and other early-stage developmental technologies. Acquisition and integration related charges represent transaction expenses related to business acquisitions and incremental expenses directly incurred to integrate the acquired businesses into our operations. Net gain from dispositions of assets and businesses relates to the sale of various real estate properties and businesses.

Consolidated Adjusted EBITDA Margin is calculated by dividing Consolidated Adjusted EBITDA by Consolidated Operating Revenues.

Adjusted Earnings per Common Share (Adjusted EPS) and Adjusted EPS Growth Forecast

Adjusted EPS and Adjusted EPS Growth Forecast are non-GAAP financial measures that we believe are useful to management, investors and other users of our financial information in evaluating our operating results and understanding our operating trends without the effect of special items which could vary from period to period. We believe excluding special items provides more comparable assessment of our financial results from period to period.

Adjusted EPS is calculated by excluding from the calculation of reported EPS the effect of the following special items: severance, pension and benefits charges, acquisition and integration related charges, impairment charges, Historical Wireless legal entity restructuring, early debt redemption costs, disposition of preferred stock, net gain from dispositions of assets and businesses, and product realignment charges.

We have not provided a reconciliation for our Adjusted EPS Growth Forecast because we cannot, without unreasonable effort, predict the special items that could arise during 2020.

Adjusted Effective Income Tax Rate Attributable to Verizon Forecast (Adjusted ETR Forecast)

Adjusted ETR Forecast is a non-GAAP financial measure that we believe is useful to management, investors and other users of our financial information in assessing our effective income tax rate without the effect of special items which could vary from period to period. Adjusted ETR Forecast is calculated by dividing the Provision for income taxes by Net Income attributable to Verizon before tax after adjusting for the impact of special items.

We have not provided a reconciliation for our Adjusted ETR Forecast because we cannot, without unreasonable effort, predict the special items that could arise during 2020.

Net Debt and Net Debt to Consolidated Adjusted EBITDA Ratio

Net Debt and Net Debt to Consolidated Adjusted EBITDA Ratio are non-GAAP financial measures that we believe are useful to management, investors and other users of our financial information in evaluating Verizon's ability to service its debt.

Definitions - Non-GAAP Measures

Net Debt is calculated by subtracting cash and cash equivalents from the sum of debt maturing within one year and long-term debt. Net Debt to Consolidated Adjusted EBITDA Ratio is calculated by dividing Net Debt by Consolidated Adjusted EBITDA. For purposes of Net Debt to Consolidated Adjusted EBITDA Ratio, Consolidated Adjusted EBITDA is calculated for the last twelve months.

Net Unsecured Debt and Net Unsecured Debt to Consolidated Adjusted EBITDA Ratio

Net Unsecured Debt and Net Unsecured Debt to Consolidated Adjusted EBITDA Ratio are non-GAAP financial measures that we believe are useful to management, investors and other users of our financial information in evaluating Verizon's ability to service its unsecured debt from continuing operations.

Net Unsecured Debt is calculated by subtracting secured debt and cash and cash equivalents from the sum of debt maturing within one year and long-term debt. Net Unsecured Debt to Consolidated Adjusted EBITDA Ratio is calculated by dividing Net Unsecured Debt by Consolidated Adjusted EBITDA. For purposes of Net Unsecured Debt to Consolidated Adjusted EBITDA Ratio, Consolidated Adjusted EBITDA is calculated for the last twelve months.

Free Cash Flow and Free Cash Flow Less Dividends

Free cash flow and Free cash flow less dividends are non-GAAP financial measures that reflect additional ways of viewing our liquidity that, when viewed with our GAAP results, provide a more complete understanding of factors and trends affecting our cash flows. We believe they provide a more conservative measure of cash flow since capital expenditures are necessary for ongoing operations and dividends reflect our ongoing commitment to return value to shareholders. Free cash flow and Free cash flow less dividends have limitations due to the fact that they do not represent the residual cash flow available for discretionary expenditures. For example, these non-GAAP measures do not incorporate payments made on finance lease obligations or cash payments for acquisitions of businesses or wireless licenses. Therefore, we believe it is important to view them as complements to our entire consolidated statements of cash flows.

Free cash flow is calculated by subtracting capital expenditures (including capitalized software) from net cash provided by operating activities. Free cash flow less dividends is calculated by subtracting capital expenditures (including capitalized software) and dividends paid from net cash provided by operating activities.

Supplemental Information - Wireless and Wireline

The Wireless and Wireline segment results included in the Supplemental Information are non-GAAP financial measures that we believe provide relevant and useful information to investors and other users of our financial information in reconciling the results of our new segments, Verizon Consumer Group and Verizon Business Group, effective as of April 1, 2019, to the historical presentation of our segment results prior to our strategic reorganization. This supplemental operating information is also provided to help investors and users understand trends in our new segment results.

The Wireless and Wireline segment results are calculated by adjusting total reportable segments operating revenues and operating expenses for intersegment transactions that have been eliminated under the new structure, and the impact of VZ Connect and other early-stage development businesses previously included in Corporate. Total reportable segments operating revenues and operating expenses are calculated by aggregating the total operating revenues and operating expenses of Verizon Consumer Group and Verizon Business Group. This supplemental operating information should be considered in addition to, but not as a substitute for, our segment financial information.

Wireless EBITDA, Wireless EBITDA Margin, Wireline EBITDA and Wireline EBITDA Margin are non-GAAP financial measures that we believe are useful to management, investors and other users of our financial information in evaluating operating profitability on a more comparable basis with prior period results. The lack of comparability results from the implementation of certain new accounting standards on a prospective basis.

Wireless EBITDA and Wireline EBITDA are calculated by adding back depreciation and amortization expense to their respective segment operating income. Wireless EBITDA Margin and Wireline EBITDA Margin are calculated by dividing Wireless EBITDA by Wireless total operating revenues and Wireline EBITDA by Wireline total operating revenues, respectively.

Non-GAAP Reconciliations - Consolidated

Consolidated EBITDA, Consolidated Adjusted EBITDA and Consolidated Adjusted EBITDA Margin

(dollars in millions)

Unaudited	2018				2019			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Consolidated Net Income	\$ 4,666	\$ 4,246	\$ 5,062	\$ 2,065	\$ 5,160	\$ 4,074	\$ 5,337	\$ 5,217
Add/(subtract):								
Provision (benefit) for income taxes	1,388	1,281	1,613	(698)	1,628	1,236	1,586	(1,505)
Interest expense	1,201	1,222	1,211	1,199	1,210	1,215	1,146	1,159
Depreciation and amortization expense	4,324	4,350	4,377	4,352	4,231	4,232	4,114	4,105
Consolidated EBITDA	\$ 11,579	\$ 11,099	\$ 12,263	\$ 6,918	\$ 12,229	\$ 10,757	\$ 12,183	\$ 8,976
Add/(subtract):								
Other (income) expense, net*	\$ 75	\$ (360)	\$ (214)	\$ (1,865)	\$ (295)	\$ 1,312	\$ 110	\$ 1,773
Equity in losses (earnings) of unconsolidated businesses†	19	228	3	(64)	6	13	1	(5)
Impairment charges	—	—	—	4,591	—	—	—	186
Severance charges	—	339	—	1,818	—	—	—	204
Product realignment charges‡	—	450	—	—	—	—	—	—
Acquisition and integration related charges‡	105	109	130	187	—	—	—	—
Net gain from dispositions of assets and businesses	—	—	—	—	—	—	(261)	—
Consolidated Adjusted EBITDA	\$ 11,778	\$ 11,865	\$ 12,182	\$ 11,585	\$ 11,940	\$ 12,082	\$ 12,033	\$ 11,134
Consolidated Adjusted EBITDA - Year Over Year Change %								(3.9)%
Consolidated Operating Revenues								\$ 34,775
Consolidated Adjusted EBITDA Margin								32.0%
Consolidated Adjusted EBITDA - Full Year				\$ 47,410				\$ 47,189
Consolidated Adjusted EBITDA - Year Over Year Change % - Full Year								(0.5)%
Consolidated Operating Revenues - Full Year				\$ 130,863				\$131,868
Consolidated Adjusted EBITDA Margin - Full Year				36.2%				35.8%

* Includes Pension and benefits mark-to-market adjustments and Early debt redemption costs, where applicable.

† Includes Product realignment charges and impairment charges, where applicable.

‡ Excludes depreciation and amortization expense, where applicable.

Non-GAAP Reconciliations - Consolidated

Adjusted Earnings per Common Share (Adjusted EPS)

(dollars in millions except EPS)

Unaudited				3 Mos. Ended 12/31/18				3 Mos. Ended 12/31/19
	Pre-tax	Tax	After-Tax		Pre-tax	Tax	After-Tax	
EPS				\$ 0.47				\$ 1.23
Severance, pension and benefits charges	\$ 165	\$ (57)	\$ 108	0.03	\$ 135	\$ (27)	\$ 108	0.03
Acquisition and integration related charges	189	(47)	142	0.03	—	—	—	—
Impairment charges	4,591	(64)	4,527	1.09	236	(22)	214	0.05
Historical Wireless legal entity restructuring	—	(2,065)	(2,065)	(0.50)	—	—	—	—
Disposition of preferred stock	—	—	—	—	—	(2,247)	(2,247)	(0.54)
Early debt redemption costs	—	—	—	—	2,060	(540)	1,520	0.37
	\$ 4,945	\$ (2,233)	\$ 2,712	\$ 0.65	\$ 2,431	\$ (2,836)	\$ (405)	\$ (0.10)
Adjusted EPS				\$ 1.12				\$ 1.13
Year over year change %								0.9%

Unaudited				12 Mos. Ended 12/31/18				12 Mos. Ended 12/31/19
	Pre-tax	Tax	After-Tax		Pre-tax	Tax	After-Tax	
EPS				\$ 3.76				\$ 4.65
Severance, pension and benefits charges	\$ 50	\$ (27)	\$ 23	0.01	\$ 330	\$ (78)	\$ 252	0.06
Acquisition and integration related charges	553	(134)	419	0.10	—	—	—	—
Impairment charges	4,591	(64)	4,527	1.10	236	(22)	214	0.05
Historical Wireless legal entity restructuring	—	(2,065)	(2,065)	(0.50)	—	—	—	—
Disposition of preferred stock	—	—	—	—	—	(2,247)	(2,247)	(0.54)
Early debt redemption costs	725	(189)	536	0.13	3,604	(944)	2,660	0.64
Product realignment charges	658	(149)	509	0.12	—	—	—	—
Net gain from dispositions of assets and businesses	—	—	—	—	(261)	37	(224)	(0.05)
	\$ 6,577	\$ (2,628)	\$ 3,949	\$ 0.96	\$ 3,909	\$ (3,254)	\$ 655	\$ 0.16
Adjusted EPS				\$ 4.71				\$ 4.81
Year over year change %								2.1%

Note:

Adjusted EPS may not add due to rounding.

Non-GAAP Reconciliations - Consolidated

Net Debt and Net Debt to Consolidated Adjusted EBITDA Ratio

(dollars in millions)

Unaudited	12/31/17	3/31/18	6/30/18	9/30/18	12/31/18	3/31/19	6/30/19	9/30/19	12/31/19
Debt maturing within one year	\$ 3,453	\$ 6,323	\$ 5,466	\$ 6,502	\$ 7,190	\$ 8,614	\$ 8,773	\$ 7,830	\$ 10,777
Long-term debt	113,642	112,734	109,174	106,440	105,873	105,045	104,598	101,769	100,712
Total Debt	117,095	119,057	114,640	112,942	113,063	113,659	113,371	109,599	111,489
Less Cash and cash equivalents	2,079	1,923	1,750	2,538	2,745	2,322	1,949	3,020	2,594
Net Debt	\$ 115,016	\$ 117,134	\$ 112,890	\$ 110,404	\$ 110,318	\$ 111,337	\$ 111,422	\$ 106,579	\$ 108,895
Net Debt to Consolidated Adjusted EBITDA Ratio					2.3x	2.3x	2.3x	2.2x	2.3x

Net Unsecured Debt and Net Unsecured Debt to Consolidated Adjusted EBITDA Ratio

(dollars in millions)

Unaudited	12/31/17	3/31/18	6/30/18	9/30/18	12/31/18	3/31/19	6/30/19	9/30/19	12/31/19
Total Debt	\$ 117,095	\$ 119,057	\$ 114,640	\$ 112,942	\$ 113,063	\$ 113,659	\$ 113,371	\$ 109,599	\$ 111,489
Less Secured debt	8,887	10,068	8,610	9,199	10,076	10,386	11,252	8,800	12,369
Unsecured debt	108,208	108,989	106,030	103,743	102,987	103,273	102,119	100,799	99,120
Less Cash and cash equivalents	2,079	1,923	1,750	2,538	2,745	2,322	1,949	3,020	2,594
Net Unsecured Debt	\$ 106,129	\$ 107,066	\$ 104,280	\$ 101,205	\$ 100,242	\$ 100,951	\$ 100,170	\$ 97,779	\$ 96,526
Year over year change									\$ (3,716)
Net Unsecured Debt to Consolidated Adjusted EBITDA Ratio					2.1x	2.1x	2.1x	2.1x	2.0x

Free Cash Flow and Free Cash Flow Less Dividends

(dollars in millions)

Unaudited	12 Mos. Ended 12/31/18	12 Mos. Ended 12/31/19
Net Cash Provided by Operating Activities	\$ 34,339	\$ 35,746
Capital expenditures (including capitalized software)	(16,658)	(17,939)
Free Cash Flow	\$ 17,681	\$ 17,807
Dividends paid		(10,016)
Free Cash Flow Less Dividends		\$ 7,791
Free Cash Flow - Year over year change %		0.7%

Non-GAAP Reconciliations - Segment

Segment EBITDA and Segment EBITDA Margin

Consumer

(dollars in millions)

Unaudited	3 Months Ended 3/31/18	3 Months Ended 6/30/18	3 Months Ended 9/30/18	3 Months Ended 12/31/18	Full year 2018	3 Months Ended 3/31/19	3 Months Ended 6/30/19	3 Months Ended 9/30/19	3 Months Ended 12/31/19	Full Year 2019
Operating Income	\$ 6,935	\$ 7,060	\$ 7,213	\$ 6,803	\$28,011	\$ 7,250	\$ 7,336	\$ 7,489	\$ 6,886	\$ 28,961
Add Depreciation and amortization expense	2,975	2,997	3,010	2,970	11,952	2,894	2,881	2,806	2,772	11,353
Segment EBITDA	\$ 9,910	\$10,057	\$10,223	\$ 9,773	\$39,963	\$10,144	\$10,217	\$10,295	\$ 9,658	\$ 40,314
Total operating revenues	\$21,627	\$22,003	\$22,399	\$23,733	\$89,762	\$22,148	\$21,995	\$22,706	\$ 24,207	\$ 91,056
Operating Income Margin	32.1%	32.1%	32.2%	28.7%	31.2%	32.7%	33.4%	33.0%	28.4%	31.8%
Segment EBITDA Margin	45.8%	45.7%	45.6%	41.2%	44.5%	45.8%	46.5%	45.3%	39.9%	44.3%
Segment EBITDA - Year over year change									(1.2)%	0.9%
Segment EBITDA Margin - Year over year change									(130) bps	

Business

(dollars in millions)

Unaudited	3 Months Ended 3/31/18	3 Months Ended 6/30/18	3 Months Ended 9/30/18	3 Months Ended 12/31/18	Full year 2018	3 Months Ended 3/31/19	3 Months Ended 6/30/19	3 Months Ended 9/30/19	3 Months Ended 12/31/19	Full Year 2019
Operating Income	\$ 1,114	\$ 1,101	\$ 1,154	\$ 799	\$ 4,168	\$ 1,048	\$ 1,071	\$ 977	\$ 666	\$ 3,762
Add Depreciation and amortization expense	1,059	1,059	1,072	1,068	4,258	1,042	1,046	1,010	1,007	4,105
Segment EBITDA	\$ 2,173	\$ 2,160	\$ 2,226	\$ 1,867	\$ 8,426	\$ 2,090	\$ 2,117	\$ 1,987	\$ 1,673	\$ 7,867
Total operating revenues	\$ 7,783	\$ 7,851	\$ 7,893	\$ 8,007	\$31,534	\$ 7,719	\$ 7,768	\$ 7,885	\$ 8,071	\$31,443
Operating Income Margin	14.3%	14.0%	14.6%	10.0%	13.2%	13.6%	13.8%	12.4%	8.3%	12.0%
Segment EBITDA Margin	27.9%	27.5%	28.2%	23.3%	26.7%	27.1%	27.3%	25.2%	20.7%	25.0%
Segment EBITDA - Year over year change									(10.4)%	(6.6)%
Segment EBITDA Margin - Year over year change									(260) bps	

Supplemental Information

VZ 2.0 to VZ 1.0 Reconciliations ⁽¹⁾

The following tables present a reconciliation of financial results for our current reportable segments, Consumer and Business, to our historical reportable segments, Wireless and Wireline.

3 Mos. Ended 12/31/19

(dollars in millions)

Unaudited	VZ 2.0					Historical											Historical Total Reportable Segments
	Consumer	Business	Total Reportable Segments	Adjustments ⁽²⁾	Adjusted Total Reportable Segments	Wireless				Wireline							
						Service	Equipment	Other	Total Wireless	Consumer Markets	Enterprise Solutions	Partner Solutions	Business Markets	Other	Total Wireline		
External Operating Revenues																	
Total Operating Revenues	\$ 24,207	\$ 8,071	\$ 32,278	\$ 67	\$ 32,345	\$16,330	\$ 6,771	\$ 2,171	\$ 25,272	\$ 3,121	\$ 2,102	\$ 1,015	\$ 784	\$ 51	\$ 7,073	\$ 32,345	
Operating Expenses																	
Cost of services	4,123	2,817	6,940	221	7,161				2,668						4,493	7,161	
Cost of wireless equipment	5,877	1,377	7,254	1	7,255				7,255						—	7,255	
Selling, general and administrative expense	4,549	2,204	6,753	(33)	6,720				4,984						1,736	6,720	
Depreciation and amortization expense	2,772	1,007	3,779	(84)	3,695				2,226						1,469	3,695	
Total Operating Expenses	17,321	7,405	24,726	105	24,831				17,133						7,698	24,831	
Operating Income (Loss)	\$ 6,886	\$ 666	\$ 7,552	\$ (38)	\$ 7,514				\$ 8,139						\$ (625)	\$ 7,514	
Add Depreciation and amortization expense	2,772	1,007	3,779	(84)	3,695				2,226						1,469	3,695	
Segment EBITDA	\$ 9,658	\$ 1,673	\$ 11,331	\$ (122)	\$ 11,209				\$ 10,365						\$ 844	\$ 11,209	
Operating Income (Loss) Margin	28.4%	8.3%							32.2%						(8.8)%		
Segment EBITDA Margin	39.9%	20.7%							41.0%						11.9%		
Total operating revenue - Year over year change %									3.5%						(4.1)%		
Service revenue - Year over year change %							2.7%										
Wireless EBITDA - Year over year change%									(0.2)%								

Footnotes:

(1) Information presented for VZ 2.0 and historical financial results includes intersegment transactions.

(2) Adjustments represent intersegment transactions that have been eliminated under the new structure net of the impact of VZ Connect and other early-stage development businesses previously included in Corporate.

Supplemental Information

VZ 2.0 to VZ 1.0 Reconciliations ⁽¹⁾

3 Mos. Ended 12/31/18

(dollars in millions)

Unaudited	VZ 2.0					Historical											Historical Total Reportable Segments
	Consumer	Business	Total Reportable Segments	Adjustments ⁽²⁾	Adjusted Total Reportable Segments	Wireless				Wireline							
						Service	Equipment	Other	Total Wireless	Consumer Markets	Enterprise Solutions	Partner Solutions	Business Markets	Other	Total Wireline		
External Operating Revenues																	
Total Operating Revenues	\$ 23,733	\$ 8,007	\$ 31,740	\$ 45	\$ 31,785	\$ 15,898	\$ 6,821	\$ 1,693	\$ 24,412	\$ 3,169	\$ 2,217	\$ 1,098	\$ 836	\$ 53	\$ 7,373	\$ 31,785	
Operating Expenses																	
Cost of services	3,870	2,832	6,702	127	6,829				2,351						4,478	6,829	
Cost of wireless equipment	5,815	1,313	7,128	—	7,128				7,128						—	7,128	
Selling, general and administrative expense	4,275	1,995	6,270	(121)	6,149				4,552						1,597	6,149	
Depreciation and amortization expense	2,970	1,068	4,038	(72)	3,966				2,395						1,571	3,966	
Total Operating Expenses	16,930	7,208	24,138	(66)	24,072				16,426						7,646	24,072	
Operating Income (Loss)	\$ 6,803	\$ 799	\$ 7,602	\$ 111	\$ 7,713				\$ 7,986						\$ (273)	\$ 7,713	
Add Depreciation and amortization expense	2,970	1,068	4,038	(72)	3,966				2,395						1,571	3,966	
Segment EBITDA	\$ 9,773	\$ 1,867	\$ 11,640	\$ 39	\$ 11,679				\$ 10,381						\$ 1,298	\$ 11,679	
Operating Income (Loss) Margin	28.7%	10.0%							32.7%						(3.7)%		
Segment EBITDA Margin	41.2%	23.3%							42.5%						17.6%		

Footnotes:

(1) Information presented for VZ 2.0 and historical financial results includes intersegment transactions.

(2) Adjustments represent intersegment transactions that have been eliminated under the new structure net of the impact of VZ Connect and other early-stage development businesses previously included in Corporate.

Supplemental Information

VZ 2.0 to VZ 1.0 Reconciliations ⁽¹⁾

12 Mos. Ended 12/31/19

(dollars in millions)

Unaudited	VZ 2.0					Historical											Historical Total Reportable Segments
	Consumer	Business	Total Reportable Segments	Adjustments ⁽²⁾	Adjusted Total Reportable Segments	Wireless				Wireline							
						Service	Equipment	Other	Total Wireless	Consumer Markets	Enterprise Solutions	Partner Solutions	Business Markets	Other	Total Wireline		
External Operating Revenues																	
Total Operating Revenues	\$ 91,056	\$ 31,443	\$ 122,499	\$ 281	\$ 122,780	\$ 65,044	\$ 21,563	\$ 7,616	\$ 94,223	\$ 12,518	\$ 8,411	\$ 4,177	\$ 3,227	\$ 224	\$ 28,557	\$ 122,780	
Operating Expenses																	
Cost of services	15,884	10,655	26,539	784	27,323				10,129						17,194	27,323	
Cost of wireless equipment	18,219	4,733	22,952	2	22,954				22,954						—	22,954	
Selling, general and administrative expense	16,639	8,188	24,827	(345)	24,482				18,045						6,437	24,482	
Depreciation and amortization expense	11,353	4,105	15,458	(317)	15,141				9,066						6,075	15,141	
Total Operating Expenses	62,095	27,681	89,776	124	89,900				60,194						29,706	89,900	
Operating Income (Loss)	\$ 28,961	\$ 3,762	\$ 32,723	\$ 157	\$ 32,880				\$ 34,029						\$ (1,149)	\$ 32,880	
Add Depreciation and amortization expense	11,353	4,105	15,458	(317)	15,141				9,066						6,075	15,141	
Segment EBITDA	\$ 40,314	\$ 7,867	\$ 48,181	\$ (160)	\$ 48,021				\$ 43,095						\$ 4,926	\$ 48,021	
Operating Income (Loss) Margin	31.8%	12.0%							36.1%						(4.0)%		
Segment EBITDA Margin	44.3%	25.0%							45.7%						17.2%		
Service revenue - Year over year change %							3.2%										
Wireless EBITDA - Year over year change%									1.3%								

Footnotes:

(1) Information presented for VZ 2.0 and historical financial results includes intersegment transactions.

(2) Adjustments represent intersegment transactions that have been eliminated under the new structure net of the impact of VZ Connect and other early-stage development businesses previously included in Corporate.

Supplemental Information

VZ 2.0 to VZ 1.0 Reconciliations ⁽¹⁾

12 Mos. Ended 12/31/18

(dollars in millions)

Unaudited	VZ 2.0					Historical											Historical Total Reportable Segments
	Consumer	Business	Total Reportable Segments	Adjustments ⁽²⁾	Adjusted Total Reportable Segments	Wireless				Wireline							
						Service	Equipment	Other	Total Wireless	Consumer Markets	Enterprise Solutions	Partner Solutions	Business Markets	Other	Total Wireline		
External Operating Revenues																	
Total Operating Revenues	\$ 89,762	\$ 31,534	\$ 121,296	\$ 198	\$ 121,494	\$ 63,020	\$ 22,258	\$ 6,456	\$ 91,734	\$ 12,589	\$ 8,840	\$ 4,692	\$ 3,397	\$ 242	\$ 29,760	\$ 121,494	
Operating Expenses																	
Cost of services	15,335	10,859	26,194	758	26,952				9,251						17,701	26,952	
Cost of wireless equipment	18,763	4,560	23,323	—	23,323				23,323						—	23,323	
Selling, general and administrative expense	15,701	7,689	23,390	(635)	22,755				16,604						6,151	22,755	
Depreciation and amortization expense	11,952	4,258	16,210	(293)	15,917				9,736						6,181	15,917	
Total Operating Expenses	61,751	27,366	89,117	(170)	88,947				58,914						30,033	88,947	
Operating Income (Loss)	\$ 28,011	\$ 4,168	\$ 32,179	\$ 368	\$ 32,547				\$ 32,820						\$ (273)	\$ 32,547	
Add Depreciation and amortization expense	11,952	4,258	16,210	(293)	15,917				9,736						6,181	15,917	
Segment EBITDA	\$ 39,963	\$ 8,426	\$ 48,389	\$ 75	\$ 48,464				\$ 42,556						\$ 5,908	\$ 48,464	
Operating Income (Loss) Margin	31.2%	13.2%							35.8%						(0.9)%		
Segment EBITDA Margin	44.5%	26.7%							46.4%						19.9%		

Footnotes:

(1) Information presented for VZ 2.0 and historical financial results includes intersegment transactions.

(2) Adjustments represent intersegment transactions that have been eliminated under the new structure net of the impact of VZ Connect and other early-stage development businesses previously included in Corporate.