

Condensed Consolidated Statements of Income

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 3/31/20	3 Mos. Ended 3/31/19	% Change
Operating Revenues			
Service revenues and other	\$ 27,481	\$ 27,197	1.0
Wireless equipment revenues	4,129	4,931	(16.3)
Total Operating Revenues	31,610	32,128	(1.6)
Operating Expenses			
Cost of services	7,754	7,792	(0.5)
Cost of wireless equipment	4,542	5,198	(12.6)
Selling, general and administrative expense	8,585	7,198	19.3
Depreciation and amortization expense	4,150	4,231	(1.9)
Total Operating Expenses	25,031	24,419	2.5
Operating Income	6,579	7,709	(14.7)
Equity in losses of unconsolidated businesses	(12)	(6)	*
Other income, net	143	295	(51.5)
Interest expense	(1,034)	(1,210)	(14.5)
Income Before Provision For Income Taxes	5,676	6,788	(16.4)
Provision for income taxes	(1,389)	(1,628)	(14.7)
Net Income	\$ 4,287	\$ 5,160	(16.9)
Net income attributable to noncontrolling interests	\$ 131	\$ 128	2.3
Net income attributable to Verizon	4,156	5,032	(17.4)
Net Income	\$ 4,287	\$ 5,160	(16.9)
Basic Earnings Per Common Share			
Net income attributable to Verizon	\$ 1.00	\$ 1.22	(18.0)
<i>Weighted-average shares outstanding (in millions)</i>	<i>4,139</i>	<i>4,138</i>	
Diluted Earnings Per Common Share ⁽¹⁾			
Net income attributable to Verizon	\$ 1.00	\$ 1.22	(18.0)
<i>Weighted-average shares outstanding (in millions)</i>	<i>4,141</i>	<i>4,140</i>	

Footnotes:

(1) Diluted Earnings per Common Share includes the dilutive effect of shares issuable under our stock-based compensation plans, which represents the only potential dilution.

* Not meaningful

Condensed Consolidated Balance Sheets

(dollars in millions)

Unaudited	3/31/20	12/31/19	\$ Change
Assets			
Current assets			
Cash and cash equivalents	\$ 7,047	\$ 2,594	\$ 4,453
Accounts receivable	24,852	26,162	(1,310)
Less: Allowance for credit losses	1,055	—	1,055
Less: Allowance for doubtful accounts	—	733	(733)
Accounts receivable, net	23,797	25,429	(1,632)
Inventories	1,633	1,422	211
Prepaid expenses and other	8,228	8,028	200
Total current assets	40,705	37,473	3,232
Property, plant and equipment	268,993	265,734	3,259
Less accumulated depreciation	176,816	173,819	2,997
Property, plant and equipment, net	92,177	91,915	262
Investments in unconsolidated businesses	543	558	(15)
Wireless licenses	92,471	95,059	(2,588)
Goodwill	24,382	24,389	(7)
Other intangible assets, net	9,371	9,498	(127)
Operating lease right-of-use assets	22,472	22,694	(222)
Other assets	12,379	10,141	2,238
Total assets	\$ 294,500	\$ 291,727	\$ 2,773
Liabilities and Equity			
Current liabilities			
Debt maturing within one year	\$ 11,175	\$ 10,777	\$ 398
Accounts payable and accrued liabilities	17,419	21,806	(4,387)
Current operating lease liabilities	3,331	3,261	70
Other current liabilities	9,132	9,024	108
Total current liabilities	41,057	44,868	(3,811)
Long-term debt	106,561	100,712	5,849
Employee benefit obligations	17,617	17,952	(335)
Deferred income taxes	33,709	34,703	(994)
Non-current operating lease liabilities	18,117	18,393	(276)
Other liabilities	15,786	12,264	3,522
Total long-term liabilities	191,790	184,024	7,766
Equity			
Common stock	429	429	—
Additional paid in capital	13,302	13,419	(117)
Retained earnings	54,557	53,147	1,410
Accumulated other comprehensive income (loss)	(1,502)	998	(2,500)
Common stock in treasury, at cost	(6,725)	(6,820)	95
Deferred compensation – employee stock ownership plans and other	149	222	(73)
Noncontrolling interests	1,443	1,440	3
Total equity	61,653	62,835	(1,182)
Total liabilities and equity	\$ 294,500	\$ 291,727	\$ 2,773

Consolidated - Selected Financial and Operating Statistics

(dollars in millions, except per share amounts)

Unaudited		3/31/20	12/31/19
Total debt	\$	117,736	\$ 111,489
Net unsecured debt	\$	97,700	\$ 96,526
Net unsecured debt / Consolidated Adjusted EBITDA ⁽¹⁾		2.1x	2.0x
Common shares outstanding end of period (in millions)		4,138	4,136
Total employees ('000)		135.5	135.0
Quarterly cash dividends declared per common share	\$	0.6150	\$ 0.6150

Footnotes:

(1) Consolidated adjusted EBITDA excludes the effects of non-operational items and special items.

Condensed Consolidated Statements of Cash Flows

(dollars in millions)

Unaudited	3 Mos. Ended 3/31/20	3 Mos. Ended 3/31/19	\$ Change
Cash Flows from Operating Activities			
Net Income	\$ 4,287	\$ 5,160	\$ (873)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	4,150	4,231	(81)
Employee retirement benefits	(1)	(195)	194
Deferred income taxes	(87)	459	(546)
Provision for uncollectible accounts	553	319	234
Equity in losses of unconsolidated businesses, net of dividends received	26	21	5
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	(1,208)	(2,702)	1,494
Discretionary employee benefits contributions	—	(300)	300
Other, net	1,104	88	1,016
Net cash provided by operating activities	8,824	7,081	1,743
Cash Flows from Investing Activities			
Capital expenditures (including capitalized software)	(5,274)	(4,268)	(1,006)
Acquisitions of businesses, net of cash acquired	—	(25)	25
Acquisitions of wireless licenses	(210)	(104)	(106)
Other, net	(1,496)	(406)	(1,090)
Net cash used in investing activities	(6,980)	(4,803)	(2,177)
Cash Flows from Financing Activities			
Proceeds from long-term borrowings	5,848	2,131	3,717
Proceeds from asset-backed long-term borrowings	2,844	1,117	1,727
Repayments of long-term borrowings and finance lease obligations	(1,700)	(2,963)	1,263
Repayments of asset-backed long-term borrowings	(2,229)	(813)	(1,416)
Dividends paid	(2,547)	(2,489)	(58)
Other, net	347	360	(13)
Net cash provided by (used in) financing activities	2,563	(2,657)	5,220
Increase (decrease) in cash, cash equivalents and restricted cash	4,407	(379)	4,786
Cash, cash equivalents and restricted cash, beginning of period	3,917	3,916	1
Cash, cash equivalents and restricted cash, end of period	\$ 8,324	\$ 3,537	\$ 4,787

Consumer - Selected Financial Results

(dollars in millions)			
Unaudited	3 Mos. Ended 3/31/20	3 Mos. Ended 3/31/19	% Change
Operating Revenues			
Service	\$ 16,341	\$ 16,259	0.5
Wireless equipment	3,377	4,166	(18.9)
Other	2,047	1,723	18.8
Total Operating Revenues	21,765	22,148	(1.7)
Operating Expenses			
Cost of services	3,930	3,879	1.3
Cost of wireless equipment	3,451	4,142	(16.7)
Selling, general and administrative expense	4,282	3,983	7.5
Depreciation and amortization expense	2,820	2,894	(2.6)
Total Operating Expenses	14,483	14,898	(2.8)
Operating Income	\$ 7,282	\$ 7,250	0.4
Operating Income Margin	33.5%	32.7%	
Segment EBITDA			
Segment EBITDA	\$ 10,102	\$ 10,144	(0.4)
Segment EBITDA Margin	46.4%	45.8%	

Footnotes:

The segment financial results and metrics above are adjusted to exclude the effects of special items, as the Company's chief operating decision maker excludes these items in assessing segment performance.

Certain intersegment transactions with corporate entities have not been eliminated.

Consumer - Selected Operating Statistics

Unaudited	3/31/20	3/31/19	% Change
Connections ('000):			
Wireless retail postpaid connections	89,914	89,580	0.4
Wireless retail prepaid connections	3,980	4,479	(11.1)
Total wireless retail connections	93,894	94,059	(0.2)
Fios video connections	4,068	4,322	(5.9)
Fios Internet connections	5,961	5,808	2.6
Fios digital voice residence connections	3,526	3,758	(6.2)
Fios digital connections	13,555	13,888	(2.4)
Broadband connections	6,481	6,476	0.1
Voice connections	5,578	6,184	(9.8)

Unaudited	3 Mos. Ended 3/31/20	3 Mos. Ended 3/31/19	% Change
Gross Additions ('000):			
Wireless retail postpaid	2,220	2,714	(18.2)
Net Additions Detail ('000) :			
Wireless retail postpaid ⁽¹⁾	(525)	(201)	*
Wireless retail prepaid ⁽¹⁾	(84)	(176)	52.3
Total wireless retail ⁽¹⁾	(609)	(377)	(61.5)
Wireless retail postpaid phones ⁽¹⁾	(307)	(163)	(88.3)
Fios video	(84)	(55)	(52.7)
Fios Internet	59	48	22.9
Fios digital voice residence	(94)	(45)	*
Fios digital	(119)	(52)	*
Broadband ⁽¹⁾	31	16	93.8
Voice	(176)	(148)	(18.9)
Churn Rate:			
Wireless retail postpaid	1.01%	1.08%	
Wireless retail postpaid phones	0.77%	0.81%	
Wireless retail	1.20%	1.32%	

Revenue Statistics (in millions):					
Wireless service revenue	\$	13,476	\$	13,357	0.9
Fios revenues	\$	2,799	\$	2,764	1.3

Unaudited	3 Mos. Ended 3/31/20	3 Mos. Ended 3/31/19	% Change
Other Wireless Statistics:			
Wireless retail postpaid ARPA ⁽²⁾	\$ 118.86	\$ 117.45	1.2
Wireless retail postpaid upgrade rate	3.7%	4.4%	
Wireless retail postpaid accounts ('000) ⁽³⁾	33,669	33,958	(0.9)
Wireless retail postpaid connections per account ⁽³⁾	2.67	2.64	1.1
Total wireless Internet postpaid base ⁽³⁾	16.1%	16.1%	

Footnotes:

(1) Connection net additions include certain adjustments.

(2) Wireless retail postpaid ARPA - average service revenue per account from retail postpaid accounts.

(3) Statistics presented as of end of period.

Certain intersegment transactions with corporate entities have not been eliminated.

* Not meaningful

Business - Selected Financial Results

(dollars in millions)			
Unaudited	3 Mos. Ended 3/31/20	3 Mos. Ended 3/31/19	% Change
Operating Revenues			
Global Enterprise	\$ 2,631	\$ 2,691	(2.2)
Small and Medium Business	2,804	2,708	3.5
Public Sector and Other	1,474	1,471	0.2
Wholesale	772	849	(9.1)
Total Operating Revenues	7,681	7,719	(0.5)
Operating Expenses			
Cost of services	2,589	2,591	(0.1)
Cost of wireless equipment	1,090	1,057	3.1
Selling, general and administrative expense	2,034	1,981	2.7
Depreciation and amortization expense	1,014	1,042	(2.7)
Total Operating Expenses	6,727	6,671	0.8
Operating Income	\$ 954	\$ 1,048	(9.0)
Operating Income Margin	12.4%	13.6%	
Segment EBITDA	\$ 1,968	\$ 2,090	(5.8)
Segment EBITDA Margin	25.6%	27.1%	

Footnotes:

The segment financial results and metrics above are adjusted to exclude the effects of special items, as the Company's chief operating decision maker excludes these items in assessing segment performance.

Certain intersegment transactions with corporate entities have not been eliminated.

Business - Selected Operating Statistics

Unaudited	3/31/2020	3/31/2019	% Change
Connections ('000):			
Wireless retail postpaid connections	25,658	23,737	8.1
Fios video connections	77	76	1.3
Fios Internet connections	330	311	6.1
Fios digital connections	407	387	5.2
Broadband connections	501	497	0.8
Voice connections	4,860	5,269	(7.8)
Unaudited	3 Mos. Ended 3/31/20	3 Mos. Ended 3/31/19	% Change
Gross Additions ('000):			
Wireless retail postpaid	1,464	1,140	28.4
Net Add Detail ('000):			
Wireless retail postpaid ⁽¹⁾	475	264	79.9
Wireless retail postpaid phones ⁽¹⁾	239	120	99.2
Fios video	—	2	*
Fios Internet	4	4	—
Fios digital	4	6	(33.3)
Broadband ⁽¹⁾	(5)	(4)	(25.0)
Voice	(99)	(131)	24.4
Churn Rate:			
Wireless retail postpaid	1.30%	1.24%	
Wireless retail postpaid phones	1.02%	1.02%	
Revenue Statistics (in millions):			
Wireless service revenue	\$ 2,881	\$ 2,694	6.9
Fios revenues	\$ 262	\$ 243	7.8
Other Operating Statistics:			
Wireless retail postpaid upgrade rate	3.6%	4.4%	
Total wireless Internet postpaid base ⁽²⁾	33.7%	33.4%	

Footnotes:

(1) Connection net additions include certain adjustments.

(2) Statistics presented as of end of period.

Certain intersegment transactions with corporate entities have not been eliminated.

Prior year amounts revised to conform to current period presentation.

* Not meaningful

Supplemental Information - Total Wireless Operating and Financial Statistics

The following supplemental schedule contains certain financial and operating metrics which reflect an aggregation of our Consumer and Business segments' wireless results.

Unaudited	3/31/20	3/31/19	% Change
Connections ('000)			
Retail postpaid	115,572	113,317	2.0
Retail prepaid	3,980	4,479	(11.1)
Total retail	119,552	117,796	1.5
Unaudited	3 Mos. Ended 3/31/20	3 Mos. Ended 3/31/19	% Change
Net Add Detail ('000) ⁽¹⁾			
Retail postpaid phone	(68)	(43)	(58.1)
Retail postpaid	(50)	63	*
Retail prepaid	(84)	(176)	52.3
Total retail	(134)	(113)	(18.6)
Account Statistics			
Retail postpaid accounts ('000) ⁽²⁾	35,209	35,338	(0.4)
Retail postpaid connections per account ⁽²⁾	3.28	3.21	2.2
Retail postpaid ARPA ⁽³⁾	\$ 138.80	\$ 136.53	1.7
Churn Detail			
Retail postpaid phone	0.82%	0.84%	
Retail postpaid	1.08%	1.12%	
Retail	1.22%	1.31%	
Retail Postpaid Connection Statistics			
Total Internet postpaid base ⁽²⁾	20.0%	19.7%	
Upgrade rate	3.7%	4.4%	
Revenue Statistics (in millions) ⁽⁴⁾			
Wireless service	\$ 16,357	\$ 16,051	1.9
Wireless equipment	4,129	4,931	(16.3)
Wireless other	2,079	1,686	23.3
Total Wireless	\$ 22,565	\$ 22,668	(0.5)

Footnotes:

(1) Connection net additions include certain adjustments.

(2) Statistics presented as of end of period.

(3) Wireless retail postpaid ARPA - average service revenue per account from retail postpaid accounts.

(4) Intersegment transactions between Consumer or Business segment with corporate entities have not been eliminated.

Prior year amounts revised to conform to current period presentation.

* Not meaningful