

Condensed Consolidated Statements of Income

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 3/31/18	3 Mos. Ended 3/31/17	% Change
Operating Revenues			
Service revenues and other	\$ 26,732	\$ 26,050	2.6
Wireless equipment revenues	5,040	3,764	33.9
Total Operating Revenues	31,772	29,814	6.6
Operating Expenses			
Cost of services	7,946	7,239	9.8
Wireless cost of equipment	5,309	4,808	10.4
Selling, general and administrative expense	6,844	6,746	1.5
Depreciation and amortization expense	4,324	4,059	6.5
Total Operating Expenses	24,423	22,852	6.9
Operating Income	7,349	6,962	5.6
Equity in losses of unconsolidated businesses	(19)	(21)	9.5
Other expense, net	(75)	(627)	88.0
Interest expense	(1,201)	(1,132)	(6.1)
Income Before Provision For Income Taxes	6,054	5,182	16.8
Provision for income taxes	(1,388)	(1,629)	(14.8)
Net Income	\$ 4,666	\$ 3,553	31.3
Net income attributable to noncontrolling interests	\$ 121	\$ 103	17.5
Net income attributable to Verizon	4,545	3,450	31.7
Net Income	\$ 4,666	\$ 3,553	31.3
Basic Earnings Per Common Share			
Net income attributable to Verizon	\$ 1.11	\$ 0.85	30.6
<i>Weighted average number of common shares (in millions)</i>	<i>4,104</i>	<i>4,082</i>	
Diluted Earnings Per Common Share ⁽¹⁾			
Net income attributable to Verizon	\$ 1.11	\$ 0.84	32.1
<i>Weighted average number of common shares-assuming dilution (in millions)</i>	<i>4,107</i>	<i>4,087</i>	

Footnotes:

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

Certain amounts have been reclassified to conform to the current period presentation.

Condensed Consolidated Balance Sheets

(dollars in millions)

Unaudited	3/31/18	12/31/17	\$ Change
Assets			
Current assets			
Cash and cash equivalents	\$ 1,923	\$ 2,079	\$ (156)
Accounts receivable, net	22,595	23,493	(898)
Inventories	1,285	1,034	251
Prepaid expenses and other	5,222	3,307	1,915
Total current assets	31,025	29,913	1,112
Property, plant and equipment	246,877	246,498	379
Less accumulated depreciation	158,955	157,930	1,025
Property, plant and equipment, net	87,922	88,568	(646)
Investments in unconsolidated businesses	994	1,039	(45)
Wireless licenses	93,677	88,417	5,260
Goodwill	29,121	29,172	(51)
Other intangible assets, net	10,014	10,247	(233)
Other assets	11,763	9,787	1,976
Total assets	\$ 264,516	\$ 257,143	\$ 7,373
Liabilities and Equity			
Current liabilities			
Debt maturing within one year	\$ 6,323	\$ 3,453	\$ 2,870
Accounts payable and accrued liabilities	17,052	21,232	(4,180)
Other current liabilities	8,240	8,352	(112)
Total current liabilities	31,615	33,037	(1,422)
Long-term debt	112,734	113,642	(908)
Employee benefit obligations	20,689	22,112	(1,423)
Deferred income taxes	34,414	31,232	3,182
Other liabilities	12,719	12,433	286
Total long-term liabilities	180,556	179,419	1,137
Equity			
Common stock	429	424	5
Additional paid in capital	13,437	11,101	2,336
Retained earnings	39,974	35,635	4,339
Accumulated other comprehensive income	3,705	2,659	1,046
Common stock in treasury, at cost	(6,992)	(7,139)	147
Deferred compensation – employee stock ownership plans and other	228	416	(188)
Noncontrolling interests	1,564	1,591	(27)
Total equity	52,345	44,687	7,658
Total liabilities and equity	\$ 264,516	\$ 257,143	\$ 7,373

Verizon - Selected Financial and Operating Statistics

Unaudited	3/31/18	12/31/17
Total debt (in millions)	\$ 119,057	\$ 117,095
Net debt (in millions)	\$ 117,134	\$ 115,016
Net debt / Consolidated adjusted EBITDA ⁽¹⁾	2.6x	2.6x
Common shares outstanding end of period (in millions)	4,132	4,079
Total employees ('000)	154.7	155.4
Quarterly cash dividends declared per common share	\$ 0.59	\$ 0.59

Footnotes:

- (1) Consolidated 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.

Condensed Consolidated Statements of Cash Flows

(dollars in millions)

Unaudited	3 Mos. Ended 3/31/18	3 Mos. Ended 3/31/17	\$ Change
Cash Flows from Operating Activities			
Net Income	\$ 4,666	\$ 3,553	\$ 1,113
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	4,324	4,059	265
Employee retirement benefits	(151)	(111)	(40)
Deferred income taxes	702	2,025	(1,323)
Provision for uncollectible accounts	239	330	(91)
Equity in losses of unconsolidated businesses, net of dividends received	30	28	2
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	(2,033)	(4,998)	2,965
Discretionary contributions to qualified pension plans	(1,000)	(3,411)	2,411
Other, net	(129)	(99)	(30)
Net cash provided by operating activities	6,648	1,376	5,272
Cash Flows from Investing Activities			
Capital expenditures (including capitalized software)	(4,552)	(3,067)	(1,485)
Acquisitions of businesses, net of cash acquired	(32)	(1,746)	1,714
Acquisitions of wireless licenses	(970)	(196)	(774)
Other, net	269	459	(190)
Net cash used in investing activities	(5,285)	(4,550)	(735)
Cash Flows from Financing Activities			
Proceeds from long-term borrowings	1,956	13,054	(11,098)
Proceeds from asset-backed long-term borrowings	1,178	1,283	(105)
Repayments of long-term borrowings and capital lease obligations	(2,984)	(5,592)	2,608
Increase (decrease) in short-term obligations, excluding current maturities	1,222	(52)	1,274
Dividends paid	(2,407)	(2,354)	(53)
Other, net	(281)	(1,674)	1,393
Net cash provided by (used in) financing activities	(1,316)	4,665	(5,981)
Increase in cash, cash equivalents and restricted cash	47	1,491	(1,444)
Cash, cash equivalents and restricted cash, beginning of period	2,888	3,177	(289)
Cash, cash equivalents and restricted cash, end of period	\$ 2,935	\$ 4,668	\$ (1,733)

Footnotes:

Certain amounts have been reclassified to conform to the current period presentation.

Wireless - Selected Financial Results

(dollars in millions)

Unaudited	3 Mos. Ended 3/31/18	3 Mos. Ended 3/31/17	% Change
Operating Revenues			
Service	\$ 15,402	\$ 15,778	(2.4)
Equipment	5,040	3,764	33.9
Other	1,458	1,336	9.1
Total Operating Revenues	21,900	20,878	4.9
Operating Expenses			
Cost of services	2,215	2,187	1.3
Cost of equipment	5,309	4,808	10.4
Selling, general and administrative expense	3,899	4,469	(12.8)
Depreciation and amortization expense	2,428	2,338	3.8
Total Operating Expenses	13,851	13,802	0.4
Operating Income	\$ 8,049	\$ 7,076	13.8
Operating Income Margin	36.8 %	33.9 %	
Segment EBITDA	\$ 10,477	\$ 9,414	11.3
Segment EBITDA Margin	47.8 %	45.1 %	

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.

Certain amounts have been reclassified to conform to the current period presentation.

Wireless - Selected Operating Statistics

Unaudited	3/31/18	3/31/17	% Change
Connections ('000)			
Retail postpaid	111,114	108,483	2.4
Retail prepaid	5,068	5,430	(6.7)
Total retail	116,182	113,913	2.0

Unaudited	3 Mos. Ended 3/31/18	3 Mos. Ended 3/31/17	% Change
Net Add Detail ('000) ⁽¹⁾			
Retail postpaid	260	(307)	*
Retail prepaid	(335)	(17)	*
Total retail	(75)	(324)	76.9

Account Statistics

Retail postpaid accounts ('000) ⁽²⁾	35,333	35,270	0.2
Retail postpaid connections per account ⁽²⁾	3.14	3.08	1.9
Retail postpaid ARPA ^{(3) (5)}	\$ 131.71	\$ 136.98	(3.8)
Retail postpaid I-ARPA ^{(4) (5)}	\$ 164.72	\$ 166.01	(0.8)

Churn Detail

Retail postpaid	1.04 %	1.15 %
Retail	1.28 %	1.39 %

Retail Postpaid Connection Statistics

Total smartphone postpaid phone base ⁽²⁾	90.7 %	88.1 %
Total Internet postpaid base ⁽²⁾	19.2 %	18.3 %

Other Operating Statistics

Capital expenditures (in millions)	\$ 2,367	\$ 1,831	29.3
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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
- (5) ARPA and I-ARPA for periods beginning after January 1, 2018 reflect the adoption of Accounting Standard Update 2014-09, "Revenue from Contracts with Customers (Topic 606)". ARPA and I-ARPA for periods ending prior to January 1, 2018 were calculated based on the guidance per ASC Topic 605, "Revenue Recognition". Accordingly, amounts are not calculated on a comparative basis.

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

Wireline - Selected Financial Results

(dollars in millions)

Unaudited	3 Mos. Ended 3/31/18	3 Mos. Ended 3/31/17	% Change
Operating Revenues			
Consumer Markets	\$ 3,150	\$ 3,201	(1.6)
Enterprise Solutions	2,240	2,311	(3.1)
Partner Solutions	1,228	1,229	(0.1)
Business Markets	871	879	(0.9)
Other	68	62	9.7
Total Operating Revenues	7,557	7,682	(1.6)
Operating Expenses			
Cost of services	4,475	4,419	1.3
Selling, general and administrative expense	1,479	1,582	(6.5)
Depreciation and amortization expense	1,534	1,475	4.0
Total Operating Expenses	7,488	7,476	0.2
Operating Income	\$ 69	\$ 206	(66.5)
Operating Income Margin	0.9 %	2.7 %	
Segment EBITDA	\$ 1,603	\$ 1,681	(4.6)
Segment EBITDA Margin	21.2 %	21.9 %	

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	3/31/18	3/31/17	% Change
Connections ('000)			
Fios video connections	4,597	4,681	(1.8)
Fios Internet connections	5,916	5,688	4.0
Fios digital voice residence connections	3,891	3,887	0.1
Fios digital connections	14,404	14,256	1.0
High-speed Internet (HSI) connections	1,050	1,323	(20.6)
Total broadband connections	6,966	7,011	(0.6)
Total voice connections	12,555	13,634	(7.9)

Unaudited	3 Mos. Ended 3/31/18	3 Mos. Ended 3/31/17	% Change
Net Add Detail ('000)			
Fios video connections	(22)	(13)	(69.2)
Fios Internet connections	66	35	88.6
Fios digital voice residence connections	(14)	(8)	(75.0)
Fios digital connections	30	14	*
High-speed Internet (HSI) connections	(59)	(62)	4.8
Total broadband connections	7	(27)	*
Total voice connections	(266)	(305)	12.8

Revenue Statistics

Fios revenues (in millions)	\$	2,951	\$	2,891	2.1
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Other Operating Statistics

Capital expenditures (in millions)	\$	1,673	\$	960	74.3
Wireline employees ('000)		57.2		59.4	

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

Supplemental Information - Impacts from the adoption of Topic 606

We adopted Accounting Standard Update 2014-09, "Revenue from Contracts with Customers (Topic 606)" on January 1, 2018, using the modified retrospective application. This method does not impact the prior periods, which continue to reflect the accounting treatment prior to the adoption of Topic 606. As a result, for items that were affected by our adoption of Topic 606, financial results of periods prior to January 1, 2018 are not comparable to the current period financial results. To provide comparability to our results, we provide the following supplemental schedule which contains certain financial information on a pre adoption of Topic 606 basis.

Consolidated⁽³⁾

Unaudited	3/31/2018			3/31/2017	YoY	
	As reported	Balances without adoption of Topic 606	Adjustments	As reported	\$ Change	% Change
Operating Revenues						
Service revenues and other	\$ 26,732	\$ 27,133	\$ (401)	\$ 26,050	\$ 1,083	4.2
Wireless equipment revenues	5,040	4,594	446	3,764	830	22.1
Total Operating Revenues	31,772	31,727	45	29,814	1,913	6.4
Operating Expenses						
Cost of services	7,946	7,956	(10)	7,239	717	9.9
Wireless cost of equipment	5,309	5,287	22	4,808	479	10.0
Selling, general and administrative expense	6,844	7,234	(390)	6,746	488	7.2
Depreciation and amortization expense	4,324	4,324	—	4,059	265	6.5
Total Operating Expenses	24,423	24,801	(378)	22,852	1,949	8.5
Operating Income	\$ 7,349	\$ 6,926	\$ 423	\$ 6,962	\$ (36)	(0.5)

Wireless⁽¹⁾⁽²⁾⁽³⁾

Unaudited	3/31/2018			3/31/2017	YoY	
	As reported	Balances without adoption of Topic 606	Adjustments	As reported	\$ Change	% Change
Operating Revenues						
Service	\$ 15,402	\$ 15,782	\$ (380)	\$ 15,778	\$ 4	0.0
Equipment	5,040	4,594	446	3,764	830	22.1
Other	1,458	1,489	(31)	1,336	153	11.5
Total Operating Revenues	21,900	21,865	35	20,878	987	4.7
Operating Expenses						
Cost of services	2,215	2,215	—	2,187	28	1.3
Cost of equipment	5,309	5,287	22	4,808	479	10.0
Selling, general and administrative expense	3,899	4,248	(349)	4,469	(221)	(4.9)
Depreciation and amortization expense	2,428	2,428	—	2,338	90	3.8
Total Operating Expenses	13,851	14,178	(327)	13,802	376	2.7
Operating Income	\$ 8,049	\$ 7,687	\$ 362	\$ 7,076	\$ 611	8.6

Wireline⁽¹⁾⁽²⁾

Unaudited	3/31/2018			3/31/2017	YoY	
	As reported	Balances without adoption of Topic 606	Adjustments	As reported	\$ Change	% Change
Operating Revenues						
Consumer Markets	\$ 3,150	\$ 3,146	\$ 4	\$ 3,201	\$ (55)	(1.7)
Enterprise Solutions	2,240	2,240	—	2,311	(71)	(3.1)
Partner Solutions	1,228	1,228	—	1,229	(1)	(0.1)
Business Markets	871	870	1	879	(9)	(1.0)
Other	68	56	12	62	(6)	(9.7)
Total Operating Revenues	7,557	7,540	17	7,682	(142)	(1.8)
Operating Expenses						
Cost of services	4,475	4,485	(10)	4,419	66	1.5
Selling, general and administrative expense	1,479	1,516	(37)	1,582	(66)	(4.2)
Depreciation and amortization expense	1,534	1,534	—	1,475	59	4.0
Total Operating Expenses	7,488	7,535	(47)	7,476	59	0.8
Operating Income	\$ 69	\$ 5	\$ 64	\$ 206	\$ (201)	(97.6)

Fios Revenues

Unaudited	3/31/2018			3/31/2017	YoY	
	As reported	Balances without adoption of Topic 606	Adjustments	As reported	\$ Change	% Change
Fios Revenues	\$ 2,951	\$ 2,945	\$ 6	\$ 2,891	\$ 54	1.9

Footnotes:

(1) The financial results 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.

(2) Intersegment transactions have not been eliminated.

(3) Certain amounts have been reclassified to conform to the current period presentation.