Client Id: 77

THOMSON REUTERS STREETEVENTS

EDITED TRANSCRIPT

VZ - Q1 2017 Verizon Communications Inc Earnings Call

EVENT DATE/TIME: APRIL 20, 2017 / 12:30PM GMT

OVERVIEW:

Co. reported 1Q17 GAAP EPS of $0.84.

©2017 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

Client Id: 77

CORPORATE PARTICIPANTS

Matt Ellis *Verizon Communications Inc. - CFO and EVP*

Michael Stefanski *Verizon Communications Inc. - SVP of IR*

CONFERENCE CALL PARTICIPANTS

Amir Rozwadowski *Barclays PLC, Research Division - Director and Senior Research Analyst*

Brett Feldman *Goldman Sachs Group Inc., Research Division - Equity Analyst*

Craig Moffett *MoffettNathanson LLC - Co-Founder, Partner and Senior Research Analyst*

David Barden *BofA Merrill Lynch, Research Division - MD*

Jennifer Fritzsche *Wells Fargo Securities, LLC, Research Division - MD and Senior Analyst*

John Hodulik *UBS Investment Bank, Research Division - MD, Sector Head of the United States Communications Group, and Telco and Pay TV Analyst*

Mike Rollins *Citigroup Inc, Research Division - MD and U.S. Telecoms Analyst*

Mike McCormack *Jefferies LLC, Research Division - Equity Analyst*

Philip Cusick *JP Morgan Chase & Co, Research Division - MD and Senior Analyst*

Simon Flannery *Morgan Stanley, Research Division - MD*

Tim Horan *Oppenheimer & Co. Inc., Research Division - MD and Senior Analyst*

PRESENTATION

Operator

Good morning, and welcome to the Verizon First Quarter 2017 Earnings Conference Call. (Operator Instructions) Today's conference is being recorded. If you have any objections, you may disconnect at this time.

It is now my pleasure to turn the call over to your host, Mr. Michael Stefanski, Senior Vice President, Investor Relations.

Michael Stefanski - *Verizon Communications Inc. - SVP of IR*

Thanks, Eunice. Good morning, and welcome to our first quarter earnings conference call. This is Mike Stefanski, and I'm here with Matt Ellis, our Executive Vice President and Chief Financial Officer.

As a reminder, our earnings release, financial and operating information and the presentation slides are available on the Investor Relations website. A replay and a transcript of this call will also be made available on our website.

Before I get started, I would like to draw your attention to our safe harbor statement on Slide 2. Information in this presentation contains statements about expected future events and financial results that are forward-looking and subject to risks and uncertainties. Discussion of factors that may affect future results is contained in Verizon's filings with the SEC, which are available on our website.

This presentation contains certain non-GAAP financial measures. Reconciliations of these non-GAAP measures to the most directly comparable GAAP measures are included in the financial materials we have posted on our website. The quarterly growth rates disclosed in our presentation slides and during our formal remarks are on a year-over-year basis, unless otherwise noted as sequential.

©2017 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

Client Id: 77

Before Matt goes through the results, I'd like to highlight a few items. For the first quarter of 2017, we reported earnings of $0.84 per share on a GAAP basis, which included about $0.02 of earnings pressure, primarily related to recent business acquisitions. These reported results include a few nonoperational items that I would like to highlight.

Our reported first quarter earnings include a pretax early debt redemption charge of about $850 million and a noncash pretax gain on a spectrum license transaction of roughly $125 million. The net impact of these items after tax was approximately $435 million, or $0.11 per share. Excluding the effect of these nonoperational items, adjusted earnings per share was $0.95 in the first quarter compared to $1.06 a year ago.

Recall that our first quarter 2016 adjusted EPS included $0.10 of earnings related to the 3 Wireline properties that we sold to Frontier. During the first quarter, we reorganized the customer groups within the Wireline segment. On April 11, we released unaudited historical results recast for the 4 customer groups, including Verizon Business Markets, a new group that consist of U.S.-based small- and medium-sized businesses, state and local governments and educational institutions. This new group was formed to increase the focus on these markets. The historical total segment revenues remain unchanged from previously reported results. As a reminder, we are still subject to the FCC anti-collusion rules related to the spectrum auction, so we'll not be able to answer spectrum-related questions.

With that, I'll now turn the call over to Matt.

Matt Ellis - *Verizon Communications Inc. - CFO and EVP*

Thanks, Mike. Good morning to everyone on the call, and thank you for joining us today.

As outlined in our earnings call in January, our priorities for 2017 are to leverage our network leadership, retain and grow our high-quality customer base while balancing profitability, enhance the ecosystems in media and telematics, and drive monetization of these networks and solutions. We are executing against these priorities, while positioning the business for the long term as we progress through 2017.

The first quarter of 2017 proved to be a very active quarter for us. First, we extended our network leadership as recognized by third-party testing results. Second, we launched an introductory unlimited wireless data plan to address evolving customer demand in a highly competitive environment. Third, we realigned our operating teams to enable business agility to deliver new products and next-generation services.

Verizon's core strength and the foundation of our future success in a connected world starts with the network, and we have enhanced our track record of U.S. industry leadership. We are consistently investing in our network to extend our leadership in both 4G and 5G. We also closed the acquisition of XO Communications fiber assets in the quarter.

Our uncompromising commitment to our customers led to the launch of an introductory unlimited offering in the quarter. This measured approach in a competitive and highly penetrated wireless phone environment was positively received by both the consumer market and, more importantly, our existing customer base. Our competitive unlimited offer, coupled with network strength and reliability, allows us to attract, retain and grow high-value customer relationships across our entire business.

At the end of the first quarter, we announced the realignment of our operating teams to facilitate organizational agility in wireless and fiber market, to scale and expand our media and telematics businesses and to maintain leadership in network reliability and new technology. These changes do not affect our segment reporting. We are confident in our strategy and priorities to provide the Best Network experience in the U.S., create long-lasting customer relationships and identify growth opportunities in new businesses. Executing these strategies will enable us to continue to deliver returns on our investments and drive long-term value for our shareholders.

Let's review the first quarter operating performance at the consolidated level, followed by Wireless and Wireline results, media and telematics progress and the network technology update.

Now on to Slide 6. On a comparable basis, excluding divestitures and acquisitions in the period, consolidated revenue declined approximately 4.5%. The primary driver was the decrease in wireless service revenue resulting from the migration to the new pricing structures introduced over

©2017 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

the past 9 months and the ongoing transition of the base to unsubsidized pricing. These pricing moves have been positively received in the marketplace. On a consolidated basis, excluding nonoperational items, first quarter adjusted EBITDA margin was 37.3%, which was slightly higher year-over-year due to steady improvement in operating efficiencies and cost management.

Let's turn now to cash flows and the balance sheet on Slide 7. We are generating substantial cash flows from our operating segments. Cash flow from operations is $1.7 billion, which included discretionary pension contributions of $3.4 billion. Additionally, our ongoing asset-backed securitization program provided $1.3 billion in the quarter, which flows through the financing section of the cash flow statement. The discretionary pension contributions are net present value positive on an after-tax basis given the reduction in our variable-rate PBGC premiums and the expected net return on planned assets. As a result of these contributions, our mandatory pension funding through 2020 is expected to be minimal, which will benefit future cash flows and improve the funded status of our qualified pension plans. Also the rating agencies view debt-funded pension contributions as neutral to credit rating metrics.

Consistent with our capital allocation priorities, we are investing in our networks. Our capital expenditures were $3.1 billion in the quarter, and we expect capital spending for the year to be within our 2017 guided range.

Our balance sheet is strong and provides us the financial flexibility to grow the business. We ended the quarter with $116.5 billion of total debt, which was comprised of $110.2 billion of unsecured debt and $6.3 billion of on-balance-sheet securitizations.

During the quarter, we completed multiple capital market transactions, including new debt issuances to fund the discretionary pension contributions, the acquisition of XO and to prefund the acquisition of Yahoo! These transactions included a $3.1 billion tender offer and a $9.0 billion debt exchange, which reduced future cash interest costs and extended maturities. We remain on track to return to our pre-Vodafone credit rating profile by the 2018 to 2019 time frame.

Now let's move into reviews of the operating segments starting with Wireless and the impact of unlimited on Slide 8. In our Wireless business, we have extended our network leadership position, while balancing operational performance in a competitive environment. Verizon is the U.S. market leader across high-value postpaid phone customers, and we have consistently stated that our top priority is protecting our base to build on our customer relationships into the future.

During the first quarter, we made a disciplined decision to launch an unlimited offering, so let's spend a few minutes on the factors leading to our decision. As discussed on the last earnings call, we launched wireless plans in mid-2016 that offered safety mode and carryover data, reducing overage charges. Since the launch, the U.S. wireless phone market experienced greater competition with unlimited plans from other carriers. We chose to compete using equipment promotions during that time, while we evaluated different service pricing options, including unlimited. At the start of 2017, competitive intensity escalated, resulting in loss of gross add share and an uptick in churn pressure, so we determined that the timing was right for the introduction of an unlimited option at the high end of our existing plans.

We are confident in our network capability to efficiently manage the expected usage growth from unlimited because we have invested in technology, architecture and densification. Our early network performance is consistent with our high quality of service expectations and within the current network plan.

The customer response to the launch was favorable as evidenced by an immediate improvement in subscriber activity in the second half of the quarter. In the quarter, in which we added 49,000 smartphones, our phone net adds had 2 distinct trajectories. Prior to an unlimited launch, we had retail postpaid phone net losses of 398,000 customers. After the launch, we added 109,000 retail postpaid phone customers, which gives us momentum entering the second quarter. Overall, in the first quarter, we lost 307,000 postpaid customers consisting of phone losses of 289,000 and tablet losses of 255,000, offset by other connected devices. We introduced the unlimited offering primarily to protect our high-quality base, and we achieved the desired impact as retail phone churn improved after the launch and was less than 0.9% for the eighth consecutive quarter despite heightened competition in the marketplace. Total retail postpaid churn of 1.15% increased year-over-year due to higher tablet churn, which is expected to remain elevated throughout the year as customers roll off of free tablet promotions from prior years. Total postpaid device activations were down almost 9% over the prior year, of which about 82% were phones. In a seasonally soft quarter, we had 5.2% of our retail postpaid base upgrade to a new device, down from 5.8% last year.

©2017 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

During the quarter, 5.7 million phones were activated on device payment plans. While we made progress in the prepaid market, this remains an area of opportunity for us as prepaid devices declined by 17,000 in the quarter as compared to a decline of 177,000 in the prior year.

Let's turn to Slide 9 and take a closer look at wireless revenue and profitability. Total wireless operating revenue declined 5.1% in the first quarter. We experienced a change in the service revenue trend, which had been improving sequentially. Service revenue declined 6.1% year-over-year compared to the 4.9% decrease in the previous quarter. The service revenue pressure was a result of decreased overage revenue, lower postpaid customers in the quarter and promotional activity.

Overage pressure was primarily related to the ongoing migration to the pricing plans implemented last year and the introduction of unlimited offerings. As expected, optimizers who benefit the most from stepping down in price, primarily single-line users, were the early adopters of these plans.

We believe this revenue trend will persist through the first half of the year, but remain confident that these plans will be ARPA neutral over time, as more users step up in price, which is already taking place. New customer accounts added after the unlimited launch on average had higher account access fees. While we absorb overages in the near term, we expect that the increase in account access fees will replace overages over time.

Equipment revenue decreased 4.8% in the first quarter. Sequentially, the percentage of phone activations on device payment plan remained steady at approximately 76% in the first quarter compared with about 77% in the fourth quarter. We expect the second quarter device payment plan take rate to remain consistent. At the end of the quarter, approximately 48% of our postpaid phone customers had a device payment plan, while about 71% were on unsubsidized pricing.

Our wireless EBITDA margin, as a percent of total revenue, was 45.1%, which was down due to the service revenue trend and the increased advertising activity associated with the unlimited plan launch.

Let's move next to our Wireline segment on Slide 10. At the beginning of February, we completed the acquisition of XO Communications, which contributed revenue to enterprise solutions, partner solutions and business markets for about 1/2 of the quarter. Excluding XO, Wireline segment revenues maintained recent trends, declining 3.2%. Consumer markets revenue increased 0.7%, which was driven by favorable pricing, partially offset by lower customer demand.

In FiOS Internet, we added 35,000 customers for the quarter. Over 22% of our broadband customers are on plans with speeds of 100 megabits per second or more. FiOS Video losses of 13,000 in the quarter were indicative of softer demand for linear video due to the increase in over-the-top offerings, mobile video consumption and competitive promotional offers, particularly in the New York market.

On an organic basis, enterprise solutions revenue declined 4.3% in the quarter as a result of pricing pressure in the market. On a constant currency basis, this decline was 3.7%. The customer migration from legacy services, such as voice to advance communications products, is generating a revenue headwind in the near term, while increasing customer satisfaction and decreasing serving cost over the long term.

Wireline segment EBITDA margin increased to 22.7% for the quarter, up from 19.0% last year. Tight cost controls, plus the impact of last year's renegotiated labor contracts, improved profitability. We expect full year improvements in margins with seasonal fluctuations throughout the year.

Let's move next to Slide 11 to discuss our progress in new businesses. In our media business, AOL continues to deliver solid seasonal performance with growth in gross revenue. Revenue, net of traffic acquisition costs, decreased about 4%, driven by a higher percentage of programmatic advertising. Along with our content assets, AOL's ad-tech capabilities have enabled us to provide unique content across multiple platforms. We have assembled video platforms to leverage the growing customer demand for digital media. Our targeted content pillars focusing on news, sports, finance and lifestyle are already increasing in viewership. To provide the necessary scale to effectively leverage these assets, we are looking forward to combining AOL and Yahoo! and operating the combined businesses under the Oath brand. We are actively working on integration streams with Yahoo! to ensure a smooth consolidation when the transaction closes, which is expected during the second quarter.

©2017 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

Client Id: 77

Consistent with past quarters, digital video consumption on the go90 app maintained an average daily usage of about 30 minutes per viewer, with less than 20% of the app traffic served on the Verizon Wireless network. During the quarter, the app was updated to improve the user interface, increase content discovery and enhance the programming and advertising capabilities.

In the telematics business, we are quickly integrating the Fleetmatics and Telogis acquisitions. With these assets, we are the global market share leader and are looking to expand our offerings in this space. Total telematics revenue was $214 million in the first quarter. Organically, IoT revenue, including telematics, was up approximately 17% in the first quarter.

Let's move next to Slide 12 to discuss network and technology. We consistently invest in our networks to ensure that overall quality and capacity remains ahead of demand. Capital spending of $3.1 billion in the quarter was largely network-related to maintain leadership in our markets. Fiber is a critical component of our network strategy and next-generation deployments as demonstrated by the success of our densification initiative. Earlier this week, we announced a strategic agreement with Corning with whom we have a long relationship to supply optical fiber and hardware solutions of at least $1.05 billion from 2018 to 2020. This investment ensures that we have adequate supply of fiber.

In the first quarter, LTE data traffic increased 57% over the prior year. While still early in the cycle, the increased data traffic resulting from unlimited is in line with our expectations, and network management tools have been effective. We are committed to remaining the largest and most reliable 4G network through technological developments in LTE, deploying small cells and refarming mid-band spectrum. As part of the densification, we are deepening our fiber assets, enhanced by the XO transaction. As previously announced, we are launching 11 pre-commercial 5G fixed wireless pilots during the second quarter, and we look forward to sharing the results later in the year.

Let's move next to Slide 13 to review our strategy for future growth. Our long-term growth model is to lead in network, expand our customer relationships and develop new businesses in media and telematics. While executing on our strategy and positioning for future growth, in the quarter, we listened to our customers, evaluated the marketplace and launched an unlimited offering in order to retain and grow our high-quality customer relationships. We realigned our operating teams to increase business agility to deliver new products and next-generation services, and develop new ecosystems in media and telematics in order to monetize the rising data traffic on our network. Overall, we are confident in our strategy and ability to execute, and deliver long-term value to our customers, partners and shareholders.

With that, I will turn the call back to Mike, so we can get to your questions.

Michael Stefanski - *Verizon Communications Inc. - SVP of IR*

Thank you, Matt. Eunice, we're now ready to take questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Your first question comes from Brett Feldman of Goldman Sachs.

Brett Feldman - *Goldman Sachs Group Inc., Research Division - Equity Analyst*

So Matt, you were talking about fiber and during his media appearances this week, Lowell noted that the company does, in fact, have a pretty strong interest in adding more fiber to the network and even indicated that this could potentially be achieved through M&A. And when noting that he said, "Yes, you know, there's never really a perfect fit in terms of architecture." And so my question is what type of architecture are you looking to add to the network that you have today? And is it reasonable to assume that the choice you have to make is to either do this organically through higher levels of capital investment or to do it inorganically through acquisitions, which could potentially result in the company operating at higher leverage for longer than we had expected?

©2017 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

Client Id: 77

Matt Ellis - *Verizon Communications Inc. - CFO and EVP*

Thanks, Brett. Yes, so I think if you look at what Lowell said earlier in the week, as we look at the network -- and it's consistent with what we've been saying for over a year since we announced the fiber initiative in Boston, that as we look at the networks of the future, they're going to be built with a lot of fiber deep into the network and that network is going to be built for multiuse cases, not for a single-use case. So it's going to deliver consumer to the home applications, it's going to deliver small business applications, it's going to light up enterprise buildings and it's also going to deliver smart cities and IoT solutions, too. So as we think about how you build that network out, you're going to need fiber that's not out there today, which is one of the reasons we had the announcement earlier this week to make sure that we have access to the physical fiber as we start to deploy it more in places like Boston around the country. Now as you say, the architecture doesn't exist today in terms of what we could acquire. So there's options here. We can go out and we can build that fiber as we're doing in Boston. And we also look at every way that we get access to that fiber. That's what it's critically about, it's getting access to the fiber we need to deliver the solutions that we're looking to do, and there's multiple ways we can get there. So depending on the location, that may mean us building the fiber network. If there's great assets already in place and there's the opportunity to acquire them at a good price, then we would certainly look to do that. And then there's also other ways to work with partners through leasing and other arrangements, where we don't have to build or outright buy. So we look at all those opportunities as to how we get access to that fiber that we need to build the network of the future and provide the solutions that our customers are going to want as we go forward. So as you say, we could do that organically and inorganically. We're very comfortable and confident in the assets we have and adding on to them ourselves. But if the right opportunity came along, we would look at that. And I think we've been fairly consistent about doing that. And we've also been consistent about the impact on the balance sheet. We believe in a strong balance sheet. But if the right acquisition comes along that allows us to add shareholder value in the long run, and it's the right thing for shareholders and all stakeholders in our business, we'd look at doing that, but we'd do it in a way that certainly reflected the need to have a strong balance sheet.

Brett Feldman - *Goldman Sachs Group Inc., Research Division - Equity Analyst*

And just a quick follow-up. I mean, is it fair to assume that if the choice was to do it organically, it does require higher levels of capital investment? Because if the answer is no, then I guess the follow-up to that one would be, what would ultimately make an acquisition attractive? Is it really just speed to market?

Matt Ellis - *Verizon Communications Inc. - CFO and EVP*

Yes, there's a number of different aspects to it that would make it attractive, speed to market, the quality of the asset that's there, and we look at all those things. But ultimately, if we have to build it ourselves, we're comfortable doing so. And we think we can do that relatively within our investment plans.

Operator

Your next question comes from Mike Rollins of Citigroup.

Mike Rollins - *Citigroup Inc, Research Division - MD and U.S. Telecoms Analyst*

Two, if I could. One, on the net add disclosure around the over 100,000 net adds since the launch of unlimited, given the seasonality that exists in the first quarter, can you compare that to year-ago period and give us a sense of how net adds performed since unlimited relative to what it was last year over the same time frame?

And then secondly, as you look at building small cells, I was wondering if you could put the fiber deal into context in terms of how many small cells that could give Verizon. And then how long does it take to build that? I know it's a 3-year deal that got announced, but what's the pace that investors should be thinking about in terms of how many small cells Verizon can deploy in a 12-month period?

©2017 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

Client Id: 77

Matt Ellis - *Verizon Communications Inc. - CFO and EVP*

Yes. So Mike, thank you for the questions. So I'll start with your first one. We really don't break out the quarter typically in terms of the net add numbers and so -- but when you look at year-over-year, what you're really looking at here is the impact of going to the unlimited and really giving our customers the functionality that they're looking for. And that was a decision we made and you saw an immediate impact in our business. And we certainly do look at the month-by-month. And I can tell you that this isn't a seasonality in the first quarter. The change we saw in the first quarter between the 398,000 negative number through the first half and then the positive 109,000 in the second half was all about the response to unlimited as opposed to any significant seasonality in the quarter. And then in terms of your second question on small cells, so the fiber deal isn't just about building small cells. Obviously, we will build small cells with this, but there'll be other use cases as we go out. So we're not in a position today to say the number of small cells that we will light up with this fiber agreement with Corning. I can tell you, we will continue to build the best-performing wireless network across the country, and we'll use small cells. We'll use new technologies in LTE and moving into 5G to do that. And this fiber will help us to do that.

Operator

Your next question comes from John Hodulik of UBS.

John Hodulik - *UBS Investment Bank, Research Division - MD, Sector Head of the United States Communications Group, and Telco and Pay TV Analyst*

Matt, just a couple of questions on sort of the financials. First, on the wireless side. Postpaid ARPA was down 5.8%, definitely a change in trend, as you mentioned. Could you talk about the impact unlimited had? And the fact that it being -- that move happening mid-quarter, should we expect that trend to worsen from here? Or do you think you've gotten most of the spin downs out of the way?

And then secondly, in terms of the guidance, you kept the guidance for the year that you had despite revenues being down, sort of 4.5% in earnings being down about 10%. Can you talk a little bit about some of the sort of the drivers to getting back to sort of flat on both of those metrics for the year?

Matt Ellis - *Verizon Communications Inc. - CFO and EVP*

Yes. Thanks for the questions, John. So I'll start with your first one around wireless revenues and the ARPA decline. So as I look through the quarter and see what happened in the wireless revenues, we have the continuation of the migration of the base to unsubsidized pricing. But in addition to that, what we also saw was a reduction in overage revenues. And this really was as much about the continuation of people migrating to the plans we launched last summer with safety mode and rollover data as it was about unlimited. We've seen a good amount of our base already roll over to those plans, where the overage starts to decline. And as we go forward, we should expect to see that continue in the second quarter. And then we expect we'll see the trend in wireless service revenue start to improve in the second half of the year. So we do think you'll see another quarter of some pressure in wireless ARPA before we see it head up again. And look, the other piece it's in the wireless numbers is when we -- we were down close to 400,000 net adds in the first part of the quarter, that's -- those were revenues that we didn't bill in the second half of the quarter. But we saw the reversal in those trends and look forward to that piece continuing. So on the guide, if I go back to the guide real quickly, what we said is on organic basis, we'll be fairly consistent. So when you look at the first quarter, a year ago it was $1.06 and that included about $0.10 from the assets we sold to Frontier. This year, we had $0.95. And as Mike mentioned, there's about $0.02 of pressure in there from the acquisitions. So I think we're in line there. From a revenue standpoint, they're down 4.5% on an organic basis year-over-year. As I said, the service revenue we expect to improve in the trajectory in the second half of the year. The big thing around the revenue for the year is going to be equipment revenue. As we've gone to the unsubsidized pricing, we recognize that equipment revenue at the time of the activation of the handset. We'll see what happens in the back half of the year. We'll see the new devices that come to market. We'll see how the holiday season goes. And that will be a key driver of getting to that revenue target.

©2017 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

Client Id: 77

Operator

Your next question comes from Simon Flannery of Morgan Stanley.

Simon Flannery - *Morgan Stanley, Research Division - MD*

I wonder, Matt, if you could just talk a little bit more about capital spending for the year. You've obviously talked a lot about densification, so forth, the range is quite wide? You reiterated that today. Your wireless was quite light this quarter. And so how should we think about mid-range, low end, high end and the trajectory through the year?

And we were certainly getting a lot of questions about your Corning deal. $1 billion is a big contract. But I think Lowell was making the point that, that's consistent with your overall capital spending needs. So is this something where it's consistent with the kind of spending you're expecting or have been doing and continue to do? Or is this a real step-up in your fiber spending?

Matt Ellis - *Verizon Communications Inc. - CFO and EVP*

Thanks, Simon. So on the last question, the Corning deal, so as you say, $1 billion over 3 years. It's certainly not a small number. But when you look within the overall context of our capital spend, it certainly fits in there. So as we go and build out fiber assets, I think you'll see us do that within our total capital spend. Yes, you will see us spend more on fiber as we go forward. But historically, you've seen moves within our capital spend between different components. So this increase in the fiber spend will be offset by reductions in other areas, and that's the trend you've seen consistently for us. In terms of capital spend for the year, the first quarter was certainly a lower quarter than we sometimes see. But the first quarter is often a low capital spend quarter for us, so there's -- that's about where we expected it to come in. In terms of the guide for the year, it's too early in the year to say exactly where we'll be in that range. I'm confident we'll be in that range. And as we go through the year, we'll provide more insight into where we think we'll end up.

Operator

Your next question comes from David Barden of Bank of America Merrill Lynch.

David Barden - *BofA Merrill Lynch, Research Division - MD*

I guess a couple, if I could. Just first one, could you be more specific with respect to exactly what XO Communications contributed in revenue in EBITDA terms to the Wireline businesses for the 2 months that it did in the quarter?

And then also, Matt, it looks like taxes were actually a source of cash this quarter, but we are expecting cash tax outflows for the year. Could you kind of elaborate a little bit on that?

And then I guess just lastly, just a housekeeping question. I guess, based on the comments you made about the kind of exit rate for subscriber additions in 1Q, should we be extrapolating that kind of run rate performance into 2Q and the rest of the year?

Matt Ellis - *Verizon Communications Inc. - CFO and EVP*

Yes. So on XO Communications, I would say you'd see nominal impact on the -- at the earnings level from that transaction in the course of the quarter.

©2017 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

Your question around cash taxes, what you're seeing there is, as you say, it's -- the first quarter is typically light from a cash taxes standpoint just because of the timing of when payments are due. As you go through the year, previously, we had said that cash taxes would converge closer with the ETR rate. Because of some of the activity we had in the quarter with the discretionary pension contribution and the liability management activity, cash taxes will now actually come in at a lower rate than the ETR for the year. So that's an improvement to the cash expectation for the year.

From an exit rate of the first quarter, it's too soon to say just purely extrapolate that number out. But certainly, we're very confident that the offering has resonated very strongly with the base, both in terms of improvements in churn and also an uptick in gross adds. We continue to see that. The rest of the quarter will play out based off of new devices that hit the market and then also the competitive response, especially as we head into Mother's Day and then the dad's and grads period in June. So -- but we do look forward to a better trajectory from the business with an offer out there that is certainly resonating with customers.

Operator

Your next question comes from Philip Cusick of JPMorgan.

Philip Cusick - *JP Morgan Chase & Co, Research Division - MD and Senior Analyst*

One sort of short one and maybe one longer. First, churn in handsets remains below 0.9%, but it sure looks like it was up a lot year-over-year. Or was the problem in the first 6 weeks of the year much more gross add-driven and not really a churn problem?

And then second, and it sounds like Lowell is not on, but I thought the CNBC interview went really well and explained the fiber densification and 5G plan. But were his Bloomberg comments really -- they were confusing. And I think they confused a lot of investors. Were they misconstrued? Or did he really open the door on deals like Disney, CBS and Comcast? And if so, what's changed since he clearly shot down speculation of interest in CBS in December?

Matt Ellis - *Verizon Communications Inc. - CFO and EVP*

Thanks, Phil. So on the churn question, I think it's, as you say, the first half of the quarter, we did see an uptick in churn. And then we saw it come back down in the second half with the response to unlimited. Look, we had a lot of customers in the base who love being on the Verizon network and the performance they get. But certainly, managing their data was a pain point. It was another thing to deal with in their lives. And so they were -- there was some interest from the unlimited functionality. And as other people were offering that, we saw some people choose to make that tradeoff between quality of network and not having to manage their data. And so as soon as we went to the unlimited offering and we gave people the option on not having to make a tradeoff, they could have unlimited data and be on the Best Network, we saw an immediate improvement in the churn number, where our base is saying, "This is where we want to be." And we've certainly seen that continue as we head into the second quarter.

Now your second question, so okay, there's a -- there's obviously been a lot over the past 24 hours around this, but let's break this down. Lowell was asked a question in an interview about if a certain company called and wanted to talk, would he take that meeting. And he responded, "Sure, we'd take that meeting." And a need for emphasis, he added on just like if a couple of other companies called, we'd take the same meeting. What this really comes down to and is consistent with what he said on the CNBC interview was, we're looking at how we execute our strategy. We're confident in executing our strategy organically. But if there's the right opportunity out there to accelerate the strategy inorganically in a way that adds shareholder value, we're always looking at those opportunities. But I think the story was a little taken out of context. He was answering a question about if somebody called, would we take the call and would we have a conversation with them. Of course, we would. But we're also very confident with the assets we have and the plans we have of developing the business in an organic fashion as well and generating shareholder value.

©2017 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

Client Id: 77

Operator

Your next question comes from Craig Moffett of MoffettNathanson.

Craig Moffett - *MoffettNathanson LLC - Co-Founder, Partner and Senior Research Analyst*

So I know you're going to get tired of trying to be asked all these same questions the same way, but if I take your -- the answer that you just gave describing the situation with respect to M&A, is that to say that the status quo of your network densification strategy, do you view that as a sufficient solution then? And do you have confidence that, that sort of re-leads Verizon to a network superiority position?

And then lastly, if you could just comment on -- you talked about the momentum into the second quarter. Could you comment on whether you think the dynamics of the -- as we enter the second quarter are actually a bit better? Sprint has moved off of its -- some of its most aggressive promotions. Do you think that the competitive intensity has moderated even a little bit? Or are we still in that same bad cycle that we were in, in Q1?

Matt Ellis - *Verizon Communications Inc. - CFO and EVP*

Yes. So I'll take your first question there. Look, you mentioned -- you made the comment there, Craig, about re-lead in network superiority. That would imply that at some point that we didn't -- we've given up the lead in network superiority, and that clearly hasn't happened. You can look in any of the third-party results of the testing they do over the past year, and you can see, if anything, we've widened the lead. So network superiority will continue to be at the forefront of what we do. We're very confident that customers value that. And we're very confident that we will lead as we move into 5G, we'll have that network out there first, have customer offerings around that technology out there first, and that will give us an opportunity to work to continue to expand the business just like we have with previous generations of technology.

In terms of your dynamics in the second quarter in the marketplace, look, we'll have to wait and see. Right now, we're very happy with how the customer base is responding to the offers that we have out there. We'll have to see what the competition does. And we will continue to be competitive in the marketplace, but we will do that in a disciplined fashion and we'll see how the quarter plays out.

Operator

Your next question comes from Jennifer Fritzsche of Wells Fargo.

Jennifer Fritzsche - *Wells Fargo Securities, LLC, Research Division - MD and Senior Analyst*

Just on the follow-up question about network superiority. That's true, every third-party report seems to have Verizon by a wide lead ahead, but -- which leads to the question about spectrum. I realize you can't comment on the most recent auction. But can you just talk, Matt, in general, how comfortable you are with your spectrum position as you sit now? And then for the 11 markets, can you comment on what spectrum you'll be using for that last mile of the 5G?

Matt Ellis - *Verizon Communications Inc. - CFO and EVP*

Yes, Jennifer. So for the 5G trials that we're doing, we're using the 28-gigahertz spectrum that we have the right to use as part of the arrangement we have with XO.

In terms of your broader question about our spectrum position, we're very confident in it. Approximately 50% of our current spectrum holdings are delivering our 5G network today. So we have significant opportunity to -- sorry, of our 4G usage today. We have significant opportunities to continue to grow within the spectrum holdings that we currently have. We're refarming spectrum as we've talked about for a while. We still have

©2017 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

Client Id: 77

the AWS-3 spectrum. And then on-license will come into the portfolio as go forward, too. In addition to using spectrum, though, the way the spectrum is used continues to get more efficient based off of the network architecture and advancements in the technology. LTE Advanced, we've talked a lot about. There continues to be additions to that. And so as we look forward, we're very confident that we have the spectrum we need to continue to deliver the best-in-class 4G experience.

Jennifer Fritzsche - *Wells Fargo Securities, LLC, Research Division - MD and Senior Analyst*

And Matt, if I may, just one quick follow-up. So nothing you've seen since late February with the usage that's come from unlimited. It seems like that nothing has changed in terms of the need for more spectrum. It's just would be consistent with what your prior comments were.

Matt Ellis - *Verizon Communications Inc. - CFO and EVP*

Yes, we saw -- we obviously saw an uptick in usage, but it was as expected. One of the reasons we waited until February to launch unlimited was we said to ourselves, if we're ever going to do unlimited, we are not going to do it at the expense of the core brand promise, which is the network performance. And so we spent a lot of time in the back half of last year asking ourselves, is the network ready for unlimited. We did a lot of testing around the network. And so we concluded that the network was ready for that. What we've seen since we launched from a usage standpoint, and it's been in line with our expectations. The other important thing, of course, is when we launched it, we gave ourselves the opportunity to network manage when a user goes past 22 gigs. And so that's an important point in managing the network in an unlimited world. And so we're very comfortable with the experience we've seen so far.

Operator

Your next question comes from Mike McCormack of Jefferies.

Mike McCormack - *Jefferies LLC, Research Division - Equity Analyst*

Matt, just maybe a comment on the margin trade-off of the ARPA changes that we've seen. A lot of promotional activity, and you guys have done some yourself there, that sort of versus the lower volumes that we're seeing out there. And I guess just trying to get a sense for whether or not wireless margins have sort of seen their peak, if you will.

And then with respect to the sub losses, unlimited obviously had a positive impact. But it just seems like network quality is no longer resonating with consumers. I'm just trying to get a sense for how you guys think about differentiating against the peers going forward other than just the simple rate card.

Matt Ellis - *Verizon Communications Inc. - CFO and EVP*

Yes. So on your last comment around network quality resonating, I would say that I completely disagree with that statement. We know from talking with our customers that network quality matters, that they value the quality of our network. The fact that they have the reliability to get on the network and stay on the network no matter what they're doing or where they are is tremendously important to them. And that shows up in the churn rate that we have coming in below 0.9% for 8 quarters in a row and, certainly, the improvement we saw there post launch. So this narrative that network no longer matters, I think we completely disagree with. And I think that shows up in the numbers and the results that we show.

In terms of the margin trade-off, I think, look, when you look in there into the ARPA decline, this is a continuation of the decline because we're breaking apart the service revenue and the handset revenue. When you look at the I-ARPA number, which is really the billings we give the customer every month, that includes the handset billing. That's still up year-over-year. So we feel -- we continue to feel good about that trajectory. And as you think about our move to unlimited, we did it in a way where we added the functionality, but it wasn't a price reduction. We think that this offer will be ARPA neutral over time, will initially see the impact of optimizers. And we'll also see the impact of reduced overage, but we also have the

©2017 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

ability for customers to come on the network on a metered plan and then step up over time. And even our base is stepping up from some of the lower-data buckets to get on unlimited. So there's some offsets there that, we think, means that unlimited is not going to be a reduction in ARPA. And this is why we say when we introduced it, we did so in a disciplined fashion, which is something you should expect to see from us as we go forward and respond to the marketplace.

Operator

Your next question comes from Amir Rozwadowski of Barclays.

Amir Rozwadowski - *Barclays PLC, Research Division - Director and Senior Research Analyst*

Building upon that last question, when you folks originally introduced your outlook for 2017, there was an expectation for a pushout in terms of the recovery or the growth of service revenues. Given where we are today, how should we think about the potential drivers for service revenue growth in future periods? You originally called the unlimited plan introductory. And I'm just trying to think about the different moving factors and where we could see that potential opportunity to drive service revenue growth in the future. Then I've just got one follow-up from here.

Matt Ellis - *Verizon Communications Inc. - CFO and EVP*

Okay. So on the trajectory, we still feel confident that we'll see an improvement in the wireless trajectory as we go through the year and a stronger overall result from year-over-year number versus last year. Now what we will see is, in the second quarter, we'll see a continuation of the impact of the optimizations, both to the customers that came on to the Verizon plan last summer and also on unlimited. But then at the back half of the year, we'll see the trend start to improve. And we are -- we continue to be confident that we'll see wireless service revenue get back to positive on a year-over-year basis during 2018. So I think the big thing as you look there, as we continue to keep pricing at the right levels, we have the opportunity to step customers up. And as we are more successful in adding customers in the marketplace, as we showed in the back half of the quarter, that gives us the opportunity to move those trends in the right direction.

Amir Rozwadowski - *Barclays PLC, Research Division - Director and Senior Research Analyst*

Great. And then one follow-up and -- to some of the prior commentary you made. You discussed this idea of longer-term shareholder value in the event some sort of opportune inorganic asset comes to market. What parameters do you sort of gauge that shareholder value by? I know you have remained committed to delevering the balance sheet to these pre-Vodafone levels during the 2018 and 2019 period. I was wondering, is there flexibility around that if the right asset was to present itself? Or any color you can provide around that would be most helpful.

Matt Ellis - *Verizon Communications Inc. - CFO and EVP*

Yes, absolutely. So I think there's been a little surprise by some comments we've made over the past few months around this. And really, internally, there was no change in how we viewed this. We certainly have the target to get back to that leverage ratios and credit metrics as we discussed. But we've always believed, and maybe it's just because we've said it more explicitly over the past few months, but look, if you give me 2 options, option a is I -- an opportunity comes up and I say, "No, I can't do it because it mean I couldn't hit that leverage target." Or option b is I do a transaction that allows me to accelerate the strategy of the company, improve my competitiveness in the marketplace and do it in a fashion that allows me to improve shareholder value versus the first option, but it means that I have to push out when I get back to those leverage targets, it's the right thing to do to do the second option. If it means we push out when we get to those targets because we have a great opportunity, we're going to do that. There's no change there. But I will say that we continue to be committed to a strong balance sheet, whether or not we have any inorganic activity.

©2017 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

Client Id: 77

Operator

And your last question comes from Tim Horan of Oppenheimer.

Tim Horan - *Oppenheimer & Co. Inc., Research Division - MD and Senior Analyst*

Matt, it seems like some of your competitors have really been aggressive on slashing OpEx and CapEx. And I know now you've had a little bit more time to look at Verizon what your competitors have done. I guess, do you have the ability to do this -- the same thing? And maybe a little color around this reorganization, what that kind of means in terms of expense reductions over time.

Matt Ellis - *Verizon Communications Inc. - CFO and EVP*

Yes. So I'd say they've been talking about these reductions in OpEx over the past year or 2. I think you've heard us talk about it for more years than that now. We continue to look at and manage the cost of the business down, and I think you see that in the results. You certainly can see it clearly in the results in the Wireline segment, for example. So we look at managing OpEx and reducing it, not as a program for a year or 2, but something we do every year. Every year, we have cost-reduction targets for each of the business units. And they diligently work on those and have a great track record of delivering them. As I think about CapEx, one of the great things about our business is we produce a significant amount of cash flow that allows us to continue to invest in the business. And we do that so that we position the business to be able to deliver products not for our customers just for today, but as we head into the future. Because of the nature of the business we're in, we're always looking at least 1 to 2 years out in terms of what we need. So we continue to do that and make sure that we're providing the connectivity solutions that our customers need as we go forward. However, saying that, we look at how we continue to get more efficient in that, and you'll see us continually do that. The cost to add capacity in the network continues to come down, and it comes down because of the things our network team has done for many years and how we work with the vendors in the space. So we don't make as much of a big deal about what we do to manage OpEx and CapEx efficiencies. But I can absolutely guarantee you, it's a key focus within the business and we have a great track record of fulfilling that.

In terms of the reorganization, I think, look, this is just an opportunity to make sure we stay focused on the key things to us, which is the network and continuing to build the network, not just the network of today, but the networks we need going forward, the focus on managing the customer base and growing the base, retaining the base and generating loyalty and then generating those new businesses, whether that be in the Media Co., telematics or the broader IoT space. So it's a -- it was really to make sure the organization is aligned with those strategic goals of the company.

Michael Stefanski - *Verizon Communications Inc. - SVP of IR*

Thank you for your questions. Before we end the call, I'd like to turn the call back to Matt for some closing comments.

Matt Ellis - *Verizon Communications Inc. - CFO and EVP*

Thanks, Mike. I'd like to close the call with a few key points. The first quarter showed our ability to compete effectively in a financially disciplined manner. We remain confident in our strategy and priorities, led by investing in our networks, creating platforms to further monetize data usage, maintaining a disciplined capital allocation model and creating value for our customers and shareholders. We are positioning the company for long-term growth. A key foundational element of our vision of the future is our strong network assets. Our strong networks will enable us to be at the center of this new connected world of people and things and give us the opportunity to participate globally in the advancing digital ecosystems. We look forward to the tremendous opportunity to leverage all of our assets and are confident in our ability to execute our strategy. Thank you for your time today.

©2017 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS

Client Id: 77

Operator

Ladies and gentlemen, this does conclude the conference call for today. Thank you for your participation and using Verizon Conference Services. You may now disconnect.

Editor

COMPANY DISCLAIMERS

Important Additional Information and Where to Find It

On April 10, 2017, Yahoo! Inc. ("Yahoo") filed with the Securities and Exchange Commission (the "SEC") Amendment No. 2 to the preliminary proxy statement regarding the proposed sale of Yahoo's operating business to Verizon Communications Inc. ("Verizon") and related transactions. Yahoo will file with the SEC a definitive version of the proxy statement, which will be sent or provided to Yahoo stockholders when available. The information contained in the preliminary proxy statement is not complete and may be changed. BEFORE MAKING ANY VOTING DECISION, YAHOO'S STOCKHOLDERS ARE STRONGLY ADVISED TO READ YAHOO'S PROXY STATEMENT IN ITS ENTIRETY (INCLUDING ANY AMENDMENTS OR SUPPLEMENTS THERETO WHEN THEY BECOME AVAILABLE) AND ANY OTHER DOCUMENTS FILED WITH THE SEC IN CONNECTION WITH THE PROPOSED TRANSACTIONS OR INCORPORATED BY REFERENCE THEREIN BECAUSE THEY CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTIONS. Investors and stockholders can obtain a free copy of Yahoo's proxy statement, any amendments or supplements to the proxy statement, and other documents filed by Yahoo with the SEC in connection with the proposed transactions for no charge at the SEC's website at www.sec.gov, on the Investor Relations page of Yahoo's website investor.yahoo.net or by writing to Investor Relations, Yahoo! Inc., 701 First Avenue, Sunnyvale, CA 94089.

Yahoo and its directors and executive officers, as well as Verizon and its directors and executive officers, may be deemed participants in the solicitation of proxies from Yahoo's investors and stockholders in connection with the proposed transactions. Information concerning the ownership of Yahoo securities by Yahoo's directors and executive officers is included in their SEC filings on Forms 3, 4 and 5, and additional information is also available in Yahoo's annual report on Form 10-K for the year ended December 31, 2016, as amended, and Yahoo's proxy statement for its 2016 annual meeting of stockholders filed with the SEC on May 23, 2016. Information about Verizon's directors and executive officers is set forth in Verizon's annual report on Form 10-K for the year ended December 31, 2016 and Verizon's proxy statement for its 2017 annual meeting of stockholders filed with the SEC on March 20, 2017. Information regarding Yahoo's directors, executive officers and other persons who may, under the rules of the SEC, be considered participants in the solicitation of proxies in connection with the proposed transactions, including their respective interests by security holdings or otherwise, also will be set forth in the definitive proxy statement relating to the proposed transactions when it is filed with the SEC. These documents may be obtained free of charge from the sources indicated above.

DISCLAIMER

Thomson Reuters reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON REUTERS OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2017, Thomson Reuters. All Rights Reserved.

©2017 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

THOMSON REUTERS