

Non-GAAP Reconciliations

As of September 30, 2019



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											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	\$ 22,706	\$ 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:

(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 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:

(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 6/30/18

(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:

(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 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%								

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.