

Financial and Operating Information

As of September 30, 2021

verizon

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Condensed Consolidated Statements of Income

(dollars in millions, except per share amounts)

Unaudited	2019		2020				2021			
	Full Year	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	Year to date
Operating Revenues										
Service revenues and other	\$110,305	\$27,481	\$26,692	\$27,431	\$28,268	\$109,872	\$27,923	\$28,221	\$27,565	\$83,709
Wireless equipment revenues	21,563	4,129	3,755	4,112	6,424	18,420	4,944	5,543	5,350	15,837
Total Operating Revenues	131,868	31,610	30,447	31,543	34,692	128,292	32,867	33,764	32,915	99,546
Operating Expenses										
Cost of services	31,772	7,754	7,639	7,955	8,053	31,401	8,020	8,324	7,855	24,199
Cost of wireless equipment	22,954	4,542	4,110	4,379	6,769	19,800	5,502	5,931	5,673	17,106
Selling, general and administrative expense	29,896	8,585	7,156	7,339	8,493	31,573	7,401	7,324	6,521	21,246
Depreciation and amortization expense	16,682	4,150	4,181	4,192	4,197	16,720	4,174	4,020	3,961	12,155
Media goodwill impairment	186	—	—	—	—	—	—	—	—	—
Total Operating Expenses	101,490	25,031	23,086	23,865	27,512	99,494	25,097	25,599	24,010	74,706
Operating Income	30,378	6,579	7,361	7,678	7,180	28,798	7,770	8,165	8,905	24,840
Equity in earnings (losses) of unconsolidated businesses	(15)	(12)	(13)	(9)	(11)	(45)	8	1	1	10
Other income (expense), net	(2,900)	143	(72)	(774)	164	(539)	401	502	269	1,172
Interest expense	(4,730)	(1,034)	(1,089)	(1,044)	(1,080)	(4,247)	(1,101)	(844)	(801)	(2,746)
Income Before Provision For Income Taxes	22,733	5,676	6,187	5,851	6,253	23,967	7,078	7,824	8,374	23,276
Provision for income taxes	(2,945)	(1,389)	(1,348)	(1,347)	(1,535)	(5,619)	(1,700)	(1,875)	(1,820)	(5,395)
Net Income	\$ 19,788	\$ 4,287	\$ 4,839	\$ 4,504	\$ 4,718	\$ 18,348	\$ 5,378	\$ 5,949	\$ 6,554	\$ 17,881
Net income attributable to noncontrolling interests	\$ 523	\$ 131	\$ 139	\$ 147	\$ 130	\$ 547	\$ 133	\$ 149	\$ 147	\$ 429
Net income attributable to Verizon	19,265	4,156	4,700	4,357	4,588	17,801	5,245	5,800	6,407	17,452
Net Income	\$ 19,788	\$ 4,287	\$ 4,839	\$ 4,504	\$ 4,718	\$ 18,348	\$ 5,378	\$ 5,949	\$ 6,554	\$ 17,881
Basic Earnings Per Common Share										
Net income attributable to Verizon	\$ 4.66	\$ 1.00	\$ 1.14	\$ 1.05	\$ 1.11	\$ 4.30	\$ 1.27	\$ 1.40	\$ 1.55	\$ 4.21
Weighted-average shares outstanding (in millions)	4,138	4,139	4,139	4,140	4,140	4,140	4,141	4,141	4,142	4,141
Diluted Earnings Per Common Share ⁽¹⁾										
Net income attributable to Verizon	\$ 4.65	\$ 1.00	\$ 1.13	\$ 1.05	\$ 1.11	\$ 4.30	\$ 1.27	\$ 1.40	\$ 1.55	\$ 4.21
Weighted-average shares outstanding (in millions)	4,140	4,141	4,141	4,142	4,143	4,142	4,142	4,143	4,144	4,143

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	12/31/19	3/31/20	6/30/20	9/30/20	12/31/20	3/31/21	6/30/21	9/30/21
Assets								
Current assets								
Cash and cash equivalents	\$ 2,594	\$ 7,047	\$ 7,882	\$ 8,983	\$ 22,171	\$ 10,205	\$ 4,657	\$ 9,936
Accounts receivable	26,162	24,852	23,742	23,846	25,169	23,611	22,237	23,165
Less Allowance for credit losses	—	1,055	1,070	1,229	1,252	1,104	980	970
Less Allowance for doubtful accounts	733	—	—	—	—	—	—	—
Accounts receivable, net	25,429	23,797	22,672	22,617	23,917	22,507	21,257	22,195
Inventories	1,422	1,633	1,289	1,457	1,796	1,303	1,421	2,303
Prepaid expenses and other	8,028	8,228	5,490	5,515	6,710	5,632	8,291	5,843
Total current assets	37,473	40,705	37,333	38,572	54,594	39,647	35,626	40,277
Property, plant and equipment	265,734	268,993	272,714	276,210	279,737	282,742	283,654	287,421
Less Accumulated depreciation	173,819	176,816	179,960	183,028	184,904	187,866	189,452	191,665
Property, plant and equipment, net	91,915	92,177	92,754	93,182	94,833	94,876	94,202	95,756
Investments in unconsolidated businesses	558	543	529	535	589	555	560	1,100
Wireless licenses	95,059	92,471	95,767	95,958	96,097	98,012	98,034	145,767
Deposits for wireless licenses	101	325	124	1,894	2,772	45,490	45,910	—
Goodwill	24,389	24,382	24,667	24,799	24,773	24,837	24,915	24,887
Other intangible assets, net	9,498	9,371	9,600	9,599	9,413	9,304	7,002	7,022
Operating lease right-of-use assets	22,694	22,472	22,431	22,680	22,531	22,315	28,180	27,969
Other assets	10,040	12,054	10,054	9,775	10,879	10,537	14,761	10,679
Total assets	\$ 291,727	\$ 294,500	\$ 293,259	\$ 296,994	\$ 316,481	\$ 345,573	\$ 349,190	\$ 353,457
Liabilities and Equity								
Current liabilities								
Debt maturing within one year	\$ 10,777	\$ 11,175	\$ 6,651	\$ 5,770	\$ 5,889	\$ 8,802	\$ 7,023	\$ 7,623
Accounts payable and accrued liabilities	21,806	17,419	19,297	17,391	20,658	17,219	17,328	20,153
Current operating lease liabilities	3,261	3,331	3,270	3,494	3,485	3,536	3,881	3,606
Other current liabilities	9,024	9,132	9,668	9,530	9,628	9,173	11,846	9,976
Total current liabilities	44,868	41,057	38,886	36,185	39,660	38,730	40,078	41,358
Long-term debt	100,712	106,561	106,190	109,790	123,173	149,700	144,894	143,352
Employee benefit obligations	17,952	17,617	17,821	18,756	18,657	18,252	16,713	16,516
Deferred income taxes	34,703	33,709	33,798	34,567	35,711	36,747	37,534	38,481
Non-current operating lease liabilities	18,393	18,117	18,158	18,155	18,000	17,766	23,360	23,507
Other liabilities	12,264	15,786	14,293	13,011	12,008	11,695	11,499	11,754
Total long-term liabilities	184,024	191,790	190,260	194,279	207,549	234,160	234,000	233,610
Equity								
Common stock	429	429	429	429	429	429	429	429
Additional paid in capital	13,419	13,302	13,281	13,404	13,404	13,408	13,403	13,402
Retained earnings	53,147	54,557	56,746	58,473	60,464	63,107	66,310	70,062
Accumulated other comprehensive income (loss)	998	(1,502)	(1,274)	(812)	(71)	640	(234)	(709)
Common stock in treasury, at cost	(6,820)	(6,725)	(6,722)	(6,721)	(6,719)	(6,634)	(6,632)	(6,630)
Deferred compensation – employee stock ownership plans and other	222	149	237	296	335	282	408	490
Noncontrolling interests	1,440	1,443	1,416	1,461	1,430	1,451	1,428	1,445
Total equity	62,835	61,653	64,113	66,530	69,272	72,683	75,112	78,489
Total liabilities and equity	\$ 291,727	\$ 294,500	\$ 293,259	\$ 296,994	\$ 316,481	\$ 345,573	\$ 349,190	\$ 353,457

Footnotes:

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

Consolidated - Selected Financial and Operating Statistics

(dollars in millions)

Unaudited	12/31/19	3/31/20	6/30/20	9/30/20	12/31/20	3/31/21	6/30/21	9/30/21
Total debt	\$ 111,489	\$ 117,736	\$ 112,841	\$ 115,560	\$ 129,062	\$ 158,502	\$ 151,917	\$ 150,975
Net unsecured debt	\$ 96,526	\$ 97,700	\$ 94,352	\$ 96,485	\$ 96,287	\$ 137,421	\$ 136,845	\$ 131,614
Net unsecured debt / Consolidated Adjusted EBITDA ⁽¹⁾				2.1x	2.0x	2.9x	2.9x	2.7x
Common shares outstanding end of period (in millions)	4,136	4,138	4,138	4,138	4,138	4,140	4,140	4,140
Total employees ('000)	135.0	135.5	135.3	133.2	132.2	130.1	129.3	118.5
Quarterly cash dividends declared per common share	\$ 0.6150	\$ 0.6150	\$ 0.6150	\$ 0.6275	\$ 0.6275	\$ 0.6275	\$ 0.6275	\$ 0.6400

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 12/31/19	3 Mos. Ended 3/31/20	6 Mos. Ended 6/30/20	9 Mos. Ended 9/30/20	12 Mos. Ended 12/31/20	3 Mos. Ended 3/31/21	6 Mos. Ended 6/30/21	9 Mos. Ended 9/30/21
Cash Flows from Operating Activities								
Net Income	\$ 19,788	\$ 4,287	\$ 9,126	\$ 13,630	\$ 18,348	\$ 5,378	\$ 11,327	\$ 17,881
Adjustments to reconcile net income to net cash provided by operating activities:								
Depreciation and amortization expense	16,682	4,150	8,331	12,523	16,720	4,174	8,194	12,155
Employee retirement benefits	(284)	(1)	(32)	867	840	(253)	(1,819)	(1,928)
Deferred income taxes	1,232	(87)	(120)	530	1,553	762	1,978	2,970
Provision for expected credit losses	1,588	553	831	1,100	1,380	224	409	604
Equity in losses of unconsolidated businesses, net of dividends received	74	26	46	67	91	19	25	32
Media goodwill impairment	186	—	—	—	—	—	—	—
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	(6,713)	(1,208)	3,297	1,345	56	(41)	82	603
Discretionary employee benefits contributions	(300)	—	—	—	—	—	—	—
Other, net	3,493	1,104	2,073	2,410	2,780	(569)	242	(1,155)
Net cash provided by operating activities	35,746	8,824	23,552	32,472	41,768	9,694	20,438	31,162
Cash Flows from Investing Activities								
Capital expenditures (including capitalized software)	(17,939)	(5,274)	(9,850)	(14,168)	(18,192)	(4,494)	(8,716)	(13,861)
Acquisitions of businesses, net of cash acquired	(29)	—	(399)	(507)	(520)	(408)	(458)	(459)
Acquisitions of wireless licenses	(898)	(434)	(1,801)	(3,757)	(3,896)	(44,783)	(45,278)	(47,027)
Proceeds from disposition of business	28	—	—	—	—	—	—	4,122
Other, net	1,257	(1,272)	(74)	(37)	(904)	32	51	207
Net cash used in investing activities	(17,581)	(6,980)	(12,124)	(18,469)	(23,512)	(49,653)	(54,401)	(57,018)
Cash Flows from Financing Activities								
Proceeds from long-term borrowings	10,079	5,848	9,305	12,387	25,822	31,383	31,444	32,482
Proceeds from asset-backed long-term borrowings	8,576	2,844	2,844	4,439	5,635	1,000	2,695	2,695
Repayments of long-term borrowings and finance lease obligations	(17,584)	(1,700)	(8,533)	(8,853)	(9,775)	(302)	(7,559)	(7,904)
Repayments of asset-backed long-term borrowings	(6,302)	(2,229)	(4,612)	(6,726)	(7,413)	(732)	(2,993)	(3,887)
Dividends paid	(10,016)	(2,547)	(5,090)	(7,636)	(10,232)	(2,601)	(5,198)	(7,797)
Other, net	(2,917)	347	(146)	(1,348)	(2,712)	(792)	(1,839)	(2,120)
Net cash provided by (used in) financing activities	(18,164)	2,563	(6,232)	(7,737)	1,325	27,956	16,550	13,469
Increase (decrease) in cash, cash equivalents and restricted cash	1	4,407	5,196	6,266	19,581	(12,003)	(17,413)	(12,387)
Cash, cash equivalents and restricted cash, beginning of period	3,916	3,917	3,917	3,917	3,917	23,498	23,498	23,498
Cash, cash equivalents and restricted cash, end of period	\$ 3,917	\$ 8,324	\$ 9,113	\$ 10,183	\$ 23,498	\$ 11,495	\$ 6,085	\$ 11,111

Footnotes:

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

Consumer - Selected Financial Results

(dollars in millions)

Unaudited	2020				2021		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Operating Revenues							
Service	\$ 16,341	\$ 15,900	\$ 16,255	\$ 16,388	\$ 16,569	\$ 16,709	\$ 16,891
Wireless equipment	3,377	3,209	3,403	5,503	4,192	4,739	4,530
Other	2,047	2,004	2,078	2,028	2,037	2,029	1,907
Total Operating Revenues	21,765	21,113	21,736	23,919	22,798	23,477	23,328
Operating Expenses							
Cost of services	3,930	3,885	3,971	3,824	4,000	4,181	4,149
Cost of wireless equipment	3,451	3,299	3,411	5,575	4,392	4,854	4,611
Selling, general and administrative expense	4,282	4,016	4,055	4,583	4,026	4,045	4,060
Depreciation and amortization expense	2,820	2,849	2,862	2,864	2,861	2,900	2,918
Total Operating Expenses	14,483	14,049	14,299	16,846	15,279	15,980	15,738
Operating Income	\$ 7,282	\$ 7,064	\$ 7,437	\$ 7,073	\$ 7,519	\$ 7,497	\$ 7,590
Operating Income Margin	33.5 %	33.5 %	34.2 %	29.6 %	33.0 %	31.9 %	32.5 %
Segment EBITDA	\$ 10,102	\$ 9,913	\$ 10,299	\$ 9,937	\$ 10,380	\$ 10,397	\$ 10,508
Segment EBITDA Margin	46.4 %	47.0 %	47.4 %	41.5 %	45.5 %	44.3 %	45.0 %

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	2020				2021		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Connections ('000):							
Wireless retail postpaid connections	89,914	89,977	90,026	90,346	90,172	90,514	90,916
Wireless retail prepaid connections	3,980	3,998	4,075	4,027	4,058	4,075	4,072
Total wireless retail connections	93,894	93,975	94,101	94,373	94,230	94,589	94,988
Fios video connections	4,068	3,987	3,926	3,854	3,772	3,710	3,642
Fios internet connections	5,961	5,971	6,110	6,202	6,300	6,392	6,490
Fios digital voice residence connections	3,526	3,456	3,384	3,306	3,227	3,165	3,094
Fios digital connections	13,555	13,414	13,420	13,362	13,299	13,267	13,226
Wireline broadband connections	6,481	6,468	6,581	6,647	6,713	6,783	6,858
Gross Additions ('000):							
Wireless retail postpaid	2,220	1,927	2,304	2,945	2,307	2,592	2,701
Net Additions Detail ('000) :							
Wireless retail postpaid ⁽¹⁾	(525)	72	136	357	(326)	350	423
Wireless retail prepaid ⁽¹⁾	(84)	12	77	(50)	19	18	(4)
Total wireless retail ⁽¹⁾	(609)	84	213	307	(307)	368	419
Wireless retail postpaid phones ⁽¹⁾	(307)	97	142	163	(225)	197	267
Fios video	(84)	(81)	(61)	(72)	(82)	(62)	(68)
Fios internet	59	10	139	92	98	92	98
Fios digital voice residence	(94)	(70)	(72)	(78)	(79)	(62)	(71)
Fios digital	(119)	(141)	6	(58)	(63)	(32)	(41)
Wireline broadband ⁽¹⁾	31	(13)	113	66	66	70	75
Churn Rate:							
Wireless retail postpaid	1.01 %	0.69 %	0.80 %	0.96 %	0.97 %	0.83 %	0.84 %
Wireless retail postpaid phones	0.77 %	0.51 %	0.63 %	0.76 %	0.77 %	0.65 %	0.67 %
Wireless retail	1.20 %	0.86 %	0.95 %	1.12 %	1.11 %	0.97 %	0.98 %
Revenue Statistics (in millions):							
Wireless service revenue	\$ 13,476	\$ 13,087	\$ 13,442	\$ 13,600	\$ 13,684	\$ 13,794	\$ 13,982
Fios revenues	\$ 2,799	\$ 2,754	\$ 2,773	\$ 2,756	\$ 2,860	\$ 2,895	\$ 2,893
Other Wireless Statistics:							
Wireless retail postpaid ARPA ⁽²⁾	\$ 118.86	\$ 116.02	\$ 118.52	\$ 120.20	\$ 120.86	\$ 121.24	\$ 123.04
Wireless retail postpaid upgrade rate	3.7 %	3.9 %	4.2 %	6.0 %	4.5 %	4.9 %	4.7 %
Wireless retail postpaid accounts ('000) ⁽³⁾	33,669	33,695	33,712	33,659	33,588	33,606	33,640
Wireless retail postpaid connections per account ⁽³⁾	2.67	2.67	2.67	2.68	2.68	2.69	2.70
Total wireless internet postpaid base ⁽³⁾	16.1 %	16.0 %	15.9 %	16.0 %	16.0 %	16.1 %	16.2 %

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)

Unaudited	2020				2021		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Operating Revenues							
Small and Medium Business	\$ 2,804	\$ 2,601	\$ 2,742	\$ 2,985	\$ 2,830	\$ 2,895	\$ 2,937
Global Enterprise	2,631	2,589	2,595	2,595	2,559	2,583	2,552
Public Sector and Other	1,474	1,523	1,639	1,726	1,646	1,614	1,547
Wholesale	772	769	773	744	746	670	653
Total Operating Revenues	7,681	7,482	7,749	8,050	7,781	7,762	7,689
Operating Expenses							
Cost of services	2,589	2,641	2,739	2,690	2,690	2,729	2,647
Cost of wireless equipment	1,090	812	968	1,194	1,111	1,076	1,061
Selling, general and administrative expense	2,034	2,069	2,092	2,185	2,068	2,086	2,077
Depreciation and amortization expense	1,014	1,014	1,027	1,031	1,013	1,015	1,018
Total Operating Expenses	6,727	6,536	6,826	7,100	6,882	6,906	6,803
Operating Income	\$ 954	\$ 946	\$ 923	\$ 950	\$ 899	\$ 856	\$ 886
Operating Income Margin	12.4 %	12.6 %	11.9 %	11.8 %	11.6 %	11.0 %	11.5 %
Segment EBITDA	\$ 1,968	\$ 1,960	\$ 1,950	\$ 1,981	\$ 1,912	\$ 1,871	\$ 1,904
Segment EBITDA Margin	25.6 %	26.2 %	25.2 %	24.6 %	24.6 %	24.1 %	24.8 %

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.

Business - Selected Operating Statistics

Unaudited	2020				2021		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Connections ('000):							
Wireless retail postpaid connections	25,658	25,897	26,223	26,507	26,621	26,740	26,998
Fios video connections	77	75	74	73	73	72	72
Fios internet connections	330	327	332	335	339	346	352
Fios digital connections	407	402	406	408	412	418	424
Wireline broadband connections	501	491	488	482	480	480	479
Gross Additions ('000):							
Wireless retail postpaid	1,464	1,148	1,345	1,285	1,141	1,220	1,314
Net Additions Detail ('000):							
Wireless retail postpaid ⁽¹⁾	475	280	417	346	156	178	276
Wireless retail postpaid phones ⁽¹⁾	239	76	141	116	47	78	162
Fios video	—	(2)	(1)	(1)	—	(1)	—
Fios internet	4	(3)	5	3	4	7	6
Fios digital	4	(5)	4	2	4	6	6
Wireline broadband ⁽¹⁾	(5)	(10)	(3)	(6)	(2)	—	(1)
Churn Rate:							
Wireless retail postpaid	1.30 %	1.12 %	1.19 %	1.19 %	1.24 %	1.30 %	1.29 %
Wireless retail postpaid phones	1.02 %	0.90 %	0.96 %	0.98 %	1.01 %	1.07 %	1.04 %
Revenue Statistics (in millions):							
Wireless service revenue	\$ 2,881	\$ 2,861	\$ 2,990	\$ 3,073	\$ 3,060	\$ 3,090	\$ 3,097
Fios revenues	\$ 262	\$ 260	\$ 263	\$ 272	\$ 276	\$ 281	\$ 287
Other Operating Statistics:							
Wireless retail postpaid upgrade rate	3.6 %	2.7 %	3.3 %	4.0 %	3.3 %	3.4 %	3.2 %
Total wireless internet postpaid base ⁽²⁾	33.7 %	33.9 %	34.3 %	34.5 %	34.6 %	34.8 %	34.7 %

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.

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	2020				2021		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Connections ('000)							
Retail postpaid	115,572	115,874	116,249	116,853	116,793	117,254	117,914
Retail prepaid	3,980	3,998	4,075	4,027	4,058	4,075	4,072
Total retail	119,552	119,872	120,324	120,880	120,851	121,329	121,986
Net Additions Detail ('000) ⁽¹⁾							
Retail postpaid phone	(68)	173	283	279	(178)	275	429
Retail postpaid	(50)	352	553	703	(170)	528	699
Retail prepaid	(84)	12	77	(50)	19	18	(4)
Total retail	(134)	364	630	653	(151)	546	695
Account Statistics							
Retail postpaid accounts ('000) ⁽²⁾	35,209	35,242	35,279	35,244	35,184	35,223	35,285
Retail postpaid connections per account ⁽²⁾	3.28	3.29	3.30	3.32	3.32	3.33	3.34
Retail postpaid ARPA ⁽³⁾	\$ 138.80	\$ 135.97	\$ 139.24	\$ 141.17	\$ 141.74	\$ 142.23	\$ 143.87
Churn Detail							
Retail postpaid phone	0.82 %	0.58 %	0.69 %	0.80 %	0.81 %	0.72 %	0.74 %
Retail postpaid	1.08 %	0.78 %	0.89 %	1.01 %	1.03 %	0.94 %	0.94 %
Retail	1.22 %	0.92 %	1.01 %	1.14 %	1.14 %	1.04 %	1.05 %
Retail Postpaid Connection Statistics							
Total internet postpaid base ⁽²⁾	20.0 %	20.0 %	20.0 %	20.2 %	20.2 %	20.4 %	20.4 %
Upgrade rate	3.7 %	3.7 %	4.0 %	5.6 %	4.3 %	4.6 %	4.3 %
Revenue Statistics (in millions) ⁽⁴⁾							
Wireless service	\$ 16,357	\$ 15,948	\$ 16,432	\$ 16,673	\$ 16,744	\$ 16,884	\$ 17,079
Wireless equipment	4,129	3,755	4,112	6,424	4,944	5,543	5,350
Wireless other	2,079	2,039	2,096	2,029	2,043	2,043	1,929
Total Wireless	\$ 22,565	\$ 21,742	\$ 22,640	\$ 25,126	\$ 23,731	\$ 24,470	\$ 24,358

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.

Definitions - Non-GAAP Measures

Non-GAAP Measures

Verizon's Financial and Operating Information includes financial information prepared in conformity with generally accepted accounting principles in the United States (GAAP) as well as non-GAAP financial information. 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.

Consolidated Operating Revenues Excluding Divested Media Business

Consolidated Operating Revenues Excluding Divested Media Business is a non-GAAP financial measure that we believe is useful to management, investors and other users of our financial information in evaluating our revenue growth and trends on a comparable basis following the sale of Verizon Media (divested Media business) on September 1, 2021.

Consolidated Operating Revenues Excluding Divested Media Business is calculated by subtracting operating revenues of the divested Media business from consolidated operating revenues.

Consolidated Service and Other Revenues Excluding Divested Media Business

Consolidated Service and Other Revenues Excluding Divested Media Business is a non-GAAP financial measure that we believe is useful to management, investors and other users of our financial information in evaluating our revenue growth and trends on a comparable basis following the sale of Verizon Media (divested Media business) on September 1, 2021.

Consolidated Service and Other Revenues Excluding Divested Media Business is calculated by subtracting service and other revenues of the divested Media business from consolidated service and other revenues.

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 they are a widely accepted financial measures 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 licenses, and net gain/loss from disposition of business. The impairment charges relate to goodwill impairment charges recognized as a result of the Company's annual goodwill impairment testing of its former media business, Verizon Media. Severance charges recorded during both 2021 and 2020 relate to voluntary separations under our existing plans. Severance charges recorded during 2019 relate to headcount reduction initiatives. Loss on spectrum licenses relates to the sale of certain wireless licenses in 2021 and Auction 103 in 2020. Net gain/loss from disposition of business relates to the sale of Verizon Media in 2021 and the sale of Huffington Post in 2020.

Consolidated Adjusted EBITDA Margin is calculated by dividing Consolidated Adjusted EBITDA by consolidated operating revenues.

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, including cash and cash equivalents held for sale where applicable, 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.

Definitions - Non-GAAP Measures

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

Adjusted EPS and Adjusted EPS 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, and net gain from sale of Verizon Media (Media). Pension and benefits charges relate to actuarial gains/losses resulting from the re-measurements of pension and other postretirement benefits.

We have not provided a reconciliation for our Adjusted EPS Forecast because we cannot, without unreasonable effort, predict the special items that could arise during 2021.

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 2021.

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 Operating Revenues Excluding Divested Media Business

Unaudited	(dollars in millions)	
	3 Mos. Ended 9/30/20	3 Mos. Ended 9/30/21
Consolidated Operating Revenues	\$ 31,543	\$ 32,915
Less Operating revenues from divested Media business	1,625	1,348
Consolidated Operating Revenues Excluding Divested Media Business	\$ 29,918	\$ 31,567
Year over year change %		5.5 %

Consolidated Service and Other Revenues Excluding Divested Media Business

Unaudited	(dollars in millions)	
	3 Mos. Ended 9/30/20	3 Mos. Ended 9/30/21
Consolidated Service and Other Revenues	\$ 27,431	\$ 27,565
Less Service and other revenues from divested Media business	1,625	1,348
Consolidated Service and Other Revenues Excluding Divested Media Business	\$ 25,806	\$ 26,217
Year over year change %		1.6 %

Consolidated EBITDA, Consolidated Adjusted EBITDA and Consolidated Adjusted EBITDA Margin

Unaudited	(dollars in millions)							
	2019		2020			2021		
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Consolidated Net Income	\$ 5,217	\$ 4,287	\$ 4,839	\$ 4,504	\$ 4,718	\$ 5,378	\$ 5,949	\$ 6,554
Add/(subtract):								
Provision (benefit) for income taxes	(1,505)	1,389	1,348	1,347	1,535	1,700	1,875	1,820
Interest expense ⁽¹⁾	1,159	1,034	1,089	1,044	1,080	1,101	844	801
Depreciation and amortization expense	4,105	4,150	4,181	4,192	4,197	4,174	4,020	3,961
Consolidated EBITDA	\$ 8,976	\$ 10,860	\$ 11,457	\$ 11,087	\$ 11,530	\$ 12,353	\$ 12,688	\$ 13,136
Add/(subtract):								
Other (income) expense, net ⁽²⁾	\$ 1,773	\$ (143)	\$ 72	\$ 774	\$ (164)	\$ (401)	\$ (502)	\$ (269)
Equity in losses (earnings) of unconsolidated businesses ⁽³⁾	(5)	12	13	9	11	(8)	(1)	(1)
Impairment charges	186	—	—	—	—	—	—	—
Severance charges	204	—	—	—	221	—	—	103
Loss on spectrum licenses	—	1,195	—	—	—	223	—	—
Net (gain) loss from disposition of business	—	—	—	—	126	—	—	(706)
Consolidated Adjusted EBITDA	\$ 11,134	\$ 11,924	\$ 11,542	\$ 11,870	\$ 11,724	\$ 12,167	\$ 12,185	\$ 12,263
Consolidated Operating Revenues				\$ 31,543	\$ 34,692	\$ 32,867	\$ 33,764	\$ 32,915
Consolidated Adjusted EBITDA Margin				37.6 %	33.8 %	37.0 %	36.1 %	37.3 %
Consolidated Adjusted EBITDA - Year Over Year Change %								3.3 %

(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.

Non-GAAP Reconciliations - Consolidated

Adjusted Earnings per Common Share (Adjusted EPS)

(dollars in millions except per share amounts)

Unaudited				3 Mos. Ended 9/30/20				3 Mos. Ended 9/30/21
	Pre-tax	Tax	After-Tax		Pre-tax	Tax	After-Tax	
EPS				\$ 1.05				\$ 1.55
Severance, pension and benefits charges	\$ 1,092	\$ (279)	\$ 813	0.20	\$ 247	\$ (63)	\$ 184	0.04
Net gain from sale of Media	—	—	—	—	(706)	(30)	(736)	(0.18)
	\$ 1,092	\$ (279)	\$ 813	\$ 0.20	\$ (459)	\$ (93)	\$ (552)	\$ (0.13)
Adjusted EPS				\$ 1.25				\$ 1.41
Year over year change %								12.8 %

Note: Adjusted EPS may not add due to rounding.

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

(dollars in millions)

Unaudited	12/31/19	3/31/20	6/30/20	9/30/20	12/31/20	3/31/21	6/30/21	9/30/21
Debt maturing within one year	\$ 10,777	\$ 11,175	\$ 6,651	\$ 5,770	\$ 5,889	\$ 8,802	\$ 7,023	\$ 7,623
Long-term debt	100,712	106,561	106,190	109,790	123,173	149,700	144,894	143,352
Total Debt	111,489	117,736	112,841	115,560	129,062	158,502	151,917	150,975
Less Secured debt	12,369	12,989	10,607	10,092	10,604	10,876	10,315	9,425
Unsecured Debt	99,120	104,747	102,234	105,468	118,458	147,626	141,602	141,550
Less Cash and cash equivalents ⁽¹⁾	2,594	7,047	7,882	8,983	22,171	10,205	4,757	9,936
Net Unsecured Debt	\$ 96,526	\$ 97,700	\$ 94,352	\$ 96,485	\$ 96,287	\$ 137,421	\$ 136,845	\$ 131,614
Net Unsecured Debt to Consolidated Adjusted EBITDA Ratio				2.1x	2.0x	2.9x	2.9x	2.7x
Unsecured Debt - Quarter over quarter change								\$ (52)
Net Unsecured Debt - Quarter over quarter change								\$ (5,231)

(1) Includes Cash and cash equivalents held for sale, where applicable.

Free Cash Flow

(dollars in millions)

Unaudited	9 Mos. Ended 9/30/20	9 Mos. Ended 9/30/21
Net Cash Provided by Operating Activities	\$ 32,472	\$ 31,162
Capital expenditures (including capitalized software)	(14,168)	(13,861)
Free Cash Flow	\$ 18,304	\$ 17,301
Year over year change %		(5.5)%

Non-GAAP Reconciliations - Segments

Segment EBITDA and Segment EBITDA Margin

Consumer

	(dollars in millions)						
	3 Mos. Ended	3 Mos. Ended	3 Mos. Ended	3 Mos. Ended	3 Mos. Ended	3 Mos. Ended	3 Mos. Ended
Unaudited	3/31/20	6/30/20	9/30/20	12/31/20	3/31/21	6/30/21	9/30/21
Operating Income	\$ 7,282	\$ 7,064	\$ 7,437	\$ 7,073	\$ 7,519	\$ 7,497	\$ 7,590
Add Depreciation and amortization expense	2,820	2,849	2,862	2,864	2,861	2,900	2,918
Segment EBITDA	\$ 10,102	\$ 9,913	\$ 10,299	\$ 9,937	\$ 10,380	\$ 10,397	\$ 10,508
Total operating revenues	\$ 21,765	\$ 21,113	\$ 21,736	\$ 23,919	\$ 22,798	\$ 23,477	\$ 23,328
Operating Income Margin	33.5 %	33.5 %	34.2 %	29.6 %	33.0 %	31.9 %	32.5 %
Segment EBITDA Margin	46.4 %	47.0 %	47.4 %	41.5 %	45.5 %	44.3 %	45.0 %
Segment EBITDA - Year over year change %							2.0 %

Business

	(dollars in millions)						
	3 Mos. Ended	3 Mos. Ended	3 Mos. Ended	3 Mos. Ended	3 Mos. Ended	3 Mos. Ended	3 Mos. Ended
Unaudited	3/31/20	6/30/20	9/30/20	12/31/20	3/31/21	6/30/21	9/30/21
Operating Income	\$ 954	\$ 946	\$ 923	\$ 950	\$ 899	\$ 856	\$ 886
Add Depreciation and amortization expense	1,014	1,014	1,027	1,031	1,013	1,015	1,018
Segment EBITDA	\$ 1,968	\$ 1,960	\$ 1,950	\$ 1,981	\$ 1,912	\$ 1,871	\$ 1,904
Total operating revenues	\$ 7,681	\$ 7,482	\$ 7,749	\$ 8,050	\$ 7,781	\$ 7,762	\$ 7,689
Operating Income Margin	12.4 %	12.6 %	11.9 %	11.8 %	11.6 %	11.0 %	11.5%
Segment EBITDA Margin	25.6 %	26.2 %	25.2 %	24.6 %	24.6 %	24.1 %	24.8%
Segment EBITDA - Year over year change %							(2.4)%