

Condensed Consolidated Statements of Income

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 3/31/19	3 Mos. Ended 3/31/18	% Change
Operating Revenues			
Service revenues and other	\$ 27,197	\$ 26,732	1.7
Wireless equipment revenues	4,931	5,040	(2.2)
Total Operating Revenues	32,128	31,772	1.1
Operating Expenses			
Cost of services	7,792	7,946	(1.9)
Wireless cost of equipment	5,198	5,309	(2.1)
Selling, general and administrative expense	7,198	6,844	5.2
Depreciation and amortization expense	4,231	4,324	(2.2)
Total Operating Expenses	24,419	24,423	—
Operating Income	7,709	7,349	4.9
Equity in losses of unconsolidated businesses	(6)	(19)	(68.4)
Other income (expense), net	295	(75)	*
Interest expense	(1,210)	(1,201)	0.7
Income Before Provision For Income Taxes	6,788	6,054	12.1
Provision for income taxes	(1,628)	(1,388)	17.3
Net Income	\$ 5,160	\$ 4,666	10.6
Net income attributable to noncontrolling interests	\$ 128	\$ 121	5.8
Net income attributable to Verizon	5,032	4,545	10.7
Net Income	\$ 5,160	\$ 4,666	10.6
Basic Earnings Per Common Share			
Net income attributable to Verizon	\$ 1.22	\$ 1.11	9.9
<i>Weighted average number of common shares (in millions)</i>	<i>4,138</i>	<i>4,104</i>	
Diluted Earnings Per Common Share ⁽¹⁾			
Net income attributable to Verizon	\$ 1.22	\$ 1.11	9.9
<i>Weighted average number of common shares-assuming dilution (in millions)</i>	<i>4,140</i>	<i>4,107</i>	

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.

* Not meaningful

Condensed Consolidated Balance Sheets

(dollars in millions)

Unaudited	3/31/19	12/31/18	\$ Change
Assets			
Current assets			
Cash and cash equivalents	\$ 2,322	\$ 2,745	\$ (423)
Accounts receivable, net	24,469	25,102	(633)
Inventories	1,417	1,336	81
Prepaid expenses and other	5,189	5,453	(264)
Total current assets	33,397	34,636	(1,239)
Property, plant and equipment	254,457	252,835	1,622
Less accumulated depreciation	166,608	163,549	3,059
Property, plant and equipment, net	87,849	89,286	(1,437)
Investments in unconsolidated businesses	674	671	3
Wireless licenses	94,237	94,130	107
Goodwill	24,635	24,614	21
Other intangible assets, net	9,608	9,775	(167)
Operating lease right-of-use assets	23,105	—	23,105
Other assets	10,442	11,717	(1,275)
Total assets	\$ 283,947	\$ 264,829	\$ 19,118
Liabilities and Equity			
Current liabilities			
Debt maturing within one year	\$ 8,614	\$ 7,190	\$ 1,424
Accounts payable and accrued liabilities	18,664	22,501	(3,837)
Current operating lease liabilities	2,997	—	2,997
Other current liabilities	8,332	8,239	93
Total current liabilities	38,607	37,930	677
Long-term debt	105,045	105,873	(828)
Employee benefit obligations	17,888	18,599	(711)
Deferred income taxes	34,344	33,795	549
Non-current operating lease liabilities	18,971	—	18,971
Other liabilities	11,632	13,922	(2,290)
Total long-term liabilities	187,880	172,189	15,691
Equity			
Common stock	429	429	—
Additional paid in capital	13,418	13,437	(19)
Retained earnings	46,493	43,542	2,951
Accumulated other comprehensive income	2,216	2,370	(154)
Common stock in treasury, at cost	(6,825)	(6,986)	161
Deferred compensation – employee stock ownership plans and other	125	353	(228)
Noncontrolling interests	1,604	1,565	39
Total equity	57,460	54,710	2,750
Total liabilities and equity	\$ 283,947	\$ 264,829	\$ 19,118

Verizon - Selected Financial and Operating Statistics

Unaudited	3/31/19	12/31/18
Total debt (in millions)	\$ 113,659	\$ 113,063
Net debt (in millions)	\$ 111,337	\$ 110,318
Net unsecured debt (in millions)	\$ 100,951	\$ 100,242
Net debt / Consolidated Adjusted EBITDA ⁽¹⁾	2.3x	2.3x
Net unsecured debt / Consolidated Adjusted EBITDA ⁽¹⁾	2.1x	2.1x
Common shares outstanding end of period (in millions)	4,136	4,132
Total employees ('000)	139.4	144.5
Quarterly cash dividends declared per common share	\$ 0.6025	\$ 0.6025

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	3 Mos. Ended 3/31/19	3 Mos. Ended 3/31/18	\$ Change
Cash Flows from Operating Activities			
Net Income	\$ 5,160	\$ 4,666	\$ 494
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	4,231	4,324	(93)
Employee retirement benefits	(195)	(151)	(44)
Deferred income taxes	459	702	(243)
Provision for uncollectible accounts	319	239	80
Equity in losses of unconsolidated businesses, net of dividends received	21	30	(9)
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	(2,702)	(2,033)	(669)
Discretionary employee benefits contributions	(300)	(1,000)	700
Other, net	88	(129)	217
Net cash provided by operating activities	<u>7,081</u>	<u>6,648</u>	<u>433</u>
Cash Flows from Investing Activities			
Capital expenditures (including capitalized software)	(4,268)	(4,552)	284
Acquisitions of businesses, net of cash acquired	(25)	(32)	7
Acquisitions of wireless licenses	(104)	(970)	866
Other, net	(406)	269	(675)
Net cash used in investing activities	<u>(4,803)</u>	<u>(5,285)</u>	<u>482</u>
Cash Flows from Financing Activities			
Proceeds from long-term borrowings	2,131	1,956	175
Proceeds from asset-backed long-term borrowings	1,117	1,178	(61)
Repayments of long-term borrowings and finance lease obligations	(2,963)	(2,984)	21
Repayments of asset-backed long-term borrowings	(813)	—	(813)
Dividends paid	(2,489)	(2,407)	(82)
Other, net	360	941	(581)
Net cash used in financing activities	<u>(2,657)</u>	<u>(1,316)</u>	<u>(1,341)</u>
Increase (decrease) in cash, cash equivalents and restricted cash	(379)	47	(426)
Cash, cash equivalents and restricted cash, beginning of period	3,916	2,888	1,028
Cash, cash equivalents and restricted cash, end of period	\$ 3,537	\$ 2,935	\$ 602

Wireless - Selected Financial Results

(dollars in millions)

Unaudited	3 Mos. Ended 3/31/19	3 Mos. Ended 3/31/18	% Change
Operating Revenues			
Service	\$ 16,072	\$ 15,402	4.4
Equipment	4,931	5,040	(2.2)
Other	1,697	1,458	16.4
Total Operating Revenues	22,700	21,900	3.7
Operating Expenses			
Cost of services	2,456	2,215	10.9
Cost of equipment	5,198	5,309	(2.1)
Selling, general and administrative expense	4,281	3,899	9.8
Depreciation and amortization expense	2,299	2,428	(5.3)
Total Operating Expenses	14,234	13,851	2.8
Operating Income	\$ 8,466	\$ 8,049	5.2
Operating Income Margin	37.3 %	36.8 %	
Segment EBITDA	\$ 10,765	\$ 10,477	2.7
Segment EBITDA Margin	47.4 %	47.8 %	

Footnotes:

The segment financial results and metrics above are adjusted to exclude the effects of special items, as the Company's chief operating decision maker excludes these items in assessing business unit performance.

Intersegment transactions have not been eliminated.

Wireless - Selected Operating Statistics

Unaudited	3/31/19	3/31/18	% Change
Connections ('000)			
Retail postpaid	113,407	111,114	2.1
Retail prepaid	4,479	5,068	(11.6)
Total retail	117,886	116,182	1.5

Unaudited	3 Mos. Ended 3/31/19	3 Mos. Ended 3/31/18	% Change
Net Add Detail ('000) ⁽¹⁾			
Retail postpaid	61	260	(76.5)
Retail prepaid	(176)	(335)	47.5
Total retail	(115)	(75)	(53.3)

Account Statistics

Retail postpaid accounts ('000) ⁽²⁾	35,338	35,333	—
Retail postpaid connections per account ⁽²⁾	3.21	3.14	2.2
Retail postpaid ARPA ⁽³⁾	136.68	131.71	3.8
Retail postpaid I-ARPA ⁽⁴⁾	172.09	164.72	4.5

Churn Detail

Retail postpaid	1.12 %	1.04 %
Retail	1.31 %	1.28 %

Retail Postpaid Connection Statistics ⁽²⁾

Total smartphone postpaid phone base	92.7 %	90.7 %
Total Internet postpaid base	19.7 %	19.2 %

Other Operating Statistics

Capital expenditures (in millions)	\$ 2,044	\$ 2,367	(13.6)
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Footnotes:

- (1) Connection net additions exclude acquisitions and adjustments.
- (2) Statistics presented as of end of period.
- (3) Retail postpaid ARPA - average service revenue per account from retail postpaid accounts.
- (4) Retail postpaid I-ARPA - average service revenue per account from retail postpaid account plus recurring device installment billings.

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 business unit performance.

Intersegment transactions have not been eliminated.

* Not meaningful

Wireline - Selected Financial Results

(dollars in millions)

Unaudited	3 Mos. Ended 3/31/19	3 Mos. Ended 3/31/18	% Change
Operating Revenues			
Consumer Markets	\$ 3,153	\$ 3,150	0.1
Enterprise Solutions	2,140	2,240	(4.5)
Partner Solutions	1,075	1,228	(12.5)
Business Markets	828	871	(4.9)
Other	68	68	—
Total Operating Revenues	7,264	7,557	(3.9)
Operating Expenses			
Cost of services	4,186	4,475	(6.5)
Selling, general and administrative expense	1,606	1,479	8.6
Depreciation and amortization expense	1,560	1,534	1.7
Total Operating Expenses	7,352	7,488	(1.8)
Operating Income (Loss)	\$ (88)	\$ 69	*
Operating Income (Loss) Margin	(1.2)%	0.9 %	
Segment EBITDA	\$ 1,472	\$ 1,603	(8.2)
Segment EBITDA Margin	20.3 %	21.2 %	

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 business unit performance.

Intersegment transactions have not been eliminated.

* Not meaningful

Wireline - Selected Operating Statistics

Unaudited	3/31/19	3/31/18	% Change
Connections ('000)			
Fios video connections	4,398	4,597	(4.3)
Fios Internet connections	6,119	5,916	3.4
Fios digital voice residence connections	3,758	3,891	(3.4)
Fios digital connections	14,275	14,404	(0.9)
High-speed Internet (HSI) connections	854	1,050	(18.7)
Total broadband connections	6,973	6,966	0.1
Total voice connections	11,453	12,555	(8.8)

Unaudited	3 Mos. Ended 3/31/19	3 Mos. Ended 3/31/18	% Change
Net Add Detail ('000)			
Fios video connections	(53)	(22)	*
Fios Internet connections	52	66	(21.2)
Fios digital voice residence connections	(45)	(14)	*
Fios digital connections	(46)	30	*
High-speed Internet (HSI) connections	(40)	(59)	32.2
Total broadband connections	12	7	71.4
Total voice connections	(279)	(266)	(4.9)

Revenue Statistics

Fios revenues (in millions)	\$	3,057	\$	2,951	3.6
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Other Operating Statistics

Capital expenditures (in millions)	\$	1,733	\$	1,673	3.6
Wireline employees ('000)		53.2		57.2	

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 business unit performance.

Intersegment transactions have not been eliminated.

* Not meaningful