

# Financial and Operating Information

As of December 31, 2019

**verizon**The Verizon logo, featuring the word "verizon" in a bold, lowercase, sans-serif font, followed by a red checkmark symbol.

## 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	4Q	Full Year
<b>Operating Revenues</b>											
Service revenues and other	\$107,145	\$ 26,732	\$ 27,159	\$ 27,254	\$ 27,460	\$108,605	\$ 27,197	\$ 27,351	\$ 27,753	\$ 28,004	\$110,305
Wireless equipment revenues	18,889	5,040	5,044	5,353	6,821	22,258	4,931	4,720	5,141	6,771	21,563
<b>Total Operating Revenues</b>	<b>126,034</b>	<b>31,772</b>	<b>32,203</b>	<b>32,607</b>	<b>34,281</b>	<b>130,863</b>	<b>32,128</b>	<b>32,071</b>	<b>32,894</b>	<b>34,775</b>	<b>131,868</b>
<b>Operating Expenses</b>											
Cost of services	30,916	7,946	8,234	7,842	8,163	32,185	7,792	7,702	7,902	8,376	31,772
Cost of wireless equipment	22,147	5,309	5,397	5,489	7,128	23,323	5,198	5,019	5,482	7,255	22,954
Selling, general and administrative expense	28,592	6,844	7,605	7,224	9,410	31,083	7,198	7,268	7,216	8,214	29,896
Depreciation and amortization expense	16,954	4,324	4,350	4,377	4,352	17,403	4,231	4,232	4,114	4,105	16,682
Media goodwill impairment	—	—	—	—	4,591	4,591	—	—	—	186	186
<b>Total Operating Expenses</b>	<b>98,609</b>	<b>24,423</b>	<b>25,586</b>	<b>24,932</b>	<b>33,644</b>	<b>108,585</b>	<b>24,419</b>	<b>24,221</b>	<b>24,714</b>	<b>28,136</b>	<b>101,490</b>
<b>Operating Income</b>	<b>27,425</b>	<b>7,349</b>	<b>6,617</b>	<b>7,675</b>	<b>637</b>	<b>22,278</b>	<b>7,709</b>	<b>7,850</b>	<b>8,180</b>	<b>6,639</b>	<b>30,378</b>
Equity in earnings (losses) of unconsolidated businesses	(77)	(19)	(228)	(3)	64	(186)	(6)	(13)	(1)	5	(15)
Other income (expense), net	(2,021)	(75)	360	214	1,865	2,364	295	(1,312)	(110)	(1,773)	(2,900)
Interest expense	(4,733)	(1,201)	(1,222)	(1,211)	(1,199)	(4,833)	(1,210)	(1,215)	(1,146)	(1,159)	(4,730)
<b>Income Before (Provision) Benefit For Income Taxes</b>	<b>20,594</b>	<b>6,054</b>	<b>5,527</b>	<b>6,675</b>	<b>1,367</b>	<b>19,623</b>	<b>6,788</b>	<b>5,310</b>	<b>6,923</b>	<b>3,712</b>	<b>22,733</b>
(Provision) benefit for income taxes	9,956	(1,388)	(1,281)	(1,613)	698	(3,584)	(1,628)	(1,236)	(1,586)	1,505	(2,945)
<b>Net Income</b>	<b>\$ 30,550</b>	<b>\$ 4,666</b>	<b>\$ 4,246</b>	<b>\$ 5,062</b>	<b>\$ 2,065</b>	<b>\$ 16,039</b>	<b>\$ 5,160</b>	<b>\$ 4,074</b>	<b>\$ 5,337</b>	<b>\$ 5,217</b>	<b>\$ 19,788</b>
Net income attributable to noncontrolling interests	\$ 449	\$ 121	\$ 126	\$ 138	\$ 126	\$ 511	\$ 128	\$ 130	\$ 143	\$ 122	\$ 523
Net income attributable to Verizon	30,101	4,545	4,120	4,924	1,939	15,528	5,032	3,944	5,194	5,095	19,265
<b>Net Income</b>	<b>\$ 30,550</b>	<b>\$ 4,666</b>	<b>\$ 4,246</b>	<b>\$ 5,062</b>	<b>\$ 2,065</b>	<b>\$ 16,039</b>	<b>\$ 5,160</b>	<b>\$ 4,074</b>	<b>\$ 5,337</b>	<b>\$ 5,217</b>	<b>\$ 19,788</b>
<b>Basic Earnings Per Common Share</b>											
Net income attributable to Verizon	\$ 7.37	\$ 1.11	\$ 1.00	\$ 1.19	\$ 0.47	\$ 3.76	\$ 1.22	\$ 0.95	\$ 1.26	\$ 1.23	\$ 4.66
Weighted-average shares outstanding (in millions)	4,084	4,104	4,135	4,136	4,137	4,128	4,138	4,138	4,138	4,139	4,138
<b>Diluted Earnings Per Common Share <sup>(1)</sup></b>											
Net income attributable to Verizon	\$ 7.36	\$ 1.11	\$ 1.00	\$ 1.19	\$ 0.47	\$ 3.76	\$ 1.22	\$ 0.95	\$ 1.25	\$ 1.23	\$ 4.65
Weighted-average shares outstanding (in millions)	4,089	4,107	4,139	4,140	4,141	4,132	4,140	4,139	4,140	4,141	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	12/31/19
<b>Assets</b>									
Current assets									
Cash and cash equivalents	\$ 2,079	\$ 1,923	\$ 1,750	\$ 2,538	\$ 2,745	\$ 2,322	\$ 1,949	\$ 3,020	\$ 2,594
Accounts receivable, net	23,493	22,595	23,099	24,012	25,102	24,469	24,926	24,713	25,429
Inventories	1,034	1,285	1,102	1,270	1,336	1,417	1,167	1,538	1,422
Prepaid expenses and other	3,307	5,222	4,925	5,334	5,453	5,189	5,266	5,624	8,028
<b>Total current assets</b>	<b>29,913</b>	<b>31,025</b>	<b>30,876</b>	<b>33,154</b>	<b>34,636</b>	<b>33,397</b>	<b>33,308</b>	<b>34,895</b>	<b>37,473</b>
Property, plant and equipment	246,498	246,877	249,294	252,030	252,835	254,457	257,395	260,053	265,734
Less accumulated depreciation	157,930	158,955	161,513	164,566	163,549	166,608	169,577	171,204	173,819
Property, plant and equipment, net	88,568	87,922	87,781	87,464	89,286	87,849	87,818	88,849	91,915
Investments in unconsolidated businesses	1,039	994	787	732	671	674	650	628	558
Wireless licenses	88,417	93,677	93,855	94,006	94,130	94,237	94,333	94,433	95,059
Goodwill	29,172	29,121	29,200	29,200	24,614	24,635	24,632	24,570	24,389
Other intangible assets, net	10,247	10,014	9,861	9,731	9,775	9,608	9,474	9,264	9,498
Operating lease right-of-use assets	—	—	—	—	—	23,105	22,467	22,218	22,694
Other assets	9,787	11,763	10,943	11,275	11,717	10,442	10,426	10,018	10,141
<b>Total assets</b>	<b>\$ 257,143</b>	<b>\$ 264,516</b>	<b>\$ 263,303</b>	<b>\$ 265,562</b>	<b>\$ 264,829</b>	<b>\$ 283,947</b>	<b>\$ 283,108</b>	<b>\$ 284,875</b>	<b>\$ 291,727</b>
<b>Liabilities and Equity</b>									
Current liabilities									
Debt maturing within one year	\$ 3,453	\$ 6,323	\$ 5,466	\$ 6,502	\$ 7,190	\$ 8,614	\$ 8,773	\$ 7,830	\$ 10,777
Accounts payable and accrued liabilities	21,232	17,052	18,560	19,342	22,501	18,664	17,633	19,566	21,806
Current operating lease liabilities	—	—	—	—	—	2,997	3,154	2,959	3,261
Other current liabilities	8,352	8,240	8,303	8,323	8,239	8,332	8,654	8,854	9,024
<b>Total current liabilities</b>	<b>33,037</b>	<b>31,615</b>	<b>32,329</b>	<b>34,167</b>	<b>37,930</b>	<b>38,607</b>	<b>38,214</b>	<b>39,209</b>	<b>44,868</b>
Long-term debt	113,642	112,734	109,174	106,440	105,873	105,045	104,598	101,769	100,712
Employee benefit obligations	22,112	20,689	19,955	19,660	18,599	17,888	18,040	18,236	17,952
Deferred income taxes	31,232	34,414	35,069	35,712	33,795	34,344	34,225	34,592	34,703
Non-current operating lease liabilities	—	—	—	—	—	18,971	18,254	18,214	18,393
Other liabilities	12,433	12,719	13,201	13,496	13,922	11,632	11,830	12,543	12,264
<b>Total long-term liabilities</b>	<b>179,419</b>	<b>180,556</b>	<b>177,399</b>	<b>175,308</b>	<b>172,189</b>	<b>187,880</b>	<b>186,947</b>	<b>185,354</b>	<b>184,024</b>
Equity									
Common stock	424	429	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	13,419
Retained earnings	35,635	39,974	41,657	44,091	43,542	46,493	47,945	50,595	53,147
Accumulated other comprehensive income	2,659	3,705	3,205	3,201	2,370	2,216	1,447	1,104	998
Common stock in treasury, at cost	(7,139)	(6,992)	(6,990)	(6,987)	(6,986)	(6,825)	(6,823)	(6,822)	(6,820)
Deferred compensation – employee stock ownership plans and other	416	228	285	325	353	125	165	197	222
Noncontrolling interests	1,591	1,564	1,551	1,592	1,565	1,604	1,365	1,391	1,440
<b>Total equity</b>	<b>44,687</b>	<b>52,345</b>	<b>53,575</b>	<b>56,087</b>	<b>54,710</b>	<b>57,460</b>	<b>57,947</b>	<b>60,312</b>	<b>62,835</b>
<b>Total liabilities and equity</b>	<b>\$ 257,143</b>	<b>\$ 264,516</b>	<b>\$ 263,303</b>	<b>\$ 265,562</b>	<b>\$ 264,829</b>	<b>\$ 283,947</b>	<b>\$ 283,108</b>	<b>\$ 284,875</b>	<b>\$ 291,727</b>

## 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	12/31/19
Total debt	\$ 117,095	\$ 119,057	\$ 114,640	\$ 112,942	\$ 113,063	\$ 113,659	\$ 113,371	\$ 109,599	\$ <b>111,489</b>
Net debt	\$ 115,016	\$ 117,134	\$ 112,890	\$ 110,404	\$ 110,318	\$ 111,337	\$ 111,422	\$ 106,579	\$ <b>108,895</b>
Net unsecured debt	\$ 106,129	\$ 107,066	\$ 104,280	\$ 101,205	\$ 100,242	\$ 100,951	\$ 100,170	\$ 97,779	\$ <b>96,526</b>
Net debt / Consolidated Adjusted EBITDA <sup>(1)</sup>					2.3x	2.3x	2.3x	2.2x	<b>2.3x</b>
Net unsecured debt / Consolidated Adjusted EBITDA <sup>(1)</sup>					2.1x	2.1x	2.1x	2.1x	<b>2.0x</b>
Common shares outstanding end of period (in millions)	4,079	4,132	4,132	4,132	4,132	4,136	4,136	4,136	<b>4,136</b>
Total employees ('000)	155.4	154.7	153.1	152.3	144.5	139.4	135.9	135.4	<b>135.0</b>
Quarterly cash dividends declared per common share	\$ 0.5900	\$ 0.5900	\$ 0.5900	\$ 0.6025	\$ 0.6025	\$ 0.6025	\$ 0.6025	\$ 0.6150	\$ <b>0.6150</b>

**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	12 Mos. Ended 12/31/19
<b>Cash Flows from Operating Activities</b>									
Net Income	\$ 30,550	\$ 4,666	\$ 8,912	\$ 13,974	\$ 16,039	\$ 5,160	\$ 9,234	\$ 14,571	\$ 19,788
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	16,682
Employee retirement benefits	440	(151)	(300)	(886)	(2,657)	(195)	(294)	(105)	(284)
Deferred income taxes	(14,463)	702	1,354	2,023	389	459	588	1,070	1,232
Provision for uncollectible accounts	1,167	239	462	699	980	319	738	1,131	1,588
Equity in losses of unconsolidated businesses, net of dividends received	117	30	268	291	231	21	50	64	74
Net loss (gain) on sale of divested businesses	(1,774)	—	—	—	—	—	—	94	94
Media goodwill impairment	—	—	—	—	4,591	—	—	—	186
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)	(6,713)
Discretionary employee benefits contributions	(3,411)	(1,000)	(1,679)	(1,679)	(1,679)	(300)	(300)	(300)	(300)
Other, net	676	(129)	280	715	219	88	1,950	1,548	3,399
Net cash provided by operating activities	24,318	6,648	16,433	26,244	34,339	7,081	15,836	26,748	35,746
<b>Cash Flows from Investing Activities</b>									
Capital expenditures (including capitalized software)	(17,247)	(4,552)	(7,838)	(12,026)	(16,658)	(4,268)	(7,967)	(12,332)	(17,939)
Acquisitions of businesses, net of cash acquired	(5,880)	(32)	(38)	(39)	(230)	(25)	(28)	(29)	(29)
Acquisitions of wireless licenses	(583)	(970)	(1,155)	(1,307)	(1,429)	(104)	(199)	(299)	(898)
Proceeds from dispositions of businesses	3,614	—	—	—	—	—	—	27	28
Other, net	1,640	269	303	236	383	(406)	(395)	476	1,257
Net cash used in investing activities	(18,456)	(5,285)	(8,728)	(13,136)	(17,934)	(4,803)	(8,589)	(12,157)	(17,581)
<b>Cash Flows from Financing Activities</b>									
Proceeds from long-term borrowings	27,707	1,956	4,584	5,932	5,967	2,131	6,237	8,360	10,079
Proceeds from asset-backed long-term borrowings	4,290	1,178	1,716	3,216	4,810	1,117	3,982	3,982	8,576
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)	(17,584)
Repayments of asset-backed long-term borrowings	(400)	—	(2,000)	(2,915)	(3,635)	(813)	(2,817)	(5,273)	(6,302)
Dividends paid	(9,472)	(2,407)	(4,845)	(7,283)	(9,772)	(2,489)	(4,981)	(7,474)	(10,016)
Other, net	(4,439)	941	(752)	(1,595)	(1,824)	360	(834)	(1,410)	(2,917)
Net cash used in financing activities	(6,151)	(1,316)	(7,865)	(12,421)	(15,377)	(2,657)	(8,043)	(14,301)	(18,164)
<b>Increase (decrease) in cash, cash equivalents and restricted cash</b>	(289)	47	(160)	687	1,028	(379)	(796)	290	1
<b>Cash, cash equivalents and restricted cash, beginning of period</b>	3,177	2,888	2,888	2,888	2,888	3,916	3,916	3,916	3,916
<b>Cash, cash equivalents and restricted cash, end of period</b>	\$ 2,888	\$ 2,935	\$ 2,728	\$ 3,575	\$ 3,916	\$ 3,537	\$ 3,120	\$ 4,206	\$ 3,917

## Consumer - Selected Financial Results

(dollars in millions)

Unaudited	2018				2019			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
<b>Operating Revenues</b>								
Service	\$ 15,824	\$ 16,049	\$ 16,193	\$ 16,157	\$ 16,259	\$ 16,350	\$ 16,433	\$ 16,341
Wireless equipment	4,270	4,251	4,508	5,846	4,166	3,903	4,257	5,722
Other	1,533	1,703	1,698	1,730	1,723	1,742	2,016	2,144
<b>Total Operating Revenues</b>	<b>21,627</b>	<b>22,003</b>	<b>22,399</b>	<b>23,733</b>	<b>22,148</b>	<b>21,995</b>	<b>22,706</b>	<b>24,207</b>
<b>Operating Expenses</b>								
Cost of services	3,773	3,842	3,850	3,870	3,879	3,847	4,035	4,123
Cost of wireless equipment	4,273	4,296	4,379	5,815	4,142	3,909	4,291	5,877
Selling, general and administrative expense	3,671	3,808	3,947	4,275	3,983	4,022	4,085	4,549
Depreciation and amortization expense	2,975	2,997	3,010	2,970	2,894	2,881	2,806	2,772
<b>Total Operating Expenses</b>	<b>14,692</b>	<b>14,943</b>	<b>15,186</b>	<b>16,930</b>	<b>14,898</b>	<b>14,659</b>	<b>15,217</b>	<b>17,321</b>
<b>Operating Income</b>	<b>\$ 6,935</b>	<b>\$ 7,060</b>	<b>\$ 7,213</b>	<b>\$ 6,803</b>	<b>\$ 7,250</b>	<b>\$ 7,336</b>	<b>\$ 7,489</b>	<b>\$ 6,886</b>
<b>Operating Income Margin</b>	<b>32.1%</b>	<b>32.1%</b>	<b>32.2%</b>	<b>28.7%</b>	<b>32.7%</b>	<b>33.4%</b>	<b>33.0%</b>	<b>28.4%</b>
<b>Segment EBITDA</b>	<b>\$ 9,910</b>	<b>\$ 10,057</b>	<b>\$ 10,223</b>	<b>\$ 9,773</b>	<b>\$ 10,144</b>	<b>\$ 10,217</b>	<b>\$ 10,295</b>	<b>\$ 9,658</b>
<b>Segment EBITDA Margin</b>	<b>45.8%</b>	<b>45.7%</b>	<b>45.6%</b>	<b>41.2%</b>	<b>45.8%</b>	<b>46.5%</b>	<b>45.3%</b>	<b>39.9%</b>

**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	4Q
<b>Connections ('000):</b>								
Wireless retail postpaid connections	88,924	88,984	89,062	89,861	89,580	89,630	89,739	<b>90,481</b>
Wireless retail prepaid connections	5,068	4,832	4,736	4,646	4,479	4,266	4,183	<b>4,063</b>
Total wireless retail connections	93,992	93,816	93,798	94,507	94,059	93,896	93,922	<b>94,544</b>
Fios video connections	4,525	4,487	4,423	4,377	4,322	4,270	4,203	<b>4,152</b>
Fios Internet connections	5,627	5,663	5,711	5,760	5,808	5,837	5,867	<b>5,902</b>
Fios digital voice residence connections	3,891	3,863	3,833	3,803	3,758	3,725	3,672	<b>3,620</b>
Fios digital connections	14,043	14,013	13,967	13,940	13,888	13,832	13,742	<b>13,674</b>
Broadband connections	6,454	6,447	6,452	6,460	6,476	6,474	6,469	<b>6,467</b>
Voice connections	6,786	6,631	6,480	6,332	6,184	6,058	5,904	<b>5,754</b>
<b>Gross Additions ('000):</b>								
Wireless retail postpaid	2,634	2,617	2,850	3,643	2,714	2,725	3,020	<b>3,794</b>
<b>Net Additions Detail ('000) :</b>								
Wireless retail postpaid <sup>(1)</sup>	(55)	147	151	886	(201)	126	193	<b>852</b>
Wireless retail prepaid <sup>(1)</sup>	(335)	(236)	(96)	(90)	(176)	(213)	(81)	<b>(121)</b>
Total wireless retail <sup>(1)</sup>	(390)	(89)	55	796	(377)	(87)	112	<b>731</b>
Wireless retail postpaid phones <sup>(1)</sup>	(153)	17	112	522	(163)	73	239	<b>588</b>
Fios video	(23)	(38)	(64)	(46)	(55)	(52)	(67)	<b>(51)</b>
Fios Internet	62	36	48	49	48	28	30	<b>35</b>
Fios digital voice residence	(14)	(28)	(30)	(30)	(45)	(32)	(53)	<b>(52)</b>
Fios digital	25	(30)	(46)	(27)	(52)	(56)	(90)	<b>(68)</b>
Broadband	13	(7)	5	8	16	(2)	(5)	<b>(2)</b>
Voice	(142)	(155)	(151)	(148)	(148)	(126)	(154)	<b>(150)</b>
<b>Churn Rate:</b>								
Wireless retail postpaid	1.01%	0.93%	1.01%	1.03%	1.08%	0.97%	1.05%	<b>1.09%</b>
Wireless retail postpaid phones	0.77%	0.71%	0.77%	0.77%	0.81%	0.72%	0.79%	<b>0.83%</b>
Wireless retail	1.31%	1.19%	1.24%	1.24%	1.32%	1.23%	1.27%	<b>1.30%</b>
<b>Revenue Statistics (in millions):</b>								
Wireless service revenue	\$ 12,881	\$ 13,122	\$ 13,257	\$ 13,199	\$ 13,357	\$ 13,456	\$ 13,533	<b>\$ 13,445</b>
Fios revenues	\$ 2,734	\$ 2,738	\$ 2,764	\$ 2,820	\$ 2,764	\$ 2,772	\$ 2,811	<b>\$ 2,828</b>
<b>Other Wireless Statistics:</b>								
Wireless retail postpaid ARPA <sup>(2)</sup>	\$ 113.44	\$ 115.53	\$ 117.06	\$ 115.87	\$ 117.45	\$ 118.15	\$ 118.89	<b>\$ 118.03</b>
Wireless retail postpaid upgrade rate	5.0%	5.1%	5.1%	6.6%	4.4%	4.3%	4.9%	<b>6.3%</b>
Wireless retail postpaid accounts ('000) <sup>(3)</sup>	34,109	34,045	34,005	34,086	33,958	33,924	33,898	<b>33,875</b>
Wireless retail postpaid connections per account <sup>(3)</sup>	2.61	2.61	2.62	2.64	2.64	2.64	2.65	<b>2.67</b>
Total wireless Internet postpaid base <sup>(3)</sup>	15.8%	15.9%	15.9%	16.1%	16.1%	16.2%	16.1%	<b>16.2%</b>

**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.

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	4Q
<b>Operating Revenues</b>								
Global Enterprise	\$ 2,826	\$ 2,808	\$ 2,782	\$ 2,785	\$ 2,691	\$ 2,673	\$ 2,714	\$ 2,740
Small and Medium Business	2,534	2,642	2,729	2,847	2,708	2,785	2,899	3,072
Public Sector and Other	1,430	1,437	1,455	1,511	1,471	1,492	1,472	1,487
Wholesale	993	964	927	864	849	818	800	772
<b>Total Operating Revenues</b>	<b>7,783</b>	<b>7,851</b>	<b>7,893</b>	<b>8,007</b>	<b>7,719</b>	<b>7,768</b>	<b>7,885</b>	<b>8,071</b>
<b>Operating Expenses</b>								
Cost of services	2,710	2,660	2,657	2,832	2,591	2,581	2,666	2,817
Cost of wireless equipment	1,036	1,101	1,110	1,313	1,057	1,109	1,190	1,377
Selling, general and administrative expense	1,864	1,930	1,900	1,995	1,981	1,961	2,042	2,204
Depreciation and amortization expense	1,059	1,059	1,072	1,068	1,042	1,046	1,010	1,007
<b>Total Operating Expenses</b>	<b>6,669</b>	<b>6,750</b>	<b>6,739</b>	<b>7,208</b>	<b>6,671</b>	<b>6,697</b>	<b>6,908</b>	<b>7,405</b>
<b>Operating Income</b>	<b>\$ 1,114</b>	<b>\$ 1,101</b>	<b>\$ 1,154</b>	<b>\$ 799</b>	<b>\$ 1,048</b>	<b>\$ 1,071</b>	<b>\$ 977</b>	<b>\$ 666</b>
<b>Operating Income Margin</b>	<b>14.3%</b>	<b>14.0%</b>	<b>14.6%</b>	<b>10.0%</b>	<b>13.6%</b>	<b>13.8%</b>	<b>12.4%</b>	<b>8.3%</b>
<b>Segment EBITDA</b>	<b>\$ 2,173</b>	<b>\$ 2,160</b>	<b>\$ 2,226</b>	<b>\$ 1,867</b>	<b>\$ 2,090</b>	<b>\$ 2,117</b>	<b>\$ 1,987</b>	<b>\$ 1,673</b>
<b>Segment EBITDA Margin</b>	<b>27.9%</b>	<b>27.5%</b>	<b>28.2%</b>	<b>23.3%</b>	<b>27.1%</b>	<b>27.3%</b>	<b>25.2%</b>	<b>20.7%</b>

**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	4Q
<b>Connections ('000):</b>								
Wireless retail postpaid connections	22,190	22,638	23,073	23,492	23,827	24,221	24,732	<b>25,217</b>
Fios video connections	72	73	74	74	76	76	77	<b>77</b>
Fios Internet connections	289	296	302	307	311	316	322	<b>326</b>
Fios digital connections	361	369	376	381	387	392	399	<b>403</b>
Broadband connections	512	509	506	501	497	494	492	<b>489</b>
Voice connections	5,769	5,639	5,529	5,400	5,269	5,163	5,058	<b>4,959</b>
<b>Gross Additions ('000):</b>								
Wireless retail postpaid	1,080	1,162	1,163	1,211	1,143	1,199	1,302	<b>1,353</b>
<b>Net Add Detail ('000):</b>								
Wireless retail postpaid <sup>(1)</sup>	315	384	364	334	262	325	408	<b>396</b>
Wireless retail postpaid phones <sup>(1)</sup>	129	182	183	131	119	172	205	<b>202</b>
Fios video	1	1	1	—	2	—	1	—
Fios Internet	4	7	6	5	4	6	6	<b>4</b>
Fios digital	5	8	7	5	6	6	7	<b>4</b>
Broadband	(6)	(3)	(3)	(5)	(4)	(3)	(2)	<b>(3)</b>
Voice	(124)	(130)	(110)	(129)	(131)	(105)	(105)	<b>(99)</b>
<b>Churn Rate:</b>								
Wireless retail postpaid	1.16%	1.16%	1.17%	1.26%	1.24%	1.21%	1.22%	<b>1.28%</b>
Wireless retail postpaid phones	0.95%	0.96%	0.95%	1.07%	1.02%	0.97%	0.98%	<b>1.00%</b>
<b>Revenue Statistics (in millions):</b>								
Wireless service revenue	\$ 2,501	\$ 2,615	\$ 2,687	\$ 2,681	\$ 2,694	\$ 2,775	\$ 2,850	<b>\$ 2,869</b>
Fios revenues	\$ 217	\$ 218	\$ 222	\$ 226	\$ 243	\$ 239	\$ 243	<b>\$ 242</b>
<b>Other Operating Statistics:</b>								
Wireless retail postpaid upgrade rate	4.9%	4.6%	4.8%	5.3%	4.4%	4.2%	4.5%	<b>5.0%</b>
Total wireless Internet postpaid base <sup>(2)</sup>	32.9%	33.1%	33.1%	33.4%	33.4%	33.5%	33.5%	<b>33.6%</b>

**Footnotes:**

(1) Connection net additions include certain adjustments.

(2) Statistics presented as of end of period.

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	
	4Q	Full Year	4Q	Full Year
<b>Operating Revenues</b>				
Service	\$ 15,898	\$ 63,020	\$ 16,330	\$ 65,044
Equipment	6,821	22,258	6,771	21,563
Other	1,693	6,456	2,171	7,616
<b>Total Operating Revenues</b>	<b>24,412</b>	<b>91,734</b>	<b>25,272</b>	<b>94,223</b>
<b>Operating Expenses</b>				
Cost of services	2,351	9,251	2,668	10,129
Cost of equipment	7,128	23,323	7,255	22,954
Selling, general and administrative expense	4,552	16,604	4,984	18,045
Depreciation and amortization expense	2,395	9,736	2,226	9,066
<b>Total Operating Expenses</b>	<b>16,426</b>	<b>58,914</b>	<b>17,133</b>	<b>60,194</b>
<b>Operating Income</b>	<b>\$ 7,986</b>	<b>\$ 32,820</b>	<b>\$ 8,139</b>	<b>\$ 34,029</b>
<b>Operating Income Margin</b>	<b>32.7%</b>	<b>35.8%</b>	<b>32.2%</b>	<b>36.1%</b>
<b>Segment EBITDA</b>	<b>\$ 10,381</b>	<b>\$ 42,556</b>	<b>\$ 10,365</b>	<b>\$ 43,095</b>
<b>Segment EBITDA Margin</b>	<b>42.5%</b>	<b>46.4%</b>	<b>41.0%</b>	<b>45.7%</b>

**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 4Q	2019 4Q
<b>Connections ('000)</b>		
Retail postpaid	113,353	115,698
Retail prepaid	4,646	4,063
Total retail	117,999	119,761
<b>Net Add Detail ('000) <sup>(1)</sup></b>		
Retail postpaid	1,220	1,248
Retail prepaid	(90)	(121)
Total retail	1,130	1,127
<b>Account Statistics</b>		
Retail postpaid accounts ('000) <sup>(2)</sup>	35,427	35,401
Retail postpaid connections per account <sup>(2)</sup>	3.20	3.27
Retail postpaid ARPA <sup>(3)</sup>	\$ 135.11	\$ 138.07
<b>Churn Detail</b>		
Retail postpaid	1.08%	1.13%
Retail	1.24%	1.29%
<b>Retail Postpaid Connection Statistics <sup>(2)</sup></b>		
Total smartphone postpaid phone base	92.2%	94.0%
Total Internet postpaid base	19.7%	20.0%

**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.

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	
	4Q	Full Year	4Q	Full Year
<b>Operating Revenues</b>				
Consumer Markets	\$ 3,169	\$ 12,589	\$ 3,121	\$ 12,518
Enterprise Solutions	2,217	8,840	2,102	8,411
Partner Solutions	1,098	4,692	1,015	4,177
Business Markets	836	3,397	784	3,227
Other	53	242	51	224
<b>Total Operating Revenues</b>	<b>7,373</b>	<b>29,760</b>	<b>7,073</b>	<b>28,557</b>
<b>Operating Expenses</b>				
Cost of services	4,478	17,701	4,493	17,194
Selling, general and administrative expense	1,597	6,151	1,736	6,437
Depreciation and amortization expense	1,571	6,181	1,469	6,075
<b>Total Operating Expenses</b>	<b>7,646</b>	<b>30,033</b>	<b>7,698</b>	<b>29,706</b>
<b>Operating Loss</b>	\$ (273)	\$ (273)	\$ (625)	\$ (1,149)
<b>Operating Loss Margin</b>	(3.7)%	(0.9)%	(8.8)%	(4.0)%
<b>Segment EBITDA</b>	\$ 1,298	\$ 5,908	\$ 844	\$ 4,926
<b>Segment EBITDA Margin</b>	17.6%	19.9%	11.9%	17.2%

**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
	4Q	4Q
<b>Connections ('000)</b>		
Fios video connections	4,451	4,229
Fios Internet connections	6,067	6,228
Fios digital voice residence connections	3,803	3,620
Fios digital connections	14,321	14,077
Broadband connections	6,961	6,956
Voice connections	11,732	10,713
<b>Net Add Detail ('000)</b>		
Fios video connections	(46)	(51)
Fios Internet connections	54	39
Fios digital voice residence connections	(30)	(52)
Fios digital connections	(22)	(64)
Broadband connections	3	(5)
Voice connections	(277)	(249)
<b>Revenue Statistics</b>		
Fios revenues (in millions)	\$ 3,046	\$ 3,070

### Footnotes:

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 segment 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: impairment charges, severance charges, product realignment charges, acquisition and integration related charges and net gain from dispositions of assets and businesses. The impairment charges relate to goodwill impairment charges recognized in 2019 and 2018 as a result of the Company's annual goodwill impairment testing of its media business, Verizon Media, and the impairment charge of an investment in a media joint venture in 2019. Severance charges recorded during 2019 and 2018 relate to 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. 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) and Adjusted EPS Growth Forecast

Adjusted EPS and Adjusted EPS Growth Forecast are non-GAAP financial measures that we believe are useful to management, investors and other users of our financial information in evaluating our operating results and understanding our operating trends without the effect of special items which could vary from period to period. We believe excluding special items provides more comparable assessment of our financial results from period to period.

Adjusted EPS is calculated by excluding from the calculation of reported EPS the effect of the following special items: severance, pension and benefits charges, acquisition and integration related charges, impairment charges, Historical Wireless legal entity restructuring, early debt redemption costs, disposition of preferred stock, net gain from dispositions of assets and businesses, and product realignment charges.

We have not provided a reconciliation for our Adjusted EPS Growth Forecast because we cannot, without unreasonable effort, predict the special items that could arise during 2020.

### Adjusted Effective Income Tax Rate Attributable to Verizon Forecast (Adjusted ETR Forecast)

Adjusted ETR Forecast is a non-GAAP financial measure that we believe is useful to management, investors and other users of our financial information in assessing our effective income tax rate without the effect of special items which could vary from period to period. Adjusted ETR Forecast is calculated by dividing the Provision for income taxes by Net Income attributable to Verizon before tax after adjusting for the impact of special items.

We have not provided a reconciliation for our Adjusted ETR Forecast because we cannot, without unreasonable effort, predict the special items that could arise during 2020.

### 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. For purposes of Net Debt to Consolidated Adjusted EBITDA Ratio, Consolidated Adjusted EBITDA 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. For purposes of Net Unsecured Debt to Consolidated Adjusted EBITDA Ratio, Consolidated Adjusted EBITDA is calculated for the last twelve months.

### **Free Cash Flow and Free Cash Flow Less Dividends**

Free cash flow and Free cash flow less dividends are non-GAAP financial measures that reflect additional ways of viewing our liquidity that, when viewed with our GAAP results, provide a more complete understanding of factors and trends affecting our cash flows. We believe they provide a more conservative measure of cash flow since capital expenditures are necessary for ongoing operations and dividends reflect our ongoing commitment to return value to shareholders. Free cash flow and Free cash flow less dividends have limitations due to the fact that they do not represent the residual cash flow available for discretionary expenditures. For example, these non-GAAP measures do not incorporate payments made on finance lease obligations or cash payments for acquisitions of businesses or wireless licenses. Therefore, we believe it is important to view them as complements 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. Free cash flow less dividends is calculated by subtracting capital expenditures (including capitalized software) and dividends paid 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, 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 their respective 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.



## Non-GAAP Reconciliations - Consolidated

## Consolidated EBITDA, Consolidated Adjusted EBITDA and Consolidated Adjusted EBITDA Margin

(dollars in millions)

Unaudited	2018				2019			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
<b>Consolidated Net Income</b>	\$ 4,666	\$ 4,246	\$ 5,062	\$ 2,065	\$ 5,160	\$ 4,074	\$ 5,337	\$ 5,217
Add/(subtract):								
Provision (benefit) for income taxes	1,388	1,281	1,613	(698)	1,628	1,236	1,586	(1,505)
Interest expense	1,201	1,222	1,211	1,199	1,210	1,215	1,146	1,159
Depreciation and amortization expense	4,324	4,350	4,377	4,352	4,231	4,232	4,114	4,105
<b>Consolidated EBITDA</b>	\$ 11,579	\$ 11,099	\$ 12,263	\$ 6,918	\$ 12,229	\$ 10,757	\$ 12,183	\$ 8,976
Add/(subtract):								
Other (income) expense, net*	\$ 75	\$ (360)	\$ (214)	\$ (1,865)	\$ (295)	\$ 1,312	\$ 110	\$ 1,773
Equity in losses (earnings) of unconsolidated businesses†	19	228	3	(64)	6	13	1	(5)
Impairment charges	—	—	—	4,591	—	—	—	186
Severance charges	—	339	—	1,818	—	—	—	204
Product realignment charges‡	—	450	—	—	—	—	—	—
Acquisition and integration related charges‡	105	109	130	187	—	—	—	—
Net gain from dispositions of assets and businesses	—	—	—	—	—	—	(261)	—
<b>Consolidated Adjusted EBITDA</b>	\$ 11,778	\$ 11,865	\$ 12,182	\$ 11,585	\$ 11,940	\$ 12,082	\$ 12,033	\$ 11,134
<b>Consolidated Adjusted EBITDA - Year Over Year Change %</b>								(3.9)%
<b>Consolidated Operating Revenues</b>								\$ 34,775
<b>Consolidated Adjusted EBITDA Margin</b>								32.0%
<b>Consolidated Adjusted EBITDA - Full Year</b>				\$ 47,410				\$ 47,189
<b>Consolidated Adjusted EBITDA - Year Over Year Change % - Full Year</b>								(0.5)%
<b>Consolidated Operating Revenues - Full Year</b>				\$ 130,863				\$131,868
<b>Consolidated Adjusted EBITDA Margin - Full Year</b>				36.2%				35.8%

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

† Includes Product realignment charges and impairment 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				3 Mos. Ended
	Pre-tax	Tax	After-Tax	12/31/18	Pre-tax	Tax	After-Tax	12/31/19
<b>EPS</b>				\$ 0.47				\$ 1.23
Severance, pension and benefits charges	\$ 165	\$ (57)	\$ 108	0.03	\$ 135	\$ (27)	\$ 108	0.03
Acquisition and integration related charges	189	(47)	142	0.03	—	—	—	—
Impairment charges	4,591	(64)	4,527	1.09	236	(22)	214	0.05
Historical Wireless legal entity restructuring	—	(2,065)	(2,065)	(0.50)	—	—	—	—
Disposition of preferred stock	—	—	—	—	—	(2,247)	(2,247)	(0.54)
Early debt redemption costs	—	—	—	—	2,060	(540)	1,520	0.37
	\$ 4,945	\$ (2,233)	\$ 2,712	\$ 0.65	\$ 2,431	\$ (2,836)	\$ (405)	\$ (0.10)
<b>Adjusted EPS</b>				\$ 1.12				\$ 1.13
Year over year change %								0.9%

Unaudited				12 Mos. Ended				12 Mos. Ended
	Pre-tax	Tax	After-Tax	12/31/18	Pre-tax	Tax	After-Tax	12/31/19
<b>EPS</b>				\$ 3.76				\$ 4.65
Severance, pension and benefits charges	\$ 50	\$ (27)	\$ 23	0.01	\$ 330	\$ (78)	\$ 252	0.06
Acquisition and integration related charges	553	(134)	419	0.10	—	—	—	—
Impairment charges	4,591	(64)	4,527	1.10	236	(22)	214	0.05
Historical Wireless legal entity restructuring	—	(2,065)	(2,065)	(0.50)	—	—	—	—
Disposition of preferred stock	—	—	—	—	—	(2,247)	(2,247)	(0.54)
Early debt redemption costs	725	(189)	536	0.13	3,604	(944)	2,660	0.64
Product realignment charges	658	(149)	509	0.12	—	—	—	—
Net gain from dispositions of assets and businesses	—	—	—	—	(261)	37	(224)	(0.05)
	\$ 6,577	\$ (2,628)	\$ 3,949	\$ 0.96	\$ 3,909	\$ (3,254)	\$ 655	\$ 0.16
<b>Adjusted EPS</b>				\$ 4.71				\$ 4.81
Year over year change %								2.1%

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	12/31/19
Debt maturing within one year	\$ 3,453	\$ 6,323	\$ 5,466	\$ 6,502	\$ 7,190	\$ 8,614	\$ 8,773	\$ 7,830	\$ 10,777
Long-term debt	113,642	112,734	109,174	106,440	105,873	105,045	104,598	101,769	100,712
<b>Total Debt</b>	<b>117,095</b>	<b>119,057</b>	<b>114,640</b>	<b>112,942</b>	<b>113,063</b>	<b>113,659</b>	<b>113,371</b>	<b>109,599</b>	<b>111,489</b>
Less Cash and cash equivalents	2,079	1,923	1,750	2,538	2,745	2,322	1,949	3,020	2,594
<b>Net Debt</b>	<b>\$ 115,016</b>	<b>\$ 117,134</b>	<b>\$ 112,890</b>	<b>\$ 110,404</b>	<b>\$ 110,318</b>	<b>\$ 111,337</b>	<b>\$ 111,422</b>	<b>\$ 106,579</b>	<b>\$ 108,895</b>
<b>Net Debt to Consolidated Adjusted EBITDA Ratio</b>					2.3x	2.3x	2.3x	2.2x	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	9/30/19	12/31/19
<b>Total Debt</b>	\$ 117,095	\$ 119,057	\$ 114,640	\$ 112,942	\$ 113,063	\$ 113,659	\$ 113,371	\$ 109,599	\$ 111,489
Less Secured debt	8,887	10,068	8,610	9,199	10,076	10,386	11,252	8,800	12,369
<b>Unsecured debt</b>	<b>108,208</b>	<b>108,989</b>	<b>106,030</b>	<b>103,743</b>	<b>102,987</b>	<b>103,273</b>	<b>102,119</b>	<b>100,799</b>	<b>99,120</b>
Less Cash and cash equivalents	2,079	1,923	1,750	2,538	2,745	2,322	1,949	3,020	2,594
<b>Net Unsecured Debt</b>	<b>\$ 106,129</b>	<b>\$ 107,066</b>	<b>\$ 104,280</b>	<b>\$ 101,205</b>	<b>\$ 100,242</b>	<b>\$ 100,951</b>	<b>\$ 100,170</b>	<b>\$ 97,779</b>	<b>\$ 96,526</b>
Year over year change									\$ (3,716)
<b>Net Unsecured Debt to Consolidated Adjusted EBITDA Ratio</b>					2.1x	2.1x	2.1x	2.1x	2.0x

### Free Cash Flow and Free Cash Flow Less Dividends

(dollars in millions)

Unaudited	12/31/18	12/31/19
<b>Net Cash Provided by Operating Activities</b>	\$ 34,339	\$ 35,746
Capital expenditures (including capitalized software)	(16,658)	(17,939)
<b>Free Cash Flow</b>	<b>\$ 17,681</b>	<b>\$ 17,807</b>
Dividends paid		(10,016)
Free Cash Flow Less Dividends		\$ 7,791
Free Cash Flow - Year over year change %		0.7%

## Non-GAAP Reconciliations - Segment

## Segment EBITDA and Segment EBITDA Margin

## Consumer

(dollars in millions)

Unaudited	3 Months Ended 3/31/18	3 Months Ended 6/30/18	3 Months Ended 9/30/18	3 Months Ended 12/31/18	Full year 2018	3 Months Ended 3/31/19	3 Months Ended 6/30/19	3 Months Ended 9/30/19	3 Months Ended 12/31/19	Full Year 2019
<b>Operating Income</b>	\$ 6,935	\$ 7,060	\$ 7,213	\$ 6,803	\$28,011	\$ 7,250	\$ 7,336	\$ 7,489	\$ 6,886	\$ 28,961
Add Depreciation and amortization expense	2,975	2,997	3,010	2,970	11,952	2,894	2,881	2,806	2,772	11,353
<b>Segment EBITDA</b>	\$ 9,910	\$10,057	\$10,223	\$ 9,773	\$39,963	\$10,144	\$10,217	\$10,295	\$ 9,658	\$ 40,314
Total operating revenues	\$21,627	\$22,003	\$22,399	\$23,733	\$89,762	\$22,148	\$21,995	\$22,706	\$ 24,207	\$ 91,056
<b>Operating Income Margin</b>	32.1%	32.1%	32.2%	28.7%	31.2%	32.7%	33.4%	33.0%	28.4%	31.8%
<b>Segment EBITDA Margin</b>	45.8%	45.7%	45.6%	41.2%	44.5%	45.8%	46.5%	45.3%	39.9%	44.3%
Segment EBITDA - Year over year change									(1.2)%	0.9%
Segment EBITDA Margin - Year over year change									(130) bps	

## Business

(dollars in millions)

Unaudited	3 Months Ended 3/31/18	3 Months Ended 6/30/18	3 Months Ended 9/30/18	3 Months Ended 12/31/18	Full year 2018	3 Months Ended 3/31/19	3 Months Ended 6/30/19	3 Months Ended 9/30/19	3 Months Ended 12/31/19	Full Year 2019
<b>Operating Income</b>	\$ 1,114	\$ 1,101	\$ 1,154	\$ 799	\$ 4,168	\$ 1,048	\$ 1,071	\$ 977	\$ 666	\$ 3,762
Add Depreciation and amortization expense	1,059	1,059	1,072	1,068	4,258	1,042	1,046	1,010	1,007	4,105
<b>Segment EBITDA</b>	\$ 2,173	\$ 2,160	\$ 2,226	\$ 1,867	\$ 8,426	\$ 2,090	\$ 2,117	\$ 1,987	\$ 1,673	\$ 7,867
Total operating revenues	\$ 7,783	\$ 7,851	\$ 7,893	\$ 8,007	\$31,534	\$ 7,719	\$ 7,768	\$ 7,885	\$ 8,071	\$31,443
<b>Operating Income Margin</b>	14.3%	14.0%	14.6%	10.0%	13.2%	13.6%	13.8%	12.4%	8.3%	12.0%
<b>Segment EBITDA Margin</b>	27.9%	27.5%	28.2%	23.3%	26.7%	27.1%	27.3%	25.2%	20.7%	25.0%
Segment EBITDA - Year over year change									(10.4)%	(6.6)%
Segment EBITDA Margin - Year over year change									(260) bps	

## Supplemental Information

VZ 2.0 to VZ 1.0 Reconciliations <sup>(1)</sup>

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 12/31/19

(dollars in millions)

Unaudited	VZ 2.0					Historical										Historical Total Reportable Segments	
	Consumer	Business	Total Reportable Segments	Adjustments <sup>(2)</sup>	Adjusted Total Reportable Segments	Wireless				Wireline							
						Service	Equipment	Other	Total Wireless	Consumer Markets	Enterprise Solutions	Partner Solutions	Business Markets	Other	Total Wireline		
<b>External Operating Revenues</b>																	
<b>Total Operating Revenues</b>	\$ 24,207	\$ 8,071	\$ 32,278	\$ 67	\$ 32,345	\$16,330	\$ 6,771	\$ 2,171	\$ 25,272	\$ 3,121	\$ 2,102	\$ 1,015	\$ 784	\$ 51	\$ 7,073	\$	\$ 32,345
<b>Operating Expenses</b>																	
Cost of services	4,123	2,817	6,940	221	7,161				2,668						4,493		7,161
Cost of wireless equipment	5,877	1,377	7,254	1	7,255				7,255						—		7,255
Selling, general and administrative expense	4,549	2,204	6,753	(33)	6,720				4,984						1,736		6,720
Depreciation and amortization expense	2,772	1,007	3,779	(84)	3,695				2,226						1,469		3,695
<b>Total Operating Expenses</b>	17,321	7,405	24,726	105	24,831				17,133						7,698		24,831
<b>Operating Income (Loss)</b>	\$ 6,886	\$ 666	\$ 7,552	\$ (38)	\$ 7,514				\$ 8,139						\$ (625)		\$ 7,514
Add Depreciation and amortization expense	2,772	1,007	3,779	(84)	3,695				2,226						1,469		3,695
<b>Segment EBITDA</b>	\$ 9,658	\$ 1,673	\$ 11,331	\$ (122)	\$ 11,209				\$ 10,365						\$ 844		\$ 11,209
<b>Operating Income (Loss) Margin</b>	28.4%	8.3%							32.2%						(8.8)%		
<b>Segment EBITDA Margin</b>	39.9%	20.7%							41.0%						11.9%		
Total operating revenue - Year over year change %									3.5%						(4.1)%		
Service revenue - Year over year change %							2.7%										
Wireless EBITDA - Year over year change%									(0.2)%								

## Footnotes:

- (1) Information presented for VZ 2.0 and historical financial results includes intersegment transactions.
- (2) Adjustments represent 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 <sup>(1)</sup>

3 Mos. Ended 12/31/18

(dollars in millions)

Unaudited	VZ 2.0					Historical										Historical Total Reportable Segments	
	Consumer	Business	Total Reportable Segments	Adjustments <sup>(2)</sup>	Adjusted Total Reportable Segments	Wireless			Wireline								
						Service	Equipment	Other	Total Wireless	Consumer Markets	Enterprise Solutions	Partner Solutions	Business Markets	Other	Total Wireline		
<b>External Operating Revenues</b>																	
<b>Total Operating Revenues</b>	\$ 23,733	\$ 8,007	\$ 31,740	\$ 45	\$ 31,785	\$ 15,898	\$ 6,821	\$ 1,693	\$ 24,412	\$ 3,169	\$ 2,217	\$ 1,098	\$ 836	\$ 53	\$ 7,373	\$ 31,785	
<b>Operating Expenses</b>																	
Cost of services	3,870	2,832	6,702	127	6,829				2,351						4,478	6,829	
Cost of wireless equipment	5,815	1,313	7,128	—	7,128				7,128						—	7,128	
Selling, general and administrative expense	4,275	1,995	6,270	(121)	6,149				4,552						1,597	6,149	
Depreciation and amortization expense	2,970	1,068	4,038	(72)	3,966				2,395						1,571	3,966	
<b>Total Operating Expenses</b>	16,930	7,208	24,138	(66)	24,072				16,426						7,646	24,072	
<b>Operating Income (Loss)</b>	\$ 6,803	\$ 799	\$ 7,602	\$ 111	\$ 7,713				\$ 7,986						\$ (273)	\$ 7,713	
Add Depreciation and amortization expense	2,970	1,068	4,038	(72)	3,966				2,395						1,571	3,966	
<b>Segment EBITDA</b>	\$ 9,773	\$ 1,867	\$ 11,640	\$ 39	\$ 11,679				\$ 10,381						\$ 1,298	\$ 11,679	
<b>Operating Income (Loss) Margin</b>	28.7%	10.0%							32.7%						(3.7)%		
<b>Segment EBITDA Margin</b>	41.2%	23.3%							42.5%						17.6%		

## Footnotes:

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

(2) Adjustments represent 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 <sup>(1)</sup>

12 Mos. Ended 12/31/19

(dollars in millions)

Unaudited	VZ 2.0					Historical										Historical Total Reportable Segments	
	Consumer	Business	Total Reportable Segments	Adjustments <sup>(2)</sup>	Adjusted Total Reportable Segments	Wireless				Wireline							
						Service	Equipment	Other	Total Wireless	Consumer Markets	Enterprise Solutions	Partner Solutions	Business Markets	Other	Total Wireline		
<b>External Operating Revenues</b>																	
<b>Total Operating Revenues</b>	\$ 91,056	\$ 31,443	\$ 122,499	\$ 281	\$ 122,780	\$ 65,044	\$ 21,563	\$ 7,616	\$ 94,223	\$ 12,518	\$ 8,411	\$ 4,177	\$ 3,227	\$ 224	\$ 28,557	\$ 122,780	
<b>Operating Expenses</b>																	
Cost of services	15,884	10,655	26,539	784	27,323				10,129						17,194	27,323	
Cost of wireless equipment	18,219	4,733	22,952	2	22,954				22,954						—	22,954	
Selling, general and administrative expense	16,639	8,188	24,827	(345)	24,482				18,045						6,437	24,482	
Depreciation and amortization expense	11,353	4,105	15,458	(317)	15,141				9,066						6,075	15,141	
<b>Total Operating Expenses</b>	<b>62,095</b>	<b>27,681</b>	<b>89,776</b>	<b>124</b>	<b>89,900</b>				<b>60,194</b>						<b>29,706</b>	<b>89,900</b>	
<b>Operating Income (Loss)</b>	<b>\$ 28,961</b>	<b>\$ 3,762</b>	<b>\$ 32,723</b>	<b>\$ 157</b>	<b>\$ 32,880</b>				<b>\$ 34,029</b>						<b>\$ (1,149)</b>	<b>\$ 32,880</b>	
Add Depreciation and amortization expense	11,353	4,105	15,458	(317)	15,141				9,066						6,075	15,141	
<b>Segment EBITDA</b>	<b>\$ 40,314</b>	<b>\$ 7,867</b>	<b>\$ 48,181</b>	<b>\$ (160)</b>	<b>\$ 48,021</b>				<b>\$ 43,095</b>						<b>\$ 4,926</b>	<b>\$ 48,021</b>	
<b>Operating Income (Loss) Margin</b>	31.8%	12.0%							36.1%						(4.0)%		
<b>Segment EBITDA Margin</b>	44.3%	25.0%							45.7%						17.2%		
Service revenue - Year over year change %								3.2%									
Wireless EBITDA - Year over year change%									1.3%								

## Footnotes:

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

(2) Adjustments represent 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 <sup>(1)</sup>

12 Mos. Ended 12/31/18

(dollars in millions)

Unaudited	VZ 2.0					Historical										Historical Total Reportable Segments	
	Consumer	Business	Total Reportable Segments	Adjustments <sup>(2)</sup>	Adjusted Total Reportable Segments	Wireless				Wireline							
						Service	Equipment	Other	Total Wireless	Consumer Markets	Enterprise Solutions	Partner Solutions	Business Markets	Other	Total Wireline		
<b>External Operating Revenues</b>																	
<b>Total Operating Revenues</b>	\$ 89,762	\$ 31,534	\$ 121,296	\$ 198	\$ 121,494	\$ 63,020	\$ 22,258	\$ 6,456	\$ 91,734	\$ 12,589	\$ 8,840	\$ 4,692	\$ 3,397	\$ 242	\$ 29,760	\$ 121,494	
<b>Operating Expenses</b>																	
Cost of services	15,335	10,859	26,194	758	26,952				9,251						17,701	26,952	
Cost of wireless equipment	18,763	4,560	23,323	—	23,323				23,323						—	23,323	
Selling, general and administrative expense	15,701	7,689	23,390	(635)	22,755				16,604						6,151	22,755	
Depreciation and amortization expense	11,952	4,258	16,210	(293)	15,917				9,736						6,181	15,917	
<b>Total Operating Expenses</b>	61,751	27,366	89,117	(170)	88,947				58,914						30,033	88,947	
<b>Operating Income (Loss)</b>	\$ 28,011	\$ 4,168	\$ 32,179	\$ 368	\$ 32,547				\$ 32,820						\$ (273)	\$ 32,547	
Add Depreciation and amortization expense	11,952	4,258	16,210	(293)	15,917				9,736						6,181	15,917	
<b>Segment EBITDA</b>	\$ 39,963	\$ 8,426	\$ 48,389	\$ 75	\$ 48,464				\$ 42,556						\$ 5,908	\$ 48,464	
<b>Operating Income (Loss) Margin</b>	31.2%	13.2%							35.8%						(0.9)%		
<b>Segment EBITDA Margin</b>	44.5%	26.7%							46.4%						19.9%		

## Footnotes:

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

(2) Adjustments represent 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.