

Condensed Consolidated Statements of Income

(dollars in millions, except per share amounts)

| Unaudited | 3 Mos. Ended 6/30/17 | 3 Mos. Ended 6/30/16 | % Change | 6 Mos. Ended 6/30/17 | 6 Mos. Ended 6/30/16 | % Change |
|---------------------------------------------------------------------------------|-------------------------|-------------------------|---------------|-------------------------|-------------------------|---------------|
| Operating Revenues | | | | | | |
| Service revenues and other | \$ 26,250 | \$ 26,828 | (2.2) | \$ 52,300 | \$ 55,045 | (5.0) |
| Wireless equipment revenues | 4,298 | 3,704 | 16.0 | 8,062 | 7,658 | 5.3 |
| Total Operating Revenues | 30,548 | 30,532 | 0.1 | 60,362 | 62,703 | (3.7) |
| Operating Expenses | | | | | | |
| Cost of services | 7,075 | 7,577 | (6.6) | 13,933 | 15,191 | (8.3) |
| Wireless cost of equipment | 5,035 | 4,644 | 8.4 | 9,843 | 9,642 | 2.1 |
| Selling, general and administrative expense | 6,039 | 9,775 | (38.2) | 12,947 | 17,375 | (25.5) |
| Depreciation and amortization expense | 4,167 | 3,982 | 4.6 | 8,226 | 7,999 | 2.8 |
| Total Operating Expenses | 22,316 | 25,978 | (14.1) | 44,949 | 50,207 | (10.5) |
| Operating Income | 8,232 | 4,554 | 80.8 | 15,413 | 12,496 | 23.3 |
| Equity in losses of unconsolidated businesses | (28) | (20) | (40.0) | (49) | (40) | (22.5) |
| Other expense, net | (19) | (1,826) | 99.0 | (865) | (1,794) | 51.8 |
| Interest expense | (1,218) | (1,013) | (20.2) | (2,350) | (2,201) | (6.8) |
| Income Before Provision for Income Taxes | 6,967 | 1,695 | * | 12,149 | 8,461 | 43.6 |
| Provision for income taxes | (2,489) | (864) | * | (4,118) | (3,200) | (28.7) |
| Net Income | \$ 4,478 | \$ 831 | * | \$ 8,031 | \$ 5,261 | 52.7 |
| Net income attributable to noncontrolling interests | \$ 116 | \$ 129 | (10.1) | \$ 219 | \$ 249 | (12.0) |
| Net income attributable to Verizon | 4,362 | 702 | * | 7,812 | 5,012 | 55.9 |
| Net Income | \$ 4,478 | \$ 831 | * | \$ 8,031 | \$ 5,261 | 52.7 |
| Basic Earnings per Common Share | | | | | | |
| Net income attributable to Verizon | \$ 1.07 | \$.17 | * | \$ 1.91 | \$ 1.23 | 55.3 |
| <i>Weighted average number of common shares (in millions)</i> | <i>4,082</i> | <i>4,079</i> | | <i>4,082</i> | <i>4,080</i> | |
| Diluted Earnings per Common Share ⁽¹⁾ | | | | | | |
| Net income attributable to Verizon | \$ 1.07 | \$.17 | * | \$ 1.91 | \$ 1.23 | 55.3 |
| <i>Weighted average number of common shares-assuming dilution (in millions)</i> | <i>4,087</i> | <i>4,085</i> | | <i>4,088</i> | <i>4,085</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.

* Not meaningful

Condensed Consolidated Balance Sheets

(dollars in millions)

| Unaudited | 6/30/17 | 12/31/16 | \$ Change |
|------------------------------------------------------------------|-------------------|-------------------|-----------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 4,583 | \$ 2,880 | \$ 1,703 |
| Accounts receivable, net | 19,771 | 17,513 | 2,258 |
| Inventories | 1,116 | 1,202 | (86) |
| Assets held for sale | - | 882 | (882) |
| Prepaid expenses and other | 3,353 | 3,918 | (565) |
| Total current assets | 28,823 | 26,395 | 2,428 |
| Plant, property and equipment | 239,226 | 232,215 | 7,011 |
| Less accumulated depreciation | 152,705 | 147,464 | 5,241 |
| | 86,521 | 84,751 | 1,770 |
| Investments in unconsolidated businesses | 1,075 | 1,110 | (35) |
| Wireless licenses | 88,004 | 86,673 | 1,331 |
| Goodwill | 28,527 | 27,205 | 1,322 |
| Other intangible assets, net | 11,143 | 8,897 | 2,246 |
| Non-current assets held for sale | 90 | 613 | (523) |
| Other assets | 8,795 | 8,536 | 259 |
| Total Assets | \$ 252,978 | \$ 244,180 | \$ 8,798 |
| Liabilities and Equity | | | |
| Current liabilities | | | |
| Debt maturing within one year | \$ 1,153 | \$ 2,645 | \$ (1,492) |
| Accounts payable and accrued liabilities | 17,825 | 19,593 | (1,768) |
| Other | 8,780 | 8,102 | 678 |
| Total current liabilities | 27,758 | 30,340 | (2,582) |
| Long-term debt | 116,390 | 105,433 | 10,957 |
| Employee benefit obligations | 21,775 | 26,166 | (4,391) |
| Deferred income taxes | 47,506 | 45,964 | 1,542 |
| Other liabilities | 12,788 | 12,245 | 543 |
| Equity | | | |
| Common stock | 424 | 424 | - |
| Contributed capital | 11,099 | 11,182 | (83) |
| Reinvested earnings | 18,159 | 15,059 | 3,100 |
| Accumulated other comprehensive income | 2,284 | 2,673 | (389) |
| Common stock in treasury, at cost | (7,142) | (7,263) | 121 |
| Deferred compensation – employee stock ownership plans and other | 365 | 449 | (84) |
| Noncontrolling interests | 1,572 | 1,508 | 64 |
| Total equity | 26,761 | 24,032 | 2,729 |
| Total Liabilities and Equity | \$ 252,978 | \$ 244,180 | \$ 8,798 |

Verizon - Selected Financial and Operating Statistics

| Unaudited | 6/30/17 | 12/31/16 |
|-------------------------------------------------------|------------|------------|
| Total debt (in millions) | \$ 117,543 | \$ 108,078 |
| Net debt (in millions) | \$ 112,960 | \$ 105,198 |
| Net debt / Adjusted EBITDA ⁽¹⁾ | 2.6x | 2.4x |
| Common shares outstanding end of period (in millions) | 4,079 | 4,077 |
| Total employees ('000) | 163.4 | 160.9 |
| Quarterly cash dividends declared per common share | \$ 0.5775 | \$ 0.5775 |

Footnotes:

Adjusted EBITDA excludes the effects of special items and operating results of Divested Businesses, as the Company's chief operating decision maker excludes these items in assessing business unit performance.

(1)

Condensed Consolidated Statements of Cash Flows

(dollars in millions)

| Unaudited | 6 Mos. Ended 6/30/17 | 6 Mos. Ended 6/30/16 | \$ Change |
|------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|-----------|
| Cash Flows from Operating Activities | | | |
| Net Income | \$ 8,031 | \$ 5,261 | \$ 2,770 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization expense | 8,226 | 7,999 | 227 |
| Employee retirement benefits | (223) | 4,021 | (4,244) |
| Deferred income taxes | 1,880 | (3,085) | 4,965 |
| Provision for uncollectible accounts | 632 | 651 | (19) |
| Equity in losses of unconsolidated businesses, net of dividends received | 67 | 58 | 9 |
| Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses | (3,094) | (1,067) | (2,027) |
| Discretionary contribution to qualified pension plans | (3,411) | - | (3,411) |
| Net gain on sale of Divested Businesses | (1,774) | (1,007) | (767) |
| Other, net | (416) | 77 | (493) |
| Net cash provided by operating activities | 9,918 | 12,908 | (2,990) |
| Cash Flows from Investing Activities | | | |
| Capital expenditures (including capitalized software) | (7,011) | (7,273) | 262 |
| Acquisitions of businesses, net of cash acquired | (6,280) | (178) | (6,102) |
| Acquisitions of wireless licenses | (315) | (282) | (33) |
| Proceeds from dispositions of businesses | 3,512 | 9,882 | (6,370) |
| Other, net | 211 | 504 | (293) |
| Net cash provided by (used in) investing activities | (9,883) | 2,653 | (12,536) |
| Cash Flows from Financing Activities | | | |
| Proceeds from long-term borrowings | 16,009 | - | 16,009 |
| Proceeds from asset-backed long-term borrowings | 2,878 | - | 2,878 |
| Repayments of long-term borrowings and capital lease obligations | (10,294) | (11,300) | 1,006 |
| Increase (decrease) in short-term obligations, excluding current maturities | (152) | 610 | (762) |
| Dividends paid | (4,710) | (4,605) | (105) |
| Other, net | (2,063) | (1,879) | (184) |
| Net cash provided by (used in) financing activities | 1,668 | (17,174) | 18,842 |
| Increase (decrease) in cash and cash equivalents | 1,703 | (1,613) | 3,316 |
| Cash and cash equivalents, beginning of period | 2,880 | 4,470 | (1,590) |
| Cash and cash equivalents, end of period | \$ 4,583 | \$ 2,857 | \$ 1,726 |

Footnotes:

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

Wireless - Selected Financial Results

(dollars in millions)

| Unaudited | 3 Mos. Ended 6/30/17 | 3 Mos. Ended 6/30/16 | % Change | 6 Mos. Ended 6/30/17 | 6 Mos. Ended 6/30/16 | % Change |
|---------------------------------------------|-------------------------|-------------------------|--------------|-------------------------|-------------------------|--------------|
| Operating Revenues | | | | | | |
| Service | \$ 15,622 | \$ 16,741 | (6.7) | \$ 31,400 | \$ 33,550 | (6.4) |
| Equipment | 4,298 | 3,704 | 16.0 | 8,062 | 7,658 | 5.3 |
| Other | 1,362 | 1,259 | 8.2 | 2,698 | 2,500 | 7.9 |
| Total Operating Revenues | 21,282 | 21,704 | (1.9) | 42,160 | 43,708 | (3.5) |
| Operating Expenses | | | | | | |
| Cost of services | 1,997 | 1,984 | 0.7 | 3,955 | 3,926 | 0.7 |
| Cost of equipment | 5,035 | 4,644 | 8.4 | 9,843 | 9,642 | 2.1 |
| Selling, general and administrative expense | 4,493 | 4,777 | (5.9) | 9,191 | 9,668 | (4.9) |
| Depreciation and amortization expense | 2,347 | 2,282 | 2.8 | 4,685 | 4,575 | 2.4 |
| Total Operating Expenses | 13,872 | 13,687 | 1.4 | 27,674 | 27,811 | (0.5) |
| Operating Income | \$ 7,410 | \$ 8,017 | (7.6) | \$ 14,486 | \$ 15,897 | (8.9) |
| Operating Income Margin | 34.8% | 36.9% | | 34.4% | 36.4% | |
| Segment EBITDA | \$ 9,757 | \$ 10,299 | (5.3) | \$ 19,171 | \$ 20,472 | (6.4) |
| Segment EBITDA Margin | 45.8% | 47.5% | | 45.5% | 46.8% | |

Footnotes:

The segment financial results and metrics above are adjusted to exclude the effects of special 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

| Unaudited | 6/30/17 | 6/30/16 | % Change |
|---------------------------|---------|---------|----------|
| Connections ('000) | | | |
| Retail postpaid | 109,088 | 107,780 | 1.2 |
| Retail prepaid | 5,448 | 5,374 | 1.4 |
| Total retail | 114,536 | 113,154 | 1.2 |

| Unaudited | 3 Mos. Ended 6/30/17 | 3 Mos. Ended 6/30/16 | % Change | 6 Mos. Ended 6/30/17 | 6 Mos. Ended 6/30/16 | % Change |
|---------------------------------------------|-------------------------|-------------------------|----------|-------------------------|-------------------------|----------|
| Net Add Detail ('000) ⁽¹⁾ | | | | | | |
| Retail postpaid | 614 | 615 | (0.2) | 307 | 1,255 | (75.5) |
| Retail prepaid | 19 | (30) | * | 2 | (207) | * |
| Total retail | 633 | 585 | 8.2 | 309 | 1,048 | (70.5) |

Account Statistics

| | | | | | | |
|--------------------------------------------------------|--------|--------|-------|--------|--------|-------|
| Retail Postpaid Accounts ('000) ⁽²⁾ | | | | 35,334 | 35,637 | (0.9) |
| Retail postpaid connections per account ⁽²⁾ | | | | 3.09 | 3.02 | 2.3 |
| Retail postpaid ARPA ⁽³⁾ | 134.89 | 145.09 | (7.0) | 135.93 | 145.22 | (6.4) |
| Retail postpaid I-ARPA ⁽⁴⁾ | 164.94 | 167.18 | (1.3) | 165.47 | 166.11 | (0.4) |

Churn Detail

| | | | | | | |
|-----------------|-------|-------|--|-------|-------|--|
| Retail postpaid | 0.94% | 0.94% | | 1.04% | 0.95% | |
| Retail | 1.18% | 1.19% | | 1.28% | 1.21% | |

Retail Postpaid Connection Statistics

| | | | | | | |
|-----------------------------------------------------|-------|-------|--|-------|-------|--|
| Total Smartphone postpaid % of phones activated | 95.2% | 92.1% | | 94.9% | 92.4% | |
| Total Smartphone postpaid phone base ⁽²⁾ | | | | 88.8% | 85.5% | |
| Total Internet postpaid base ⁽²⁾ | | | | 18.4% | 17.7% | |
| 4G LTE devices as % of retail postpaid connections | | | | 86.7% | 82.5% | |

Other Operating Statistics

| | | | | | | |
|------------------------------------|----------|----------|--------|----------|----------|--------|
| Capital expenditures (in millions) | \$ 2,444 | \$ 2,815 | (13.2) | \$ 4,275 | \$ 5,005 | (14.6) |
|------------------------------------|----------|----------|--------|----------|----------|--------|

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 account plus recurring device installment billings.

The segment financial results and metrics above are adjusted to exclude the effects of special 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 Financial Results

(dollars in millions)

| Unaudited | 3 Mos. Ended 6/30/17 | 3 Mos. Ended 6/30/16 | % Change | 6 Mos. Ended 6/30/17 | 6 Mos. Ended 6/30/16 | % Change |
|---------------------------------------------|-------------------------|-------------------------|--------------|-------------------------|-------------------------|--------------|
| Operating Revenues | | | | | | |
| Consumer Markets | \$ 3,184 | \$ 3,165 | 0.6 | \$ 6,385 | \$ 6,345 | 0.6 |
| Enterprise Solutions | 2,388 | 2,378 | 0.4 | 4,780 | 4,802 | (0.5) |
| Partner Solutions | 1,236 | 1,241 | (0.4) | 2,467 | 2,509 | (1.7) |
| Business Markets | 921 | 845 | 9.0 | 1,803 | 1,707 | 5.6 |
| Other | 73 | 84 | (13.1) | 135 | 164 | (17.7) |
| Total Operating Revenues | 7,802 | 7,713 | 1.2 | 15,570 | 15,527 | 0.3 |
| Operating Expenses | | | | | | |
| Cost of services | 4,576 | 5,079 | (9.9) | 9,027 | 9,696 | (6.9) |
| Selling, general and administrative expense | 1,606 | 1,612 | (0.4) | 3,214 | 3,379 | (4.9) |
| Depreciation and amortization expense | 1,552 | 1,546 | 0.4 | 3,042 | 3,105 | (2.0) |
| Total Operating Expenses | 7,734 | 8,237 | (6.1) | 15,283 | 16,180 | (5.5) |
| Operating Income (Loss) | \$ 68 | \$ (524) | * | \$ 287 | \$ (653) | * |
| Operating Income (Loss) Margin | 0.9% | (6.8)% | | 1.8% | (4.2)% | |
| Segment EBITDA | \$ 1,620 | \$ 1,022 | 58.5 | \$ 3,329 | \$ 2,452 | 35.8 |
| Segment EBITDA Margin | 20.8% | 13.3% | | 21.4% | 15.8% | |

Footnotes:

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

Intersegment transactions have not been eliminated.

Certain reclassifications have been made, where appropriate, to reflect comparable operating results.

* Not meaningful

Wireline - Selected Operating Statistics

| Unaudited | 6/30/17 | 6/30/16 | % Change |
|-----------------------------------------------|---------|---------|----------|
| Connections ('000) | | | |
| Fios Video Subscribers | 4,666 | 4,637 | 0.6 |
| Fios Internet Subscribers | 5,737 | 5,495 | 4.4 |
| Fios Digital voice residence connections | 3,909 | 3,879 | 0.8 |
| Fios Digital connections | 14,312 | 14,011 | 2.1 |
| HSI | 1,251 | 1,519 | (17.6) |
| Total Broadband connections | 6,988 | 7,014 | (0.4) |
| Primary residence switched access connections | 2,962 | 3,501 | (15.4) |
| Primary residence connections | 6,871 | 7,380 | (6.9) |
| Total retail residence voice connections | 7,079 | 7,634 | (7.3) |
| Total voice connections | 13,352 | 14,476 | (7.8) |

| Unaudited | 3 Mos. Ended 6/30/17 | 3 Mos. Ended 6/30/16 | % Change | 6 Mos. Ended 6/30/17 | 6 Mos. Ended 6/30/16 | % Change |
|-----------------------------------------------|-------------------------|-------------------------|----------|-------------------------|-------------------------|----------|
| Net Add Detail ('000) | | | | | | |
| Fios Video Subscribers | (15) | (41) | 63.4 | (28) | 2 | * |
| Fios Internet Subscribers | 49 | (13) | * | 84 | 77 | 9.1 |
| Fios Digital voice residence connections | 22 | (38) | * | 14 | 7 | 100.0 |
| Fios Digital connections | 56 | (92) | * | 70 | 86 | (18.6) |
| HSI | (72) | (70) | (2.9) | (134) | (148) | 9.5 |
| Total Broadband connections | (23) | (83) | 72.3 | (50) | (71) | 29.6 |
| Primary residence switched access connections | (133) | (142) | 6.3 | (268) | (298) | 10.1 |
| Primary residence connections | (111) | (180) | 38.3 | (254) | (291) | 12.7 |
| Total retail residence voice connections | (121) | (190) | 36.3 | (276) | (315) | 12.4 |
| Total voice connections | (282) | (305) | 7.5 | (587) | (559) | (5.0) |

Revenue Statistics

| | | | | | | | | | | |
|-----------------------------|----|-------|----|-------|-----|----|-------|----|-------|-----|
| Fios revenues (in millions) | \$ | 2,899 | \$ | 2,776 | 4.4 | \$ | 5,790 | \$ | 5,537 | 4.6 |
|-----------------------------|----|-------|----|-------|-----|----|-------|----|-------|-----|

Other Operating Statistics

| | | | | | | | | | | |
|------------------------------------|----|-------|----|-----|------|----|--------|----|--------|------|
| Capital expenditures (in millions) | \$ | 1,190 | \$ | 814 | 46.2 | \$ | 2,150 | \$ | 1,820 | 18.1 |
| Wireline employees ('000) | | | | | | | 59.7 | | 59.0 | |
| Fios Video Open for Sale ('000) | | | | | | | 13,978 | | 13,400 | |
| Fios Video penetration | | | | | | | 33.4% | | 34.6% | |
| Fios Internet Open for Sale ('000) | | | | | | | 14,271 | | 13,696 | |
| Fios Internet penetration | | | | | | | 40.2% | | 40.1% | |

Footnotes:

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

Intersegment transactions have not been eliminated.

* Not meaningful