

Condensed Consolidated Statements of Income

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 3/31/21	3 Mos. Ended 3/31/20	% Change
Operating Revenues			
Service revenues and other	\$ 27,923	\$ 27,481	1.6
Wireless equipment revenues	4,944	4,129	19.7
Total Operating Revenues	32,867	31,610	4.0
Operating Expenses			
Cost of services	8,020	7,754	3.4
Cost of wireless equipment	5,502	4,542	21.1
Selling, general and administrative expense	7,401	8,585	(13.8)
Depreciation and amortization expense	4,174	4,150	0.6
Total Operating Expenses	25,097	25,031	0.3
Operating Income	7,770	6,579	18.1
Equity in earnings (losses) of unconsolidated businesses	8	(12)	*
Other income, net	401	143	*
Interest expense	(1,101)	(1,034)	6.5
Income Before Provision For Income Taxes	7,078	5,676	24.7
Provision for income taxes	(1,700)	(1,389)	22.4
Net Income	\$ 5,378	\$ 4,287	25.4
Net income attributable to noncontrolling interests	\$ 133	\$ 131	1.5
Net income attributable to Verizon	5,245	4,156	26.2
Net Income	\$ 5,378	\$ 4,287	25.4
Basic Earnings Per Common Share			
Net income attributable to Verizon	\$ 1.27	\$ 1.00	27.0
Weighted-average shares outstanding (in millions)	4,141	4,139	
Diluted Earnings Per Common Share ⁽¹⁾			
Net income attributable to Verizon	\$ 1.27	\$ 1.00	27.0
Weighted-average shares outstanding (in millions)	4,142	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.

* Not meaningful

Condensed Consolidated Balance Sheets

(dollars in millions)

Unaudited	3/31/21	12/31/20	\$ Change
Assets			
Current assets			
Cash and cash equivalents	\$ 10,205	\$ 22,171	\$ (11,966)
Accounts receivable	23,611	25,169	(1,558)
Less Allowance for credit losses	1,104	1,252	(148)
Accounts receivable, net	22,507	23,917	(1,410)
Inventories	1,303	1,796	(493)
Prepaid expenses and other	5,632	6,710	(1,078)
Total current assets	39,647	54,594	(14,947)
Property, plant and equipment	282,742	279,737	3,005
Less Accumulated depreciation	187,866	184,904	2,962
Property, plant and equipment, net	94,876	94,833	43
Investments in unconsolidated businesses	555	589	(34)
Wireless licenses	98,012	96,097	1,915
Deposits for wireless licenses	45,490	2,772	42,718
Goodwill	24,837	24,773	64
Other intangible assets, net	9,304	9,413	(109)
Operating lease right-of-use assets	22,315	22,531	(216)
Other assets	10,537	10,879	(342)
Total assets	\$ 345,573	\$ 316,481	\$ 29,092
Liabilities and Equity			
Current liabilities			
Debt maturing within one year	\$ 8,802	\$ 5,889	\$ 2,913
Accounts payable and accrued liabilities	17,219	20,658	(3,439)
Current operating lease liabilities	3,536	3,485	51
Other current liabilities	9,173	9,628	(455)
Total current liabilities	38,730	39,660	(930)
Long-term debt	149,700	123,173	26,527
Employee benefit obligations	18,252	18,657	(405)
Deferred income taxes	36,747	35,711	1,036
Non-current operating lease liabilities	17,766	18,000	(234)
Other liabilities	11,695	12,008	(313)
Total long-term liabilities	234,160	207,549	26,611
Equity			
Common stock	429	429	—
Additional paid in capital	13,408	13,404	4
Retained earnings	63,107	60,464	2,643
Accumulated other comprehensive income (loss)	640	(71)	711
Common stock in treasury, at cost	(6,634)	(6,719)	85
Deferred compensation – employee stock ownership plans and other	282	335	(53)
Noncontrolling interests	1,451	1,430	21
Total equity	72,683	69,272	3,411
Total liabilities and equity	\$ 345,573	\$ 316,481	\$ 29,092

Footnotes:

Certain amounts have been reclassified to conform to the current period presentation.

Consolidated - Selected Financial and Operating Statistics

(dollars in millions, except per share amounts)

Unaudited	3/31/21	12/31/20
Total debt	\$ 158,502	\$ 129,062
Net unsecured debt	\$ 137,421	\$ 96,287
Net unsecured debt / Consolidated Adjusted EBITDA ⁽¹⁾	2.9x	2.0x
Common shares outstanding end of period (in millions)	4,140	4,138
Total employees ('000)	130.1	132.2
Quarterly cash dividends declared per common share	\$ 0.6275	\$ 0.6275

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 3/31/21	3 Mos. Ended 3/31/20	\$ Change
Cash Flows from Operating Activities			
Net Income	\$ 5,378	\$ 4,287	\$ 1,091
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	4,174	4,150	24
Employee retirement benefits	(253)	(1)	(252)
Deferred income taxes	762	(87)	849
Provision for expected credit losses	224	553	(329)
Equity in losses of unconsolidated businesses, net of dividends received	19	26	(7)
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	(41)	(1,208)	1,167
Other, net	(569)	1,104	(1,673)
Net cash provided by operating activities	9,694	8,824	870
Cash Flows from Investing Activities			
Capital expenditures (including capitalized software)	(4,494)	(5,274)	780
Acquisitions of businesses, net of cash acquired	(408)	—	(408)
Acquisitions of wireless licenses	(44,783)	(434)	(44,349)
Other, net	32	(1,272)	1,304
Net cash used in investing activities	(49,653)	(6,980)	(42,673)
Cash Flows from Financing Activities			
Proceeds from long-term borrowings	31,383	5,848	25,535
Proceeds from asset-backed long-term borrowings	1,000	2,844	(1,844)
Repayments of long-term borrowings and finance lease obligations	(302)	(1,700)	1,398
Repayments of asset-backed long-term borrowings	(732)	(2,229)	1,497
Dividends paid	(2,601)	(2,547)	(54)
Other, net	(792)	347	(1,139)
Net cash provided by financing activities	27,956	2,563	25,393
Increase (decrease) in cash, cash equivalents and restricted cash	(12,003)	4,407	(16,410)
Cash, cash equivalents and restricted cash, beginning of period	23,498	3,917	19,581
Cash, cash equivalents and restricted cash, end of period	<u>\$ 11,495</u>	<u>\$ 8,324</u>	<u>\$ 3,171</u>

Footnotes:

Certain amounts have been reclassified to conform to the current period presentation.

Consumer - Selected Financial Results

		(dollars in millions)		
Unaudited		3 Mos. Ended 3/31/21	3 Mos. Ended 3/31/20	% Change
Operating Revenues				
Service		\$ 16,569	\$ 16,341	1.4
Wireless equipment		4,192	3,377	24.1
Other		2,037	2,047	(0.5)
Total Operating Revenues		22,798	21,765	4.7
Operating Expenses				
Cost of services		4,000	3,930	1.8
Cost of wireless equipment		4,392	3,451	27.3
Selling, general and administrative expense		4,026	4,282	(6.0)
Depreciation and amortization expense		2,861	2,820	1.5
Total Operating Expenses		15,279	14,483	5.5
Operating Income		\$ 7,519	\$ 7,282	3.3
Operating Income Margin		33.0 %	33.5 %	
Segment EBITDA		\$ 10,380	\$ 10,102	2.8
Segment EBITDA Margin		45.5 %	46.4 %	

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	3/31/21	3/31/20	% Change
Connections ('000):			
Wireless retail postpaid connections	90,172	89,914	0.3
Wireless retail prepaid connections	4,058	3,980	2.0
Total wireless retail connections	94,230	93,894	0.4
Fios video connections	3,772	4,068	(7.3)
Fios internet connections	6,300	5,961	5.7
Fios digital voice residence connections	3,227	3,526	(8.5)
Fios digital connections	13,299	13,555	(1.9)
Broadband connections	6,713	6,481	3.6
Unaudited	3 Mos. Ended 3/31/21	3 Mos. Ended 3/31/20	% Change
Gross Additions ('000):			
Wireless retail postpaid	2,307	2,220	3.9
Net Additions Detail ('000) :			
Wireless retail postpaid ⁽¹⁾	(326)	(525)	37.9
Wireless retail prepaid ⁽¹⁾	19	(84)	*
Total wireless retail ⁽¹⁾	(307)	(609)	49.6
Wireless retail postpaid phones ⁽¹⁾	(225)	(307)	26.7
Fios video	(82)	(84)	2.4
Fios internet	98	59	66.1
Fios digital voice residence	(79)	(94)	16.0
Fios digital	(63)	(119)	47.1
Broadband ⁽¹⁾	66	31	*
Churn Rate:			
Wireless retail postpaid	0.97 %	1.01 %	
Wireless retail postpaid phones	0.77 %	0.77 %	
Wireless retail	1.11 %	1.20 %	
Revenue Statistics (in millions):			
Wireless service revenue	\$ 13,684	\$ 13,476	1.5
Fios revenues	\$ 2,860	\$ 2,799	2.2

Unaudited	3 Mos. Ended 3/31/21	3 Mos. Ended 3/31/20	% Change
Other Wireless Statistics:			
Wireless retail postpaid ARPA ⁽²⁾	\$ 120.86	\$ 118.86	1.7
Wireless retail postpaid upgrade rate	4.5 %	3.7 %	
Wireless retail postpaid accounts ('000) ⁽³⁾	33,588	33,669	(0.2)
Wireless retail postpaid connections per account ⁽³⁾	2.68	2.67	0.4
Total wireless internet postpaid base ⁽³⁾	16.0 %	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 3/31/21	3 Mos. Ended 3/31/20	% Change
Operating Revenues			
Small and Medium Business	\$ 2,830	\$ 2,804	0.9
Global Enterprise	2,559	2,631	(2.7)
Public Sector and Other	1,646	1,474	11.7
Wholesale	746	772	(3.4)
Total Operating Revenues	7,781	7,681	1.3
Operating Expenses			
Cost of services	2,690	2,589	3.9
Cost of wireless equipment	1,111	1,090	1.9
Selling, general and administrative expense	2,068	2,034	1.7
Depreciation and amortization expense	1,013	1,014	(0.1)
Total Operating Expenses	6,882	6,727	2.3
Operating Income	\$ 899	\$ 954	(5.8)
Operating Income Margin	11.6 %	12.4 %	
Segment EBITDA	\$ 1,912	\$ 1,968	(2.8)
Segment EBITDA Margin	24.6 %	25.6 %	

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	3/31/2021	3/31/2020	% Change
Connections ('000):			
Wireless retail postpaid connections	26,621	25,658	3.8
Fios video connections	73	77	(5.2)
Fios internet connections	339	330	2.7
Fios digital connections	412	407	1.2
Broadband connections	480	501	(4.2)
Gross Additions ('000):			
Wireless retail postpaid	1,141	1,464	(22.1)
Net Additions Detail ('000):			
Wireless retail postpaid ⁽¹⁾	156	475	(67.2)
Wireless retail postpaid phones ⁽¹⁾	47	239	(80.3)
Fios video	—	—	*
Fios internet	4	4	—
Fios digital	4	4	—
Broadband ⁽¹⁾	(2)	(5)	60.0
Churn Rate:			
Wireless retail postpaid	1.24 %	1.30 %	
Wireless retail postpaid phones	1.01 %	1.02 %	
Revenue Statistics (in millions):			
Wireless service revenue	\$ 3,060	\$ 2,881	6.2
Fios revenues	\$ 276	\$ 262	5.3
Other Operating Statistics:			
Wireless retail postpaid upgrade rate	3.3 %	3.6 %	
Total wireless internet postpaid base ⁽²⁾	34.6 %	33.7 %	

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.

* 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	3/31/21	3/31/20	% Change
Connections ('000)			
Retail postpaid	116,793	115,572	1.1
Retail prepaid	4,058	3,980	2.0
Total retail	120,851	119,552	1.1
Unaudited	3 Mos. Ended 3/31/21	3 Mos. Ended 3/31/20	% Change
Net Additions Detail ('000) ⁽¹⁾			
Retail postpaid phone	(178)	(68)	*
Retail postpaid	(170)	(50)	*
Retail prepaid	19	(84)	*
Total retail	(151)	(134)	(12.7)
Account Statistics			
Retail postpaid accounts ('000) ⁽²⁾	35,184	35,209	(0.1)
Retail postpaid connections per account ⁽²⁾	3.32	3.28	1.2
Retail postpaid ARPA ⁽³⁾	\$ 141.74	\$ 138.80	2.1
Churn Detail			
Retail postpaid phone	0.81 %	0.82 %	
Retail postpaid	1.03 %	1.08 %	
Retail	1.14 %	1.22 %	
Retail Postpaid Connection Statistics			
Total internet postpaid base ⁽²⁾	20.2 %	20.0 %	
Upgrade rate	4.3 %	3.7 %	
Revenue Statistics (in millions) ⁽⁴⁾			
Wireless service	\$ 16,744	\$ 16,357	2.4
Wireless equipment	4,944	4,129	19.7
Wireless other	2,043	2,079	(1.7)
Total Wireless	\$ 23,731	\$ 22,565	5.2

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.