

Condensed Consolidated Statements of Income

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 12/31/20	3 Mos. Ended 12/31/19	% Change	12 Mos. Ended 12/31/20	12 Mos. Ended 12/31/19	% Change
Operating Revenues						
Service revenues and other	\$ 28,268	\$ 28,004	0.9	\$ 109,872	\$ 110,305	(0.4)
Wireless equipment revenues	6,424	6,771	(5.1)	18,420	21,563	(14.6)
Total Operating Revenues	34,692	34,775	(0.2)	128,292	131,868	(2.7)
Operating Expenses						
Cost of services	8,053	8,376	(3.9)	31,401	31,772	(1.2)
Cost of wireless equipment	6,769	7,255	(6.7)	19,800	22,954	(13.7)
Selling, general and administrative expense	8,493	8,214	3.4	31,573	29,896	5.6
Depreciation and amortization expense	4,197	4,105	2.2	16,720	16,682	0.2
Media goodwill impairment	—	186	*	—	186	*
Total Operating Expenses	27,512	28,136	(2.2)	99,494	101,490	(2.0)
Operating Income	7,180	6,639	8.1	28,798	30,378	(5.2)
Equity in earnings (losses) of unconsolidated businesses	(11)	5	*	(45)	(15)	*
Other income (expense), net	164	(1,773)	*	(539)	(2,900)	(81.4)
Interest expense	(1,080)	(1,159)	(6.8)	(4,247)	(4,730)	(10.2)
Income Before (Provision) Benefit For Income Taxes	6,253	3,712	68.5	23,967	22,733	5.4
(Provision) benefit for income taxes	(1,535)	1,505	*	(5,619)	(2,945)	90.8
Net Income	\$ 4,718	\$ 5,217	(9.6)	\$ 18,348	\$ 19,788	(7.3)
Net income attributable to noncontrolling interests	\$ 130	\$ 122	6.6	\$ 547	\$ 523	4.6
Net income attributable to Verizon	4,588	5,095	(10.0)	17,801	19,265	(7.6)
Net Income	\$ 4,718	\$ 5,217	(9.6)	\$ 18,348	\$ 19,788	(7.3)
Basic Earnings Per Common Share						
Net income attributable to Verizon	\$ 1.11	\$ 1.23	(9.8)	\$ 4.30	\$ 4.66	(7.7)
Weighted-average shares outstanding (in millions)	4,140	4,139		4,140	4,138	
Diluted Earnings Per Common Share ⁽¹⁾						
Net income attributable to Verizon	\$ 1.11	\$ 1.23	(9.8)	\$ 4.30	\$ 4.65	(7.5)
Weighted-average shares outstanding (in millions)	4,143	4,141		4,142	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.

* Not meaningful

Condensed Consolidated Balance Sheets

(dollars in millions)

Unaudited	12/31/20	12/31/19	\$ Change
Assets			
Current assets			
Cash and cash equivalents	\$ 22,171	\$ 2,594	\$ 19,577
Accounts receivable	25,169	26,162	(993)
Less Allowance for credit losses	1,252	—	1,252
Less Allowance for doubtful accounts	—	733	(733)
Accounts receivable, net	23,917	25,429	(1,512)
Inventories	1,796	1,422	374
Prepaid expenses and other	6,710	8,028	(1,318)
Total current assets	54,594	37,473	17,121
Property, plant and equipment			
Property, plant and equipment	279,737	265,734	14,003
Less Accumulated depreciation	184,904	173,819	11,085
Property, plant and equipment, net	94,833	91,915	2,918
Investments in unconsolidated businesses	589	558	31
Wireless licenses	96,097	95,059	1,038
Goodwill	24,773	24,389	384
Other intangible assets, net	9,413	9,498	(85)
Operating lease right-of-use assets	22,531	22,694	(163)
Other assets	13,651	10,141	3,510
Total assets	\$ 316,481	\$ 291,727	\$ 24,754
Liabilities and Equity			
Current liabilities			
Debt maturing within one year	\$ 5,889	\$ 10,777	\$ (4,888)
Accounts payable and accrued liabilities	20,658	21,806	(1,148)
Current operating lease liabilities	3,485	3,261	224
Other current liabilities	9,628	9,024	604
Total current liabilities	39,660	44,868	(5,208)
Long-term debt			
Long-term debt	123,173	100,712	22,461
Employee benefit obligations	18,657	17,952	705
Deferred income taxes	35,711	34,703	1,008
Non-current operating lease liabilities	18,000	18,393	(393)
Other liabilities	12,008	12,264	(256)
Total long-term liabilities	207,549	184,024	23,525
Equity			
Common stock	429	429	—
Additional paid in capital	13,404	13,419	(15)
Retained earnings	60,464	53,147	7,317
Accumulated other comprehensive income (loss)	(71)	998	(1,069)
Common stock in treasury, at cost	(6,719)	(6,820)	101
Deferred compensation – employee stock ownership plans and other	335	222	113
Noncontrolling interests	1,430	1,440	(10)
Total equity	69,272	62,835	6,437
Total liabilities and equity	\$ 316,481	\$ 291,727	\$ 24,754

Consolidated - Selected Financial and Operating Statistics

(dollars in millions, except per share amounts)

Unaudited	12/31/20	12/31/19
Total debt	\$ 129,062	\$ 111,489
Net unsecured debt	\$ 96,287	\$ 96,526
Net unsecured debt / Consolidated Adjusted EBITDA ⁽¹⁾	2.0x	2.0x
Common shares outstanding end of period (in millions)	4,138	4,136
Total employees ('000)	132.2	135.0
Quarterly cash dividends declared per common share	\$ 0.6275	\$ 0.6150

Footnotes:

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

Condensed Consolidated Statements of Cash Flows

(dollars in millions)

Unaudited	12 Mos. Ended 12/31/20	12 Mos. Ended 12/31/19	\$ Change
Cash Flows from Operating Activities			
Net Income	\$ 18,348	\$ 19,788	\$ (1,440)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	16,720	16,682	38
Employee retirement benefits	840	(284)	1,124
Deferred income taxes	1,553	1,232	321
Provision for expected credit losses	1,380	1,588	(208)
Equity in losses of unconsolidated businesses, net of dividends received	91	74	17
Media goodwill impairment	—	186	(186)
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	56	(6,713)	6,769
Discretionary employee benefits contributions	—	(300)	300
Other, net	2,780	3,493	(713)
Net cash provided by operating activities	<u>41,768</u>	<u>35,746</u>	<u>6,022</u>
Cash Flows from Investing Activities			
Capital expenditures (including capitalized software)	(18,192)	(17,939)	(253)
Acquisitions of businesses, net of cash acquired	(520)	(29)	(491)
Acquisitions of wireless licenses	(2,126)	(898)	(1,228)
Proceeds from dispositions of businesses	—	28	(28)
Other, net	(2,674)	1,257	(3,931)
Net cash used in investing activities	<u>(23,512)</u>	<u>(17,581)</u>	<u>(5,931)</u>
Cash Flows from Financing Activities			
Proceeds from long-term borrowings	25,822	10,079	15,743
Proceeds from asset-backed long-term borrowings	5,635	8,576	(2,941)
Repayments of long-term borrowings and finance lease obligations	(9,775)	(17,584)	7,809
Repayments of asset-backed long-term borrowings	(7,413)	(6,302)	(1,111)
Dividends paid	(10,232)	(10,016)	(216)
Other, net	(2,712)	(2,917)	205
Net cash provided by (used in) financing activities	<u>1,325</u>	<u>(18,164)</u>	<u>19,489</u>
Increase in cash, cash equivalents and restricted cash	19,581	1	19,580
Cash, cash equivalents and restricted cash, beginning of period	3,917	3,916	1
Cash, cash equivalents and restricted cash, end of period	<u>\$ 23,498</u>	<u>\$ 3,917</u>	<u>\$ 19,581</u>

Consumer - Selected Financial Results

(dollars in millions)

Unaudited	3 Mos. Ended 12/31/20	3 Mos. Ended 12/31/19	% Change	12 Mos. Ended 12/31/20	12 Mos. Ended 12/31/19	% Change
Operating Revenues						
Service	\$ 16,388	\$ 16,341	0.3	\$ 64,884	\$ 65,383	(0.8)
Wireless equipment	5,503	5,722	(3.8)	15,492	18,048	(14.2)
Other	2,028	2,144	(5.4)	8,157	7,625	7.0
Total Operating Revenues	23,919	24,207	(1.2)	88,533	91,056	(2.8)
Operating Expenses						
Cost of services	3,824	4,123	(7.3)	15,610	15,884	(1.7)
Cost of wireless equipment	5,575	5,877	(5.1)	15,736	18,219	(13.6)
Selling, general and administrative expense	4,583	4,549	0.7	16,936	16,639	1.8
Depreciation and amortization expense	2,864	2,772	3.3	11,395	11,353	0.4
Total Operating Expenses	16,846	17,321	(2.7)	59,677	62,095	(3.9)
Operating Income	\$ 7,073	\$ 6,886	2.7	\$ 28,856	\$ 28,961	(0.4)
Operating Income Margin	29.6 %	28.4 %		32.6 %	31.8 %	
Segment EBITDA	\$ 9,937	\$ 9,658	2.9	\$ 40,251	\$ 40,314	(0.2)
Segment EBITDA Margin	41.5 %	39.9 %		45.5 %	44.3 %	

Footnotes:

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

Certain intersegment transactions with corporate entities have not been eliminated.

Consumer - Selected Operating Statistics

Unaudited	12/31/20	12/31/19	% Change
Connections ('000):			
Wireless retail postpaid connections	90,346	90,481	(0.1)
Wireless retail prepaid connections	4,027	4,063	(0.9)
Total wireless retail connections	94,373	94,544	(0.2)
Fios video connections	3,854	4,152	(7.2)
Fios internet connections	6,202	5,902	5.1
Fios digital voice residence connections	3,306	3,620	(8.7)
Fios digital connections	13,362	13,674	(2.3)
Broadband connections	6,647	6,467	2.8

Unaudited	3 Mos. Ended 12/31/20	3 Mos. Ended 12/31/19	% Change	12 Mos. Ended 12/31/20	12 Mos. Ended 12/31/19	% Change
Gross Additions ('000):						
Wireless retail postpaid	2,945	3,794	(22.4)	9,396	12,253	(23.3)
Net Additions Detail ('000) :						
Wireless retail postpaid ⁽¹⁾	357	852	(58.1)	40	970	(95.9)
Wireless retail prepaid ⁽¹⁾	(50)	(121)	58.7	(45)	(591)	92.4
Total wireless retail ⁽¹⁾	307	731	(58.0)	(5)	379	*
Wireless retail postpaid phones ⁽¹⁾	163	588	(72.3)	95	737	(87.1)
Fios video	(72)	(51)	(41.2)	(298)	(225)	(32.4)
Fios internet	92	35	*	300	141	*
Fios digital voice residence	(78)	(52)	(50.0)	(314)	(182)	(72.5)
Fios digital	(58)	(68)	14.7	(312)	(266)	(17.3)
Broadband ⁽¹⁾	66	(2)	*	197	7	*

Churn Rate:					
Wireless retail postpaid	0.96 %	1.09 %		0.87 %	1.05 %
Wireless retail postpaid phones	0.76 %	0.83 %		0.67 %	0.79 %
Wireless retail	1.12 %	1.30 %		1.03 %	1.28 %

Revenue Statistics (in millions):										
Wireless service revenue	\$	13,600	\$	13,445	1.2	\$	53,605	\$	53,791	(0.3)
Fios revenues	\$	2,756	\$	2,828	(2.5)	\$	11,082	\$	11,175	(0.8)

Unaudited	3 Mos. Ended 12/31/20	3 Mos. Ended 12/31/19	% Change	12 Mos. Ended 12/31/20	12 Mos. Ended 12/31/19	% Change
Other Wireless Statistics:						
Wireless retail postpaid ARPA ⁽²⁾	\$ 120.20	\$ 118.03	1.8	\$ 118.40	\$ 118.13	0.2
Wireless retail postpaid upgrade rate	6.0 %	6.3 %				
Wireless retail postpaid accounts ('000) ⁽³⁾				33,659	33,875	(0.6)
Wireless retail postpaid connections per account ⁽³⁾				2.68	2.67	0.4
Total wireless internet postpaid base ⁽³⁾				16.0 %	16.2 %	

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.

* Not meaningful

Business - Selected Financial Results

(dollars in millions)

Unaudited	3 Mos. Ended 12/31/20	3 Mos. Ended 12/31/19	% Change	12 Mos. Ended 12/31/20	12 Mos. Ended 12/31/19	% Change
Operating Revenues						
Small and Medium Business	\$ 2,985	\$ 3,072	(2.8)	\$ 11,132	\$ 11,464	(2.9)
Global Enterprise	2,595	2,740	(5.3)	10,410	10,818	(3.8)
Public Sector and Other	1,726	1,487	16.1	6,362	5,922	7.4
Wholesale	744	772	(3.6)	3,058	3,239	(5.6)
Total Operating Revenues	8,050	8,071	(0.3)	30,962	31,443	(1.5)
Operating Expenses						
Cost of services	2,690	2,817	(4.5)	10,659	10,655	—
Cost of wireless equipment	1,194	1,377	(13.3)	4,064	4,733	(14.1)
Selling, general and administrative expense	2,185	2,204	(0.9)	8,380	8,188	2.3
Depreciation and amortization expense	1,031	1,007	2.4	4,086	4,105	(0.5)
Total Operating Expenses	7,100	7,405	(4.1)	27,189	27,681	(1.8)
Operating Income	\$ 950	\$ 666	42.6	\$ 3,773	\$ 3,762	0.3
Operating Income Margin	11.8 %	8.3 %		12.2 %	12.0 %	
Segment EBITDA	\$ 1,981	\$ 1,673	18.4	\$ 7,859	\$ 7,867	(0.1)
Segment EBITDA Margin	24.6 %	20.7 %		25.4 %	25.0 %	

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			12/31/2020	12/31/2019	% Change	
Connections ('000):						
Wireless retail postpaid connections			26,507	25,148	5.4	
Fios video connections			73	77	(5.2)	
Fios internet connections			335	326	2.8	
Fios digital connections			408	403	1.2	
Broadband connections			482	489	(1.4)	
Unaudited	3 Mos. Ended 12/31/20	3 Mos. Ended 12/31/19	% Change	12 Mos. Ended 12/31/20	12 Mos. Ended 12/31/19	% Change
Gross Additions ('000):						
Wireless retail postpaid	1,285	1,348	(4.7)	5,242	4,982	5.2
Net Additions Detail ('000):						
Wireless retail postpaid ⁽¹⁾	346	411	(15.8)	1,518	1,413	7.4
Wireless retail postpaid phones ⁽¹⁾	116	203	(42.9)	572	700	(18.3)
Fios video	(1)	—	*	(4)	3	*
Fios internet	3	4	(25.0)	9	20	(55.0)
Fios digital	2	4	(50.0)	5	23	(78.3)
Broadband ⁽¹⁾	(6)	(3)	*	(24)	(12)	*
Churn Rate:						
Wireless retail postpaid	1.19 %	1.25 %		1.20 %	1.23 %	
Wireless retail postpaid phones	0.98 %	1.00 %		0.96 %	0.99 %	
Revenue Statistics (in millions):						
Wireless service revenue	\$ 3,073	\$ 2,869	7.1	\$ 11,805	\$ 11,188	5.5
Fios revenues	\$ 272	\$ 242	12.4	\$ 1,057	\$ 967	9.3
Other Operating Statistics:						
Wireless retail postpaid upgrade rate	4.0 %	5.0 %				
Total wireless internet postpaid base ⁽²⁾				34.5 %	33.6 %	

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.

Prior year amounts revised to conform to current period presentation.

* Not meaningful

Supplemental Information - Total Wireless Operating and Financial Statistics

The following supplemental schedule contains certain financial and operating metrics which reflect an aggregation of our Consumer and Business segments' wireless results.

Unaudited			12/31/20	12/31/19	% Change	
Connections ('000)						
Retail postpaid			116,853	115,629	1.1	
Retail prepaid			4,027	4,063	(0.9)	
Total retail			120,880	119,692	1.0	
Unaudited	3 Mos. Ended 12/31/20	3 Mos. Ended 12/31/19	% Change	12 Mos. Ended 12/31/20	12 Mos. Ended 12/31/19	% Change
Net Additions Detail ('000) ⁽¹⁾						
Retail postpaid phone	279	791	(64.7)	667	1,437	(53.6)
Retail postpaid	703	1,263	(44.3)	1,558	2,383	(34.6)
Retail prepaid	(50)	(121)	58.7	(45)	(591)	92.4
Total retail	653	1,142	(42.8)	1,513	1,792	(15.6)
Account Statistics						
Retail postpaid accounts ('000) ⁽²⁾			35,244	35,401	(0.4)	
Retail postpaid connections per account ⁽²⁾			3.32	3.27	1.5	
Retail postpaid ARPA ⁽³⁾	\$ 141.17	\$ 137.99	2.3	\$ 138.80	\$ 137.79	0.7
Churn Detail						
Retail postpaid phone	0.80 %	0.86 %		0.72 %	0.82 %	
Retail postpaid	1.01 %	1.13 %		0.94 %	1.09 %	
Retail	1.14 %	1.29 %		1.07 %	1.27 %	
Retail Postpaid Connection Statistics						
Total internet postpaid base ⁽²⁾			20.2 %	20.0 %		
Upgrade rate	5.6 %	6.0 %				
Revenue Statistics (in millions) ⁽⁴⁾						
Wireless service	\$ 16,673	\$ 16,314	2.2	\$ 65,410	\$ 64,979	0.7
Wireless equipment	6,424	6,771	(5.1)	18,420	21,563	(14.6)
Wireless other	2,029	2,150	(5.6)	8,243	7,572	8.9
Total Wireless	\$ 25,126	\$ 25,235	(0.4)	\$ 92,073	\$ 94,114	(2.2)

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.

(4) Intersegment transactions between Consumer or Business segment with corporate entities have not been eliminated.

Prior year amounts revised to conform to current period presentation.