



# Financial and Operating Information

As of March 31, 2017

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## Condensed Consolidated Statements of Income

Unaudited	(dollars in millions, except per share amounts)		
	2015	2016	1Q '17
<b>Operating Revenues</b>			
Service revenue and other	\$ 114,696	\$ 108,468	\$ 26,050
Wireless equipment revenues	16,924	17,512	3,764
<b>Total Operating Revenues</b>	<b>131,620</b>	<b>125,980</b>	<b>29,814</b>
<b>Operating Expenses</b>			
Cost of services	29,438	29,186	6,858
Wireless cost of equipment	23,119	22,238	4,808
Selling, general & administrative expense	29,986	31,569	6,908
Depreciation and amortization expense	16,017	15,928	4,059
<b>Total Operating Expenses</b>	<b>98,560</b>	<b>98,921</b>	<b>22,633</b>
<b>Operating Income</b>	<b>33,060</b>	<b>27,059</b>	<b>7,181</b>
Equity in losses of unconsolidated businesses	(86)	(98)	(21)
Other income and (expense), net	186	(1,599)	(846)
Interest expense	(4,920)	(4,376)	(1,132)
<b>Income Before Provision for Income Taxes</b>	<b>28,240</b>	<b>20,986</b>	<b>5,182</b>
Provision for income taxes	(9,865)	(7,378)	(1,629)
<b>Net Income</b>	<b>\$ 18,375</b>	<b>\$ 13,608</b>	<b>\$ 3,553</b>
Net income attributable to noncontrolling interests	\$ 496	\$ 481	\$ 103
Net income attributable to Verizon	17,879	13,127	3,450
<b>Net Income</b>	<b>\$ 18,375</b>	<b>\$ 13,608</b>	<b>\$ 3,553</b>
<b>Basic Earnings per Common Share</b>			
Net income attributable to Verizon	\$ 4.38	\$ 3.22	\$ .85
<i>Weighted average number of common shares (in millions)</i>	<i>4,085</i>	<i>4,080</i>	<i>4,082</i>
<b>Diluted Earnings per Common Share <sup>(1)</sup></b>			
Net Income attributable to Verizon	\$ 4.37	\$ 3.21	\$ .84
<i>Weighted average number of common shares-assuming dilution (in millions)</i>	<i>4,093</i>	<i>4,086</i>	<i>4,087</i>

**Footnotes:**

(1) Diluted Earnings per Common Share includes the dilutive effect of shares issuable under our stock-based compensation plans, which represents the only potential dilution.

## Condensed Consolidated Statements of Income

Unaudited	2015				(dollars in millions, except per share amounts)				2017
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	
<b>Operating Revenues</b>									
Service revenue and other	\$ 28,363	\$ 28,866	\$ 28,856	\$ 28,217	\$ 26,828	\$ 26,813	\$ 26,610		\$ 26,050
Wireless equipment revenues	3,861	4,292	5,398	3,954	3,704	4,124	5,730		3,764
<b>Total Operating Revenues</b>	<b>32,224</b>	<b>33,158</b>	<b>34,254</b>	<b>32,171</b>	<b>30,532</b>	<b>30,937</b>	<b>32,340</b>		<b>29,814</b>
<b>Operating Expenses</b>									
Cost of services	6,994	7,589	7,867	7,614	7,577	6,989	7,006		6,858
Wireless cost of equipment	5,455	5,716	6,840	4,998	4,644	5,240	7,356		4,808
Selling, general & administrative expense	7,974	8,309	5,764	7,600	9,775	8,226	5,968		6,908
Depreciation and amortization expense	3,980	4,009	4,039	4,017	3,982	3,942	3,987		4,059
<b>Total Operating Expenses</b>	<b>24,403</b>	<b>25,623</b>	<b>24,510</b>	<b>24,229</b>	<b>25,978</b>	<b>24,397</b>	<b>24,317</b>		<b>22,633</b>
<b>Operating Income</b>	<b>7,821</b>	<b>7,535</b>	<b>9,744</b>	<b>7,942</b>	<b>4,554</b>	<b>6,540</b>	<b>8,023</b>		<b>7,181</b>
Equity in losses of unconsolidated businesses	(18)	(18)	(16)	(20)	(20)	(23)	(35)		(21)
Other income and (expense), net	32	51	28	32	(1,826)	97	98		(846)
Interest expense	(1,208)	(1,202)	(1,178)	(1,188)	(1,013)	(1,038)	(1,137)		(1,132)
<b>Income Before Provision for Income Taxes</b>	<b>6,627</b>	<b>6,366</b>	<b>8,578</b>	<b>6,766</b>	<b>1,695</b>	<b>5,576</b>	<b>6,949</b>		<b>5,182</b>
Provision for income taxes	(2,274)	(2,195)	(3,065)	(2,336)	(864)	(1,829)	(2,349)		(1,629)
<b>Net Income</b>	<b>\$ 4,353</b>	<b>\$ 4,171</b>	<b>\$ 5,513</b>	<b>\$ 4,430</b>	<b>\$ 831</b>	<b>\$ 3,747</b>	<b>\$ 4,600</b>		<b>\$ 3,553</b>
Net income attributable to noncontrolling interests	\$ 122	\$ 133	\$ 122	\$ 120	\$ 129	\$ 127	\$ 105		\$ 103
Net income attributable to Verizon	4,231	4,038	5,391	4,310	702	3,620	4,495		3,450
<b>Net Income</b>	<b>\$ 4,353</b>	<b>\$ 4,171</b>	<b>\$ 5,513</b>	<b>\$ 4,430</b>	<b>\$ 831</b>	<b>\$ 3,747</b>	<b>\$ 4,600</b>		<b>\$ 3,553</b>
<b>Basic Earnings per Common Share</b>									
Net Income attributable to Verizon	\$ 1.04	\$ .99	\$ 1.32	\$ 1.06	\$ .17	\$ .89	\$ 1.10		\$ .85
Weighted average number of common shares (in millions)	4,079	4,072	4,076	4,080	4,079	4,079	4,081		4,082
<b>Diluted Earnings per Common Share <sup>(1)</sup></b>									
Net Income attributable to Verizon	\$ 1.04	\$ .99	\$ 1.32	\$ 1.06	\$ .17	\$ .89	\$ 1.10		\$ .84
Weighted average number of common shares- assuming dilution (in millions)	4,085	4,078	4,083	4,085	4,085	4,086	4,087		4,087

**Footnotes:**

(1) If there is a net loss, diluted EPS is the same as basic EPS. Diluted Earnings per Common Share includes the dilutive effect of shares issuable under our stock-based compensation plans, which represents the only potential dilution.

EPS may not add due to rounding.

## Non-Operational &amp; Other Items

Unaudited	(Pre-tax dollars in millions)		
	2015	2016	1Q '17
<b>Severance, Pension &amp; Benefit Charges/(Credits)</b>			
Operating expenses	\$ (2,256)	\$ 2,923	\$ -
<b>Gain on Spectrum License Transactions</b>			
Selling, general & administrative expense	\$ (254)	\$ (142)	\$ (126)
<b>Early Debt Redemption Costs</b>			
Other (income) and expense, net	-	1,822	\$ 848
<b>Gain on Sale of Divested Businesses</b>			
Selling, general & administrative expense	-	(1,007)	-
<b>Impact of Divested Businesses</b>			
Revenues	\$ 5,280	\$ 1,280	\$ -
Cost of services and sales	1,852	482	-
Selling, general & administrative expense	522	137	-
Depreciation and amortization	88	-	-
<b>Total Operating Expenses</b>	<b>\$ 2,462</b>	<b>\$ 619</b>	<b>\$ -</b>

## Non-Operational &amp; Other Items

(Pre-tax dollars in millions)

Unaudited	2015			2016			2017	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
<b>Severance, Pension &amp; Benefit Charges/(Credits)</b>								
Operating expenses	\$ -	\$ 342	\$ (2,598)	\$ 165	\$ 3,550	\$ 797	\$ (1,589)	\$ -
<b>Gain on Spectrum License Transactions</b>								
Selling, general & administrative expense	\$ -	\$ -	\$ (254)	\$ (142)	\$ -	\$ -	\$ -	\$ (126)
<b>Early Debt Redemption Costs</b>								
Other (income) and expense, net	\$ -	\$ -	\$ -	\$ -	\$ 1,822	\$ -	\$ -	\$ 848
<b>Gain on Sale of Divested Businesses</b>								
Selling, general & administrative expense	-	-	-	-	(1,007)	-	-	-
<b>Impact of Divested Businesses</b>								
Revenues	\$ 1,327	\$ 1,307	\$ 1,304	\$ 1,280	\$ -	\$ -	\$ -	\$ -
Cost of services and sales	451	466	478	482	-	-	-	-
Selling, general & administrative expense	135	124	117	137	-	-	-	-
Depreciation and amortization	-	-	-	-	-	-	-	-
Total Operating Expenses	\$ 586	\$ 590	\$ 595	\$ 619	\$ -	\$ -	\$ -	\$ -

## Condensed Consolidated Balance Sheets

	(dollars in millions)		
Unaudited	12/31/15	12/31/16	3/31/17
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 4,470	\$ 2,880	\$ 4,307
Short-term investments	350	-	-
Accounts receivable, net	13,457	17,513	16,863
Inventories	1,252	1,202	1,194
Assets held for sale	792	882	149
Prepaid expenses and other	2,034	3,918	4,645
Total current assets	22,355	26,395	27,158
Plant, property and equipment	220,163	232,215	235,550
Less accumulated depreciation	136,622	147,464	150,337
	83,541	84,751	85,213
Investments in unconsolidated businesses	796	1,110	1,080
Wireless licenses	86,575	86,673	87,754
Goodwill	25,331	27,205	27,630
Other intangible assets, net	7,592	8,897	8,912
Non-current assets held for sale	10,267	613	762
Other assets	7,718	8,536	8,222
<b>Total Assets</b>	<b>\$ 244,175</b>	<b>\$ 244,180</b>	<b>\$ 246,731</b>
<b>Liabilities and Equity</b>			
Current liabilities			
Debt maturing within one year	\$ 6,489	\$ 2,645	\$ 3,707
Accounts payable and accrued liabilities	19,362	19,593	14,826
Liabilities related to assets held for sale	463	24	25
Other	8,738	8,078	8,106
Total current liabilities	35,052	30,340	26,664
Long-term debt	103,240	105,433	112,839
Employee benefit obligations	29,957	26,166	22,079
Deferred income taxes	45,484	45,964	47,847
Non-current liabilities related to assets held for sale	959	6	14
Other liabilities	11,641	12,239	12,251
Equity			
Common stock	424	424	424
Contributed capital	11,196	11,182	11,161
Reinvested earnings	11,246	15,059	16,153
Accumulated other comprehensive income	550	2,673	2,609
Common stock in treasury, at cost	(7,416)	(7,263)	(7,144)
Deferred compensation - employee stock ownership plans and other	428	449	290
Noncontrolling interests	1,414	1,508	1,544
Total Equity	17,842	24,032	25,037
<b>Total Liabilities and Equity</b>	<b>\$ 244,175</b>	<b>\$ 244,180</b>	<b>\$ 246,731</b>

## Verizon - Selected Financial and Operating Statistics

Unaudited	12/31/15	12/31/16	3/31/17
Total debt (\$M)	\$ 109,729	\$ 108,078	\$ 116,546
Net debt (\$M)	\$ 105,259	\$ 105,198	\$ 112,239
Net debt / Adjusted EBITDA <sup>(1)</sup>		2.4x	2.6x
Common shares outstanding end of period (M)	4,073	4,077	4,079
Total employees ('000)	177.7	160.9	161.0
Cash dividends declared per common share	\$ 2.230	\$ 2.285	\$ .5775

## Footnotes:

(1) Adjusted EBITDA excludes the effects of non-operational items and Divested Businesses.

Certain reclassifications of prior period amounts have been made, where appropriate, to conform to current period presentation.

## Condensed Consolidated Balance Sheets

(dollars in millions)								
Unaudited	6/30/15	9/30/15	12/31/15	3/31/16	6/30/16	9/30/16	12/31/16	3/31/17
<b>Assets</b>								
Current assets								
Cash and cash equivalents	\$ 3,008	\$ 3,875	\$ 4,470	\$ 5,846	\$ 2,857	\$ 6,441	\$ 2,880	\$ 4,307
Short-term investments	309	306	350	-	-	-	-	-
Accounts receivable, net	13,444	13,105	13,457	12,485	13,294	14,832	17,513	16,863
Inventories	1,149	1,319	1,252	1,142	931	1,318	1,202	1,194
Assets held for sale	774	895	792	720	317	-	882	149
Prepaid expenses and other	2,757	2,236	2,034	3,498	3,445	3,030	3,918	4,645
Total current assets	21,441	21,736	22,355	23,691	20,844	25,621	26,395	27,158
Plant, property and equipment								
Less accumulated depreciation	213,661	216,674	220,163	222,669	225,756	228,909	232,215	235,550
	131,129	134,112	136,622	139,658	142,584	145,495	147,464	150,337
	82,532	82,562	83,541	83,011	83,172	83,414	84,751	85,213
Investments in unconsolidated businesses	794	779	796	821	822	1,119	1,110	1,080
Wireless licenses	86,321	86,331	86,575	86,830	86,981	87,407	86,673	87,754
Goodwill	25,429	25,124	25,331	25,364	25,417	25,970	27,205	27,630
Other intangible assets, net	7,507	7,717	7,592	7,456	7,399	7,692	8,897	8,912
Non-current assets held for sale	9,647	10,117	10,267	10,432	-	-	613	762
Other assets	6,519	7,171	7,718	6,982	7,235	8,275	8,536	8,222
<b>Total Assets</b>	<b>\$ 240,190</b>	<b>\$ 241,537</b>	<b>\$ 244,175</b>	<b>\$ 244,587</b>	<b>\$ 231,870</b>	<b>\$ 239,498</b>	<b>\$ 244,180</b>	<b>\$ 246,731</b>
<b>Liabilities and Equity</b>								
Current liabilities								
Debt maturing within one year	\$ 4,206	\$ 7,264	\$ 6,489	\$ 6,265	\$ 6,803	\$ 3,852	\$ 2,645	\$ 3,707
Accounts payable and accrued liabilities	16,953	17,721	19,362	18,118	19,090	18,002	19,593	14,826
Liabilities related to assets held for sale	457	461	463	452	-	-	24	25
Other	8,962	8,868	8,738	8,477	8,515	8,444	8,078	8,106
Total current liabilities	30,578	34,314	35,052	33,312	34,408	30,298	30,340	26,664
Long-term debt								
	108,978	104,583	103,240	103,615	92,922	102,739	105,433	112,839
Employee benefit obligations	32,711	32,962	29,957	29,665	28,059	28,285	26,166	22,079
Deferred income taxes	42,936	43,015	45,484	45,568	43,825	44,617	45,964	47,847
Non-current liabilities related to assets held for sale	942	940	959	974	-	-	6	14
Other liabilities	11,171	11,181	11,641	11,350	11,912	11,576	12,239	12,251
Equity								
Common stock	424	424	424	424	424	424	424	424
Contributed capital	11,167	11,184	11,196	11,191	11,192	11,179	11,182	11,161
Reinvested earnings	6,418	8,156	11,246	13,253	11,652	12,918	15,059	16,153
Accumulated other comprehensive income	821	600	550	459	2,847	2,758	2,673	2,609
Common stock in treasury, at cost	(7,741)	(7,604)	(7,416)	(7,279)	(7,279)	(7,264)	(7,263)	(7,144)
Deferred compensation - employee stock ownership plans and other	326	378	428	593	408	445	449	290
Noncontrolling interests	1,459	1,404	1,414	1,462	1,500	1,523	1,508	1,544
Total Equity	12,874	14,542	17,842	20,103	20,744	21,983	24,032	25,037
<b>Total Liabilities and Equity</b>	<b>\$ 240,190</b>	<b>\$ 241,537</b>	<b>\$ 244,175</b>	<b>\$ 244,587</b>	<b>\$ 231,870</b>	<b>\$ 239,498</b>	<b>\$ 244,180</b>	<b>\$ 246,731</b>

## Verizon - Selected Financial and Operating Statistics

Unaudited	6/30/15	9/30/15	12/31/15	3/31/16	6/30/16	9/30/16	12/31/16	3/31/17
Total debt (\$M)	\$ 113,184	\$ 111,847	\$ 109,729	\$ 109,880	\$ 99,725	\$ 106,591	\$ 108,078	\$ 116,546
Net debt (\$M)	\$ 110,176	\$ 107,972	\$ 105,259	\$ 104,034	\$ 96,868	\$ 100,150	\$ 105,198	\$ 112,239
Net debt / Adjusted EBITDA <sup>(1)</sup>				2.4x	2.2x	2.3x	2.4x	2.6x
Common shares outstanding end of period (M)	4,066	4,069	4,073	4,076	4,076	4,077	4,077	4,079
Total employees ('000)	178.5	177.9	177.7	173.3	162.7	162.0	160.9	161.0
Cash dividends declared per common share	\$ .550	\$ .565	\$ .565	\$ .565	\$ .565	\$ .5775	\$ .5775	\$ .5775

## Footnotes:

(1) Adjusted EBITDA excludes the effects of non-operational items and Divested Businesses.

Certain reclassifications of prior period amounts have been made, where appropriate, to conform to current period presentation.



## Condensed Consolidated Statements of Cash Flows

	(dollars in millions)		
	12 Months Ended 12/31/15	12 Months Ended 12/31/16	3 Months Ended 3/31/17
Unaudited			
<b>Cash Flows From Operating Activities</b>			
Net Income	\$ 18,375	\$ 13,608	\$ 3,553
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	16,017	15,928	4,059
Employee retirement benefits	(1,747)	2,705	(111)
Deferred income taxes	3,516	(1,063)	2,025
Provision for uncollectible accounts	1,610	1,420	330
Equity in losses of unconsolidated businesses, net of dividends received	127	138	28
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	2,443	(5,636)	(4,694)
Discretionary contributions to qualified pension plans	-	(186)	(3,411)
Other, net	(1,314)	(4,104)	(98)
Net cash provided by operating activities	39,027	22,810	1,681
<b>Cash Flows From Investing Activities</b>			
Capital expenditures (including capitalized software)	(17,775)	(17,059)	(3,067)
Acquisitions of businesses, net of cash acquired	(3,545)	(3,765)	(1,746)
Acquisitions of wireless licenses	(9,942)	(534)	(196)
Proceeds from dispositions of businesses	48	9,882	-
Other, net	1,171	493	176
Net cash used in investing activities	(30,043)	(10,983)	(4,833)
<b>Cash Flows From Financing Activities</b>			
Proceeds from long-term borrowings	6,667	12,964	13,054
Proceeds from asset-backed long-term borrowings	-	4,986	1,283
Repayments of long-term borrowings and capital lease obligations	(9,340)	(19,159)	(5,592)
Decrease in short-term obligations, excluding current maturities	(344)	(149)	(52)
Dividends paid	(8,538)	(9,262)	(2,354)
Proceeds from sale of common stock	40	3	-
Purchase of common stock for treasury	(5,134)	-	-
Acquisition of noncontrolling interest	-	(9)	-
Other, net	1,537	(2,791)	(1,760)
Net cash provided by (used in) financing activities	(15,112)	(13,417)	4,579
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(6,128)</b>	<b>(1,590)</b>	<b>1,427</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>10,598</b>	<b>4,470</b>	<b>2,880</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 4,470</b>	<b>\$ 2,880</b>	<b>\$ 4,307</b>

**Footnotes:**

Certain reclassifications of prior period amounts have been made, where appropriate, to conform to current period presentation.

## Condensed Consolidated Statements of Cash Flows

	(dollars in millions)							
Unaudited	6 Months Ended 6/30/15	9 Months Ended 9/30/15	12 Months Ended 12/31/15	3 Months Ended 3/31/16	6 Months Ended 6/30/16	9 Months Ended 9/30/16	12 Months Ended 12/31/16	3 Months Ended 3/31/17
<b>Cash Flows From Operating Activities</b>								
Net Income	\$ 8,691	\$ 12,862	\$ 18,375	\$ 4,430	\$ 5,261	\$ 9,008	\$ 13,608	\$ 3,553
Adjustments to reconcile net income to net cash provided by operating activities:								
Depreciation and amortization expense	7,969	11,978	16,017	4,017	7,999	11,941	15,928	4,059
Employee retirement benefits	561	1,184	(1,747)	356	4,021	4,531	2,705	(111)
Deferred income taxes	826	890	3,516	167	(3,085)	(2,331)	(1,063)	2,025
Provision for uncollectible accounts	744	1,136	1,610	353	651	963	1,420	330
Equity in losses of unconsolidated businesses, net of dividends received	72	98	127	29	58	94	138	28
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	416	1,443	2,443	(1,162)	(1,067)	(4,010)	(5,636)	(4,694)
Discretionary contributions to qualified pension plans	-	-	-	-	-	(186)	-	(3,411)
Other, net	(276)	(1,068)	(1,314)	(693)	(930)	(2,286)	(4,290)	(98)
Net cash provided by operating activities	19,003	28,523	39,027	7,497	12,908	17,724	22,810	1,681
<b>Cash Flows From Investing Activities</b>								
Capital expenditures (including capitalized software)	(8,153)	(12,540)	(17,775)	(3,387)	(7,273)	(11,398)	(17,059)	(3,067)
Acquisitions of businesses, net of cash acquired	(3,225)	(3,205)	(3,545)	(161)	(178)	(963)	(3,765)	(1,746)
Acquisitions of wireless licenses	(9,677)	(9,811)	(9,942)	(131)	(282)	(410)	(534)	(196)
Proceeds from dispositions of businesses	-	-	48	-	9,882	9,882	9,882	-
Other, net	884	960	1,171	243	504	350	493	176
Net cash provided by (used in) investing activities	(20,171)	(24,596)	(30,043)	(3,436)	2,653	(2,539)	(10,983)	(4,833)
<b>Cash Flows From Financing Activities</b>								
Proceeds from long-term borrowings	6,497	6,497	6,667	-	-	8,152	12,964	13,054
Proceeds from asset-backed long-term borrowings	-	-	-	-	-	2,594	4,986	1,283
Repayments of long-term borrowings and capital lease obligations	(5,797)	(7,168)	(9,340)	(376)	(11,300)	(14,510)	(19,159)	(5,592)
Increase (decrease) in short-term obligations, excluding current maturities	(106)	(305)	(344)	(40)	610	(120)	(149)	(52)
Dividends paid	(4,266)	(6,373)	(8,538)	(2,302)	(4,605)	(6,908)	(9,262)	(2,354)
Proceeds from sale of common stock	-	31	40	3	3	3	3	-
Purchase of common stock for treasury	(5,074)	(5,134)	(5,134)	-	-	-	-	-
Acquisition of noncontrolling interest	-	-	-	-	-	-	(9)	-
Other, net	2,324	1,802	1,537	30	(1,882)	(2,425)	(2,791)	(1,760)
Net cash provided by (used in) financing activities	(6,422)	(10,650)	(15,112)	(2,685)	(17,174)	(13,214)	(13,417)	4,579
<b>Increase (decrease) in cash and cash equivalents</b>	(7,590)	(6,723)	(6,128)	1,376	(1,613)	1,971	(1,590)	1,427
<b>Cash and cash equivalents, beginning of period</b>	10,598	10,598	10,598	4,470	4,470	4,470	4,470	2,880
<b>Cash and cash equivalents, end of period</b>	\$ 3,008	\$ 3,875	\$ 4,470	\$ 5,846	\$ 2,857	\$ 6,441	\$ 2,880	\$ 4,307

## Footnotes:

Certain reclassifications of prior period amounts have been made, where appropriate, to conform to current period presentation.



**Wireless**

## Wireless - Selected Financial Results

Unaudited	2015				2016				(dollars in millions)
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2017
<b>Operating Revenues</b>									
Service	\$ 17,689	\$ 17,598	\$ 17,195	\$ 16,809	\$ 16,741	\$ 16,684	\$ 16,346		\$ 15,778
Equipment	3,861	4,292	5,398	3,954	3,704	4,124	5,733		3,764
Other	1,063	1,115	1,141	1,241	1,259	1,293	1,298		1,336
<b>Total Operating Revenues</b>	<b>22,613</b>	<b>23,005</b>	<b>23,734</b>	<b>22,004</b>	<b>21,704</b>	<b>22,101</b>	<b>23,377</b>		<b>20,878</b>
<b>Operating Expenses</b>									
Cost of services	1,948	2,010	1,994	1,942	1,984	2,006	2,056		1,958
Cost of equipment	5,455	5,716	6,840	4,998	4,644	5,240	7,356		4,808
Selling, general & administrative expense	5,289	5,351	5,796	4,891	4,777	4,921	5,335		4,698
Depreciation and amortization expense	2,225	2,260	2,305	2,293	2,282	2,287	2,321		2,338
<b>Total Operating Expenses</b>	<b>14,917</b>	<b>15,337</b>	<b>16,935</b>	<b>14,124</b>	<b>13,687</b>	<b>14,454</b>	<b>17,068</b>		<b>13,802</b>
<b>Operating Income</b>	<b>\$ 7,696</b>	<b>\$ 7,668</b>	<b>\$ 6,799</b>	<b>\$ 7,880</b>	<b>\$ 8,017</b>	<b>\$ 7,647</b>	<b>\$ 6,309</b>		<b>\$ 7,076</b>
<b>Operating Income Margin</b>	<b>34.0%</b>	<b>33.3%</b>	<b>28.6%</b>	<b>35.8%</b>	<b>36.9%</b>	<b>34.6%</b>	<b>27.0%</b>		<b>33.9%</b>
<b>Segment EBITDA</b>	<b>\$ 9,921</b>	<b>\$ 9,928</b>	<b>\$ 9,104</b>	<b>\$ 10,173</b>	<b>\$ 10,299</b>	<b>\$ 9,934</b>	<b>\$ 8,630</b>		<b>\$ 9,414</b>
<b>Segment EBITDA Margin</b>	<b>43.9%</b>	<b>43.2%</b>	<b>38.4%</b>	<b>46.2%</b>	<b>47.5%</b>	<b>44.9%</b>	<b>36.9%</b>		<b>45.1%</b>

**Footnotes:**

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

Intersegment transactions have not been eliminated.

## Wireless - Selected Operating Statistics

	2015			2016				2017
Unaudited	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
<b>Connections ('000)</b>								
Retail postpaid	103,731	105,023	106,528	107,171	107,780	108,220	108,796	<b>108,483</b>
Retail prepaid	5,817	5,737	5,580	5,402	5,374	5,456	5,447	<b>5,430</b>
Total retail	109,548	110,760	112,108	112,573	113,154	113,676	114,243	<b>113,913</b>
<b>Net Add Detail ('000) <sup>(1)</sup></b>								
Retail postpaid	1,134	1,289	1,519	640	615	442	591	<b>(307)</b>
Retail prepaid	(126)	(80)	(157)	(177)	(30)	83	(9)	<b>(17)</b>
Total retail	1,008	1,209	1,362	463	585	525	582	<b>(324)</b>
<b>Account Statistics</b>								
Retail postpaid accounts ('000)	35,560	35,677	35,736	35,720	35,637	35,530	35,410	<b>35,270</b>
Retail postpaid connections per account	2.92	2.94	2.98	3.00	3.02	3.05	3.07	<b>3.08</b>
Retail postpaid ARPA <sup>(3)</sup>	\$ 153.73	\$ 152.38	\$ 148.30	\$ 145.34	\$ 145.09	\$ 144.94	\$ 141.89	<b>\$ 136.98</b>
Retail postpaid I-ARPA <sup>(4)</sup>	\$ 163.01	\$ 164.31	\$ 164.40	\$ 165.03	\$ 167.18	\$ 169.49	\$ 169.10	<b>\$ 166.01</b>
<b>Churn Detail</b>								
Retail postpaid	0.90%	0.93%	0.96%	0.96%	0.94%	1.04%	1.10%	<b>1.15%</b>
Retail	1.18%	1.21%	1.23%	1.23%	1.19%	1.28%	1.34%	<b>1.39%</b>
<b>Retail Postpaid Connection Statistics</b>								
Total Smartphone postpaid % of phones activated	91.7%	91.3%	93.7%	92.5%	92.1%	93.1%	95.2%	<b>94.5%</b>
Total Smartphone postpaid phone base <sup>(2)</sup>	81.2%	82.4%	83.7%	84.7%	85.5%	86.3%	87.3%	<b>88.1%</b>
Total Internet postpaid base <sup>(2)</sup>	15.4%	16.0%	16.8%	17.3%	17.7%	18.1%	18.3%	<b>18.3%</b>
4G LTE devices as % of retail postpaid connections	73.3%	76.2%	79.2%	81.1%	82.5%	83.7%	85.0%	<b>85.9%</b>
<b>Other Operating Statistics</b>								
Capital expenditures (\$M)	\$ 3,126	\$ 2,921	\$ 3,259	\$ 2,190	\$ 2,815	\$ 2,771	\$ 3,464	<b>\$ 1,831</b>

**Footnotes:**

(1) Connection net additions exclude acquisitions and adjustments.

(2) Statistics presented as of end of period

(3) Retail postpaid ARPA - average service revenue per account from retail postpaid accounts.

(4) Retail postpaid I-ARPA - average service revenue per account from retail postpaid accounts plus recurring device installment billings.

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

Intersegment transactions have not been eliminated.



# Wireline

## Wireline - Selected Financial Results

(dollars in millions)								
Unaudited	2015			2016				2017
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
<b>Operating Revenues</b>								
Consumer Markets	\$ 3,174	\$ 3,168	\$ 3,226	\$ 3,180	\$ 3,165	\$ 3,174	\$ 3,232	\$ 3,201
Enterprise Solutions	2,534	2,515	2,534	2,501	2,454	2,445	2,442	2,466
Partner Solutions	1,319	1,298	1,334	1,292	1,265	1,248	1,233	1,256
Business Markets	906	900	891	870	854	845	833	890
Other	80	86	79	80	85	75	72	63
<b>Total Operating Revenues</b>	<b>8,013</b>	<b>7,967</b>	<b>8,064</b>	<b>7,923</b>	<b>7,823</b>	<b>7,787</b>	<b>7,812</b>	<b>7,876</b>
<b>Operating Expenses</b>								
Cost of services	4,704	4,695	4,632	4,644	5,107	4,440	4,428	4,480
Selling, general & administrative expense	1,813	1,770	1,835	1,770	1,617	1,693	1,505	1,611
Depreciation and amortization expense	1,695	1,611	1,590	1,576	1,562	1,498	1,465	1,492
<b>Total Operating Expenses</b>	<b>8,212</b>	<b>8,076</b>	<b>8,057</b>	<b>7,990</b>	<b>8,286</b>	<b>7,631</b>	<b>7,398</b>	<b>7,583</b>
<b>Operating Income (Loss)</b>	<b>\$ (199)</b>	<b>\$ (109)</b>	<b>\$ 7</b>	<b>\$ (67)</b>	<b>\$ (463)</b>	<b>\$ 156</b>	<b>\$ 414</b>	<b>\$ 293</b>
<b>Operating Income (Loss) Margin</b>	<b>(2.5)%</b>	<b>(1.4)%</b>	<b>0.1%</b>	<b>(0.8)%</b>	<b>(5.9)%</b>	<b>2.0%</b>	<b>5.3%</b>	<b>3.7%</b>
<b>Segment EBITDA</b>	<b>\$ 1,496</b>	<b>\$ 1,502</b>	<b>\$ 1,597</b>	<b>\$ 1,509</b>	<b>\$ 1,099</b>	<b>\$ 1,654</b>	<b>\$ 1,879</b>	<b>\$ 1,785</b>
<b>Segment EBITDA Margin</b>	<b>18.7%</b>	<b>18.9%</b>	<b>19.8%</b>	<b>19.0%</b>	<b>14.0%</b>	<b>21.2%</b>	<b>24.1%</b>	<b>22.7%</b>

**Footnotes:**

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

Intersegment transactions have not been eliminated.

## Wireline - Selected Operating Statistics

Unaudited	2015			2016				2017
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
<b>Connections ('000)</b>								
Fios Video Subscribers	4,565	4,610	4,635	4,678	4,637	4,673	4,694	<b>4,681</b>
Fios Internet Subscribers	5,240	5,336	5,418	5,508	5,495	5,585	5,653	<b>5,688</b>
Fios Digital Voice residence connections	3,788	3,829	3,872	3,917	3,879	3,882	3,895	<b>3,887</b>
Fios Digital connections	13,593	13,775	13,925	14,103	14,011	14,140	14,242	<b>14,256</b>
HSI	1,820	1,738	1,667	1,589	1,519	1,453	1,385	<b>1,323</b>
Total Broadband connections	7,060	7,074	7,085	7,097	7,014	7,038	7,038	<b>7,011</b>
Primary residence switched access connections	4,113	3,951	3,799	3,643	3,501	3,359	3,230	<b>3,095</b>
Primary residence connections	7,901	7,780	7,671	7,560	7,380	7,241	7,125	<b>6,982</b>
Total retail residence voice connections	8,209	8,072	7,949	7,824	7,634	7,482	7,355	<b>7,200</b>
Total voice connections	15,586	15,324	15,035	14,781	14,476	14,194	13,939	<b>13,634</b>
<b>Net Add Detail ('000)</b>								
Fios Video Subscribers	30	45	25	43	(41)	36	21	<b>(13)</b>
Fios Internet Subscribers	62	96	82	90	(13)	90	68	<b>35</b>
Fios Digital Voice residence connections	4	41	43	45	(38)	3	13	<b>(8)</b>
Fios Digital connections	96	182	150	178	(92)	129	102	<b>14</b>
HSI	(71)	(82)	(71)	(78)	(70)	(66)	(68)	<b>(62)</b>
Total Broadband connections	(9)	14	11	12	(83)	24	-	<b>(27)</b>
Primary residence switched access connections	(151)	(162)	(152)	(156)	(142)	(142)	(129)	<b>(135)</b>
Primary residence connections	(147)	(121)	(109)	(111)	(180)	(139)	(116)	<b>(143)</b>
Total retail residence voice connections	(159)	(137)	(123)	(125)	(190)	(152)	(127)	<b>(155)</b>
Total voice connections	(311)	(262)	(289)	(254)	(305)	(282)	(255)	<b>(305)</b>
<b>Revenue Statistics</b>								
Fios revenues (\$M)	\$ 2,678	\$ 2,689	\$ 2,770	\$ 2,761	\$ 2,776	\$ 2,807	\$ 2,892	<b>\$ 2,891</b>
<b>Other Operating Statistics</b>								
Capital expenditures (\$M)	\$ 1,134	\$ 1,202	\$ 1,636	\$ 1,006	\$ 814	\$ 1,036	\$ 1,648	<b>\$ 960</b>
Wireline employees (K)	62.8	61.8	61.0	59.5	59.3	59.2	58.9	<b>60.8</b>
Fios Video Open for Sale (K)	12,863	13,024	13,196	13,366	13,400	13,529	13,693	<b>13,829</b>
Fios Video penetration	35.5%	35.4%	35.1%	35.0%	34.6%	34.5%	34.3%	<b>33.8%</b>
Fios Internet Open for Sale (K)	13,154	13,317	13,491	13,661	13,696	13,825	13,982	<b>14,120</b>
Fios Internet penetration	39.8%	40.1%	40.2%	40.3%	40.1%	40.4%	40.4%	<b>40.3%</b>

**Footnotes:**

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

Intersegment transactions have not been eliminated.





# **Non-GAAP Reconciliations**

As of March 31, 2017

## Definitions – Non-GAAP Measures

### Non-GAAP Measures

Verizon's financial information was prepared in conformity with generally accepted accounting principles (GAAP) as well as on a non-GAAP basis. It is management's intent to provide non-GAAP financial information to enhance the understanding of Verizon's GAAP financial information and it should be considered by the reader in addition to, but not instead of, the financial statements prepared in accordance with GAAP. We believe that non-GAAP measures provide relevant and useful information, which is used by management, investors and other users of our financial information in assessing both consolidated and segment performance. The non-GAAP financial information presented may be determined or calculated differently by other companies and may not be directly comparable to those of other companies.

### Consolidated Operating Revenues Excluding Divested Businesses and Acquisitions

Verizon Consolidated Operating Revenues Excluding Divested Businesses and Acquisitions is a non-GAAP financial measure that we believe is useful to management, investors and other users of our financial information in evaluating our revenue growth and trends on a comparable basis because it excludes operating revenues from the local landline businesses in California, Florida and Texas divested on April 1, 2016 (Divested Businesses) which are no longer reflected in first quarter 2017 results and it excludes operating revenues from XO Holdings' wireline business (XO) (acquired on February 1, 2017), Fleetmatics Group PLC (acquired on November 7, 2016) and Telogis, Inc. (acquired on July 29, 2016), (collectively, Acquisitions) which are not reflected in first quarter 2016 results.

Consolidated Operating Revenues Excluding Divested Businesses and Acquisitions is calculated by subtracting operating revenues from Divested Businesses and from Acquisitions from consolidated operating revenues.

### Operating Revenues from Media Business net of Traffic Acquisition Costs

Operating Revenues from Media Business net of Traffic Acquisition Costs (TAC) is a non-GAAP financial measure that we believe is useful to management, investors and other users of our financial information in evaluating the financial performance of our business. TAC consists of costs incurred through arrangements in which we acquire third-party online advertising inventory for resale and arrangements whereby partners direct traffic to our media business. We believe that this measure enhances the comparability of these revenues to those of other companies. However, comparable activity may be measured differently by other companies and our revenue sources and TAC may be different than those of other companies.

Operating Revenues from Media Business net of TAC is calculated by subtracting TAC from operating revenues from our media business, which includes intersegment revenues.

### IoT Revenues Excluding Acquisitions

IoT Revenues Excluding Acquisitions is a non-GAAP financial measure that we believe is useful to management, investors and other users of our financial information in evaluating our IoT revenue growth and trends on a comparable basis since it excludes operating revenues from Fleetmatics Group PLC (acquired on November 7, 2016) and Telogis, Inc. (acquired on July 29, 2016) which are not reflected in first quarter 2016 results.

IoT Revenues Excluding Acquisitions is calculated by subtracting operating revenues from Fleetmatics and Telogis from IoT revenues.

### EBITDA and EBITDA Margin

Verizon consolidated earnings before interest, taxes, depreciation and amortization (Consolidated EBITDA), Segment EBITDA and Segment EBITDA Margin are non-GAAP financial measures that we believe are useful to management, investors and other users of our financial information in evaluating operating profitability on a more variable cost basis as they exclude depreciation and amortization expense related primarily to capital expenditures and acquisitions that occurred in prior periods, as well as in evaluating operating performance in relation to Verizon's competitors.

Consolidated EBITDA is calculated by adding back interest, taxes, depreciation and amortization expense, equity in losses of unconsolidated businesses and other (income) and expense, net to net income.

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 segment total operating revenues.

### Consolidated Adjusted EBITDA and Consolidated Adjusted EBITDA Margin

Verizon consolidated adjusted EBITDA and consolidated adjusted EBITDA Margin are non-GAAP financial measures that we believe provides relevant and useful information to management, investors and other users of our financial information in evaluating the effectiveness of our operations and underlying business trends in a manner that is consistent with management's evaluation of business performance. We believe consolidated adjusted EBITDA and consolidated adjusted EBITDA Margin are 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 policies. Further, the exclusion of non-operational items and impact of Divested Businesses enable comparability to prior period performance and trend analysis. Consolidated adjusted EBITDA is also used by rating agencies, lenders and other parties to evaluate our creditworthiness.

Consolidated adjusted EBITDA is calculated by excluding from consolidated EBITDA the effect of (1) non-operational items such as actuarial gains or losses arising from the re-measurements of pension and other postretirement benefits, severance costs, gain on sale of Divested Businesses and gain on spectrum license transactions; and (2) the impact of Divested Businesses. Actuarial gains or losses as a result of the re-measurements of pension and other postretirement benefits are included in our operating expenses and are measured based on projected discount rates and estimated returns on plan assets. Such estimates are updated at least annually at the end of the fiscal year to reflect actual discount rates and returns on plan assets or more frequently if significant events arise which require an interim re-measurement. We believe the exclusion of these re-measurement gains or losses enables management, investors and other users of our financial information to assess our sequential and year-over-year performance on a more comparable basis and is consistent with management's own evaluation of performance. Consolidated adjusted EBITDA Margin is calculated by dividing consolidated adjusted EBITDA by consolidated operating revenues.

## Definitions – Non-GAAP Measures

### **Adjusted Earnings per Common Share**

Adjusted Earnings per Common Share (Adjusted EPS) is a non-GAAP financial measure that we believe is useful to management, investors and other users of our financial information in evaluating our operating results and understanding our operating trends without the effect of non-operational items. We believe that excluding non-operational items provides more meaningful comparisons of our financial results from period to period.

Adjusted EPS is calculated by excluding the effect of non-operational items such as actuarial gains or losses arising from the re-measurement of pension and other postretirement benefits and severance costs, early debt redemption costs and gain on spectrum license transactions from the calculation of reported EPS.

### **Net Debt and Net Debt to Consolidated Adjusted EBITDA Ratio**

Net Debt and Net Debt to Consolidated Adjusted EBITDA Ratio are non-GAAP financial measures that we believe are useful to management, investors and other users of our financial information in evaluating Verizon's ability to service its debt.

Net Debt is calculated by subtracting cash and cash equivalents from the sum of debt maturing within one year and long-term debt. For purposes of Net Debt to Consolidated Adjusted EBITDA Ratio, Consolidated Adjusted EBITDA is calculated for the last twelve months.

### **Free Cash Flow**

Free cash flow is a non-GAAP financial measure that reflects an additional way of viewing our liquidity that, when viewed with our GAAP results, provides a more complete understanding of factors and trends affecting our cash flows. We believe it is a more conservative measure of cash flow since purchases of fixed assets 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 capital lease obligations or cash payments for business acquisitions. Therefore, we believe it is important to view free cash flow as a complement to our entire consolidated statements of cash flows.

Free cash flow is calculated by subtracting capital expenditures from net cash provided by operating activities.

### **Wireline Operating Revenues Excluding Acquisition**

Wireline Operating Revenues Excluding Acquisition is a non-GAAP financial measure that we believe is useful to management, investors and other users of our financial information in evaluating our Wireline revenue growth and trends on a comparable basis since operating revenues from XO (acquired on February 1, 2017) are not reflected in first quarter 2016 results.

Wireline Operating Revenues Excluding Acquisition is calculated by subtracting operating revenues from XO from Wireline operating revenues.

### **Enterprise Solutions Revenues Excluding Acquisition**

Enterprise Solutions Revenues Excluding Acquisition is a non-GAAP financial measure that we believe is useful to management, investors and other users of our financial information in evaluating our Enterprise Solutions revenue growth and trends on a comparable basis since revenues from XO (acquired on February 1, 2017) are not reflected in first quarter 2016 results.

Enterprise Solutions Revenues Excluding Acquisition is calculated by subtracting operating revenues from XO from Enterprise Solutions revenues.

### **Enterprise Solutions Constant Currency Growth Rate**

We evaluate our results of operations for Enterprise Solutions on both an as reported and a constant currency basis. The constant currency revenue growth rate, which is a non-GAAP measure, excludes the impact of fluctuations in foreign currency exchange rates. We believe providing constant currency information provides valuable supplemental information regarding our results of operations, consistent with how we evaluate our performance. We calculate constant currency growth rate by converting our current-period local currency operating revenues excluding Acquisition using the prior period exchange rates and comparing these adjusted amounts to our prior period reported results.

## Non-GAAP Reconciliations - Consolidated

## Consolidated Operating Revenues Excluding Divested Businesses and Acquisitions

Unaudited	(dollars in millions)	
	3 Mos. Ended 3/31/16	3 Mos. Ended 3/31/17
<b>Consolidated Operating Revenues</b>	\$ 32,171	\$ 29,814
Less Operating Revenues from Divested Businesses	1,280	-
Less Operating Revenues from Acquisitions		318
<b>Consolidated Operating Revenues Excluding Divested Businesses and Acquisitions</b>	<b>\$ 30,891</b>	<b>\$ 29,496</b>
Year over Year Change		(4.5)%

## Operating Revenues from Media Business net of Traffic Acquisition Costs

Unaudited	(dollars in millions)	
	3 Mos. Ended 3/31/16	3 Mos. Ended 3/31/17
<b>Operating Revenues from Media Business</b>	\$ 726	\$ 737
Less TAC	249	280
<b>Operating Revenues from Media Business net of TAC</b>	<b>\$ 477</b>	<b>\$ 457</b>
Year over Year Change		(4.2)%

## IoT Revenues Excluding Acquisitions

Unaudited	(dollars in millions)	
	3 Mos. Ended 3/31/16	3 Mos. Ended 3/31/17
<b>IoT Revenues</b>	\$ 195	\$ 343
Less IoT Operating Revenues from Acquisitions		114
<b>IoT Revenues Excluding Acquisitions</b>	<b>\$ 195</b>	<b>\$ 229</b>
Year over Year Change		17.4%

Consolidated EBITDA, Consolidated Adjusted EBITDA  
and Consolidated Adjusted EBITDA Margin

Unaudited	(dollars in millions)							
	3 Months Ended 6/30/15	3 Months Ended 9/30/15	3 Months Ended 12/31/15	3 Months Ended 3/31/16	3 Months Ended 6/30/16	3 Months Ended 9/30/16	3 Months Ended 12/31/16	3 Months Ended 3/31/17
<b>Consolidated Net Income</b>	\$ 4,353	\$ 4,171	\$ 5,513	\$ 4,430	\$ 831	\$ 3,747	\$ 4,600	\$ 3,553
Add/subtract:								
Provision for income taxes	2,274	2,195	3,065	2,336	864	1,829	2,349	1,629
Interest expense	1,208	1,202	1,178	1,188	1,013	1,038	1,137	1,132
Other (income) and expense, net	(32)	(51)	(28)	(32)	1,826	(97)	(98)	846
Equity in losses of unconsolidated businesses	18	18	16	20	20	23	35	21
<b>Operating Income</b>	<b>7,821</b>	<b>7,535</b>	<b>9,744</b>	<b>7,942</b>	<b>4,554</b>	<b>6,540</b>	<b>8,023</b>	<b>7,181</b>
Add Depreciation and amortization expense	3,980	4,009	4,039	4,017	3,982	3,942	3,987	4,059
<b>Consolidated EBITDA</b>	<b>\$ 11,801</b>	<b>\$ 11,544</b>	<b>\$ 13,783</b>	<b>\$ 11,959</b>	<b>\$ 8,536</b>	<b>\$ 10,482</b>	<b>\$ 12,010</b>	<b>\$ 11,240</b>
Add/subtract non-operational items (before tax):								
Severance, pension and benefit charges/(credits)	-	342	(2,598)	165	3,550	797	(1,589)	-
Gain on spectrum license transactions	-	-	(254)	(142)	-	-	-	(126)
Gain on sale of Divested Businesses	-	-	-	-	(1,007)	-	-	-
Divested Businesses	(741)	(717)	(709)	(661)	-	-	-	-
<b>Consolidated Adjusted EBITDA</b>	<b>\$ 11,060</b>	<b>\$ 11,169</b>	<b>\$ 10,222</b>	<b>\$ 11,321</b>	<b>\$ 11,079</b>	<b>\$ 11,279</b>	<b>\$ 10,421</b>	<b>11,114</b>
<b>Consolidated Operating Revenues</b>							\$ 32,340	\$ 29,814
<b>Consolidated Adjusted EBITDA Margin</b>							32.2%	37.3%

## Non-GAAP Reconciliations - Consolidated

## Adjusted Earnings per Common Share (Adjusted EPS)

(dollars in millions except EPS)

Unaudited				3 Mos. Ended 3/31/16				3 Mos. Ended 3/31/17
	Pre-tax	Tax	After-Tax		Pre-tax	Tax	After-Tax	
<b>EPS</b>				\$ 1.06				\$ 0.84
Severance, pension, and benefit charges	\$ 165	\$ (63)	\$ 102	0.02	\$ -	\$ -	\$ -	-
Early debt redemption costs	-	-	-	-	848	(336)	512	0.13
Gain on spectrum license transactions	(142)	54	(88)	(0.02)	(126)	49	(77)	(0.02)
	\$ 23	\$ (9)	\$ 14	-	\$ 722	\$ (287)	\$ 435	0.11
<b>Adjusted EPS</b>				<u>\$ 1.06</u>				<u>\$ 0.95</u>
Year over Year Change								(10.4)%

Unaudited				3 Mos. Ended 12/31/16
	Pre-tax	Tax	After-Tax	
<b>EPS</b>				\$ 1.10
Severance, pension, and benefit credits	\$ (1,589)	\$ 604	\$ (985)	(0.24)
<b>Adjusted EPS</b>				<u>\$ 0.86</u>

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

(dollars in millions)

Unaudited	6/30/15	9/30/15	12/31/15	3/31/16	6/30/16	9/30/16	12/31/16	3/31/17
<b>Net Debt</b>								
Debt maturing within one year	\$ 4,206	\$ 7,264	\$ 6,489	\$ 6,265	\$ 6,803	\$ 3,852	\$ 2,645	\$ 3,707
Long-term debt	108,978	104,583	103,240	103,615	92,922	102,739	105,433	112,839
<b>Total Debt</b>	113,184	111,847	109,729	109,880	99,725	106,591	108,078	116,546
Less Cash and cash equivalents	3,008	3,875	4,470	5,846	2,857	6,441	2,880	4,307
<b>Net Debt</b>	\$ 110,176	\$ 107,972	\$ 105,259	\$ 104,034	\$ 96,868	\$ 100,150	\$ 105,198	\$ 112,239
<b>Net Debt to Consolidated Adjusted EBITDA Ratio</b>				2.4x	2.2x	2.3x	2.4x	2.6x

## Free Cash Flow

(dollars in millions)

Unaudited	3 Months Ended 3/31/16	3 Months Ended 3/31/17
<b>Net cash provided by operating activities</b>	\$ 7,497	\$ 1,681
Less Capital expenditures	3,387	3,067
<b>Free Cash Flow</b>	<u>\$ 4,110</u>	<u>\$ (1,386)</u>

## Non-GAAP Reconciliations - Segments

Segment EBITDA and Segment EBITDA Margin  
Wireless

(dollars in millions)								
Unaudited	3 Months Ended 6/30/15	3 Months Ended 9/30/15	3 Months Ended 12/31/15	3 Months Ended 3/31/16	3 Months Ended 6/30/16	3 Months Ended 9/30/16	3 Months Ended 12/31/16	3 Months Ended 3/31/17
<b>Operating Income</b>	\$ 7,696	\$ 7,668	\$ 6,799	\$ 7,880	\$ 8,017	\$ 7,647	\$ 6,309	\$ 7,076
Add Depreciation and amortization expense	2,225	2,260	2,305	2,293	2,282	2,287	2,321	2,338
<b>Segment EBITDA</b>	\$ 9,921	\$ 9,928	\$ 9,104	\$ 10,173	\$ 10,299	\$ 9,934	\$ 8,630	\$ 9,414
Total operating revenues	\$ 22,613	\$ 23,005	\$ 23,734	\$ 22,004	\$ 21,704	\$ 22,101	\$ 23,377	\$ 20,878
<b>Operating Income Margin</b>	34.0%	33.3%	28.6%	35.8%	36.9%	34.6%	27.0%	33.9%
<b>Segment EBITDA Margin</b>	43.9%	43.2%	38.4%	46.2%	47.5%	44.9%	36.9%	45.1%

## Wireline

(dollars in millions)								
Unaudited	3 Months Ended 6/30/15	3 Months Ended 9/30/15	3 Months Ended 12/31/15	3 Months Ended 3/31/16	3 Months Ended 6/30/16	3 Months Ended 9/30/16	3 Months Ended 12/31/16	3 Months Ended 3/31/17
<b>Operating Income (Loss)</b>	\$ (199)	\$ (109)	\$ 7	\$ (67)	\$ (463)	\$ 156	\$ 414	\$ 293
Add Depreciation and amortization expense	1,695	1,611	1,590	1,576	1,562	1,498	1,465	1,492
<b>Segment EBITDA</b>	\$ 1,496	\$ 1,502	\$ 1,597	\$ 1,509	\$ 1,099	\$ 1,654	\$ 1,879	\$ 1,785
Total operating revenues	\$ 8,013	\$ 7,967	\$ 8,064	\$ 7,923	\$ 7,823	\$ 7,787	\$ 7,812	\$ 7,876
<b>Operating Income (Loss) Margin</b>	(2.5)%	(1.4)%	0.1%	(0.8)%	(5.9)%	2.0%	5.3%	3.7%
<b>Segment EBITDA Margin</b>	18.7%	18.9%	19.8%	19.0%	14.0%	21.2%	24.1%	22.7%

## Wireline Operating Revenues Excluding Acquisition

(dollars in millions)			
Unaudited	3 Months Ended 3/31/16	3 Months Ended 3/31/17	
<b>Wireline Operating Revenues</b>	\$ 7,923	\$ 7,876	
Less Wireline operating revenues from Acquisition	-	207	
<b>Wireline Operating Revenues Excluding Acquisition</b>	\$ 7,923	\$ 7,669	
Year over Year Change		(3.2)%	

## Enterprise Solutions Revenues Excluding Acquisition

(dollars in millions)			
Unaudited	3 Months Ended 3/31/16	3 Months Ended 3/31/17	
<b>Enterprise Solutions Revenues</b>	\$ 2,501	\$ 2,466	
Less Enterprise Solutions Revenues from Acquisition	-	73	
<b>Enterprise Solutions Revenues Excluding Acquisition</b>	\$ 2,501	\$ 2,393	
Year over Year Change		(4.3)%	

## Enterprise Solutions Constant Currency Growth Rate

(dollars in millions)				
3 Months Ending March 31, 2017	<b>Reported</b>		<b>Constant Currency</b>	
Unaudited	Revenues	Growth Rate	Revenues	Growth Rate
Enterprise Solutions Revenues Excluding Acquisition	\$ 2,393	(4.3)%	\$ 2,407	(3.7)%