

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q

(Mark one)



QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended June 30, 2024

OR



TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from            to

Commission file number: 1-8606

Verizon Communications Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction  
of incorporation or organization)

23-2259884

(I.R.S. Employer Identification No.)

1095 Avenue of the Americas  
New York, New York

(Address of principal executive offices)

10036

(Zip Code)

Registrant's telephone number, including area code: (212) 395-1000

Securities registered pursuant to Section 12(b) of the Act:

| Title of Each Class              | Trading Symbol(s) | Name of Each Exchange on Which Registered |
|----------------------------------|-------------------|-------------------------------------------|
| Common Stock, par value \$0.10   | VZ                | New York Stock Exchange                   |
| Common Stock, par value \$0.10   | VZ                | The Nasdaq Global Select Market           |
| 0.875% Notes due 2025            | VZ 25             | New York Stock Exchange                   |
| 3.25% Notes due 2026             | VZ 26             | New York Stock Exchange                   |
| 1.375% Notes due 2026            | VZ 26B            | New York Stock Exchange                   |
| 0.875% Notes due 2027            | VZ 27E            | New York Stock Exchange                   |
| 1.375% Notes due 2028            | VZ 28             | New York Stock Exchange                   |
| 1.125% Notes due 2028            | VZ 28A            | New York Stock Exchange                   |
| 2.350% Fixed Rate Notes due 2028 | VZ 28C            | New York Stock Exchange                   |
| 1.875% Notes due 2029            | VZ 29B            | New York Stock Exchange                   |
| 0.375% Notes due 2029            | VZ 29D            | New York Stock Exchange                   |
| 1.250% Notes due 2030            | VZ 30             | New York Stock Exchange                   |
| 1.875% Notes due 2030            | VZ 30A            | New York Stock Exchange                   |
| 4.250% Notes due 2030            | VZ 30D            | New York Stock Exchange                   |
| 2.625% Notes due 2031            | VZ 31             | New York Stock Exchange                   |
| 2.500% Notes due 2031            | VZ 31A            | New York Stock Exchange                   |
| 3.000% Fixed Rate Notes due 2031 | VZ 31D            | New York Stock Exchange                   |
| 0.875% Notes due 2032            | VZ 32             | New York Stock Exchange                   |
| 0.750% Notes due 2032            | VZ 32A            | New York Stock Exchange                   |
| 3.500% Notes due 2032            | VZ 32B            | New York Stock Exchange                   |
| 1.300% Notes due 2033            | VZ 33B            | New York Stock Exchange                   |

**Securities registered pursuant to Section 12(b) of the Act (continued):**

| <b>Title of Each Class</b>       | <b>Trading Symbol(s)</b> | <b>Name of Each Exchange on Which Registered</b> |
|----------------------------------|--------------------------|--------------------------------------------------|
| 4.75% Notes due 2034             | VZ 34                    | New York Stock Exchange                          |
| 4.750% Notes due 2034            | VZ 34C                   | New York Stock Exchange                          |
| 3.125% Notes due 2035            | VZ 35                    | New York Stock Exchange                          |
| 1.125% Notes due 2035            | VZ 35A                   | New York Stock Exchange                          |
| 3.375% Notes due 2036            | VZ 36A                   | New York Stock Exchange                          |
| 3.750% Notes due 2036            | VZ 36B                   | New York Stock Exchange                          |
| 2.875% Notes due 2038            | VZ 38B                   | New York Stock Exchange                          |
| 1.875% Notes due 2038            | VZ 38C                   | New York Stock Exchange                          |
| 1.500% Notes due 2039            | VZ 39C                   | New York Stock Exchange                          |
| 3.50% Fixed Rate Notes due 2039  | VZ 39D                   | New York Stock Exchange                          |
| 1.850% Notes due 2040            | VZ 40                    | New York Stock Exchange                          |
| 3.850% Fixed Rate Notes due 2041 | VZ 41C                   | New York Stock Exchange                          |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

|                         |                                     |                           |                          |
|-------------------------|-------------------------------------|---------------------------|--------------------------|
| Large accelerated filer | <input checked="" type="checkbox"/> | Accelerated filer         | <input type="checkbox"/> |
| Non-accelerated filer   | <input type="checkbox"/>            | Smaller reporting company | <input type="checkbox"/> |
|                         |                                     | Emerging growth company   | <input type="checkbox"/> |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

At June 30, 2024, 4,209,519,996 shares of the registrant's common stock were outstanding, after deducting 81,913,650 shares held in treasury.

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**Part I - Financial Information**
**Item 1. Financial Statements (Unaudited)**
**Condensed Consolidated Statements of Income**
**Verizon Communications Inc. and Subsidiaries**

|                                                             | Three Months Ended<br>June 30, |                 | Six Months Ended<br>June 30, |                 |
|-------------------------------------------------------------|--------------------------------|-----------------|------------------------------|-----------------|
| (dollars in millions, except per share amounts) (unaudited) | 2024                           | 2023            | 2024                         | 2023            |
| <b>Operating Revenues</b>                                   |                                |                 |                              |                 |
| Service revenues and other                                  | \$ 27,798                      | \$ 27,319       | \$ 55,418                    | \$ 54,471       |
| Wireless equipment revenues                                 | 4,998                          | 5,277           | 10,359                       | 11,037          |
| <b>Total Operating Revenues</b>                             | <b>32,796</b>                  | <b>32,596</b>   | <b>65,777</b>                | <b>65,508</b>   |
| <b>Operating Expenses</b>                                   |                                |                 |                              |                 |
| Cost of services (exclusive of items shown below)           | 6,904                          | 6,986           | 13,871                       | 14,064          |
| Cost of wireless equipment                                  | 5,567                          | 5,778           | 11,472                       | 12,204          |
| Selling, general and administrative expense                 | 8,024                          | 8,253           | 16,167                       | 15,759          |
| Depreciation and amortization expense                       | 4,483                          | 4,359           | 8,928                        | 8,677           |
| <b>Total Operating Expenses</b>                             | <b>24,978</b>                  | <b>25,376</b>   | <b>50,438</b>                | <b>50,704</b>   |
| <b>Operating Income</b>                                     | <b>7,818</b>                   | <b>7,220</b>    | <b>15,339</b>                | <b>14,804</b>   |
| Equity in losses of unconsolidated businesses               | (14)                           | (33)            | (23)                         | (24)            |
| Other income (expense), net                                 | (72)                           | 210             | 126                          | 324             |
| Interest expense                                            | (1,698)                        | (1,285)         | (3,333)                      | (2,492)         |
| <b>Income Before Provision For Income Taxes</b>             | <b>6,034</b>                   | <b>6,112</b>    | <b>12,109</b>                | <b>12,612</b>   |
| Provision for income taxes                                  | (1,332)                        | (1,346)         | (2,685)                      | (2,828)         |
| <b>Net Income</b>                                           | <b>\$ 4,702</b>                | <b>\$ 4,766</b> | <b>\$ 9,424</b>              | <b>\$ 9,784</b> |
| Net income attributable to noncontrolling interests         | \$ 109                         | \$ 118          | \$ 229                       | \$ 227          |
| Net income attributable to Verizon                          | 4,593                          | 4,648           | 9,195                        | 9,557           |
| <b>Net Income</b>                                           | <b>\$ 4,702</b>                | <b>\$ 4,766</b> | <b>\$ 9,424</b>              | <b>\$ 9,784</b> |
| <b>Basic Earnings Per Common Share</b>                      |                                |                 |                              |                 |
| Net income attributable to Verizon                          | \$ 1.09                        | \$ 1.10         | \$ 2.18                      | \$ 2.27         |
| Weighted-average shares outstanding (in millions)           | 4,215                          | 4,208           | 4,215                        | 4,207           |
| <b>Diluted Earnings Per Common Share</b>                    |                                |                 |                              |                 |
| Net income attributable to Verizon                          | \$ 1.09                        | \$ 1.10         | \$ 2.18                      | \$ 2.27         |
| Weighted-average shares outstanding (in millions)           | 4,221                          | 4,213           | 4,220                        | 4,212           |

See Notes to Condensed Consolidated Financial Statements

# Condensed Consolidated Statements of Comprehensive Income

## Verizon Communications Inc. and Subsidiaries

|                                                                                          | Three Months Ended<br>June 30, |                 | Six Months Ended<br>June 30, |                 |
|------------------------------------------------------------------------------------------|--------------------------------|-----------------|------------------------------|-----------------|
| (dollars in millions) (unaudited)                                                        | 2024                           | 2023            | 2024                         | 2023            |
| <b>Net Income</b>                                                                        | <b>\$ 4,702</b>                | <b>\$ 4,766</b> | <b>\$ 9,424</b>              | <b>\$ 9,784</b> |
| <b>Other Comprehensive Income (Loss), Net of Tax (Expense) Benefit</b>                   |                                |                 |                              |                 |
| Foreign currency translation adjustments, net of tax of \$(1), \$1, \$(6) and \$4        | —                              | (6)             | (50)                         | 20              |
| Unrealized gain on cash flow hedges, net of tax of \$(7), \$(8), \$(18) and \$(15)       | 19                             | 25              | 54                           | 46              |
| Unrealized gain (loss) on fair value hedges, net of tax of \$36, \$(100), \$(32) and \$3 | (104)                          | 293             | 96                           | (9)             |
| Unrealized gain (loss) on marketable securities, net of tax of \$0, \$0, \$1 and \$(1)   | (1)                            | (2)             | (3)                          | 2               |
| Defined benefit pension and postretirement plans, net of tax of \$1, \$21, \$2 and \$36  | (2)                            | (54)            | (4)                          | (115)           |
| Other comprehensive income (loss) attributable to Verizon                                | (88)                           | 256             | 93                           | (56)            |
| <b>Total Comprehensive Income</b>                                                        | <b>\$ 4,614</b>                | <b>\$ 5,022</b> | <b>\$ 9,517</b>              | <b>\$ 9,728</b> |
| Comprehensive income attributable to noncontrolling interests                            | \$ 109                         | \$ 118          | \$ 229                       | \$ 227          |
| Comprehensive income attributable to Verizon                                             | 4,505                          | 4,904           | 9,288                        | 9,501           |
| <b>Total Comprehensive Income</b>                                                        | <b>\$ 4,614</b>                | <b>\$ 5,022</b> | <b>\$ 9,517</b>              | <b>\$ 9,728</b> |

See Notes to Condensed Consolidated Financial Statements

**Condensed Consolidated Balance Sheets**  
**Verizon Communications Inc. and Subsidiaries**

|                                                                                                                             | At June 30,<br>2024 | At December 31,<br>2023 |
|-----------------------------------------------------------------------------------------------------------------------------|---------------------|-------------------------|
| (dollars in millions, except per share amounts) (unaudited)                                                                 |                     |                         |
| <b>Assets</b>                                                                                                               |                     |                         |
| Current assets                                                                                                              |                     |                         |
| Cash and cash equivalents                                                                                                   | \$ 2,432            | \$ 2,065                |
| Accounts receivable                                                                                                         | 26,702              | 26,102                  |
| Less Allowance for credit losses                                                                                            | 1,095               | 1,017                   |
| Accounts receivable, net                                                                                                    | 25,607              | 25,085                  |
| Inventories                                                                                                                 | 1,841               | 2,057                   |
| Prepaid expenses and other                                                                                                  | 8,176               | 7,607                   |
| Total current assets                                                                                                        | 38,056              | 36,814                  |
| Property, plant and equipment                                                                                               | 324,978             | 320,108                 |
| Less Accumulated depreciation                                                                                               | 217,088             | 211,798                 |
| Property, plant and equipment, net                                                                                          | 107,890             | 108,310                 |
| Investments in unconsolidated businesses                                                                                    | 908                 | 953                     |
| Wireless licenses                                                                                                           | 156,291             | 155,667                 |
| Goodwill                                                                                                                    | 22,842              | 22,843                  |
| Other intangible assets, net                                                                                                | 10,680              | 11,057                  |
| Operating lease right-of-use assets                                                                                         | 24,064              | 24,726                  |
| Other assets                                                                                                                | 18,415              | 19,885                  |
| <b>Total assets</b>                                                                                                         | <b>\$ 379,146</b>   | <b>\$ 380,255</b>       |
| <b>Liabilities and Equity</b>                                                                                               |                     |                         |
| Current liabilities                                                                                                         |                     |                         |
| Debt maturing within one year                                                                                               | \$ 23,255           | \$ 12,973               |
| Accounts payable and accrued liabilities                                                                                    | 19,727              | 23,453                  |
| Current operating lease liabilities                                                                                         | 4,247               | 4,266                   |
| Other current liabilities                                                                                                   | 13,577              | 12,531                  |
| Total current liabilities                                                                                                   | 60,806              | 53,223                  |
| Long-term debt                                                                                                              | 126,022             | 137,701                 |
| Employee benefit obligations                                                                                                | 12,812              | 13,189                  |
| Deferred income taxes                                                                                                       | 46,082              | 45,781                  |
| Non-current operating lease liabilities                                                                                     | 19,456              | 20,002                  |
| Other liabilities                                                                                                           | 16,429              | 16,560                  |
| Total long-term liabilities                                                                                                 | 220,801             | 233,233                 |
| Commitments and Contingencies (Note 12)                                                                                     |                     |                         |
| Equity                                                                                                                      |                     |                         |
| Series preferred stock (\$0.10 par value; 250,000,000 shares authorized; none issued)                                       | —                   | —                       |
| Common stock (\$0.10 par value; 6,250,000,000 shares authorized in each period; 4,291,433,646 shares issued in each period) | 429                 | 429                     |
| Additional paid in capital                                                                                                  | 13,539              | 13,631                  |
| Retained earnings                                                                                                           | 86,504              | 82,915                  |
| Accumulated other comprehensive loss                                                                                        | (1,287)             | (1,380)                 |
| Common stock in treasury, at cost (81,913,650 and 87,172,997 shares outstanding)                                            | (3,590)             | (3,821)                 |
| Deferred compensation – employee stock ownership plans (ESOPs) and other                                                    | 577                 | 656                     |
| Noncontrolling interests                                                                                                    | 1,367               | 1,369                   |
| Total equity                                                                                                                | 97,539              | 93,799                  |
| <b>Total liabilities and equity</b>                                                                                         | <b>\$ 379,146</b>   | <b>\$ 380,255</b>       |

See Notes to Condensed Consolidated Financial Statements

**Condensed Consolidated Statements of Cash Flows**  
**Verizon Communications Inc. and Subsidiaries**

|                                                                                                      | Six Months Ended |                 |
|------------------------------------------------------------------------------------------------------|------------------|-----------------|
|                                                                                                      | June 30,         |                 |
| (dollars in millions) (unaudited)                                                                    | 2024             | 2023            |
| <b>Cash Flows from Operating Activities</b>                                                          |                  |                 |
| Net Income                                                                                           | \$ 9,424         | \$ 9,784        |
| Adjustments to reconcile net income to net cash provided by operating activities:                    |                  |                 |
| Depreciation and amortization expense                                                                | 8,928            | 8,677           |
| Employee retirement benefits                                                                         | 354              | 108             |
| Deferred income taxes                                                                                | 282              | 633             |
| Provision for expected credit losses                                                                 | 1,119            | 1,061           |
| Equity in losses of unconsolidated businesses, inclusive of dividends received                       | 33               | 49              |
| Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses | (3,572)          | (620)           |
| Other, net                                                                                           | 1                | (1,672)         |
| Net cash provided by operating activities                                                            | 16,569           | 18,020          |
| <b>Cash Flows from Investing Activities</b>                                                          |                  |                 |
| Capital expenditures (including capitalized software)                                                | (8,071)          | (10,070)        |
| Acquisitions of wireless licenses                                                                    | (613)            | (1,085)         |
| Collateral receipts (payments) related to derivative contracts, net                                  | (424)            | 824             |
| Other, net                                                                                           | (2)              | 131             |
| Net cash used in investing activities                                                                | (9,110)          | (10,200)        |
| <b>Cash Flows from Financing Activities</b>                                                          |                  |                 |
| Proceeds from long-term borrowings                                                                   | 3,122            | 1,503           |
| Proceeds from asset-backed long-term borrowings                                                      | 5,828            | 3,705           |
| Net proceeds from (repayments of) short-term commercial paper                                        | 603              | (167)           |
| Repayments of long-term borrowings and finance lease obligations                                     | (5,719)          | (2,600)         |
| Repayments of asset-backed long-term borrowings                                                      | (4,008)          | (2,383)         |
| Dividends paid                                                                                       | (5,598)          | (5,487)         |
| Other, net                                                                                           | (1,290)          | (157)           |
| Net cash used in financing activities                                                                | (7,062)          | (5,586)         |
| <b>Increase in cash, cash equivalents and restricted cash</b>                                        | <b>397</b>       | <b>2,234</b>    |
| <b>Cash, cash equivalents and restricted cash, beginning of period</b>                               | <b>3,497</b>     | <b>4,111</b>    |
| <b>Cash, cash equivalents and restricted cash, end of period (Note 1)</b>                            | <b>\$ 3,894</b>  | <b>\$ 6,345</b> |

See Notes to Condensed Consolidated Financial Statements

## Notes to Condensed Consolidated Financial Statements (Unaudited)

### Verizon Communications Inc. and Subsidiaries

#### Note 1. Basis of Presentation

Verizon Communications Inc. (the Company) is a holding company that, acting through its subsidiaries (together with the Company, collectively, Verizon), is one of the world's leading providers of communications, technology, information and entertainment products and services to consumers, businesses and government entities. With a presence around the world, we offer data, video and voice services and solutions on our networks and platforms that are designed to meet customers' demand for mobility, reliable network connectivity and security.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) in the United States (U.S.) and based upon Securities and Exchange Commission rules that permit reduced disclosure for interim periods. For a more complete discussion of significant accounting policies and certain other information, you should refer to the financial statements included in the Company's Annual Report on Form 10-K for the year ended December 31, 2023. These financial statements reflect all adjustments that are necessary for a fair presentation of results of operations and financial condition for the interim periods shown, including normal recurring accruals and other items. The results for the interim periods are not necessarily indicative of results for the full year.

#### Earnings Per Common Share

There were a total of approximately 5.3 million and 4.5 million outstanding dilutive securities, primarily consisting of performance stock units and restricted stock units, included in the computation of diluted earnings per common share for the three and six months ended June 30, 2024, respectively. There were a total of approximately 5.6 million and 4.6 million outstanding dilutive securities, primarily consisting of performance stock units and restricted stock units, included in the computation of diluted earnings per common share for the three and six months ended June 30, 2023, respectively.

#### Cash, Cash Equivalents and Restricted Cash

We consider all highly liquid investments with an original maturity of 90 days or less when purchased to be cash equivalents. Cash equivalents are stated at cost, which approximates quoted market value and includes amounts held in money market funds.

Cash collections on the receivables and on the underlying receivables related to the participation interest collateralizing our asset-backed debt securities are required at certain specified times to be placed into segregated accounts. Deposits to the segregated accounts are considered restricted cash.

Cash, cash equivalents and restricted cash are included in the following line items in the condensed consolidated balance sheets:

| (dollars in millions)                             | At June 30,<br>2024 | At December 31,<br>2023 | Increase / (Decrease) |
|---------------------------------------------------|---------------------|-------------------------|-----------------------|
| Cash and cash equivalents                         | \$ 2,432            | \$ 2,065                | \$ 367                |
| Restricted cash:                                  |                     |                         |                       |
| Prepaid expenses and other                        | 1,354               | 1,244                   | 110                   |
| Other assets                                      | 108                 | 188                     | (80)                  |
| <b>Cash, cash equivalents and restricted cash</b> | <b>\$ 3,894</b>     | <b>\$ 3,497</b>         | <b>\$ 397</b>         |

#### Note 2. Revenues and Contract Costs

We earn revenue from contracts with customers, primarily through the provision of telecommunications and other services and through the sale of wireless equipment.

#### Revenue by Category

We have two reportable segments that we operate and manage as strategic business units, Consumer and Business. Revenue is disaggregated by products and services within Consumer, and customer groups (Enterprise and Public Sector, Business Markets and Other, and Wholesale) within Business. See Note 10 for additional information on revenue by segment, including Corporate and other.

We also earn revenues that are not accounted for under Topic 606 from leasing arrangements (such as those for towers and equipment), captive reinsurance arrangements primarily related to wireless device insurance and the interest recognized when equipment is sold to the customer by an authorized agent under a device payment plan agreement. We have elected the practical expedient within Topic 842, to combine the lease and non-lease components for those customer arrangements under Topic 606 that involve customer premise equipment where we are the lessor. During the three and six months ended June 30, 2024 revenues from arrangements that were not accounted for under Topic 606 were approximately \$753 million and \$1.5 billion,



respectively. During the three and six months ended June 30, 2023, revenues from arrangements that were not accounted for under Topic 606 were approximately \$754 million and \$1.5 billion, respectively.

### Remaining Performance Obligations

When allocating the total contract transaction price to identified performance obligations, a portion of the total transaction price may relate to service performance obligations which were not satisfied or were partially satisfied as of the end of the reporting period. Below we disclose information relating to these unsatisfied performance obligations. We apply the practical expedient available under Topic 606 that provides the option to exclude the expected revenues arising from unsatisfied performance obligations related to contracts that have an original expected duration of one year or less. This situation primarily arises with respect to certain month-to-month service contracts. At June 30, 2024, month-to-month service contracts represented approximately 95% of both our wireless postpaid contracts and our wireline Consumer and our Business Markets and Other contracts, compared to June 30, 2023, for which month-to-month service contracts represented approximately 94% of both our wireless postpaid contracts and our wireline Consumer and our Business Markets and Other contracts.

Additionally, certain contracts provide customers the option to purchase additional services. The fees related to these additional services are recognized when the customer exercises the option (typically on a month-to-month basis).

Contracts for wireless services, with or without promotional credits that require maintenance of service, are generally either month-to-month and cancellable at any time, or considered to contain terms ranging from greater than one month to up to thirty-six months (typically under a device payment plan), or contain terms ranging from greater than one month to up to thirty-six months (typically under a fixed-term plan). Additionally, customers may incur charges based on usage or additional optional services purchased in conjunction with entering into a contract that can be cancelled at any time and therefore are not included in the transaction price. The transaction price allocated to service performance obligations, which are not satisfied or are partially satisfied as of the end of the reporting period, are generally related to contracts that are not accounted for as month-to-month contracts.

Our Consumer group customers also include traditional wholesale resellers that purchase and resell wireless service under their own brands to their respective customers. Reseller arrangements generally include a stated contract term, which typically extends longer than two years and, in some cases, include a periodic minimum revenue commitment over the contract term for which revenues will be recognized in future periods.

Consumer customer contracts for wireline services are generally month-to-month; however, they may have a service term of two years or shorter than twelve months. Certain contracts with Business customers for wireline services extend into future periods, contain fixed monthly fees and usage-based fees, and can include annual commitments in each year of the contract or commitments over the entire specified contract term; however, a significant number of contracts for wireline services with our Business customers have a contract term that is twelve months or less.

Additionally, there are certain contracts with Business customers for wireline services that have a contractual minimum fee over the total contract term. We cannot predict the time period when revenue will be recognized related to those contracts; thus, they are excluded from the time bands below. These contracts have varying terms spanning over approximately twenty-nine years ending in September 2053 and have aggregate contract minimum payments totaling \$2.0 billion.

At June 30, 2024, the transaction price related to unsatisfied performance obligations that are expected to be recognized for the remainder of 2024, 2025 and thereafter was \$14.8 billion, \$24.5 billion and \$17.0 billion, respectively. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations and changes in the timing and scope of contracts, arising from contract modifications.

### Accounts Receivable and Contract Balances

The timing of revenue recognition may differ from the time of billing to our customers. Receivables presented in our condensed consolidated balance sheets represent an unconditional right to consideration. Contract balances represent amounts from an arrangement when either Verizon has performed, by transferring goods or services to the customer in advance of receiving all or partial consideration for such goods and services from the customer, or the customer has made payment to Verizon in advance of obtaining control of the goods and/or services promised to the customer in the contract.

The following table presents information about receivables from contracts with customers:

| (dollars in millions)                                    | At June 30,<br>2024 | At December 31,<br>2023 |
|----------------------------------------------------------|---------------------|-------------------------|
| Accounts Receivable <sup>(1)</sup>                       | \$ 9,495            | \$ 9,760                |
| Device payment plan agreement receivables <sup>(2)</sup> | 18,370              | 18,528                  |

<sup>(1)</sup> Balances do not include receivables related to the following: activity associated with certain vendor agreements, leasing arrangements (such as those for towers and equipment), captive reinsurance arrangements primarily related to wireless device insurance and device payment plan agreement receivables presented separately.

<sup>(2)</sup> Included in device payment plan agreement receivables presented in Note 6. Receivables derived from the sale of equipment on a device payment plan through an authorized agent are excluded.

Contract assets primarily relate to our rights to consideration for goods or services provided to customers but for which we do not have an unconditional right at the reporting date. Under a fixed-term plan, total contract revenue is allocated between wireless service and equipment revenues. In conjunction with these arrangements, a contract asset is created, which represents the difference between the amount of equipment revenue recognized upon sale and the amount of consideration received from the customer when the performance obligation related to the transfer of control of the equipment is satisfied. The contract asset is reclassified to accounts receivable as wireless services are provided and billed. We have the right to bill the customer as service is provided over time, which results in our right to the payment being unconditional. The contract asset balances are presented in our condensed consolidated balance sheets as Prepaid expenses and other and Other assets. We recognize the allowance for credit losses at inception and reassess quarterly based on management's expectation of the asset's collectability.

Contract liabilities arise when we bill our customers and receive consideration in advance of providing the goods or services promised in the contract. We typically bill service one month in advance, which is the primary component of the contract liability balance. Contract liabilities are recognized as revenue when services are provided to the customer. The contract liability balances are presented in our condensed consolidated balance sheets as Other current liabilities and Other liabilities.

Revenues recognized related to contract liabilities existing at January 1, 2024 were \$262 million and \$4.7 billion for the three and six months ended June 30, 2024, respectively. Revenues recognized related to contract liabilities existing at January 1, 2023 were \$258 million and \$4.6 billion for the three and six months ended June 30, 2023, respectively.

The balances of contract assets and contract liabilities recorded in our condensed consolidated balance sheets were as follows:

| (dollars in millions)             | At June 30,<br>2024 | At December 31,<br>2023 |
|-----------------------------------|---------------------|-------------------------|
| <b>Assets</b>                     |                     |                         |
| Prepaid expenses and other        | \$ 548              | \$ 546                  |
| Other assets                      | 287                 | 268                     |
| <b>Total Contract Assets</b>      | <b>\$ 835</b>       | <b>\$ 814</b>           |
| <b>Liabilities</b>                |                     |                         |
| Other current liabilities         | \$ 7,163            | \$ 6,955                |
| Other liabilities                 | 1,881               | 1,947                   |
| <b>Total Contract Liabilities</b> | <b>\$ 9,044</b>     | <b>\$ 8,902</b>         |

### Contract Costs

Topic 606 requires the recognition of an asset for incremental costs to obtain a customer contract, which are then amortized to expense over the respective periods of expected benefit. We recognize an asset for incremental commission expenses paid to internal and external sales personnel and agents in conjunction with obtaining customer contracts. We only defer these costs when we have determined the commissions are incremental costs that would not have been incurred absent the customer contract and are expected to be recoverable. Costs to obtain a contract are amortized and recorded ratably as commission expense over the period representing the transfer of goods or services to which the assets relate. Costs to obtain wireless contracts are amortized over both of our Consumer and Business customers' estimated upgrade cycles, as such costs are typically incurred each time a customer upgrades. Costs to obtain wireline contracts are amortized as expense over the estimated customer relationship period for our Consumer customers. Incremental costs to obtain wireline contracts for our Business customers are insignificant. Costs to obtain contracts are recorded in Selling, general and administrative expense.

We also defer costs incurred to fulfill contracts that: (1) relate directly to the contract; (2) are expected to generate resources that will be used to satisfy our performance obligation under the contract; and (3) are expected to be recovered through revenue generated under the contract. Contract fulfillment costs are expensed as we satisfy our performance obligations and recorded in Cost of services. These costs principally relate to direct costs that enhance our wireline business resources, such as costs incurred to install circuits.

We determine the amortization periods for our costs incurred to obtain or fulfill a customer contract at a portfolio level due to the similarities within these customer contract portfolios.

Other costs, such as general costs or costs related to past performance obligations, are expensed as incurred.

Collectively, costs to obtain a contract and costs to fulfill a contract are referred to as deferred contract costs, and amortized over a two-to-seven year period. Deferred contract costs are classified as current or non-current within Prepaid expenses and other and Other assets, respectively.

The balances of deferred contract costs included in our condensed consolidated balance sheets were as follows:

| (dollars in millions)      | At June 30,<br>2024 | At December 31,<br>2023 |
|----------------------------|---------------------|-------------------------|
| <b>Assets</b>              |                     |                         |
| Prepaid expenses and other | \$ 2,811            | \$ 2,756                |
| Other assets               | 2,598               | 2,639                   |
| <b>Total</b>               | <b>\$ 5,409</b>     | <b>\$ 5,395</b>         |

For the three and six months ended June 30, 2024, we recognized expense of \$829 million and \$1.7 billion, respectively, associated with the amortization of deferred contract costs, primarily within Selling, general and administrative expense in our condensed consolidated statements of income. For the three and six months ended June 30, 2023, we recognized expense of \$791 million and \$1.6 billion, respectively, associated with the amortization of deferred contract costs, primarily within Selling, general and administrative expense in our condensed consolidated statements of income.

We assess our deferred contract costs for impairment on a quarterly basis. We recognize an impairment charge to the extent the carrying amount of a deferred cost exceeds the remaining amount of consideration we expect to receive in exchange for the goods and services related to the cost, less the expected costs related directly to providing those goods and services that have not yet been recognized as expenses. There were no impairment charges recognized for the three and six months ended June 30, 2024 or June 30, 2023.

### Note 3. Acquisitions and Divestitures

#### Spectrum License Transactions

In February 2021, the Federal Communications Commission (FCC) concluded Auction 107 for C-Band wireless spectrum. In accordance with the rules applicable to the auction, Verizon is required to make payments for our allocable share of clearing costs incurred by, and incentive payments due to, the incumbent license holders associated with the auction, which are estimated to be \$7.5 billion. During the six months ended June 30, 2024 and June 30, 2023, we made payments of \$269 million and \$114 million, respectively, for obligations related to clearing costs and accelerated clearing incentives. The carrying value of the wireless spectrum won in Auction 107 consists of all payments required to participate and purchase licenses in the auction, including Verizon's allocable share of clearing costs incurred by, and incentive payments due to, the incumbent license holders associated with the auction that we are obligated to pay in order to acquire the licenses, as well as capitalized interest to the extent qualifying activities have occurred.

#### TracFone Wireless, Inc.

On November 23, 2021 (the Acquisition Date), we completed the acquisition of TracFone Wireless, Inc. (TracFone). Verizon acquired all of TracFone's outstanding stock in exchange for approximately \$3.5 billion in cash, net of cash acquired and working capital and other adjustments, 57,596,544 shares of common stock of the Company valued at approximately \$3.0 billion, and up to an additional \$650 million in future cash contingent consideration related to the achievement of certain performance measures and other commercial arrangements. The fair value of the Verizon common stock was determined on the basis of its closing market price on the Acquisition Date. The estimated fair value of the contingent consideration as of the Acquisition Date was approximately \$560 million and represented a Level 3 measurement as defined in ASC 820, Fair Value Measurements and Disclosures. See Note 7 for additional information. The contingent consideration payable was based on the achievement of certain revenue and operational targets, measured over a two-year earn out period. Contingent consideration payments were completed in January of 2024.

During the six months ended June 30, 2024 and June 30, 2023, Verizon made payments of \$52 million and \$102 million, respectively, related to the contingent consideration, which are reflected in Cash flows from financing activities in our condensed consolidated statements of cash flows.

#### Note 4. Wireless Licenses, Goodwill, and Other Intangible Assets

##### Wireless Licenses

The carrying amounts of our Wireless licenses are as follows:

| (dollars in millions) | At June 30,<br>2024 | At December 31,<br>2023 |
|-----------------------|---------------------|-------------------------|
| Wireless licenses     | \$ 156,291          | \$ 155,667              |

During the six months ended June 30, 2024 and June 30, 2023, we made payments of \$269 million and \$114 million, respectively, for obligations related to clearing costs and accelerated clearing incentives for wireless licenses in connection with Auction 107. See Note 3 for additional information.

At June 30, 2024 and 2023, approximately \$11.8 billion and \$38.4 billion, respectively, of wireless licenses were under development for commercial service for which we were capitalizing interest costs. We recorded approximately \$338 million and \$905 million of capitalized interest on wireless licenses for the six months ended June 30, 2024 and 2023, respectively.

During the six months ended June 30, 2024, we renewed various wireless licenses in accordance with FCC regulations. The average renewal period for these licenses was 10 years.

##### Goodwill

Changes in the carrying amount of Goodwill are as follows:

| (dollars in millions)                     | Consumer  | Business | Total     |
|-------------------------------------------|-----------|----------|-----------|
| Balance at January 1, 2024 <sup>(1)</sup> | \$ 21,177 | \$ 1,666 | \$ 22,843 |
| Reclassifications, adjustments and other  | —         | (1)      | (1)       |
| Balance at June 30, 2024                  | \$ 21,177 | \$ 1,665 | \$ 22,842 |

<sup>(1)</sup> Goodwill is net of accumulated impairment charges of \$5.8 billion related to our Business reporting unit.

##### Other Intangible Assets

The following table displays the composition of Other intangible assets, net as well as the respective amortization periods:

|                                                  | At June 30, 2024 |                          |            | At December 31, 2023 |                          |            |
|--------------------------------------------------|------------------|--------------------------|------------|----------------------|--------------------------|------------|
| (dollars in millions)                            | Gross Amount     | Accumulated Amortization | Net Amount | Gross Amount         | Accumulated Amortization | Net Amount |
| Customer lists (5 to 13 years)                   | \$ 4,238         | \$ (2,382)               | \$ 1,856   | \$ 4,335             | \$ (2,193)               | \$ 2,142   |
| Non-network internal-use software (3 to 7 years) | 26,393           | (18,776)                 | 7,617      | 25,524               | (17,949)                 | 7,575      |
| Other (4 to 25 years)                            | 2,626            | (1,419)                  | 1,207      | 2,656                | (1,316)                  | 1,340      |
| Total                                            | \$ 33,257        | \$ (22,577)              | \$ 10,680  | \$ 32,515            | \$ (21,458)              | \$ 11,057  |

The amortization expense for Other intangible assets was as follows:

| (dollars in millions) | Three Months Ended<br>June 30, | Six Months Ended<br>June 30, |
|-----------------------|--------------------------------|------------------------------|
| 2024                  | \$ 706                         | \$ 1,404                     |
| 2023                  | 653                            | 1,300                        |

The estimated future amortization expense for Other intangible assets for the remainder of the current year and next 5 years is as follows:

| Years             | (dollars in millions) |
|-------------------|-----------------------|
| Remainder of 2024 | \$ 1,325              |
| 2025              | 2,496                 |
| 2026              | 2,278                 |
| 2027              | 1,714                 |
| 2028              | 1,338                 |
| 2029              | 675                   |

## Note 5. Debt

### Significant Debt Transactions

Debt or equity financing may be needed to fund additional investments or development activities or to maintain an appropriate capital structure to ensure our financial flexibility.

The following tables show the significant transactions involving the senior unsecured debt securities of the Company and its subsidiaries that occurred during the three and six months ended June 30, 2024.

#### Tender Offers

| (dollars in millions)                          |   | Principal Amount<br>Purchased | Cash Consideration <sup>(1)</sup> |
|------------------------------------------------|---|-------------------------------|-----------------------------------|
| <b>Three Months Ended March 31, 2024</b>       |   |                               |                                   |
| Verizon 0.875% - 3.250% notes due 2025 - 2028  | € | 1,981                         | \$ 2,237                          |
| <b>Three Months Ended March 31, 2024 total</b> |   |                               | <b>2,237</b>                      |
| <b>Six Months Ended June 30, 2024 total</b>    |   |                               | <b>\$ 2,237</b>                   |

<sup>(1)</sup> The total cash consideration includes the tender offer consideration, plus any accrued and unpaid interest to the date of purchase. In addition, for securities denominated in a currency other than the U.S. dollar, cash consideration is shown on a U.S. dollar equivalent basis and includes the amount payable per the derivatives entered into in connection with the transaction. See Note 7 for additional information on cross currency swap transactions related to the transaction.

#### Repayments and Repurchases

| (dollars in millions)                            |    | Principal Repaid/<br>Repurchased | Amount Paid <sup>(1)</sup> |
|--------------------------------------------------|----|----------------------------------|----------------------------|
| <b>Three Months Ended March 31, 2024</b>         |    |                                  |                            |
| Verizon 1.625% notes due 2024                    | €  | 685                              | \$ 840                     |
| Verizon 0.750% notes due 2024                    | \$ | 999                              | 1,003                      |
| Verizon floating rate notes due 2024             |    | 95                               | 96                         |
| Open market repurchases of various Verizon notes |    | 117                              | 89                         |
| <b>Three Months Ended March 31, 2024 total</b>   |    |                                  | <b>2,028</b>               |
| <b>Three Months Ended June 30, 2024</b>          |    |                                  |                            |
| Verizon 4.073% notes due 2024                    | £  | 413                              | \$ 582                     |
| Open market repurchases of various Verizon notes | \$ | 306                              | 214                        |
| <b>Three Months Ended June 30, 2024 total</b>    |    |                                  | <b>796</b>                 |
| <b>Six Months Ended June 30, 2024 total</b>      |    |                                  | <b>\$ 2,824</b>            |

<sup>(1)</sup> Represents amount paid to repay or repurchase, including any accrued interest. In addition, for securities denominated in a currency other than the U.S. dollar, amount paid is shown on a U.S. dollar equivalent basis and includes the amount payable per the derivatives entered into in connection with the transaction. See Note 7 for additional information on cross currency swap transactions related to the transaction.

#### Issuances

| (dollars in millions)                          |    | Principal Amount Issued | Net Proceeds <sup>(1)</sup> |
|------------------------------------------------|----|-------------------------|-----------------------------|
| <b>Three Months Ended March 31, 2024</b>       |    |                         |                             |
| Verizon 3.500% notes due 2032                  | €  | 1,000                   | \$ 1,062                    |
| Verizon 3.750% notes due 2036                  | €  | 1,000                   | 1,061                       |
| Verizon 5.500% notes due 2054 <sup>(2)</sup>   | \$ | 1,000                   | 980                         |
| <b>Three Months Ended March 31, 2024 total</b> |    |                         | <b>3,103</b>                |
| <b>Six Months Ended June 30, 2024 total</b>    |    |                         | <b>\$ 3,103</b>             |

<sup>(1)</sup> Net proceeds were net of underwriting discounts and other issuance costs. In addition, for securities denominated in a currency other than the U.S. dollar, net proceeds are shown on a U.S. dollar equivalent basis. See Note 7 for additional information on cross currency swap transactions related to the issuances.

<sup>(2)</sup> An amount equal to the net proceeds from these notes is expected to be used to fund certain renewable energy projects, including new and existing investments made by us during the period from May 1, 2023 through the maturity date of the notes.

#### Commercial Paper Program

During the six months ended June 30, 2024, we issued \$22.4 billion in net proceeds and made \$21.8 billion in principal repayments of commercial paper. These transactions are reflected within Cash flows from financing activities in our condensed

consolidated statements of cash flows on a net basis. As of June 30, 2024, we had \$605 million principal amount outstanding for commercial paper.

#### **Asset-Backed Debt**

As of June 30, 2024, the carrying value of our asset-backed debt was \$24.0 billion. Our asset-backed debt includes Asset-Backed Notes (ABS Notes) issued to third-party investors (Investors) and loans (ABS Financing Facilities) received from banks and their conduit facilities (collectively, the Banks). Our consolidated asset-backed debt bankruptcy remote legal entities (each, an ABS Entity, or collectively, the ABS Entities) issue the debt or are otherwise party to the transaction documentation in connection with our asset-backed debt transactions. Under the terms of our asset-backed debt, Cellco Partnership (Cellco), a wholly-owned subsidiary of the Company, and certain other Company affiliates (collectively, the Originators) transfer device payment plan agreement receivables and certain other receivables (collectively referred to as certain receivables) or a participation interest in certain other receivables to one of the ABS Entities, which in turn transfers such receivables and participation interest to another ABS Entity that issues the debt. Verizon entities retain the equity interests and residual interests, as applicable, in the ABS Entities, which represent the rights to all funds not needed to make required payments on the asset-backed debt and other related payments and expenses.

Our asset-backed debt is secured by the transferred receivables and participation interest, and future collections on such receivables and underlying receivables related to such participation interest. These receivables and participation interest transferred to the ABS Entities and related assets, consisting primarily of restricted cash, will only be available for payment of asset-backed debt and expenses related thereto, payments to the Originators in respect of additional transfers of certain receivables and participation interest, and other obligations arising from our asset-backed debt transactions, and will not be available to pay other obligations or claims of Verizon's creditors until the associated asset-backed debt and other obligations are satisfied. The Investors or Banks, as applicable, which hold our asset-backed debt have legal recourse to the assets securing the debt, but do not have any recourse to Verizon with respect to the payment of principal and interest on the debt. Under a parent support agreement, the Company has agreed to guarantee certain of the payment obligations of Cellco and the Originators to the ABS Entities.

Cash collections on the receivables and on the underlying receivables related to the participation interest collateralizing our asset-backed debt securities are required at certain specified times to be placed into segregated accounts. Deposits to the segregated accounts are considered restricted cash and are included in Prepaid expenses and other and Other assets in our condensed consolidated balance sheets.

Proceeds from our asset-backed debt transactions are reflected in Cash flows from financing activities in our condensed consolidated statements of cash flows. The asset-backed debt issued is included in Debt maturing within one year and Long-term debt in our condensed consolidated balance sheets.

## ABS Notes

During the six months ended June 30, 2024, we completed the following ABS Notes transactions:

| (dollars in millions)     | Interest Rates %                       | Expected Weighted-average Life to Maturity (in years) | Principal Amount Issued |
|---------------------------|----------------------------------------|-------------------------------------------------------|-------------------------|
| <b>January 2024</b>       |                                        |                                                       |                         |
| Series 2024-1             |                                        |                                                       |                         |
| A-1a Senior class notes   | 5.000                                  | 1.92                                                  | \$ 835                  |
| A-1b Senior class notes   | Compounded SOFR + 0.650 <sup>(1)</sup> | 1.92                                                  | 279                     |
| B Junior class notes      | 5.240                                  | 1.92                                                  | —                       |
| C Junior class notes      | 5.490                                  | 1.92                                                  | 51                      |
| Series 2024-2             |                                        |                                                       |                         |
| A Senior class notes      | 4.830                                  | 4.92                                                  | 668                     |
| B Junior class notes      | 5.080                                  | 4.92                                                  | 51                      |
| C Junior class notes      | 5.320                                  | 4.92                                                  | 31                      |
| <b>January 2024 total</b> |                                        |                                                       | <b>1,915</b>            |
| <b>April 2024</b>         |                                        |                                                       |                         |
| Series 2024-3             |                                        |                                                       |                         |
| A-1a Senior class notes   | 5.340                                  | 2.99                                                  | 605                     |
| A-1b Senior class notes   | Compounded SOFR + 0.580 <sup>(1)</sup> | 2.99                                                  | 175                     |
| B Junior class notes      | 5.540                                  | 2.99                                                  | 59                      |
| C Junior class notes      | 5.730                                  | 2.99                                                  | 36                      |
| <b>April 2024 total</b>   |                                        |                                                       | <b>875</b>              |
| <b>June 2024</b>          |                                        |                                                       |                         |
| Series 2024-4             |                                        |                                                       |                         |
| A-1a Senior class notes   | 5.210                                  | 1.98                                                  | 289                     |
| A-1b Senior class notes   | Compounded SOFR + 0.550 <sup>(1)</sup> | 1.98                                                  | 246                     |
| B Junior class notes      | 5.400                                  | 1.98                                                  | 41                      |
| C Junior class notes      | 5.600                                  | 1.98                                                  | 25                      |
| Series 2024-5             |                                        |                                                       |                         |
| A Senior class notes      | 5.000                                  | 4.98                                                  | 512                     |
| B Junior class notes      | 5.250                                  | 4.98                                                  | 39                      |
| C Junior class notes      | 5.490                                  | 4.98                                                  | 24                      |
| <b>June 2024 total</b>    |                                        |                                                       | <b>1,176</b>            |
| <b>Total</b>              |                                        |                                                       | <b>\$ 3,966</b>         |

<sup>(1)</sup> Compounded Secured Overnight Financing Rate (SOFR) is calculated using SOFR as published by the Federal Reserve Bank of New York in accordance with the terms of such notes. Compounded SOFR for the interest payment made in June 2024 was 5.333%.

Under the terms of each series of ABS Notes outstanding as of June 30, 2024, there is a revolving period of up to two years, three years, or five years, as applicable, during which we may transfer additional receivables to the ABS Entity. During the six months ended June 30, 2024, we made aggregate principal repayments of \$2.2 billion in connection with anticipated redemptions of ABS Notes and notes that have entered the amortization period, including payments in connection with any note redemptions.

## ABS Financing Facilities

Under the two loan agreements outstanding in connection with the ABS Financing Facility originally entered into in 2021 and most recently renewed in 2023 (2021 ABS Financing Facility), we prepaid an aggregate of \$900 million in January 2024, borrowed an additional \$600 million in March 2024, prepaid an aggregate of \$900 million in April 2024 and borrowed an additional \$225 million in June 2024. The aggregate outstanding balance under the 2021 ABS Financing Facility was \$7.5 billion as of June 30, 2024.

Under the loan agreement outstanding in connection with the ABS Financing Facility originally entered into in 2022 and most recently renewed in 2023 (2022 ABS Financing Facility), we borrowed an additional \$1.1 billion in June 2024. The aggregate outstanding balance under the 2022 ABS Financing Facility was \$4.0 billion as of June 30, 2024.

### Variable Interest Entities (VIEs)

The ABS Entities meet the definition of a VIE for which we have determined that we are the primary beneficiary as we have both the power to direct the activities of the entity that most significantly impact the entity's performance and the obligation to absorb losses or the right to receive benefits of the entity. Therefore, the assets, liabilities and activities of the ABS Entities are consolidated in our financial results and are included in amounts presented on the face of our condensed consolidated balance sheets.

The assets and liabilities related to our asset-backed debt arrangements included in our condensed consolidated balance sheets were as follows:

| (dollars in millions)                    | At June 30,<br>2024 | At December 31,<br>2023 |
|------------------------------------------|---------------------|-------------------------|
| <b>Assets</b>                            |                     |                         |
| Accounts receivable, net                 | \$ 17,199           | \$ 14,550               |
| Prepaid expenses and other               | 1,402               | 1,288                   |
| Other assets                             | 11,470              | 11,682                  |
| <b>Liabilities</b>                       |                     |                         |
| Accounts payable and accrued liabilities | 31                  | 29                      |
| Debt maturing within one year            | 16,103              | 7,483                   |
| Long-term debt                           | 7,912               | 14,700                  |

The Accounts receivable, net amounts above does not include underlying receivables for which a participation interest has been transferred to the ABS Entities. See Note 6 for additional information on certain receivables and participation interest used to secure asset-backed debt.

### Long-Term Credit Facilities

| (dollars in millions)                            | Maturities  | Facility Capacity | Unused Capacity  | At June 30, 2024<br>Principal Amount Outstanding |
|--------------------------------------------------|-------------|-------------------|------------------|--------------------------------------------------|
| Verizon revolving credit facility <sup>(1)</sup> | 2028        | \$ 12,000         | \$ 11,962        | \$ —                                             |
| Various export credit facilities <sup>(2)</sup>  | 2024 - 2031 | 11,000            | —                | 6,029                                            |
| <b>Total</b>                                     |             | <b>\$ 23,000</b>  | <b>\$ 11,962</b> | <b>\$ 6,029</b>                                  |

<sup>(1)</sup> The revolving credit facility does not require us to comply with financial covenants or maintain specified credit ratings, and it permits us to borrow even if our business has incurred a material adverse change. The revolving credit facility provides for the issuance of letters of credit. As of June 30, 2024, there have been no drawings against the revolving credit facility since its inception.

<sup>(2)</sup> During the six months ended June 30, 2024, there were no drawings from these facilities. During the six months ended June 30, 2023, we drew down \$515 million from these facilities. Borrowings under certain of these facilities are repaid semi-annually in equal installments up to the applicable maturity dates. Maturities reflect maturity dates of principal amounts outstanding. Any amounts borrowed under these facilities and subsequently repaid cannot be reborrowed.

In March 2024, we amended our \$9.5 billion revolving credit facility to increase the capacity to \$12.0 billion and extended its maturity to 2028.

### Non-Cash Transactions

During the six months ended June 30, 2024 and 2023, we financed, primarily through alternative financing arrangements, the purchase of approximately \$941 million and \$719 million, respectively, of long-lived assets consisting primarily of network equipment. As of June 30, 2024 and December 31, 2023, \$2.4 billion and \$2.2 billion, respectively, relating to these financing arrangements, including those entered into in prior years and liabilities assumed through acquisitions, remained outstanding. These purchases are non-cash financing activities and therefore are not reflected within Capital expenditures in our condensed consolidated statements of cash flows.

### Net Debt Extinguishment Gains

During the three months ended June 30, 2024 and 2023, we recorded net debt extinguishment gains of \$89 million and \$69 million, respectively. During the six months ended June 30, 2024 and 2023, we recorded net debt extinguishment gains of



\$199 million and \$139 million, respectively. The net gains are recorded in Other income (expense), net in our condensed consolidated statements of income. The total non-cash debt extinguishment gains are reflected within Other, net cash flow from operating activities, and the cash payments to extinguish the debt are reflected within Other, net cash flow from financing activities in our condensed consolidated statements of cash flows.

## Guarantees

We guarantee the debentures of our operating telephone company subsidiaries. As of June 30, 2024, \$614 million aggregate principal amount of these obligations remained outstanding. Each guarantee will remain in place for the life of the obligation unless terminated pursuant to its terms, including the operating telephone company no longer being a wholly-owned subsidiary of the Company.

## Debt Covenants

We and our consolidated subsidiaries are in compliance with all of our restrictive covenants in our debt agreements.

### Note 6. Device Payment Plan Agreement and Wireless Service Receivables

The following table presents information about accounts receivable, net of allowances, recorded in our condensed consolidated balance sheet:

|                                              | At June 30, 2024              |                  |                                  |                  |
|----------------------------------------------|-------------------------------|------------------|----------------------------------|------------------|
| (dollars in millions)                        | Device payment plan agreement | Wireless service | Other receivables <sup>(1)</sup> | Total            |
| Accounts receivable                          | \$ 14,773                     | \$ 5,935         | \$ 5,994                         | \$ 26,702        |
| Less Allowance for credit losses             | 624                           | 229              | 242                              | 1,095            |
| <b>Accounts receivable, net of allowance</b> | <b>\$ 14,149</b>              | <b>\$ 5,706</b>  | <b>\$ 5,752</b>                  | <b>\$ 25,607</b> |

<sup>(1)</sup> Other receivables primarily include wireline and other receivables, of which the allowances are individually insignificant.

Included in Other assets and Accounts receivable, net at June 30, 2024, are net device payment plan agreement receivables, net wireless service receivables and net other receivables of \$28.6 billion, which have been transferred to ABS Entities and continue to be reported in our condensed consolidated balance sheet. Included in Other assets and Accounts receivable, net at December 31, 2023, are net device payment plan agreement receivables and net wireless service receivables of \$26.1 billion, which have been transferred to ABS Entities and continue to be reported in our condensed consolidated balance sheet. Included in Accounts receivable, net at June 30, 2024 and December 31, 2023, are net other receivables of \$749 million and \$911 million, respectively, on which a participation interest has been transferred to ABS Entities and continue to be reported in our condensed consolidated balance sheets. See Note 5 for additional information. We believe the carrying value of these receivables approximate their fair value using a Level 3 expected cash flow model.

Under the Verizon device payment program, our eligible wireless customers purchase wireless devices under a device payment plan agreement. Customers that activate service on devices purchased under the device payment program pay lower service fees as compared to those under our fixed-term service plans, and their device payment plan charge is included on their wireless monthly bill. While we no longer offer Consumer customers fixed-term subsidized service plans for devices, we continue to offer subsidized plans to our Business customers. We also continue to service existing plans for customers who have not yet purchased and activated devices under the Verizon device payment program.

## Wireless Device Payment Plan Agreement Receivables

The following table displays both the current and non-current portions of device payment plan agreement receivables, net, recognized in our condensed consolidated balance sheets:

| (dollars in millions)                                           | At June 30, 2024 | At December 31, 2023 |
|-----------------------------------------------------------------|------------------|----------------------|
| Device payment plan agreement receivables, gross                | \$ 29,137        | \$ 29,206            |
| Unamortized imputed interest                                    | (843)            | (758)                |
| Device payment plan agreement receivables, at amortized cost    | 28,294           | 28,448               |
| Allowance <sup>(1)</sup>                                        | (1,210)          | (1,151)              |
| <b>Device payment plan agreement receivables, net</b>           | <b>\$ 27,084</b> | <b>\$ 27,297</b>     |
| <b>Classified in our condensed consolidated balance sheets:</b> |                  |                      |
| Accounts receivable, net                                        | \$ 14,149        | \$ 13,173            |
| Other assets                                                    | 12,935           | 14,124               |
| <b>Device payment plan agreement receivables, net</b>           | <b>\$ 27,084</b> | <b>\$ 27,297</b>     |

<sup>(1)</sup> Includes allowance for both short-term and long-term device payment plan agreement receivables.

For indirect channel wireless contracts with customers, we impute risk adjusted interest on the device payment plan agreement receivables. We record the imputed interest as a reduction to the related accounts receivable. The associated interest income, which is included within Service revenues and other in our condensed consolidated statements of income, is recognized over the financed device payment term.

### **Promotions**

In connection with certain device payment plan agreements, we may offer a promotion to allow our customers to upgrade to a new device after paying down a certain specified portion of the required device payment plan agreement amount as well as trading in their device in good working order. When a customer enters into a device payment plan agreement with the right to upgrade to a new device, we account for this trade-in right as a guarantee obligation.

We may offer certain promotions that allow a customer to trade in their owned device in connection with the purchase of a new device. Under these types of promotions, the customer receives a credit for the value of the trade-in device. At June 30, 2024 and December 31, 2023, the amount of trade-in liability was \$421 million and \$566 million, respectively.

In addition, we may provide the customer with additional future billing credits that will be applied against the customer's monthly bill as long as service is maintained. These future billing credits are accounted for as consideration payable to a customer and are included in the determination of total transaction price, resulting in a contract liability.

Device payment plan agreement receivables, net, disclosed in the table above, does not reflect the trade-in liability, additional future credits or the guarantee liability.

### **Origination of Device Payment Plan Agreements**

When originating device payment plan agreements, we use internal and external data sources to create a credit risk score to measure the credit quality of a customer and to determine eligibility for the device payment program. Verizon's experience has been that the payment attributes of longer tenured customers are highly predictive for estimating their reliability to make future payments. Customers with longer tenures tend to exhibit similar risk characteristics to other customers with longer tenures, and receivables due from customers with longer tenures tend to perform better than receivables from customers that have not previously been Verizon customers. As a result of this experience, we make initial lending decisions based upon whether the customers are "established customers" or "short-tenured customers." If a Consumer customer has been a customer for 45 days or more, or if a Business customer has been a customer for 12 months or more, the customer is considered an "established customer." For established customers, the credit decision and ongoing credit monitoring processes rely on a combination of internal and external data sources. If a Consumer customer has been a customer less than 45 days, or a Business customer has been a customer for less than 12 months, the customer is considered a "short-tenured customer." For short-tenured customers, the credit decision and credit monitoring processes rely more heavily on external data sources.

Available external credit data from credit reporting agencies along with internal data are used to create custom credit risk scores for Consumer customers. The custom credit risk score is generated automatically from the applicant's credit data using proprietary custom credit models. The credit risk score measures the likelihood that the potential customer will become severely delinquent and be disconnected for non-payment. For a small portion of short-tenured customer applications, a traditional credit report is not available from one of the national credit reporting agencies because the potential customer does not have sufficient credit history. In those instances, alternative credit data is used for the risk assessment. For Business customers, we also verify the existence of the business with external data sources.

Based on the custom credit risk score, we assign each customer a credit class, each of which has specified offers of credit. This includes an account level spending limit and a maximum amount of credit allowed per device for Consumer customers or a required down payment percentage for Business customers.

### **Credit Quality Information**

Subsequent to origination, we assess indicators for the quality of our wireless device payment plan agreement portfolio using two models, one for new customers and one for existing customers. The model for new customers pools all Consumer and Business wireless customers based on less than 210 days as "new customers." The model for existing customers pools all Consumer and Business wireless customers based on 210 days or more as "existing customers."

The following table presents device payment plan agreement receivables, at amortized cost, and gross write-offs recorded, as of and for the six months ended June 30, 2024, by credit quality indicator and year of origination:

| (dollars in millions)                                               | Year of Origination <sup>(1)</sup> |                  |                 | Total            |
|---------------------------------------------------------------------|------------------------------------|------------------|-----------------|------------------|
|                                                                     | 2024                               | 2023             | 2022 and prior  |                  |
| <b>Device payment plan agreement receivables, at amortized cost</b> |                                    |                  |                 |                  |
| New customers                                                       | \$ 1,635                           | \$ 2,289         | \$ 824          | \$ 4,748         |
| Existing customers                                                  | 6,558                              | 11,144           | 5,844           | 23,546           |
| <b>Total</b>                                                        | <b>\$ 8,193</b>                    | <b>\$ 13,433</b> | <b>\$ 6,668</b> | <b>\$ 28,294</b> |
| <b>Gross write-offs</b>                                             |                                    |                  |                 |                  |
| New customers                                                       | \$ 58                              | \$ 375           | \$ 73           | \$ 506           |
| Existing customers                                                  | 2                                  | 98               | 97              | 197              |
| <b>Total</b>                                                        | <b>\$ 60</b>                       | <b>\$ 473</b>    | <b>\$ 170</b>   | <b>\$ 703</b>    |

<sup>(1)</sup> Includes accounts that have been suspended at a point in time.

The data presented in the table above was last updated on June 30, 2024.

We assess indicators for the quality of our wireless service receivables portfolio as one overall pool. The following table presents wireless service receivables, at amortized cost, and gross write-offs recorded, as of and for the six months ended June 30, 2024, by year of origination:

| (dollars in millions)                                  | Year of Origination |                | Total    |
|--------------------------------------------------------|---------------------|----------------|----------|
|                                                        | 2024                | 2023 and prior |          |
| <b>Wireless service receivables, at amortized cost</b> | \$ 5,833            | \$ 102         | \$ 5,935 |
| <b>Gross write-offs</b>                                | 89                  | 179            | 268      |

The data presented in the table above was last updated on June 30, 2024.

### Allowance for Credit Losses

The credit quality indicators are used in determining the estimated amount and the timing of expected credit losses for the device payment plan agreement and wireless service receivables portfolios.

For device payment plan agreement receivables, we record bad debt expense based on a default and loss calculation using our proprietary loss model. The expected loss rate is determined based on customer credit scores and other qualitative factors as noted above. The loss rate is assigned individually on a customer by customer basis and the custom credit scores are then aggregated by vintage and used in our proprietary loss model to calculate the weighted-average loss rate used for determining the allowance balance.

We monitor the collectability of our wireless service receivables as one overall pool. Wireline service receivables are disaggregated and pooled by the following types of customers and related contracts: consumer, small and medium business, enterprise, public sector and wholesale. For wireless service receivables and wireline consumer and small and medium business receivables, the allowance is calculated based on a 12 month rolling average write-off balance multiplied by the average life-cycle of an account from billing to write-off. The risk of loss is assessed over the contractual life of the receivables and is adjusted based on the historical loss amounts for current and future conditions based on management's qualitative considerations. For enterprise, public sector and wholesale wireline receivables, the allowance for credit losses is based on historical write-off experience and individual customer credit risk, if applicable.

Activity in the allowance for credit losses by portfolio segment of receivables was as follows:

| (dollars in millions)                               | Device Payment Plan Agreement Receivables <sup>(1)</sup> | Wireless Service Plan Receivables |
|-----------------------------------------------------|----------------------------------------------------------|-----------------------------------|
| <b>Balance at January 1, 2024</b>                   | <b>\$ 1,151</b>                                          | <b>\$ 213</b>                     |
| Current period provision for expected credit losses | 742                                                      | 261                               |
| Write-offs charged against the allowance            | (703)                                                    | (268)                             |
| Recoveries collected                                | 20                                                       | 23                                |
| <b>Balance at June 30, 2024</b>                     | <b>\$ 1,210</b>                                          | <b>\$ 229</b>                     |

<sup>(1)</sup> Includes allowance for both short-term and long-term device payment plan agreement receivables.

We monitor delinquency and write-off experience based on the quality of our device payment plan agreement and wireless service receivables portfolios. The extent of our collection efforts with respect to a particular customer are based on the results of our proprietary custom internal scoring models that analyze the customer's past performance to predict the likelihood of the customer falling further delinquent. These custom scoring models assess a number of variables, including origination

characteristics, customer account history and payment patterns. Since our customers' behaviors may be impacted by general economic conditions, we analyzed whether changes in macroeconomic conditions impact our credit loss experience and have concluded that our credit loss estimates are generally not materially impacted by reasonable and supportable forecasts of future economic conditions. Based on the score derived from these models, accounts are grouped by risk category to determine the collection strategy to be applied to such accounts. For device payment plan agreement receivables and wireless service receivables, we consider an account to be delinquent and in default status if there are unpaid charges remaining on the account on the day after the bill's due date. The risk class determines the speed and severity of the collections effort including initiatives taken to facilitate customer payment.

The balance and aging of the device payment plan agreement receivables, at amortized cost, were as follows:

|                                                                     | At June 30,<br>2024 |
|---------------------------------------------------------------------|---------------------|
| (dollars in millions)                                               |                     |
| Unbilled                                                            | \$ 26,941           |
| Billed:                                                             |                     |
| Current                                                             | 1,080               |
| Past due                                                            | 273                 |
| <b>Device payment plan agreement receivables, at amortized cost</b> | <b>\$ 28,294</b>    |

## Note 7. Fair Value Measurements and Financial Instruments

### Recurring Fair Value Measurements

The following table presents the balances of assets and liabilities measured at fair value on a recurring basis as of June 30, 2024:

| (dollars in millions)       | Level 1 <sup>(1)</sup> | Level 2 <sup>(2)</sup> | Level 3 <sup>(3)</sup> | Total           |
|-----------------------------|------------------------|------------------------|------------------------|-----------------|
| <b>Assets:</b>              |                        |                        |                        |                 |
| Prepaid expenses and other: |                        |                        |                        |                 |
| Fixed income securities     | \$ —                   | \$ 15                  | \$ —                   | \$ 15           |
| Cross currency swaps        | —                      | 2                      | —                      | 2               |
| Interest rate caps          | —                      | 40                     | —                      | 40              |
| Other assets:               |                        |                        |                        |                 |
| Fixed income securities     | —                      | 271                    | —                      | 271             |
| Cross currency swaps        | —                      | 518                    | —                      | 518             |
| <b>Total</b>                | <b>\$ —</b>            | <b>\$ 846</b>          | <b>\$ —</b>            | <b>\$ 846</b>   |
| <b>Liabilities:</b>         |                        |                        |                        |                 |
| Other current liabilities:  |                        |                        |                        |                 |
| Interest rate swaps         | \$ —                   | \$ 1,606               | \$ —                   | \$ 1,606        |
| Cross currency swaps        | —                      | 321                    | —                      | 321             |
| Foreign exchange forwards   | —                      | 2                      | —                      | 2               |
| Interest rate caps          | —                      | 40                     | —                      | 40              |
| Other liabilities:          |                        |                        |                        |                 |
| Interest rate swaps         | —                      | 3,704                  | —                      | 3,704           |
| Cross currency swaps        | —                      | 1,948                  | —                      | 1,948           |
| <b>Total</b>                | <b>\$ —</b>            | <b>\$ 7,621</b>        | <b>\$ —</b>            | <b>\$ 7,621</b> |

<sup>(1)</sup> Quoted prices in active markets for identical assets or liabilities.

<sup>(2)</sup> Observable inputs other than quoted prices in active markets for identical assets and liabilities.

<sup>(3)</sup> Unobservable pricing inputs in the market.

The following table presents the balances of assets and liabilities measured at fair value on a recurring basis as of December 31, 2023:

| (dollars in millions)       | Level 1 <sup>(1)</sup> | Level 2 <sup>(2)</sup> | Level 3 <sup>(3)</sup> | Total           |
|-----------------------------|------------------------|------------------------|------------------------|-----------------|
| <b>Assets:</b>              |                        |                        |                        |                 |
| Prepaid expenses and other: |                        |                        |                        |                 |
| Fixed income securities     | \$ —                   | \$ 25                  | \$ —                   | \$ 25           |
| Cross currency swaps        | —                      | 4                      | —                      | 4               |
| Foreign exchange forwards   | —                      | 4                      | —                      | 4               |
| Interest rate caps          | —                      | 37                     | —                      | 37              |
| Other assets:               |                        |                        |                        |                 |
| Fixed income securities     | —                      | 254                    | —                      | 254             |
| Cross currency swaps        | —                      | 758                    | —                      | 758             |
| Interest rate caps          | —                      | 7                      | —                      | 7               |
| <b>Total</b>                | <b>\$ —</b>            | <b>\$ 1,089</b>        | <b>\$ —</b>            | <b>\$ 1,089</b> |
| <b>Liabilities:</b>         |                        |                        |                        |                 |
| Other current liabilities:  |                        |                        |                        |                 |
| Interest rate swaps         | \$ —                   | \$ 823                 | \$ —                   | \$ 823          |
| Cross currency swaps        | —                      | 294                    | —                      | 294             |
| Foreign exchange forwards   | —                      | 1                      | —                      | 1               |
| Interest rate caps          | —                      | 37                     | —                      | 37              |
| Contingent consideration    | —                      | —                      | 52                     | 52              |
| Other liabilities:          |                        |                        |                        |                 |
| Interest rate swaps         | —                      | 3,648                  | —                      | 3,648           |
| Cross currency swaps        | —                      | 1,791                  | —                      | 1,791           |
| Interest rate caps          | —                      | 7                      | —                      | 7               |
| <b>Total</b>                | <b>\$ —</b>            | <b>\$ 6,601</b>        | <b>\$ 52</b>           | <b>\$ 6,653</b> |

<sup>(1)</sup> Quoted prices in active markets for identical assets or liabilities.

<sup>(2)</sup> Observable inputs other than quoted prices in active markets for identical assets and liabilities.

<sup>(3)</sup> Unobservable pricing inputs in the market.

Certain of our equity investments do not have readily determinable fair values and are excluded from the tables above. Such investments are measured at cost, less any impairment, plus or minus changes resulting from observable price changes in orderly transactions for an identical or similar investment of the same issuer and are included in Investments in unconsolidated businesses in our condensed consolidated balance sheets. As of June 30, 2024 and December 31, 2023, the carrying amount of our investments without readily determinable fair values was \$750 million and \$764 million, respectively. During both the three and six months ended June 30, 2024, there were insignificant adjustments due to observable price changes and there were insignificant amounts of impairment charges. As of June 30, 2024, cumulative adjustments due to observable price changes and impairment charges were \$209 million and \$115 million, respectively.

Verizon had a liability for contingent consideration related to its acquisition of TracFone, completed in November 2021. The fair value was calculated using a probability-weighted discounted cash flow model and represented a Level 3 measurement. Level 3 instruments include valuation based on unobservable inputs reflecting our own assumptions, consistent with reasonably available assumptions made by other market participants. Subsequent to the Acquisition Date, at each reporting date, the contingent consideration liability was remeasured to fair value. Contingent consideration payments were completed in January of 2024. During the six months ended June 30, 2024 and June 30, 2023, we made payments of \$52 million and \$102 million, respectively, related to the contingent consideration. See Note 3 for additional information.

Fixed income securities consist primarily of investments in municipal bonds. The valuation of the fixed income securities is based on the quoted prices for similar assets in active markets or identical assets in inactive markets or models that apply inputs from observable market data. The valuation determines that these securities are classified as Level 2.

Derivative contracts are valued using models based on readily observable market parameters for all substantial terms of our derivative contracts and thus are classified within Level 2. We use mid-market pricing for fair value measurements of our derivative instruments. Our derivative instruments are recorded on a gross basis.

We recognize transfers between levels of the fair value hierarchy as of the end of the reporting period.

#### Fair Value of Short-term and Long-term Debt

The fair value of our debt is determined using various methods, including quoted prices for identical debt instruments, which is a Level 1 measurement, as well as quoted prices for similar debt instruments with comparable terms and maturities, which is a Level 2 measurement.

The fair value of our short-term and long-term debt, excluding finance leases, was as follows:

| (dollars in millions)   | Carrying Amount   | Fair Value       |                  |             |                   |
|-------------------------|-------------------|------------------|------------------|-------------|-------------------|
|                         |                   | Level 1          | Level 2          | Level 3     | Total             |
| <b>At June 30, 2024</b> | <b>\$ 147,047</b> | <b>\$ 85,231</b> | <b>\$ 56,030</b> | <b>\$ —</b> | <b>\$ 141,261</b> |
| At December 31, 2023    | 148,583           | 86,806           | 58,804           | —           | 145,610           |

### Derivative Instruments

We enter into derivative transactions primarily to manage our exposure to fluctuations in foreign currency exchange rates and interest rates. We employ risk management strategies, which may include the use of a variety of derivatives including interest rate swaps, cross currency swaps, forward starting interest rate swaps, treasury rate locks, interest rate caps, swaptions and foreign exchange forwards. We do not hold derivatives for trading purposes.

The following table sets forth the notional amounts of our outstanding derivative instruments:

| (dollars in millions)     | At June 30, 2024 | At December 31, 2023 |
|---------------------------|------------------|----------------------|
| Interest rate swaps       | \$ 26,071        | \$ 26,071            |
| Cross currency swaps      | 32,053           | 33,526               |
| Foreign exchange forwards | 600              | 1,050                |

The following tables summarize the activities of our designated derivatives:

| (dollars in millions)                                                      | Three Months Ended<br>June 30, |       | Six Months Ended<br>June 30, |       |
|----------------------------------------------------------------------------|--------------------------------|-------|------------------------------|-------|
|                                                                            | 2024                           | 2023  | 2024                         | 2023  |
| <b>Interest Rate Swaps:</b>                                                |                                |       |                              |       |
| Notional value entered into                                                | \$ —                           | \$ —  | \$ —                         | \$ —  |
| Notional value settled                                                     | —                              | —     | —                            | —     |
| Pre-tax gain recognized in Interest expense                                | 1                              | 2     | 3                            | 1     |
| <b>Cross Currency Swaps:</b>                                               |                                |       |                              |       |
| Notional value entered into                                                | —                              | —     | 2,146                        | —     |
| Notional value settled                                                     | 552                            | 612   | 3,619                        | 1,450 |
| Pre-tax gain/(loss) on cross currency swaps recognized in Interest expense | (92)                           | 370   | (834)                        | 725   |
| Pre-tax gain/(loss) on hedged debt recognized in Interest expense          | 92                             | (370) | 834                          | (725) |
| Excluded components recognized in Other comprehensive income (loss)        | (116)                          | 420   | 166                          | 42    |
| Initial value of the excluded component amortized into Interest expense    | 24                             | 27    | 50                           | 54    |
| <b>Treasury Rate Locks:</b>                                                |                                |       |                              |       |
| Notional value entered into                                                | —                              | 500   | —                            | 500   |
| Notional value settled                                                     | —                              | 500   | —                            | 500   |
| Pre-tax gain recognized in Other comprehensive income (loss)               | —                              | 5     | —                            | 5     |

| (dollars in millions)                                   | Six Months Ended<br>June 30, |      |
|---------------------------------------------------------|------------------------------|------|
|                                                         | 2024                         | 2023 |
| <b>Other, net Cash Flows from Operating Activities:</b> |                              |      |
| Cash received for settlement of treasury rate locks     | \$ —                         | \$ 5 |
| <b>Other, net Cash Flows from Financing Activities:</b> |                              |      |
| Cash paid for settlement of cross currency swaps, net   | (243)                        | (67) |

The following table displays the amounts recorded in Long-term debt in our condensed consolidated balance sheets related to cumulative basis adjustments for our interest rate swaps designated as fair value hedges. The cumulative amounts exclude cumulative basis adjustments related to foreign exchange risk.

| (dollars in millions)                                                                                         | At June 30,<br>2024 |         | At December 31,<br>2023 |         |
|---------------------------------------------------------------------------------------------------------------|---------------------|---------|-------------------------|---------|
| Carrying amount of hedged liabilities                                                                         | \$                  | 20,964  | \$                      | 21,838  |
| Cumulative amount of fair value hedging adjustment included in the carrying amount of the hedged liabilities  |                     | (5,197) |                         | (4,354) |
| Cumulative amount of fair value hedging adjustment remaining for which hedge accounting has been discontinued |                     | 356     |                         | 400     |

### Interest Rate Swaps

We enter into interest rate swaps to achieve a targeted mix of fixed and variable rate debt. We principally receive fixed rates and pay variable rates, resulting in a net increase or decrease to Interest expense. These swaps are designated as fair value hedges and hedge against interest rate risk exposure of designated debt issuances. We record the interest rate swaps at fair value in our condensed consolidated balance sheets as assets and liabilities. Changes in the fair value of the interest rate swaps are recorded to Interest expense, which are primarily offset by changes in the fair value of the hedged debt due to changes in interest rates.

### Cross Currency Swaps

We have entered into cross currency swaps to exchange our British Pound Sterling, Euro, Swiss Franc, Canadian Dollar and Australian Dollar-denominated cash flows into U.S. dollars and to fix our cash payments in U.S. dollars, as well as to mitigate the impact of foreign currency transaction gains or losses. These swaps are designated as fair value hedges. We record the cross currency swaps at fair value in our condensed consolidated balance sheets as assets and liabilities. Changes in the fair value of the cross currency swaps attributable to changes in the spot rate of the hedged item and changes in the recorded value of the hedged debt due to changes in spot rates are recorded in the same income statement line item. We present exchange gains and losses from the conversion of foreign currency denominated debt as a part of Interest expense. During both the three and six months ended June 30, 2024 and June 30, 2023, these amounts completely offset each other and no net gain or loss was recorded.

Changes in the fair value of cross currency swaps attributable to time value and cross currency basis spread are initially recorded to Other comprehensive income (loss). Unrealized gains or losses on excluded components are recorded in Other comprehensive income (loss) and are recognized into Interest expense on a systematic and rational basis through the swap accrual over the life of the hedging instrument. The amount remaining in Accumulated other comprehensive loss related to cash flow hedges on the date of transition will be reclassified to earnings when the hedged item is recognized in earnings or when it becomes probable that the forecasted transactions will not occur.

On March 31, 2022, we elected to de-designate our cross currency swaps previously designated as cash flow hedges and re-designated these swaps as fair value hedges. For these hedges, we elected to exclude the change in fair value of the cross currency swaps related to both time value and cross currency basis spread from the assessment of hedge effectiveness (the excluded components). The initial value of the excluded components of \$1.0 billion as of March 31, 2022 will continue to be amortized into Interest expense over the remaining life of the hedging instruments. During both the three and six months ended June 30, 2024 and June 30, 2023, the amortization of the initial value of the excluded component completely offset the amortization related to the amount remaining in Other comprehensive income (loss) related to cash flow hedges. See Note 9 for additional information. We estimate that \$92 million will be amortized into Interest expense within the next 12 months.

### Treasury Rate Locks

We have entered into treasury rate locks designated as cash flow hedges to mitigate our interest rate risk on future transactions. We recognize gains and losses resulting from interest rate movements in Other comprehensive income (loss).

### Net Investment Hedges

We have designated certain foreign currency debt instruments as net investment hedges to mitigate foreign exchange exposure related to non-U.S. dollar net investments in certain foreign subsidiaries against changes in foreign exchange rates. The notional amount of Euro-denominated debt designated as a net investment hedge was €750 million as of both June 30, 2024 and December 31, 2023.

### Undesignated Derivatives

We also have the following derivative contracts which we use as economic hedges but for which we have elected not to apply hedge accounting.

The following table summarizes the activity of our derivatives not designated in hedging relationships:

| (dollars in millions)                                         | Three Months Ended<br>June 30, |          | Six Months Ended<br>June 30, |          |
|---------------------------------------------------------------|--------------------------------|----------|------------------------------|----------|
|                                                               | 2024                           | 2023     | 2024                         | 2023     |
| <b>Foreign Exchange Forwards:</b>                             |                                |          |                              |          |
| Notional value entered into                                   | \$ 2,140                       | \$ 2,770 | \$ 5,280                     | \$ 5,425 |
| Notional value settled                                        | 2,670                          | 2,770    | 5,730                        | 5,365    |
| Pre-tax gain (loss) recognized in Other income (expense), net | (1)                            | 12       | (23)                         | 22       |

#### Foreign Exchange Forwards

We enter into British Pound Sterling and Euro foreign exchange forwards to mitigate our foreign exchange rate risk related to non-functional currency denominated monetary assets and liabilities of international subsidiaries.

#### Concentrations of Credit Risk

Financial instruments that subject us to concentrations of credit risk consist primarily of temporary cash investments, short-term and long-term investments, trade receivables, including device payment plan agreement receivables, certain notes receivable, including lease receivables, and derivative contracts.

Counterparties to our derivative contracts are major financial institutions with whom we have negotiated derivatives agreements (ISDA master agreements) and credit support annex (CSA) agreements which provide rules for collateral exchange. The CSA agreements contain fixed cap amounts or rating based thresholds such that we or our counterparties may be required to hold or post collateral based upon changes in outstanding positions as compared to established thresholds or caps and changes in credit ratings. We do not offset fair value amounts recognized for derivative instruments and fair value amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral arising from derivative instruments recognized at fair value. At June 30, 2024, we did not hold any collateral. At June 30, 2024, we posted \$1.8 billion of collateral related to derivative contracts under collateral exchange agreements, which was recorded as Prepaid expenses and other in our condensed consolidated balance sheet. At December 31, 2023, we did not hold any collateral. At December 31, 2023, we posted \$1.4 billion of collateral related to derivative contracts under collateral exchange arrangements, which was recorded as Prepaid expenses and other in our condensed consolidated balance sheet. While we may be exposed to credit losses due to the nonperformance of our counterparties, we consider the risk remote and do not expect that any such nonperformance would result in a significant effect on our results of operations or financial condition due to our diversified pool of counterparties.

#### Note 8. Employee Benefits

We maintain non-contributory defined benefit pension plans for certain employees. In addition, we maintain postretirement health care and life insurance plans for certain retirees and their dependents, which are both contributory and non-contributory, and include a limit on our share of the cost for certain current and future retirees. In accordance with our accounting policy for pension and other postretirement benefits, operating expenses include service costs associated with pension and other postretirement benefits while other credits and/or charges based on actuarial assumptions, including projected discount rates, an estimated return on plan assets, and impact from health care trend rates are reported in Other income (expense), net. These estimates are updated in the fourth quarter or upon a remeasurement event, to reflect actual return on plan assets and updated actuarial assumptions. The adjustment is recognized in the income statement during the fourth quarter and upon a remeasurement event pursuant to our accounting policy for the recognition of actuarial gains and losses.



## Net Periodic Benefit Cost (Income)

The following table summarizes the components of net periodic benefit cost (income) related to our pension and postretirement health care and life insurance plans:

|                                                            | (dollars in millions) |                |                      |              |
|------------------------------------------------------------|-----------------------|----------------|----------------------|--------------|
|                                                            | Pension               |                | Health Care and Life |              |
| Three Months Ended June 30,                                | 2024                  | 2023           | 2024                 | 2023         |
| Service cost - Cost of services                            | \$ 39                 | \$ 45          | \$ 11                | \$ 12        |
| Service cost - Selling, general and administrative expense | 6                     | 7              | 2                    | 2            |
| <b>Service cost</b>                                        | <b>\$ 45</b>          | <b>\$ 52</b>   | <b>\$ 13</b>         | <b>\$ 14</b> |
| Amortization of prior service cost (credit)                | \$ 28                 | \$ 28          | \$ (32)              | \$ (104)     |
| Expected return on plan assets                             | (140)                 | (253)          | (7)                  | (8)          |
| Interest cost                                              | 112                   | 188            | 136                  | 136          |
| Remeasurement loss, net                                    | 136                   | —              | —                    | —            |
| <b>Other components</b>                                    | <b>\$ 136</b>         | <b>\$ (37)</b> | <b>\$ 97</b>         | <b>\$ 24</b> |
| <b>Total</b>                                               | <b>\$ 181</b>         | <b>\$ 15</b>   | <b>\$ 110</b>        | <b>\$ 38</b> |

|                                                            | (dollars in millions) |                |                      |              |
|------------------------------------------------------------|-----------------------|----------------|----------------------|--------------|
|                                                            | Pension               |                | Health Care and Life |              |
| Six Months Ended June 30,                                  | 2024                  | 2023           | 2024                 | 2023         |
| Service cost - Cost of services                            | \$ 80                 | \$ 91          | \$ 22                | \$ 23        |
| Service cost - Selling, general and administrative expense | 13                    | 14             | 4                    | 4            |
| <b>Service cost</b>                                        | <b>\$ 93</b>          | <b>\$ 105</b>  | <b>\$ 26</b>         | <b>\$ 27</b> |
| Amortization of prior service cost (credit)                | \$ 56                 | \$ 56          | \$ (64)              | \$ (209)     |
| Expected return on plan assets                             | (348)                 | (506)          | (14)                 | (15)         |
| Interest cost                                              | 269                   | 376            | 271                  | 272          |
| Remeasurement loss, net                                    | 63                    | —              | —                    | —            |
| <b>Other components</b>                                    | <b>\$ 40</b>          | <b>\$ (74)</b> | <b>\$ 193</b>        | <b>\$ 48</b> |
| <b>Total</b>                                               | <b>\$ 133</b>         | <b>\$ 31</b>   | <b>\$ 219</b>        | <b>\$ 75</b> |

The service cost component of net periodic benefit cost (income) is recorded in Cost of services and Selling, general and administrative expense in the condensed consolidated statements of income while the other components, including mark-to-market adjustments, if any, are recorded in Other income (expense), net.

During the six months ended June 30, 2024, we updated the expected return on plan assets assumption for our pension plans from 7.50% at December 31, 2023 to 8.00% based upon the expected market returns from the March 31, 2024 asset allocation.

## Pension Annuitization

On February 29, 2024, we entered into two separate commitment agreements, one by and between the Company, State Street Global Advisors Trust Company ("State Street"), as independent fiduciary of the Verizon Management Pension Plan and Verizon Pension Plan for Associates (the "Pension Plans"), and The Prudential Insurance Company of America ("Prudential"), and one by and between the Company, State Street and RGA Reinsurance Company ("RGA"), under which the Pension Plans purchased nonparticipating single premium group annuity contracts from Prudential and RGA, respectively, to settle approximately \$5.9 billion of benefit liabilities of the Pension Plans.

The purchase of the group annuity contracts closed on March 6, 2024. The group annuity contracts primarily cover a population that includes 56,000 retirees who commenced benefit payments from the Pension Plans prior to January 1, 2023 ("Transferred Participants"). Prudential and RGA each irrevocably guarantee and assume the sole obligation to make future payments to the Transferred Participants as provided under their respective group annuity contracts, with direct payments beginning July 1, 2024. The aggregate amount of each Transferred Participant's payment under the group annuity contracts will be equal to the amount of each individual's payment under the Pension Plans.

The purchase of the group annuity contracts was funded directly by transferring \$5.7 billion of assets of the Pension Plans. The Company made additional contributions to the Pension Plans prior to the closing date of the transaction, as discussed below. With these contributions, the funded ratio of each of the Pension Plans does not change as a result of this transaction. During the three months ended March 31, 2024, we recorded a net pre-tax settlement gain as a result of this transaction, as discussed below.

Pension plan assets and liabilities are primarily presented within Employee benefit obligations in our condensed consolidated balance sheets.

### **Severance Payments**

During the three and six months ended June 30, 2024, we paid severance benefits of \$60 million and \$178 million, respectively. At June 30, 2024, we had a remaining severance liability of \$402 million, a portion of which includes future contractual payments to separated employees.

### **Employer Contributions**

During the six months ended June 30, 2024, we made discretionary contributions to the Pension Plans in the aggregate amount of \$365 million. During the six months ended June 30, 2023, we made a discretionary contribution to one of our qualified pension plans in the amount of \$200 million.

During both the three and six months ended June 30, 2024 and June 30, 2023, we made insignificant contributions to our nonqualified pension plans. No mandatory qualified pension plans contributions are expected or required through December 31, 2024. No significant changes are expected with respect to the nonqualified pension and other postretirement benefit plans contributions in 2024.

### **Remeasurement loss, net**

During the three and six months ended June 30, 2024, we recorded a net pre-tax remeasurement loss of \$136 million and \$63 million, respectively, in our pension plans triggered by settlements.

During the three months ended June 30, 2024, we recorded a net pre-tax remeasurement loss of \$136 million in our pension plans triggered by settlements. The remeasurement loss was primarily driven by a \$245 million charge resulting from the difference between our estimated and actual return on assets, partially offset by a credit of \$109 million due to changes in our discount rate assumption used to determine the current year liabilities of our pension plans.

During the three months ended March 31, 2024, we recorded a net pre-tax remeasurement gain of \$73 million in our pension plans due to a net pre-tax settlement gain of \$200 million resulting from the pension annuitization transaction discussed above, partially offset by a net pre-tax remeasurement loss of \$127 million triggered by settlements. The net pre-tax remeasurement loss recorded for the three months ended March 31, 2024, was primarily driven by a \$613 million charge resulting from the difference between our estimated and actual return on assets, partially offset by a credit of \$486 million due to changes in our discount rate assumption used to determine the current year liabilities of our pension plans.

### **2024 Voluntary Separation Program**

In June 2024, we announced and opened a Voluntary Separation Program for select U.S.-based management employees. Management at its discretion will accept volunteers for separation based on the needs of the business, and these employees will be notified in August 2024. We expect to record a severance charge related to the program in the third quarter of 2024, which could be significant. The ultimate financial statement impact will be based on the number of volunteers accepted.

**Note 9. Equity and Accumulated Other Comprehensive Loss**
**Equity**

Changes in the components of Total equity were as follows:

|                                                                          | Three Months Ended June 30, |           |           |           |
|--------------------------------------------------------------------------|-----------------------------|-----------|-----------|-----------|
|                                                                          | 2024                        |           | 2023      |           |
| (dollars in millions, except per share amounts, and shares in thousands) | Shares                      | Amount    | Shares    | Amount    |
| <b>Common Stock</b>                                                      |                             |           |           |           |
| Balance at beginning of period                                           | 4,291,434                   | \$ 429    | 4,291,434 | \$ 429    |
| Balance at end of period                                                 | 4,291,434                   | 429       | 4,291,434 | 429       |
| <b>Additional Paid In Capital</b>                                        |                             |           |           |           |
| Balance at beginning of period                                           |                             | 13,571    |           | 13,523    |
| Other                                                                    |                             | (32)      |           | —         |
| Balance at end of period                                                 |                             | 13,539    |           | 13,523    |
| <b>Retained Earnings</b>                                                 |                             |           |           |           |
| Balance at beginning of period                                           |                             | 84,714    |           | 84,543    |
| Net income attributable to Verizon                                       |                             | 4,593     |           | 4,648     |
| Dividends declared (\$0.6650, \$0.6525 per share)                        |                             | (2,803)   |           | (2,743)   |
| Balance at end of period                                                 |                             | 86,504    |           | 86,448    |
| <b>Accumulated Other Comprehensive Loss</b>                              |                             |           |           |           |
| Balance at beginning of period attributable to Verizon                   |                             | (1,199)   |           | (2,177)   |
| Foreign currency translation adjustments                                 |                             | —         |           | (6)       |
| Unrealized gain on cash flow hedges                                      |                             | 19        |           | 25        |
| Unrealized gain (loss) on fair value hedges                              |                             | (104)     |           | 293       |
| Unrealized loss on marketable securities                                 |                             | (1)       |           | (2)       |
| Defined benefit pension and postretirement plans                         |                             | (2)       |           | (54)      |
| Other comprehensive income (loss)                                        |                             | (88)      |           | 256       |
| Balance at end of period attributable to Verizon                         |                             | (1,287)   |           | (1,921)   |
| <b>Treasury Stock</b>                                                    |                             |           |           |           |
| Balance at beginning of period                                           | (82,179)                    | (3,602)   | (87,442)  | (3,832)   |
| Employee plans                                                           | 265                         | 12        | 48        | 2         |
| Balance at end of period                                                 | (81,914)                    | (3,590)   | (87,394)  | (3,830)   |
| <b>Deferred Compensation-ESOPs and Other</b>                             |                             |           |           |           |
| Balance at beginning of period                                           |                             | 421       |           | 397       |
| Restricted stock equity grant                                            |                             | 173       |           | 150       |
| Amortization                                                             |                             | (17)      |           | (3)       |
| Balance at end of period                                                 |                             | 577       |           | 544       |
| <b>Noncontrolling Interests</b>                                          |                             |           |           |           |
| Balance at beginning of period                                           |                             | 1,392     |           | 1,336     |
| Total comprehensive income                                               |                             | 109       |           | 118       |
| Distributions and other                                                  |                             | (134)     |           | (145)     |
| Balance at end of period                                                 |                             | 1,367     |           | 1,309     |
| <b>Total Equity</b>                                                      |                             | \$ 97,539 |           | \$ 96,502 |

|                                                                          | Six Months Ended June 30, |           |           |           |
|--------------------------------------------------------------------------|---------------------------|-----------|-----------|-----------|
|                                                                          | 2024                      |           | 2023      |           |
| (dollars in millions, except per share amounts, and shares in thousands) | Shares                    | Amount    | Shares    | Amount    |
| <b>Common Stock</b>                                                      |                           |           |           |           |
| Balance at beginning of period                                           | 4,291,434                 | \$ 429    | 4,291,434 | \$ 429    |
| Balance at end of period                                                 | 4,291,434                 | 429       | 4,291,434 | 429       |
| <b>Additional Paid In Capital</b>                                        |                           |           |           |           |
| Balance at beginning of period                                           |                           | 13,631    |           | 13,420    |
| Other                                                                    |                           | (92)      |           | 103       |
| Balance at end of period                                                 |                           | 13,539    |           | 13,523    |
| <b>Retained Earnings</b>                                                 |                           |           |           |           |
| Balance at beginning of period                                           |                           | 82,915    |           | 82,380    |
| Net income attributable to Verizon                                       |                           | 9,195     |           | 9,557     |
| Dividends declared (\$1.3300, \$1.3050 per share)                        |                           | (5,602)   |           | (5,489)   |
| Other                                                                    |                           | (4)       |           | —         |
| Balance at end of period                                                 |                           | 86,504    |           | 86,448    |
| <b>Accumulated Other Comprehensive Loss</b>                              |                           |           |           |           |
| Balance at beginning of period attributable to Verizon                   |                           | (1,380)   |           | (1,865)   |
| Foreign currency translation adjustments                                 |                           | (50)      |           | 20        |
| Unrealized gain on cash flow hedges                                      |                           | 54        |           | 46        |
| Unrealized gain (loss) on fair value hedges                              |                           | 96        |           | (9)       |
| Unrealized gain (loss) on marketable securities                          |                           | (3)       |           | 2         |
| Defined benefit pension and postretirement plans                         |                           | (4)       |           | (115)     |
| Other comprehensive income (loss)                                        |                           | 93        |           | (56)      |
| Balance at end of period attributable to Verizon                         |                           | (1,287)   |           | (1,921)   |
| <b>Treasury Stock</b>                                                    |                           |           |           |           |
| Balance at beginning of period                                           | (87,173)                  | (3,821)   | (91,572)  | (4,013)   |
| Employee plans                                                           | 5,257                     | 231       | 4,175     | 183       |
| Shareholder plans                                                        | 2                         | —         | 3         | —         |
| Balance at end of period                                                 | (81,914)                  | (3,590)   | (87,394)  | (3,830)   |
| <b>Deferred Compensation-ESOPs and Other</b>                             |                           |           |           |           |
| Balance at beginning of period                                           |                           | 656       |           | 793       |
| Restricted stock equity grant                                            |                           | 275       |           | 136       |
| Amortization                                                             |                           | (354)     |           | (385)     |
| Balance at end of period                                                 |                           | 577       |           | 544       |
| <b>Noncontrolling Interests</b>                                          |                           |           |           |           |
| Balance at beginning of period                                           |                           | 1,369     |           | 1,319     |
| Total comprehensive income                                               |                           | 229       |           | 227       |
| Distributions and other                                                  |                           | (231)     |           | (237)     |
| Balance at end of period                                                 |                           | 1,367     |           | 1,309     |
| <b>Total Equity</b>                                                      |                           | \$ 97,539 |           | \$ 96,502 |

#### Common Stock

Verizon did not repurchase any shares of the Company's common stock through its previously authorized share buyback program during the six months ended June 30, 2024. At June 30, 2024, the maximum number of shares that could be purchased by or on behalf of Verizon under our share buyback program was 100 million.

Common stock has been used from time to time to satisfy some of the funding requirements of employee and shareholder plans, including 5.3 million shares of common stock issued from treasury stock during the six months ended June 30, 2024.

## Accumulated Other Comprehensive Loss

The changes in the balances of Accumulated other comprehensive loss by component were as follows:

| (dollars in millions)                                        | Foreign<br>currency<br>translation<br>adjustments | Unrealized gain<br>(loss) on cash<br>flow hedges | Unrealized gain<br>(loss) on fair<br>value hedges | Unrealized loss on<br>marketable<br>securities | Defined benefit<br>pension and<br>postretirement plans | Total      |
|--------------------------------------------------------------|---------------------------------------------------|--------------------------------------------------|---------------------------------------------------|------------------------------------------------|--------------------------------------------------------|------------|
| <b>Balance at January 1, 2024</b>                            | \$ (636)                                          | \$ (1,062)                                       | \$ 105                                            | \$ (2)                                         | \$ 215                                                 | \$ (1,380) |
| Excluded components recognized in other comprehensive income | —                                                 | —                                                | 124                                               | —                                              | —                                                      | 124        |
| Other comprehensive loss                                     | (50)                                              | —                                                | —                                                 | (3)                                            | —                                                      | (53)       |
| Amounts reclassified to net income                           | —                                                 | 54                                               | (28)                                              | —                                              | (4)                                                    | 22         |
| Net other comprehensive income (loss)                        | (50)                                              | 54                                               | 96                                                | (3)                                            | (4)                                                    | 93         |
| <b>Balance at June 30, 2024</b>                              | \$ (686)                                          | \$ (1,008)                                       | \$ 201                                            | \$ (5)                                         | \$ 211                                                 | \$ (1,287) |

The amounts presented above in Net other comprehensive income (loss) are net of taxes. The amounts reclassified to net income related to unrealized gain (loss) on cash flow hedges and unrealized gain (loss) on fair value hedges in the table above are included in Other income (expense), net and Interest expense in our condensed consolidated statements of income. See Note 7 for additional information. The amounts reclassified to net income related to unrealized loss on marketable securities and defined benefit pension and postretirement plans in the table above are included in Other income (expense), net in our condensed consolidated statements of income. See Note 8 for additional information.

## Note 10. Segment Information

### Reportable Segments

We have two reportable segments that we operate and manage as strategic business units - Consumer and Business. We measure and evaluate our reportable segments based on segment operating income, consistent with the chief operating decision maker's assessment of segment performance.

Our segments and their principal activities consist of the following:

| Segment                       | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Verizon Consumer Group</b> | Our Consumer segment provides consumer-focused wireless and wireline communications services and products. Our wireless services are provided across one of the most extensive wireless networks in the U.S. under the Verizon family of brands and through wholesale and other arrangements. We also provide fixed wireless access (FWA) broadband through our 5G or 4G LTE networks as an alternative to traditional landline internet access. Our wireline services are provided in nine states in the Mid-Atlantic and Northeastern U.S., as well as Washington D.C., over our 100% fiber-optic network through our Verizon Fios product portfolio and over a traditional copper-based network to customers who are not served by Fios. |
| <b>Verizon Business Group</b> | Our Business segment provides wireless and wireline communications services and products, including FWA broadband, data, video and conferencing services, corporate networking solutions, security and managed network services, local and long distance voice services and network access to deliver various Internet of Things services and products. We provide these products and services to businesses, government customers and wireless and wireline carriers across the U.S. and a subset of these products and services to customers around the world.                                                                                                                                                                            |

Our Consumer segment's wireless and wireline products and services are available to our retail customers, as well as resellers that purchase wireless network access from us on a wholesale basis. Our Business segment's wireless and wireline products and services are organized by the primary customer groups targeted by these offerings: Enterprise and Public Sector, Business Markets and Other, and Wholesale.

Corporate and other primarily includes device insurance programs, investments in unconsolidated businesses and development stage businesses that support our strategic initiatives, as well as unallocated corporate expenses, certain pension and other employee benefit related costs and interest and financing expenses. Corporate and other also includes the historical results of divested businesses and other adjustments and gains and losses that are not allocated or used in assessing segment performance due to their nature. Although such transactions are excluded from the business segment results, they are included in reported consolidated earnings. Gains and losses from these transactions that are not individually significant are included in segment results and therefore included in the chief operating decision maker's assessment of segment performance.

The following table provides operating financial information for our two reportable segments:

|                                    | Three Months Ended<br>June 30, |                  | Six Months Ended<br>June 30, |                  |
|------------------------------------|--------------------------------|------------------|------------------------------|------------------|
| (dollars in millions)              | 2024                           | 2023             | 2024                         | 2023             |
| <b>External Operating Revenues</b> |                                |                  |                              |                  |
| Consumer                           |                                |                  |                              |                  |
| Service                            | \$ 19,208                      | \$ 18,641        | \$ 38,206                    | \$ 37,097        |
| Wireless equipment                 | 4,143                          | 4,430            | 8,633                        | 9,308            |
| Other <sup>(1)</sup>               | 1,521                          | 1,435            | 3,038                        | 2,909            |
| Total Consumer                     | 24,872                         | 24,506           | 49,877                       | 49,314           |
| Business                           |                                |                  |                              |                  |
| Enterprise and Public Sector       | 3,545                          | 3,784            | 7,132                        | 7,571            |
| Business Markets and Other         | 3,199                          | 3,104            | 6,389                        | 6,203            |
| Wholesale                          | 547                            | 587              | 1,137                        | 1,186            |
| Total Business                     | 7,291                          | 7,475            | 14,658                       | 14,960           |
| <b>Total reportable segments</b>   | <b>\$ 32,163</b>               | <b>\$ 31,981</b> | <b>\$ 64,535</b>             | <b>\$ 64,274</b> |
| <b>Intersegment Revenues</b>       |                                |                  |                              |                  |
| Consumer                           | \$ 55                          | \$ 52            | \$ 107                       | \$ 101           |
| Business                           | 9                              | 8                | 18                           | 17               |
| <b>Total reportable segments</b>   | <b>\$ 64</b>                   | <b>\$ 60</b>     | <b>\$ 125</b>                | <b>\$ 118</b>    |
| <b>Total Operating Revenues</b>    |                                |                  |                              |                  |
| Consumer                           | \$ 24,927                      | \$ 24,558        | \$ 49,984                    | \$ 49,415        |
| Business <sup>(2)</sup>            | 7,300                          | 7,483            | 14,676                       | 14,977           |
| <b>Total reportable segments</b>   | <b>\$ 32,227</b>               | <b>\$ 32,041</b> | <b>\$ 64,660</b>             | <b>\$ 64,392</b> |
| <b>Operating Income</b>            |                                |                  |                              |                  |
| Consumer                           | \$ 7,604                       | \$ 7,330         | \$ 14,976                    | \$ 14,429        |
| Business                           | 500                            | 533              | 899                          | 1,084            |
| <b>Total reportable segments</b>   | <b>\$ 8,104</b>                | <b>\$ 7,863</b>  | <b>\$ 15,875</b>             | <b>\$ 15,513</b> |

<sup>(1)</sup> Other revenue includes fees that partially recover the direct and indirect costs of complying with regulatory and industry obligations and programs, revenues associated with certain products included in our device protection offerings, leasing and interest recognized when equipment is sold to the customer by an authorized agent under a device payment plan agreement.

<sup>(2)</sup> Service and other revenues included in our Business segment were approximately \$6.4 billion and \$6.6 billion for the three months ended June 30, 2024 and 2023, respectively, and \$13.0 billion and \$13.2 billion for the six months ended June 30, 2024 and 2023, respectively. Wireless equipment revenues included in our Business segment were \$855 million and \$847 million for the three months ended June 30, 2024 and 2023, respectively, and \$1.7 billion for both the six months ended June 30, 2024 and 2023.

The following table provides Fios revenue for our two reportable segments:

|                           | Three Months Ended<br>June 30, |                 | Six Months Ended<br>June 30, |                 |
|---------------------------|--------------------------------|-----------------|------------------------------|-----------------|
| (dollars in millions)     | 2024                           | 2023            | 2024                         | 2023            |
| Consumer                  | \$ 2,896                       | \$ 2,886        | \$ 5,792                     | \$ 5,775        |
| Business                  | 313                            | 308             | 624                          | 615             |
| <b>Total Fios revenue</b> | <b>\$ 3,209</b>                | <b>\$ 3,194</b> | <b>\$ 6,416</b>              | <b>\$ 6,390</b> |

The following table provides Wireless service revenue for our reportable segments and includes intersegment activity:

|                                       | Three Months Ended<br>June 30, |                  | Six Months Ended<br>June 30, |                  |
|---------------------------------------|--------------------------------|------------------|------------------------------|------------------|
| (dollars in millions)                 | 2024                           | 2023             | 2024                         | 2023             |
| Consumer                              | \$ 16,342                      | \$ 15,762        | \$ 32,476                    | \$ 31,361        |
| Business                              | 3,431                          | 3,351            | 6,810                        | 6,641            |
| <b>Total Wireless service revenue</b> | <b>\$ 19,773</b>               | <b>\$ 19,113</b> | <b>\$ 39,286</b>             | <b>\$ 38,002</b> |

## Reconciliation to Consolidated Financial Information

The reconciliation of segment operating revenues and operating income to consolidated operating revenues and operating income below includes the effects of special items that the chief operating decision maker does not consider in assessing segment performance, primarily because of their nature.

A reconciliation of the reportable segments' operating revenues to consolidated operating revenues is as follows:

|                                              | Three Months Ended<br>June 30, |                  | Six Months Ended<br>June 30, |                  |
|----------------------------------------------|--------------------------------|------------------|------------------------------|------------------|
| (dollars in millions)                        | 2024                           | 2023             | 2024                         | 2023             |
| Total reportable segments operating revenues | \$ 32,227                      | \$ 32,041        | \$ 64,660                    | \$ 64,392        |
| Corporate and other                          | 633                            | 621              | 1,244                        | 1,238            |
| Eliminations                                 | (64)                           | (66)             | (127)                        | (122)            |
| <b>Total consolidated operating revenues</b> | <b>\$ 32,796</b>               | <b>\$ 32,596</b> | <b>\$ 65,777</b>             | <b>\$ 65,508</b> |

A reconciliation of the total reportable segments' operating income to consolidated income before provision for income taxes is as follows:

|                                                           | Three Months Ended<br>June 30, |                 | Six Months Ended<br>June 30, |                  |
|-----------------------------------------------------------|--------------------------------|-----------------|------------------------------|------------------|
| (dollars in millions)                                     | 2024                           | 2023            | 2024                         | 2023             |
| Total reportable segments operating income                | \$ 8,104                       | \$ 7,863        | \$ 15,875                    | \$ 15,513        |
| Corporate and other                                       | (277)                          | (344)           | (413)                        | (348)            |
| Severance charges                                         | —                              | (237)           | —                            | (237)            |
| Other components of net periodic benefit charges (Note 8) | (9)                            | (62)            | (17)                         | (124)            |
| Legacy legal matter                                       | —                              | —               | (106)                        | —                |
| Total consolidated operating income                       | 7,818                          | 7,220           | 15,339                       | 14,804           |
| Equity in losses of unconsolidated businesses             | (14)                           | (33)            | (23)                         | (24)             |
| Other income (expense), net                               | (72)                           | 210             | 126                          | 324              |
| Interest expense                                          | (1,698)                        | (1,285)         | (3,333)                      | (2,492)          |
| <b>Income Before Provision For Income Taxes</b>           | <b>\$ 6,034</b>                | <b>\$ 6,112</b> | <b>\$ 12,109</b>             | <b>\$ 12,612</b> |

No single customer accounted for more than 10% of our total operating revenues during the three and six months ended June 30, 2024 or 2023.

The chief operating decision maker does not review disaggregated assets on a segment basis; therefore, such information is not presented. Depreciation and amortization included in the measure of segment profitability is primarily allocated based on proportional usage, and is included within Total reportable segments operating income.

## Note 11. Additional Financial Information

We maintain a voluntary supplier finance program with a financial institution which provides certain suppliers the option, at their sole discretion, to participate in the program and sell their receivables due from Verizon to the financial institution on a non-recourse basis. As of June 30, 2024 and December 31, 2023, \$638 million and \$817 million, respectively, remained as confirmed obligations outstanding related to suppliers participating in the supplier finance program.

## Note 12. Commitments and Contingencies

In the ordinary course of business, Verizon is involved in various litigation and regulatory proceedings at the state and federal level. Where it is determined, in consultation with counsel based on litigation and settlement risks, that a loss is probable and estimable in a given matter, Verizon establishes an accrual. In none of the currently pending matters is the amount of accrual material. An estimate of the reasonably possible loss or range of loss in excess of the amounts already accrued cannot be made at this time due to various factors typical in contested proceedings, including: (1) uncertain damage theories and demands; (2) a less than complete factual record; (3) uncertainty concerning legal theories and their resolution by courts or regulators; and (4) the unpredictable nature of the opposing party and its demands. We continuously monitor these proceedings as they develop and adjust any accrual or disclosure as needed. We do not expect that the ultimate resolution of any pending regulatory or legal matter in future periods will have a material effect on our financial condition, but it could have a material effect on our results of operations for a given reporting period.

Verizon is currently involved in approximately 30 federal district court actions alleging that Verizon is infringing various patents. Most of these cases are brought by non-practicing entities and effectively seek only monetary damages; a small number are brought by companies that have sold products and could seek injunctive relief as well. These cases have progressed to various stages and a small number have gone to trial or may go to trial in the coming 12 months if they are not otherwise resolved.

In connection with the execution of agreements for the sales of businesses and investments, Verizon ordinarily provides representations and warranties to the purchasers pertaining to a variety of nonfinancial matters, such as ownership of the securities being sold, as well as indemnity from certain financial losses. From time to time, counterparties may make claims under these provisions, and Verizon will seek to defend against those claims and resolve them in the ordinary course of business.

As of June 30, 2024, Verizon had 27 renewable energy purchase agreements (REPA) with third parties. Each of the REPA is based on the expected operation of a renewable energy-generating facility and has a fixed price term of 12 to 20 years from the commencement of the facility's entry into commercial operation. Sixteen of the facilities have entered into commercial operation, and the remainder are under development. The REPA generally are expected to be financially settled based on the prevailing market price as energy is generated by the facilities.



**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations****Overview**

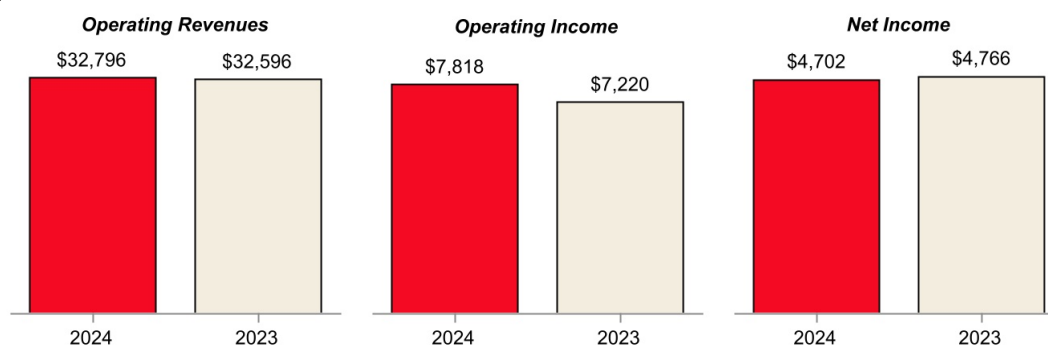
Verizon Communications Inc. (the Company) is a holding company that, acting through its subsidiaries (together with the Company, collectively, Verizon), is one of the world's leading providers of communications, technology, information and entertainment products and services to consumers, businesses and government entities. With a presence around the world, we offer data, video and voice services and solutions on our networks and platforms that are designed to meet customers' demand for mobility, reliable network connectivity and security.

To compete effectively in today's dynamic marketplace, we are focused on the capabilities of our high-performing networks to drive growth based on delivering what customers want and need in the digital world. We are consistently deploying new network architecture and technologies to secure our leadership in both fourth-generation (4G) and fifth-generation (5G) wireless networks. Our network quality is the hallmark of our brand and the foundation for the connectivity, platforms and solutions upon which we build our competitive advantage. In 2024, we are focused on enhancing and driving the monetization of our networks, platforms and solutions, retaining and growing our high-quality customer base and further improving our financial and operating performance.

Our strategy requires significant capital investments primarily to acquire wireless spectrum, put the spectrum into service, provide additional capacity for growth in our networks, invest in the fiber that supports our businesses, evolve and maintain our networks and develop and maintain significant advanced information technology systems and data system capabilities. We believe that our C-Band spectrum, together with our industry leading millimeter wave spectrum holdings and our 4G Long-Term Evolution (LTE) network and fiber infrastructure, will drive innovative products and services and fuel our growth.

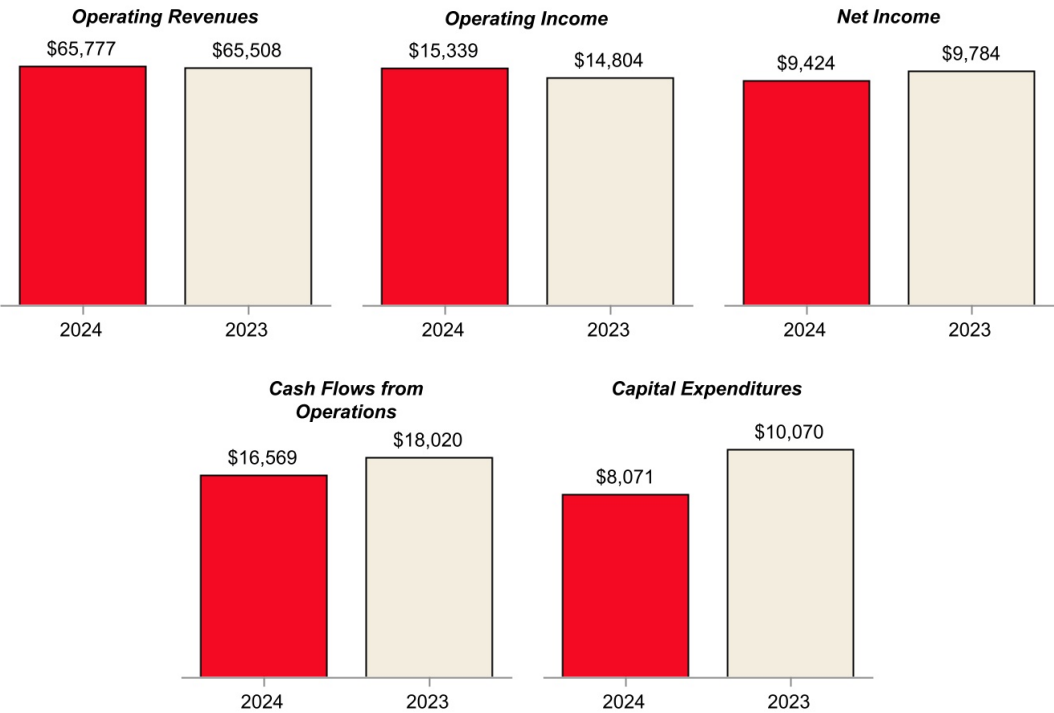
**Highlights of Our Financial Results for the Three Months Ended June 30, 2024 and 2023**

(dollars in millions)



Highlights of Our Financial Results for the Six Months Ended June 30, 2024 and 2023

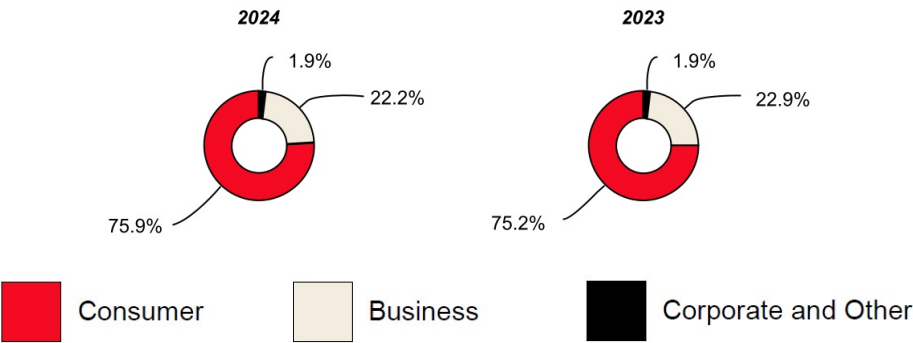
(dollars in millions)



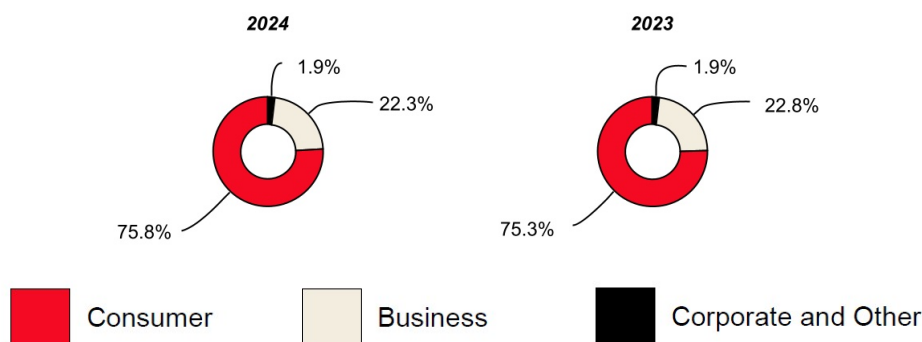
Business Overview

We have two reportable segments that we operate and manage as strategic business units - Verizon Consumer Group (Consumer) and Verizon Business Group (Business).

Revenue by Segment for the Three Months Ended June 30, 2024 and 2023



Note: Excludes eliminations.

**Revenue by Segment for the Six Months Ended June 30, 2024 and 2023**

Note: Excludes eliminations.

**Verizon Consumer Group**

Our Consumer segment provides consumer-focused wireless and wireline communications services and products. Our wireless services are provided across one of the most extensive wireless networks in the United States (U.S.) under the Verizon family of brands and through wholesale and other arrangements. We also provide fixed wireless access (FWA) broadband through our 5G or 4G LTE networks as an alternative to traditional landline internet access. Our wireline services are provided in nine states in the Mid-Atlantic and Northeastern U.S., as well as Washington D.C., over our 100% fiber-optic network through our Verizon Fios product portfolio and over a traditional copper-based network to customers who are not served by Fios. Our Consumer segment's wireless and wireline products and services are available to our retail customers, as well as resellers that purchase wireless network access from us on a wholesale basis.

Customers can obtain our wireless services on a postpaid or prepaid basis. Our postpaid service is generally billed one month in advance for a monthly access charge in return for access to and usage of network services. Our prepaid service is offered only to Consumer customers and enables individuals to obtain wireless services without credit verification by paying for all services in advance. The Consumer segment also offers several categories of wireless equipment to customers, including a variety of smartphones and other handsets, wireless-enabled internet devices, such as tablets, and other wireless-enabled connected devices, such as smart watches.

In addition to the wireless services and equipment discussed above, the Consumer segment sells residential fixed connectivity solutions, including internet, video and voice services, and wireless network access to resellers on a wholesale basis. The Consumer segment's operating revenues for the three and six months ended June 30, 2024 totaled \$24.9 billion and \$50.0 billion, respectively, representing an increase of 1.5% and 1.2%, respectively, compared to the similar periods in 2023. See "Segment Results of Operations" for additional information regarding our Consumer segment's operating performance and selected operating statistics.

**Verizon Business Group**

Our Business segment provides wireless and wireline communications services and products, including FWA broadband, data, video and conferencing services, corporate networking solutions, security and managed network services, local and long distance voice services and network access to deliver various Internet of Things (IoT) services and products, including solutions that support mobile resource management. We provide these products and services to businesses, government customers and wireless and wireline carriers across the U.S. and a subset of these products and services to customers around the world. The Business segment's operating revenues for the three and six months ended June 30, 2024 totaled \$7.3 billion and \$14.7 billion, respectively, representing a decrease of 2.4% and 2.0%, respectively, compared to the similar periods in 2023. See "Segment Results of Operations" for additional information regarding our Business segment's operating performance and selected operating statistics.

**Corporate and Other**

Corporate and other primarily includes device insurance programs, investments in unconsolidated businesses and development stage businesses that support our strategic initiatives, as well as unallocated corporate expenses, certain pension and other employee benefit related costs and interest and financing expenses. Corporate and other also includes the historical results of divested businesses and other adjustments and gains and losses that are not allocated or used in assessing segment performance due to their nature. Although such transactions are excluded from the business segment results, they are included in reported consolidated earnings. Gains and losses from these transactions that are not individually significant are included in

segment results and therefore are included in the chief operating decision maker's assessment of segment performance. See "Consolidated Results of Operations" for additional information regarding Corporate and other results.

### Capital Expenditures and Investments

We continue to invest in our wireless networks, high-speed fiber and other advanced technologies to position ourselves at the center of growth trends for the future. During the six months ended June 30, 2024, these investments included \$8.1 billion for capital expenditures. See "Cash Flows Used in Investing Activities" for additional information. Capital expenditures for 2024 are expected to be in the range of \$17.0 billion to \$17.5 billion.

### Global Network and Technology

Over the past several years, we have been leading the development of 5G wireless technology industry standards and the ecosystems for fixed and mobile 5G wireless services. 5G technology enables higher throughput and lower latency than 4G LTE technology and allows our networks to handle more traffic as the number of internet-connected devices grows.

We are focusing our capital investment on building our next generation 5G network, while also adding capacity and density to our 4G LTE network. We are densifying our networks by utilizing macro and small cell technology, in-building solutions and distributed antenna systems. Network densification enables us to add capacity to address increasing mobile video consumption and the growing demand for IoT products and services on our 5G and 4G LTE networks. We obtained full access to our C-Band spectrum in August 2023, and will continue deploying this spectrum across the continental U.S.

We continue to build fiber-based networks supporting data, video and advanced business services - areas where demand for reliable high-speed connections is growing. In addition, we leverage our 5G and 4G LTE networks for our FWA broadband service.

### Recent Developments

In June 2024, we announced and opened a Voluntary Separation Program for select U.S.-based management employees. Management at its discretion will accept volunteers for separation based on the needs of the business, and these employees will be notified in August 2024. We expect to record a severance charge related to the program in the third quarter of 2024, which could be significant. The ultimate financial statement impact will be based on the number of volunteers accepted.

## Consolidated Results of Operations

In this section, we discuss our overall results of operations and highlight special items, some of which are not included in our segment results. In "Segment Results of Operations" we review the performance of our two reportable segments in more detail.

### Consolidated Operating Revenues

| (dollars in millions)                  | Three Months Ended<br>June 30, |                  |                         |            | Six Months Ended<br>June 30, |                  |                         |            |
|----------------------------------------|--------------------------------|------------------|-------------------------|------------|------------------------------|------------------|-------------------------|------------|
|                                        | 2024                           | 2023             | Increase/<br>(Decrease) |            | 2024                         | 2023             | Increase/<br>(Decrease) |            |
| Consumer                               | \$ 24,927                      | \$ 24,558        | \$ 369                  | 1.5 %      | \$ 49,984                    | \$ 49,415        | \$ 569                  | 1.2 %      |
| Business                               | 7,300                          | 7,483            | (183)                   | (2.4)      | 14,676                       | 14,977           | (301)                   | (2.0)      |
| Corporate and other                    | 633                            | 621              | 12                      | 1.9        | 1,244                        | 1,238            | 6                       | 0.5        |
| Eliminations                           | (64)                           | (66)             | 2                       | (3.0)      | (127)                        | (122)            | (5)                     | 4.1        |
| <b>Consolidated Operating Revenues</b> | <b>\$ 32,796</b>               | <b>\$ 32,596</b> | <b>\$ 200</b>           | <b>0.6</b> | <b>\$ 65,777</b>             | <b>\$ 65,508</b> | <b>\$ 269</b>           | <b>0.4</b> |

Consolidated operating revenues increased during both the three and six months ended June 30, 2024 compared to the similar periods in 2023 primarily due to revenue increases in our Consumer segment, partially offset by revenue decreases in our Business segment.

Revenues for our segments are discussed separately below under the heading "Segment Results of Operations."

## Consolidated Operating Expenses

| (dollars in millions)                       | Three Months Ended |                  |                      |              | Six Months Ended |                  |                      |              |
|---------------------------------------------|--------------------|------------------|----------------------|--------------|------------------|------------------|----------------------|--------------|
|                                             | 2024               | June 30, 2023    | Increase/ (Decrease) |              | 2024             | June 30, 2023    | Increase/ (Decrease) |              |
| Cost of services                            | \$ 6,904           | \$ 6,986         | \$ (82)              | (1.2)%       | \$ 13,871        | \$ 14,064        | \$ (193)             | (1.4)%       |
| Cost of wireless equipment                  | 5,567              | 5,778            | (211)                | (3.7)        | 11,472           | 12,204           | (732)                | (6.0)        |
| Selling, general and administrative expense | 8,024              | 8,253            | (229)                | (2.8)        | 16,167           | 15,759           | 408                  | 2.6          |
| Depreciation and amortization expense       | 4,483              | 4,359            | 124                  | 2.8          | 8,928            | 8,677            | 251                  | 2.9          |
| <b>Consolidated Operating Expenses</b>      | <b>\$ 24,978</b>   | <b>\$ 25,376</b> | <b>\$ (398)</b>      | <b>(1.6)</b> | <b>\$ 50,438</b> | <b>\$ 50,704</b> | <b>\$ (266)</b>      | <b>(0.5)</b> |

Operating expenses for our segments are discussed separately below under the heading "Segment Results of Operations."

### Cost of Services

Cost of services includes the following costs directly attributable to a service: salaries and wages, benefits, materials and supplies, content costs, contracted services, network access and transport costs, customer provisioning costs, computer systems support and costs to support our outsourcing contracts and technical facilities. Aggregate customer service costs, which include billing and service provisioning, are allocated between Cost of services and Selling, general and administrative expense.

Cost of services decreased during both the three and six months ended June 30, 2024 compared to the similar periods in 2023.

The decrease during the three months ended June 30, 2024 was primarily due to:

- a decrease of \$41 million in access costs primarily as a result of decreases in prepaid subscribers, circuit disconnections and pricing changes; and
- a decrease of \$36 million in personnel costs primarily related to the impact of workforce changes.

The decrease during the six months ended June 30, 2024 was primarily the result of:

- a decrease of \$171 million in access costs primarily as a result of decreases in prepaid subscribers, circuit disconnections and pricing changes;
- a decrease of \$138 million in personnel costs primarily related to the impact of workforce changes; and
- an increase of \$78 million in digital content costs primarily associated with an increase in subscriptions through MyPlan offerings, partially offset by a decrease in traditional linear content costs due to a decline in Fios video subscribers.

### Cost of Wireless Equipment

Cost of wireless equipment decreased during both the three and six months ended June 30, 2024 compared to the similar periods in 2023 primarily as a result of:

- a decrease of \$683 million and \$1.5 billion for the three and six months, respectively, driven by a lower volume of wireless devices sold primarily related to a decrease of 13% and 16%, respectively, in upgrades; and
- an increase of \$472 million and \$803 million for the three and six months, respectively, due to a shift to higher priced equipment in the mix of wireless devices sold.

### Selling, General and Administrative Expense

Selling, general and administrative expense includes salaries and wages and benefits not directly attributable to a service or product, the provision for credit losses, taxes other than income taxes, advertising and sales commission costs, call center and information technology costs, regulatory fees, professional service fees and rent and utilities for administrative space. Also included is a portion of the aggregate customer care costs as discussed above in "Cost of Services."

Selling, general and administrative expense decreased during the three months ended June 30, 2024 compared to the similar period in 2023. The decrease was primarily the result of:

- a decrease of \$237 million due to severance charges in 2023 that did not reoccur;
- a decrease of \$141 million primarily related to an asset rationalization charge in 2023 that did not reoccur; and
- an increase of \$95 million primarily related to higher costs for device insurance programs due to an increase in claims.

Selling, general and administrative expense increased during the six months ended June 30, 2024 compared to the similar period in 2023. The increase was primarily the result of:

- an increase of \$231 million related to higher costs for device insurance programs due to an increase in claims;
- an increase of \$106 million related to a legacy legal matter;
- an increase of \$60 million in personnel costs related to an increase in costs associated with the transition to third-party contracted resources along with the impacts of a prior year compensation plan assumption change that did not reoccur and increased sales commission expense, partially offset by severance charges in 2023 that did not reoccur;
- an increase of \$58 million due to provision for credit losses resulting from additional bad debt reserves; and
- a decrease of \$141 million related to an asset rationalization charge in 2023 that did not re-occur.

See "Special Items" for additional information on the severance charges, asset rationalization charges and the legacy legal matter.

## Depreciation and Amortization Expense

Depreciation and amortization expense increased during both the three and six months ended June 30, 2024 compared to the similar periods in 2023 primarily due to the change in the mix of net depreciable and amortizable assets, including the amortization period of certain acquisition-related intangible assets, and the continued deployment of C-Band network assets.

## Other Consolidated Results

### Other Income (Expense), Net

Additional information relating to Other income (expense), net is as follows:

| (dollars in millions)                                  | Three Months Ended |               |                      |           | Six Months Ended |               |                      |               |
|--------------------------------------------------------|--------------------|---------------|----------------------|-----------|------------------|---------------|----------------------|---------------|
|                                                        | 2024               | June 30, 2023 | Increase/ (Decrease) |           | 2024             | June 30, 2023 | Increase/ (Decrease) |               |
| Interest income                                        | \$ 83              | \$ 92         | \$ (9)               | (9.8)%    | \$ 161           | \$ 167        | \$ (6)               | (3.6)%        |
| Other components of net periodic benefit income (cost) | (233)              | 13            | (246)                | nm        | (233)            | 26            | (259)                | nm            |
| Net debt extinguishment gains                          | 89                 | 69            | 20                   | 29.0      | 199              | 139           | 60                   | 43.2          |
| Other, net                                             | (11)               | 36            | (47)                 | nm        | (1)              | (8)           | 7                    | (87.5)        |
| <b>Other Income (Expense), Net</b>                     | <b>\$ (72)</b>     | <b>\$ 210</b> | <b>\$ (282)</b>      | <b>nm</b> | <b>\$ 126</b>    | <b>\$ 324</b> | <b>\$ (198)</b>      | <b>(61.1)</b> |

nm - not meaningful

Other income (expense), net, reflects certain items not directly related to our core operations, including interest income, debt extinguishment costs, components of net periodic pension and postretirement benefit cost and income and certain foreign exchange gains and losses.

Other income (expense), net decreased during both the three and six months ended June 30, 2024 compared to the similar periods in 2023.

The decrease during the three months ended June 30, 2024 was primarily due to a pension remeasurement loss of \$136 million in 2024 that did not occur in 2023 and a decrease of \$114 million due to a lower expected return on plan assets in our pension and postretirement plans compared to 2023.

The decrease during the six months ended June 30, 2024 was primarily a result of:

- a decrease of \$159 million due to a lower expected return on plan assets in our pension and postretirement plans compared to 2023, a decrease of \$145 million in our postretirement plans due to prior service credits in 2023 that did not reoccur in 2024, and a net pension remeasurement loss of \$63 million in 2024 that did not occur in 2023. These decreases were partially offset by a decrease of \$108 million in our pension plan interest costs in 2024 due to a decrease in discount rates; and
- net debt extinguishment gains of \$199 million related to tender offers and open market repurchases of various Company notes in 2024, compared with gains of \$139 million related to open market repurchases of various Company notes in 2023.

## Interest Expense

| (dollars in millions)                      | Three Months Ended |                 |                      |             | Six Months Ended |                 |                      |             |
|--------------------------------------------|--------------------|-----------------|----------------------|-------------|------------------|-----------------|----------------------|-------------|
|                                            | 2024               | June 30, 2023   | Increase/ (Decrease) |             | 2024             | June 30, 2023   | Increase/ (Decrease) |             |
| Total interest costs on debt balances      | \$ 1,942           | \$ 1,843        | \$ 99                | 5.4 %       | \$ 3,850         | \$ 3,591        | \$ 259               | 7.2 %       |
| Less capitalized interest costs            | 244                | 558             | (314)                | (56.3)      | 517              | 1,099           | (582)                | (53.0)      |
| <b>Interest Expense</b>                    | <b>\$ 1,698</b>    | <b>\$ 1,285</b> | <b>\$ 413</b>        | <b>32.1</b> | <b>\$ 3,333</b>  | <b>\$ 2,492</b> | <b>\$ 841</b>        | <b>33.7</b> |
| Average debt outstanding <sup>(1)(3)</sup> | \$ 151,410         | \$ 153,348      |                      |             | \$ 152,137       | \$ 152,359      |                      |             |
| Effective interest rate <sup>(2)(3)</sup>  | 5.1 %              | 4.8 %           |                      |             | 5.1 %            | 4.7 %           |                      |             |

<sup>(1)</sup> The average debt outstanding is a financial measure and is calculated by applying a simple average of prior months end balances of total short-term and long-term debt, net of discounts, premiums and unamortized debt issuance costs.

<sup>(2)</sup> The effective interest rate is the rate of actual interest incurred on debt. It is calculated by dividing the total interest costs on debt balances by the average debt outstanding.

<sup>(3)</sup> We believe that this measure is useful to management, investors and other users of our financial information in evaluating our debt financing cost and trends in our debt leverage management.

Total interest expense increased during both the three and six months ended June 30, 2024 compared to the similar periods in 2023 primarily as a result of a decrease in capitalized interest costs due to additional C-Band spectrum licenses being placed into service, an increase in interest costs due to a higher average interest rate offset by lower average debt balances.

#### Provision for Income Taxes

| (dollars in millions)      | Three Months Ended<br>June 30, |          |          |        | Six Months Ended<br>June 30, |          |          |        |
|----------------------------|--------------------------------|----------|----------|--------|------------------------------|----------|----------|--------|
|                            | 2024                           | 2023     | Decrease |        | 2024                         | 2023     | Decrease |        |
| Provision for income taxes | \$ 1,332                       | \$ 1,346 | \$ (14)  | (1.0)% | \$ 2,685                     | \$ 2,828 | \$ (143) | (5.1)% |
| Effective income tax rate  | 22.1 %                         | 22.0 %   |          |        | 22.2 %                       | 22.4 %   |          |        |

The effective income tax rate is calculated by dividing the provision for income taxes by income before the provision for income taxes. The provision for income taxes and the effective income tax rate during the three months ended June 30, 2024 are comparable to the similar period in 2023. The decrease in the provision for income taxes and the effective income tax rate during the six months ended June 30, 2024, compared to the similar period in 2023, was primarily due to lower income before income taxes in the current period.

#### Unrecognized Tax Benefits

Unrecognized tax benefits were \$2.6 billion and \$2.7 billion at June 30, 2024 and December 31, 2023, respectively. Interest and penalties related to unrecognized tax benefits were \$628 million (after-tax) and \$630 million (after-tax) at June 30, 2024 and December 31, 2023, respectively.

Verizon and/or its subsidiaries file income tax returns in the U.S. federal jurisdiction, and various state, local and foreign jurisdictions. As a large taxpayer, we are under audit by the Internal Revenue Service and multiple state and foreign jurisdictions for various open tax years. It is reasonably possible that the amount of the liability for unrecognized tax benefits could change by a significant amount in the next twelve months. An estimate of the range of the possible change cannot be made until these tax matters are further developed or resolved.

#### Consolidated Net Income, Consolidated EBITDA and Consolidated Adjusted EBITDA

Consolidated earnings before interest, taxes, depreciation and amortization expense (Consolidated EBITDA) and Consolidated Adjusted EBITDA, which are presented below, 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 the depreciation and amortization expense related primarily to capital expenditures and acquisitions that occurred in prior years, as well as in evaluating operating performance in relation to Verizon's competitors. Consolidated EBITDA is calculated by adding back interest, taxes, depreciation and amortization expense to net income.

Consolidated Adjusted EBITDA is calculated by excluding from Consolidated EBITDA the effect of the following non-operational items: equity in earnings and losses of unconsolidated businesses and other income and expense, net, as well as the effect of certain special items. We believe that this measure is useful to management, investors and other users of our financial information in evaluating the effectiveness of our operations and underlying business trends. We believe that Consolidated Adjusted EBITDA is widely 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. See "Special Items" for additional 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.

| (dollars in millions)                                | Three Months Ended<br>June 30, |                  | Six Months Ended<br>June 30, |                  |
|------------------------------------------------------|--------------------------------|------------------|------------------------------|------------------|
|                                                      | 2024                           | 2023             | 2024                         | 2023             |
| <b>Consolidated Net Income</b>                       | <b>\$ 4,702</b>                | <b>\$ 4,766</b>  | <b>\$ 9,424</b>              | <b>\$ 9,784</b>  |
| Add:                                                 |                                |                  |                              |                  |
| Provision for income taxes                           | 1,332                          | 1,346            | 2,685                        | 2,828            |
| Interest expense                                     | 1,698                          | 1,285            | 3,333                        | 2,492            |
| Depreciation and amortization expense <sup>(1)</sup> | 4,483                          | 4,359            | 8,928                        | 8,677            |
| <b>Consolidated EBITDA</b>                           | <b>\$ 12,215</b>               | <b>\$ 11,756</b> | <b>\$ 24,370</b>             | <b>\$ 23,781</b> |
| Add (Less):                                          |                                |                  |                              |                  |
| Other (income) expense, net <sup>(2)</sup>           | \$ 72                          | \$ (210)         | \$ (126)                     | \$ (324)         |
| Equity in losses of unconsolidated businesses        | 14                             | 33               | 23                           | 24               |
| Severance charges                                    | —                              | 237              | —                            | 237              |
| Legacy legal matter                                  | —                              | —                | 106                          | —                |
| Asset rationalization                                | —                              | 155              | —                            | 155              |
| <b>Consolidated Adjusted EBITDA</b>                  | <b>\$ 12,301</b>               | <b>\$ 11,971</b> | <b>\$ 24,373</b>             | <b>\$ 23,873</b> |

<sup>(1)</sup> Includes Amortization of acquisition-related intangible assets, which were \$219 million and \$440 million during the three and six months ended June 30, 2024, respectively, and \$206 million and \$414 million during the three and six months ended June 30, 2023, respectively. See "Special Items" for additional information.

<sup>(2)</sup> Includes Pension and benefits mark-to-market charges of \$136 million during both the three and six months ended June 30, 2024. See "Special Items" for additional information.

The changes in Consolidated Net Income, Consolidated EBITDA and Consolidated Adjusted EBITDA in the table above during the three and six months ended June 30, 2024 compared to the similar periods in 2023 were primarily a result of the factors described in connection with consolidated operating revenues and consolidated operating expenses.

### Segment Results of Operations

We have two reportable segments that we operate and manage as strategic business units - Consumer and Business. We measure and evaluate our segments based on segment operating income. The use of segment operating income is consistent with the chief operating decision maker's assessment of segment performance.

To aid in the understanding of segment performance as it relates to segment operating income, management uses the following operating statistics to evaluate the overall effectiveness of our segments. We believe these operating statistics are useful to investors and other users of our financial information because they provide additional insight into drivers of our segments' operating results, key trends and performance relative to our peers. These operating statistics may be determined or calculated differently by other companies and may not be directly comparable to those statistics of other companies.

*Wireless retail connections* are retail customer device postpaid and prepaid connections as of the end of the period. Retail connections under an account may include those from smartphones and basic phones (collectively, phones), postpaid and prepaid FWA, as well as tablets and other internet devices, wearables and retail IoT devices. Wireless retail connections are calculated by adding total retail postpaid and prepaid new connections in the period to prior period retail connections, and subtracting total retail postpaid and prepaid disconnects in the period.

*Wireless retail postpaid connections* are retail postpaid customer device connections as of the end of the period. Retail postpaid connections under an account may include those from phones, postpaid FWA, as well as tablets and other internet devices, wearables and retail IoT devices. Wireless retail postpaid connections are calculated by adding retail postpaid new connections in the period to prior period retail postpaid connections, and subtracting retail postpaid disconnects in the period.

*Wireless retail prepaid connections* are retail prepaid customer device connections as of the end of the period. Retail prepaid connections may include those from phones, prepaid FWA, as well as tablets and other internet devices, and wearables. Wireless retail prepaid connections are calculated by adding retail prepaid new connections in the period to prior period retail prepaid connections, and subtracting retail prepaid disconnects in the period.

*Fios internet connections* are the total number of connections to the internet using Fios internet services as of the end of the period. Fios internet connections are calculated by adding Fios internet new connections in the period to prior period Fios internet connections, and subtracting Fios internet disconnects in the period.

*Fios video connections* are the total number of connections to traditional linear video programming using Fios video services as of the end of the period. Fios video connections are calculated by adding Fios video net additions in the period to prior period Fios video connections. Fios video net additions are calculated by subtracting the Fios video disconnects from the Fios video new connections.



*Total broadband connections* are the total number of connections to the internet using Fios internet services, Digital Subscriber Line, and postpaid, prepaid and IoT FWAAs of the end of the period. Total broadband connections are calculated by adding total broadband connections, net additions in the period to prior period total broadband connections.

*Wireless retail connections, net additions* are the total number of additional retail customer device postpaid and prepaid connections, less the number of device disconnects in the period. Wireless retail connections, net additions in each period presented are calculated by subtracting the total retail postpaid and prepaid disconnects, net of certain adjustments, from the total retail postpaid and prepaid new connections in the period.

*Wireless retail postpaid connections, net additions* are the total number of additional retail customer device postpaid connections, less the number of device disconnects in the period. Wireless retail postpaid connections, net additions in each period presented are calculated by subtracting the retail postpaid disconnects, net of certain adjustments, from the retail postpaid new connections in the period.

*Wireless retail prepaid connections, net additions* are the total number of additional retail customer device prepaid connections, less the number of device disconnects in the period. Wireless retail prepaid connections, net additions in each period presented are calculated by subtracting the retail prepaid disconnects, net of certain adjustments, from the retail prepaid new connections in the period.

*Wireless retail postpaid phone connections, net additions* are the total number of additional retail customer postpaid phone connections, less the number of phone disconnects in the period. Wireless retail postpaid phone connections, net additions in each period presented are calculated by subtracting the retail postpaid phone disconnects, net of certain adjustments, from the retail postpaid phone new connections in the period.

*Total broadband connections, net additions* are the total number of additional total broadband connections, less the number of total broadband disconnects in the period. Total broadband connections, net additions in each period presented are calculated by subtracting the total broadband disconnects, net of certain adjustments, from the total broadband new connections in the period.

*Wireless churn* is the rate at which service to retail, retail postpaid, or retail postpaid phone connections is terminated on average in the period. The churn rate in each period presented is calculated by dividing retail disconnects, retail postpaid disconnects, or retail postpaid phone disconnects by the average retail connections, average retail postpaid connections, or average retail postpaid phone connections, respectively, in the period.

*Wireless retail postpaid ARPA* is the calculated average retail postpaid service revenue per account (ARPA) from retail postpaid accounts in the period. Wireless retail postpaid service revenue does not include recurring device payment plan billings related to the Verizon device payment program, plan billings related to device warranty and insurance or regulatory fees. Wireless retail postpaid ARPA in each period presented is calculated by dividing retail postpaid service revenue by the average retail postpaid accounts in the period.

*Wireless retail postpaid accounts* are wireless retail customers that are directly served and managed under the Verizon brand and use its services as of the end of the period. Accounts include unlimited plans, shared data plans and corporate accounts, as well as legacy single connection plans and multi-connection family plans. A single account may include monthly wireless services for a variety of connected devices. Wireless retail postpaid accounts are calculated by adding retail postpaid new accounts to the prior period retail postpaid accounts.

*Wireless retail postpaid connections per account* is the calculated average number of retail postpaid connections per retail postpaid account as of the end of the period. Wireless retail postpaid connections per account is calculated by dividing the total number of retail postpaid connections by the number of retail postpaid accounts as of the end of the period.

*Segment operating income margin* reflects the profitability of the segment as a percentage of revenue. Segment operating income margin is calculated by dividing total segment operating income by total segment operating revenues.

*Segment earnings before interest, taxes, depreciation and amortization (Segment EBITDA)*, which is presented below, is a non-GAAP measure and does not purport to be an alternative to operating income (loss) as a measure of operating performance. We believe this measure is useful to management, investors and other users of our financial information in evaluating operating profitability on a more variable cost basis as it excludes the depreciation and amortization expense related primarily to capital expenditures and acquisitions that occurred in prior years, as well as in evaluating operating performance in relation to our competitors. Segment EBITDA is calculated by adding back depreciation and amortization expense to segment operating income (loss). Segment EBITDA margin is calculated by dividing Segment EBITDA by total segment operating revenues.

See Note 10 to the condensed consolidated financial statements for additional information.

## Verizon Consumer Group

Our Consumer segment provides consumer-focused wireless and wireline communications services and products. Our wireless services are provided across one of the most extensive wireless networks in the U.S. under the Verizon family of brands and through wholesale and other arrangements. We also provide FWA broadband through our 5G or 4G LTE networks as an alternative to traditional landline internet access. Our wireline services are provided in nine states in the Mid-Atlantic and Northeastern U.S., as well as Washington D.C., over our 100% fiber-optic network through our Verizon Fios product portfolio and over a traditional copper-based network to customers who are not served by Fios.

### Operating Revenues and Selected Operating Statistics

| (dollars in millions, except ARPA)                              | Three Months Ended |                  |                      |            | Six Months Ended |                  |                      |            |
|-----------------------------------------------------------------|--------------------|------------------|----------------------|------------|------------------|------------------|----------------------|------------|
|                                                                 | 2024               | June 30, 2023    | Increase/ (Decrease) |            | 2024             | June 30, 2023    | Increase/ (Decrease) |            |
| Service                                                         | \$ 19,208          | \$ 18,641        | \$ 567               | 3.0%       | \$ 38,206        | \$ 37,097        | \$ 1,109             | 3.0%       |
| Wireless equipment                                              | 4,143              | 4,430            | (287)                | (6.5)      | 8,633            | 9,308            | (675)                | (7.3)      |
| Other                                                           | 1,576              | 1,487            | 89                   | 6.0        | 3,145            | 3,010            | 135                  | 4.5        |
| <b>Total Operating Revenues</b>                                 | <b>\$ 24,927</b>   | <b>\$ 24,558</b> | <b>\$ 369</b>        | <b>1.5</b> | <b>\$ 49,984</b> | <b>\$ 49,415</b> | <b>\$ 569</b>        | <b>1.2</b> |
| <b>Revenue Statistics:</b>                                      |                    |                  |                      |            |                  |                  |                      |            |
| Wireless service revenue                                        | \$ 16,342          | \$ 15,762        | \$ 580               | 3.7        | \$ 32,476        | \$ 31,361        | \$ 1,115             | 3.6        |
| Fios revenue                                                    | \$ 2,896           | \$ 2,886         | \$ 10                | 0.3        | \$ 5,792         | \$ 5,775         | \$ 17                | 0.3        |
| <b>Connections ('000):<sup>(1)</sup></b>                        |                    |                  |                      |            |                  |                  |                      |            |
| Wireless retail postpaid                                        |                    |                  |                      |            | 93,960           | 92,474           | 1,486                | 1.6        |
| Wireless retail prepaid                                         |                    |                  |                      |            | 20,276           | 21,646           | (1,370)              | (6.3)      |
| Total wireless retail                                           |                    |                  |                      |            | 114,236          | 114,120          | 116                  | 0.1        |
| Fios internet                                                   |                    |                  |                      |            | 7,049            | 6,854            | 195                  | 2.8        |
| Fios video                                                      |                    |                  |                      |            | 2,818            | 3,091            | (273)                | (8.8)      |
| Total broadband                                                 |                    |                  |                      |            | 9,530            | 8,488            | 1,042                | 12.3       |
| <b>Net Additions in Period ('000):</b>                          |                    |                  |                      |            |                  |                  |                      |            |
| Wireless retail postpaid                                        | 72                 | 304              | (232)                | (76.3)     | 147              | 625              | (478)                | (76.5)     |
| Wireless retail prepaid                                         | (624)              | (304)            | (320)                | nm         | (840)            | (655)            | (185)                | (28.2)     |
| Total wireless retail                                           | (552)              | —                | (552)                | nm         | (693)            | (30)             | (663)                | nm         |
| Wireless retail postpaid phone                                  | (8)                | (136)            | 128                  | 94.1       | (166)            | (399)            | 233                  | 58.4       |
| Total broadband                                                 | 231                | 287              | (56)                 | (19.5)     | 470              | 589              | (119)                | (20.2)     |
| <b>Churn Rate:</b>                                              |                    |                  |                      |            |                  |                  |                      |            |
| Wireless retail                                                 | 1.63               | %                | 1.58                 | %          | 1.63             | %                | 1.63                 | %          |
| Wireless retail postpaid                                        | 1.00               | %                | 0.95                 | %          | 1.02             | %                | 1.00                 | %          |
| Wireless retail postpaid phone                                  | 0.79               | %                | 0.76                 | %          | 0.81             | %                | 0.80                 | %          |
| <b>Account Statistics:</b>                                      |                    |                  |                      |            |                  |                  |                      |            |
| Wireless retail postpaid ARPA                                   | \$ 138.44          | \$ 131.83        | \$ 6.61              | 5.0        | \$ 137.09        | \$ 130.95        | \$ 6.14              | 4.7        |
| Wireless retail postpaid accounts ('000) <sup>(1)</sup>         |                    |                  |                      |            | 32,769           | 32,976           | (207)                | (0.6)      |
| Wireless retail postpaid connections per account <sup>(1)</sup> |                    |                  |                      |            | 2.87             | 2.80             | 0.07                 | 2.5        |

<sup>(1)</sup> As of end of period

Where applicable, the operating results reflect certain adjustments, including those related to the 3G network shutdowns, migration activity among different types of devices and plans, customer profile changes, and adjustments in connection with mergers, acquisitions and divestitures.

nm - not meaningful

Consumer's total operating revenues increased during both the three and six months ended June 30, 2024 compared to the similar periods in 2023 as a result of increases in Service and Other revenues, partially offset by a decrease in Wireless equipment revenue.

### Service Revenue

Service revenue increased during both the three and six months ended June 30, 2024 compared to the similar periods in 2023 primarily driven by an increase in Wireless service revenue.

Wireless service revenue increased during the three months ended June 30, 2024 compared to the similar period in 2023 primarily as a result of:

- an increase of \$502 million in access revenues related to our postpaid plans primarily due to pricing actions, an increase in our FWA subscriber base, and an increase in subscriptions through MyPlan offerings. These increases were partially offset by the amortization of wireless equipment sales promotions;
- an increase of \$162 million related to growth in non-retail service revenue;
- an increase of \$44 million in TravelPass revenue due to increased customer international travel; and
- a decrease of \$163 million in prepaid revenue primarily due to a decrease in the prepaid subscriber base partially driven by the termination of the Affordable Connectivity Program in the second quarter of 2024.

Wireless service revenue increased during the six months ended June 30, 2024 compared to the similar period in 2023 primarily as a result of:

- an increase of \$911 million in access revenues related to our postpaid plans primarily due to pricing actions, an increase in our FWA subscriber base, and an increase in subscriptions through MyPlan offerings. These increases were partially offset by the amortization of wireless equipment sales promotions;
- an increase of \$311 million related to growth in non-retail service revenue;
- an increase of \$108 million in TravelPass revenue due to increased customer international travel; and
- a decrease of \$269 million in prepaid revenue primarily due to a decrease in the prepaid subscriber base partially driven by the termination of the Affordable Connectivity Program in the second quarter of 2024.

### Wireless Equipment Revenue

Wireless equipment revenue decreased during both the three and six months ended June 30, 2024 compared to the similar periods in 2023 primarily as a result of:

- a decrease of \$622 million and \$1.3 billion for the three and six months, respectively, driven by a lower volume of wireless devices sold primarily related to a decrease of 14% and 18%, respectively, in upgrades; and
- an increase of \$358 million and \$723 million for the three and six months, respectively, related to a shift to higher priced equipment in the mix of wireless devices sold.

### Other Revenue

Other revenue includes fees that partially recover the direct and indirect costs of complying with regulatory and industry obligations and programs, revenues associated with certain products included in our device protection offerings, leasing and interest recognized when equipment is sold to the customer by an authorized agent under a device payment plan agreement.

Other revenue increased during both the three and six months ended June 30, 2024 compared to the similar periods in 2023 primarily due to:

- an increase of \$46 million and \$79 million for the three and six months, respectively, driven by regulatory surcharges, primarily related to higher net Federal Universal Service Fund surcharge rates, along with an increase in other regulatory surcharges; and
- an increase of \$29 million and \$61 million for the three and six months, respectively, related to device protection offerings primarily due to pricing actions and changes in the products offered.

### Operating Expenses

| (dollars in millions)                       | Three Months Ended |                  |                         |            | Six Months Ended |                  |                         |            |
|---------------------------------------------|--------------------|------------------|-------------------------|------------|------------------|------------------|-------------------------|------------|
|                                             | 2024               | June 30, 2023    | Increase/<br>(Decrease) |            | 2024             | June 30, 2023    | Increase/<br>(Decrease) |            |
| Cost of services                            | \$ 4,450           | \$ 4,367         | \$ 83                   | 1.9 %      | \$ 8,987         | \$ 8,799         | \$ 188                  | 2.1 %      |
| Cost of wireless equipment                  | 4,432              | 4,626            | (194)                   | (4.2)      | 9,182            | 9,817            | (635)                   | (6.5)      |
| Selling, general and administrative expense | 5,047              | 4,988            | 59                      | 1.2        | 10,136           | 9,909            | 227                     | 2.3        |
| Depreciation and amortization expense       | 3,394              | 3,247            | 147                     | 4.5        | 6,703            | 6,461            | 242                     | 3.7        |
| <b>Total Operating Expenses</b>             | <b>\$ 17,323</b>   | <b>\$ 17,228</b> | <b>\$ 95</b>            | <b>0.6</b> | <b>\$ 35,008</b> | <b>\$ 34,986</b> | <b>\$ 22</b>            | <b>0.1</b> |

### Cost of Services

Cost of services increased during both the three and six months ended June 30, 2024 compared to the similar periods in 2023.

The increase during the three months ended June 30, 2024 was primarily the result of:

- an increase of \$57 million in rent and lease expense primarily driven by new leases and lease modifications related to the continued deployment of the C-Band spectrum and Consumer's proportionate usage of shared leased assets;
- an increase of \$50 million in digital content costs primarily associated with an increase in subscriptions through MyPlan offerings, partially offset by a decrease in traditional linear content costs due to a decline in Fios video subscribers;
- an increase of \$33 million in personnel costs mainly driven by certain other post-employment benefit credits in 2023 that did not reoccur in 2024; and
- a decrease of \$59 million in access costs primarily as a result of decreases in prepaid subscribers, circuit disconnections and pricing changes.

The increase during the six months ended June 30, 2024 was primarily the result of:

- an increase of \$116 million in rent and lease expense primarily driven by new leases and lease modifications related to the continued deployment of the C-Band spectrum and Consumer's proportionate usage of shared leased assets;
- an increase of \$79 million in digital content costs primarily associated with an increase in subscriptions through MyPlan offerings, partially offset by a decrease in traditional linear content costs due to a decline in Fios video subscribers;
- an increase of \$75 million in personnel costs mainly driven by certain other post-employment benefit credits in 2023 that did not reoccur in 2024;
- an increase of \$54 million in direct costs driven by vendor and service provider promotions and discounts received in 2023 that did not reoccur in 2024; and
- a decrease of \$143 million in access costs primarily as a result of decreases in prepaid subscribers, circuit disconnections and pricing changes.

### **Cost of Wireless Equipment**

Cost of wireless equipment decreased during both the three and six months ended June 30, 2024 compared to the similar periods in 2023 primarily as a result of:

- a decrease of \$690 million and \$1.4 billion for the three and six months, respectively, driven by a lower volume of wireless devices sold primarily related to a decrease of 14% and 18%, respectively, in upgrades; and
- an increase of \$496 million and \$776 million for the three and six months, respectively, due to a shift to higher priced equipment in the mix of wireless devices sold.

### **Selling, General and Administrative Expense**

Selling, general and administrative expense increased during both the three and six months ended June 30, 2024 compared to the similar periods in 2023.

The increase during the three months ended June 30, 2024 was primarily due to an increase of \$46 million in the provision for credit losses resulting from additional bad debt reserves.

The increase during the six months ended June 30, 2024 was primarily due to:

- an increase of \$93 million in personnel costs mainly driven by the impacts of a prior year compensation plan assumption change that did not reoccur and increased sales commission expense;
- an increase of \$77 million in the provision for credit losses resulting from additional bad debt reserves; and
- an increase of \$55 million in regulatory fees mainly driven by an increase in rates.

### **Depreciation and Amortization Expense**

Depreciation and amortization expense increased during both the three and six months ended June 30, 2024 compared to the similar periods in 2023 driven by the change in the mix of total Verizon depreciable and amortizable assets and Consumer's usage of those assets.

### **Segment Operating Income and EBITDA**

| (dollars in millions)                     | Three Months Ended<br>June 30, |                  |               |            | Six Months Ended<br>June 30, |                  |               |            |
|-------------------------------------------|--------------------------------|------------------|---------------|------------|------------------------------|------------------|---------------|------------|
|                                           | 2024                           | 2023             | Increase      |            | 2024                         | 2023             | Increase      |            |
| <b>Segment Operating Income</b>           | \$ 7,604                       | \$ 7,330         | \$ 274        | 3.7 %      | \$ 14,976                    | \$ 14,429        | \$ 547        | 3.8 %      |
| Add Depreciation and amortization expense | 3,394                          | 3,247            | 147           | 4.5        | 6,703                        | 6,461            | 242           | 3.7        |
| <b>Segment EBITDA</b>                     | <b>\$ 10,998</b>               | <b>\$ 10,577</b> | <b>\$ 421</b> | <b>4.0</b> | <b>\$ 21,679</b>             | <b>\$ 20,890</b> | <b>\$ 789</b> | <b>3.8</b> |
| <b>Segment operating income margin</b>    | <b>30.5 %</b>                  | <b>29.8 %</b>    |               |            | <b>30.0 %</b>                | <b>29.2 %</b>    |               |            |
| <b>Segment EBITDA margin</b>              | <b>44.1 %</b>                  | <b>43.1 %</b>    |               |            | <b>43.4 %</b>                | <b>42.3 %</b>    |               |            |

The changes in the table above during the three and six months ended June 30, 2024 compared to the similar periods in 2023 were primarily a result of the factors described in connection with Consumer operating revenues and operating expenses.

## Verizon Business Group

Our Business segment provides wireless and wireline communications services and products, including FWA broadband, data, video and conferencing services, corporate networking solutions, security and managed network services, local and long distance voice services and network access to deliver various IoT services and products. We provide these products and services to businesses, government customers and wireless and wireline carriers across the U.S. and a subset of these products and services to customers around the world. The Business segment is organized in three customer groups: Enterprise and Public Sector, Business Markets and Other, and Wholesale.

### Operating Revenues and Selected Operating Statistics

| (dollars in millions)                         | Three Months Ended |                 |                      |              | Six Months Ended |                  |                      |              |
|-----------------------------------------------|--------------------|-----------------|----------------------|--------------|------------------|------------------|----------------------|--------------|
|                                               | 2024               | June 30, 2023   | Increase/ (Decrease) |              | 2024             | June 30, 2023    | Increase/ (Decrease) |              |
| Enterprise and Public Sector                  | \$ 3,545           | \$ 3,784        | \$ (239)             | (6.3)%       | \$ 7,132         | \$ 7,571         | \$ (439)             | (5.8)%       |
| Business Markets and Other                    | 3,203              | 3,109           | 94                   | 3.0          | 6,398            | 6,213            | 185                  | 3.0          |
| Wholesale                                     | 552                | 590             | (38)                 | (6.4)        | 1,146            | 1,193            | (47)                 | (3.9)        |
| <b>Total Operating Revenues<sup>(1)</sup></b> | <b>\$ 7,300</b>    | <b>\$ 7,483</b> | <b>\$ (183)</b>      | <b>(2.4)</b> | <b>\$ 14,676</b> | <b>\$ 14,977</b> | <b>\$ (301)</b>      | <b>(2.0)</b> |
| <b>Revenue Statistics:</b>                    |                    |                 |                      |              |                  |                  |                      |              |
| Wireless service revenue                      | \$ 3,431           | \$ 3,351        | \$ 80                | 2.4          | \$ 6,810         | \$ 6,641         | \$ 169               | 2.5          |
| Fios revenue                                  | \$ 313             | \$ 308          | \$ 5                 | 1.6          | \$ 624           | \$ 615           | \$ 9                 | 1.5          |
| <b>Connections ('000):<sup>(2)</sup></b>      |                    |                 |                      |              |                  |                  |                      |              |
| Wireless retail postpaid                      |                    |                 |                      |              | 30,230           | 29,105           | 1,125                | 3.9          |
| Fios internet                                 |                    |                 |                      |              | 393              | 380              | 13                   | 3.4          |
| Fios video                                    |                    |                 |                      |              | 58               | 64               | (6)                  | (9.4)        |
| Total broadband                               |                    |                 |                      |              | 1,981            | 1,334            | 647                  | 48.5         |
| <b>Net Additions in Period ('000):</b>        |                    |                 |                      |              |                  |                  |                      |              |
| Wireless retail postpaid                      | 268                | 308             | (40)                 | (13.0)       | 446              | 620              | (174)                | (28.1)       |
| Wireless retail postpaid phone                | 156                | 144             | 12                   | 8.3          | 246              | 280              | (34)                 | (12.1)       |
| Total broadband                               | 160                | 131             | 29                   | 22.1         | 310              | 266              | 44                   | 16.5         |
| <b>Churn Rate:</b>                            |                    |                 |                      |              |                  |                  |                      |              |
| Wireless retail postpaid                      | 1.45 %             | 1.48 %          |                      |              | 1.48%            | 1.49 %           |                      |              |
| Wireless retail postpaid phone                | 1.10 %             | 1.10 %          |                      |              | 1.11%            | 1.13 %           |                      |              |

<sup>(1)</sup> Service and other revenues included in our Business segment were approximately \$6.4 billion and \$6.6 billion for the three months ended June 30, 2024 and 2023, respectively, and \$13.0 billion and \$13.2 billion for the six months ended June 30, 2024 and 2023, respectively. Wireless equipment revenues included in our Business segment were \$855 million and \$847 million for the three months ended June 30, 2024 and 2023, respectively, and \$1.7 billion for both the six months ended June 30, 2024 and 2023.

<sup>(2)</sup> As of end of period

Where applicable, the operating results reflect certain adjustments, including those related to the 3G network shutdowns, migration activity among different types of devices and plans, customer profile changes, and adjustments in connection with mergers, acquisitions and divestitures.

Business's total operating revenues decreased during both the three and six months ended June 30, 2024 compared to the similar periods in 2023 as a result of decreases in Enterprise and Public Sector and Wholesale revenues, partially offset by an increase in Business Markets and Other revenue.

### Enterprise and Public Sector

Enterprise and Public Sector offers wireless products and services as well as wireline connectivity and managed solutions to our large business and government customers. Large businesses are identified based on their size and volume of business with Verizon. Public sector offers these services with features and pricing designed to address the needs of U.S. federal, state and local governments and educational institutions.

Enterprise and Public Sector revenues decreased during both the three and six months ended June 30, 2024 compared to the similar periods in 2023 primarily due to a decrease of \$199 million and \$349 million, respectively, in wireline revenue primarily

driven by declines in networking, traditional data and voice communication services along with related professional services, due to secular market pressure, coupled with lower customer premise equipment sales volumes.

### **Business Markets and Other**

Business Markets and Other offers wireless services and equipment, conferencing services, tailored voice and networking products, Fios services, advanced voice solutions and security services to our business customers that ordinarily do not meet the requirements to be categorized as Enterprise and Public Sector, as described above. Business Markets and Other also includes solutions that support mobile resource management.

Business Markets and Other revenues increased during both the three and six months ended June 30, 2024 compared to the similar periods in 2023 primarily due to an increase of \$109 million and \$223 million, respectively, in Wireless service revenue driven by an increase in our FWA subscriber base and our pricing actions.

### **Wholesale**

Wholesale offers wireline communications services including data, voice, local dial tone and broadband services primarily to local, long distance, and wireless carriers that use our facilities to provide services to their customers.

Wholesale revenues decreased during both the three and six months ended June 30, 2024 compared to the similar periods in 2023 primarily due to a decline of \$38 million and \$47 million, respectively, in traditional voice communication and network connectivity as a result of technology substitution, as well as a decrease in core data.

### **Operating Expenses**

|                                             | Three Months Ended<br>June 30, |                 |                 |              | Six Months Ended<br>June 30, |                  |                 |  | Increase/<br>(Decrease) |
|---------------------------------------------|--------------------------------|-----------------|-----------------|--------------|------------------------------|------------------|-----------------|--|-------------------------|
| (dollars in millions)                       | 2024                           | 2023            | Decrease        |              | 2024                         | 2023             |                 |  |                         |
| Cost of services                            | \$ 2,455                       | \$ 2,543        | \$ (88)         | (3.5)%       | \$ 4,887                     | \$ 5,125         | \$ (238)        |  | (4.6)%                  |
| Cost of wireless equipment                  | 1,135                          | 1,152           | (17)            | (1.5)        | 2,290                        | 2,386            | (96)            |  | (4.0)                   |
| Selling, general and administrative expense | 2,132                          | 2,152           | (20)            | (0.9)        | 4,394                        | 4,185            | 209             |  | 5.0                     |
| Depreciation and amortization expense       | 1,078                          | 1,103           | (25)            | (2.3)        | 2,206                        | 2,197            | 9               |  | 0.4                     |
| <b>Total Operating Expenses</b>             | <b>\$ 6,800</b>                | <b>\$ 6,950</b> | <b>\$ (150)</b> | <b>(2.2)</b> | <b>\$ 13,777</b>             | <b>\$ 13,893</b> | <b>\$ (116)</b> |  | <b>(0.8)</b>            |

### **Cost of Services**

Cost of services decreased during the three and six months ended June 30, 2024 compared to the similar periods in 2023.

The decrease during the three months ended June 30, 2024 was primarily due to:

- a decrease of \$28 million in rent and lease expense primarily driven by a change in Business's proportionate usage of shared leased assets; and
- a decrease of \$26 million in customer premise equipment costs due to lower volumes sold.

The decrease during the six months ended June 30, 2024 was primarily due to:

- a decrease of \$80 million in personnel costs related to the impact of workforce changes, partially offset by certain other post-employment benefit credits in 2023 that did not reoccur in 2024;
- a decrease of \$55 million in customer premise equipment costs due to lower volumes sold; and
- a decrease of \$39 million in rent and lease expense primarily driven by a change in Business's proportionate usage of shared leased assets.

### **Cost of Wireless Equipment**

Cost of wireless equipment decreased during both the three and six months ended June 30, 2024 compared to the similar periods in 2023 primarily as a result of:

- a decrease of \$74 million and \$207 million for the three and six months, respectively, driven by a lower volume of wireless devices sold; and
- an increase of \$57 million and \$111 million for the three and six months, respectively, due to a shift to higher priced equipment in the mix of wireless devices sold.

### Selling, General and Administrative Expense

Selling, general and administrative expense remained relatively flat during the three months ended June 30, 2024 and increased during the six months ended June 30, 2024 compared to the similar periods in 2023.

The increase during the six months ended June 30, 2024 was primarily due to an increase of \$233 million in personnel costs primarily related to an increase in costs associated with the transition to third-party contracted resources along with the impacts of a prior year compensation plan assumption change that did not reoccur.

### Depreciation and Amortization Expense

Depreciation and amortization expense decreased during the three months ended June 30, 2024 and remained relatively flat during the six months ended June 30, 2024 compared to the similar periods in 2023. The decrease during the three months ended June 30, 2024 is driven by the change in the mix of total Verizon depreciable and amortizable assets and Business's usage of those assets.

### Segment Operating Income and EBITDA

|                                           | Three Months Ended<br>June 30, |          |          |        | Six Months Ended<br>June 30, |          |            |         | Increase/<br>(Decrease) |
|-------------------------------------------|--------------------------------|----------|----------|--------|------------------------------|----------|------------|---------|-------------------------|
| (dollars in millions)                     | 2024                           | 2023     | Decrease |        | 2024                         | 2023     | (Decrease) |         |                         |
| Segment Operating Income                  | \$ 500                         | \$ 533   | \$ (33)  | (6.2)% | \$ 899                       | \$ 1,084 | \$ (185)   | (17.1)% |                         |
| Add Depreciation and amortization expense | 1,078                          | 1,103    | (25)     | (2.3)  | 2,206                        | 2,197    | 9          | 0.4     |                         |
| Segment EBITDA                            | \$ 1,578                       | \$ 1,636 | \$ (58)  | (3.5)  | \$ 3,105                     | \$ 3,281 | \$ (176)   | (5.4)   |                         |
| Segment operating income margin           | 6.8 %                          | 7.1 %    |          |        | 6.1 %                        | 7.2 %    |            |         |                         |
| Segment EBITDA margin                     | 21.6 %                         | 21.9 %   |          |        | 21.2 %                       | 21.9 %   |            |         |                         |

The changes in the table above during the three and six months ended June 30, 2024 compared to the similar period in 2023 were primarily a result of the factors described in connection with Business operating revenues and operating expenses.

### Special Items

Special items included in Income Before Provision For Income Taxes were as follows:

| (dollars in millions)                                                      | Three Months Ended<br>June 30, |               | Six Months Ended<br>June 30, |               |
|----------------------------------------------------------------------------|--------------------------------|---------------|------------------------------|---------------|
|                                                                            | 2024                           | 2023          | 2024                         | 2023          |
| <b>Amortization of acquisition-related intangible assets<sup>(1)</sup></b> |                                |               |                              |               |
| Depreciation and amortization expense                                      | \$ 219                         | \$ 206        | \$ 440                       | \$ 414        |
| <b>Severance, pension and benefits charges</b>                             |                                |               |                              |               |
| Selling, general and administrative expense                                | —                              | 237           | —                            | 237           |
| Other (income) expense, net                                                | 136                            | —             | 136                          | —             |
| <b>Legacy legal matter</b>                                                 |                                |               |                              |               |
| Selling, general and administrative expense                                | —                              | —             | 106                          | —             |
| <b>Asset rationalization</b>                                               |                                |               |                              |               |
| Cost of services                                                           | —                              | 14            | —                            | 14            |
| Selling, general and administrative expense                                | —                              | 141           | —                            | 141           |
| <b>Total</b>                                                               | <b>\$ 355</b>                  | <b>\$ 598</b> | <b>\$ 682</b>                | <b>\$ 806</b> |

<sup>(1)</sup> Amounts are included in segment results of operations.

Consolidated Adjusted EBITDA, a non-GAAP measure discussed in the section titled "Consolidated Net Income, Consolidated EBITDA and Consolidated Adjusted EBITDA" as part of Consolidated Results of Operations, excludes all of the amounts included above.



The income and expenses related to special items included in our condensed consolidated results of operations were as follows:

| (dollars in millions)              | Three Months Ended<br>June 30, |               | Six Months Ended<br>June 30, |               |
|------------------------------------|--------------------------------|---------------|------------------------------|---------------|
|                                    | 2024                           | 2023          | 2024                         | 2023          |
| Within Total Operating Expenses    | \$ 219                         | \$ 598        | \$ 546                       | \$ 806        |
| Within Other (income) expense, net | 136                            | —             | 136                          | —             |
| <b>Total</b>                       | <b>\$ 355</b>                  | <b>\$ 598</b> | <b>\$ 682</b>                | <b>\$ 806</b> |

#### Amortization of Acquisition-Related Intangible Assets

During the three and six months ended June 30, 2024, we recorded pre-tax amortization expense of \$219 million and \$440 million, respectively, related to acquired intangible assets.

During the three and six months ended June 30, 2023, we recorded pre-tax amortization expense of \$206 million and \$414 million, respectively, related to the acquired intangible assets.

#### Severance, Pension and Benefits Charges

During both the three and six months ended June 30, 2024, we recorded a net pre-tax remeasurement loss of \$136 million in our pension plans triggered by settlements. The remeasurement loss was primarily driven by a \$245 million charge resulting from the difference between our estimated and actual return on assets, partially offset by a credit of \$109 million due to changes in our discount rate assumption used to determine the current year liabilities of our pension plans.

During both the three and six months ended June 30, 2023, we recorded pre-tax severance charges of \$237 million related to involuntary separations under our existing plans.

See Note 8 to the condensed consolidated financial statements for additional information.

#### Legacy Legal Matter

During the six months ended June 30, 2024, we recorded a pre-tax charge of \$106 million associated with a litigation matter related to a legacy contract for the production of telephone directories in Costa Rica by a subsidiary of the Company.

#### Asset Rationalization

During both the three and six months ended June 30, 2023, we recorded a pre-tax asset rationalization charge of \$155 million driven by certain real estate and non-strategic assets that we made a decision to cease use of as part of our transformation initiatives.

#### Consolidated Financial Condition

| (dollars in millions)                                         | Six Months Ended<br>June 30, |                 | Change            |
|---------------------------------------------------------------|------------------------------|-----------------|-------------------|
|                                                               | 2024                         | 2023            |                   |
| <b>Cash Flows Provided By (Used In)</b>                       |                              |                 |                   |
| Operating activities                                          | \$ 16,569                    | \$ 18,020       | \$ (1,451)        |
| Investing activities                                          | (9,110)                      | (10,200)        | 1,090             |
| Financing activities                                          | (7,062)                      | (5,586)         | (1,476)           |
| <b>Increase in cash, cash equivalents and restricted cash</b> | <b>\$ 397</b>                | <b>\$ 2,234</b> | <b>\$ (1,837)</b> |

We use the net cash generated from our operations to fund expansion and modernization of our networks, service and repay external financing, pay dividends, invest in new businesses and spectrum and, when appropriate, buy back shares of our outstanding common stock. Our sources of funds, primarily from operations and, to the extent necessary, from external financing arrangements, are sufficient to meet ongoing operating and investing requirements over the next 12 months and beyond.

Our cash and cash equivalents are held both domestically and internationally, and are invested to maintain principal and provide liquidity. See "Market Risk" for additional information regarding our foreign currency risk management strategies.

We expect that our capital spending requirements will continue to be financed primarily through internally generated funds. Debt or equity financing may be needed to fund additional investments or development activities, or to maintain an appropriate capital structure to ensure our financial flexibility. Our external financing arrangements include credit facilities and other bank lines of credit, an active commercial paper program, vendor financing arrangements, issuances of registered debt or equity securities,



U.S. retail medium-term notes and other securities that are privately-placed or offered overseas. In addition, we monetize certain receivables through asset-backed debt transactions.

### **Cash Flows Provided By Operating Activities**

Our primary source of funds continues to be cash generated from operations. Net cash provided by operating activities decreased \$1.5 billion during the six months ended June 30, 2024 compared to the similar period in 2023 primarily due to higher cash income taxes paid, higher interest expense due to decreases in capitalized interest costs and higher average interest rates, and changes in working capital related to timing. As a result of the prior year discretionary contribution to one of our qualified pension plans and the additional \$365 million contribution made in 2024, we expect that there will be no required pension funding through the end of 2024, subject to changes in market conditions.

### **Cash Flows Used In Investing Activities**

#### **Capital Expenditures**

Capital expenditures continue to relate primarily to the use of capital resources to enhance the operating efficiency and productivity of our networks, maintain our existing infrastructure, facilitate the introduction of new products and services and enhance responsiveness to competitive challenges.

Capital expenditures, including capitalized software, for the six months ended June 30, 2024 and 2023 were \$8.1 billion and \$10.1 billion, respectively. Capital expenditures decreased approximately \$2.0 billion during the six months ended June 30, 2024 compared to the similar period in 2023 primarily due to the completion of our accelerated \$10 billion capital program related to our C-Band deployment in the first half of 2023.

#### **Acquisitions of Wireless Licenses**

During the six months ended June 30, 2024 and 2023, we made payments of \$269 million and \$114 million, respectively, for obligations related to clearing costs and accelerated clearing incentives associated with Auction 107.

During the six months ended June 30, 2024 and 2023, we recorded capitalized interest related to wireless licenses of \$338 million and \$905 million, respectively.

#### **Collateral Receipts (Payments) Related to Derivative Contracts, Net**

During the six months ended June 30, 2024, we made collateral payments of \$424 million related to derivative contracts, net of receipts. During the six months ended June 30, 2023, we received return of collateral posted of \$824 million related to derivative contracts, net of payments. See Note 7 to the condensed consolidated financial statements for additional information.

### **Cash Flows Used In Financing Activities**

We seek to maintain a mix of fixed and variable rate debt to lower borrowing costs within reasonable risk parameters and to protect against earnings and cash flow volatility resulting from changes in market conditions. During the six months ended June 30, 2024, net cash used in financing activities was \$7.1 billion. During the six months ended June 30, 2023, net cash used in financing activities was \$5.6 billion.

During the six months ended June 30, 2024, our net cash used in financing activities was primarily driven by repayments and repurchases of long-term borrowings and finance lease obligations of \$5.7 billion, cash dividends paid of \$5.6 billion, and repayments of asset-backed long-term borrowings of \$4.0 billion. These payments were partially offset by proceeds from asset-backed long-term borrowings of \$5.8 billion, proceeds from long-term borrowings of \$3.1 billion and net proceeds of short-term commercial paper of \$603 million.

At June 30, 2024, our total debt of \$149.3 billion included unsecured debt of \$125.3 billion and secured debt of \$24.0 billion. At December 31, 2023, our total debt of \$150.7 billion included unsecured debt of \$128.5 billion and secured debt of \$22.2 billion. During the six months ended June 30, 2024 and 2023, our effective interest rate was 5.1% and 4.7%, respectively. See Note 5 to the condensed consolidated financial statements for additional information regarding our debt activity, which excludes the impact from mark-to-market adjustments on foreign currency denominated debt.

Verizon may acquire debt securities issued by Verizon and its affiliates through open market purchases, redemptions, privately negotiated transactions, tender offers, exchange offers, or otherwise, upon such terms and at such prices as Verizon may from time to time determine, for cash or other consideration.

#### **Asset-Backed Debt**

Cash collections on the receivables and on the underlying receivables related to the participation interest collateralizing our asset-backed debt securities are required at certain specified times to be placed into segregated accounts. Deposits to the segregated accounts are considered restricted cash and are included in Prepaid expenses and other and Other assets in our condensed consolidated balance sheets.

Proceeds from our asset-backed debt transactions are reflected in Cash flows from financing activities in our condensed consolidated statements of cash flows. The asset-backed debt issued is included in Debt maturing within one year and Long-term debt in our condensed consolidated balance sheets.

See Note 5 to the condensed consolidated financial statements for additional information.

### Long-Term Credit Facilities

| (dollars in millions)                            | Maturities  | Facility Capacity | Unused Capacity  | At June 30, 2024             |  |
|--------------------------------------------------|-------------|-------------------|------------------|------------------------------|--|
|                                                  |             |                   |                  | Principal Amount Outstanding |  |
| Verizon revolving credit facility <sup>(1)</sup> | 2028        | \$ 12,000         | \$ 11,962        | \$ —                         |  |
| Various export credit facilities <sup>(2)</sup>  | 2024 - 2031 | 11,000            | —                | 6,029                        |  |
| <b>Total</b>                                     |             | <b>\$ 23,000</b>  | <b>\$ 11,962</b> | <b>\$ 6,029</b>              |  |

<sup>(1)</sup> The revolving credit facility does not require us to comply with financial covenants or maintain specified credit ratings, and it permits us to borrow even if our business has incurred a material adverse change. The revolving credit facility provides for the issuance of letters of credit. As of June 30, 2024, there have been no drawings against the revolving credit facility since its inception.

<sup>(2)</sup> During the six months ended June 30, 2024, there were no drawings from these facilities. During the six months ended June 30, 2023, we drew down \$515 million from these facilities. Borrowings under certain of these facilities are repaid semi-annually in equal installments up to the applicable maturity dates. Maturities reflect maturity dates of principal amounts outstanding. Any amounts borrowed under these facilities and subsequently repaid cannot be reborrowed.

In March 2024, we amended our \$9.5 billion revolving credit facility to increase the capacity to \$12.0 billion and extended its maturity to 2028.

### Other, Net

Other, net financing activities during the six months ended June 30, 2024 includes \$349 million in payments related to vendor financing arrangements, \$243 million in payments for settlement of cross currency swaps, \$216 million in equity distribution payments made for controlled entities, \$154 million in payments made under the sublease arrangement for our cell towers and \$142 million in cash consideration payments to acquire additional interest in certain controlled entities.

### Dividends

As in prior periods, dividend payments were a significant use of capital resources. We paid \$5.6 billion and \$5.5 billion in cash dividends during the six months ended June 30, 2024 and 2023, respectively.

### Covenants

Our credit agreements contain covenants that are typical for large, investment grade companies. These covenants include requirements to pay interest and principal in a timely fashion, pay taxes, maintain insurance with responsible and reputable insurance companies, preserve our corporate existence, keep appropriate books and records of financial transactions, maintain our properties, provide financial and other reports to our lenders, limit pledging and disposition of assets and mergers and consolidations, and other similar covenants.

We and our consolidated subsidiaries are in compliance with all of our restrictive covenants in our debt agreements.

### Change In Cash, Cash Equivalents and Restricted Cash

Our Cash and cash equivalents at June 30, 2024 totaled \$2.4 billion, a \$367 million increase compared to December 31, 2023, primarily as a result of the factors discussed above.

Restricted cash totaled \$1.5 billion and \$1.4 billion as of June 30, 2024 and December 31, 2023, respectively, primarily related to cash collections on certain receivables and on the underlying receivables related to the participation interest that are required at certain specified times to be placed into segregated accounts.

### Free Cash Flow

Free cash flow is a non-GAAP financial measure that reflects an additional way of viewing our liquidity that, we believe, when viewed with our GAAP results, provides management, investors and other users of our financial information with a more complete understanding of factors and trends affecting our cash flows. Free cash flow is calculated by subtracting capital expenditures (including capitalized software) from net cash provided by operating activities. We believe it is a more conservative measure of cash flow since capital expenditures are necessary for ongoing operations. Free cash flow has limitations due to the fact that it does not represent the residual cash flow available for discretionary expenditures. For example, free cash flow does not incorporate payments made on finance lease obligations or cash payments for business acquisitions or wireless licenses.

Therefore, we believe it is important to view free cash flow as a complement to our entire condensed consolidated statements of cash flows.

The following table reconciles net cash provided by operating activities to free cash flow:

| (dollars in millions)                                      | Six Months Ended |                  |               |
|------------------------------------------------------------|------------------|------------------|---------------|
|                                                            | 2024             | June 30,<br>2023 | Change        |
| Net cash provided by operating activities                  | \$ 16,569        | \$ 18,020        | \$ (1,451)    |
| Less Capital expenditures (including capitalized software) | 8,071            | 10,070           | (1,999)       |
| <b>Free cash flow</b>                                      | <b>\$ 8,498</b>  | <b>\$ 7,950</b>  | <b>\$ 548</b> |

The increase in free cash flow during the six months ended June 30, 2024 compared to the similar period in 2023 is a reflection of the decrease in capital expenditures, partially offset by the decrease in operating cash flows, both of which are discussed above.

### Other Future Obligations

As of June 30, 2024, Verizon had 27 renewable energy purchase agreements (REPA) with third parties. See Note 12 to the condensed consolidated financial statements for additional information. Under the REPA, we plan to purchase up to an aggregate of approximately 3.5 gigawatts of capacity across multiple states.

### Market Risk

We are exposed to various types of market risk in the normal course of business, including the impact of interest rate changes, foreign currency exchange rate fluctuations, changes in investment, equity and commodity prices and changes in corporate tax rates. We employ risk management strategies, which may include the use of a variety of derivatives including cross currency swaps, forward starting interest rate swaps, interest rate swaps, interest rate caps, treasury rate locks and foreign exchange forwards. We do not hold derivatives for trading purposes.

It is our general policy to enter into interest rate, foreign currency and other derivative transactions only to the extent necessary to achieve our desired objectives in optimizing exposure to various market risks. Our objectives include maintaining a mix of fixed and variable rate debt to lower borrowing costs within reasonable risk parameters and to protect against earnings and cash flow volatility resulting from changes in market conditions. We do not hedge our market risk exposure in a manner that would completely eliminate the effect of changes in interest rates and foreign exchange rates on our earnings.

Counterparties to our derivative contracts are major financial institutions with whom we have negotiated derivatives agreements (ISDA master agreements) and credit support annex (CSA) agreements which provide rules for collateral exchange. The CSA agreements contain fixed cap amounts or rating based thresholds such that we or our counterparties may be required to hold or post collateral based upon changes in outstanding positions as compared to established thresholds or caps and changes in credit ratings. We do not offset fair value amounts recognized for derivative instruments and fair value amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral arising from derivative instruments recognized at fair value. At June 30, 2024, we did not hold any collateral. At June 30, 2024, we posted \$1.8 billion of collateral related to derivative contracts under collateral exchange agreements, which was recorded as Prepaid expenses and other in our condensed consolidated balance sheet. At December 31, 2023, we did not hold any collateral. At December 31, 2023, we posted \$1.4 billion of collateral related to derivative contracts under collateral exchange arrangements, which was recorded as Prepaid expenses and other in our condensed consolidated balance sheet. While we may be exposed to credit losses due to the nonperformance of our counterparties, we consider the risk remote and do not expect that any such nonperformance would result in a significant effect on our results of operations or financial condition due to our diversified pool of counterparties. See Note 7 to the condensed consolidated financial statements for additional information regarding the derivative portfolio.

### Interest Rate Risk

We are exposed to changes in interest rates, primarily on our short-term debt and the portion of long-term debt that carries floating interest rates. As of June 30, 2024, approximately 75% of the aggregate principal amount of our total debt portfolio consisted of fixed-rate indebtedness, including the effect of interest rate swap agreements designated as hedges. The impact of a 100-basis-point change in interest rates affecting our floating rate debt would result in a change in annual interest expense, including our interest rate swap agreements that are designated as hedges, of approximately \$389 million. The interest rates on our existing long-term debt obligations are unaffected by changes to our credit ratings.

### Interest Rate Swaps

We enter into interest rate swaps to achieve a targeted mix of fixed and variable rate debt. We principally receive fixed rates and pay variable rates, resulting in a net increase or decrease to Interest expense. These swaps are designated as fair value hedges and hedge against interest rate risk exposure of designated debt issuances. At June 30, 2024, the fair value of the liability of these contracts was \$5.3 billion. At December 31, 2023, the fair value of the liability of these contracts was \$4.5 billion. At both June 30, 2024 and December 31, 2023, the total notional amount of the interest rate swaps was \$26.1 billion.

## Foreign Currency Risk

The functional currency for our foreign operations is primarily the local currency. The translation of income statement and balance sheet amounts of our foreign operations into U.S. dollars is recorded as cumulative translation adjustments, which are included in Accumulated other comprehensive loss in our condensed consolidated balance sheets. Gains and losses on foreign currency transactions are recorded in the condensed consolidated statements of income. At June 30, 2024, our primary translation exposure was to the British Pound Sterling, Euro, Australian Dollar and Swedish Krona.

## Cross Currency Swaps

We have entered into cross currency swaps to exchange our British Pound Sterling, Euro, Swiss Franc, Canadian Dollar and Australian Dollar-denominated cash flows into U.S. dollars and to fix our cash payments in U.S. dollars, as well as to mitigate the impact of foreign currency transaction gains or losses. The fair value of the asset of these contracts was \$520 million and \$762 million at June 30, 2024 and December 31, 2023, respectively. At June 30, 2024 and December 31, 2023, the fair value of the liability of these contracts was \$2.3 billion and \$2.1 billion, respectively. At June 30, 2024 and December 31, 2023, the total notional amount of the cross currency swaps was \$32.1 billion and \$33.5 billion, respectively.

## Foreign Exchange Forwards

We also have foreign exchange forwards which we use as an economic hedge but for which we have elected not to apply hedge accounting. We enter into British Pound Sterling and Euro foreign exchange forwards to mitigate our foreign exchange rate risk related to non-functional currency denominated monetary assets and liabilities of international subsidiaries. At both June 30, 2024 and December 31, 2023, the fair value of the asset and liability of these contracts was insignificant. At June 30, 2024 and December 31, 2023, the total notional amount of the foreign exchange forwards was \$600 million and \$1.1 billion, respectively.

## Acquisitions and Divestitures

### Spectrum License Transactions

From time to time, we enter into agreements to buy, sell or exchange spectrum licenses. We believe these spectrum license transactions have allowed us to continue to enhance the reliability of our wireless network while also resulting in a more efficient use of spectrum.

In February 2021, the Federal Communications Commission (FCC) concluded Auction 107 for C-Band wireless spectrum. In accordance with the rules applicable to the auction, Verizon is required to make payments for our allocable share of clearing costs incurred by, and incentive payments due to, the incumbent license holders associated with the auction, which are estimated to be \$7.5 billion. During the six months ended June 30, 2024 and June 30, 2023, we made payments of \$269 million and \$114 million, respectively, for obligations related to clearing costs and accelerated clearing incentives. The carrying value of the wireless spectrum won in Auction 107 consists of all payments required to participate and purchase licenses in the auction, including Verizon's allocable share of clearing costs incurred by, and incentive payments due to, the incumbent license holders associated with the auction that we are obligated to pay in order to acquire the licenses, as well as capitalized interest to the extent qualifying activities have occurred.

See Note 3 to the condensed consolidated financial statements for additional information regarding our spectrum license transactions.

### TracFone Wireless, Inc.

In November 2021, we completed the acquisition of TracFone Wireless, Inc. (TracFone). Verizon acquired all of TracFone's outstanding stock in exchange for approximately \$3.5 billion in cash, net of cash acquired and working capital and other adjustments, 57,596,544 shares of common stock of the Company valued at approximately \$3.0 billion, and up to an additional \$650 million in future cash contingent consideration related to the achievement of certain performance measures and other commercial arrangements. The fair value of the common stock was determined on the basis of its closing market price on the Acquisition Date. The estimated fair value of the contingent consideration as of the Acquisition Date was approximately \$560 million and represented a Level 3 measurement. The contingent consideration payable was based on the achievement of certain revenue and operational targets, measured over a two-year earn out period. Contingent consideration payments were completed in January of 2024.

During the six months ended June 30, 2024 and June 30, 2023, Verizon made payments of \$52 million and \$102 million, respectively, related to the contingent consideration, which are reflected in Cash flows from financing activities in our condensed consolidated statements of cash flows. See Note 3 and Note 7 to the condensed consolidated financial statements for additional information.

## **Other Factors That May Affect Future Results**

### **Regulatory Trends**

In April 2024, the FCC issued a final decision to regulate broadband services as common carrier services under Title II of the Communications Act of 1934, as amended, consistent with the proposal described in our Annual Report on Form 10-K for the year ended December 31, 2023. Industry groups have appealed this decision in court. Except as disclosed herein, there have been no material changes to regulatory trends as previously disclosed in Part I, Item 1. "Business" in our Annual Report on Form 10-K for the year ended December 31, 2023.

### **Cautionary Statement Concerning Forward-Looking Statements**

In this report we have made forward-looking statements. These statements are based on our estimates and assumptions and are subject to risks and uncertainties. Forward-looking statements include the information concerning our possible or assumed future results of operations. Forward-looking statements also include those preceded or followed by the words "anticipates," "assumes," "believes," "estimates," "expects," "forecasts," "hopes," "intends," "plans," "targets" or similar expressions. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. We undertake no obligation to revise or publicly release the results of any revision to these forward-looking statements, except as required by law. Given these risks and uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements.

The following important factors, along with those discussed elsewhere in this report and in other filings with the Securities and Exchange Commission (SEC), could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements:

- the effects of competition in the markets in which we operate, including the inability to successfully respond to competitive factors such as prices, promotional incentives and evolving consumer preferences;
- failure to take advantage of, or respond to competitors' use of, developments in technology and address changes in consumer demand;
- performance issues or delays in the deployment of our 5G network resulting in significant costs or a reduction in the anticipated benefits of the enhancement to our networks;
- the inability to implement our business strategy;
- adverse conditions in the U.S. and international economies, including inflation and changing interest rates in the markets in which we operate;
- cyber attacks impacting our networks or systems and any resulting financial or reputational impact;
- damage to our infrastructure or disruption of our operations from natural disasters, extreme weather conditions, acts of war, terrorist attacks or other hostile acts and any resulting financial or reputational impact;
- disruption of our key suppliers' or vendors' provisioning of products or services, including as a result of geopolitical factors or the potential impacts of global climate change;
- material adverse changes in labor matters and any resulting financial or operational impact;
- damage to our reputation or brands;
- the impact of public health crises on our operations, our employees and the ways in which our customers use our networks and other products and services;
- changes in the regulatory environment in which we operate, including any increase in restrictions on our ability to operate our networks or businesses;
- allegations regarding the release of hazardous materials or pollutants into the environment from our, or our predecessors', network assets and any related government investigations, regulatory developments, litigation, penalties and other liability, remediation and compliance costs, operational impacts or reputational damage;
- our high level of indebtedness;
- significant litigation and any resulting material expenses incurred in defending against lawsuits or paying awards or settlements;

- an adverse change in the ratings afforded our debt securities by nationally accredited ratings organizations or adverse conditions in the credit markets affecting the cost, including interest rates, and/or availability of further financing;
- significant increases in benefit plan costs or lower investment returns on plan assets;
- changes in tax laws or regulations, or in their interpretation; or challenges to our tax positions, resulting in additional tax expense or liabilities; and
- changes in accounting assumptions that regulatory agencies, including the SEC, may require or that result from changes in the accounting rules or their application, which could result in an impact on earnings.

### **Item 3. Quantitative and Qualitative Disclosures About Market Risk**

Information relating to market risk is included in Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations under the caption "Market Risk."

### **Item 4. Controls and Procedures**

Our Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of the registrant's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934), as of the end of the period covered by this quarterly report, that ensure that information relating to the registrant which is required to be disclosed in this report is recorded, processed, summarized and reported within required time periods using the criteria for effective internal control established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 2013. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that the registrant's disclosure controls and procedures were effective as of June 30, 2024.

In the ordinary course of business, we routinely review our system of internal control over financial reporting and make changes to our systems and processes that are intended to ensure an effective internal control environment. In the third quarter of 2020, we began a multi-year implementation of a new global enterprise resource planning (ERP) system, which will replace many of our existing core financial systems. The ERP system is designed to enhance the flow of financial information, facilitate data analysis and accelerate information reporting. The implementation is expected to occur in phases over the next several years.

As the phased implementation of the new ERP system continues, we could have changes to our processes and procedures which, in turn, could result in changes to our internal controls over financial reporting. As such changes occur, we will evaluate quarterly whether such changes materially affect our internal control over financial reporting.

There were no changes in the Company's internal control over financial reporting during the second quarter 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## **Part II – Other Information**

### **Item 1. Legal Proceedings**

In the ordinary course of business, Verizon is involved in various litigation and regulatory proceedings at the state and federal level. As of the date of this report, we do not believe that any pending legal proceedings to which we or our subsidiaries are subject are required to be disclosed as material legal proceedings pursuant to this item. Verizon is not subject to any administrative or judicial proceeding arising under any federal, state or local provisions that have been enacted or adopted regulating the discharge of materials into the environment or primarily for the purpose of protecting the environment that is likely to result in monetary sanctions of \$1 million or more.

See Note 12 to the condensed consolidated financial statements for additional information regarding legal proceedings.

### **Item 1A. Risk Factors**

There have been no material changes to our risk factors as previously disclosed in Part I, Item 1A included in our Annual Report on Form 10-K for the year ended December 31, 2023.

## **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

In February 2020, the Board of Directors of the Company authorized a share buyback program to repurchase up to 100 million shares of the Company's common stock. The program will terminate when the aggregate number of shares purchased reaches 100 million or a new share repurchase plan superseding the current plan is authorized, whichever is sooner. Under the program, shares may be repurchased in privately negotiated transactions, on the open market, or otherwise, including through plans complying with Rule 10b5-1 under the Exchange Act. The timing and number of shares purchased under the program, if any, will depend on market conditions and our capital allocation priorities.

Verizon did not repurchase any shares of the Company's common stock during the three months ended June 30, 2024. At June 30, 2024, the maximum number of shares that could be purchased by or on behalf of Verizon under our share buyback program was 100 million.

## **Item 5. Other Information**

On April 30, 2024, Craig Silliman, Executive Vice President and President - Verizon Global Services, adopted a trading plan intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Exchange Act. The trading plan provides for the sale of up to 46,294 shares of the Company's common stock over a period ending on December 31, 2024, subject to certain conditions. As previously disclosed, Mr. Silliman stepped down from his position effective July 1, 2024.

Other than as described above, during the three months ended June 30, 2024, none of the Company's directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement," as each term is defined in Item 408 of Regulation S-K.

**Item 6. Exhibits**

| Exhibit Number       | Description                                                                                                                                                     |
|----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <a href="#">31.1</a> | Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.                                                             |
| <a href="#">31.2</a> | Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.                                                             |
| <a href="#">32.1</a> | Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.                                                             |
| <a href="#">32.2</a> | Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.                                                             |
| 101.INS              | XBRL Instance Document - the instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document. |
| 101.SCH              | XBRL Taxonomy Extension Schema Document.                                                                                                                        |
| 101.PRE              | XBRL Taxonomy Presentation Linkbase Document.                                                                                                                   |
| 101.CAL              | XBRL Taxonomy Calculation Linkbase Document.                                                                                                                    |
| 101.LAB              | XBRL Taxonomy Label Linkbase Document.                                                                                                                          |
| 101.DEF              | XBRL Taxonomy Extension Definition Linkbase Document.                                                                                                           |
| 104                  | Cover Page Interactive Data File (formatted as inline XBRL with applicable taxonomy extension information contained in Exhibits 101).                           |



**Signature**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

VERIZON COMMUNICATIONS INC.

Date: July 25, 2024

By /s/ Mary-Lee Stillwell  
Mary-Lee Stillwell  
Senior Vice President and Controller  
(Principal Accounting Officer)