

# Financial and Operating Information

As of June 30, 2020

**verizon**

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## Condensed Consolidated Statements of Income

(dollars in millions, except per share amounts)

Unaudited	2018		2019				2020		
	Full Year	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	Year to date
<b>Operating Revenues</b>									
Service revenues and other	\$ 108,605	\$ 27,197	\$ 27,351	\$ 27,753	\$ 28,004	\$ 110,305	\$ 27,481	\$ 26,692	\$ 54,173
Wireless equipment revenues	22,258	4,931	4,720	5,141	6,771	21,563	4,129	3,755	7,884
<b>Total Operating Revenues</b>	<b>130,863</b>	<b>32,128</b>	<b>32,071</b>	<b>32,894</b>	<b>34,775</b>	<b>131,868</b>	<b>31,610</b>	<b>30,447</b>	<b>62,057</b>
<b>Operating Expenses</b>									
Cost of services	32,185	7,792	7,702	7,902	8,376	31,772	7,754	7,639	15,393
Cost of wireless equipment	23,323	5,198	5,019	5,482	7,255	22,954	4,542	4,110	8,652
Selling, general and administrative expense	31,083	7,198	7,268	7,216	8,214	29,896	8,585	7,156	15,741
Depreciation and amortization expense	17,403	4,231	4,232	4,114	4,105	16,682	4,150	4,181	8,331
Media goodwill impairment	4,591	—	—	—	186	186	—	—	—
<b>Total Operating Expenses</b>	<b>108,585</b>	<b>24,419</b>	<b>24,221</b>	<b>24,714</b>	<b>28,136</b>	<b>101,490</b>	<b>25,031</b>	<b>23,086</b>	<b>48,117</b>
<b>Operating Income</b>	<b>22,278</b>	<b>7,709</b>	<b>7,850</b>	<b>8,180</b>	<b>6,639</b>	<b>30,378</b>	<b>6,579</b>	<b>7,361</b>	<b>13,940</b>
Equity in earnings (losses) of unconsolidated businesses	(186)	(6)	(13)	(1)	5	(15)	(12)	(13)	(25)
Other income (expense), net	2,364	295	(1,312)	(110)	(1,773)	(2,900)	143	(72)	71
Interest expense	(4,833)	(1,210)	(1,215)	(1,146)	(1,159)	(4,730)	(1,034)	(1,089)	(2,123)
<b>Income Before (Provision) Benefit For Income Taxes</b>	<b>19,623</b>	<b>6,788</b>	<b>5,310</b>	<b>6,923</b>	<b>3,712</b>	<b>22,733</b>	<b>5,676</b>	<b>6,187</b>	<b>11,863</b>
(Provision) benefit for income taxes	(3,584)	(1,628)	(1,236)	(1,586)	1,505	(2,945)	(1,389)	(1,348)	(2,737)
<b>Net Income</b>	<b>\$ 16,039</b>	<b>\$ 5,160</b>	<b>\$ 4,074</b>	<b>\$ 5,337</b>	<b>\$ 5,217</b>	<b>\$ 19,788</b>	<b>\$ 4,287</b>	<b>\$ 4,839</b>	<b>\$ 9,126</b>
Net income attributable to noncontrolling interests	\$ 511	\$ 128	\$ 130	\$ 143	\$ 122	\$ 523	\$ 131	\$ 139	\$ 270
Net income attributable to Verizon	15,528	5,032	3,944	5,194	5,095	19,265	4,156	4,700	8,856
<b>Net Income</b>	<b>\$ 16,039</b>	<b>\$ 5,160</b>	<b>\$ 4,074</b>	<b>\$ 5,337</b>	<b>\$ 5,217</b>	<b>\$ 19,788</b>	<b>\$ 4,287</b>	<b>\$ 4,839</b>	<b>\$ 9,126</b>
<b>Basic Earnings Per Common Share</b>									
Net income attributable to Verizon	\$ 3.76	\$ 1.22	\$ 0.95	\$ 1.26	\$ 1.23	\$ 4.66	\$ 1.00	\$ 1.14	\$ 2.14
Weighted-average shares outstanding (in millions)	4,128	4,138	4,138	4,138	4,139	4,138	4,139	4,139	4,139
<b>Diluted Earnings Per Common Share <sup>(1)</sup></b>									
Net income attributable to Verizon	\$ 3.76	\$ 1.22	\$ 0.95	\$ 1.25	\$ 1.23	\$ 4.65	\$ 1.00	\$ 1.13	\$ 2.14
Weighted-average shares outstanding (in millions)	4,132	4,140	4,139	4,140	4,141	4,140	4,141	4,141	4,141

**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.

EPS may not add due to rounding.

## Condensed Consolidated Balance Sheets

(dollars in millions)							
Unaudited	12/31/18	3/31/19	6/30/19	9/30/19	12/31/19	3/31/20	6/30/20
<b>Assets</b>							
Current assets							
Cash and cash equivalents	\$ 2,745	\$ 2,322	\$ 1,949	\$ 3,020	\$ 2,594	\$ 7,047	\$ 7,882
Accounts receivable	25,867	25,213	25,671	25,419	26,162	24,852	23,742
Less Allowance for credit losses	—	—	—	—	—	1,055	1,070
Less Allowance for doubtful accounts	765	744	745	706	733	—	—
Accounts receivable, net	25,102	24,469	24,926	24,713	25,429	23,797	22,672
Inventories	1,336	1,417	1,167	1,538	1,422	1,633	1,289
Prepaid expenses and other	5,453	5,189	5,266	5,624	8,028	8,228	5,490
Total current assets	34,636	33,397	33,308	34,895	37,473	40,705	37,333
Property, plant and equipment	252,835	254,457	257,395	260,053	265,734	268,993	272,714
Less Accumulated depreciation	163,549	166,608	169,577	171,204	173,819	176,816	179,960
Property, plant and equipment, net	89,286	87,849	87,818	88,849	91,915	92,177	92,754
Investments in unconsolidated businesses	671	674	650	628	558	543	529
Wireless licenses	94,130	94,237	94,333	94,433	95,059	92,471	95,767
Goodwill	24,614	24,635	24,632	24,570	24,389	24,382	24,667
Other intangible assets, net	9,775	9,608	9,474	9,264	9,498	9,371	9,600
Operating lease right-of-use assets	—	23,105	22,467	22,218	22,694	22,472	22,431
Other assets	11,717	10,442	10,426	10,018	10,141	12,379	10,178
<b>Total assets</b>	<b>\$ 264,829</b>	<b>\$ 283,947</b>	<b>\$ 283,108</b>	<b>\$ 284,875</b>	<b>\$ 291,727</b>	<b>\$ 294,500</b>	<b>\$ 293,259</b>
<b>Liabilities and Equity</b>							
Current liabilities							
Debt maturing within one year	\$ 7,190	\$ 8,614	\$ 8,773	\$ 7,830	\$ 10,777	\$ 11,175	\$ 6,651
Accounts payable and accrued liabilities	22,501	18,664	17,633	19,566	21,806	17,419	19,297
Current operating lease liabilities	—	2,997	3,154	2,959	3,261	3,331	3,270
Other current liabilities	8,239	8,332	8,654	8,854	9,024	9,132	9,668
Total current liabilities	37,930	38,607	38,214	39,209	44,868	41,057	38,886
Long-term debt	105,873	105,045	104,598	101,769	100,712	106,561	106,190
Employee benefit obligations	18,599	17,888	18,040	18,236	17,952	17,617	17,821
Deferred income taxes	33,795	34,344	34,225	34,592	34,703	33,709	33,798
Non-current operating lease liabilities	—	18,971	18,254	18,214	18,393	18,117	18,158
Other liabilities	13,922	11,632	11,830	12,543	12,264	15,786	14,293
Total long-term liabilities	172,189	187,880	186,947	185,354	184,024	191,790	190,260
Equity							
Common stock	429	429	429	429	429	429	429
Additional paid in capital	13,437	13,418	13,419	13,418	13,419	13,302	13,281
Retained earnings	43,542	46,493	47,945	50,595	53,147	54,557	56,746
Accumulated other comprehensive income (loss)	2,370	2,216	1,447	1,104	998	(1,502)	(1,274)
Common stock in treasury, at cost	(6,986)	(6,825)	(6,823)	(6,822)	(6,820)	(6,725)	(6,722)
Deferred compensation – employee stock ownership plans and other	353	125	165	197	222	149	237
Noncontrolling interests	1,565	1,604	1,365	1,391	1,440	1,443	1,416
Total equity	54,710	57,460	57,947	60,312	62,835	61,653	64,113
<b>Total liabilities and equity</b>	<b>\$ 264,829</b>	<b>\$ 283,947</b>	<b>\$ 283,108</b>	<b>\$ 284,875</b>	<b>\$ 291,727</b>	<b>\$ 294,500</b>	<b>\$ 293,259</b>

## Consolidated - Selected Financial and Operating Statistics

(dollars in millions)

Unaudited	12/31/18	3/31/19	6/30/19	9/30/19	12/31/19	3/31/20	6/30/20
Total debt	\$ 113,063	\$ 113,659	\$ 113,371	\$ 109,599	\$ 111,489	\$ 117,736	\$ 112,841
Net unsecured debt	\$ 100,242	\$ 100,951	\$ 100,170	\$ 97,779	\$ 96,526	\$ 97,700	\$ 94,352
Net unsecured debt / Consolidated Adjusted EBITDA <sup>(1)</sup>			2.1x	2.1x	2.0x	2.1x	2.0x
Common shares outstanding end of period (in millions)	4,132	4,136	4,136	4,136	4,136	4,138	4,138
Total employees ('000)	144.5	139.4	135.9	135.4	135.0	135.5	135.3
Quarterly cash dividends declared per common share	\$ 0.6025	\$ 0.6025	\$ 0.6025	\$ 0.6150	\$ 0.6150	\$ 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	12 Mos. Ended 12/31/18	3 Mos. Ended 3/31/19	6 Mos. Ended 6/30/19	9 Mos. Ended 9/30/19	12 Mos. Ended 12/31/19	3 Mos. Ended 3/31/20	6 Mos. Ended 6/30/20
<b>Cash Flows from Operating Activities</b>							
Net Income	\$ 16,039	\$ 5,160	\$ 9,234	\$ 14,571	\$ 19,788	\$ 4,287	\$ 9,126
Adjustments to reconcile net income to net cash provided by operating activities:							
Depreciation and amortization expense	17,403	4,231	8,463	12,577	16,682	4,150	8,331
Employee retirement benefits	(2,657)	(195)	(294)	(105)	(284)	(1)	(32)
Deferred income taxes	389	459	588	1,070	1,232	(87)	(120)
Provision for credit losses	980	319	738	1,131	1,588	553	831
Equity in losses of unconsolidated businesses, net of dividends received	231	21	50	64	74	26	46
Net loss on sale of divested businesses	—	—	—	94	94	—	—
Media goodwill impairment	4,591	—	—	—	186	—	—
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	(1,177)	(2,702)	(4,593)	(3,902)	(6,713)	(1,208)	3,297
Discretionary employee benefits contributions	(1,679)	(300)	(300)	(300)	(300)	—	—
Other, net	219	88	1,950	1,548	3,399	1,104	2,073
Net cash provided by operating activities	34,339	7,081	15,836	26,748	35,746	8,824	23,552
<b>Cash Flows from Investing Activities</b>							
Capital expenditures (including capitalized software)	(16,658)	(4,268)	(7,967)	(12,332)	(17,939)	(5,274)	(9,850)
Acquisitions of businesses, net of cash acquired	(230)	(25)	(28)	(29)	(29)	—	(399)
Acquisitions of wireless licenses	(1,429)	(104)	(199)	(299)	(898)	(210)	(1,801)
Proceeds from dispositions of businesses	—	—	—	27	28	—	—
Other, net	383	(406)	(395)	476	1,257	(1,496)	(74)
Net cash used in investing activities	(17,934)	(4,803)	(8,589)	(12,157)	(17,581)	(6,980)	(12,124)
<b>Cash Flows from Financing Activities</b>							
Proceeds from long-term borrowings	5,967	2,131	6,237	8,360	10,079	5,848	9,305
Proceeds from asset-backed long-term borrowings	4,810	1,117	3,982	3,982	8,576	2,844	2,844
Repayments of long-term borrowings and finance lease obligations	(10,923)	(2,963)	(9,630)	(12,486)	(17,584)	(1,700)	(8,533)
Repayments of asset-backed long-term borrowings	(3,635)	(813)	(2,817)	(5,273)	(6,302)	(2,229)	(4,612)
Dividends paid	(9,772)	(2,489)	(4,981)	(7,474)	(10,016)	(2,547)	(5,090)
Other, net	(1,824)	360	(834)	(1,410)	(2,917)	347	(146)
Net cash provided by (used in) financing activities	(15,377)	(2,657)	(8,043)	(14,301)	(18,164)	2,563	(6,232)
<b>Increase (decrease) in cash, cash equivalents and restricted cash</b>	1,028	(379)	(796)	290	1	4,407	5,196
<b>Cash, cash equivalents and restricted cash, beginning of period</b>	2,888	3,916	3,916	3,916	3,916	3,917	3,917
<b>Cash, cash equivalents and restricted cash, end of period</b>	\$ 3,916	\$ 3,537	\$ 3,120	\$ 4,206	\$ 3,917	\$ 8,324	\$ 9,113

## Consumer - Selected Financial Results

(dollars in millions)

Unaudited	2019				2020	
	1Q	2Q	3Q	4Q	1Q	2Q
<b>Operating Revenues</b>						
Service	\$ 16,259	\$ 16,350	\$ 16,433	\$ 16,341	\$ 16,341	\$ 15,900
Wireless equipment	4,166	3,903	4,257	5,722	3,377	3,209
Other	1,723	1,742	2,016	2,144	2,047	2,004
<b>Total Operating Revenues</b>	<b>22,148</b>	<b>21,995</b>	<b>22,706</b>	<b>24,207</b>	<b>21,765</b>	<b>21,113</b>
<b>Operating Expenses</b>						
Cost of services	3,879	3,847	4,035	4,123	3,930	3,885
Cost of wireless equipment	4,142	3,909	4,291	5,877	3,451	3,299
Selling, general and administrative expense	3,983	4,022	4,085	4,549	4,282	4,016
Depreciation and amortization expense	2,894	2,881	2,806	2,772	2,820	2,849
<b>Total Operating Expenses</b>	<b>14,898</b>	<b>14,659</b>	<b>15,217</b>	<b>17,321</b>	<b>14,483</b>	<b>14,049</b>
<b>Operating Income</b>	<b>\$ 7,250</b>	<b>\$ 7,336</b>	<b>\$ 7,489</b>	<b>\$ 6,886</b>	<b>\$ 7,282</b>	<b>\$ 7,064</b>
<b>Operating Income Margin</b>	<b>32.7 %</b>	<b>33.4 %</b>	<b>33.0 %</b>	<b>28.4 %</b>	<b>33.5 %</b>	<b>33.5 %</b>
<b>Segment EBITDA</b>	<b>\$ 10,144</b>	<b>\$ 10,217</b>	<b>\$ 10,295</b>	<b>\$ 9,658</b>	<b>\$ 10,102</b>	<b>\$ 9,913</b>
<b>Segment EBITDA Margin</b>	<b>45.8 %</b>	<b>46.5 %</b>	<b>45.3 %</b>	<b>39.9 %</b>	<b>46.4 %</b>	<b>47.0 %</b>

**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	2019				2020	
	1Q	2Q	3Q	4Q	1Q	2Q
<b>Connections ('000):</b>						
Wireless retail postpaid connections	89,580	89,630	89,739	90,481	89,914	<b>89,977</b>
Wireless retail prepaid connections	4,479	4,266	4,183	4,063	3,980	<b>3,998</b>
Total wireless retail connections	94,059	93,896	93,922	94,544	93,894	<b>93,975</b>
Fios video connections	4,322	4,270	4,203	4,152	4,068	<b>3,987</b>
Fios internet connections	5,808	5,837	5,867	5,902	5,961	<b>5,971</b>
Fios digital voice residence connections	3,758	3,725	3,672	3,620	3,526	<b>3,456</b>
Fios digital connections	13,888	13,832	13,742	13,674	13,555	<b>13,414</b>
Broadband connections	6,476	6,474	6,469	6,467	6,481	<b>6,468</b>
Voice connections	6,184	6,058	5,904	5,754	5,578	<b>5,444</b>
<b>Gross Additions ('000):</b>						
Wireless retail postpaid	2,714	2,725	3,020	3,794	2,220	<b>1,927</b>
<b>Net Additions Detail ('000) :</b>						
Wireless retail postpaid <sup>(1)</sup>	(201)	126	193	852	(525)	<b>72</b>
Wireless retail prepaid <sup>(1)</sup>	(176)	(213)	(81)	(121)	(84)	<b>12</b>
Total wireless retail <sup>(1)</sup>	(377)	(87)	112	731	(609)	<b>84</b>
Wireless retail postpaid phones <sup>(1)</sup>	(163)	73	239	588	(307)	<b>97</b>
Fios video	(55)	(52)	(67)	(51)	(84)	<b>(81)</b>
Fios internet	48	28	30	35	59	<b>10</b>
Fios digital voice residence	(45)	(32)	(53)	(52)	(94)	<b>(70)</b>
Fios digital	(52)	(56)	(90)	(68)	(119)	<b>(141)</b>
Broadband <sup>(1)</sup>	16	(2)	(5)	(2)	31	<b>(13)</b>
Voice	(148)	(126)	(154)	(150)	(176)	<b>(134)</b>
<b>Churn Rate:</b>						
Wireless retail postpaid	1.08 %	0.97 %	1.05 %	1.09 %	1.01 %	<b>0.69 %</b>
Wireless retail postpaid phones	0.81 %	0.72 %	0.79 %	0.83 %	0.77 %	<b>0.51 %</b>
Wireless retail	1.32 %	1.23 %	1.27 %	1.30 %	1.20 %	<b>0.86 %</b>
<b>Revenue Statistics (in millions):</b>						
Wireless service revenue	\$ 13,357	\$ 13,456	\$ 13,533	\$ 13,445	\$ 13,476	<b>\$ 13,087</b>
Fios revenues	\$ 2,764	\$ 2,772	\$ 2,811	\$ 2,828	\$ 2,799	<b>\$ 2,754</b>
<b>Other Wireless Statistics:</b>						
Wireless retail postpaid ARPA <sup>(2)</sup>	\$ 117.45	\$ 118.15	\$ 118.89	\$ 118.03	\$ 118.86	<b>\$ 116.02</b>
Wireless retail postpaid upgrade rate	4.4 %	4.3 %	4.9 %	6.3 %	3.7 %	<b>3.9 %</b>
Wireless retail postpaid accounts ('000) <sup>(3)</sup>	33,958	33,924	33,898	33,875	33,669	<b>33,695</b>
Wireless retail postpaid connections per account <sup>(3)</sup>	2.64	2.64	2.65	2.67	2.67	<b>2.67</b>
Total wireless internet postpaid base <sup>(3)</sup>	16.1 %	16.2 %	16.1 %	16.2 %	16.1 %	<b>16.0 %</b>

**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.



## Business - Selected Financial Results

		(dollars in millions)					
		2019				2020	
Unaudited		1Q	2Q	3Q	4Q	1Q	2Q
<b>Operating Revenues</b>							
Small and Medium Business	\$	2,708	\$ 2,785	\$ 2,899	\$ 3,072	\$ 2,804	\$ <b>2,601</b>
Global Enterprise		2,691	2,673	2,714	2,740	2,631	<b>2,589</b>
Public Sector and Other		1,471	1,492	1,472	1,487	1,474	<b>1,523</b>
Wholesale		849	818	800	772	772	<b>769</b>
<b>Total Operating Revenues</b>		<b>7,719</b>	<b>7,768</b>	<b>7,885</b>	<b>8,071</b>	<b>7,681</b>	<b>7,482</b>
<b>Operating Expenses</b>							
Cost of services		2,591	2,581	2,666	2,817	2,589	<b>2,641</b>
Cost of wireless equipment		1,057	1,109	1,190	1,377	1,090	<b>812</b>
Selling, general and administrative expense		1,981	1,961	2,042	2,204	2,034	<b>2,069</b>
Depreciation and amortization expense		1,042	1,046	1,010	1,007	1,014	<b>1,014</b>
<b>Total Operating Expenses</b>		<b>6,671</b>	<b>6,697</b>	<b>6,908</b>	<b>7,405</b>	<b>6,727</b>	<b>6,536</b>
<b>Operating Income</b>	\$	<b>1,048</b>	\$ <b>1,071</b>	\$ <b>977</b>	\$ <b>666</b>	\$ <b>954</b>	\$ <b>946</b>
<b>Operating Income Margin</b>		<b>13.6 %</b>	<b>13.8 %</b>	<b>12.4 %</b>	<b>8.3 %</b>	<b>12.4 %</b>	<b>12.6 %</b>
<b>Segment EBITDA</b>	\$	<b>2,090</b>	\$ <b>2,117</b>	\$ <b>1,987</b>	\$ <b>1,673</b>	\$ <b>1,968</b>	\$ <b>1,960</b>
<b>Segment EBITDA Margin</b>		<b>27.1 %</b>	<b>27.3 %</b>	<b>25.2 %</b>	<b>20.7 %</b>	<b>25.6 %</b>	<b>26.2 %</b>

**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	2019				2020	
	1Q	2Q	3Q	4Q	1Q	2Q
<b>Connections ('000):</b>						
Wireless retail postpaid connections	23,737	24,144	24,652	25,148	25,658	<b>25,897</b>
Fios video connections	76	76	77	77	77	<b>75</b>
Fios internet connections	311	316	322	326	330	<b>327</b>
Fios digital connections	387	392	399	403	407	<b>402</b>
Broadband connections	497	494	492	489	501	<b>491</b>
Voice connections	5,269	5,163	5,058	4,959	4,860	<b>4,758</b>
<b>Gross Additions ('000):</b>						
Wireless retail postpaid	1,140	1,195	1,299	1,348	1,464	<b>1,148</b>
<b>Net Additions Detail ('000):</b>						
Wireless retail postpaid <sup>(1)</sup>	264	326	412	411	475	<b>280</b>
Wireless retail postpaid phones <sup>(1)</sup>	120	171	206	203	239	<b>76</b>
Fios video	2	—	1	—	—	<b>(2)</b>
Fios internet	4	6	6	4	4	<b>(3)</b>
Fios digital	6	6	7	4	4	<b>(5)</b>
Broadband <sup>(1)</sup>	(4)	(3)	(2)	(3)	(5)	<b>(10)</b>
Voice	(131)	(105)	(105)	(99)	(99)	<b>(102)</b>
<b>Churn Rate:</b>						
Wireless retail postpaid	1.24 %	1.21 %	1.21 %	1.25 %	1.30 %	<b>1.12 %</b>
Wireless retail postpaid phones	1.02 %	0.97 %	0.97 %	1.00 %	1.02 %	<b>0.90 %</b>
<b>Revenue Statistics (in millions):</b>						
Wireless service revenue	\$ 2,694	\$ 2,775	\$ 2,850	\$ 2,869	\$ 2,881	<b>\$ 2,861</b>
Fios revenues	\$ 243	\$ 239	\$ 243	\$ 242	\$ 262	<b>\$ 260</b>
<b>Other Operating Statistics:</b>						
Wireless retail postpaid upgrade rate	4.4 %	4.2 %	4.5 %	5.0 %	3.6 %	<b>2.7 %</b>
Total wireless internet postpaid base <sup>(2)</sup>	33.4 %	33.4 %	33.5 %	33.6 %	33.7 %	<b>33.9 %</b>

**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.

## 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	2019				2020	
	1Q	2Q	3Q	4Q	1Q	2Q
<b>Connections ('000)</b>						
Retail postpaid	113,317	113,774	114,391	115,629	115,572	<b>115,874</b>
Retail prepaid	4,479	4,266	4,183	4,063	3,980	<b>3,998</b>
Total retail	117,796	118,040	118,574	119,692	119,552	<b>119,872</b>
<b>Net Additions Detail ('000) <sup>(1)</sup></b>						
Retail postpaid phone	(43)	244	445	791	(68)	<b>173</b>
Retail postpaid	63	452	605	1,263	(50)	<b>352</b>
Retail prepaid	(176)	(213)	(81)	(121)	(84)	<b>12</b>
Total retail	(113)	239	524	1,142	(134)	<b>364</b>
<b>Account Statistics</b>						
Retail postpaid accounts ('000) <sup>(2)</sup>	35,338	35,345	35,371	35,401	35,209	<b>35,242</b>
Retail postpaid connections per account <sup>(2)</sup>	3.21	3.22	3.23	3.27	3.28	<b>3.29</b>
Retail postpaid ARPA <sup>(3)</sup>	\$ 136.53	\$ 137.71	\$ 138.93	\$ 137.99	\$ 138.80	<b>\$ 135.97</b>
<b>Churn Detail</b>						
Retail postpaid phone	0.84 %	0.76 %	0.82 %	0.86 %	0.82 %	<b>0.58 %</b>
Retail postpaid	1.12 %	1.02 %	1.08 %	1.13 %	1.08 %	<b>0.78 %</b>
Retail	1.31 %	1.22 %	1.26 %	1.29 %	1.22 %	<b>0.92 %</b>
<b>Retail Postpaid Connection Statistics</b>						
Total internet postpaid base <sup>(2)</sup>	19.7 %	19.8 %	19.8 %	20.0 %	20.0 %	<b>20.0 %</b>
Upgrade rate	4.4 %	4.3 %	4.8 %	6.0 %	3.7 %	<b>3.7 %</b>
<b>Revenue Statistics (in millions) <sup>(4)</sup></b>						
Wireless service	\$ 16,051	\$ 16,231	\$ 16,383	\$ 16,314	\$ 16,357	<b>15,948</b>
Wireless equipment	4,931	4,720	5,141	6,771	4,129	<b>3,755</b>
Wireless other	1,686	1,718	2,018	2,150	2,079	<b>2,039</b>
Total Wireless	\$ 22,668	\$ 22,669	\$ 23,542	\$ 25,235	\$ 22,565	<b>21,742</b>

### 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.

## 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 providing these non-GAAP measures in addition to the GAAP measures allows management, investors and other users of our financial information to more fully and accurately assess 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 as it is a widely accepted financial measure used in evaluating the profitability of a company and with its 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, loss on spectrum license auction, acquisition and integration related charges and net gain from dispositions of assets and businesses. The impairment charges relate to goodwill impairment charges recognized 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. Severance charges recorded during 2019 and 2018 relate to headcount reduction initiatives. Loss on spectrum license auction relates to the reclassification of spectrum licenses to assets held for sale at fair value as a result of Auction 103. 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: net pension remeasurement charge and net early debt redemption costs.

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.

## Definitions - Non-GAAP Measures

### **Net Debt, Net Unsecured Debt and Net Unsecured Debt to Consolidated Adjusted EBITDA Ratio**

Net Debt, 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 debt and unsecured debt from continuing operations.

Net Debt is calculated by subtracting cash and cash equivalents from the sum of debt maturing within one year and long-term debt. Net Unsecured Debt is calculated by subtracting secured debt from Net 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**

Free cash flow is a non-GAAP financial measure that reflects an additional way of viewing our liquidity that, when viewed with our GAAP results, provides a more complete understanding of factors and trends affecting our cash flows. We believe it is a more conservative measure of cash flow since capital expenditures are necessary for ongoing operations. Free cash flow has limitations due to the fact that it does not represent the residual cash flow available for discretionary expenditures. For example, free cash flow does 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 free cash flow as a complement 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.

## Non-GAAP Reconciliations - Consolidated

## Consolidated EBITDA, Consolidated Adjusted EBITDA and Consolidated Adjusted EBITDA Margin

(dollars in millions)

Unaudited	2018		2019				2020	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
<b>Consolidated Net Income</b>	\$ 5,062	\$ 2,065	\$ 5,160	\$ 4,074	\$ 5,337	\$ 5,217	\$ 4,287	\$ 4,839
Add/(subtract):								
Provision (benefit) for income taxes	1,613	(698)	1,628	1,236	1,586	(1,505)	1,389	1,348
Interest expense <sup>(1)</sup>	1,211	1,199	1,210	1,215	1,146	1,159	1,034	1,089
Depreciation and amortization expense	4,377	4,352	4,231	4,232	4,114	4,105	4,150	4,181
<b>Consolidated EBITDA</b>	<b>\$ 12,263</b>	<b>\$ 6,918</b>	<b>\$ 12,229</b>	<b>\$ 10,757</b>	<b>\$ 12,183</b>	<b>\$ 8,976</b>	<b>\$ 10,860</b>	<b>\$ 11,457</b>
Add/(subtract):								
Other (income) expense, net <sup>(2)</sup>	\$ (214)	\$ (1,865)	\$ (295)	\$ 1,312	\$ 110	\$ 1,773	\$ (143)	\$ 72
Equity in losses (earnings) of unconsolidated businesses <sup>(3)</sup>	3	(64)	6	13	1	(5)	12	13
Impairment charges	—	4,591	—	—	—	186	—	—
Severance charges	—	1,818	—	—	—	204	—	—
Loss on spectrum license auction	—	—	—	—	—	—	1,195	—
Acquisition and integration related charges <sup>(4)</sup>	130	187	—	—	—	—	—	—
Net gain from dispositions of assets and businesses	—	—	—	—	(261)	—	—	—
<b>Consolidated Adjusted EBITDA</b>	<b>\$ 12,182</b>	<b>\$ 11,585</b>	<b>\$ 11,940</b>	<b>\$ 12,082</b>	<b>\$ 12,033</b>	<b>\$ 11,134</b>	<b>\$ 11,924</b>	<b>\$ 11,542</b>
<b>Consolidated Operating Revenues</b>				\$ 32,071	\$ 32,894	\$ 34,775	\$ 31,610	\$ 30,447
<b>Consolidated Adjusted EBITDA Margin</b>				37.7 %	36.6 %	32.0 %	37.7 %	37.9 %
<b>Consolidated Adjusted EBITDA - Year Over Year Change %</b>								(4.5)%

(1) Includes Early debt redemption costs, where applicable.

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

(3) Includes impairment charges, where applicable.

(4) Excludes depreciation and amortization expense, where applicable.

## Adjusted Earnings per Common Share (Adjusted EPS)

(dollars in millions except per share amounts)

Unaudited	3 Mos. Ended 6/30/19			3 Mos. Ended 6/30/20		
	Pre-tax	Tax	After-Tax	Pre-tax	Tax	After-Tax
<b>EPS</b>						
Net pension remeasurement charge	\$ —	\$ —	\$ —	\$ 153	\$ (38)	\$ 115
Net early debt redemption costs	1,544	(404)	1,140	102	(26)	76
	\$ 1,544	\$ (404)	\$ 1,140	\$ 255	\$ (64)	\$ 191
<b>Adjusted EPS</b>						
			\$ 1.23			\$ 1.18
Year over year change %						(4.1)%

Note:

Adjusted EPS may not add due to rounding.

## Non-GAAP Reconciliations - Consolidated

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

(dollars in millions)

Unaudited	12/31/18	3/31/19	6/30/19	9/30/19	12/31/19	3/31/20	6/30/20
Debt maturing within one year	\$ 7,190	\$ 8,614	\$ 8,773	\$ 7,830	\$ 10,777	\$ 11,175	\$ 6,651
Long-term debt	105,873	105,045	104,598	101,769	100,712	106,561	106,190
<b>Total Debt</b>	113,063	113,659	113,371	109,599	111,489	117,736	112,841
Less Cash and cash equivalents	2,745	2,322	1,949	3,020	2,594	7,047	7,882
<b>Net Debt</b>	110,318	111,337	111,422	106,579	108,895	110,689	104,959
Less Secured debt	10,076	10,386	11,252	8,800	12,369	12,989	10,607
<b>Net Unsecured Debt</b>	\$ 100,242	\$ 100,951	\$ 100,170	\$ 97,779	\$ 96,526	\$ 97,700	\$ 94,352
<b>Net Unsecured Debt to Consolidated Adjusted EBITDA Ratio</b>			2.1x	2.1x	2.0x	2.1x	2.0x
Net Debt sequential change							\$ (5,730)

### Free Cash Flow

(dollars in millions)

Unaudited	6 Mos. Ended 6/30/19	6 Mos. Ended 6/30/20
<b>Net Cash Provided by Operating Activities</b>	\$ 15,836	\$ 23,552
Capital expenditures (including capitalized software)	(7,967)	(9,850)
<b>Free Cash Flow</b>	\$ 7,869	\$ 13,702
Year over year change %		74.1 %

## Non-GAAP Reconciliations - Segments

### Segment EBITDA and Segment EBITDA Margin

#### Consumer

(dollars in millions)					
	3 Months Ended 6/30/19	3 Months Ended 9/30/19	3 Months Ended 12/31/19	3 Months Ended 3/31/20	3 Months Ended 6/30/20
Unaudited					
<b>Operating Income</b>	\$ 7,336	\$ 7,489	\$ 6,886	\$ 7,282	\$ 7,064
Add Depreciation and amortization expense	2,881	2,806	2,772	2,820	2,849
<b>Segment EBITDA</b>	\$ 10,217	\$ 10,295	\$ 9,658	\$ 10,102	\$ 9,913
Total operating revenues	\$ 21,995	\$ 22,706	\$ 24,207	\$ 21,765	\$ 21,113
<b>Operating Income Margin</b>	33.4 %	33.0 %	28.4 %	33.5 %	33.5 %
<b>Segment EBITDA Margin</b>	46.5 %	45.3 %	39.9 %	46.4 %	47.0 %
Segment EBITDA - Year over year change					(3.0)%
Segment EBITDA Margin - Year over year change					50 bps

#### Business

(dollars in millions)					
	3 Months Ended 6/30/19	3 Months Ended 9/30/19	3 Months Ended 12/31/19	3 Months Ended 3/31/20	3 Months Ended 6/30/20
Unaudited					
<b>Operating Income</b>	\$ 1,071	\$ 977	\$ 666	\$ 954	\$ 946
Add Depreciation and amortization expense	1,046	1,010	1,007	1,014	1,014
<b>Segment EBITDA</b>	\$ 2,117	\$ 1,987	\$ 1,673	\$ 1,968	\$ 1,960
Total operating revenues	\$ 7,768	\$ 7,885	\$ 8,071	\$ 7,681	\$ 7,482
<b>Operating Income Margin</b>	13.8 %	12.4 %	8.3 %	12.4 %	12.6 %
<b>Segment EBITDA Margin</b>	27.3 %	25.2 %	20.7 %	25.6 %	26.2 %
Segment EBITDA - Year over year change					(7.4)%
Segment EBITDA Margin - Year over year change					(110) bps