

Financial and Operating Information

As of March 31, 2022

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	12

Condensed Consolidated Statements of Income

(dollars in millions, except per share amounts)

Unaudited	2020		2021			2022		
	Full Year	1Q	2Q	3Q	4Q	Full Year	1Q	Year to date
Operating Revenues								
Service revenues and other	\$ 109,872	\$ 27,923	\$ 28,221	\$ 27,565	\$ 26,740	\$ 110,449	\$ 27,218	\$ 27,218
Wireless equipment revenues	18,420	4,944	5,543	5,350	7,327	23,164	6,336	6,336
Total Operating Revenues	128,292	32,867	33,764	32,915	34,067	133,613	33,554	33,554
Operating Expenses								
Cost of services	31,401	8,020	8,324	7,855	7,035	31,234	7,227	7,227
Cost of wireless equipment	19,800	5,502	5,931	5,673	7,961	25,067	7,123	7,123
Selling, general and administrative expense	31,573	7,401	7,324	6,521	7,412	28,658	7,172	7,172
Depreciation and amortization expense	16,720	4,174	4,020	3,961	4,051	16,206	4,236	4,236
Total Operating Expenses	99,494	25,097	25,599	24,010	26,459	101,165	25,758	25,758
Operating Income	28,798	7,770	8,165	8,905	7,608	32,448	7,796	7,796
Equity in earnings (losses) of unconsolidated businesses	(45)	8	1	1	135	145	(3)	(3)
Other income (expense), net	(539)	401	502	269	(860)	312	(924)	(924)
Interest expense	(4,247)	(1,101)	(844)	(801)	(739)	(3,485)	(786)	(786)
Income Before Provision For Income Taxes	23,967	7,078	7,824	8,374	6,144	29,420	6,083	6,083
Provision for income taxes	(5,619)	(1,700)	(1,875)	(1,820)	(1,407)	(6,802)	(1,372)	(1,372)
Net Income	\$ 18,348	\$ 5,378	\$ 5,949	\$ 6,554	\$ 4,737	\$ 22,618	\$ 4,711	\$ 4,711
Net income attributable to noncontrolling interests	\$ 547	\$ 133	\$ 149	\$ 147	\$ 124	\$ 553	\$ 131	\$ 131
Net income attributable to Verizon	17,801	5,245	5,800	6,407	4,613	22,065	4,580	4,580
Net Income	\$ 18,348	\$ 5,378	\$ 5,949	\$ 6,554	\$ 4,737	\$ 22,618	\$ 4,711	\$ 4,711
Basic Earnings Per Common Share								
Net income attributable to Verizon	\$ 4.30	\$ 1.27	\$ 1.40	\$ 1.55	\$ 1.11	\$ 5.32	\$ 1.09	\$ 1.09
Weighted-average shares outstanding (in millions)	4,140	4,141	4,141	4,142	4,167	4,148	4,201	4,201
Diluted Earnings Per Common Share ⁽¹⁾								
Net income attributable to Verizon	\$ 4.30	\$ 1.27	\$ 1.40	\$ 1.55	\$ 1.11	\$ 5.32	\$ 1.09	\$ 1.09
Weighted-average shares outstanding (in millions)	4,142	4,142	4,143	4,144	4,169	4,150	4,202	4,202

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	12/31/20	3/31/21	6/30/21	9/30/21	12/31/21	3/31/22
Assets						
Current assets						
Cash and cash equivalents	\$ 22,171	\$ 10,205	\$ 4,657	\$ 9,936	\$ 2,921	1,661
Accounts receivable	25,169	23,611	22,237	23,165	24,742	24,474
Less Allowance for credit losses	1,252	1,104	980	970	896	859
Accounts receivable, net	23,917	22,507	21,257	22,195	23,846	23,615
Inventories	1,796	1,303	1,421	2,303	3,055	3,659
Prepaid expenses and other	6,710	5,632	8,291	5,843	6,906	6,645
Total current assets	54,594	39,647	35,626	40,277	36,728	35,580
Property, plant and equipment	279,737	282,742	283,654	287,421	289,897	292,568
Less Accumulated depreciation	184,904	187,866	189,452	191,665	190,201	192,725
Property, plant and equipment, net	94,833	94,876	94,202	95,756	99,696	99,843
Investments in unconsolidated businesses	589	555	560	1,100	1,061	1,074
Wireless licenses	96,097	98,012	98,034	145,767	147,619	148,083
Deposits for wireless licenses	2,772	45,490	45,910	—	—	—
Goodwill	24,773	24,837	24,915	24,887	28,603	28,629
Other intangible assets, net	9,413	9,304	7,002	7,022	11,677	11,432
Operating lease right-of-use assets	22,531	22,315	28,180	27,969	27,883	27,494
Other assets	10,879	10,537	14,761	10,679	13,329	13,581
Total assets	\$ 316,481	\$ 345,573	\$ 349,190	\$ 353,457	\$ 366,596	\$ 365,716
Liabilities and Equity						
Current liabilities						
Debt maturing within one year	\$ 5,889	\$ 8,802	\$ 7,023	\$ 7,623	\$ 7,443	\$ 13,421
Accounts payable and accrued liabilities	20,658	17,219	17,328	20,153	24,833	18,169
Current operating lease liabilities	3,485	3,536	3,881	3,606	3,859	3,847
Other current liabilities	9,628	9,173	11,846	9,976	11,025	11,148
Total current liabilities	39,660	38,730	40,078	41,358	47,160	46,585
Long-term debt	123,173	149,700	144,894	143,352	143,425	139,961
Employee benefit obligations	18,657	18,252	16,713	16,516	15,410	15,104
Deferred income taxes	35,711	36,747	37,534	38,481	40,685	41,341
Non-current operating lease liabilities	18,000	17,766	23,360	23,507	23,203	22,932
Other liabilities	12,008	11,695	11,499	11,754	13,513	14,618
Total long-term liabilities	207,549	234,160	234,000	233,610	236,236	233,956
Equity						
Common stock	429	429	429	429	429	429
Additional paid in capital	13,404	13,408	13,403	13,402	13,861	13,874
Retained earnings	60,464	63,107	66,310	70,062	71,993	73,891
Accumulated other comprehensive income (loss)	(71)	640	(234)	(709)	(927)	(906)
Common stock in treasury, at cost	(6,719)	(6,634)	(6,632)	(6,630)	(4,104)	(4,023)
Deferred compensation – employee stock ownership plans and other	335	282	408	490	538	497
Noncontrolling interests	1,430	1,451	1,428	1,445	1,410	1,413
Total equity	69,272	72,683	75,112	78,489	83,200	85,175
Total liabilities and equity	\$ 316,481	\$ 345,573	\$ 349,190	\$ 353,457	\$ 366,596	\$ 365,716

Footnotes:

Certain amounts have been reclassified to conform to the current period presentation.

Consolidated - Selected Financial and Operating Statistics

(dollars in millions)

Unaudited	12/31/20	3/31/21	6/30/21	9/30/21	12/31/21	3/31/22
Total debt	\$ 129,062	\$ 158,502	\$ 151,917	\$ 150,975	\$ 150,868	\$ 153,382
Net unsecured debt	\$ 96,287	\$ 137,421	\$ 136,845	\$ 131,614	\$ 133,745	\$ 135,619
Net unsecured debt / Consolidated Adjusted EBITDA ⁽¹⁾		2.9x	2.9x	2.7x	2.8x	2.8x
Common shares outstanding end of period (in millions)	4,138	4,140	4,140	4,140	4,198	4,200
Total employees ('000)	132.2	130.1	129.3	118.5	118.4	118.5
Quarterly cash dividends declared per common share	\$ 0.6275	\$ 0.6275	\$ 0.6275	\$ 0.6400	\$ 0.6400	\$ 0.6400

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	3 Mos. Ended 3/31/21	6 Mos. Ended 6/30/21	9 Mos. Ended 9/30/21	12 Mos. Ended 12/31/21	3 Mos. Ended 3/31/22
Cash Flows from Operating Activities						
Net Income	\$ 18,348	\$ 5,378	\$ 11,327	\$ 17,881	\$ 22,618	\$ 4,711
Adjustments to reconcile net income to net cash provided by operating activities:						
Depreciation and amortization expense	16,720	4,174	8,194	12,155	16,206	4,236
Employee retirement benefits	840	(253)	(1,819)	(1,928)	(3,391)	(210)
Deferred income taxes	1,553	762	1,978	2,970	4,264	627
Provision for expected credit losses	1,380	224	409	604	789	328
Equity in losses of unconsolidated businesses, net of dividends received	91	19	25	32	36	7
Changes in current assets and liabilities, net of effects from acquisition/ disposition of businesses	56	(41)	82	603	(890)	(3,492)
Other, net	2,780	(569)	242	(1,155)	(93)	614
Net cash provided by operating activities	<u>41,768</u>	<u>9,694</u>	<u>20,438</u>	<u>31,162</u>	<u>39,539</u>	<u>6,821</u>
Cash Flows from Investing Activities						
Capital expenditures (including capitalized software)	(18,192)	(4,494)	(8,716)	(13,861)	(20,286)	(5,821)
Acquisitions of businesses, net of cash acquired	(520)	(408)	(458)	(459)	(4,065)	—
Acquisitions of wireless licenses	(3,896)	(44,783)	(45,278)	(47,027)	(47,596)	(1,838)
Proceeds from disposition of business	—	—	—	4,122	4,122	—
Other, net	(904)	32	51	207	672	(336)
Net cash used in investing activities	<u>(23,512)</u>	<u>(49,653)</u>	<u>(54,401)</u>	<u>(57,018)</u>	<u>(67,153)</u>	<u>(7,995)</u>
Cash Flows from Financing Activities						
Proceeds from long-term borrowings	25,822	31,383	31,444	32,482	33,034	3,604
Proceeds from asset-backed long-term borrowings	5,635	1,000	2,695	2,695	8,383	3,545
Repayments of long-term borrowings and finance lease obligations	(9,775)	(302)	(7,559)	(7,904)	(14,063)	(6,556)
Repayments of asset-backed long-term borrowings	(7,413)	(732)	(2,993)	(3,887)	(4,800)	(1,650)
Dividends paid	(10,232)	(2,601)	(5,198)	(7,797)	(10,445)	(2,654)
Other, net	(2,712)	(792)	(1,839)	(2,120)	(3,832)	3,956
Net cash provided by financing activities	<u>1,325</u>	<u>27,956</u>	<u>16,550</u>	<u>13,469</u>	<u>8,277</u>	<u>245</u>
Increase (decrease) in cash, cash equivalents and restricted cash	<u>19,581</u>	<u>(12,003)</u>	<u>(17,413)</u>	<u>(12,387)</u>	<u>(19,337)</u>	<u>(929)</u>
Cash, cash equivalents and restricted cash, beginning of period	<u>3,917</u>	<u>23,498</u>	<u>23,498</u>	<u>23,498</u>	<u>23,498</u>	<u>4,161</u>
Cash, cash equivalents and restricted cash, end of period	<u>\$ 23,498</u>	<u>\$ 11,495</u>	<u>\$ 6,085</u>	<u>\$ 11,111</u>	<u>\$ 4,161</u>	<u>\$ 3,232</u>

Footnotes:

Certain amounts have been reclassified to conform to the current period presentation.

Consumer - Selected Financial Results

(dollars in millions)

Unaudited	2021				2022
	1Q	2Q	3Q	4Q	1Q
Operating Revenues					
Service	\$ 16,569	\$ 16,709	\$ 16,891	\$ 17,564	\$ 18,126
Wireless equipment	4,192	4,739	4,530	6,320	5,374
Other	2,037	2,029	1,907	1,813	1,792
Total Operating Revenues	22,798	23,477	23,328	25,697	25,292
Operating Expenses					
Cost of services	4,000	4,181	4,149	4,251	4,446
Cost of wireless equipment	4,392	4,854	4,611	6,666	5,813
Selling, general and administrative expense	4,026	4,045	4,060	4,431	4,552
Depreciation and amortization expense	2,861	2,900	2,918	3,000	3,162
Total Operating Expenses	15,279	15,980	15,738	18,348	17,973
Operating Income	\$ 7,519	\$ 7,497	\$ 7,590	\$ 7,349	\$ 7,319
Operating Income Margin	33.0 %	31.9 %	32.5 %	28.6 %	28.9 %
Segment EBITDA	\$ 10,380	\$ 10,397	\$ 10,508	\$ 10,349	\$ 10,481
Segment EBITDA Margin	45.5 %	44.3 %	45.0 %	40.3 %	41.4 %

Footnotes:

The segment financial results and metrics above exclude the effects of special items (other than the effects of acquisition-related intangible asset amortization), which the Company's chief operating decision maker does not consider in assessing segment performance.

Certain intersegment transactions with corporate entities have not been eliminated.

Consumer - Selected Operating Statistics

Unaudited	2021				2022
	1Q	2Q	3Q	4Q	1Q
Connections ('000):					
Wireless retail postpaid	90,172	90,514	90,916	91,543	91,414
Wireless retail prepaid ⁽¹⁾	4,058	4,075	4,072	23,852	23,772
Total wireless retail	94,230	94,589	94,988	115,395	115,186
Fios video	3,772	3,710	3,642	3,573	3,495
Fios internet	6,300	6,392	6,490	6,541	6,596
Fixed wireless access (FWA) broadband	26	37	63	101	216
Wireline broadband	6,713	6,783	6,858	6,888	6,925
Total broadband	6,739	6,820	6,921	6,989	7,141
Gross Additions ('000):					
Wireless retail postpaid	2,307	2,592	2,701	3,234	2,481
Net Additions Detail ('000) :					
Wireless retail postpaid ⁽²⁾	(326)	350	423	667	(126)
Wireless retail prepaid ⁽¹⁾⁽²⁾	19	18	(4)	(85)	(80)
Total wireless retail ⁽²⁾	(307)	368	419	582	(206)
Wireless retail postpaid phones ⁽²⁾	(225)	197	267	336	(292)
Fios video	(82)	(62)	(68)	(69)	(78)
Fios internet	98	92	98	51	55
FWA broadband ⁽²⁾	12	11	26	38	112
Wireline broadband	66	70	75	30	37
Total broadband ⁽²⁾	78	81	101	68	149
Churn Rate:					
Wireless retail postpaid	0.97 %	0.83 %	0.84 %	0.94 %	0.95 %
Wireless retail postpaid phones	0.77 %	0.65 %	0.67 %	0.77 %	0.77 %
Wireless retail prepaid ⁽¹⁾	4.22 %	4.12 %	4.21 %	4.73 %	3.69 %
Wireless retail	1.11 %	0.97 %	0.98 %	1.34 %	1.51 %
Revenue Statistics (in millions):					
Wireless service revenue	\$ 13,684	\$ 13,794	\$ 13,982	\$ 14,643	\$ 15,217
Fios revenues	\$ 2,860	\$ 2,895	\$ 2,893	\$ 2,910	\$ 2,911
Other Wireless Statistics:					
Wireless retail postpaid ARPA ⁽³⁾	\$ 120.86	\$ 121.24	\$ 123.04	\$ 124.06	\$ 123.96
Wireless retail postpaid upgrade rate	4.5 %	4.9 %	4.7 %	6.3 %	4.8 %
Wireless retail postpaid accounts ('000) ⁽⁴⁾	33,588	33,606	33,640	33,651	33,514
Wireless retail postpaid connections per account ⁽⁴⁾	2.68	2.69	2.70	2.72	2.73
Wireless retail prepaid ARPU ⁽¹⁾⁽⁵⁾	\$ 35.66	\$ 35.70	\$ 35.75	\$ 37.83	\$ 30.89
Total wireless internet postpaid base ⁽⁴⁾	16.0 %	16.1 %	16.2 %	16.4 %	16.6 %

Footnotes:

- (1) Acquisition of TracFone Wireless, Inc. was completed on November 23, 2021.
- (2) Connection net additions include certain adjustments.
- (3) Wireless retail postpaid ARPA - average service revenue per account from retail postpaid accounts.
- (4) Statistics presented as of end of period.
- (5) Wireless retail prepaid ARPU - average service revenue per unit from retail prepaid connections.

Certain intersegment transactions with corporate entities have not been eliminated.

Business - Selected Financial Results

(dollars in millions)

Unaudited	2021				2022
	1Q	2Q	3Q	4Q	1Q
Operating Revenues					
Small and Medium Business	\$ 2,830	\$ 2,895	\$ 2,937	\$ 3,112	\$ 3,041
Global Enterprise	2,559	2,583	2,552	2,530	2,461
Public Sector and Other	1,646	1,614	1,547	1,517	1,552
Wholesale	746	670	653	651	655
Total Operating Revenues	7,781	7,762	7,689	7,810	7,709
Operating Expenses					
Cost of services	2,690	2,729	2,647	2,587	2,606
Cost of wireless equipment	1,111	1,076	1,061	1,296	1,310
Selling, general and administrative expense	2,068	2,086	2,077	2,093	2,059
Depreciation and amortization expense	1,013	1,015	1,018	1,038	1,061
Total Operating Expenses	6,882	6,906	6,803	7,014	7,036
Operating Income	\$ 899	\$ 856	\$ 886	\$ 796	\$ 673
Operating Income Margin	11.6 %	11.0 %	11.5 %	10.2 %	8.7 %
Segment EBITDA	\$ 1,912	\$ 1,871	\$ 1,904	\$ 1,834	\$ 1,734
Segment EBITDA Margin	24.6 %	24.1 %	24.8 %	23.5 %	22.5 %

Footnotes:

The segment financial results and metrics above exclude the effects of special items (other than the effects of acquisition-related intangible asset amortization), which the Company's chief operating decision maker does not consider in assessing segment performance.

Certain intersegment transactions with corporate entities have not been eliminated.

Business - Selected Operating Statistics

Unaudited	2021				2022
	1Q	2Q	3Q	4Q	1Q
Connections ('000):					
Wireless retail postpaid	26,621	26,740	26,998	27,411	27,809
Fios video	73	72	72	71	71
Fios internet	339	346	352	356	361
Fixed wireless access (FWA) broadband	32	43	76	122	217
Wireline broadband	480	480	479	477	475
Total broadband	512	523	555	599	692
Gross Additions ('000):					
Wireless retail postpaid	1,141	1,220	1,314	1,417	1,502
Net Additions Detail ('000):					
Wireless retail postpaid ⁽¹⁾	156	178	276	391	395
Wireless retail postpaid phones ⁽¹⁾	47	78	162	222	256
Fios video	—	(1)	—	(1)	—
Fios internet	4	7	6	4	5
FWA broadband ⁽¹⁾	5	12	29	40	82
Wireline broadband ⁽¹⁾	(2)	—	(1)	(2)	(2)
Total broadband ⁽¹⁾	3	12	28	38	80
Churn Rate:					
Wireless retail postpaid	1.24 %	1.30 %	1.29 %	1.26 %	1.34 %
Wireless retail postpaid phones	1.01 %	1.07 %	1.04 %	1.01 %	1.06 %
Revenue Statistics (in millions):					
Wireless service revenue	\$ 3,060	\$ 3,090	\$ 3,097	\$ 3,119	\$ 3,125
Fios revenues	\$ 276	\$ 281	\$ 287	\$ 292	\$ 295
Other Operating Statistics:					
Wireless retail postpaid upgrade rate	3.3 %	3.4 %	3.2 %	3.4 %	3.4 %
Total wireless internet postpaid base ⁽²⁾	34.6 %	34.8 %	34.7 %	34.6 %	34.6 %

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.

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	2021				2022
	1Q	2Q	3Q	4Q	1Q
Connections ('000)					
Retail postpaid	116,793	117,254	117,914	118,954	119,223
Retail prepaid ⁽¹⁾	4,058	4,075	4,072	23,852	23,772
Total retail	120,851	121,329	121,986	142,806	142,995
Net Additions Detail ('000) ⁽²⁾					
Retail postpaid phone	(178)	275	429	558	(36)
Retail postpaid	(170)	528	699	1,058	269
Retail prepaid ⁽¹⁾	19	18	(4)	(85)	(80)
Total retail	(151)	546	695	973	189
Account Statistics					
Retail postpaid accounts ('000) ⁽³⁾	35,184	35,223	35,285	35,332	35,224
Retail postpaid connections per account ⁽³⁾	3.32	3.33	3.34	3.37	3.38
Retail postpaid ARPA ⁽⁴⁾	\$ 141.74	\$ 142.23	\$ 143.87	\$ 144.88	\$ 144.87
Retail prepaid ARPU ⁽¹⁾⁽⁵⁾	\$ 35.66	\$ 35.70	\$ 35.75	\$ 37.83	\$ 30.89
Churn Detail					
Retail postpaid phone	0.81 %	0.72 %	0.74 %	0.81 %	0.83 %
Retail postpaid	1.03 %	0.94 %	0.94 %	1.01 %	1.04 %
Retail prepaid ⁽¹⁾	4.22 %	4.12 %	4.21 %	4.73 %	3.69 %
Retail	1.14 %	1.04 %	1.05 %	1.32 %	1.48 %
Retail Postpaid Connection Statistics					
Total internet postpaid base ⁽³⁾	20.2 %	20.4 %	20.4 %	20.6 %	20.8 %
Upgrade rate	4.3 %	4.6 %	4.3 %	5.7 %	4.5 %
Revenue Statistics (in millions) ⁽⁶⁾					
Wireless service	\$ 16,744	\$ 16,884	\$ 17,079	\$ 17,762	\$ 18,342
Wireless equipment	4,944	5,543	5,350	7,327	6,336
Wireless other	2,043	2,043	1,929	1,840	1,818
Total Wireless	\$ 23,731	\$ 24,470	\$ 24,358	\$ 26,929	\$ 26,496

Footnotes:

- (1) Acquisition of TracFone Wireless, Inc. was completed on November 23, 2021.
- (2) Connection net additions include certain adjustments.
- (3) Statistics presented as of end of period.
- (4) Wireless retail postpaid ARPA - average service revenue per account from retail postpaid accounts.
- (5) Wireless retail prepaid ARPU - average service revenue per unit from retail prepaid connections.
- (6) Intersegment transactions between Consumer or Business segment with corporate entities have not been eliminated.

Definitions - Non-GAAP Measures

Non-GAAP Measures

Verizon's Financial and Operating Information includes financial information prepared in conformity with generally accepted accounting principles in the United States (GAAP) as well as non-GAAP financial information. 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 providing these non-GAAP measures in addition to the GAAP measures allows management, investors and other users of our financial information to more fully and accurately assess 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 as they are widely accepted financial measures used in evaluating the profitability of a company and its operating performance in relation to its 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 total segment operating revenues.

Consolidated Adjusted EBITDA, Consolidated Adjusted EBITDA Margin and Consolidated Adjusted EBITDA Growth Forecast

Consolidated Adjusted EBITDA, Consolidated Adjusted EBITDA Margin and Consolidated Adjusted EBITDA Growth Forecast 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 Growth Forecast 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 and amortization 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: severance charges, loss on spectrum licenses, and net gain/loss from dispositions of businesses. Severance charges recorded during both 2021 and 2020 relate to voluntary separations under our existing plans. Loss on spectrum licenses relates to the sale of certain wireless licenses in 2021. Net gain/loss from dispositions of businesses relates to the sale of Verizon Media in 2021 and the sale of Huffington Post in 2020.

Consolidated Adjusted EBITDA Margin is calculated by dividing Consolidated Adjusted EBITDA by consolidated operating revenues.

We have not provided a reconciliation for our Consolidated Adjusted EBITDA Growth Forecast because we cannot, without unreasonable effort, predict the special items that could arise during 2022.

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, including cash and cash equivalents held for sale where applicable, 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.

Adjusted Earnings per Common Share (Adjusted EPS) and Adjusted EPS Forecast

Adjusted EPS and Adjusted EPS 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: amortization of acquisition-related intangible assets, early debt redemption costs, and loss on spectrum licenses. Loss on spectrum licenses relates to the sale of certain wireless licenses in 2021.

We exclude the amortization of acquisition-related intangible assets because the amount and timing of such charges are significantly impacted by the timing, size, number and nature of the acquisitions we consummate. While we have a history of significant acquisition activity, we do not acquire businesses on a predictable cycle, and the amount of an acquisition's purchase price allocated to intangible assets and related amortization term are unique to each acquisition and can vary significantly from acquisition to acquisition. Exclusion of this amortization expense facilitates more consistent comparisons of operating results over time between our newly acquired and long-held businesses, and with both acquisitive and non-acquisitive peer companies. We believe that it is important for investors to understand that our non-GAAP financial measure adjusts for the intangible asset amortization but does not adjust the revenue that is generated in part from the use of such intangible assets.

We have not provided a reconciliation for our Adjusted EPS Forecast because we cannot, without unreasonable effort, predict the special items that could arise during 2022.

Definitions - Non-GAAP Measures

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 2022.

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 acquisitions of businesses or wireless licenses. Therefore, we believe it is important to view free cash flow as a complement to our entire consolidated statements of cash flows.

Free cash flow is calculated by subtracting capital expenditures (including capitalized software) from net cash provided by operating activities.

Non-GAAP Reconciliations - Consolidated

Consolidated EBITDA, Consolidated Adjusted EBITDA and Consolidated Adjusted EBITDA Margin

(dollars in millions)

Unaudited	2020			2021			2022	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Consolidated Net Income	\$ 4,839	\$ 4,504	\$ 4,718	\$ 5,378	\$ 5,949	\$ 6,554	\$ 4,737	\$ 4,711
Add:								
Provision for income taxes	1,348	1,347	1,535	1,700	1,875	1,820	1,407	1,372
Interest expense ⁽¹⁾	1,089	1,044	1,080	1,101	844	801	739	786
Depreciation and amortization expense ⁽²⁾	4,181	4,192	4,197	4,174	4,020	3,961	4,051	4,236
Consolidated EBITDA	\$ 11,457	\$ 11,087	\$ 11,530	\$12,353	\$12,688	\$13,136	\$10,934	\$11,105
Add/(subtract):								
Other (income) expense, net ⁽³⁾	\$ 72	\$ 774	\$ (164)	\$ (401)	\$ (502)	\$ (269)	\$ 860	\$ 924
Equity in losses (earnings) of unconsolidated businesses ⁽⁴⁾	13	9	11	(8)	(1)	(1)	(135)	3
Severance charges	—	—	221	—	—	103	106	—
Loss on spectrum licenses	—	—	—	223	—	—	—	—
Net (gain) loss from dispositions of businesses	—	—	126	—	—	(706)	—	—
Consolidated Adjusted EBITDA	\$ 11,542	\$ 11,870	\$ 11,724	\$12,167	\$12,185	\$12,263	\$11,765	\$12,032
Consolidated Operating Revenues				\$32,867	\$33,764	\$32,915	\$34,067	\$33,554
Consolidated Adjusted EBITDA Margin				37.0 %	36.1 %	37.3 %	34.5 %	35.9 %
Consolidated Adjusted EBITDA - Year Over Year Change %								(1.1)%

(1) Includes Early debt redemption costs, where applicable.

(2) Includes Amortization of acquisition-related intangible assets.

(3) Includes Pension and benefits mark-to-market adjustments and Early debt redemption costs, where applicable.

(4) Includes Net gain from disposition of assets, where applicable.

Non-GAAP Reconciliations - Consolidated

Adjusted Earnings per Common Share (Adjusted EPS)

(dollars in millions except per share amounts)

Unaudited				3 Mos. Ended 3/31/21				3 Mos. Ended 3/31/22
	Pre-tax	Tax	After-Tax		Pre-tax	Tax	After-Tax	
EPS				\$ 1.27				\$ 1.09
Amortization of acquisition-related intangible assets	\$ 276	\$ (67)	\$ 209	0.05	\$ 238	\$ (60)	\$ 178	0.04
Early debt redemption costs	—	—	—	—	1,241	(316)	925	0.22
Loss on spectrum licenses	223	(56)	167	0.04	—	—	—	—
	<u>\$ 499</u>	<u>\$ (123)</u>	<u>\$ 376</u>	<u>\$ 0.09</u>	<u>\$ 1,479</u>	<u>\$ (376)</u>	<u>\$ 1,103</u>	<u>\$ 0.26</u>
Adjusted EPS				<u>\$ 1.36</u>				<u>\$ 1.35</u>
Year over year change %								(0.7)%

Footnotes:

Adjusted EPS may not add due to rounding.

Certain amounts have been reclassified to conform to the current period presentation.

Net Unsecured Debt and Net Unsecured Debt to Consolidated Adjusted EBITDA Ratio

(dollars in millions)

Unaudited	12/31/20	3/31/21	6/30/21	9/30/21	12/31/21	3/31/22
Debt maturing within one year	\$ 5,889	\$ 8,802	\$ 7,023	\$ 7,623	\$ 7,443	\$ 13,421
Long-term debt	123,173	149,700	144,894	143,352	143,425	139,961
Total Debt	129,062	158,502	151,917	150,975	150,868	153,382
Less Secured debt	10,604	10,876	10,315	9,425	14,202	16,102
Unsecured Debt	118,458	147,626	141,602	141,550	136,666	137,280
Less Cash and cash equivalents ⁽¹⁾	22,171	10,205	4,757	9,936	2,921	1,661
Net Unsecured Debt	<u>\$ 96,287</u>	<u>\$ 137,421</u>	<u>\$ 136,845</u>	<u>\$ 131,614</u>	<u>\$ 133,745</u>	<u>\$ 135,619</u>
Net Unsecured Debt to Consolidated Adjusted EBITDA Ratio		2.9x	2.9x	2.7x	2.8x	2.8x
Net Unsecured Debt - Quarter over quarter change						\$ 1,874

(1) Includes Cash and cash equivalents held for sale, where applicable.

Free Cash Flow

(dollars in millions)

Unaudited	3 Mos. Ended 3/31/21	3 Mos. Ended 3/31/22
Net Cash Provided by Operating Activities	\$ 9,694	\$ 6,821
Capital expenditures (including capitalized software)	(4,494)	(5,821)
Free Cash Flow	<u>\$ 5,200</u>	<u>\$ 1,000</u>
Year over year change %		(80.8)%

Non-GAAP Reconciliations - Segments

Segment EBITDA and Segment EBITDA Margin

Consumer

	(dollars in millions)				
	3 Mos.	3 Mos.	3 Mos.	3 Mos.	3 Mos.
	Ended	Ended	Ended	Ended	Ended
Unaudited	3/31/21	6/30/21	9/30/21	12/31/21	3/31/22
Operating Income	\$ 7,519	\$ 7,497	\$ 7,590	\$ 7,349	\$ 7,319
Add Depreciation and amortization expense	2,861	2,900	2,918	3,000	3,162
Segment EBITDA	\$ 10,380	\$ 10,397	\$ 10,508	\$ 10,349	\$ 10,481
Total operating revenues	\$ 22,798	\$ 23,477	\$ 23,328	\$ 25,697	\$ 25,292
Operating Income Margin	33.0 %	31.9 %	32.5 %	28.6 %	28.9 %
Segment EBITDA Margin	45.5 %	44.3 %	45.0 %	40.3 %	41.4 %
Segment EBITDA - Year over year change %					1.0 %

Business

	(dollars in millions)				
	3 Mos.	3 Mos.	3 Mos.	3 Mos.	3 Mos.
	Ended	Ended	Ended	Ended	Ended
Unaudited	3/31/21	6/30/21	9/30/21	12/31/21	3/31/22
Operating Income	\$ 899	\$ 856	\$ 886	\$ 796	\$ 673
Add Depreciation and amortization expense	1,013	1,015	1,018	1,038	1,061
Segment EBITDA	\$ 1,912	\$ 1,871	\$ 1,904	\$ 1,834	\$ 1,734
Total operating revenues	\$ 7,781	\$ 7,762	\$ 7,689	\$ 7,810	\$ 7,709
Operating Income Margin	11.6 %	11.0 %	11.5 %	10.2 %	8.7 %
Segment EBITDA Margin	24.6 %	24.1 %	24.8 %	23.5 %	22.5 %
Segment EBITDA - Year over year change %					(9.3)%