

Financial and Operating Information

As of September 30, 2022

verizon

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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	2Q	3Q	Year to date
Operating Revenues										
Service revenues and other	\$109,872	\$ 27,923	\$ 28,221	\$ 27,565	\$ 26,740	\$110,449	\$ 27,218	\$ 27,115	\$ 27,666	\$ 81,999
Wireless equipment revenues	18,420	4,944	5,543	5,350	7,327	23,164	6,336	6,674	6,575	19,585
Total Operating Revenues	128,292	32,867	33,764	32,915	34,067	133,613	33,554	33,789	34,241	101,584
Operating Expenses										
Cost of services	31,401	8,020	8,324	7,855	7,035	31,234	7,227	6,932	7,293	21,452
Cost of wireless equipment	19,800	5,502	5,931	5,673	7,961	25,067	7,123	7,488	7,308	21,919
Selling, general and administrative expense	31,573	7,401	7,324	6,521	7,412	28,658	7,172	7,496	7,422	22,090
Depreciation and amortization expense	16,720	4,174	4,020	3,961	4,051	16,206	4,236	4,321	4,324	12,881
Total Operating Expenses	99,494	25,097	25,599	24,010	26,459	101,165	25,758	26,237	26,347	78,342
Operating Income	28,798	7,770	8,165	8,905	7,608	32,448	7,796	7,552	7,894	23,242
Equity in earnings (losses) of unconsolidated businesses	(45)	8	1	1	135	145	(3)	41	2	40
Other income (expense), net	(539)	401	502	269	(860)	312	(924)	49	(439)	(1,314)
Interest expense	(4,247)	(1,101)	(844)	(801)	(739)	(3,485)	(786)	(785)	(937)	(2,508)
Income Before Provision For Income Taxes	23,967	7,078	7,824	8,374	6,144	29,420	6,083	6,857	6,520	19,460
Provision for income taxes	(5,619)	(1,700)	(1,875)	(1,820)	(1,407)	(6,802)	(1,372)	(1,542)	(1,496)	(4,410)
Net Income	\$ 18,348	\$ 5,378	\$ 5,949	\$ 6,554	\$ 4,737	\$ 22,618	\$ 4,711	\$ 5,315	\$ 5,024	\$ 15,050
Net income attributable to noncontrolling interests	\$ 547	\$ 133	\$ 149	\$ 147	\$ 124	\$ 553	\$ 131	\$ 116	\$ 124	\$ 371
Net income attributable to Verizon	17,801	5,245	5,800	6,407	4,613	22,065	4,580	5,199	4,900	14,679
Net Income	\$ 18,348	\$ 5,378	\$ 5,949	\$ 6,554	\$ 4,737	\$ 22,618	\$ 4,711	\$ 5,315	\$ 5,024	\$ 15,050
Basic Earnings Per Common Share										
Net income attributable to Verizon	\$ 4.30	\$ 1.27	\$ 1.40	\$ 1.55	\$ 1.11	\$ 5.32	\$ 1.09	\$ 1.24	\$ 1.17	\$ 3.49
Weighted-average shares outstanding (in millions)	4,140	4,141	4,141	4,142	4,167	4,148	4,201	4,201	4,202	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	\$ 1.24	\$ 1.17	\$ 3.49
Weighted-average shares outstanding (in millions)	4,142	4,142	4,143	4,144	4,169	4,150	4,202	4,202	4,204	4,203

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	6/30/22	9/30/22
Assets								
Current assets								
Cash and cash equivalents	\$ 22,171	\$ 10,205	\$ 4,657	\$ 9,936	\$ 2,921	\$ 1,661	\$ 1,857	\$ 2,082
Accounts receivable	25,169	23,611	22,237	23,165	24,742	24,474	24,740	24,475
Less Allowance for credit losses	1,252	1,104	980	970	896	859	831	805
Accounts receivable, net	23,917	22,507	21,257	22,195	23,846	23,615	23,909	23,670
Inventories	1,796	1,303	1,421	2,303	3,055	3,659	3,646	3,133
Prepaid expenses and other	6,710	5,632	8,291	5,843	6,906	6,645	8,087	10,861
Total current assets	54,594	39,647	35,626	40,277	36,728	35,580	37,499	39,746
Property, plant and equipment								
Less Accumulated depreciation	279,737	282,742	283,654	287,421	289,897	292,568	296,700	300,870
Property, plant and equipment, net	184,904	187,866	189,452	191,665	190,201	192,725	195,390	197,866
Investments in unconsolidated businesses	94,833	94,876	94,202	95,756	99,696	99,843	101,310	103,004
Wireless licenses	589	555	560	1,100	1,061	1,074	1,113	1,083
Deposits for wireless licenses	96,097	98,012	98,034	145,767	147,619	148,083	148,724	149,292
Goodwill	2,772	45,490	45,910	—	—	—	—	—
Other intangible assets, net	24,773	24,837	24,915	24,887	28,603	28,629	28,638	28,548
Operating lease right-of-use assets	9,413	9,304	7,002	7,022	11,677	11,432	11,286	11,196
Other assets	22,531	22,315	28,180	27,969	27,883	27,494	27,098	26,588
Total assets	10,879	10,537	14,761	10,679	13,329	13,581	14,479	15,633
Total assets	\$ 316,481	\$ 345,573	\$ 349,190	\$ 353,457	\$ 366,596	\$ 365,716	\$ 370,147	\$ 375,090
Liabilities and Equity								
Current liabilities								
Debt maturing within one year	\$ 5,889	\$ 8,802	\$ 7,023	\$ 7,623	\$ 7,443	\$ 13,421	\$ 12,873	\$ 14,995
Accounts payable and accrued liabilities	20,658	17,219	17,328	20,153	24,833	18,169	20,956	22,235
Current operating lease liabilities	3,485	3,536	3,881	3,606	3,859	3,847	3,912	3,961
Other current liabilities	9,628	9,173	11,846	9,976	11,025	11,148	11,483	11,950
Total current liabilities	39,660	38,730	40,078	41,358	47,160	46,585	49,224	53,141
Long-term debt								
Employee benefit obligations	123,173	149,700	144,894	143,352	143,425	139,961	136,184	132,912
Deferred income taxes	18,657	18,252	16,713	16,516	15,410	15,104	15,125	15,912
Non-current operating lease liabilities	35,711	36,747	37,534	38,481	40,685	41,341	42,154	42,094
Other liabilities	18,000	17,766	23,360	23,507	23,203	22,932	22,597	22,175
Total long-term liabilities	12,008	11,695	11,499	11,754	13,513	14,618	17,506	20,073
Total long-term liabilities	207,549	234,160	234,000	233,610	236,236	233,956	233,566	233,166
Equity								
Common stock	429	429	429	429	429	429	429	429
Additional paid in capital	13,404	13,408	13,403	13,402	13,861	13,874	13,872	13,467
Retained earnings	60,464	63,107	66,310	70,062	71,993	73,891	76,401	78,545
Accumulated other comprehensive income (loss)	(71)	640	(234)	(709)	(927)	(906)	(1,320)	(1,700)
Common stock in treasury, at cost	(6,719)	(6,634)	(6,632)	(6,630)	(4,104)	(4,023)	(4,020)	(4,015)
Deferred compensation – employee stock ownership plans and other	335	282	408	490	538	497	654	742
Noncontrolling interests	1,430	1,451	1,428	1,445	1,410	1,413	1,341	1,315
Total equity	69,272	72,683	75,112	78,489	83,200	85,175	87,357	88,783
Total liabilities and equity	\$ 316,481	\$ 345,573	\$ 349,190	\$ 353,457	\$ 366,596	\$ 365,716	\$ 370,147	\$ 375,090

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	6/30/22	9/30/22
Total debt	\$ 129,062	\$ 158,502	\$ 151,917	\$ 150,975	\$ 150,868	\$ 153,382	\$ 149,057	\$ 147,907
Net unsecured debt ⁽¹⁾	\$ 96,287	\$ 137,421	\$ 136,845	\$ 131,614	\$ 133,745	\$ 135,619	\$ 130,628	\$ 129,315
Net unsecured debt / Consolidated Adjusted EBITDA ⁽¹⁾⁽²⁾				2.7x	2.8x	2.8x	2.7x	2.7x
Common shares outstanding end of period (in millions)	4,138	4,140	4,140	4,140	4,198	4,200	4,200	4,200
Total employees ('000)	132.2	130.1	129.3	118.5	118.4	118.5	119.4	119.5
Quarterly cash dividends declared per common share	\$ 0.6275	\$ 0.6275	\$ 0.6275	\$ 0.6400	\$ 0.6400	\$ 0.6400	\$ 0.6400	\$ 0.6525

Footnotes:

(1) Non-GAAP financial measure.

(2) 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	6 Mos. Ended 6/30/22	9 Mos. Ended 9/30/22
Cash Flows from Operating Activities								
Net Income	\$ 18,348	\$ 5,378	\$ 11,327	\$ 17,881	\$ 22,618	\$ 4,711	\$ 10,026	\$ 15,050
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	8,557	12,881
Employee retirement benefits	840	(253)	(1,819)	(1,928)	(3,391)	(210)	(121)	479
Deferred income taxes	1,553	762	1,978	2,970	4,264	627	1,514	1,595
Provision for expected credit losses	1,380	224	409	604	789	328	665	1,048
Equity in losses (earnings) of unconsolidated businesses, net of dividends received	91	19	25	32	36	7	(18)	(13)
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	56	(41)	82	603	(890)	(3,492)	(1,959)	(458)
Other, net	2,780	(569)	242	(1,155)	(93)	614	(999)	(2,383)
Net cash provided by operating activities	41,768	9,694	20,438	31,162	39,539	6,821	17,665	28,199
Cash Flows from Investing Activities								
Capital expenditures (including capitalized software)	(18,192)	(4,494)	(8,716)	(13,861)	(20,286)	(5,821)	(10,491)	(15,811)
Cash received (paid) related to acquisitions of businesses, net of cash acquired	(520)	(408)	(458)	(459)	(4,065)	—	247	248
Acquisitions of wireless licenses	(3,896)	(44,783)	(45,278)	(47,027)	(47,596)	(1,838)	(2,275)	(2,890)
Collateral payments related to derivative contracts, net of repayments	—	—	(2)	(15)	(21)	(277)	(2,075)	(4,857)
Proceeds from disposition of business	—	—	—	4,122	4,122	—	—	33
Other, net	(904)	32	53	222	693	(59)	(62)	(43)
Net cash used in investing activities	(23,512)	(49,653)	(54,401)	(57,018)	(67,153)	(7,995)	(14,656)	(23,320)
Cash Flows from Financing Activities								
Proceeds from long-term borrowings	25,822	31,383	31,444	32,482	33,034	3,604	3,617	4,605
Proceeds from asset-backed long-term borrowings	5,635	1,000	2,695	2,695	8,383	3,545	5,053	5,939
Net proceeds from (repayments of) short-term commercial paper	(9)	—	—	—	—	3,791	2,560	4,514
Repayments of long-term borrowings and finance lease obligations	(9,775)	(302)	(7,559)	(7,904)	(14,063)	(6,556)	(7,405)	(8,001)
Repayments of asset-backed long-term borrowings	(7,413)	(732)	(2,993)	(3,887)	(4,800)	(1,650)	(2,695)	(3,647)
Dividends paid	(10,232)	(2,601)	(5,198)	(7,797)	(10,445)	(2,654)	(5,378)	(8,066)
Other, net	(2,703)	(792)	(1,839)	(2,120)	(3,832)	165	411	(797)
Net cash provided by (used in) financing activities	1,325	27,956	16,550	13,469	8,277	245	(3,837)	(5,453)
Increase (decrease) in cash, cash equivalents and restricted cash	19,581	(12,003)	(17,413)	(12,387)	(19,337)	(929)	(828)	(574)
Cash, cash equivalents and restricted cash, beginning of period	3,917	23,498	23,498	23,498	23,498	4,161	4,161	4,161
Cash, cash equivalents and restricted cash, end of period	\$ 23,498	\$ 11,495	\$ 6,085	\$ 11,111	\$ 4,161	\$ 3,232	\$ 3,333	\$ 3,587

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	2Q	3Q
Operating Revenues							
Service	\$ 16,569	\$ 16,709	\$ 16,891	\$ 17,564	\$ 18,126	\$ 18,149	\$ 18,421
Wireless equipment	4,192	4,739	4,530	6,320	5,374	5,708	5,558
Other	2,037	2,029	1,907	1,813	1,792	1,747	1,861
Total Operating Revenues	22,798	23,477	23,328	25,697	25,292	25,604	25,840
Operating Expenses							
Cost of services	4,000	4,181	4,149	4,251	4,446	4,284	4,566
Cost of wireless equipment	4,392	4,854	4,611	6,666	5,813	6,221	5,963
Selling, general and administrative expense	4,026	4,045	4,060	4,431	4,552	4,738	4,730
Depreciation and amortization expense	2,861	2,900	2,918	3,000	3,162	3,211	3,232
Total Operating Expenses	15,279	15,980	15,738	18,348	17,973	18,454	18,491
Operating Income	\$ 7,519	\$ 7,497	\$ 7,590	\$ 7,349	\$ 7,319	\$ 7,150	\$ 7,349
Operating Income Margin	33.0 %	31.9 %	32.5 %	28.6 %	28.9 %	27.9 %	28.4 %
Segment EBITDA⁽¹⁾	\$ 10,380	\$ 10,397	\$ 10,508	\$ 10,349	\$ 10,481	\$ 10,361	\$ 10,581
Segment EBITDA Margin⁽¹⁾	45.5 %	44.3 %	45.0 %	40.3 %	41.4 %	40.5 %	40.9 %

Footnotes:

(1) Non-GAAP financial measure.

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	2Q	3Q
Connections ('000):							
Wireless retail postpaid	90,172	90,514	90,916	91,543	91,414	91,475	91,478
Wireless retail prepaid ^{(1) (2)}	4,058	4,075	4,072	23,852	23,772	23,138	23,076
Total wireless retail	94,230	94,589	94,988	115,395	115,186	114,613	114,554
Wireless retail postpaid phones	74,913	75,118	75,388	75,712	75,422	75,197	74,997
Fios video	3,772	3,710	3,642	3,573	3,495	3,409	3,314
Fios internet	6,300	6,392	6,490	6,541	6,596	6,626	6,684
Fixed wireless access (FWA) broadband	26	37	63	101	216	384	621
Wireline broadband	6,713	6,783	6,858	6,888	6,925	6,938	6,976
Total broadband	6,739	6,820	6,921	6,989	7,141	7,322	7,597
Gross Additions ('000):							
Wireless retail postpaid	2,307	2,592	2,701	3,234	2,481	2,622	3,045
Net Additions Detail ('000):							
Wireless retail postpaid ⁽³⁾	(326)	350	423	667	(126)	84	28
Wireless retail prepaid ^{(1) (3) (4)}	19	18	(4)	(85)	(80)	(229)	39
Total wireless retail ⁽³⁾	(307)	368	419	582	(206)	(145)	67
Wireless retail postpaid phones ⁽³⁾	(225)	197	267	336	(292)	(215)	(189)
Fios video	(82)	(62)	(68)	(69)	(78)	(86)	(95)
Fios internet	98	92	98	51	55	30	58
FWA broadband ⁽³⁾	12	11	26	38	112	168	234
Wireline broadband	66	70	75	30	37	13	38
Total broadband	78	81	101	68	149	181	272
Churn Rate:							
Wireless retail postpaid	0.97 %	0.83 %	0.84 %	0.94 %	0.95 %	0.93 %	1.10 %
Wireless retail postpaid phones	0.77 %	0.65 %	0.67 %	0.77 %	0.77 %	0.75 %	0.88 %
Wireless retail prepaid ^{(1) (4)}	4.22 %	4.12 %	4.21 %	4.73 %	3.69 %	3.90 %	3.90 %
Wireless retail	1.11 %	0.97 %	0.98 %	1.34 %	1.51 %	1.53 %	1.66 %
Revenue Statistics (in millions):							
Wireless service revenue	\$ 13,684	\$ 13,794	\$ 13,982	\$ 14,643	\$ 15,217	\$ 15,236	\$ 15,517
Fios revenues	\$ 2,860	\$ 2,895	\$ 2,893	\$ 2,910	\$ 2,911	\$ 2,895	\$ 2,902
Other Wireless Statistics:							
Wireless retail postpaid ARPA ⁽⁵⁾	\$ 120.86	\$ 121.24	\$ 123.04	\$ 124.06	\$ 123.96	\$ 124.16	\$ 127.76
Wireless retail postpaid upgrade rate	4.5 %	4.9 %	4.7 %	6.3 %	4.8 %	5.6 %	5.1 %
Wireless retail postpaid accounts ('000) ⁽⁶⁾	33,588	33,606	33,640	33,651	33,514	33,386	33,251
Wireless retail postpaid connections per account ⁽⁶⁾	2.68	2.69	2.70	2.72	2.73	2.74	2.75
Wireless retail prepaid ARPU ^{(1) (7)}	\$ 35.66	\$ 35.70	\$ 35.75	\$ 37.83	\$ 30.89	\$ 31.26	\$ 31.18

Footnotes:

- (1) Acquisition of TracFone Wireless, Inc. was completed on November 23, 2021.
- (2) Reflects a decline in the customer base for wireless retail prepaid connections of approximately 402,000 as of June 30, 2022 and 504,000 as of September 30, 2022 primarily related to the shutdown of our competitors' 3G networks.
- (3) Connection net additions include certain adjustments.
- (4) Excludes the impact primarily related to the shutdown of our competitors' 3G networks resulting in approximately 402,000 retail prepaid disconnects in the second quarter of 2022 and 102,000 retail prepaid disconnects in the third quarter of 2022.
- (5) Wireless retail postpaid ARPA - average service revenue per account from retail postpaid accounts.
- (6) Statistics presented as of end of period.
- (7) 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	2Q	3Q
Operating Revenues							
Small and Medium Business	\$ 2,830	\$ 2,895	\$ 2,937	\$ 3,112	\$ 3,041	\$ 3,092	\$ 3,196
Global Enterprise	2,559	2,583	2,552	2,530	2,461	2,401	2,449
Public Sector and Other	1,646	1,614	1,547	1,517	1,552	1,504	1,531
Wholesale	746	670	653	651	655	629	661
Total Operating Revenues	7,781	7,762	7,689	7,810	7,709	7,626	7,837
Operating Expenses							
Cost of services	2,690	2,729	2,647	2,587	2,606	2,559	2,653
Cost of wireless equipment	1,111	1,076	1,061	1,296	1,310	1,268	1,344
Selling, general and administrative expense	2,068	2,086	2,077	2,093	2,059	2,050	2,063
Depreciation and amortization expense	1,013	1,015	1,018	1,038	1,061	1,074	1,079
Total Operating Expenses	6,882	6,906	6,803	7,014	7,036	6,951	7,139
Operating Income	\$ 899	\$ 856	\$ 886	\$ 796	\$ 673	\$ 675	\$ 698
Operating Income Margin	11.6 %	11.0 %	11.5 %	10.2 %	8.7 %	8.9 %	8.9 %
Segment EBITDA⁽¹⁾	\$ 1,912	\$ 1,871	\$ 1,904	\$ 1,834	\$ 1,734	\$ 1,749	\$ 1,777
Segment EBITDA Margin⁽¹⁾	24.6 %	24.1 %	24.8 %	23.5 %	22.5 %	22.9 %	22.7 %

Footnotes:

(1) Non-GAAP financial measure.

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	2Q	3Q
Connections ('000):							
Wireless retail postpaid	26,621	26,740	26,998	27,411	27,809	28,208	28,584
Wireless retail postpaid phones	16,639	16,708	16,866	17,103	17,353	17,586	17,795
Fios video	73	72	72	71	71	70	69
Fios internet	339	346	352	356	361	367	370
FWA broadband	32	43	76	122	217	316	442
Wireline broadband	480	480	479	477	475	474	471
Total broadband	512	523	555	599	692	790	913
Gross Additions ('000):							
Wireless retail postpaid	1,141	1,220	1,314	1,417	1,502	1,582	1,566
Net Additions Detail ('000):							
Wireless retail postpaid ⁽¹⁾	156	178	276	391	395	430	360
Wireless retail postpaid phones ⁽¹⁾	47	78	162	222	256	227	197
Fios video	—	(1)	—	(1)	—	(1)	(1)
Fios internet	4	7	6	4	5	6	3
FWA broadband ⁽¹⁾	5	12	29	40	82	88	108
Wireline broadband ⁽¹⁾	(2)	—	(1)	(2)	(2)	(1)	(3)
Total broadband	3	12	28	38	80	87	105
Churn Rate:							
Wireless retail postpaid	1.24 %	1.30 %	1.29 %	1.26 %	1.34 %	1.37 %	1.42 %
Wireless retail postpaid phones	1.01 %	1.07 %	1.04 %	1.01 %	1.06 %	1.07 %	1.10 %
Revenue Statistics (in millions):							
Wireless service revenue	\$ 3,060	\$ 3,090	\$ 3,097	\$ 3,119	\$ 3,125	\$ 3,182	\$ 3,273
Fios revenues	\$ 276	\$ 281	\$ 287	\$ 292	\$ 295	\$ 298	\$ 304
Other Operating Statistics:							
Wireless retail postpaid upgrade rate	3.3 %	3.4 %	3.2 %	3.4 %	3.4 %	3.1 %	3.3 %

Footnotes:

(1) Connection net additions include certain adjustments.

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	2Q	3Q
Connections ('000)							
Retail postpaid	116,793	117,254	117,914	118,954	119,223	119,683	120,062
Retail prepaid ^{(1) (2)}	4,058	4,075	4,072	23,852	23,772	23,138	23,076
Total retail	120,851	121,329	121,986	142,806	142,995	142,821	143,138
Retail postpaid phones	91,552	91,826	92,254	92,815	92,775	92,783	92,792
Net Additions Detail ('000) ⁽³⁾							
Retail postpaid phones	(178)	275	429	558	(36)	12	8
Retail postpaid	(170)	528	699	1,058	269	514	388
Retail prepaid ^{(1) (4)}	19	18	(4)	(85)	(80)	(229)	39
Total retail	(151)	546	695	973	189	285	427
Account Statistics							
Retail postpaid accounts ('000) ⁽⁵⁾	35,184	35,223	35,285	35,332	35,224	35,132	35,034
Retail postpaid connections per account ⁽⁵⁾	3.32	3.33	3.34	3.37	3.38	3.41	3.43
Retail postpaid ARPA ⁽⁶⁾	\$ 141.74	\$ 142.23	\$ 143.87	\$ 144.88	\$ 144.87	\$ 145.50	\$ 149.82
Retail prepaid ARPU ^{(1) (7)}	\$ 35.66	\$ 35.70	\$ 35.75	\$ 37.83	\$ 30.89	\$ 31.26	\$ 31.18
Churn Detail							
Retail postpaid phone	0.81 %	0.72 %	0.74 %	0.81 %	0.83 %	0.81 %	0.92 %
Retail postpaid	1.03 %	0.94 %	0.94 %	1.01 %	1.04 %	1.03 %	1.17 %
Retail prepaid ^{(1) (4)}	4.22 %	4.12 %	4.21 %	4.73 %	3.69 %	3.90 %	3.90 %
Retail	1.14 %	1.04 %	1.05 %	1.32 %	1.48 %	1.50 %	1.62 %
Retail Postpaid Connection Statistics							
Upgrade rate	4.3 %	4.6 %	4.3 %	5.7 %	4.5 %	5.0 %	4.7 %
Revenue Statistics (in millions) ⁽⁸⁾							
Wireless service	\$ 16,744	\$ 16,884	\$ 17,079	\$ 17,762	\$ 18,342	\$ 18,418	\$ 18,790
Wireless equipment	4,944	5,543	5,350	7,327	6,336	6,674	6,575
Wireless other	2,043	2,043	1,929	1,840	1,818	1,800	1,922
Total Wireless	\$ 23,731	\$ 24,470	\$ 24,358	\$ 26,929	\$ 26,496	\$ 26,892	\$ 27,287

Footnotes:

- (1) Acquisition of TracFone Wireless, Inc. was completed on November 23, 2021.
- (2) Reflects a decline in the customer base for wireless retail prepaid connections of approximately 402,000 as of June 30, 2022 and 504,000 as of September 30, 2022 primarily related to the shutdown of our competitors' 3G networks.
- (3) Connection net additions include certain adjustments.
- (4) Excludes the impact primarily related to the shutdown of our competitors' 3G networks resulting in approximately 402,000 retail prepaid disconnects in the second quarter of 2022 and 102,000 retail prepaid disconnects in the third quarter of 2022.
- (5) Statistics presented as of end of period.
- (6) Wireless retail postpaid ARPA - average service revenue per account from retail postpaid accounts.
- (7) Wireless retail prepaid ARPU - average service revenue per unit from retail prepaid connections.
- (8) 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, severance, pension and benefits charges, and net gain from sale of Verizon Media (Media). Pension and benefits charges relate to actuarial gains/losses resulting from the remeasurements of pension and other postretirement benefits.

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.

Definitions - Non-GAAP Measures

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.

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		
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Consolidated Net Income	\$ 4,718	\$ 5,378	\$ 5,949	\$ 6,554	\$ 4,737	\$ 4,711	\$ 5,315	\$ 5,024
Add:								
Provision for income taxes	1,535	1,700	1,875	1,820	1,407	1,372	1,542	1,496
Interest expense ⁽¹⁾	1,080	1,101	844	801	739	786	785	937
Depreciation and amortization expense ⁽²⁾	4,197	4,174	4,020	3,961	4,051	4,236	4,321	4,324
Consolidated EBITDA	\$ 11,530	\$ 12,353	\$ 12,688	\$ 13,136	\$ 10,934	\$ 11,105	\$ 11,963	\$ 11,781
Add/(subtract):								
Other (income) expense, net ⁽³⁾	\$ (164)	\$ (401)	\$ (502)	\$ (269)	\$ 860	\$ 924	\$ (49)	\$ 439
Equity in losses (earnings) of unconsolidated businesses ⁽⁴⁾	11	(8)	(1)	(1)	(135)	3	(41)	(2)
Severance charges	221	—	—	103	106	—	—	—
Loss on spectrum licenses	—	223	—	—	—	—	—	—
Net (gain) loss from dispositions of businesses	126	—	—	(706)	—	—	—	—
Consolidated Adjusted EBITDA	\$ 11,724	\$ 12,167	\$ 12,185	\$ 12,263	\$ 11,765	\$ 12,032	\$ 11,873	\$ 12,218
Consolidated Operating Revenues				\$ 32,915	\$ 34,067	\$ 33,554	\$ 33,789	\$ 34,241
Consolidated Adjusted EBITDA Margin				37.3 %	34.5 %	35.9 %	35.1 %	35.7 %
Consolidated Adjusted EBITDA - Year Over Year Change %								(0.4)%
Consolidated Adjusted EBITDA - Quarter Over Quarter Change								\$ 345
Consolidated Adjusted EBITDA - Quarter Over Quarter Change %								2.9 %

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

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

(3) Includes Pension and benefits remeasurement adjustments and Early debt redemption costs, where applicable.

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

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	6/30/22	9/30/22
Debt maturing within one year	\$ 5,889	\$ 8,802	\$ 7,023	\$ 7,623	\$ 7,443	\$ 13,421	\$ 12,873	\$ 14,995
Long-term debt	123,173	149,700	144,894	143,352	143,425	139,961	136,184	132,912
Total Debt	129,062	158,502	151,917	150,975	150,868	153,382	149,057	147,907
Less Secured debt	10,604	10,876	10,315	9,425	14,202	16,102	16,572	16,510
Unsecured Debt	118,458	147,626	141,602	141,550	136,666	137,280	132,485	131,397
Less Cash and cash equivalents ⁽¹⁾	22,171	10,205	4,757	9,936	2,921	1,661	1,857	2,082
Net Unsecured Debt	\$ 96,287	\$ 137,421	\$ 136,845	\$ 131,614	\$ 133,745	\$ 135,619	\$ 130,628	\$ 129,315
Net Unsecured Debt to Consolidated Adjusted EBITDA Ratio				2.7x	2.8x	2.8x	2.7x	2.7x
Net Unsecured Debt - Quarter over quarter change								\$ (1,313)

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

Non-GAAP Reconciliations - Consolidated

Adjusted Earnings per Common Share (Adjusted EPS)

(dollars in millions except per share amounts)

Unaudited				3 Mos. Ended 9/30/21				3 Mos. Ended 9/30/22
	Pre-tax	Tax	After-Tax		Pre-tax	Tax	After-Tax	
EPS				\$ 1.55				\$ 1.17
Amortization of acquisition-related intangible assets	\$ 57	\$ (14)	\$ 43	0.01	\$ 236	\$ (58)	\$ 178	0.04
Severance, pension and benefits charges	247	(63)	184	0.04	645	(162)	483	0.11
Net gain from sale of Media	(706)	(30)	(736)	(0.18)	—	—	—	—
	\$ (402)	\$ (107)	\$ (509)	\$ (0.12)	\$ 881	\$ (220)	\$ 661	\$ 0.16
Adjusted EPS				<u>\$ 1.42</u>				<u>\$ 1.32</u>
Year over year change %								(7.0)%

Footnotes:

Adjusted EPS may not add due to rounding.

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

Free Cash Flow

(dollars in millions)

Unaudited	9 Mos. Ended 9/30/21	9 Mos. Ended 9/30/22
Net Cash Provided by Operating Activities	\$ 31,162	\$ 28,199
Capital expenditures (including capitalized software)	(13,861)	(15,811)
Free Cash Flow	<u>\$ 17,301</u>	<u>\$ 12,388</u>
Year over year change %		(28.4)%

Non-GAAP Reconciliations - Segments

Segment EBITDA and Segment EBITDA Margin

Consumer

	(dollars in millions)						
	3 Mos. Ended	3 Mos. Ended	3 Mos. Ended	3 Mos. Ended	3 Mos. Ended	3 Mos. Ended	3 Mos. Ended
Unaudited	3/31/21	6/30/21	9/30/21	12/31/21	3/31/22	6/30/22	9/30/22
Operating Income	\$ 7,519	\$ 7,497	\$ 7,590	\$ 7,349	\$ 7,319	\$ 7,150	\$ 7,349
Add Depreciation and amortization expense	2,861	2,900	2,918	3,000	3,162	3,211	3,232
Segment EBITDA	\$10,380	\$10,397	\$10,508	\$10,349	\$10,481	\$10,361	\$10,581
Total operating revenues	\$22,798	\$23,477	\$23,328	\$25,697	\$25,292	\$25,604	\$25,840
Operating Income Margin	33.0 %	31.9 %	32.5 %	28.6 %	28.9 %	27.9 %	28.4 %
Segment EBITDA Margin	45.5 %	44.3 %	45.0 %	40.3 %	41.4 %	40.5 %	40.9 %
Segment EBITDA - Year over year change %							0.7 %

Business

	(dollars in millions)						
	3 Mos. Ended	3 Mos. Ended	3 Mos. Ended	3 Mos. Ended	3 Mos. Ended	3 Mos. Ended	3 Mos. Ended
Unaudited	3/31/21	6/30/21	9/30/21	12/31/21	3/31/22	6/30/22	9/30/22
Operating Income	\$ 899	\$ 856	\$ 886	\$ 796	\$ 673	\$ 675	\$ 698
Add Depreciation and amortization expense	1,013	1,015	1,018	1,038	1,061	1,074	1,079
Segment EBITDA	\$ 1,912	\$ 1,871	\$ 1,904	\$ 1,834	\$ 1,734	\$ 1,749	\$ 1,777
Total operating revenues	\$ 7,781	\$ 7,762	\$ 7,689	\$ 7,810	\$ 7,709	\$ 7,626	\$ 7,837
Operating Income Margin	11.6 %	11.0 %	11.5 %	10.2 %	8.7 %	8.9 %	8.9 %
Segment EBITDA Margin	24.6 %	24.1 %	24.8 %	23.5 %	22.5 %	22.9 %	22.7 %
Segment EBITDA - Year over year change %							(6.7)%