

Financial and Operating Information

As of June 30, 2019

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	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	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	\$ 54,548
Wireless equipment revenues	18,889	5,040	5,044	5,353	6,821	22,258	4,931	4,720	9,651
Total Operating Revenues	126,034	31,772	32,203	32,607	34,281	130,863	32,128	32,071	64,199
Operating Expenses									
Cost of services	30,916	7,946	8,234	7,842	8,163	32,185	7,792	7,702	15,494
Cost of wireless equipment	22,147	5,309	5,397	5,489	7,128	23,323	5,198	5,019	10,217
Selling, general and administrative expense	28,592	6,844	7,605	7,224	9,410	31,083	7,198	7,268	14,466
Depreciation and amortization expense	16,954	4,324	4,350	4,377	4,352	17,403	4,231	4,232	8,463
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	48,640
Operating Income	27,425	7,349	6,617	7,675	637	22,278	7,709	7,850	15,559
Equity in earnings (losses) of unconsolidated businesses	(77)	(19)	(228)	(3)	64	(186)	(6)	(13)	(19)
Other income (expense), net	(2,021)	(75)	360	214	1,865	2,364	295	(1,312)	(1,017)
Interest expense	(4,733)	(1,201)	(1,222)	(1,211)	(1,199)	(4,833)	(1,210)	(1,215)	(2,425)
Income Before (Provision) Benefit For Income Taxes	20,594	6,054	5,527	6,675	1,367	19,623	6,788	5,310	12,098
(Provision) benefit for income taxes	9,956	(1,388)	(1,281)	(1,613)	698	(3,584)	(1,628)	(1,236)	(2,864)
Net Income	\$ 30,550	\$ 4,666	\$ 4,246	\$ 5,062	\$ 2,065	\$ 16,039	\$ 5,160	\$ 4,074	\$ 9,234
Net income attributable to noncontrolling interests	\$ 449	\$ 121	\$ 126	\$ 138	\$ 126	\$ 511	\$ 128	\$ 130	\$ 258
Net income attributable to Verizon	30,101	4,545	4,120	4,924	1,939	15,528	5,032	3,944	8,976
Net Income	\$ 30,550	\$ 4,666	\$ 4,246	\$ 5,062	\$ 2,065	\$ 16,039	\$ 5,160	\$ 4,074	\$ 9,234
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	\$ 2.17
Weighted-average shares outstanding (in millions)	4,084	4,104	4,135	4,136	4,137	4,128	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	\$ 2.17
Weighted-average shares outstanding (in millions)	4,089	4,107	4,139	4,140	4,141	4,132	4,140	4,139	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
Assets							
Current assets							
Cash and cash equivalents	\$ 2,079	\$ 1,923	\$ 1,750	\$ 2,538	\$ 2,745	\$ 2,322	\$ 1,949
Accounts receivable, net	23,493	22,595	23,099	24,012	25,102	24,469	24,926
Inventories	1,034	1,285	1,102	1,270	1,336	1,417	1,167
Prepaid expenses and other	3,307	5,222	4,925	5,334	5,453	5,189	5,266
Total current assets	29,913	31,025	30,876	33,154	34,636	33,397	33,308
Property, plant and equipment	246,498	246,877	249,294	252,030	252,835	254,457	257,395
Less accumulated depreciation	157,930	158,955	161,513	164,566	163,549	166,608	169,577
Property, plant and equipment, net	88,568	87,922	87,781	87,464	89,286	87,849	87,818
Investments in unconsolidated businesses	1,039	994	787	732	671	674	650
Wireless licenses	88,417	93,677	93,855	94,006	94,130	94,237	94,333
Goodwill	29,172	29,121	29,200	29,200	24,614	24,635	24,632
Other intangible assets, net	10,247	10,014	9,861	9,731	9,775	9,608	9,474
Operating lease right-of-use assets	—	—	—	—	—	23,105	22,467
Other assets	9,787	11,763	10,943	11,275	11,717	10,442	10,426
Total assets	\$ 257,143	\$ 264,516	\$ 263,303	\$ 265,562	\$ 264,829	\$ 283,947	\$ 283,108
Liabilities and Equity							
Current liabilities							
Debt maturing within one year	\$ 3,453	\$ 6,323	\$ 5,466	\$ 6,502	\$ 7,190	\$ 8,614	\$ 8,773
Accounts payable and accrued liabilities	21,232	17,052	18,560	19,342	22,501	18,664	17,633
Current operating lease liabilities	—	—	—	—	—	2,997	3,154
Other current liabilities	8,352	8,240	8,303	8,323	8,239	8,332	8,654
Total current liabilities	33,037	31,615	32,329	34,167	37,930	38,607	38,214
Long-term debt	113,642	112,734	109,174	106,440	105,873	105,045	104,598
Employee benefit obligations	22,112	20,689	19,955	19,660	18,599	17,888	18,040
Deferred income taxes	31,232	34,414	35,069	35,712	33,795	34,344	34,225
Non-current operating lease liabilities	—	—	—	—	—	18,971	18,254
Other liabilities	12,433	12,719	13,201	13,496	13,922	11,632	11,830
Total long-term liabilities	179,419	180,556	177,399	175,308	172,189	187,880	186,947
Equity							
Common stock	424	429	429	429	429	429	429
Additional paid in capital	11,101	13,437	13,438	13,436	13,437	13,418	13,419
Retained earnings	35,635	39,974	41,657	44,091	43,542	46,493	47,945
Accumulated other comprehensive income	2,659	3,705	3,205	3,201	2,370	2,216	1,447
Common stock in treasury, at cost	(7,139)	(6,992)	(6,990)	(6,987)	(6,986)	(6,825)	(6,823)
Deferred compensation – employee stock ownership plans and other	416	228	285	325	353	125	165
Noncontrolling interests	1,591	1,564	1,551	1,592	1,565	1,604	1,365
Total equity	44,687	52,345	53,575	56,087	54,710	57,460	57,947
Total liabilities and equity	\$ 257,143	\$ 264,516	\$ 263,303	\$ 265,562	\$ 264,829	\$ 283,947	\$ 283,108

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
Total debt	\$ 117,095	\$ 119,057	\$ 114,640	\$ 112,942	\$ 113,063	\$ 113,659	\$ 113,371
Net debt	\$ 115,016	\$ 117,134	\$ 112,890	\$ 110,404	\$ 110,318	\$ 111,337	\$ 111,422
Net unsecured debt	\$ 106,129	\$ 107,066	\$ 104,280	\$ 101,205	\$ 100,242	\$ 100,951	\$ 100,170
Net debt / Consolidated Adjusted EBITDA ⁽¹⁾			2.5x	2.4x	2.3x	2.3x	2.3x
Net unsecured debt / Consolidated Adjusted EBITDA ⁽¹⁾			2.3x	2.2x	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
Total employees ('000)	155.4	154.7	153.1	152.3	144.5	139.4	135.9
Quarterly cash dividends declared per common share	\$ 0.5900	\$ 0.5900	\$ 0.5900	\$ 0.6025	\$ 0.6025	\$ 0.6025	\$ 0.6025

Footnotes:

(1) Consolidated adjusted EBITDA excludes the effects of non-operational items, special items and operating results of divested businesses.

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
Cash Flows from Operating Activities							
Net Income	\$ 30,550	\$ 4,666	\$ 8,912	\$ 13,974	\$ 16,039	\$ 5,160	\$ 9,234
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
Employee retirement benefits	440	(151)	(300)	(886)	(2,657)	(195)	(294)
Deferred income taxes	(14,463)	702	1,354	2,023	389	459	588
Provision for uncollectible accounts	1,167	239	462	699	980	319	738
Equity in losses of unconsolidated businesses, net of dividends received	117	30	268	291	231	21	50
Net gain on sale of divested businesses	(1,774)	—	—	—	—	—	—
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)
Discretionary employee benefits contributions	(3,411)	(1,000)	(1,679)	(1,679)	(1,679)	(300)	(300)
Other, net	676	(129)	280	715	219	88	1,950
Net cash provided by operating activities	24,318	6,648	16,433	26,244	34,339	7,081	15,836
Cash Flows from Investing Activities							
Capital expenditures (including capitalized software)	(17,247)	(4,552)	(7,838)	(12,026)	(16,658)	(4,268)	(7,967)
Acquisitions of businesses, net of cash acquired	(5,880)	(32)	(38)	(39)	(230)	(25)	(28)
Acquisitions of wireless licenses	(583)	(970)	(1,155)	(1,307)	(1,429)	(104)	(199)
Proceeds from dispositions of businesses	3,614	—	—	—	—	—	—
Other, net	1,640	269	303	236	383	(406)	(395)
Net cash used in investing activities	(18,456)	(5,285)	(8,728)	(13,136)	(17,934)	(4,803)	(8,589)
Cash Flows from Financing Activities							
Proceeds from long-term borrowings	27,707	1,956	4,584	5,932	5,967	2,131	6,237
Proceeds from asset-backed long-term borrowings	4,290	1,178	1,716	3,216	4,810	1,117	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)
Repayments of asset-backed long-term borrowings	(400)	—	(2,000)	(2,915)	(3,635)	(813)	(2,817)
Dividends paid	(9,472)	(2,407)	(4,845)	(7,283)	(9,772)	(2,489)	(4,981)
Other, net	(4,439)	941	(752)	(1,595)	(1,824)	360	(834)
Net cash used in financing activities	(6,151)	(1,316)	(7,865)	(12,421)	(15,377)	(2,657)	(8,043)
Increase (decrease) in cash, cash equivalents and restricted cash	(289)	47	(160)	687	1,028	(379)	(796)
Cash, cash equivalents and restricted cash, beginning of period	3,177	2,888	2,888	2,888	2,888	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

Consumer - Selected Financial Results

(dollars in millions)

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

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

Footnotes:

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

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.

Business - Selected Operating Statistics

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

Footnotes:

(1) Connection net additions exclude acquisitions and 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	
	2Q	1Q	2Q	2Q
Operating Revenues				
Service	\$ 15,754	\$ 16,072	\$ 16,244	\$ 16,244
Equipment	5,044	4,931	4,720	4,720
Other	1,651	1,697	1,718	1,718
Total Operating Revenues	22,449	22,700	22,682	22,682
Operating Expenses				
Cost of services	2,335	2,456	2,422	2,422
Cost of equipment	5,397	5,198	5,019	5,019
Selling, general and administrative expense	3,984	4,281	4,318	4,318
Depreciation and amortization expense	2,459	2,299	2,282	2,282
Total Operating Expenses	14,175	14,234	14,041	14,041
Operating Income	\$ 8,274	\$ 8,466	\$ 8,641	\$ 8,641
Operating Income Margin	36.9%	37.3%	38.1%	38.1%
Segment EBITDA	\$ 10,733	\$ 10,765	\$ 10,923	\$ 10,923
Segment EBITDA Margin	47.8%	47.4%	48.2%	48.2%
Segment EBITDA - year over year change	10.0%	2.7%	1.8%	1.8%

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	
	2Q	1Q	2Q	
Connections ('000)				
Retail postpaid	111,622	113,407		113,851
Retail prepaid	4,832	4,479		4,266
Total retail	116,454	117,886		118,117
Net Add Detail ('000) ⁽¹⁾				
Retail postpaid	531	61		451
Retail prepaid	(236)	(176)		(213)
Total retail	295	(115)		238
Account Statistics				
Retail postpaid accounts ('000) ⁽²⁾	35,309	35,338		35,346
Retail postpaid connections per account ⁽²⁾	3.16	3.21		3.22
Retail postpaid ARPA ⁽³⁾	\$ 134.56	\$ 136.68	\$	137.80
Churn Detail				
Retail postpaid	0.97%	1.12%		1.02%
Retail	1.18%	1.31%		1.22%
Retail Postpaid Connection Statistics ⁽²⁾				
Total smartphone postpaid phone base	91.2%	92.7%		93.1%
Total Internet postpaid base	19.4%	19.7%		19.8%

Footnotes:

(1) Connection net additions exclude acquisitions and 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	
	2Q	1Q	2Q	
Operating Revenues				
Consumer Markets	\$ 3,132	\$ 3,153	\$ 3,120	
Enterprise Solutions	2,211	2,140	2,084	
Partner Solutions	1,200	1,075	1,043	
Business Markets	850	828	820	
Other	66	68	59	
Total Operating Revenues	7,459	7,264	7,126	
Operating Expenses				
Cost of services	4,377	4,186	4,197	
Selling, general and administrative expense	1,577	1,606	1,553	
Depreciation and amortization expense	1,524	1,560	1,566	
Total Operating Expenses	7,478	7,352	7,316	
Operating Loss	\$ (19)	\$ (88)	\$ (190)	
Operating Loss Margin	(0.3)%	(1.2)%	(2.7)%	
Segment EBITDA	\$ 1,505	\$ 1,472	\$ 1,376	
Segment EBITDA Margin	20.2 %	20.3 %	19.3 %	

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	
	2Q	1Q	2Q	
Connections ('000)				
Fios video connections	4,560	4,398	4,346	
Fios Internet connections	5,959	6,119	6,153	
Fios digital voice residence connections	3,863	3,758	3,725	
Fios digital connections	14,382	14,275	14,224	
Broadband connections	6,956	6,973	6,968	
Voice connections	12,270	11,453	11,221	
Net Add Detail ('000)				
Fios video connections	(37)	(53)	(52)	
Fios Internet connections	43	52	34	
Fios digital voice residence connections	(28)	(45)	(32)	
Fios digital connections	(22)	(46)	(50)	
Broadband connections	(10)	12	(5)	
Voice connections	(285)	(279)	(232)	
Revenue Statistics				
Fios revenues (in millions)	\$ 2,956	\$ 3,007	\$ 3,011	

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.

Adjusted EBITDA and Adjusted EBITDA Margin Related Non-GAAP Measures

Consolidated Adjusted EBITDA, Consolidated Adjusted EBITDA Margin, and Consolidated Adjusted EBITDA Excluding Operating Results from Divested Businesses 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 Excluding Operating Results from Divested Businesses 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, net gain on sale of divested businesses, gain on spectrum license transactions, product realignment charges and acquisition and integration related charges. 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 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.

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

Consolidated Adjusted EBITDA Excluding Operating Results from Divested Businesses is calculated by excluding the operating results from divested businesses from Consolidated Adjusted EBITDA. Management uses this measure to assess our ability to repay debt and we believe that this measure is also useful to rating agencies, lenders and other parties in evaluating our creditworthiness.

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): severance charges, acquisition and integration-related charges, early debt redemption costs, product realignment charges, and a pension remeasurement credit.

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.

Definitions - Non-GAAP Measures

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 Excluding Operating Results from Divested Businesses. For purposes of Net Debt to Consolidated Adjusted EBITDA Ratio, Consolidated Adjusted EBITDA Excluding Operating Results from Divested Businesses is calculated for the last twelve months.

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 Excluding Operating Results from Divested Businesses. For purposes of Net Unsecured Debt to Consolidated Adjusted EBITDA Ratio, Consolidated Adjusted EBITDA Excluding Operating Results from Divested Businesses 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 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 revenues 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, and Wireless Adjusted 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 is calculated by adding back depreciation and amortization expense to segment operating income. Wireless EBITDA Margin is calculated by dividing Wireless EBITDA by Wireless total operating revenues.

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, Consolidated Adjusted EBITDA Margin and Consolidated Adjusted EBITDA Excluding Operating Results from Divested Businesses

(dollars in millions)

Unaudited	2017		2018				2019	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Consolidated Net Income	\$ 3,736	\$ 18,783	\$ 4,666	\$ 4,246	\$ 5,062	\$ 2,065	\$ 5,160	\$ 4,074
Add/(subtract):								
Provision (benefit) for income taxes	1,775	(15,849)	1,388	1,281	1,613	(698)	1,628	1,236
Interest expense	1,164	1,219	1,201	1,222	1,211	1,199	1,210	1,215
Depreciation and amortization expense	4,272	4,456	4,324	4,350	4,377	4,352	4,231	4,232
Consolidated EBITDA	\$ 10,947	\$ 8,609	\$ 11,579	\$ 11,099	\$ 12,263	\$ 6,918	\$ 12,229	\$ 10,757
Add/subtract:								
Other (income) expense, net*	\$ 291	\$ 1,302	\$ 75	\$ (360)	\$ (214)	\$ (1,865)	\$ (295)	\$ 1,312
Equity in losses (earnings) of unconsolidated businesses†	22	6	19	228	3	(64)	6	13
Oath goodwill impairment	—	—	—	—	—	4,591	—	—
Severance charges	—	302	—	339	—	1,818	—	—
Product realignment charges‡	—	463	—	450	—	—	—	—
Gain on spectrum license transactions	—	(144)	—	—	—	—	—	—
Net gain on sale of divested businesses	—	—	—	—	—	—	—	—
Acquisition and integration related charges‡	166	154	105	109	130	187	—	—
Consolidated Adjusted EBITDA	\$ 11,426	\$ 10,692	\$ 11,778	\$ 11,865	\$ 12,182	\$ 11,585	\$ 11,940	\$ 12,082
Operating results from divested businesses‡	(17)	—	—	—	—	—	—	—
Consolidated Adjusted EBITDA Excluding Operating Results from Divested Businesses	\$ 11,409	\$ 10,692	\$ 11,778	\$ 11,865	\$ 12,182	\$ 11,585	\$ 11,940	\$ 12,082
Consolidated Adjusted EBITDA - Year Over Year Change								\$ 217
Consolidated Adjusted EBITDA - Year Over Year Change %								1.8%
Consolidated Operating Revenues - Quarter to Date				\$ 32,203			\$ 32,128	\$ 32,071
Consolidated Adjusted EBITDA Margin - Quarter to Date				36.8%			37.2 %	37.7%

* 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 6/30/18				3 Mos. Ended 6/30/19
	Pre-tax	Tax	After-Tax		Pre-tax	Tax	After-Tax	
EPS				\$ 1.00				\$ 0.95
Severance charges	\$ 339	\$ (89)	\$ 250	0.06	\$ —	\$ —	\$ —	—
Acquisition and integration-related charges	120	(28)	92	0.02	—	—	—	—
Early debt redemption costs	—	—	—	—	1,544	(404)	1,140	0.28
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 3/31/19
	Pre-tax	Tax	After-Tax	
EPS				\$ 1.22
Pension remeasurement credit	\$ (96)	\$ 25	\$ (71)	(0.02)
Adjusted EPS				\$ 1.20

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
Debt maturing within one year	\$ 3,453	\$ 6,323	\$ 5,466	\$ 6,502	\$ 7,190	\$ 8,614	\$ 8,773
Long-term debt	113,642	112,734	109,174	106,440	105,873	105,045	104,598
Total Debt	117,095	119,057	114,640	112,942	113,063	113,659	113,371
Less Cash and cash equivalents	2,079	1,923	1,750	2,538	2,745	2,322	1,949
Net Debt	\$ 115,016	\$ 117,134	\$ 112,890	\$ 110,404	\$ 110,318	\$ 111,337	\$ 111,422
Net Debt to Consolidated Adjusted EBITDA Ratio			2.5x	2.4x	2.3x	2.3x	2.3x

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
Total Debt	\$ 117,095	\$ 119,057	\$ 114,640	\$ 112,942	\$ 113,063	\$ 113,659	\$ 113,371
Less Secured debt	8,887	10,068	8,610	9,199	10,076	10,386	11,252
Unsecured debt	108,208	108,989	106,030	103,743	102,987	103,273	102,119
Less Cash and cash equivalents	2,079	1,923	1,750	2,538	2,745	2,322	1,949
Net Unsecured Debt	\$ 106,129	\$ 107,066	\$ 104,280	\$ 101,205	\$ 100,242	\$ 100,951	\$ 100,170
Net Unsecured Debt to Consolidated Adjusted EBITDA Ratio			2.3x	2.2x	2.1x	2.1x	2.1x

Free Cash Flow

(dollars in millions)

Unaudited	6 Mos. Ended 6/30/18	6 Mos. Ended 6/30/19
Net Cash Provided by Operating Activities	\$ 16,433	\$ 15,836
Capital expenditures (including capitalized software)	(7,838)	(7,967)
Free Cash Flow	\$ 8,595	\$ 7,869

Non-GAAP Reconciliations - Segment

Segment EBITDA and Segment EBITDA Margin

Consumer

(dollars in millions)

Unaudited	3 Months Ended 6/30/17	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
Operating Income	\$ 6,589	\$ 6,717	\$ 6,195	\$ 6,935	\$ 7,060	\$ 7,213	\$ 6,803	\$ 7,250	\$ 7,336
Add Depreciation and amortization expense	2,842	2,857	2,828	2,975	2,997	3,010	2,970	2,894	2,881
Segment EBITDA	\$ 9,431	\$ 9,574	\$ 9,023	\$ 9,910	\$ 10,057	\$ 10,223	\$ 9,773	\$ 10,144	\$ 10,217
Total operating revenues	\$ 21,273	\$ 21,484	\$ 23,394	\$ 21,627	\$ 22,003	\$ 22,399	\$ 23,733	\$ 22,148	\$ 21,995
Operating Income Margin	31.0%	31.3%	26.5%	32.1%	32.1%	32.2%	28.7%	32.7%	33.4%
Segment EBITDA Margin	44.3%	44.6%	38.6%	45.8%	45.7%	45.6%	41.2%	45.8%	46.5%
Segment EBITDA - Year over year change %					6.6%			2.4%	1.6%
Segment EBITDA Margin - Year over year change									80 bps

Business

(dollars in millions)

Unaudited	3 Months Ended 6/30/17	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
Operating Income	\$ 795	\$ 858	\$ 895	\$ 1,114	\$ 1,101	\$ 1,154	\$ 799	\$ 1,048	\$ 1,071
Add Depreciation and amortization expense	1,126	1,131	1,124	1,059	1,059	1,072	1,068	1,042	1,046
Segment EBITDA	\$ 1,921	\$ 1,989	\$ 2,019	\$ 2,173	\$ 2,160	\$ 2,226	\$ 1,867	\$ 2,090	\$ 2,117
Total operating revenues	\$ 7,677	\$ 7,699	\$ 7,957	\$ 7,783	\$ 7,851	\$ 7,893	\$ 8,007	\$ 7,719	\$ 7,768
Operating Income Margin	10.4%	11.1%	11.2%	14.3%	14.0%	14.6%	10.0%	13.6 %	13.8 %
Segment EBITDA Margin	25.0%	25.8%	25.4%	27.9%	27.5%	28.2%	23.3%	27.1 %	27.3 %
Segment EBITDA - Year over year change %					12.4%			(3.8)%	(2.0)%
Segment EBITDA Margin - Year over year change									(20) bps

Wireless EBITDA and Wireless Adjusted EBITDA

(dollars in millions)

Unaudited	3 Mos. Ended 6/30/18	3 Mos. Ended 6/30/19
Operating Income	\$ 8,274	\$ 8,641
Depreciation and amortization expense	2,459	2,282
Wireless EBITDA	\$ 10,733	\$ 10,923
Add:		
Impact during transition period following adoption of revenue recognition standard	\$ —	\$ 173
Current period impact from implementation of leasing standard	—	59
Wireless Adjusted EBITDA	\$ 10,733	\$ 11,155
Total Operating Revenues	\$ 22,449	\$ 22,682
Wireless EBITDA Margin	47.8%	48.2%
Wireless Adjusted EBITDA Margin	47.8%	49.2%
Impact from adoption of revenue recognition standard and leasing standard		100 bps
Wireless adjusted EBITDA margin - Year over year change		140 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 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 (Loss) Margin	33.4%	13.8%							38.1%						(2.7)%		
Segment EBITDA Margin	46.5%	27.3%							48.2%						19.3%		
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 revenues 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 3/31/19

(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	\$ 22,148	\$ 7,719	\$ 29,867	\$ 97	\$ 29,964	\$ 16,072	\$ 4,931	\$ 1,697	\$ 22,700	\$ 3,153	\$ 2,140	\$ 1,075	\$ 828	\$ 68	\$ 7,264	\$ 29,964	
Operating Expenses																	
Cost of services	3,879	2,591	6,470	172	6,642				2,456						4,186	6,642	
Cost of wireless equipment	4,142	1,057	5,199	(1)	5,198				5,198						—	5,198	
Selling, general and administrative expense	3,983	1,981	5,964	(77)	5,887				4,281						1,606	5,887	
Depreciation and amortization expense	2,894	1,042	3,936	(77)	3,859				2,299						1,560	3,859	
Total Operating Expenses	14,898	6,671	21,569	17	21,586				14,234						7,352	21,586	
Operating Income (Loss)	\$ 7,250	\$ 1,048	\$ 8,298	\$ 80	\$ 8,378				\$ 8,466						\$ (88)	\$ 8,378	
Add Depreciation and amortization expense	2,894	1,042	3,936	(77)	3,859				2,299						1,560	3,859	
Segment EBITDA	\$ 10,144	\$ 2,090	\$ 12,234	\$ 3	\$ 12,237				\$ 10,765						\$ 1,472	\$ 12,237	
Operating Income (Loss) Margin	32.7%	13.6%							37.3%						(1.2)%		
Segment EBITDA Margin	45.8%	27.1%							47.4%						20.3 %		
Service revenue - Year over year change %								4.4%									
Wireless EBITDA - Year over year change%									2.7%								

Footnotes:

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

(2) Adjustment represents intersegment revenues 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 (Loss) Margin	32.1%	14.0%							36.9%						(0.3)%		
Segment EBITDA Margin	45.7%	27.5%							47.8%						20.2 %		
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 revenues 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 3/31/18

(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	\$ 21,627	\$ 7,783	\$ 29,410	\$ 47	\$ 29,457	\$ 15,402	\$ 5,040	\$ 1,458	\$ 21,900	\$ 3,150	\$ 2,240	\$ 1,228	\$ 871	\$ 68	\$ 7,557	\$ 29,457	
Operating Expenses																	
Cost of services	3,773	2,710	6,483	207	6,690				2,215						4,475	6,690	
Cost of wireless equipment	4,273	1,036	5,309	—	5,309				5,309						—	5,309	
Selling, general and administrative expense	3,671	1,864	5,535	(157)	5,378				3,899						1,479	5,378	
Depreciation and amortization expense	2,975	1,059	4,034	(72)	3,962				2,428						1,534	3,962	
Total Operating Expenses	14,692	6,669	21,361	(22)	21,339				13,851						7,488	21,339	
Operating Income (Loss)	\$ 6,935	\$ 1,114	\$ 8,049	\$ 69	\$ 8,118				\$ 8,049						\$ 69	\$ 8,118	
Add Depreciation and amortization expense	2,975	1,059	4,034	(72)	3,962				2,428						1,534	3,962	
Segment EBITDA	\$ 9,910	\$ 2,173	\$ 12,083	\$ (3)	\$ 12,080				\$ 10,477						\$ 1,603	\$ 12,080	
Operating Income (Loss) Margin	32.1%	14.3%							36.8%						0.9%		
Segment EBITDA Margin	45.8%	27.9%							47.8%						21.2%		

Supplemental Information

VZ 2.0 to VZ 1.0 Reconciliations ⁽¹⁾

3 Mos. Ended 6/30/17

(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	\$ 21,273	\$ 7,677	\$ 28,950	\$ 51	\$ 29,001	\$ 15,622	\$ 4,298	\$ 1,362	\$ 21,282	\$ 3,184	\$ 2,309	\$ 1,235	\$ 918	\$ 73	\$ 7,719	\$ 29,001	
Operating Expenses																	
Cost of services	3,764	2,815	6,579	182	6,761				2,219						4,542	6,761	
Cost of wireless equipment	3,942	1,093	5,035	—	5,035				5,035						—	5,035	
Selling, general and administrative expense	4,136	1,848	5,984	(131)	5,853				4,271						1,582	5,853	
Depreciation and amortization expense	2,842	1,126	3,968	(73)	3,895				2,347						1,548	3,895	
Total Operating Expenses	14,684	6,882	21,566	(22)	21,544				13,872						7,672	21,544	
Operating Income (Loss)	\$ 6,589	\$ 795	\$ 7,384	\$ 73	\$ 7,457				\$ 7,410						\$ 47	\$ 7,457	
Add Depreciation and amortization expense	2,842	1,126	3,968	(73)	3,895				2,347						1,548	3,895	
Segment EBITDA	\$ 9,431	\$ 1,921	\$ 11,352	\$ —	\$ 11,352				\$ 9,757						\$ 1,595	\$ 11,352	
Operating Income (Loss) Margin	31.0%	10.4%							34.8%						0.6%		
Segment EBITDA Margin	44.3%	25.0%							45.8%						20.7%		