



Financial and Operating Information



As of June 30, 2017

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Condensed Consolidated Statements of Income

Unaudited	(dollars in millions, except per share amounts)		
	2015	2016	2Q '17
Operating Revenues			
Service revenue and other	\$ 114,696	\$ 108,468	\$ 52,300
Wireless equipment revenues	16,924	17,512	8,062
Total Operating Revenues	131,620	125,980	60,362
Operating Expenses			
Cost of services	29,438	29,186	13,933
Wireless cost of equipment	23,119	22,238	9,843
Selling, general & administrative expense, net	29,986	31,569	12,947
Depreciation and amortization expense	16,017	15,928	8,226
Total Operating Expenses	98,560	98,921	44,949
Operating Income	33,060	27,059	15,413
Equity in losses of unconsolidated businesses	(86)	(98)	(49)
Other income and (expense), net	186	(1,599)	(865)
Interest expense	(4,920)	(4,376)	(2,350)
Income Before Provision for Income Taxes	28,240	20,986	12,149
Provision for income taxes	(9,865)	(7,378)	(4,118)
Net Income	\$ 18,375	\$ 13,608	\$ 8,031
Net income attributable to noncontrolling interests	\$ 496	\$ 481	\$ 219
Net income attributable to Verizon	17,879	13,127	7,812
Net Income	\$ 18,375	\$ 13,608	\$ 8,031
Basic Earnings per Common Share			
Net income attributable to Verizon	\$ 4.38	\$ 3.22	\$ 1.91
Weighted average number of common shares (in millions)	4,085	4,080	4,082
Diluted Earnings per Common Share ⁽¹⁾			
Net Income attributable to Verizon	\$ 4.37	\$ 3.21	\$ 1.91
Weighted average number of common shares-assuming dilution (in millions)	4,093	4,086	4,088

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

(dollars in millions, except per share amounts)

Unaudited	2015		2016				2017	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Operating Revenues								
Service revenue and other	\$ 28,866	\$ 28,856	\$ 28,217	\$ 26,828	\$ 26,813	\$ 26,610	\$ 26,050	\$ 26,250
Wireless equipment revenues	4,292	5,398	3,954	3,704	4,124	5,730	3,764	4,298
Total Operating Revenues	33,158	34,254	32,171	30,532	30,937	32,340	29,814	30,548
Operating Expenses								
Cost of services	7,589	7,867	7,614	7,577	6,989	7,006	6,858	7,075
Wireless cost of equipment	5,716	6,840	4,998	4,644	5,240	7,356	4,808	5,035
Selling, general & administrative expense	8,309	5,764	7,600	9,775	8,226	5,968	6,908	6,039
Depreciation and amortization expense	4,009	4,039	4,017	3,982	3,942	3,987	4,059	4,167
Total Operating Expenses	25,623	24,510	24,229	25,978	24,397	24,317	22,633	22,316
Operating Income	7,535	9,744	7,942	4,554	6,540	8,023	7,181	8,232
Equity in losses of unconsolidated businesses	(18)	(16)	(20)	(20)	(23)	(35)	(21)	(28)
Other income and (expense), net	51	28	32	(1,826)	97	98	(846)	(19)
Interest expense	(1,202)	(1,178)	(1,188)	(1,013)	(1,038)	(1,137)	(1,132)	(1,218)
Income Before Provision for Income Taxes	6,366	8,578	6,766	1,695	5,576	6,949	5,182	6,967
Provision for income taxes	(2,195)	(3,065)	(2,336)	(864)	(1,829)	(2,349)	(1,629)	(2,489)
Net Income	\$ 4,171	\$ 5,513	\$ 4,430	\$ 831	\$ 3,747	\$ 4,600	\$ 3,553	\$ 4,478
Net income attributable to noncontrolling interests	\$ 133	\$ 122	\$ 120	\$ 129	\$ 127	\$ 105	\$ 103	\$ 116
Net income attributable to Verizon	4,038	5,391	4,310	702	3,620	4,495	3,450	4,362
Net Income	\$ 4,171	\$ 5,513	\$ 4,430	\$ 831	\$ 3,747	\$ 4,600	\$ 3,553	\$ 4,478
Basic Earnings per Common Share								
Net Income attributable to Verizon	\$.99	\$ 1.32	\$ 1.06	\$.17	\$.89	\$ 1.10	\$.85	\$ 1.07
Weighted average number of common shares (in millions)	4,072	4,076	4,080	4,079	4,079	4,081	4,082	4,082
Diluted Earnings per Common Share ⁽¹⁾								
Net Income attributable to Verizon	\$.99	\$ 1.32	\$ 1.06	\$.17	\$.89	\$ 1.10	\$.84	\$ 1.07
Weighted average number of common shares- assuming dilution (in millions)	4,078	4,083	4,085	4,085	4,086	4,087	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.

Special Items

Unaudited	(Pre-tax dollars in millions)		
	2015	2016	2Q '17
Severance, Pension & Benefit Charges/(Credits)			
Selling, general & administrative expense	\$ (2,256)	\$ 2,923	\$ 607
Gain on Spectrum License Transactions			
Selling, general & administrative expense	\$ (254)	\$ (142)	\$ (126)
Early Debt Redemption Costs			
Other (income) and expense, net	-	1,822	848
Acquisition and Integration Related Costs			
Selling, general & administrative expense	\$ -	\$ -	\$ 147
Depreciation and amortization	-	-	5
Total operating expenses	\$ -	\$ -	\$ 152
Net Gain on Sale of Divested Businesses			
Selling, general & administrative expense	-	(1,007)	(1,774)
Operating Results of Divested Businesses			
Revenues	\$ 5,742	\$ 1,725	\$ 145
Cost of services and sales	1,970	593	39
Selling, general & administrative expense	536	151	5
Depreciation and amortization	157	63	3
Total operating expenses	\$ 2,663	\$ 807	\$ 47

Special Items

(Pre-tax dollars in millions)

Unaudited	2015		2016				2017	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Severance, Pension & Benefit Charges/(Credits)								
Selling, general & administrative expense	\$ 342	\$ (2,598)	\$ 165	\$ 3,550	\$ 797	\$ (1,589)	\$ -	\$ 607
Gain on Spectrum License Transactions								
Selling, general & administrative expense	\$ -	\$ (254)	\$ (142)	\$ -	\$ -	\$ -	\$ (126)	\$ -
Early Debt Redemption Costs								
Other (income) and expense, net	\$ -	\$ -	\$ -	\$ 1,822	\$ -	\$ -	\$ 848	\$ -
Acquisition and Integration Related Costs								
Selling, general & administrative expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 147
Depreciation and amortization	-	-	-	-	-	-	-	5
Total operating expenses								\$ 152
Net Gain on Sale of Divested Businesses								
Selling, general & administrative expense	-	-	-	(1,007)	-	-	-	(1,774)
Operating Results of Divested Businesses								
Revenues	\$ 1,419	\$ 1,415	\$ 1,389	\$ 110	\$ 111	\$ 115	\$ 108	\$ 37
Cost of services and sales	495	508	508	29	29	27	29	10
Selling, general & administrative expense	127	120	141	4	2	4	3	2
Depreciation and amortization	17	17	17	16	16	14	2	1
Total operating expenses	\$ 639	\$ 645	\$ 666	\$ 49	\$ 47	\$ 45	\$ 34	\$ 13

Condensed Consolidated Balance Sheets

Unaudited	(dollars in millions)		
	12/31/15	12/31/16	6/30/17
Assets			
Current assets			
Cash and cash equivalents	\$ 4,470	\$ 2,880	\$ 4,583
Short-term investments	350	-	-
Accounts receivable, net	13,457	17,513	19,771
Inventories	1,252	1,202	1,116
Assets held for sale	792	882	-
Prepaid expenses and other	2,034	3,918	3,353
Total current assets	22,355	26,395	28,823
Plant, property and equipment			
Less accumulated depreciation	220,163	232,215	239,226
	136,622	147,464	152,705
	83,541	84,751	86,521
Investments in unconsolidated businesses	796	1,110	1,075
Wireless licenses	86,575	86,673	88,004
Goodwill	25,331	27,205	28,527
Other intangible assets, net	7,592	8,897	11,143
Non-current assets held for sale	10,267	613	90
Other assets	7,718	8,536	8,795
Total Assets	\$ 244,175	\$ 244,180	\$ 252,978
Liabilities and Equity			
Current liabilities			
Debt maturing within one year	\$ 6,489	\$ 2,645	\$ 1,153
Accounts payable and accrued liabilities	19,362	19,593	17,825
Liabilities related to assets held for sale	463	24	4
Other	8,738	8,078	8,776
Total current liabilities	35,052	30,340	27,758
Long-term debt			
Employee benefit obligations	103,240	105,433	116,390
Deferred income taxes	29,957	26,166	21,775
Non-current liabilities related to assets held for sale	45,484	45,964	47,506
Other liabilities	959	6	-
	11,641	12,239	12,788
Equity			
Common stock	424	424	424
Contributed capital	11,196	11,182	11,099
Reinvested earnings	11,246	15,059	18,159
Accumulated other comprehensive income	550	2,673	2,284
Common stock in treasury, at cost	(7,416)	(7,263)	(7,142)
Deferred compensation - employee stock ownership plans and other	428	449	365
Noncontrolling interests	1,414	1,508	1,572
Total Equity	17,842	24,032	26,761
Total Liabilities and Equity	\$ 244,175	\$ 244,180	\$ 252,978

Verizon - Selected Financial and Operating Statistics

Unaudited	12/31/15	12/31/16	6/30/17
Total debt (\$M)	\$ 109,729	\$ 108,078	\$ 117,543
Net debt (\$M)	\$ 105,259	\$ 105,198	\$ 112,960
Net debt / Adjusted EBITDA ⁽¹⁾	2.4x	2.4x	2.6x
Common shares outstanding end of period (M)	4,073	4,077	4,079
Total employees ('000)	177.7	160.9	163.4
Cash dividends declared per common share	\$ 2.230	\$ 2.285	\$ 1.1550

Footnotes:

(1) Adjusted EBITDA excludes the effects of special items.

Condensed Consolidated Balance Sheets

	(dollars in millions)							
Unaudited	9/30/15	12/31/15	3/31/16	6/30/16	9/30/16	12/31/16	3/31/17	6/30/17
Assets								
Current assets								
Cash and cash equivalents	\$ 3,875	\$ 4,470	\$ 5,846	\$ 2,857	\$ 6,441	\$ 2,880	\$ 4,307	\$ 4,583
Short-term investments	306	350	-	-	-	-	-	-
Accounts receivable, net	13,105	13,457	12,485	13,294	14,832	17,513	16,863	19,771
Inventories	1,319	1,252	1,142	931	1,318	1,202	1,194	1,116
Assets held for sale	895	792	720	317	-	882	149	-
Prepaid expenses and other	2,236	2,034	3,498	3,445	3,030	3,918	4,645	3,353
Total current assets	21,736	22,355	23,691	20,844	25,621	26,395	27,158	28,823
Plant, property and equipment	216,674	220,163	222,669	225,756	228,909	232,215	235,550	239,226
Less accumulated depreciation	134,112	136,622	139,658	142,584	145,495	147,464	150,337	152,705
	82,562	83,541	83,011	83,172	83,414	84,751	85,213	86,521
Investments in unconsolidated businesses	779	796	821	822	1,119	1,110	1,080	1,075
Wireless licenses	86,331	86,575	86,830	86,981	87,407	86,673	87,754	88,004
Goodwill	25,124	25,331	25,364	25,417	25,970	27,205	27,630	28,527
Other intangible assets, net	7,717	7,592	7,456	7,399	7,692	8,897	8,912	11,143
Non-current assets held for sale	10,117	10,267	10,432	-	-	613	762	90
Other assets	7,171	7,718	6,982	7,235	8,275	8,536	8,222	8,795
Total Assets	\$ 241,537	\$ 244,175	\$ 244,587	\$ 231,870	\$ 239,498	\$ 244,180	\$ 246,731	\$ 252,978
Liabilities and Equity								
Current liabilities								
Debt maturing within one year	\$ 7,264	\$ 6,489	\$ 6,265	\$ 6,803	\$ 3,852	\$ 2,645	\$ 3,707	\$ 1,153
Accounts payable and accrued liabilities	17,721	19,362	18,118	19,090	18,002	19,593	14,826	17,825
Liabilities related to assets held for sale	461	463	452	-	-	24	25	4
Other	8,868	8,738	8,477	8,515	8,444	8,078	8,106	8,776
Total current liabilities	34,314	35,052	33,312	34,408	30,298	30,340	26,664	27,758
Long-term debt	104,583	103,240	103,615	92,922	102,739	105,433	112,839	116,390
Employee benefit obligations	32,962	29,957	29,665	28,059	28,285	26,166	22,079	21,775
Deferred income taxes	43,015	45,484	45,568	43,825	44,617	45,964	47,847	47,506
Non-current liabilities related to assets held for sale	940	959	974	-	-	6	14	-
Other liabilities	11,181	11,641	11,350	11,912	11,576	12,239	12,251	12,788
Equity								
Common stock	424	424	424	424	424	424	424	424
Contributed capital	11,184	11,196	11,191	11,192	11,179	11,182	11,161	11,099
Reinvested earnings	8,156	11,246	13,253	11,652	12,918	15,059	16,153	18,159
Accumulated other comprehensive income	600	550	459	2,847	2,758	2,673	2,609	2,284
Common stock in treasury, at cost	(7,604)	(7,416)	(7,279)	(7,279)	(7,264)	(7,263)	(7,144)	(7,142)
Deferred compensation - employee stock ownership plans and other	378	428	593	408	445	449	290	365
Noncontrolling interests	1,404	1,414	1,462	1,500	1,523	1,508	1,544	1,572
Total Equity	14,542	17,842	20,103	20,744	21,983	24,032	25,037	26,761
Total Liabilities and Equity	\$ 241,537	\$ 244,175	\$ 244,587	\$ 231,870	\$ 239,498	\$ 244,180	\$ 246,731	\$ 252,978

Verizon - Selected Financial and Operating Statistics

Unaudited	9/30/15	12/31/15	3/31/16	6/30/16	9/30/16	12/31/16	3/31/17	6/30/17
Total debt (\$M)	\$ 111,847	\$ 109,729	\$ 109,880	\$ 99,725	\$ 106,591	\$ 108,078	\$ 116,546	\$ 117,543
Net debt (\$M)	\$ 107,972	\$ 105,259	\$ 104,034	\$ 96,868	\$ 100,150	\$ 105,198	\$ 112,239	\$ 112,960
Net debt / Adjusted EBITDA ⁽¹⁾			2.4x	2.2x	2.3x	2.4x	2.6x	2.6x
Common shares outstanding end of period (M)	4,069	4,073	4,076	4,076	4,077	4,077	4,079	4,079
Total employees ('000)	177.9	177.7	173.3	162.7	162.0	160.9	161.0	163.4
Cash dividends declared per common share	\$.565	\$.565	\$.565	\$.565	\$.578	\$.5775	\$.5775	\$.5775

Footnotes:

(1) Adjusted EBITDA excludes the effects of special items.

Condensed Consolidated Statements of Cash Flows

	(dollars in millions)		
Unaudited	12 Months Ended 12/31/15	12 Months Ended 12/31/16	6 Months Ended 6/30/17
Cash Flows From Operating Activities			
Net Income	\$ 18,375	\$ 13,608	\$ 8,031
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	16,017	15,928	8,226
Employee retirement benefits	(1,747)	2,705	(223)
Deferred income taxes	3,516	(1,063)	1,880
Provision for uncollectible accounts	1,610	1,420	632
Equity in losses of unconsolidated businesses, net of dividends received	127	138	67
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	2,443	(5,636)	(3,094)
Discretionary contributions to qualified pension plans	-	(186)	(3,411)
Net gain on sale of Divested Businesses	-	(1,007)	(1,774)
Other, net	(1,314)	(3,097)	(416)
Net cash provided by operating activities	39,027	22,810	9,918
Cash Flows From Investing Activities			
Capital expenditures (including capitalized software)	(17,775)	(17,059)	(7,011)
Acquisitions of businesses, net of cash acquired	(3,545)	(3,765)	(6,280)
Acquisitions of wireless licenses	(9,942)	(534)	(315)
Proceeds from dispositions of businesses	48	9,882	3,512
Other, net	1,171	493	211
Net cash used in investing activities	(30,043)	(10,983)	(9,883)
Cash Flows From Financing Activities			
Proceeds from long-term borrowings	6,667	12,964	16,009
Proceeds from asset-backed long-term borrowings	-	4,986	2,878
Repayments of long-term borrowings and capital lease obligations	(9,340)	(19,159)	(10,294)
Decrease in short-term obligations, excluding current maturities	(344)	(149)	(152)
Dividends paid	(8,538)	(9,262)	(4,710)
Purchase of common stock for treasury	(5,134)	-	-
Other, net	1,577	(2,797)	(2,063)
Net cash provided by (used in) financing activities	(15,112)	(13,417)	1,668
Increase (decrease) in cash and cash equivalents	(6,128)	(1,590)	1,703
Cash and cash equivalents, beginning of period	10,598	4,470	2,880
Cash and cash equivalents, end of period	\$ 4,470	\$ 2,880	\$ 4,583

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)							
	9 Months Ended	12 Months Ended	3 Months Ended	6 Months Ended	9 Months Ended	12 Months Ended	3 Months Ended	6 Months Ended
Unaudited	9/30/15	12/31/15	3/31/16	6/30/16	9/30/16	12/31/16	3/31/17	6/30/17
Cash Flows From Operating Activities								
Net Income	\$ 12,862	\$ 18,375	\$ 4,430	\$ 5,261	\$ 9,008	\$ 13,608	\$ 3,553	\$ 8,031
Adjustments to reconcile net income to net cash provided by operating activities:								
Depreciation and amortization expense	11,978	16,017	4,017	7,999	11,941	15,928	4,059	8,226
Employee retirement benefits	1,184	(1,747)	356	4,021	4,531	2,705	(111)	(223)
Deferred income taxes	890	3,516	167	(3,085)	(2,331)	(1,063)	2,025	1,880
Provision for uncollectible accounts	1,136	1,610	353	651	963	1,420	330	632
Equity in losses of unconsolidated businesses, net of dividends received	98	127	29	58	94	138	28	67
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	1,443	2,443	(1,162)	(1,067)	(4,010)	(5,636)	(4,694)	(3,094)
Discretionary contributions to qualified pension plans	-	-	-	-	(186)	(186)	(3,411)	(3,411)
Net gain on sale of Divested Businesses	-	-	-	(1,007)	(1,007)	(1,007)	-	(1,774)
Other, net	(1,068)	(1,314)	(693)	77	(1,279)	(3,097)	(98)	(416)
Net cash provided by operating activities	28,523	39,027	7,497	12,908	17,724	22,810	1,681	9,918
Cash Flows From Investing Activities								
Capital expenditures (including capitalized software)	(12,540)	(17,775)	(3,387)	(7,273)	(11,398)	(17,059)	(3,067)	(7,011)
Acquisitions of businesses, net of cash acquired	(3,205)	(3,545)	(161)	(178)	(963)	(3,765)	(1,746)	(6,280)
Acquisitions of wireless licenses	(9,811)	(9,942)	(131)	(282)	(410)	(534)	(196)	(315)
Proceeds from dispositions of businesses	-	48	-	9,882	9,882	9,882	-	3,512
Other, net	960	1,171	243	504	350	493	176	211
Net cash provided by (used in) investing activities	(24,596)	(30,043)	(3,436)	2,653	(2,539)	(10,983)	(4,833)	(9,883)
Cash Flows From Financing Activities								
Proceeds from long-term borrowings	6,497	6,667	-	-	8,152	12,964	13,054	16,009
Proceeds from asset-backed long-term borrowings	-	-	-	-	2,594	4,986	1,283	2,878
Repayments of long-term borrowings and capital lease obligations	(7,168)	(9,340)	(376)	(11,300)	(14,510)	(19,159)	(5,592)	(10,294)
Increase (decrease) in short-term obligations, excluding current maturities	(305)	(344)	(40)	610	(120)	(149)	(52)	(152)
Dividends paid	(6,373)	(8,538)	(2,302)	(4,605)	(6,908)	(9,262)	(2,354)	(4,710)
Purchase of common stock for treasury	(5,134)	(5,134)	-	-	-	-	-	-
Other, net	1,833	1,577	33	(1,879)	(2,422)	(2,797)	(1,760)	(2,063)
Net cash provided by (used in) financing activities	(10,650)	(15,112)	(2,685)	(17,174)	(13,214)	(13,417)	4,579	1,668
Increase (decrease) in cash and cash equivalents	(6,723)	(6,128)	1,376	(1,613)	1,971	(1,590)	1,427	1,703
Cash and cash equivalents, beginning of period	10,598	10,598	4,470	4,470	4,470	4,470	2,880	2,880
Cash and cash equivalents, end of period	\$ 3,875	\$ 4,470	\$ 5,846	\$ 2,857	\$ 6,441	\$ 2,880	\$ 4,307	\$ 4,583

Footnotes:

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

verizon[✓]

Wireless

Wireless - Selected Financial Results

(dollars in millions)

Unaudited	2015		2016				2017	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Operating Revenues								
Service	\$ 17,598	\$ 17,195	\$ 16,809	\$ 16,741	\$ 16,684	\$ 16,346	\$ 15,778	\$ 15,622
Equipment	4,292	5,398	3,954	3,704	4,124	5,733	3,764	4,298
Other	1,115	1,141	1,241	1,259	1,293	1,298	1,336	1,362
Total Operating Revenues	23,005	23,734	22,004	21,704	22,101	23,377	20,878	21,282
Operating Expenses								
Cost of services	2,010	1,994	1,942	1,984	2,006	2,056	1,958	1,997
Cost of equipment	5,716	6,840	4,998	4,644	5,240	7,356	4,808	5,035
Selling, general & administrative expense	5,351	5,796	4,891	4,777	4,921	5,335	4,698	4,493
Depreciation and amortization expense	2,260	2,305	2,293	2,282	2,287	2,321	2,338	2,347
Total Operating Expenses	15,337	16,935	14,124	13,687	14,454	17,068	13,802	13,872
Operating Income	\$ 7,668	\$ 6,799	\$ 7,880	\$ 8,017	\$ 7,647	\$ 6,309	\$ 7,076	\$ 7,410
Operating Income Margin	33.3%	28.6%	35.8%	36.9%	34.6%	27.0%	33.9%	34.8%
Segment EBITDA	\$ 9,928	\$ 9,104	\$ 10,173	\$ 10,299	\$ 9,934	\$ 8,630	\$ 9,414	\$ 9,757
Segment EBITDA Margin	43.2%	38.4%	46.2%	47.5%	44.9%	36.9%	45.1%	45.8%

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	2015		2016				2017	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Connections ('000)								
Retail postpaid	105,023	106,528	107,171	107,780	108,220	108,796	108,483	109,088
Retail prepaid	5,737	5,580	5,402	5,374	5,456	5,447	5,430	5,448
Total retail	110,760	112,108	112,573	113,154	113,676	114,243	113,913	114,536
Net Add Detail ('000) ⁽¹⁾								
Retail postpaid	1,289	1,519	640	615	442	591	(307)	614
Retail prepaid	(80)	(157)	(177)	(30)	83	(9)	(17)	19
Total retail	1,209	1,362	463	585	525	582	(324)	633
Account Statistics								
Retail postpaid accounts ('000)	35,677	35,736	35,720	35,637	35,530	35,410	35,270	35,334
Retail postpaid connections per account	2.94	2.98	3.00	3.02	3.05	3.07	3.08	3.09
Retail postpaid ARPA ⁽³⁾	\$ 152.38	\$ 148.30	\$ 145.34	\$ 145.09	\$ 144.94	\$ 141.89	\$ 136.98	\$ 134.89
Retail postpaid I-ARPA ⁽⁴⁾	\$ 164.31	\$ 164.40	\$ 165.03	\$ 167.18	\$ 169.49	\$ 169.10	\$ 166.01	\$ 164.94
Churn Detail								
Retail postpaid	0.93%	0.96%	0.96%	0.94%	1.04%	1.10%	1.15%	0.94%
Retail	1.21%	1.23%	1.23%	1.19%	1.28%	1.34%	1.39%	1.18%
Retail Postpaid Connection Statistics								
Total Smartphone postpaid % of phones activated	91.3%	93.7%	92.5%	92.1%	93.1%	95.2%	94.5%	95.2%
Total Smartphone postpaid phone base ⁽²⁾	82.4%	83.7%	84.7%	85.5%	86.3%	87.3%	88.1%	88.8%
Total Internet postpaid base ⁽²⁾	16.0%	16.8%	17.3%	17.7%	18.1%	18.3%	18.3%	18.4%
4G LTE devices as % of retail postpaid connections	76.2%	79.2%	81.1%	82.5%	83.7%	85.0%	85.9%	86.7%
Other Operating Statistics								
Capital expenditures (\$M)	\$ 2,921	\$ 3,259	\$ 2,190	\$ 2,815	\$ 2,771	\$ 3,464	\$ 1,831	\$ 2,444

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 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

Wireline - Selected Financial Results

(dollars in millions)

Unaudited	2015		2016				2017	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Operating Revenues								
Consumer Markets	\$ 3,168	\$ 3,226	\$ 3,180	\$ 3,165	\$ 3,174	\$ 3,232	\$ 3,201	\$ 3,184
Enterprise Solutions	2,434	2,456	2,424	2,378	2,367	2,360	2,392	2,388
Partner Solutions	1,274	1,310	1,268	1,241	1,222	1,208	1,231	1,236
Business Markets	891	883	862	845	837	825	882	921
Other	86	79	80	84	76	72	62	73
Total Operating Revenues	7,853	7,954	7,814	7,713	7,676	7,697	7,768	7,802
Operating Expenses								
Cost of services	4,665	4,603	4,617	5,079	4,411	4,400	4,451	4,576
Selling, general & administrative expense	1,766	1,832	1,767	1,612	1,690	1,502	1,608	1,606
Depreciation and amortization expense	1,594	1,573	1,559	1,546	1,483	1,451	1,490	1,552
Total Operating Expenses	8,025	8,008	7,943	8,237	7,584	7,353	7,549	7,734
Operating Income (Loss)	\$ (172)	\$ (54)	\$ (129)	\$ (524)	\$ 92	\$ 344	\$ 219	\$ 68
Operating Income (Loss) Margin	(2.2)%	(0.7)%	(1.7)%	(6.8)%	1.2%	4.5%	2.8%	0.9%
Segment EBITDA	\$ 1,422	\$ 1,519	\$ 1,430	\$ 1,022	\$ 1,575	\$ 1,795	\$ 1,709	\$ 1,620
Segment EBITDA Margin	18.1%	19.1%	18.3%	13.3%	20.5%	23.3%	22.0%	20.8%

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.

Wireline - Selected Operating Statistics

Unaudited	2015		2016				2017	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Connections ('000)								
Fios Video Subscribers	4,610	4,635	4,678	4,637	4,673	4,694	4,681	4,666
Fios Internet Subscribers	5,336	5,418	5,508	5,495	5,585	5,653	5,688	5,737
Fios Digital Voice residence connections	3,829	3,872	3,917	3,879	3,882	3,895	3,887	3,909
Fios Digital connections	13,775	13,925	14,103	14,011	14,140	14,242	14,256	14,312
HSI	1,738	1,667	1,589	1,519	1,453	1,385	1,323	1,251
Total Broadband connections	7,074	7,085	7,097	7,014	7,038	7,038	7,011	6,988
Primary residence switched access connections	3,951	3,799	3,643	3,501	3,359	3,230	3,095	2,962
Primary residence connections	7,780	7,671	7,560	7,380	7,241	7,125	6,982	6,871
Total retail residence voice connections	8,072	7,949	7,824	7,634	7,482	7,355	7,200	7,079
Total voice connections	15,324	15,035	14,781	14,476	14,194	13,939	13,634	13,352
Net Add Detail ('000)								
Fios Video Subscribers	45	25	43	(41)	36	21	(13)	(15)
Fios Internet Subscribers	96	82	90	(13)	90	68	35	49
Fios Digital Voice residence connections	41	43	45	(38)	3	13	(8)	22
Fios Digital connections	182	150	178	(92)	129	102	14	56
HSI	(82)	(71)	(78)	(70)	(66)	(68)	(62)	(72)
Total Broadband connections	14	11	12	(83)	24	-	(27)	(23)
Primary residence switched access connections	(162)	(152)	(156)	(142)	(142)	(129)	(135)	(133)
Primary residence connections	(121)	(109)	(111)	(180)	(139)	(116)	(143)	(111)
Total retail residence voice connections	(137)	(123)	(125)	(190)	(152)	(127)	(155)	(121)
Total voice connections	(262)	(289)	(254)	(305)	(282)	(255)	(305)	(282)
Revenue Statistics								
Fios revenues (\$M)	\$ 2,689	\$ 2,770	\$ 2,761	\$ 2,776	\$ 2,807	\$ 2,892	\$ 2,891	\$ 2,899
Other Operating Statistics								
Capital expenditures (\$M)	\$ 1,202	\$ 1,636	\$ 1,006	\$ 814	\$ 1,036	\$ 1,648	\$ 960	\$ 1,190
Wireline employees (K)	61.8	61.0	59.5	59.3	59.2	58.9	60.8	59.7
Fios Video Open for Sale (K)	13,024	13,196	13,366	13,400	13,529	13,693	13,829	13,978
Fios Video penetration	35.4%	35.1%	35.0%	34.6%	34.5%	34.3%	33.8%	33.4%
Fios Internet Open for Sale (K)	13,317	13,491	13,661	13,696	13,825	13,982	14,120	14,271
Fios Internet penetration	40.1%	40.2%	40.3%	40.1%	40.4%	40.4%	40.3%	40.2%

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.



Non-GAAP Reconciliations

As of June 30, 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 and operating revenues from the data center businesses divested on May 1, 2017 which are not reflected in our results following the completion of those transactions (Divested Businesses), and it excludes operating revenues from XO Holdings' wireline business (XO) (acquired on February 1, 2017), Fleetmatics Group PLC (acquired on November 7, 2016), Telogis, Inc. (acquired on July 29, 2016) and Yahoo!, Inc.'s operating business (acquired on June 13, 2017), (Acquisitions) which are not reflected in our second quarter 2016 results.

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

Consolidated Operating Revenues Excluding Divested Businesses

Verizon Consolidated Operating Revenues Excluding Divested Businesses 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, and operating revenues from the data center businesses divested on May 1, 2017 which are not reflected in our results following the completion of those transactions (Divested Businesses).

Consolidated Operating Revenues Excluding Divested Businesses is calculated by subtracting operating revenues from Divested Businesses from our consolidated operating 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 our second 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), Consolidated EBITDA Margin, 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. Consolidated EBITDA Margin is calculated by dividing Consolidated EBITDA by consolidated operating revenues.

Segment EBITDA is calculated by adding back depreciation and amortization expense to segment operating income. 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 provide relevant and useful information to management, investors and other users of our financial information in evaluating the effectiveness of our operations and underlying business trends in a manner that is consistent with management's evaluation of business performance. We believe 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 special items enables comparability to prior period performance and trend analysis. Consolidated Adjusted EBITDA and Consolidated Adjusted EBITDA Margin are 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 the following special items: actuarial gains or losses arising from the re-measurements of pension and other postretirement benefits, severance costs, net gain on sale of Divested Businesses, gain on spectrum license transactions, acquisition and integration related costs and operating results from 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. Acquisition and integration related costs represent transaction expenses related to business acquisitions and incremental expenses, such as personnel costs, incurred to integrate the acquired businesses into our operations. We believe the exclusion of the above-noted special items 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 including Operating Results from Divested Businesses is calculated by excluding from Consolidated EBITDA the effect of the following special items: actuarial gains or losses arising from the re-measurements of pension and other postretirement benefits, severance costs, net gain on sale of Divested Businesses, gain on spectrum license transactions, and acquisition and integration related costs.

Consolidated Adjusted EBITDA Margin is calculated by dividing Consolidated Adjusted EBITDA by Consolidated Operating Revenues Excluding Divested Businesses.

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 special items. We believe excluding special items provides more comparable assessment of our financial results from period to period.

Adjusted EPS is calculated by excluding the effect of special items such as actuarial gains or losses arising from the re-measurement of pension and other postretirement benefits, severance costs, early debt redemption costs, net gain on sale of Divested Businesses and acquisition and integration related costs 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 our second 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 our second 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 revenues from XO (acquired on February 1, 2017) using the prior period exchange rates and comparing these adjusted amounts to our prior period reported results.

Partner Solutions Revenues Excluding Acquisition

Partner 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 Partner Solutions revenue growth and trends on a comparable basis since revenues from XO (acquired on February 1, 2017) are not reflected in our second quarter 2016 results.

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

Business Markets Revenues Excluding Acquisition

Business Markets 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 Business Markets revenue growth and trends on a comparable basis since revenues from XO (acquired on February 1, 2017) are not reflected in our second quarter 2016 results.

Business Markets Revenues Excluding Acquisition is calculated by subtracting operating revenues from XO from Business Markets revenues.

Non-GAAP Reconciliations - Consolidated

Consolidated Operating Revenues Excluding Divested Businesses and Acquisitions

Unaudited	(dollars in millions)	
	3 Mos. Ended 6/30/16	3 Mos. Ended 6/30/17
Consolidated Operating Revenues	\$ 30,532	\$ 30,548
Less operating revenues from Divested Businesses	110	37
Consolidated Operating Revenues Excluding Divested Businesses	<u>30,422</u>	<u>30,511</u>
Less operating revenues from acquisitions	-	693
Consolidated Operating Revenues Excluding Divested Businesses and Acquisitions	<u>\$ 30,422</u>	<u>\$ 29,818</u>
Year over Year Change		(2.0)%

IoT Revenues Excluding Acquisitions

Unaudited	(dollars in millions)	
	3 Mos. Ended 6/30/16	3 Mos. Ended 6/30/17
IoT Revenues	\$ 207	\$ 365
Less IoT operating revenues from acquisitions	-	117
IoT Revenues Excluding Acquisitions	<u>\$ 207</u>	<u>\$ 248</u>
Year over Year Change		19.8%

Consolidated EBITDA, Consolidated Adjusted EBITDA
and Consolidated Adjusted EBITDA Margin

Unaudited	(dollars in millions)							
	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	3 Months Ended 6/30/17
Consolidated Net Income	\$ 4,171	\$ 5,513	\$ 4,430	\$ 831	\$ 3,747	\$ 4,600	\$ 3,553	\$ 4,478
Add/subtract:								
Provision for income taxes	2,195	3,065	2,336	864	1,829	2,349	1,629	2,489
Interest expense	1,202	1,178	1,188	1,013	1,038	1,137	1,132	1,218
Other (income) and expense, net	(51)	(28)	(32)	1,826	(97)	(98)	846	19
Equity in losses of unconsolidated businesses	18	16	20	20	23	35	21	28
Operating Income	<u>7,535</u>	<u>9,744</u>	<u>7,942</u>	<u>4,554</u>	<u>6,540</u>	<u>8,023</u>	<u>7,181</u>	<u>8,232</u>
Add Depreciation and amortization expense	4,009	4,039	4,017	3,982	3,942	3,987	4,059	4,167
Consolidated EBITDA	<u>\$ 11,544</u>	<u>\$ 13,783</u>	<u>\$ 11,959</u>	<u>\$ 8,536</u>	<u>\$ 10,482</u>	<u>\$ 12,010</u>	<u>\$ 11,240</u>	<u>\$ 12,399</u>
Add/subtract special items (before tax):								
Severance, pension and benefit charges/(credits)	342	(2,598)	165	3,550	797	(1,589)	-	607
Gain on spectrum license transactions	-	(254)	(142)	-	-	-	(126)	-
Net gain on sale of divested businesses	-	-	-	(1,007)	-	-	-	(1,774)
Acquisition and integration related costs ⁽¹⁾	-	-	-	-	-	-	-	147
Consolidated Adjusted EBITDA including Operating Results from Divested Businesses	<u>11,886</u>	<u>10,931</u>	<u>11,982</u>	<u>11,079</u>	<u>11,279</u>	<u>10,421</u>	<u>11,114</u>	<u>11,379</u>
Operating results from divested businesses ⁽¹⁾	(796)	(786)	(740)	(77)	(80)	(84)	(76)	(25)
Consolidated Adjusted EBITDA	<u>\$ 11,090</u>	<u>\$ 10,145</u>	<u>\$ 11,242</u>	<u>\$ 11,002</u>	<u>\$ 11,199</u>	<u>\$ 10,337</u>	<u>11,038</u>	<u>11,354</u>
Consolidated Operating Revenues excluding Divested Businesses								<u>\$ 30,511</u>
Consolidated Adjusted EBITDA Margin								<u>37.2%</u>

⁽¹⁾ Excludes depreciation and amortization expense

Non-GAAP Reconciliations - Consolidated

Adjusted Earnings per Common Share (Adjusted EPS)

(dollars in millions except EPS)

Unaudited	3 Mos. Ended						3 Mos. Ended 6/30/17
	6/30/16			6/30/17			
	Pre-tax	Tax	After-Tax	Pre-tax	Tax	After-Tax	
EPS				\$ 0.17			\$ 1.07
Severance, pension, and benefit charges	\$ 3,550	\$ (1,364)	\$ 2,186	0.54	\$ 607	\$ (230)	\$ 377
Net gain on sale of divested businesses	(1,007)	868	(139)	(0.03)	(1,774)	843	(931)
Early debt redemption costs ⁽¹⁾	1,822	(718)	1,104	0.27	-	-	-
Acquisition and integration related costs	-	-	-	-	152	(56)	96
	\$ 4,365	\$ (1,214)	\$ 3,151	0.77	\$ (1,015)	\$ 557	\$ (458)
Adjusted EPS				\$ 0.94			\$ 0.96
Year over Year Change							2.1%

⁽¹⁾ Includes costs related to debt tender offers

Note: Adjusted EPS may not add due to rounding.

Net Debt and Net Debt to Consolidated Adjusted EBITDA Ratio

(dollars in millions)

Unaudited	9/30/15	12/31/15	3/31/16	6/30/16	9/30/16	12/31/16	3/31/17	6/30/17
Net Debt								
Debt maturing within one year	\$ 7,264	\$ 6,489	\$ 6,265	\$ 6,803	\$ 3,852	\$ 2,645	\$ 3,707	\$ 1,153
Long-term debt	104,583	103,240	103,615	92,922	102,739	105,433	112,839	116,390
Total Debt	111,847	109,729	109,880	99,725	106,591	108,078	116,546	117,543
Less Cash and cash equivalents	3,875	4,470	5,846	2,857	6,441	2,880	4,307	4,583
Net Debt	\$ 107,972	\$ 105,259	\$ 104,034	\$ 96,868	\$ 100,150	\$ 105,198	\$ 112,239	\$ 112,960
Net Debt to Consolidated Adjusted EBITDA Ratio				2.2x	2.3x	2.4x	2.6x	2.6x

Free Cash Flow

(dollars in millions)

Unaudited	6 Months Ended 6/30/16	6 Months Ended 6/30/17
Net cash provided by operating activities	\$ 12,908	\$ 9,918
Less Capital expenditures	7,273	7,011
Free Cash Flow	\$ 5,635	\$ 2,907

Non-GAAP Reconciliations - Segments

Segment EBITDA and Segment EBITDA Margin
Wireless

(dollars in millions)

Unaudited	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	3 Months Ended 6/30/17
Operating Income	\$ 7,668	\$ 6,799	\$ 7,880	\$ 8,017	\$ 7,647	\$ 6,309	\$ 7,076	\$ 7,410
Add Depreciation and amortization expense	2,260	2,305	2,293	2,282	2,287	2,321	2,338	2,347
Segment EBITDA	\$ 9,928	\$ 9,104	\$ 10,173	\$ 10,299	\$ 9,934	\$ 8,630	\$ 9,414	\$ 9,757
Total operating revenues	\$ 23,005	\$ 23,734	\$ 22,004	\$ 21,704	\$ 22,101	\$ 23,377	\$ 20,878	\$ 21,282
Operating Income Margin	33.3%	28.6%	35.8%	36.9%	34.6%	27.0%	33.9%	34.8%
Segment EBITDA Margin	43.2%	38.4%	46.2%	47.5%	44.9%	36.9%	45.1%	45.8%

Wireline

(dollars in millions)

Unaudited	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	3 Months Ended 6/30/17
Operating Income (Loss)	\$ (172)	\$ (54)	\$ (129)	\$ (524)	\$ 92	\$ 344	\$ 219	\$ 68
Add Depreciation and amortization expense	1,594	1,573	1,559	1,546	1,483	1,451	1,490	1,552
Segment EBITDA	\$ 1,422	\$ 1,519	\$ 1,430	\$ 1,022	\$ 1,575	\$ 1,795	\$ 1,709	\$ 1,620
Total operating revenues	\$ 7,853	\$ 7,954	\$ 7,814	\$ 7,713	\$ 7,676	\$ 7,697	\$ 7,768	\$ 7,802
Operating Income (Loss) Margin	(2.2)%	(0.7)%	(1.7)%	(6.8)%	1.2%	4.5%	2.8%	0.9%
Segment EBITDA Margin	18.1%	19.1%	18.3%	13.3%	20.5%	23.3%	22.0%	20.8%
Sequential Segment EBITDA Margin Change								(120) bps

Wireline Operating Revenues Excluding Acquisition

(dollars in millions)

Unaudited	3 Months Ended 3/31/16	3 Months Ended 6/30/16	3 Months Ended 3/31/17	3 Months Ended 6/30/17
Wireline Operating Revenues	\$ 7,814	\$ 7,713	\$ 7,768	\$ 7,802
Less Wireline operating revenues from Acquisition	-	-	207	304
Wireline Operating Revenues Excluding Acquisition	\$ 7,814	\$ 7,713	\$ 7,561	\$ 7,498
Year over Year Change			(3.2)%	(2.8)%

Enterprise Solutions Revenues Excluding Acquisition

(dollars in millions)

Unaudited	3 Months Ended 6/30/16	3 Months Ended 6/30/17
Enterprise Solutions Revenues	\$ 2,378	\$ 2,388
Less Enterprise Solutions Revenues from Acquisition		108
Enterprise Solutions Revenues Excluding Acquisition	\$ 2,378	\$ 2,280
Year over Year Change		(4.1)%

Enterprise Solutions Constant Currency Growth Rate

(dollars in millions)

3 Months Ending June 30, 2017	Reported		Constant Currency	
Unaudited	Revenues	Growth Rate	Revenues	Growth Rate
Enterprise Solutions Revenues Excluding Acquisition	\$ 2,280	(4.1)%	\$ 2,294	(3.5)%

Non-GAAP Reconciliations - Segments

Partner Solutions Revenues Excluding Acquisition

	(dollars in millions)	
Unaudited	3 Months Ended 6/30/16	3 Months Ended 6/30/17
Partner Solutions Revenues	\$ 1,241	\$ 1,236
Less Partner Solutions Revenues from Acquisition		80
Partner Solutions Revenues Excluding Acquisition	\$ 1,241	\$ 1,156
Year over Year Change		(6.8)%

Business Markets Revenues Excluding Acquisition

	(dollars in millions)	
Unaudited	3 Months Ended 6/30/16	3 Months Ended 6/30/17
Business Markets Revenues	\$ 845	\$ 921
Less Business Markets Revenues from Acquisition		117
Business Markets Revenues Excluding Acquisition	\$ 845	\$ 804
Year over Year Change		(4.9)%