Non-GAAP Reconciliations

As of December 31, 2021

verizon

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.

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, Consolidated Adjusted EBITDA Margin and Consolidated Adjusted EBITDA Growth Forecast

Consolidated Adjusted EBITDA, Consolidated Adjusted EBITDA Margin and Consolidated Adjusted EBITDA Growth Forecast 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, Consolidated Adjusted EBITDA Margin and Consolidated Adjusted EBITDA Growth Forecast 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: severance charges, loss on spectrum licenses, and net gain/loss from dispositions of businesses. Severance charges recorded during both 2021 and 2020 relate to voluntary separations under our existing plans. Loss on spectrum licenses relates to the sale of certain wireless licenses in 2021 and Auction 103 in 2020. Net gain/loss from dispositions of businesses 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.

We have not provided a reconciliation for our Consolidated Adjusted EBITDA Growth Forecast because we cannot, without unreasonable effort, predict the special items that could arise during 2022.

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

Net Unsecured Debt, Net Unsecured Debt to Consolidated Adjusted EBITDA Ratio and Net Unsecured Debt to Consolidated Adjusted EBITDA Ratio Forecast 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.

Net Unsecured Debt to Consolidated Adjusted EBITDA Ratio Forecast is calculated by dividing Net Unsecured Debt by Consolidated Adjusted EBITDA. For purposes of Net Unsecured Debt to Consolidated Adjusted EBITDA Ratio Forecast, Consolidated Adjusted EBITDA is calculated for the last twelve months of the forecasted period.

We have not provided a reconciliation for our Net Unsecured Debt to Consolidated Adjusted EBITDA Ratio Forecast because we cannot, without unreasonable effort, predict the impacts to the special items that could arise during future periods.

Adjusted Earnings per Common Share (Adjusted EPS), Adjusted EPS excluding Acquired Intangible Assets Amortization and Adjusted EPS Forecast

Adjusted EPS, Adjusted EPS excluding Acquired Intangible Assets Amortization 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: net severance, pension and benefits credits/charges, net gain/loss from dispositions of assets and businesses, net early debt redemption costs, and loss on spectrum licenses. Net gain/loss from

Definitions - Non-GAAP Measures

dispositions of assets and businesses relate to the sale of an investment and the sale of Verizon Media in 2021, as well as the sale of Huffington Post in 2020. Loss on spectrum licenses relates to the sale of certain wireless licenses in 2021 and Auction 103 in 2020. Net severance, pension and benefits credits/charges relate to severance charges and actuarial gains/losses resulting from the re-measurements of pension and other postretirement benefits.

Actuarial gains or losses as a result of the re-measurements of pension and other postretirement benefits are included in other income and expense, net, and are measured based on projected discount rates and estimated returns on plan assets. Such estimates are updated at least annually at the end of the fiscal year to reflect actual discount rates and returns on plan assets or more frequently if significant events arise which require an interim re-measurement.

Adjusted EPS excluding Acquired Intangible Assets Amortization is calculated by excluding amortization of acquisition-related intangible assets from Adjusted EPS. We exclude the amortization of acquisition-related intangible assets because the amount and timing of such charges are significantly impacted by the timing, size, number and nature of the acquisitions we consummate. While we have a history of significant acquisition activity, we do not acquire businesses on a predictable cycle, and the amount of an acquisition's purchase price allocated to intangible assets and related amortization term are unique to each acquisition and can vary significantly from acquisition to acquisition. Exclusion of this amortization expense facilitates more consistent comparisons of operating results over time between our newly acquired and long-held businesses, and with both acquisitive and non-acquisitive peer companies. We believe that it is important for investors to understand that our non-GAAP financial measure adjusts for the intangible asset amortization but does not adjust the revenue that is generated in part from the use of such intangible assets.

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 2022.

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 2022.

Free Cash Flow and Free Cash Flow Forecast

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

Free cash flow and free cash flow forecast are 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)

	2020					2021				
Unaudited	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	**4Q**	**Full Year**
Consolidated Net Income	$ 4,287	$ 4,839	$ 4,504	$4,718	$18,348	$5,378	$5,949	$6,554	**$4,737**	**$22,618**
Add:										
Provision for income taxes	1,389	1,348	1,347	1,535	5,619	1,700	1,875	1,820	**1,407**	**6,802**
Interest expense [1]	1,034	1,089	1,044	1,080	4,247	1,101	844	801	**739**	**3,485**
Depreciation and amortization expense	4,150	4,181	4,192	4,197	16,720	4,174	4,020	3,961	**4,051**	**16,206**
Consolidated EBITDA	$ 10,860	$ 11,457	$ 11,087	$11,530	$44,934	$12,353	$12,688	$13,136	**$10,934**	**$49,111**
Add/(subtract):										
Other (income) expense, net [2]	$ (143)	$ 72	$ 774	$ (164)	$ 539	$ (401)	$ (502)	$ (269)	**$ 860**	**$ (312)**
Equity in losses (earnings) of unconsolidated businesses [3]	12	13	9	11	45	(8)	(1)	(1)	**(135)**	**(145)**
Severance charges	—	—	—	221	221	—	—	103	**106**	**209**
Loss on spectrum licenses	1,195	—	—	—	1,195	223	—	—	**—**	**223**
Net (gain) loss from dispositions of businesses	—	—	—	126	126	—	—	(706)	**—**	**(706)**
Consolidated Adjusted EBITDA	$ 11,924	$ 11,542	$ 11,870	$11,724	$47,060	$12,167	$12,185	$12,263	**$11,765**	**$48,380**
Consolidated Operating Revenues				$34,692	$128,292	$32,867	$33,764	$32,915	**$34,067**	**$133,613**
Consolidated Adjusted EBITDA Margin				33.8 %	36.7 %	37.0 %	36.1 %	37.3 %	**34.5 %**	**36.2 %**
Consolidated Adjusted EBITDA - Year Over Year Change %									**0.3 %**	**2.8 %**
Consolidated Adjusted EBITDA - Year Over Year Change										**$1,320**
Consolidated Adjusted EBITDA Margin - Year Over Year Change										**(50) bps**

(1) Includes Net early debt redemption costs, where applicable.

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

(3) Includes Net gain from disposition of assets, where applicable.

Non-GAAP Reconciliations - Consolidated

Adjusted Earnings per Common Share (Adjusted EPS)

(dollars in millions except per share amounts)

Unaudited	Pre-tax	Tax	After-Tax	3 Mos. Ended 12/31/20	Pre-tax	Tax	After-Tax	**3 Mos. Ended 12/31/21**
EPS				$ 1.11				**$ 1.11**
Net severance, pension and benefits (credits) charges	$ 404	$ (87)	$ 317	0.08	$ (1,103)	$ 268	$ (835)	**(0.20)**
Net (gain) loss from dispositions of assets and businesses	119	2	121	0.03	(131)	30	(101)	**(0.02)**
Net early debt redemption costs	—	—	—	—	2,409	(629)	1,780	**0.43**
	$ 523	$ (85)	$ 438	$ 0.11	$ 1,175	$ (331)	$ 844	**$ 0.20**
Adjusted EPS				$ 1.21				**$ 1.31**
Year over year change %								**8.3 %**

Note: Adjusted EPS may not add due to rounding.

Adjusted Earnings per Common Share (Adjusted EPS) and Adjusted EPS excluding Acquired Intangible Assets Amortization

(dollars in millions except per share amounts)

Unaudited	Pre-tax	Tax	After-Tax	12 Mos. Ended 12/31/20	Pre-tax	Tax	After-Tax	**12 Mos. Ended 12/31/21**
EPS				$ 4.30				**$ 5.32**
Net severance, pension and benefits (credits) charges	$ 1,831	$ (451)	$ 1,380	0.33	$ (2,170)	$ 539	$ (1,631)	**(0.39)**
Net (gain) loss from dispositions of assets and businesses	119	2	121	0.03	(837)	—	(837)	**(0.20)**
Net early debt redemption costs	102	(26)	76	0.02	3,541	(917)	2,624	**0.63**
Loss on spectrum licenses	1,195	(281)	914	0.22	223	(56)	167	**0.04**
	$ 3,247	$ (756)	$ 2,491	$ 0.60	$ 757	$ (434)	$ 323	**$ 0.08**
Adjusted EPS				**$ 4.90**				**$ 5.39**
Year over year change %								**10.0 %**
Amortization of acquisition-related intangible assets					594	(145)	449	**$ 0.11**
Adjusted EPS excluding Acquired Intangible Assets Amortization								**$ 5.50**

Note: Adjusted EPS may not add due to rounding.

Non-GAAP Reconciliations - Consolidated

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	**12/31/21**
Debt maturing within one year	$ 10,777	$ 11,175	$ 6,651	$ 5,770	$ 5,889	$ 8,802	$ 7,023	$ 7,623	**$ 7,443**
Long-term debt	100,712	106,561	106,190	109,790	123,173	149,700	144,894	143,352	**143,425**
Total Debt	111,489	117,736	112,841	115,560	129,062	158,502	151,917	150,975	**150,868**
Less Secured debt	12,369	12,989	10,607	10,092	10,604	10,876	10,315	9,425	**14,202**
Unsecured Debt	99,120	104,747	102,234	105,468	118,458	147,626	141,602	141,550	**136,666**
Less Cash and cash equivalents (1)	2,594	7,047	7,882	8,983	22,171	10,205	4,757	9,936	**2,921**
Net Unsecured Debt	$ 96,526	$ 97,700	$ 94,352	$ 96,485	$ 96,287	$ 137,421	$ 136,845	$ 131,614	**$ 133,745**
Net Unsecured Debt to Consolidated Adjusted EBITDA Ratio					2.0x	2.9x	2.9x	2.7x	**2.8x**
Net Unsecured Debt - 3/31/21 to 12/31/21 change									**$ (3,676)**

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

Free Cash Flow

(dollars in millions)

Unaudited	12 Mos. Ended 12/31/20	**12 Mos. Ended 12/31/21**
Net Cash Provided by Operating Activities	$ 41,768	**$ 39,539**
Capital expenditures (including capitalized software)	(18,192)	**(20,286)**
Free Cash Flow	$ 23,576	**$ 19,253**
Year over year change %		**(18.3)%**

Free Cash Flow Forecast

(dollars in billions)

Unaudited	**12 Mos. Ended 12/31/23**
Net Cash Provided by Operating Activities Forecast	**$ 39.5 to $ 41.5**
Capital expenditures (including capitalized software) forecast	**(19.5)**
Free Cash Flow Forecast	**$ 20 to $ 22**

Non-GAAP Reconciliations - Segments

Segment EBITDA and Segment EBITDA Margin

Consumer

(dollars in millions)

Unaudited	3 Mos. Ended 3/31/20	3 Mos. Ended 6/30/20	3 Mos. Ended 9/30/20	3 Mos. Ended 12/31/20	Full year 2020	3 Mos. Ended 3/31/21	3 Mos. Ended 6/30/21	3 Mos. Ended 9/30/21	**3 Mos. Ended 12/31/21**	**Full Year 2021**
Operating Income	$7,282	$7,064	$7,437	$7,073	$28,856	$7,519	$7,497	$7,590	**$7,349**	**$29,955**
Add Depreciation and amortization expense	2,820	2,849	2,862	2,864	11,395	2,861	2,900	2,918	**3,000**	**11,679**
Segment EBITDA	$10,102	$9,913	$10,299	$9,937	$40,251	$10,380	$10,397	$10,508	**$10,349**	**$41,634**
Total operating revenues	$21,765	$21,113	$21,736	$23,919	$88,533	$22,798	$23,477	$23,328	**$25,697**	**$95,300**
Operating Income Margin	33.5 %	33.5 %	34.2 %	29.6 %	32.6 %	33.0 %	31.9 %	32.5 %	**28.6 %**	**31.4 %**
Segment EBITDA Margin	46.4 %	47.0 %	47.4 %	41.5 %	45.5 %	45.5 %	44.3 %	45.0 %	**40.3 %**	**43.7 %**
Segment EBITDA - Year over year change									**$ 412**	**$1,383**
Segment EBITDA - Year over year change %									**4.1 %**	**3.4 %**
Segment EBITDA Margin - Year over year change									**(120) bps**	

Business

(dollars in millions)

Unaudited	3 Mos. Ended 3/31/20	3 Mos. Ended 6/30/20	3 Mos. Ended 9/30/20	3 Mos. Ended 12/31/20	Full year 2020	3 Mos. Ended 3/31/21	3 Mos. Ended 6/30/21	3 Mos. Ended 9/30/21	**3 Mos. Ended 12/31/21**	**Full Year 2021**
Operating Income	$ 954	$ 946	$ 923	$ 950	$3,773	$ 899	$ 856	$ 886	**$ 796**	**$3,437**
Add Depreciation and amortization expense	1,014	1,014	1,027	1,031	4,086	1,013	1,015	1,018	**1,038**	**4,084**
Segment EBITDA	$1,968	$1,960	$1,950	$1,981	$7,859	$1,912	$1,871	$1,904	**$1,834**	**$7,521**
Total operating revenues	$7,681	$7,482	$7,749	$8,050	$30,962	$7,781	$7,762	$7,689	**$7,810**	**$31,042**
Operating Income Margin	12.4 %	12.6 %	11.9 %	11.8 %	12.2 %	11.6 %	11.0 %	11.5 %	**10.2 %**	**11.1 %**
Segment EBITDA Margin	25.6 %	26.2 %	25.2 %	24.6 %	25.4 %	24.6 %	24.1 %	24.8 %	**23.5 %**	**24.2 %**
Segment EBITDA - Year over year change %									**(7.4)%**	
Segment EBITDA Margin - Year over year change										**(120) bps**