

Financial and Operating Information

As of June 30, 2022

verizon

Table of Contents

| | |
|--|----|
| Condensed Consolidated Statements of Income | 3 |
| Condensed Consolidated Balance Sheets | 4 |
| Consolidated - Selected Financial and Operating Statistics | 5 |
| Condensed Consolidated Statements of Cash Flows | 6 |
| Consumer – Selected Financial Results | 7 |
| Consumer – Selected Operating Statistics | 8 |
| Business – Selected Financial Results | 9 |
| Business – Selected Operating Statistics | 10 |
| Supplemental Information | 11 |
| Non-GAAP Reconciliations and Notes | 12 |

Condensed Consolidated Statements of Income

(dollars in millions, except per share amounts)

| Unaudited | 2020 | | 2021 | | | | 2022 | | |
|--|------------------|-----------------|-----------------|-----------------|-----------------|------------------|-----------------|-----------------|------------------|
| | Full Year | 1Q | 2Q | 3Q | 4Q | Full Year | 1Q | 2Q | Year to date |
| Operating Revenues | | | | | | | | | |
| Service revenues and other | \$ 109,872 | \$ 27,923 | \$ 28,221 | \$ 27,565 | \$ 26,740 | \$ 110,449 | \$ 27,218 | \$ 27,115 | \$ 54,333 |
| Wireless equipment revenues | 18,420 | 4,944 | 5,543 | 5,350 | 7,327 | 23,164 | 6,336 | 6,674 | 13,010 |
| Total Operating Revenues | 128,292 | 32,867 | 33,764 | 32,915 | 34,067 | 133,613 | 33,554 | 33,789 | 67,343 |
| Operating Expenses | | | | | | | | | |
| Cost of services | 31,401 | 8,020 | 8,324 | 7,855 | 7,035 | 31,234 | 7,227 | 6,932 | 14,159 |
| Cost of wireless equipment | 19,800 | 5,502 | 5,931 | 5,673 | 7,961 | 25,067 | 7,123 | 7,488 | 14,611 |
| Selling, general and administrative expense | 31,573 | 7,401 | 7,324 | 6,521 | 7,412 | 28,658 | 7,172 | 7,496 | 14,668 |
| Depreciation and amortization expense | 16,720 | 4,174 | 4,020 | 3,961 | 4,051 | 16,206 | 4,236 | 4,321 | 8,557 |
| Total Operating Expenses | 99,494 | 25,097 | 25,599 | 24,010 | 26,459 | 101,165 | 25,758 | 26,237 | 51,995 |
| Operating Income | 28,798 | 7,770 | 8,165 | 8,905 | 7,608 | 32,448 | 7,796 | 7,552 | 15,348 |
| Equity in earnings (losses) of unconsolidated businesses | (45) | 8 | 1 | 1 | 135 | 145 | (3) | 41 | 38 |
| Other income (expense), net | (539) | 401 | 502 | 269 | (860) | 312 | (924) | 49 | (875) |
| Interest expense | (4,247) | (1,101) | (844) | (801) | (739) | (3,485) | (786) | (785) | (1,571) |
| Income Before Provision For Income Taxes | 23,967 | 7,078 | 7,824 | 8,374 | 6,144 | 29,420 | 6,083 | 6,857 | 12,940 |
| Provision for income taxes | (5,619) | (1,700) | (1,875) | (1,820) | (1,407) | (6,802) | (1,372) | (1,542) | (2,914) |
| Net Income | \$ 18,348 | \$ 5,378 | \$ 5,949 | \$ 6,554 | \$ 4,737 | \$ 22,618 | \$ 4,711 | \$ 5,315 | \$ 10,026 |
| Net income attributable to noncontrolling interests | \$ 547 | \$ 133 | \$ 149 | \$ 147 | \$ 124 | \$ 553 | \$ 131 | \$ 116 | \$ 247 |
| Net income attributable to Verizon | 17,801 | 5,245 | 5,800 | 6,407 | 4,613 | 22,065 | 4,580 | 5,199 | 9,779 |
| Net Income | \$ 18,348 | \$ 5,378 | \$ 5,949 | \$ 6,554 | \$ 4,737 | \$ 22,618 | \$ 4,711 | \$ 5,315 | \$ 10,026 |
| Basic Earnings Per Common Share | | | | | | | | | |
| Net income attributable to Verizon | \$ 4.30 | \$ 1.27 | \$ 1.40 | \$ 1.55 | \$ 1.11 | \$ 5.32 | \$ 1.09 | \$ 1.24 | \$ 2.33 |
| Weighted-average shares outstanding (in millions) | 4,140 | 4,141 | 4,141 | 4,142 | 4,167 | 4,148 | 4,201 | 4,201 | 4,201 |
| Diluted Earnings Per Common Share ⁽¹⁾ | | | | | | | | | |
| Net income attributable to Verizon | \$ 4.30 | \$ 1.27 | \$ 1.40 | \$ 1.55 | \$ 1.11 | \$ 5.32 | \$ 1.09 | \$ 1.24 | \$ 2.33 |
| Weighted-average shares outstanding (in millions) | 4,142 | 4,142 | 4,143 | 4,144 | 4,169 | 4,150 | 4,202 | 4,202 | 4,202 |

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 | 12/31/20 | 3/31/21 | 6/30/21 | 9/30/21 | 12/31/21 | 3/31/22 | 6/30/22 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Assets | | | | | | | |
| Current assets | | | | | | | |
| Cash and cash equivalents | \$ 22,171 | \$ 10,205 | \$ 4,657 | \$ 9,936 | \$ 2,921 | \$ 1,661 | \$ 1,857 |
| Accounts receivable | 25,169 | 23,611 | 22,237 | 23,165 | 24,742 | 24,474 | 24,740 |
| Less Allowance for credit losses | 1,252 | 1,104 | 980 | 970 | 896 | 859 | 831 |
| Accounts receivable, net | 23,917 | 22,507 | 21,257 | 22,195 | 23,846 | 23,615 | 23,909 |
| Inventories | 1,796 | 1,303 | 1,421 | 2,303 | 3,055 | 3,659 | 3,646 |
| Prepaid expenses and other | 6,710 | 5,632 | 8,291 | 5,843 | 6,906 | 6,645 | 8,087 |
| Total current assets | 54,594 | 39,647 | 35,626 | 40,277 | 36,728 | 35,580 | 37,499 |
| Property, plant and equipment | 279,737 | 282,742 | 283,654 | 287,421 | 289,897 | 292,568 | 296,700 |
| Less Accumulated depreciation | 184,904 | 187,866 | 189,452 | 191,665 | 190,201 | 192,725 | 195,390 |
| Property, plant and equipment, net | 94,833 | 94,876 | 94,202 | 95,756 | 99,696 | 99,843 | 101,310 |
| Investments in unconsolidated businesses | 589 | 555 | 560 | 1,100 | 1,061 | 1,074 | 1,113 |
| Wireless licenses | 96,097 | 98,012 | 98,034 | 145,767 | 147,619 | 148,083 | 148,724 |
| Deposits for wireless licenses | 2,772 | 45,490 | 45,910 | — | — | — | — |
| Goodwill | 24,773 | 24,837 | 24,915 | 24,887 | 28,603 | 28,629 | 28,638 |
| Other intangible assets, net | 9,413 | 9,304 | 7,002 | 7,022 | 11,677 | 11,432 | 11,286 |
| Operating lease right-of-use assets | 22,531 | 22,315 | 28,180 | 27,969 | 27,883 | 27,494 | 27,098 |
| Other assets | 10,879 | 10,537 | 14,761 | 10,679 | 13,329 | 13,581 | 14,479 |
| Total assets | \$ 316,481 | \$ 345,573 | \$ 349,190 | \$ 353,457 | \$ 366,596 | \$ 365,716 | \$ 370,147 |
| Liabilities and Equity | | | | | | | |
| Current liabilities | | | | | | | |
| Debt maturing within one year | \$ 5,889 | \$ 8,802 | \$ 7,023 | \$ 7,623 | \$ 7,443 | \$ 13,421 | \$ 12,873 |
| Accounts payable and accrued liabilities | 20,658 | 17,219 | 17,328 | 20,153 | 24,833 | 18,169 | 20,956 |
| Current operating lease liabilities | 3,485 | 3,536 | 3,881 | 3,606 | 3,859 | 3,847 | 3,912 |
| Other current liabilities | 9,628 | 9,173 | 11,846 | 9,976 | 11,025 | 11,148 | 11,483 |
| Total current liabilities | 39,660 | 38,730 | 40,078 | 41,358 | 47,160 | 46,585 | 49,224 |
| Long-term debt | 123,173 | 149,700 | 144,894 | 143,352 | 143,425 | 139,961 | 136,184 |
| Employee benefit obligations | 18,657 | 18,252 | 16,713 | 16,516 | 15,410 | 15,104 | 15,125 |
| Deferred income taxes | 35,711 | 36,747 | 37,534 | 38,481 | 40,685 | 41,341 | 42,154 |
| Non-current operating lease liabilities | 18,000 | 17,766 | 23,360 | 23,507 | 23,203 | 22,932 | 22,597 |
| Other liabilities | 12,008 | 11,695 | 11,499 | 11,754 | 13,513 | 14,618 | 17,506 |
| Total long-term liabilities | 207,549 | 234,160 | 234,000 | 233,610 | 236,236 | 233,956 | 233,566 |
| Equity | | | | | | | |
| Common stock | 429 | 429 | 429 | 429 | 429 | 429 | 429 |
| Additional paid in capital | 13,404 | 13,408 | 13,403 | 13,402 | 13,861 | 13,874 | 13,872 |
| Retained earnings | 60,464 | 63,107 | 66,310 | 70,062 | 71,993 | 73,891 | 76,401 |
| Accumulated other comprehensive income (loss) | (71) | 640 | (234) | (709) | (927) | (906) | (1,320) |
| Common stock in treasury, at cost | (6,719) | (6,634) | (6,632) | (6,630) | (4,104) | (4,023) | (4,020) |
| Deferred compensation – employee stock ownership plans and other | 335 | 282 | 408 | 490 | 538 | 497 | 654 |
| Noncontrolling interests | 1,430 | 1,451 | 1,428 | 1,445 | 1,410 | 1,413 | 1,341 |
| Total equity | 69,272 | 72,683 | 75,112 | 78,489 | 83,200 | 85,175 | 87,357 |
| Total liabilities and equity | \$ 316,481 | \$ 345,573 | \$ 349,190 | \$ 353,457 | \$ 366,596 | \$ 365,716 | \$ 370,147 |

Footnotes:

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

Consolidated - Selected Financial and Operating Statistics

(dollars in millions)

| Unaudited | 12/31/20 | 3/31/21 | 6/30/21 | 9/30/21 | 12/31/21 | 3/31/22 | 6/30/22 |
|--|------------|------------|------------|------------|------------|------------|------------|
| Total debt | \$ 129,062 | \$ 158,502 | \$ 151,917 | \$ 150,975 | \$ 150,868 | \$ 153,382 | \$ 149,057 |
| Net unsecured debt | \$ 96,287 | \$ 137,421 | \$ 136,845 | \$ 131,614 | \$ 133,745 | \$ 135,619 | \$ 130,628 |
| Net unsecured debt / Consolidated Adjusted EBITDA ⁽¹⁾ | | | 2.9x | 2.7x | 2.8x | 2.8x | 2.7x |
| Common shares outstanding end of period (in millions) | 4,138 | 4,140 | 4,140 | 4,140 | 4,198 | 4,200 | 4,200 |
| Total employees ('000) | 132.2 | 130.1 | 129.3 | 118.5 | 118.4 | 118.5 | 119.4 |
| Quarterly cash dividends declared per common share | \$ 0.6275 | \$ 0.6275 | \$ 0.6275 | \$ 0.6400 | \$ 0.6400 | \$ 0.6400 | \$ 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 12/31/20 | 3 Mos. Ended 3/31/21 | 6 Mos. Ended 6/30/21 | 9 Mos. Ended 9/30/21 | 12 Mos. Ended 12/31/21 | 3 Mos. Ended 3/31/22 | 6 Mos. Ended 6/30/22 |
|--|------------------------------|----------------------------|----------------------------|----------------------------|------------------------------|----------------------------|----------------------------|
| Cash Flows from Operating Activities | | | | | | | |
| Net Income | \$ 18,348 | \$ 5,378 | \$ 11,327 | \$ 17,881 | \$ 22,618 | \$ 4,711 | \$ 10,026 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | | | | |
| Depreciation and amortization expense | 16,720 | 4,174 | 8,194 | 12,155 | 16,206 | 4,236 | 8,557 |
| Employee retirement benefits | 840 | (253) | (1,819) | (1,928) | (3,391) | (210) | (121) |
| Deferred income taxes | 1,553 | 762 | 1,978 | 2,970 | 4,264 | 627 | 1,514 |
| Provision for expected credit losses | 1,380 | 224 | 409 | 604 | 789 | 328 | 665 |
| Equity in losses (earnings) of unconsolidated businesses, net of dividends received | 91 | 19 | 25 | 32 | 36 | 7 | (18) |
| Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses | 56 | (41) | 82 | 603 | (890) | (3,492) | (1,959) |
| Other, net | 2,780 | (569) | 242 | (1,155) | (93) | 614 | (999) |
| Net cash provided by operating activities | 41,768 | 9,694 | 20,438 | 31,162 | 39,539 | 6,821 | 17,665 |
| Cash Flows from Investing Activities | | | | | | | |
| Capital expenditures (including capitalized software) | (18,192) | (4,494) | (8,716) | (13,861) | (20,286) | (5,821) | (10,491) |
| Cash received (paid) related to acquisitions of businesses, net of cash acquired | (520) | (408) | (458) | (459) | (4,065) | — | 247 |
| Acquisitions of wireless licenses | (3,896) | (44,783) | (45,278) | (47,027) | (47,596) | (1,838) | (2,275) |
| Proceeds from disposition of business | — | — | — | 4,122 | 4,122 | — | — |
| Other, net | (904) | 32 | 51 | 207 | 672 | (336) | (2,137) |
| Net cash used in investing activities | (23,512) | (49,653) | (54,401) | (57,018) | (67,153) | (7,995) | (14,656) |
| Cash Flows from Financing Activities | | | | | | | |
| Proceeds from long-term borrowings | 25,822 | 31,383 | 31,444 | 32,482 | 33,034 | 3,604 | 3,617 |
| Proceeds from asset-backed long-term borrowings | 5,635 | 1,000 | 2,695 | 2,695 | 8,383 | 3,545 | 5,053 |
| Repayments of long-term borrowings and finance lease obligations | (9,775) | (302) | (7,559) | (7,904) | (14,063) | (6,556) | (7,405) |
| Repayments of asset-backed long-term borrowings | (7,413) | (732) | (2,993) | (3,887) | (4,800) | (1,650) | (2,695) |
| Dividends paid | (10,232) | (2,601) | (5,198) | (7,797) | (10,445) | (2,654) | (5,378) |
| Other, net | (2,712) | (792) | (1,839) | (2,120) | (3,832) | 3,956 | 2,971 |
| Net cash provided by (used in) financing activities | 1,325 | 27,956 | 16,550 | 13,469 | 8,277 | 245 | (3,837) |
| Increase (decrease) in cash, cash equivalents and restricted cash | 19,581 | (12,003) | (17,413) | (12,387) | (19,337) | (929) | (828) |
| Cash, cash equivalents and restricted cash, beginning of period | 3,917 | 23,498 | 23,498 | 23,498 | 23,498 | 4,161 | 4,161 |
| Cash, cash equivalents and restricted cash, end of period | \$ 23,498 | \$ 11,495 | \$ 6,085 | \$ 11,111 | \$ 4,161 | \$ 3,232 | \$ 3,333 |

Footnotes:

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

Consumer - Selected Financial Results

(dollars in millions)

| Unaudited | 2021 | | | | 2022 | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q |
| Operating Revenues | | | | | | |
| Service | \$ 16,569 | \$ 16,709 | \$ 16,891 | \$ 17,564 | \$ 18,126 | \$ 18,149 |
| Wireless equipment | 4,192 | 4,739 | 4,530 | 6,320 | 5,374 | 5,708 |
| Other | 2,037 | 2,029 | 1,907 | 1,813 | 1,792 | 1,747 |
| Total Operating Revenues | 22,798 | 23,477 | 23,328 | 25,697 | 25,292 | 25,604 |
| Operating Expenses | | | | | | |
| Cost of services | 4,000 | 4,181 | 4,149 | 4,251 | 4,446 | 4,284 |
| Cost of wireless equipment | 4,392 | 4,854 | 4,611 | 6,666 | 5,813 | 6,221 |
| Selling, general and administrative expense | 4,026 | 4,045 | 4,060 | 4,431 | 4,552 | 4,738 |
| Depreciation and amortization expense | 2,861 | 2,900 | 2,918 | 3,000 | 3,162 | 3,211 |
| Total Operating Expenses | 15,279 | 15,980 | 15,738 | 18,348 | 17,973 | 18,454 |
| Operating Income | \$ 7,519 | \$ 7,497 | \$ 7,590 | \$ 7,349 | \$ 7,319 | \$ 7,150 |
| Operating Income Margin | 33.0 % | 31.9 % | 32.5 % | 28.6 % | 28.9 % | 27.9 % |
| Segment EBITDA | \$ 10,380 | \$ 10,397 | \$ 10,508 | \$ 10,349 | \$ 10,481 | \$ 10,361 |
| Segment EBITDA Margin | 45.5 % | 44.3 % | 45.0 % | 40.3 % | 41.4 % | 40.5 % |

Footnotes:

The segment financial results and metrics above exclude the effects of special items (other than the effects of acquisition-related intangible asset amortization), which the Company's chief operating decision maker does not consider in assessing segment performance.

Certain intersegment transactions with corporate entities have not been eliminated.

Consumer - Selected Operating Statistics

| Unaudited | 2021 | | | | 2022 | |
|---|-----------|-----------|-----------|-----------|-----------|------------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q |
| Connections ('000): | | | | | | |
| Wireless retail postpaid | 90,172 | 90,514 | 90,916 | 91,543 | 91,414 | 91,475 |
| Wireless retail prepaid ^{(1) (2)} | 4,058 | 4,075 | 4,072 | 23,852 | 23,772 | 23,138 |
| Total wireless retail | 94,230 | 94,589 | 94,988 | 115,395 | 115,186 | 114,613 |
| Wireless retail postpaid phones | 74,913 | 75,118 | 75,388 | 75,712 | 75,422 | 75,197 |
| Fios video | 3,772 | 3,710 | 3,642 | 3,573 | 3,495 | 3,409 |
| Fios internet | 6,300 | 6,392 | 6,490 | 6,541 | 6,596 | 6,626 |
| Fixed wireless access (FWA) broadband | 26 | 37 | 63 | 101 | 216 | 384 |
| Wireline broadband | 6,713 | 6,783 | 6,858 | 6,888 | 6,925 | 6,938 |
| Total broadband | 6,739 | 6,820 | 6,921 | 6,989 | 7,141 | 7,322 |
| Gross Additions ('000): | | | | | | |
| Wireless retail postpaid | 2,307 | 2,592 | 2,701 | 3,234 | 2,481 | 2,622 |
| Net Additions Detail ('000) : | | | | | | |
| Wireless retail postpaid ⁽³⁾ | (326) | 350 | 423 | 667 | (126) | 84 |
| Wireless retail prepaid ^{(1) (3) (4)} | 19 | 18 | (4) | (85) | (80) | (229) |
| Total wireless retail ⁽³⁾ | (307) | 368 | 419 | 582 | (206) | (145) |
| Wireless retail postpaid phones ⁽³⁾ | (225) | 197 | 267 | 336 | (292) | (215) |
| Fios video | (82) | (62) | (68) | (69) | (78) | (86) |
| Fios internet | 98 | 92 | 98 | 51 | 55 | 30 |
| FWA broadband ⁽³⁾ | 12 | 11 | 26 | 38 | 112 | 168 |
| Wireline broadband | 66 | 70 | 75 | 30 | 37 | 13 |
| Total broadband ⁽³⁾ | 78 | 81 | 101 | 68 | 149 | 181 |
| Churn Rate: | | | | | | |
| Wireless retail postpaid | 0.97 % | 0.83 % | 0.84 % | 0.94 % | 0.95 % | 0.93 % |
| Wireless retail postpaid phones | 0.77 % | 0.65 % | 0.67 % | 0.77 % | 0.77 % | 0.75 % |
| Wireless retail prepaid ^{(1) (4)} | 4.22 % | 4.12 % | 4.21 % | 4.73 % | 3.69 % | 3.90 % |
| Wireless retail | 1.11 % | 0.97 % | 0.98 % | 1.34 % | 1.51 % | 1.53 % |
| Revenue Statistics (in millions): | | | | | | |
| Wireless service revenue | \$ 13,684 | \$ 13,794 | \$ 13,982 | \$ 14,643 | \$ 15,217 | \$ 15,236 |
| Fios revenues | \$ 2,860 | \$ 2,895 | \$ 2,893 | \$ 2,910 | \$ 2,911 | \$ 2,895 |
| Other Wireless Statistics: | | | | | | |
| Wireless retail postpaid ARPA ⁽⁵⁾ | \$ 120.86 | \$ 121.24 | \$ 123.04 | \$ 124.06 | \$ 123.96 | \$ 124.16 |
| Wireless retail postpaid upgrade rate | 4.5 % | 4.9 % | 4.7 % | 6.3 % | 4.8 % | 5.6 % |
| Wireless retail postpaid accounts ('000) ⁽⁶⁾ | 33,588 | 33,606 | 33,640 | 33,651 | 33,514 | 33,386 |
| Wireless retail postpaid connections per account ⁽⁶⁾ | 2.68 | 2.69 | 2.70 | 2.72 | 2.73 | 2.74 |
| Wireless retail prepaid ARPU ^{(1) (7)} | \$ 35.66 | \$ 35.70 | \$ 35.75 | \$ 37.83 | \$ 30.89 | \$ 31.26 |

Footnotes:

(1) Acquisition of TracFone Wireless, Inc. was completed on November 23, 2021.

(2) Reflects a decline in the customer base for wireless retail prepaid connections of approximately 402,000 as of June 30, 2022, resulting from the shutdown of a competitor's 3G network.

(3) Connection net additions include certain adjustments.

(4) Excludes the impact from the shutdown of a competitor's 3G network resulting in approximately 402,000 retail prepaid disconnects in the second quarter of 2022.

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

(6) Statistics presented as of end of period.

(7) Wireless retail prepaid ARPU - average service revenue per unit from retail prepaid connections.

Certain intersegment transactions with corporate entities have not been eliminated.

Business - Selected Financial Results

(dollars in millions)

| Unaudited | 2021 | | | | 2022 | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q |
| Operating Revenues | | | | | | |
| Small and Medium Business | \$ 2,830 | \$ 2,895 | \$ 2,937 | \$ 3,112 | \$ 3,041 | \$ 3,092 |
| Global Enterprise | 2,559 | 2,583 | 2,552 | 2,530 | 2,461 | 2,401 |
| Public Sector and Other | 1,646 | 1,614 | 1,547 | 1,517 | 1,552 | 1,504 |
| Wholesale | 746 | 670 | 653 | 651 | 655 | 629 |
| Total Operating Revenues | 7,781 | 7,762 | 7,689 | 7,810 | 7,709 | 7,626 |
| Operating Expenses | | | | | | |
| Cost of services | 2,690 | 2,729 | 2,647 | 2,587 | 2,606 | 2,559 |
| Cost of wireless equipment | 1,111 | 1,076 | 1,061 | 1,296 | 1,310 | 1,268 |
| Selling, general and administrative expense | 2,068 | 2,086 | 2,077 | 2,093 | 2,059 | 2,050 |
| Depreciation and amortization expense | 1,013 | 1,015 | 1,018 | 1,038 | 1,061 | 1,074 |
| Total Operating Expenses | 6,882 | 6,906 | 6,803 | 7,014 | 7,036 | 6,951 |
| Operating Income | \$ 899 | \$ 856 | \$ 886 | \$ 796 | \$ 673 | \$ 675 |
| Operating Income Margin | 11.6 % | 11.0 % | 11.5 % | 10.2 % | 8.7 % | 8.9 % |
| Segment EBITDA | \$ 1,912 | \$ 1,871 | \$ 1,904 | \$ 1,834 | \$ 1,734 | \$ 1,749 |
| Segment EBITDA Margin | 24.6 % | 24.1 % | 24.8 % | 23.5 % | 22.5 % | 22.9 % |

Footnotes:

The segment financial results and metrics above exclude the effects of special items (other than the effects of acquisition-related intangible asset amortization), which the Company's chief operating decision maker does not consider in assessing segment performance.

Certain intersegment transactions with corporate entities have not been eliminated.

Business - Selected Operating Statistics

| Unaudited | 2021 | | | | 2022 | |
|--|----------|----------|----------|----------|----------|-----------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q |
| Connections ('000): | | | | | | |
| Wireless retail postpaid | 26,621 | 26,740 | 26,998 | 27,411 | 27,809 | 28,208 |
| Wireless retail postpaid phones | 16,639 | 16,708 | 16,866 | 17,103 | 17,353 | 17,586 |
| Fios video | 73 | 72 | 72 | 71 | 71 | 70 |
| Fios internet | 339 | 346 | 352 | 356 | 361 | 367 |
| FWA broadband | 32 | 43 | 76 | 122 | 217 | 316 |
| Wireline broadband | 480 | 480 | 479 | 477 | 475 | 474 |
| Total broadband | 512 | 523 | 555 | 599 | 692 | 790 |
| Gross Additions ('000): | | | | | | |
| Wireless retail postpaid | 1,141 | 1,220 | 1,314 | 1,417 | 1,502 | 1,582 |
| Net Additions Detail ('000): | | | | | | |
| Wireless retail postpaid ⁽¹⁾ | 156 | 178 | 276 | 391 | 395 | 430 |
| Wireless retail postpaid phones ⁽¹⁾ | 47 | 78 | 162 | 222 | 256 | 227 |
| Fios video | — | (1) | — | (1) | — | (1) |
| Fios internet | 4 | 7 | 6 | 4 | 5 | 6 |
| FWA broadband ⁽¹⁾ | 5 | 12 | 29 | 40 | 82 | 88 |
| Wireline broadband ⁽¹⁾ | (2) | — | (1) | (2) | (2) | (1) |
| Total broadband ⁽¹⁾ | 3 | 12 | 28 | 38 | 80 | 87 |
| Churn Rate: | | | | | | |
| Wireless retail postpaid | 1.24 % | 1.30 % | 1.29 % | 1.26 % | 1.34 % | 1.37 % |
| Wireless retail postpaid phones | 1.01 % | 1.07 % | 1.04 % | 1.01 % | 1.06 % | 1.07 % |
| Revenue Statistics (in millions): | | | | | | |
| Wireless service revenue | \$ 3,060 | \$ 3,090 | \$ 3,097 | \$ 3,119 | \$ 3,125 | \$ 3,182 |
| Fios revenues | \$ 276 | \$ 281 | \$ 287 | \$ 292 | \$ 295 | \$ 298 |
| Other Operating Statistics: | | | | | | |
| Wireless retail postpaid upgrade rate | 3.3 % | 3.4 % | 3.2 % | 3.4 % | 3.4 % | 3.1 % |

Footnotes:

(1) Connection net additions include certain adjustments.

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 | 2021 | | | | 2022 | |
|--|-----------|-----------|-----------|-----------|-----------|------------------|
| | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q |
| Connections ('000) | | | | | | |
| Retail postpaid | 116,793 | 117,254 | 117,914 | 118,954 | 119,223 | 119,683 |
| Retail prepaid ^{(1) (2)} | 4,058 | 4,075 | 4,072 | 23,852 | 23,772 | 23,138 |
| Total retail | 120,851 | 121,329 | 121,986 | 142,806 | 142,995 | 142,821 |
| Retail postpaid phones | 91,552 | 91,826 | 92,254 | 92,815 | 92,775 | 92,783 |
| Net Additions Detail ('000) ⁽³⁾ | | | | | | |
| Retail postpaid phones | (178) | 275 | 429 | 558 | (36) | 12 |
| Retail postpaid | (170) | 528 | 699 | 1,058 | 269 | 514 |
| Retail prepaid ^{(1) (4)} | 19 | 18 | (4) | (85) | (80) | (229) |
| Total retail | (151) | 546 | 695 | 973 | 189 | 285 |
| Account Statistics | | | | | | |
| Retail postpaid accounts ('000) ⁽⁵⁾ | 35,184 | 35,223 | 35,285 | 35,332 | 35,224 | 35,132 |
| Retail postpaid connections per account ⁽⁵⁾ | 3.32 | 3.33 | 3.34 | 3.37 | 3.38 | 3.41 |
| Retail postpaid ARPA ⁽⁶⁾ | \$ 141.74 | \$ 142.23 | \$ 143.87 | \$ 144.88 | \$ 144.87 | \$ 145.50 |
| Retail prepaid ARPU ^{(1) (7)} | \$ 35.66 | \$ 35.70 | \$ 35.75 | \$ 37.83 | \$ 30.89 | \$ 31.26 |
| Churn Detail | | | | | | |
| Retail postpaid phone | 0.81 % | 0.72 % | 0.74 % | 0.81 % | 0.83 % | 0.81 % |
| Retail postpaid | 1.03 % | 0.94 % | 0.94 % | 1.01 % | 1.04 % | 1.03 % |
| Retail prepaid ^{(1) (4)} | 4.22 % | 4.12 % | 4.21 % | 4.73 % | 3.69 % | 3.90 % |
| Retail | 1.14 % | 1.04 % | 1.05 % | 1.32 % | 1.48 % | 1.50 % |
| Retail Postpaid Connection Statistics | | | | | | |
| Upgrade rate | 4.3 % | 4.6 % | 4.3 % | 5.7 % | 4.5 % | 5.0 % |
| Revenue Statistics (in millions) ⁽⁸⁾ | | | | | | |
| Wireless service | \$ 16,744 | \$ 16,884 | \$ 17,079 | \$ 17,762 | \$ 18,342 | \$ 18,418 |
| Wireless equipment | 4,944 | 5,543 | 5,350 | 7,327 | 6,336 | 6,674 |
| Wireless other | 2,043 | 2,043 | 1,929 | 1,840 | 1,818 | 1,800 |
| Total Wireless | \$ 23,731 | \$ 24,470 | \$ 24,358 | \$ 26,929 | \$ 26,496 | \$ 26,892 |

Footnotes:

(1) Acquisition of TracFone Wireless, Inc. was completed on November 23, 2021.

(2) Reflects a decline in the customer base for wireless retail prepaid connections of approximately 402,000 as of June 30, 2022, resulting from the shutdown of a competitor's 3G network.

(3) Connection net additions include certain adjustments.

(4) Excludes the impact from the shutdown of a competitor's 3G network resulting in approximately 402,000 retail prepaid disconnects in the second quarter of 2022.

(5) Statistics presented as of end of period.

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

(7) Wireless retail prepaid ARPU - average service revenue per unit from retail prepaid connections.

(8) 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.

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 widely accepted financial measures used in evaluating the profitability of a company and its operating performance in relation to 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 total segment 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 and amortization 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. 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 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.

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: amortization of acquisition-related intangible assets, net pension remeasurement charges (credits), and early debt redemption costs.

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.

Definitions - Non-GAAP Measures

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

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 | 2020 | | 2021 | | | | 2022 | |
|---|------------------|------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q | 2Q |
| Consolidated Net Income | \$ 4,504 | \$ 4,718 | \$ 5,378 | \$ 5,949 | \$ 6,554 | \$ 4,737 | \$ 4,711 | \$ 5,315 |
| Add: | | | | | | | | |
| Provision for income taxes | 1,347 | 1,535 | 1,700 | 1,875 | 1,820 | 1,407 | 1,372 | 1,542 |
| Interest expense ⁽¹⁾ | 1,044 | 1,080 | 1,101 | 844 | 801 | 739 | 786 | 785 |
| Depreciation and amortization expense ⁽²⁾ | 4,192 | 4,197 | 4,174 | 4,020 | 3,961 | 4,051 | 4,236 | 4,321 |
| Consolidated EBITDA | \$ 11,087 | \$ 11,530 | \$12,353 | \$12,688 | \$13,136 | \$10,934 | \$11,105 | \$11,963 |
| Add/(subtract): | | | | | | | | |
| Other (income) expense, net ⁽³⁾ | \$ 774 | \$ (164) | \$ (401) | \$ (502) | \$ (269) | \$ 860 | \$ 924 | \$ (49) |
| Equity in losses (earnings) of unconsolidated businesses ⁽⁴⁾ | 9 | 11 | (8) | (1) | (1) | (135) | 3 | (41) |
| Severance charges | — | 221 | — | — | 103 | 106 | — | — |
| Loss on spectrum licenses | — | — | 223 | — | — | — | — | — |
| Net (gain) loss from dispositions of businesses | — | 126 | — | — | (706) | — | — | — |
| Consolidated Adjusted EBITDA | \$ 11,870 | \$ 11,724 | \$12,167 | \$12,185 | \$12,263 | \$11,765 | \$12,032 | \$11,873 |
| Consolidated Operating Revenues | | | \$32,867 | \$33,764 | \$32,915 | \$34,067 | \$33,554 | \$33,789 |
| Consolidated Adjusted EBITDA Margin | | | 37.0 % | 36.1 % | 37.3 % | 34.5 % | 35.9 % | 35.1 % |
| Consolidated Adjusted EBITDA - Year Over Year Change % | | | | | | | | (2.6)% |

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

(2) Includes Amortization of acquisition-related intangible assets.

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

(4) 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 | | | | 3 Mos. Ended 6/30/21 | | | | 3 Mos. Ended 6/30/22 |
|---|---------|---------|-----------|----------------------------|---------|----------|-----------|----------------------------|
| | Pre-tax | Tax | After-Tax | | Pre-tax | Tax | After-Tax | |
| EPS | | | | \$ 1.40 | | | | \$ 1.24 |
| Amortization of acquisition-related intangible assets | \$ 126 | \$ (31) | \$ 95 | 0.02 | \$ 237 | \$ (62) | \$ 175 | 0.04 |
| Net pension remeasurement charge (credit) | (1,314) | 334 | (980) | (0.24) | 198 | (51) | 147 | 0.03 |
| Early debt redemption costs | 1,132 | (288) | 844 | 0.20 | — | — | — | — |
| | \$ (56) | \$ 15 | \$ (41) | \$ (0.01) | \$ 435 | \$ (113) | \$ 322 | \$ 0.08 |
| Adjusted EPS | | | | \$ 1.39 | | | | \$ 1.31 |
| Year over year change % | | | | | | | | (5.8)% |

Footnotes:

Adjusted EPS may not add due to rounding.

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

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

(dollars in millions)

| Unaudited | 12/31/20 | 3/31/21 | 6/30/21 | 9/30/21 | 12/31/21 | 3/31/22 | 6/30/22 |
|---|-----------|------------|------------|------------|------------|------------|------------|
| Debt maturing within one year | \$ 5,889 | \$ 8,802 | \$ 7,023 | \$ 7,623 | \$ 7,443 | \$ 13,421 | \$ 12,873 |
| Long-term debt | 123,173 | 149,700 | 144,894 | 143,352 | 143,425 | 139,961 | 136,184 |
| Total Debt | 129,062 | 158,502 | 151,917 | 150,975 | 150,868 | 153,382 | 149,057 |
| Less Secured debt | 10,604 | 10,876 | 10,315 | 9,425 | 14,202 | 16,102 | 16,572 |
| Unsecured Debt | 118,458 | 147,626 | 141,602 | 141,550 | 136,666 | 137,280 | 132,485 |
| Less Cash and cash equivalents ⁽¹⁾ | 22,171 | 10,205 | 4,757 | 9,936 | 2,921 | 1,661 | 1,857 |
| Net Unsecured Debt | \$ 96,287 | \$ 137,421 | \$ 136,845 | \$ 131,614 | \$ 133,745 | \$ 135,619 | \$ 130,628 |
| Net Unsecured Debt to Consolidated Adjusted EBITDA Ratio | | | 2.9x | 2.7x | 2.8x | 2.8x | 2.7x |
| Net Unsecured Debt - Quarter over quarter change | | | | | | | \$ (4,991) |

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

Free Cash Flow

(dollars in millions)

| Unaudited | 6 Mos. Ended 6/30/21 | 6 Mos. Ended 6/30/22 |
|---|-------------------------|-------------------------|
| Net Cash Provided by Operating Activities | \$ 20,438 | \$ 17,665 |
| Capital expenditures (including capitalized software) | (8,716) | (10,491) |
| Free Cash Flow | \$ 11,722 | \$ 7,174 |
| Year over year change % | | (38.8)% |

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 |
| Unaudited | 3/31/21 | 6/30/21 | 9/30/21 | 12/31/21 | 3/31/22 | 6/30/22 |
| Operating Income | \$ 7,519 | \$ 7,497 | \$ 7,590 | \$ 7,349 | \$ 7,319 | \$ 7,150 |
| Add Depreciation and amortization expense | 2,861 | 2,900 | 2,918 | 3,000 | 3,162 | 3,211 |
| Segment EBITDA | \$ 10,380 | \$ 10,397 | \$ 10,508 | \$ 10,349 | \$ 10,481 | \$ 10,361 |
| Total operating revenues | \$ 22,798 | \$ 23,477 | \$ 23,328 | \$ 25,697 | \$ 25,292 | \$ 25,604 |
| Operating Income Margin | 33.0 % | 31.9 % | 32.5 % | 28.6 % | 28.9 % | 27.9 % |
| Segment EBITDA Margin | 45.5 % | 44.3 % | 45.0 % | 40.3 % | 41.4 % | 40.5 % |
| Segment EBITDA - Year over year change % | | | | | | (0.3)% |

Business

| (dollars in millions) | | | | | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 3 Mos. Ended | 3 Mos. Ended | 3 Mos. Ended | 3 Mos. Ended | 3 Mos. Ended | 3 Mos. Ended |
| Unaudited | 3/31/21 | 6/30/21 | 9/30/21 | 12/31/21 | 3/31/22 | 6/30/22 |
| Operating Income | \$ 899 | \$ 856 | \$ 886 | \$ 796 | \$ 673 | \$ 675 |
| Add Depreciation and amortization expense | 1,013 | 1,015 | 1,018 | 1,038 | 1,061 | 1,074 |
| Segment EBITDA | \$ 1,912 | \$ 1,871 | \$ 1,904 | \$ 1,834 | \$ 1,734 | \$ 1,749 |
| Total operating revenues | \$ 7,781 | \$ 7,762 | \$ 7,689 | \$ 7,810 | \$ 7,709 | \$ 7,626 |
| Operating Income Margin | 11.6 % | 11.0 % | 11.5 % | 10.2 % | 8.7 % | 8.9 % |
| Segment EBITDA Margin | 24.6 % | 24.1 % | 24.8 % | 23.5 % | 22.5 % | 22.9 % |
| Segment EBITDA - Year over year change % | | | | | | (6.5)% |