

Financial and Operating Information

As of September 30, 2019



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	15

Condensed Consolidated Statements of Income

(dollars in millions, except per share amounts)

Unaudited	2017		2018				2019			
	Full Year	1Q	2Q	3Q	4Q	Full Year	1Q	2Q	3Q	Year to Date
Operating Revenues										
Service revenues and other	\$ 107,145	\$ 26,732	\$ 27,159	\$ 27,254	\$ 27,460	\$ 108,605	\$ 27,197	\$ 27,351	\$ 27,753	\$ 82,301
Wireless equipment revenues	18,889	5,040	5,044	5,353	6,821	22,258	4,931	4,720	5,141	14,792
Total Operating Revenues	126,034	31,772	32,203	32,607	34,281	130,863	32,128	32,071	32,894	97,093
Operating Expenses										
Cost of services	30,916	7,946	8,234	7,842	8,163	32,185	7,792	7,702	7,902	23,396
Cost of wireless equipment	22,147	5,309	5,397	5,489	7,128	23,323	5,198	5,019	5,482	15,699
Selling, general and administrative expense	28,592	6,844	7,605	7,224	9,410	31,083	7,198	7,268	7,216	21,682
Depreciation and amortization expense	16,954	4,324	4,350	4,377	4,352	17,403	4,231	4,232	4,114	12,577
Oath goodwill impairment	—	—	—	—	4,591	4,591	—	—	—	—
Total Operating Expenses	98,609	24,423	25,586	24,932	33,644	108,585	24,419	24,221	24,714	73,354
Operating Income	27,425	7,349	6,617	7,675	637	22,278	7,709	7,850	8,180	23,739
Equity in earnings (losses) of unconsolidated businesses	(77)	(19)	(228)	(3)	64	(186)	(6)	(13)	(1)	(20)
Other income (expense), net	(2,021)	(75)	360	214	1,865	2,364	295	(1,312)	(110)	(1,127)
Interest expense	(4,733)	(1,201)	(1,222)	(1,211)	(1,199)	(4,833)	(1,210)	(1,215)	(1,146)	(3,571)
Income Before (Provision) Benefit For Income Taxes	20,594	6,054	5,527	6,675	1,367	19,623	6,788	5,310	6,923	19,021
(Provision) benefit for income taxes	9,956	(1,388)	(1,281)	(1,613)	698	(3,584)	(1,628)	(1,236)	(1,586)	(4,450)
Net Income	\$ 30,550	\$ 4,666	\$ 4,246	\$ 5,062	\$ 2,065	\$ 16,039	\$ 5,160	\$ 4,074	\$ 5,337	\$ 14,571
Net income attributable to noncontrolling interests	\$ 449	\$ 121	\$ 126	\$ 138	\$ 126	\$ 511	\$ 128	\$ 130	\$ 143	\$ 401
Net income attributable to Verizon	30,101	4,545	4,120	4,924	1,939	15,528	5,032	3,944	5,194	14,170
Net Income	\$ 30,550	\$ 4,666	\$ 4,246	\$ 5,062	\$ 2,065	\$ 16,039	\$ 5,160	\$ 4,074	\$ 5,337	\$ 14,571
Basic Earnings Per Common Share										
Net income attributable to Verizon	\$ 7.37	\$ 1.11	\$ 1.00	\$ 1.19	\$ 0.47	\$ 3.76	\$ 1.22	\$ 0.95	\$ 1.26	\$ 3.42
Weighted-average shares outstanding (in millions)	4,084	4,104	4,135	4,136	4,137	4,128	4,138	4,138	4,138	4,138
Diluted Earnings Per Common Share ⁽¹⁾										
Net income attributable to Verizon	\$ 7.36	\$ 1.11	\$ 1.00	\$ 1.19	\$ 0.47	\$ 3.76	\$ 1.22	\$ 0.95	\$ 1.25	\$ 3.42
Weighted-average shares outstanding (in millions)	4,089	4,107	4,139	4,140	4,141	4,132	4,140	4,139	4,140	4,140

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	12/31/17	3/31/18	6/30/18	9/30/18	12/31/18	3/31/19	6/30/19	9/30/19
Assets								
Current assets								
Cash and cash equivalents	\$ 2,079	\$ 1,923	\$ 1,750	\$ 2,538	\$ 2,745	\$ 2,322	\$ 1,949	\$ 3,020
Accounts receivable, net	23,493	22,595	23,099	24,012	25,102	24,469	24,926	24,713
Inventories	1,034	1,285	1,102	1,270	1,336	1,417	1,167	1,538
Prepaid expenses and other	3,307	5,222	4,925	5,334	5,453	5,189	5,266	5,624
Total current assets	29,913	31,025	30,876	33,154	34,636	33,397	33,308	34,895
Property, plant and equipment	246,498	246,877	249,294	252,030	252,835	254,457	257,395	260,053
Less accumulated depreciation	157,930	158,955	161,513	164,566	163,549	166,608	169,577	171,204
Property, plant and equipment, net	88,568	87,922	87,781	87,464	89,286	87,849	87,818	88,849
Investments in unconsolidated businesses	1,039	994	787	732	671	674	650	628
Wireless licenses	88,417	93,677	93,855	94,006	94,130	94,237	94,333	94,433
Goodwill	29,172	29,121	29,200	29,200	24,614	24,635	24,632	24,570
Other intangible assets, net	10,247	10,014	9,861	9,731	9,775	9,608	9,474	9,264
Operating lease right-of-use assets	—	—	—	—	—	23,105	22,467	22,218
Other assets	9,787	11,763	10,943	11,275	11,717	10,442	10,426	10,018
Total assets	\$ 257,143	\$ 264,516	\$ 263,303	\$ 265,562	\$ 264,829	\$ 283,947	\$ 283,108	\$ 284,875
Liabilities and Equity								
Current liabilities								
Debt maturing within one year	\$ 3,453	\$ 6,323	\$ 5,466	\$ 6,502	\$ 7,190	\$ 8,614	\$ 8,773	\$ 7,830
Accounts payable and accrued liabilities	21,232	17,052	18,560	19,342	22,501	18,664	17,633	19,566
Current operating lease liabilities	—	—	—	—	—	2,997	3,154	2,959
Other current liabilities	8,352	8,240	8,303	8,323	8,239	8,332	8,654	8,854
Total current liabilities	33,037	31,615	32,329	34,167	37,930	38,607	38,214	39,209
Long-term debt	113,642	112,734	109,174	106,440	105,873	105,045	104,598	101,769
Employee benefit obligations	22,112	20,689	19,955	19,660	18,599	17,888	18,040	18,236
Deferred income taxes	31,232	34,414	35,069	35,712	33,795	34,344	34,225	34,592
Non-current operating lease liabilities	—	—	—	—	—	18,971	18,254	18,214
Other liabilities	12,433	12,719	13,201	13,496	13,922	11,632	11,830	12,543
Total long-term liabilities	179,419	180,556	177,399	175,308	172,189	187,880	186,947	185,354
Equity								
Common stock	424	429	429	429	429	429	429	429
Additional paid in capital	11,101	13,437	13,438	13,436	13,437	13,418	13,419	13,418
Retained earnings	35,635	39,974	41,657	44,091	43,542	46,493	47,945	50,595
Accumulated other comprehensive income	2,659	3,705	3,205	3,201	2,370	2,216	1,447	1,104
Common stock in treasury, at cost	(7,139)	(6,992)	(6,990)	(6,987)	(6,986)	(6,825)	(6,823)	(6,822)
Deferred compensation – employee stock ownership plans and other	416	228	285	325	353	125	165	197
Noncontrolling interests	1,591	1,564	1,551	1,592	1,565	1,604	1,365	1,391
Total equity	44,687	52,345	53,575	56,087	54,710	57,460	57,947	60,312
Total liabilities and equity	\$ 257,143	\$ 264,516	\$ 263,303	\$ 265,562	\$ 264,829	\$ 283,947	\$ 283,108	\$ 284,875

Consolidated - Selected Financial and Operating Statistics

(dollars in millions)

Unaudited	12/31/17	3/31/18	6/30/18	9/30/18	12/31/18	3/31/19	6/30/19	9/30/19
Total debt	\$ 117,095	\$ 119,057	\$ 114,640	\$ 112,942	\$ 113,063	\$ 113,659	\$ 113,371	\$ 109,599
Net debt	\$ 115,016	\$ 117,134	\$ 112,890	\$ 110,404	\$ 110,318	\$ 111,337	\$ 111,422	\$ 106,579
Net unsecured debt	\$ 106,129	\$ 107,066	\$ 104,280	\$ 101,205	\$ 100,242	\$ 100,951	\$ 100,170	\$ 97,779
Net debt / Consolidated Adjusted EBITDA ⁽¹⁾				2.4x	2.3x	2.3x	2.3x	2.2x
Net unsecured debt / Consolidated Adjusted EBITDA ⁽¹⁾				2.2x	2.1x	2.1x	2.1x	2.1x
Common shares outstanding end of period (in millions)	4,079	4,132	4,132	4,132	4,132	4,136	4,136	4,136
Total employees ('000)	155.4	154.7	153.1	152.3	144.5	139.4	135.9	135.4
Quarterly cash dividends declared per common share	\$ 0.5900	\$ 0.5900	\$ 0.5900	\$ 0.6025	\$ 0.6025	\$ 0.6025	\$ 0.6025	\$ 0.6150

Footnotes:

(1) Consolidated adjusted EBITDA excludes the effects of non-operational items and special items.

Condensed Consolidated Statements of Cash Flows

(dollars in millions)

Unaudited	12 Mos. Ended 12/31/17	3 Mos. Ended 3/31/18	6 Mos. Ended 6/30/18	9 Mos. Ended 9/30/18	12 Mos. Ended 12/31/18	3 Mos. Ended 3/31/19	6 Mos. Ended 6/30/19	9 Mos. Ended 9/30/19
Cash Flows from Operating Activities								
Net Income	\$ 30,550	\$ 4,666	\$ 8,912	\$ 13,974	\$ 16,039	\$ 5,160	\$ 9,234	\$ 14,571
Adjustments to reconcile net income to net cash provided by operating activities:								
Depreciation and amortization expense	16,954	4,324	8,674	13,051	17,403	4,231	8,463	12,577
Employee retirement benefits	440	(151)	(300)	(886)	(2,657)	(195)	(294)	(105)
Deferred income taxes	(14,463)	702	1,354	2,023	389	459	588	1,070
Provision for uncollectible accounts	1,167	239	462	699	980	319	738	1,131
Equity in losses of unconsolidated businesses, net of dividends received	117	30	268	291	231	21	50	64
Net loss (gain) on sale of divested businesses	(1,774)	—	—	—	—	—	—	94
Oath goodwill impairment	—	—	—	—	4,591	—	—	—
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	(5,938)	(2,033)	(1,538)	(1,944)	(1,177)	(2,702)	(4,593)	(3,902)
Discretionary employee benefits contributions	(3,411)	(1,000)	(1,679)	(1,679)	(1,679)	(300)	(300)	(300)
Other, net	676	(129)	280	715	219	88	1,950	1,548
Net cash provided by operating activities	24,318	6,648	16,433	26,244	34,339	7,081	15,836	26,748
Cash Flows from Investing Activities								
Capital expenditures (including capitalized software)	(17,247)	(4,552)	(7,838)	(12,026)	(16,658)	(4,268)	(7,967)	(12,332)
Acquisitions of businesses, net of cash acquired	(5,880)	(32)	(38)	(39)	(230)	(25)	(28)	(29)
Acquisitions of wireless licenses	(583)	(970)	(1,155)	(1,307)	(1,429)	(104)	(199)	(299)
Proceeds from dispositions of businesses	3,614	—	—	—	—	—	—	27
Other, net	1,640	269	303	236	383	(406)	(395)	476
Net cash used in investing activities	(18,456)	(5,285)	(8,728)	(13,136)	(17,934)	(4,803)	(8,589)	(12,157)
Cash Flows from Financing Activities								
Proceeds from long-term borrowings	27,707	1,956	4,584	5,932	5,967	2,131	6,237	8,360
Proceeds from asset-backed long-term borrowings	4,290	1,178	1,716	3,216	4,810	1,117	3,982	3,982
Repayments of long-term borrowings and finance lease obligations	(23,837)	(2,984)	(6,568)	(9,776)	(10,923)	(2,963)	(9,630)	(12,486)
Repayments of asset-backed long-term borrowings	(400)	—	(2,000)	(2,915)	(3,635)	(813)	(2,817)	(5,273)
Dividends paid	(9,472)	(2,407)	(4,845)	(7,283)	(9,772)	(2,489)	(4,981)	(7,474)
Other, net	(4,439)	941	(752)	(1,595)	(1,824)	360	(834)	(1,410)
Net cash used in financing activities	(6,151)	(1,316)	(7,865)	(12,421)	(15,377)	(2,657)	(8,043)	(14,301)
Increase (decrease) in cash, cash equivalents and restricted cash	(289)	47	(160)	687	1,028	(379)	(796)	290
Cash, cash equivalents and restricted cash, beginning of period	3,177	2,888	2,888	2,888	2,888	3,916	3,916	3,916
Cash, cash equivalents and restricted cash, end of period	\$ 2,888	\$ 2,935	\$ 2,728	\$ 3,575	\$ 3,916	\$ 3,537	\$ 3,120	\$ 4,206

Consumer - Selected Financial Results

(dollars in millions)

Unaudited	2018				2019		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Operating Revenues							
Service	\$ 15,824	\$ 16,049	\$ 16,193	\$ 16,157	\$ 16,259	\$ 16,350	\$ 16,433
Wireless equipment	4,270	4,251	4,508	5,846	4,166	3,903	4,257
Other	1,533	1,703	1,698	1,730	1,723	1,742	2,016
Total Operating Revenues	21,627	22,003	22,399	23,733	22,148	21,995	22,706
Operating Expenses							
Cost of services	3,773	3,842	3,850	3,870	3,879	3,847	4,035
Cost of wireless equipment	4,273	4,296	4,379	5,815	4,142	3,909	4,291
Selling, general and administrative expense	3,671	3,808	3,947	4,275	3,983	4,022	4,085
Depreciation and amortization expense	2,975	2,997	3,010	2,970	2,894	2,881	2,806
Total Operating Expenses	14,692	14,943	15,186	16,930	14,898	14,659	15,217
Operating Income	\$ 6,935	\$ 7,060	\$ 7,213	\$ 6,803	\$ 7,250	\$ 7,336	\$ 7,489
Operating Income Margin	32.1%	32.1%	32.2%	28.7%	32.7%	33.4%	33.0%
Segment EBITDA	\$ 9,910	\$ 10,057	\$ 10,223	\$ 9,773	\$ 10,144	\$ 10,217	\$ 10,295
Segment EBITDA Margin	45.8%	45.7%	45.6%	41.2%	45.8%	46.5%	45.3%

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	2018				2019		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Connections ('000):							
Wireless retail postpaid connections	88,924	88,984	89,062	89,861	89,580	89,630	89,739
Wireless retail prepaid connections	5,068	4,832	4,736	4,646	4,479	4,266	4,183
Total wireless retail connections	93,992	93,816	93,798	94,507	94,059	93,896	93,922
Fios video connections	4,525	4,487	4,423	4,377	4,322	4,270	4,203
Fios Internet connections	5,627	5,663	5,711	5,760	5,808	5,837	5,867
Fios digital voice residence connections	3,891	3,863	3,833	3,803	3,758	3,725	3,672
Fios digital connections	14,043	14,013	13,967	13,940	13,888	13,832	13,742
Broadband connections	6,454	6,447	6,452	6,460	6,476	6,474	6,469
Voice connections	6,786	6,631	6,480	6,332	6,184	6,058	5,904
Gross Additions ('000):							
Wireless retail postpaid	2,634	2,617	2,850	3,643	2,714	2,725	3,020
Net Additions Detail ('000) :							
Wireless retail postpaid ⁽¹⁾	(55)	147	151	886	(201)	126	193
Wireless retail prepaid ⁽¹⁾	(335)	(236)	(96)	(90)	(176)	(213)	(81)
Total wireless retail ⁽¹⁾	(390)	(89)	55	796	(377)	(87)	112
Wireless retail postpaid phones ⁽¹⁾	(153)	17	112	522	(163)	73	239
Fios video	(23)	(38)	(64)	(46)	(55)	(52)	(67)
Fios Internet	62	36	48	49	48	28	30
Fios digital voice residence	(14)	(28)	(30)	(30)	(45)	(32)	(53)
Fios digital	25	(30)	(46)	(27)	(52)	(56)	(90)
Broadband	13	(7)	5	8	16	(2)	(5)
Voice	(142)	(155)	(151)	(148)	(148)	(126)	(154)
Churn Rate:							
Wireless retail postpaid	1.01%	0.93%	1.01%	1.03%	1.08%	0.97%	1.05%
Wireless retail postpaid phones	0.77%	0.71%	0.77%	0.77%	0.81%	0.72%	0.79%
Wireless retail	1.31%	1.19%	1.24%	1.24%	1.32%	1.23%	1.27%
Revenue Statistics (in millions):							
Wireless service revenue	\$ 12,881	\$ 13,122	\$ 13,257	\$ 13,199	\$ 13,357	\$ 13,456	\$ 13,533
Fios revenues	\$ 2,734	\$ 2,738	\$ 2,764	\$ 2,820	\$ 2,764	\$ 2,772	\$ 2,811
Other Wireless Statistics:							
Wireless retail postpaid ARPA ⁽²⁾	\$ 113.44	\$ 115.53	\$ 117.06	\$ 115.87	\$ 117.45	\$ 118.15	\$ 118.89
Wireless retail postpaid upgrade rate	5.0%	5.1%	5.1%	6.6%	4.4%	4.3%	4.9%
Wireless retail postpaid accounts ('000) ⁽³⁾	34,109	34,045	34,005	34,086	33,958	33,924	33,898
Wireless retail postpaid connections per account ⁽³⁾	2.61	2.61	2.62	2.64	2.64	2.64	2.65
Total wireless Internet postpaid base ⁽³⁾	15.8%	15.9%	15.9%	16.1%	16.1%	16.2%	16.1%

Footnotes:

(1) Connection net additions include certain adjustments.

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

(3) Statistics presented as of end of period.

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 Financial Results

(dollars in millions)

Unaudited	2018				2019		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Operating Revenues							
Global Enterprise	\$ 2,826	\$ 2,808	\$ 2,782	\$ 2,785	\$ 2,691	\$ 2,673	\$ 2,714
Small and Medium Business	2,534	2,642	2,729	2,847	2,708	2,785	2,899
Public Sector and Other	1,430	1,437	1,455	1,511	1,471	1,492	1,472
Wholesale	993	964	927	864	849	818	800
Total Operating Revenues	7,783	7,851	7,893	8,007	7,719	7,768	7,885
Operating Expenses							
Cost of services	2,710	2,660	2,657	2,832	2,591	2,581	2,666
Cost of wireless equipment	1,036	1,101	1,110	1,313	1,057	1,109	1,190
Selling, general and administrative expense	1,864	1,930	1,900	1,995	1,981	1,961	2,042
Depreciation and amortization expense	1,059	1,059	1,072	1,068	1,042	1,046	1,010
Total Operating Expenses	6,669	6,750	6,739	7,208	6,671	6,697	6,908
Operating Income	\$ 1,114	\$ 1,101	\$ 1,154	\$ 799	\$ 1,048	\$ 1,071	\$ 977
Operating Income Margin	14.3%	14.0%	14.6%	10.0%	13.6%	13.8%	12.4%
Segment EBITDA	\$ 2,173	\$ 2,160	\$ 2,226	\$ 1,867	\$ 2,090	\$ 2,117	\$ 1,987
Segment EBITDA Margin	27.9%	27.5%	28.2%	23.3%	27.1%	27.3%	25.2%

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	2018				2019		
	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Connections ('000):							
Wireless retail postpaid connections	22,190	22,638	23,073	23,492	23,827	24,221	24,732
Fios video connections	72	73	74	74	76	76	77
Fios Internet connections	289	296	302	307	311	316	322
Fios digital connections	361	369	376	381	387	392	399
Broadband connections	512	509	506	501	497	494	492
Voice connections	5,769	5,639	5,529	5,400	5,269	5,163	5,058
Gross Additions ('000):							
Wireless retail postpaid	1,080	1,162	1,163	1,211	1,143	1,199	1,302
Net Add Detail ('000):							
Wireless retail postpaid ⁽¹⁾	315	384	364	334	262	325	408
Wireless retail postpaid phones ⁽¹⁾	129	182	183	131	119	172	205
Fios video	1	1	1	—	2	—	1
Fios Internet	4	7	6	5	4	6	6
Fios digital	5	8	7	5	6	6	7
Broadband	(6)	(3)	(3)	(5)	(4)	(3)	(2)
Voice	(124)	(130)	(110)	(129)	(131)	(105)	(105)
Churn Rate:							
Wireless retail postpaid	1.16%	1.16%	1.17%	1.26%	1.24%	1.21%	1.22%
Wireless retail postpaid phones	0.95%	0.96%	0.95%	1.07%	1.02%	0.97%	0.98%
Revenue Statistics (in millions):							
Wireless service revenue	\$ 2,501	\$ 2,615	\$ 2,687	\$ 2,681	\$ 2,694	\$ 2,775	\$ 2,850
Fios revenues	\$ 217	\$ 218	\$ 222	\$ 226	\$ 243	\$ 239	\$ 243
Other Operating Statistics:							
Wireless retail postpaid upgrade rate	4.9%	4.6%	4.8%	5.3%	4.4%	4.2%	4.5%
Total wireless Internet postpaid base ⁽²⁾	32.9%	33.1%	33.1%	33.4%	33.4%	33.5%	33.5%

Footnotes:

(1) Connection net additions include certain adjustments.

(2) Statistics presented as of end of period.

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.

Supplemental Information - Wireless Historical Financial Results

The following supplemental schedule contains historical wireless segment results and is provided to help investors understand trends in our new segment results.

(dollars in millions)

Unaudited	2018		2019	
	3Q	2Q	3Q	
Operating Revenues				
Service	\$ 15,966	\$ 16,244	\$ 16,398	
Equipment	5,353	4,720	5,141	
Other	1,654	1,718	2,030	
Total Operating Revenues	22,973	22,682	23,569	
Operating Expenses				
Cost of services	2,350	2,422	2,583	
Cost of equipment	5,489	5,019	5,482	
Selling, general and administrative expense	4,169	4,318	4,462	
Depreciation and amortization expense	2,454	2,282	2,259	
Total Operating Expenses	14,462	14,041	14,786	
Operating Income	\$ 8,511	\$ 8,641	\$ 8,783	
Operating Income Margin	37.0%	38.1%	37.3%	
Segment EBITDA	\$ 10,965	\$ 10,923	\$ 11,042	
Segment EBITDA Margin	47.7%	48.2%	46.8%	
Segment EBITDA - year over year change	10.0%	1.8%	0.7%	

Footnotes:

The segment financial results and metrics above are adjusted to exclude the effects of special items.

Certain intersegment transactions with corporate entities have not been eliminated.

Supplemental information for additional historical periods can be found in the Recast Financial & Operating Information dated June 18, 2019 at: <https://www.verizon.com/about/investors/financial-reporting>.

Supplemental Information - Wireless Historical Operating Statistics

The following supplemental schedule contains historical wireless segment results and is provided to help investors understand trends in our new segment results.

Unaudited	2018	2019	
	3Q	2Q	3Q
Connections ('000)			
Retail postpaid	112,135	113,851	114,471
Retail prepaid	4,736	4,266	4,183
Total retail	116,871	118,117	118,654
Net Add Detail ('000) ⁽¹⁾			
Retail postpaid	515	451	601
Retail prepaid	(96)	(213)	(81)
Total retail	419	238	520
Account Statistics			
Retail postpaid accounts ('000) ⁽²⁾	35,309	35,346	35,371
Retail postpaid connections per account ⁽²⁾	3.18	3.22	3.24
Retail postpaid ARPA ⁽³⁾	\$ 136.58	\$ 137.80	\$ 139.01
Churn Detail			
Retail postpaid	1.04%	1.02%	1.09%
Retail	1.22%	1.22%	1.26%
Retail Postpaid Connection Statistics ⁽²⁾			
Total smartphone postpaid phone base	91.7%	93.1%	93.5%
Total Internet postpaid base	19.4%	19.8%	19.8%

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.

The segment financial results and metrics above are adjusted to exclude the effects of special items.

Certain intersegment transactions with corporate entities have not been eliminated.

Supplemental information for additional historical periods can be found in the Recast Financial & Operating Information dated June 18, 2019 at: <https://www.verizon.com/about/investors/financial-reporting>.

Supplemental Information - Wireline Historical Financial Results

The following supplemental schedule contains historical wireline segment results and is provided to help investors understand trends in our new segment results.

(dollars in millions)

Unaudited	2018		2019	
	3Q	2Q	3Q	
Operating Revenues				
Consumer Markets	\$ 3,138	\$ 3,120	\$ 3,124	
Enterprise Solutions	2,172	2,084	2,085	
Partner Solutions	1,166	1,043	1,044	
Business Markets	840	820	795	
Other	55	59	46	
Total Operating Revenues	7,371	7,126	7,094	
Operating Expenses				
Cost of services	4,371	4,197	4,318	
Selling, general and administrative expense	1,498	1,553	1,542	
Depreciation and amortization expense	1,552	1,566	1,480	
Total Operating Expenses	7,421	7,316	7,340	
Operating Loss	\$ (50)	\$ (190)	\$ (246)	
Operating Loss Margin	(0.7)%	(2.7)%	(3.5)%	
Segment EBITDA	\$ 1,502	\$ 1,376	\$ 1,234	
Segment EBITDA Margin	20.4 %	19.3 %	17.4 %	

Footnotes:

The segment financial results and metrics above are adjusted to exclude the effects of special items.

Certain intersegment transactions with corporate entities have not been eliminated.

Supplemental information for additional historical periods can be found in the Recast Financial & Operating Information dated June 18, 2019 at: <https://www.verizon.com/about/investors/financial-reporting>.

Supplemental Information: Wireline Historical Operating Statistics

The following supplemental schedule contains historical wireline segment results and is provided to help investors understand trends in our new segment results.

Unaudited	2018	2019	
	3Q	2Q	3Q
Connections ('000)			
Fios video connections	4,497	4,346	4,280
Fios Internet connections	6,013	6,153	6,189
Fios digital voice residence connections	3,833	3,725	3,672
Fios digital connections	14,343	14,224	14,141
Broadband connections	6,958	6,968	6,961
Voice connections	12,009	11,221	10,962
Net Add Detail ('000)			
Fios video connections	(63)	(52)	(66)
Fios Internet connections	54	34	36
Fios digital voice residence connections	(30)	(32)	(53)
Fios digital connections	(39)	(50)	(83)
Broadband connections	2	(5)	(7)
Voice connections	(261)	(232)	(259)
Revenue Statistics			
Fios revenues (in millions)	\$ 2,986	\$ 3,011	\$ 3,054

Footnotes:

The segment financial results and metrics above are adjusted to exclude the effects of special items.

Certain intersegment transactions with corporate entities have not been eliminated.

Supplemental information for additional historical periods can be found in the Recast Financial & Operating Information dated June 18, 2019 at: <https://www.verizon.com/about/investors/financial-reporting>.

Definitions - Non-GAAP Measures

Non-GAAP Measures

Verizon's financial information was prepared in conformity with generally accepted accounting principles in the United States (GAAP) as well as on a non-GAAP basis. It is management's intent to provide non-GAAP financial information to enhance the understanding of Verizon's GAAP financial information and it should be considered by the reader in addition to, but not instead of, the financial statements prepared in accordance with GAAP. Each non-GAAP financial measure is presented along with the corresponding GAAP measure so as not to imply that more emphasis should be placed on the non-GAAP measure. We believe that non-GAAP measures provide relevant and useful information, which is used by management, investors and other users of our financial information in assessing 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 in evaluating operating profitability on a more variable cost basis as they exclude depreciation and amortization expense related primarily to capital expenditures and acquisitions that occurred in prior periods, as well as in evaluating operating performance in relation to Verizon's 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 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: Oath goodwill impairment, severance charges, gain on spectrum license transactions, product realignment charges, acquisition and integration related charges and net gain from dispositions of assets and businesses. Oath goodwill impairment relates to impairment charges recognized in the fourth quarter of 2018 as a result of the Company's annual goodwill impairment testing of its media business, Verizon Media, which operated in 2018 under the "Oath" brand. Severance charges recorded during 2018 are primarily related to the voluntary separation program and other headcount reduction initiatives. Product realignment charges recorded during 2018 primarily relate to the discontinuation of the go90 platform and associated content and other early-stage developmental technologies. Acquisition and integration related charges represent transaction expenses related to business acquisitions and incremental expenses directly incurred to integrate the acquired businesses into our operations. Net gain from dispositions of assets and businesses relates to the sale of various real estate properties and businesses.

Consolidated Adjusted EBITDA Margin is calculated by dividing Consolidated Adjusted EBITDA by Consolidated Operating Revenues.

Adjusted Earnings per Common Share (Adjusted EPS)

Adjusted EPS is a non-GAAP financial measure that we believe is 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. 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 (Special Items): pension remeasurement charge (credit), acquisition and integration-related charges, early debt redemption costs, net gain from dispositions of assets and businesses, severance charges and product realignment charges.

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 provided an Adjusted ETR forecast for our 2019 fiscal year. We have not provided a reconciliation of this non-GAAP forecast because we cannot, without unreasonable effort, predict the special items that could arise during 2019.

Net Debt and Net Debt to Consolidated Adjusted EBITDA Ratio

Net Debt and Net Debt to Consolidated Adjusted EBITDA Ratio are non-GAAP financial measures that we believe are useful to management, investors and other users of our financial information in evaluating Verizon's ability to service its debt.

Net Debt is calculated by subtracting cash and cash equivalents from the sum of debt maturing within one year and long-term debt. Net Debt to Consolidated Adjusted EBITDA Ratio is calculated by dividing Net Debt by Consolidated Adjusted EBITDA. For purposes of Net Debt to Consolidated Adjusted EBITDA Ratio, Consolidated Adjusted EBITDA is calculated for the last twelve months.

Definitions - Non-GAAP Measures

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 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.

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 business acquisitions. 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.

Supplemental Information - Wireless and Wireline

The Wireless and Wireline segment results included in the Supplemental Information are non-GAAP financial measures that we believe provide relevant and useful information to investors and other users of our financial information in reconciling the results of our new segments, Verizon Consumer Group and Verizon Business Group, effective as of April 1, 2019, to the historical presentation of our segment results prior to our strategic reorganization. This supplemental operating information is also provided to help investors and users understand trends in our new segment results.

The Wireless and Wireline segment results are calculated by adjusting total reportable segments operating revenues and operating expenses for intersegment transactions that have been eliminated under the new structure, and the impact of VZ Connect and other early-stage development businesses previously included in Corporate. Total reportable segments operating revenues and operating expenses are calculated by aggregating the total operating revenues and operating expenses of Verizon Consumer Group and Verizon Business Group. This supplemental operating information should be considered in addition to, but not as a substitute for, our segment financial information.

Wireless EBITDA, Wireless EBITDA Margin, Wireless Adjusted EBITDA, Wireless Adjusted EBITDA Margin, Wireline EBITDA and Wireline EBITDA Margin are non-GAAP financial measures that we believe are useful to management, investors and other users of our financial information in evaluating operating profitability on a more comparable basis with prior period results. The lack of comparability results from the implementation of certain new accounting standards on a prospective basis.

Wireless EBITDA and Wireline EBITDA are calculated by adding back depreciation and amortization expense to segment operating income. Wireless EBITDA Margin and Wireline EBITDA Margin are calculated by dividing Wireless EBITDA by Wireless total operating revenues and Wireline EBITDA by Wireline total operating revenues, respectively.

Wireless Adjusted EBITDA is calculated by adding back depreciation and amortization expense, the impacts caused primarily by the timing difference in recognizing commission expense during the period of transition following the adoption of the new revenue recognition accounting standard on January 1, 2018 and the expensing of certain lease costs under the new lease accounting standard adopted on January 1, 2019 to Wireless operating income.

Wireless Adjusted EBITDA Margin is calculated by dividing Wireless Adjusted EBITDA by Wireless total operating revenues.

Non-GAAP Reconciliations - Consolidated

Consolidated EBITDA, Consolidated Adjusted EBITDA and Consolidated Adjusted EBITDA Margin

(dollars in millions)

Unaudited	2017		2018				2019	
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Consolidated Net Income	\$ 18,783	\$ 4,666	\$ 4,246	\$ 5,062	\$ 2,065	\$ 5,160	\$ 4,074	\$ 5,337
Add/(subtract):								
Provision (benefit) for income taxes	(15,849)	1,388	1,281	1,613	(698)	1,628	1,236	1,586
Interest expense	1,219	1,201	1,222	1,211	1,199	1,210	1,215	1,146
Depreciation and amortization expense	4,456	4,324	4,350	4,377	4,352	4,231	4,232	4,114
Consolidated EBITDA	\$ 8,609	\$ 11,579	\$ 11,099	\$ 12,263	\$ 6,918	\$ 12,229	\$ 10,757	\$ 12,183
Add/(subtract):								
Other (income) expense, net*	\$ 1,302	\$ 75	\$ (360)	\$ (214)	\$ (1,865)	\$ (295)	\$ 1,312	\$ 110
Equity in losses (earnings) of unconsolidated businesses†	6	19	228	3	(64)	6	13	1
Oath goodwill impairment	—	—	—	—	4,591	—	—	—
Severance charges	302	—	339	—	1,818	—	—	—
Product realignment charges‡	463	—	450	—	—	—	—	—
Gain on spectrum license transactions	(144)	—	—	—	—	—	—	—
Acquisition and integration related charges‡	154	105	109	130	187	—	—	—
Net gain from dispositions of assets and businesses	—	—	—	—	—	—	—	(261)
Consolidated Adjusted EBITDA	\$ 10,692	\$ 11,778	\$ 11,865	\$ 12,182	\$ 11,585	\$ 11,940	\$ 12,082	\$ 12,033
Consolidated Adjusted EBITDA - Year Over Year Change								\$ (149)
Consolidated Adjusted EBITDA - Year Over Year Change %								(1.2)%
Consolidated Operating Revenues - Quarter to Date				\$ 32,607			\$ 32,071	\$ 32,894
Consolidated Adjusted EBITDA Margin - Quarter to Date				37.4%			37.7%	36.6%

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

† Includes Product realignment charges, where applicable.

‡ Excludes depreciation and amortization expense, where applicable.

Non-GAAP Reconciliations - Consolidated

Adjusted Earnings per Common Share (Adjusted EPS)

(dollars in millions except EPS)

Unaudited				3 Mos. Ended 9/30/18					3 Mos. Ended 9/30/19
	Pre-tax	Tax	After-Tax		Pre-tax	Tax	After-Tax		
EPS				\$ 1.19				\$ 1.25	
Pension remeasurement charge (credit)	\$ (454)	\$ 119	\$ (335)	(0.08)	\$ 291	\$ (76)	\$ 215	0.05	
Acquisition and integration-related charges	137	(34)	103	0.02	—	—	—	—	
Early debt redemption costs	476	(124)	352	0.09	—	—	—	—	
Net gain from dispositions of assets and businesses	—	—	—	—	(261)	37	(224)	(0.05)	
	\$ 159	\$ (39)	\$ 120	\$ 0.03	\$ 30	\$ (39)	\$ (9)	\$ —	
Adjusted EPS				\$ 1.22				\$ 1.25	
Year over year change %									2.5%

Unaudited				3 Mos. Ended 6/30/18					3 Mos. Ended 6/30/19
	Pre-tax	Tax	After-Tax		Pre-tax	Tax	After-Tax		
EPS				\$ 1.00				\$ 0.95	
Early debt redemption costs	\$ —	\$ —	\$ —	—	\$ 1,544	\$ (404)	\$ 1,140	0.28	
Severance charges	339	(89)	250	0.06	—	—	—	—	
Acquisition and integration-related charges	120	(28)	92	0.02	—	—	—	—	
Product realignment charges	658	(149)	509	0.12	—	—	—	—	
	\$ 1,117	\$ (266)	\$ 851	\$ 0.20	\$ 1,544	\$ (404)	\$ 1,140	\$ 0.28	
Adjusted EPS				\$ 1.20				\$ 1.23	
Year over year change %									2.5%

Unaudited				3 Mos. Ended 3/31/18					3 Mos. Ended 3/31/19
	Pre-tax	Tax	After-Tax		Pre-tax	Tax	After-Tax		
EPS				\$ 1.11				\$ 1.22	
Pension remeasurement credit	\$ —	\$ —	\$ —	—	\$ (96)	\$ 25	\$ (71)	(0.02)	
Acquisition and integration-related charges	107	(25)	82	0.02	—	—	—	—	
Early debt redemption costs	249	(65)	184	0.04	—	—	—	—	
	\$ 356	\$ (90)	\$ 266	\$ 0.06	\$ (96)	\$ 25	\$ (71)	\$ (0.02)	
Adjusted EPS				\$ 1.17				\$ 1.20	
Year over year change %									2.6%

Note:

Adjusted EPS may not add due to rounding.

Non-GAAP Reconciliations - Consolidated

Net Debt and Net Debt to Consolidated Adjusted EBITDA Ratio

(dollars in millions)

Unaudited	12/31/17	3/31/18	6/30/18	9/30/18	12/31/18	3/31/19	6/30/19	9/30/19
Debt maturing within one year	\$ 3,453	\$ 6,323	\$ 5,466	\$ 6,502	\$ 7,190	\$ 8,614	\$ 8,773	\$ 7,830
Long-term debt	113,642	112,734	109,174	106,440	105,873	105,045	104,598	101,769
Total Debt	117,095	119,057	114,640	112,942	113,063	113,659	113,371	109,599
Less Cash and cash equivalents	2,079	1,923	1,750	2,538	2,745	2,322	1,949	3,020
Net Debt	\$ 115,016	\$ 117,134	\$ 112,890	\$ 110,404	\$ 110,318	\$ 111,337	\$ 111,422	\$ 106,579
Net Debt to Consolidated Adjusted EBITDA Ratio				2.4x	2.3x	2.3x	2.3x	2.2x

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

(dollars in millions)

Unaudited	12/31/17	3/31/18	6/30/18	9/30/18	12/31/18	3/31/19	6/30/19	9/30/19
Total Debt	\$ 117,095	\$ 119,057	\$ 114,640	\$ 112,942	\$ 113,063	\$ 113,659	\$ 113,371	\$ 109,599
Less Secured debt	8,887	10,068	8,610	9,199	10,076	10,386	11,252	8,800
Unsecured debt	108,208	108,989	106,030	103,743	102,987	103,273	102,119	100,799
Less Cash and cash equivalents	2,079	1,923	1,750	2,538	2,745	2,322	1,949	3,020
Net Unsecured Debt	\$ 106,129	\$ 107,066	\$ 104,280	\$ 101,205	\$ 100,242	\$ 100,951	\$ 100,170	\$ 97,779
Net Unsecured Debt to Consolidated Adjusted EBITDA Ratio				2.2x	2.1x	2.1x	2.1x	2.1x

Free Cash Flow

(dollars in millions)

Unaudited	9 Mos. Ended 9/30/18	9 Mos. Ended 9/30/19
Net Cash Provided by Operating Activities	\$ 26,244	\$ 26,748
Capital expenditures (including capitalized software)	(12,026)	(12,332)
Free Cash Flow	\$ 14,218	\$ 14,416
Year over year change %		1.4%

Non-GAAP Reconciliations - Segment

Segment EBITDA and Segment EBITDA Margin

Consumer

(dollars in millions)

Unaudited	3 Months Ended 9/30/17	3 Months Ended 12/31/17	3 Months Ended 3/31/18	3 Months Ended 6/30/18	3 Months Ended 9/30/18	3 Months Ended 12/31/18	3 Months Ended 3/31/19	3 Months Ended 6/30/19	3 Months Ended 9/30/19
Operating Income	\$ 6,717	\$ 6,195	\$ 6,935	\$ 7,060	\$ 7,213	\$ 6,803	\$ 7,250	\$ 7,336	\$ 7,489
Add Depreciation and amortization expense	2,857	2,828	2,975	2,997	3,010	2,970	2,894	2,881	2,806
Segment EBITDA	\$ 9,574	\$ 9,023	\$ 9,910	\$ 10,057	\$ 10,223	\$ 9,773	\$ 10,144	\$ 10,217	\$ 10,295
Total operating revenues	\$ 21,484	\$ 23,394	\$ 21,627	\$ 22,003	\$ 22,399	\$ 23,733	\$ 22,148	\$ 21,995	\$ 22,706
Operating Income Margin	31.3%	26.5%	32.1%	32.1%	32.2%	28.7%	32.7%	33.4%	33.0%
Segment EBITDA Margin	44.6%	38.6%	45.8%	45.7%	45.6%	41.2%	45.8%	46.5%	45.3%
Segment EBITDA - Year over year change %					6.8%			1.6%	0.7%
Segment EBITDA Margin - Year over year change									(30) bps

Business

(dollars in millions)

Unaudited	3 Months Ended 9/30/17	3 Months Ended 12/31/17	3 Months Ended 3/31/18	3 Months Ended 6/30/18	3 Months Ended 9/30/18	3 Months Ended 12/31/18	3 Months Ended 3/31/19	3 Months Ended 6/30/19	3 Months Ended 9/30/19
Operating Income	\$ 858	\$ 895	\$ 1,114	\$ 1,101	\$ 1,154	\$ 799	\$ 1,048	\$ 1,071	\$ 977
Add Depreciation and amortization expense	1,131	1,124	1,059	1,059	1,072	1,068	1,042	1,046	1,010
Segment EBITDA	\$ 1,989	\$ 2,019	\$ 2,173	\$ 2,160	\$ 2,226	\$ 1,867	\$ 2,090	\$ 2,117	\$ 1,987
Total operating revenues	\$ 7,699	\$ 7,957	\$ 7,783	\$ 7,851	\$ 7,893	\$ 8,007	\$ 7,719	\$ 7,768	\$ 7,885
Operating Income Margin	11.1%	11.2%	14.3%	14.0%	14.6%	10.0%	13.6%	13.8 %	12.4 %
Segment EBITDA Margin	25.8%	25.4%	27.9%	27.5%	28.2%	23.3%	27.1%	27.3 %	25.2 %
Segment EBITDA - Year over year change %					11.9%			(2.0)%	(10.7)%
Segment EBITDA Margin - Year over year change									(300) bps

Wireless EBITDA and Wireless Adjusted EBITDA

(dollars in millions)

Unaudited	3 Mos. Ended 9/30/18	3 Mos. Ended 9/30/19
Operating Income	\$ 8,511	\$ 8,783
Add Depreciation and amortization expense	2,454	2,259
Wireless EBITDA	\$ 10,965	\$ 11,042
Add:		
Impact during transition period following adoption of revenue recognition standard	\$ —	\$ 145
Current period impact from implementation of leasing standard	—	64
Wireless Adjusted EBITDA	\$ 10,965	\$ 11,251
Total Operating Revenues	\$ 22,973	\$ 23,569
Wireless EBITDA Margin	47.7%	46.8%
Wireless Adjusted EBITDA Margin	47.7%	47.7%
Impact from adoption of revenue recognition standard and leasing standard		90 bps

Supplemental Information

VZ 2.0 to VZ 1.0 Reconciliations ⁽¹⁾

The following tables present a reconciliation of financial results for our current reportable segments, Consumer and Business, to our historical reportable segments, Wireless and Wireline.

3 Mos. Ended 9/30/19

(dollars in millions)

Unaudited	VZ 2.0					Historical											
	Consumer	Business	Total Reportable Segments	Adjustments ⁽²⁾	Adjusted Total Reportable Segments	Wireless				Wireline						Historical Total Reportable Segments	
						Service	Equipment	Other	Total Wireless	Consumer Markets	Enterprise Solutions	Partner Solutions	Business Markets	Other	Total Wireline		
External Operating Revenues																	
Total Operating Revenues	\$ 22,706	\$ 7,885	\$ 30,591	\$ 72	\$ 30,663	\$16,398	\$ 5,141	\$ 2,030	\$ 23,569	\$ 3,124	\$ 2,085	\$ 1,044	\$ 795	\$ 46	\$ 7,094	\$ 30,663	
Operating Expenses																	
Cost of services	4,035	2,666	6,701	200	6,901				2,583						4,318	6,901	
Cost of wireless equipment	4,291	1,190	5,481	1	5,482				5,482						—	5,482	
Selling, general and administrative expense	4,085	2,042	6,127	(123)	6,004				4,462						1,542	6,004	
Depreciation and amortization expense	2,806	1,010	3,816	(77)	3,739				2,259						1,480	3,739	
Total Operating Expenses	15,217	6,908	22,125	1	22,126				14,786						7,340	22,126	
Operating Income (Loss)	\$ 7,489	\$ 977	\$ 8,466	\$ 71	\$ 8,537				\$ 8,783						\$ (246)	\$ 8,537	
Add Depreciation and amortization expense	2,806	1,010	3,816	(77)	3,739				2,259						1,480	3,739	
Segment EBITDA	\$ 10,295	\$ 1,987	\$ 12,282	\$ (6)	\$ 12,276				\$ 11,042						\$ 1,234	\$ 12,276	
Operating Income (Loss) Margin	33.0%	12.4%							37.3%						(3.5)%		
Segment EBITDA Margin	45.3%	25.2%							46.8%						17.4 %		
Total operating revenue - Year over year change %									2.6%						(3.8)%		
Service revenue - Year over year change %							2.7%										
Wireless EBITDA - Year over year change%									0.7%								

Footnotes:

(1) Information presented for VZ 2.0 and historical financial results includes intersegment transactions.

(2) Adjustment represents intersegment transactions that have been eliminated under the new structure net of the impact of VZ Connect and other early-stage development businesses previously included in Corporate.

Supplemental Information

VZ 2.0 to VZ 1.0 Reconciliations ⁽¹⁾

3 Mos. Ended 6/30/19

(dollars in millions)

Unaudited	VZ 2.0					Historical											Historical Total Reportable Segments
	Consumer	Business	Total Reportable Segments	Adjustments ⁽²⁾	Adjusted Total Reportable Segments	Wireless				Wireline							
						Service	Equipment	Other	Total Wireless	Consumer Markets	Enterprise Solutions	Partner Solutions	Business Markets	Other	Total Wireline		
External Operating Revenues																	
Total Operating Revenues	\$ 21,995	\$ 7,768	\$ 29,763	\$ 45	\$ 29,808	\$ 16,244	\$ 4,720	\$ 1,718	\$ 22,682	\$ 3,120	\$ 2,084	\$ 1,043	\$ 820	\$ 59	\$ 7,126	\$ 29,808	
Operating Expenses																	
Cost of services	3,847	2,581	6,428	191	6,619				2,422						4,197	6,619	
Cost of wireless equipment	3,909	1,109	5,018	1	5,019				5,019						—	5,019	
Selling, general and administrative expense	4,022	1,961	5,983	(112)	5,871				4,318						1,553	5,871	
Depreciation and amortization expense	2,881	1,046	3,927	(79)	3,848				2,282						1,566	3,848	
Total Operating Expenses	14,659	6,697	21,356	1	21,357				14,041						7,316	21,357	
Operating Income (Loss)	\$ 7,336	\$ 1,071	\$ 8,407	\$ 44	\$ 8,451				\$ 8,641						\$ (190)	\$ 8,451	
Add Depreciation and amortization expense	2,881	1,046	3,927	(79)	3,848				2,282						1,566	3,848	
Segment EBITDA	\$ 10,217	\$ 2,117	\$ 12,334	\$ (35)	\$ 12,299				\$ 10,923						\$ 1,376	\$ 12,299	
Operating Income Margin	33.4%	13.8%							38.1%								
Segment EBITDA Margin	46.5%	27.3%							48.2%								
Service revenue - Year over year change %							3.1%										
Wireless EBITDA - Year over year change%									1.8%								

Footnotes:

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Supplemental Information

VZ 2.0 to VZ 1.0 Reconciliations ⁽¹⁾

3 Mos. Ended 9/30/18

(dollars in millions)

Unaudited	VZ 2.0					Historical											Historical Total Reportable Segments
	Consumer	Business	Total Reportable Segments	Adjustments ⁽²⁾	Adjusted Total Reportable Segments	Wireless				Wireline							
						Service	Equipment	Other	Total Wireless	Consumer Markets	Enterprise Solutions	Partner Solutions	Business Markets	Other	Total Wireline		
External Operating Revenues																	
Total Operating Revenues	\$ 22,399	\$ 7,893	\$ 30,292	\$ 52	\$ 30,344	\$ 15,966	\$ 5,353	\$ 1,654	\$ 22,973	\$ 3,138	\$ 2,172	\$ 1,166	\$ 840	\$ 55	\$ 7,371	\$ 30,344	
Operating Expenses																	
Cost of services	3,850	2,657	6,507	214	6,721				2,350						4,371	6,721	
Cost of wireless equipment	4,379	1,110	5,489	—	5,489				5,489						—	5,489	
Selling, general and administrative expense	3,947	1,900	5,847	(180)	5,667				4,169						1,498	5,667	
Depreciation and amortization expense	3,010	1,072	4,082	(76)	4,006				2,454						1,552	4,006	
Total Operating Expenses	15,186	6,739	21,925	(42)	21,883				14,462						7,421	21,883	
Operating Income (Loss)	\$ 7,213	\$ 1,154	\$ 8,367	\$ 94	\$ 8,461				\$ 8,511						\$ (50)	\$ 8,461	
Add Depreciation and amortization expense	3,010	1,072	4,082	(76)	4,006				2,454						1,552	4,006	
Segment EBITDA	\$ 10,223	\$ 2,226	\$ 12,449	\$ 18	\$ 12,467				\$ 10,965						\$ 1,502	\$ 12,467	
Operating Income Margin	32.2%	14.6%							37.0%								
Segment EBITDA Margin	45.6%	28.2%							47.7%								
Service revenue - Year over year change %							0.8%										
Wireless EBITDA - Year over year change%									10.0%								

Footnotes:

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Supplemental Information

VZ 2.0 to VZ 1.0 Reconciliations ⁽¹⁾

3 Mos. Ended 6/30/18

(dollars in millions)

Unaudited	VZ 2.0					Historical											Historical Total Reportable Segments
	Consumer	Business	Total Reportable Segments	Adjustments ⁽²⁾	Adjusted Total Reportable Segments	Wireless				Wireline							
						Service	Equipment	Other	Total Wireless	Consumer Markets	Enterprise Solutions	Partner Solutions	Business Markets	Other	Total Wireline		
External Operating Revenues																	
Total Operating Revenues	\$ 22,003	\$ 7,851	\$ 29,854	\$ 54	\$ 29,908	\$ 15,754	\$ 5,044	\$ 1,651	\$ 22,449	\$ 3,132	\$ 2,211	\$ 1,200	\$ 850	\$ 66	\$ 7,459	\$ 29,908	
Operating Expenses																	
Cost of services	3,842	2,660	6,502	210	6,712				2,335						4,377	6,712	
Cost of wireless equipment	4,296	1,101	5,397	—	5,397				5,397						—	5,397	
Selling, general and administrative expense	3,808	1,930	5,738	(177)	5,561				3,984						1,577	5,561	
Depreciation and amortization expense	2,997	1,059	4,056	(73)	3,983				2,459						1,524	3,983	
Total Operating Expenses	14,943	6,750	21,693	(40)	21,653				14,175						7,478	21,653	
Operating Income (Loss)	\$ 7,060	\$ 1,101	\$ 8,161	\$ 94	\$ 8,255				\$ 8,274						\$ (19)	\$ 8,255	
Add Depreciation and amortization expense	2,997	1,059	4,056	(73)	3,983				2,459						1,524	3,983	
Segment EBITDA	\$ 10,057	\$ 2,160	\$ 12,217	\$ 21	\$ 12,238				\$ 10,733						\$ 1,505	\$ 12,238	
Operating Income Margin	32.1%	14.0%							36.9%								
Segment EBITDA Margin	45.7%	27.5%							47.8%								

Footnotes:

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Supplemental Information

VZ 2.0 to VZ 1.0 Reconciliations ⁽¹⁾

3 Mos. Ended 9/30/17

(dollars in millions)

Unaudited	VZ 2.0					Historical											Historical Total Reportable Segments
	Consumer	Business	Total Reportable Segments	Adjustments ⁽²⁾	Adjusted Total Reportable Segments	Wireless				Wireline							
						Service	Equipment	Other	Total Wireless	Consumer Markets	Enterprise Solutions	Partner Solutions	Business Markets	Other	Total Wireline		
External Operating Revenues																	
Total Operating Revenues	\$ 21,484	\$ 7,699	\$ 29,183	\$ 59	\$ 29,242	\$ 15,841	\$ 4,352	\$ 1,387	\$ 21,580	\$ 3,204	\$ 2,262	\$ 1,244	\$ 903	\$ 49	\$ 7,662	\$ 29,242	
Operating Expenses																	
Cost of services	3,814	2,782	6,596	170	6,766				2,270						4,496	6,766	
Cost of wireless equipment	3,905	1,060	4,965	—	4,965				4,965						—	4,965	
Selling, general and administrative expense	4,191	1,868	6,059	(131)	5,928				4,376						1,552	5,928	
Depreciation and amortization expense	2,857	1,131	3,988	(73)	3,915				2,366						1,549	3,915	
Total Operating Expenses	14,767	6,841	21,608	(34)	21,574				13,977						7,597	21,574	
Operating Income	\$ 6,717	\$ 858	\$ 7,575	\$ 93	\$ 7,668				\$ 7,603						\$ 65	\$ 7,668	
Add Depreciation and amortization expense	2,857	1,131	3,988	(73)	3,915				2,366						1,549	3,915	
Segment EBITDA	\$ 9,574	\$ 1,989	\$ 11,563	\$ 20	\$ 11,583				\$ 9,969						\$ 1,614	\$ 11,583	
Operating Income Margin	31.3%	11.1%							35.2%								
Segment EBITDA Margin	44.6%	25.8%							46.2%								

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