

## Condensed Consolidated Statements of Income

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 6/30/18	3 Mos. Ended 6/30/17	% Change	6 Mos. Ended 6/30/18	6 Mos. Ended 6/30/17	% Change
<b>Operating Revenues</b>						
Service revenues and other	\$ 27,159	\$ 26,250	3.5	\$ 53,891	\$ 52,300	3.0
Wireless equipment revenues	5,044	4,298	17.4	10,084	8,062	25.1
<b>Total Operating Revenues</b>	<b>32,203</b>	<b>30,548</b>	<b>5.4</b>	<b>63,975</b>	<b>60,362</b>	<b>6.0</b>
<b>Operating Expenses</b>						
Cost of services	8,234	7,449	10.5	16,180	14,688	10.2
Wireless cost of equipment	5,397	5,035	7.2	10,706	9,843	8.8
Selling, general and administrative expense	7,605	5,883	29.3	14,449	12,629	14.4
Depreciation and amortization expense	4,350	4,167	4.4	8,674	8,226	5.4
<b>Total Operating Expenses</b>	<b>25,586</b>	<b>22,534</b>	<b>13.5</b>	<b>50,009</b>	<b>45,386</b>	<b>10.2</b>
<b>Operating Income</b>	<b>6,617</b>	<b>8,014</b>	<b>(17.4)</b>	<b>13,966</b>	<b>14,976</b>	<b>(6.7)</b>
Equity in losses of unconsolidated businesses	(228)	(28)	*	(247)	(49)	*
Other income (expense), net	360	199	80.9	285	(428)	*
Interest expense	(1,222)	(1,218)	0.3	(2,423)	(2,350)	3.1
<b>Income Before Provision For Income Taxes</b>	<b>5,527</b>	<b>6,967</b>	<b>(20.7)</b>	<b>11,581</b>	<b>12,149</b>	<b>(4.7)</b>
Provision for income taxes	(1,281)	(2,489)	(48.5)	(2,669)	(4,118)	(35.2)
<b>Net Income</b>	<b>\$ 4,246</b>	<b>\$ 4,478</b>	<b>(5.2)</b>	<b>\$ 8,912</b>	<b>\$ 8,031</b>	<b>11.0</b>
Net income attributable to noncontrolling interests	\$ 126	\$ 116	8.6	\$ 247	\$ 219	12.8
Net income attributable to Verizon	4,120	4,362	(5.5)	8,665	7,812	10.9
<b>Net Income</b>	<b>\$ 4,246</b>	<b>\$ 4,478</b>	<b>(5.2)</b>	<b>\$ 8,912</b>	<b>\$ 8,031</b>	<b>11.0</b>
<b>Basic Earnings Per Common Share</b>						
Net income attributable to Verizon	\$ 1.00	\$ 1.07	(6.5)	\$ 2.10	\$ 1.91	9.9
<i>Weighted average number of common shares (in millions)</i>	<i>4,135</i>	<i>4,082</i>		<i>4,120</i>	<i>4,082</i>	
<b>Diluted Earnings Per Common Share <sup>(1)</sup></b>						
Net income attributable to Verizon	\$ 1.00	\$ 1.07	(6.5)	\$ 2.10	\$ 1.91	9.9
<i>Weighted average number of common shares-assuming dilution (in millions)</i>	<i>4,139</i>	<i>4,087</i>		<i>4,123</i>	<i>4,088</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	6/30/18	12/31/17	\$ Change
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 1,750	\$ 2,079	\$ (329)
Accounts receivable, net	23,099	23,493	(394)
Inventories	1,102	1,034	68
Prepaid expenses and other	4,925	3,307	1,618
Total current assets	30,876	29,913	963
Property, plant and equipment	249,294	246,498	2,796
Less accumulated depreciation	161,513	157,930	3,583
Property, plant and equipment, net	87,781	88,568	(787)
Investments in unconsolidated businesses	787	1,039	(252)
Wireless licenses	93,855	88,417	5,438
Goodwill	29,200	29,172	28
Other intangible assets, net	9,861	10,247	(386)
Other assets	10,943	9,787	1,156
<b>Total assets</b>	<b>\$ 263,303</b>	<b>\$ 257,143</b>	<b>\$ 6,160</b>
<b>Liabilities and Equity</b>			
Current liabilities			
Debt maturing within one year	\$ 5,466	\$ 3,453	\$ 2,013
Accounts payable and accrued liabilities	18,560	21,232	(2,672)
Other current liabilities	8,303	8,352	(49)
Total current liabilities	32,329	33,037	(708)
Long-term debt	109,174	113,642	(4,468)
Employee benefit obligations	19,955	22,112	(2,157)
Deferred income taxes	35,069	31,232	3,837
Other liabilities	13,201	12,433	768
Total long-term liabilities	177,399	179,419	(2,020)
Equity			
Common stock	429	424	5
Additional paid in capital	13,438	11,101	2,337
Retained earnings	41,657	35,635	6,022
Accumulated other comprehensive income	3,205	2,659	546
Common stock in treasury, at cost	(6,990)	(7,139)	149
Deferred compensation – employee stock ownership plans and other	285	416	(131)
Noncontrolling interests	1,551	1,591	(40)
Total equity	53,575	44,687	8,888
<b>Total liabilities and equity</b>	<b>\$ 263,303</b>	<b>\$ 257,143</b>	<b>\$ 6,160</b>

## Verizon - Selected Financial and Operating Statistics

Unaudited	6/30/18	12/31/17
Total debt (in millions)	\$ 114,640	\$ 117,095
Net debt (in millions)	\$ 112,890	\$ 115,016
Net debt / Consolidated adjusted EBITDA <sup>(1)</sup>	2.5x	2.6x
Common shares outstanding end of period (in millions)	4,132	4,079
Total employees ('000)	153.1	155.4
Quarterly cash dividends declared per common share	\$ 0.5900	\$ 0.5900

**Footnotes:**

(1) Consolidated adjusted EBITDA excludes the effects of special items and operating results of divested businesses.

## Condensed Consolidated Statements of Cash Flows

(dollars in millions)

Unaudited	6 Mos. Ended 6/30/18	6 Mos. Ended 6/30/17	\$ Change
<b>Cash Flows from Operating Activities</b>			
Net Income	\$ 8,912	\$ 8,031	\$ 881
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	8,674	8,226	448
Employee retirement benefits	(300)	(223)	(77)
Deferred income taxes	1,354	1,880	(526)
Provision for uncollectible accounts	462	632	(170)
Equity in losses of unconsolidated businesses, net of dividends received	268	67	201
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	(1,538)	(3,721)	2,183
Discretionary employee benefits contributions	(1,679)	(3,411)	1,732
Net gain on sale of divested businesses	—	(1,774)	1,774
Other, net	280	(401)	681
Net cash provided by operating activities	16,433	9,306	7,127
<b>Cash Flows from Investing Activities</b>			
Capital expenditures (including capitalized software)	(7,838)	(7,011)	(827)
Acquisitions of businesses, net of cash acquired	(38)	(6,231)	6,193
Acquisitions of wireless licenses	(1,155)	(315)	(840)
Proceeds from dispositions of businesses	—	3,512	(3,512)
Other, net	303	786	(483)
Net cash used in investing activities	(8,728)	(9,259)	531
<b>Cash Flows from Financing Activities</b>			
Proceeds from long-term borrowings	4,584	16,009	(11,425)
Proceeds from asset-backed long-term borrowings	1,716	2,878	(1,162)
Repayments of long-term borrowings and capital lease obligations	(6,568)	(10,294)	3,726
Repayments of asset-backed long-term borrowings	(2,000)	—	(2,000)
Decrease in short-term obligations, excluding current maturities	(210)	(152)	(58)
Dividends paid	(4,845)	(4,710)	(135)
Other, net	(542)	(1,831)	1,289
Net cash provided by (used in) financing activities	(7,865)	1,900	(9,765)
<b>Increase (decrease) in cash, cash equivalents and restricted cash</b>	(160)	1,947	(2,107)
<b>Cash, cash equivalents and restricted cash, beginning of period</b>	2,888	3,177	(289)
<b>Cash, cash equivalents and restricted cash, end of period</b>	\$ 2,728	\$ 5,124	\$ (2,396)

Wireless - Selected Financial Results

(dollars in millions)						
Unaudited	3 Mos. Ended 6/30/18	3 Mos. Ended 6/30/17	% Change	6 Mos. Ended 6/30/18	6 Mos. Ended 6/30/17	% Change
<b>Operating Revenues</b>						
Service	\$ 15,754	\$ 15,622	0.8	\$ 31,156	\$ 31,400	(0.8)
Equipment	5,044	4,298	17.4	10,084	8,062	25.1
Other	1,651	1,362	21.2	3,109	2,698	15.2
<b>Total Operating Revenues</b>	<b>22,449</b>	<b>21,282</b>	<b>5.5</b>	<b>44,349</b>	<b>42,160</b>	<b>5.2</b>
<b>Operating Expenses</b>						
Cost of services	2,335	2,219	5.2	4,550	4,406	3.3
Cost of equipment	5,397	5,035	7.2	10,706	9,843	8.8
Selling, general and administrative expense	3,984	4,271	(6.7)	7,883	8,740	(9.8)
Depreciation and amortization expense	2,459	2,347	4.8	4,887	4,685	4.3
<b>Total Operating Expenses</b>	<b>14,175</b>	<b>13,872</b>	<b>2.2</b>	<b>28,026</b>	<b>27,674</b>	<b>1.3</b>
<b>Operating Income</b>	<b>\$ 8,274</b>	<b>\$ 7,410</b>	<b>11.7</b>	<b>\$ 16,323</b>	<b>\$ 14,486</b>	<b>12.7</b>
<b>Operating Income Margin</b>	<b>36.9 %</b>	<b>34.8 %</b>		<b>36.8 %</b>	<b>34.4 %</b>	
<b>Segment EBITDA</b>	<b>\$ 10,733</b>	<b>\$ 9,757</b>	<b>10.0</b>	<b>\$ 21,210</b>	<b>\$ 19,171</b>	<b>10.6</b>
<b>Segment EBITDA Margin</b>	<b>47.8 %</b>	<b>45.8 %</b>		<b>47.8 %</b>	<b>45.5 %</b>	

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				6/30/18	6/30/17	% Change
<b>Connections ('000)</b>						
Retail postpaid				111,622	109,088	2.3
Retail prepaid				4,832	5,448	(11.3)
Total retail				116,454	114,536	1.7
Unaudited	3 Mos. Ended 6/30/18	3 Mos. Ended 6/30/17	% Change	6 Mos. Ended 6/30/18	6 Mos. Ended 6/30/17	% Change
<b>Net Add Detail ('000) <sup>(1)</sup></b>						
Retail postpaid	531	614	(13.5)	791	307	*
Retail prepaid	(236)	19	*	(571)	2	*
Total retail	295	633	(53.4)	220	309	(28.8)
<b>Account Statistics</b>						
Retail postpaid accounts ('000) <sup>(2)</sup>				35,309	35,334	(0.1)
Retail postpaid connections per account <sup>(2)</sup>				3.16	3.09	2.3
Retail postpaid ARPA <sup>(3) (5)</sup>	\$ 134.56	\$ 134.89	(0.2)	\$ 133.13	\$ 135.93	(2.1)
Retail postpaid I-ARPA <sup>(4) (5)</sup>	\$ 168.30	\$ 164.94	2.0	\$ 166.51	\$ 165.47	0.6
<b>Churn Detail</b>						
Retail postpaid	0.97 %	0.94 %		1.01 %	1.04 %	
Retail	1.18 %	1.18 %		1.23 %	1.28 %	
<b>Retail Postpaid Connection Statistics <sup>(2)</sup></b>						
Total smartphone postpaid phone base				91.2 %	88.8 %	
Total Internet postpaid base				19.4 %	18.4 %	
<b>Other Operating Statistics</b>						
Capital expenditures (in millions)	\$ 1,650	\$ 2,444	(32.5)	\$ 4,017	\$ 4,275	(6.0)

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.
- (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 6/30/18	3 Mos. Ended 6/30/17	% Change	6 Mos. Ended 6/30/18	6 Mos. Ended 6/30/17	% Change
<b>Operating Revenues</b>						
Consumer Markets	\$ 3,132	\$ 3,184	(1.6)	\$ 6,282	\$ 6,385	(1.6)
Enterprise Solutions	2,211	2,309	(4.2)	4,451	4,620	(3.7)
Partner Solutions	1,200	1,235	(2.8)	2,428	2,464	(1.5)
Business Markets	850	918	(7.4)	1,721	1,797	(4.2)
Other	66	73	(9.6)	134	135	(0.7)
<b>Total Operating Revenues</b>	<b>7,459</b>	<b>7,719</b>	<b>(3.4)</b>	<b>15,016</b>	<b>15,401</b>	<b>(2.5)</b>
<b>Operating Expenses</b>						
Cost of services	4,377	4,542	(3.6)	8,852	8,961	(1.2)
Selling, general and administrative expense	1,577	1,582	(0.3)	3,056	3,164	(3.4)
Depreciation and amortization expense	1,524	1,548	(1.6)	3,058	3,023	1.2
<b>Total Operating Expenses</b>	<b>7,478</b>	<b>7,672</b>	<b>(2.5)</b>	<b>14,966</b>	<b>15,148</b>	<b>(1.2)</b>
<b>Operating Income (Loss)</b>	<b>\$ (19)</b>	<b>\$ 47</b>	<b>*</b>	<b>\$ 50</b>	<b>\$ 253</b>	<b>(80.2)</b>
<b>Operating Income (Loss) Margin</b>	<b>(0.3)%</b>	<b>0.6 %</b>		<b>0.3 %</b>	<b>1.6 %</b>	
<b>Segment EBITDA</b>	<b>\$ 1,505</b>	<b>\$ 1,595</b>	<b>(5.6)</b>	<b>\$ 3,108</b>	<b>\$ 3,276</b>	<b>(5.1)</b>
<b>Segment EBITDA Margin</b>	<b>20.2 %</b>	<b>20.7 %</b>		<b>20.7 %</b>	<b>21.3 %</b>	

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

Wireline - Selected Operating Statistics

Unaudited	6/30/18	6/30/17	% Change
<b>Connections ('000)</b>			
Fios video connections	4,560	4,666	(2.3)
Fios Internet connections	5,959	5,737	3.9
Fios digital voice residence connections	3,863	3,909	(1.2)
Fios digital connections	14,382	14,312	0.5
High-speed Internet (HSI) connections	997	1,251	(20.3)
Total broadband connections	6,956	6,988	(0.5)
Total voice connections	12,270	13,352	(8.1)

Unaudited	3 Mos. Ended 6/30/18	3 Mos. Ended 6/30/17	% Change	6 Mos. Ended 6/30/18	6 Mos. Ended 6/30/17	% Change
<b>Net Add Detail ('000)</b>						
Fios video connections	(37)	(15)	*	(59)	(28)	*
Fios Internet connections	43	49	(12.2)	109	84	29.8
Fios digital voice residence connections	(28)	22	*	(42)	14	*
Fios digital connections	(22)	56	*	8	70	(88.6)
High-speed Internet (HSI) connections	(53)	(72)	26.4	(112)	(134)	16.4
Total broadband connections	(10)	(23)	56.5	(3)	(50)	94.0
Total voice connections	(285)	(282)	(1.1)	(551)	(587)	6.1

Revenue Statistics										
Fios revenues (in millions)	\$	2,956	\$	2,899	2.0	\$	5,907	\$	5,790	2.0

<b>Other Operating Statistics</b>										
Capital expenditures (in millions)	\$	1,176	\$	1,190	(1.2)	\$	2,849	\$	2,150	32.5
Wireline employees ('000)							56.9		58.6	

**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 - Impact 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

Unaudited	3 Mos. Ended 6/30/18			3 Mos. Ended	YoY	
	As reported	Balances without adoption of Topic 606	Adjustments	6/30/17 As reported	\$ Change	% Change
<b>Operating Revenues</b>						
Service revenues and other	\$ 27,159	\$ 27,469	\$ (310)	\$ 26,250	\$ 1,219	4.6
Wireless equipment revenues	5,044	4,590	454	4,298	292	6.8
<b>Total Operating Revenues</b>	<u>32,203</u>	<u>32,059</u>	<u>144</u>	<u>30,548</u>	<u>1,511</u>	<u>4.9</u>
<b>Operating Expenses</b>						
Cost of services	8,234	8,251	(17)	7,449	802	10.8
Wireless cost of equipment	5,397	5,351	46	5,035	316	6.3
Selling, general and administrative expense	7,605	7,948	(343)	5,883	2,065	35.1
Depreciation and amortization expense	4,350	4,350	—	4,167	183	4.4
<b>Total Operating Expenses</b>	<u>25,586</u>	<u>25,900</u>	<u>(314)</u>	<u>22,534</u>	<u>3,366</u>	<u>14.9</u>
<b>Operating Income</b>	<u>\$ 6,617</u>	<u>\$ 6,159</u>	<u>\$ 458</u>	<u>\$ 8,014</u>	<u>\$ (1,855)</u>	<u>(23.1)</u>

Unaudited	6 Mos. Ended 6/30/18			6 Mos. Ended	YoY	
	As reported	Balances without adoption of Topic 606	Adjustments	6/30/17 As reported	\$ Change	% Change
<b>Operating Revenues</b>						
Service revenues and other	\$ 53,891	\$ 54,602	\$ (711)	\$ 52,300	\$ 2,302	4.4
Wireless equipment revenues	10,084	9,184	900	8,062	1,122	13.9
<b>Total Operating Revenues</b>	<u>63,975</u>	<u>63,786</u>	<u>189</u>	<u>60,362</u>	<u>3,424</u>	<u>5.7</u>
<b>Operating Expenses</b>						
Cost of services	16,180	16,207	(27)	14,688	1,519	10.3
Wireless cost of equipment	10,706	10,638	68	9,843	795	8.1
Selling, general and administrative expense	14,449	15,182	(733)	12,629	2,553	20.2
Depreciation and amortization expense	8,674	8,674	—	8,226	448	5.4
<b>Total Operating Expenses</b>	<u>50,009</u>	<u>50,701</u>	<u>(692)</u>	<u>45,386</u>	<u>5,315</u>	<u>11.7</u>
<b>Operating Income</b>	<u>\$ 13,966</u>	<u>\$ 13,085</u>	<u>\$ 881</u>	<u>\$ 14,976</u>	<u>\$ (1,891)</u>	<u>(12.6)</u>



## Supplemental Information - Impact of Topic 606

Wireless<sup>(1)(2)</sup>

Unaudited	3 Mos. Ended 6/30/18			3 Mos. Ended	YoY	
	Balances without adoption of			6/30/17		
	As reported	Topic 606	Adjustments	As reported	\$ Change	% Change
<b>Operating Revenues</b>						
Service	\$ 15,754	\$ 16,012	\$ (258)	\$ 15,622	\$ 390	2.5
Equipment	5,044	4,590	454	4,298	292	6.8
Other	1,651	1,689	(38)	1,362	327	24.0
<b>Total Operating Revenues</b>	<b>22,449</b>	<b>22,291</b>	<b>158</b>	<b>21,282</b>	<b>1,009</b>	<b>4.7</b>
<b>Operating Expenses</b>						
Cost of services	2,335	2,335	—	2,219	116	5.2
Cost of equipment	5,397	5,351	46	5,035	316	6.3
Selling, general and administrative expense	3,984	4,310	(326)	4,271	39	0.9
Depreciation and amortization expense	2,459	2,459	—	2,347	112	4.8
<b>Total Operating Expenses</b>	<b>14,175</b>	<b>14,455</b>	<b>(280)</b>	<b>13,872</b>	<b>583</b>	<b>4.2</b>
<b>Operating Income</b>	<b>\$ 8,274</b>	<b>\$ 7,836</b>	<b>\$ 438</b>	<b>\$ 7,410</b>	<b>\$ 426</b>	<b>5.7</b>
Unaudited	6 Mos. Ended 6/30/18			6 Mos. Ended	YoY	
	Balances without adoption of			6/30/17		
	As reported	Topic 606	Adjustments	As reported	\$ Change	% Change
<b>Operating Revenues</b>						
Service	\$ 31,156	\$ 31,794	\$ (638)	\$ 31,400	\$ 394	1.3
Equipment	10,084	9,184	900	8,062	1,122	13.9
Other	3,109	3,178	(69)	2,698	480	17.8
<b>Total Operating Revenues</b>	<b>44,349</b>	<b>44,156</b>	<b>193</b>	<b>42,160</b>	<b>1,996</b>	<b>4.7</b>
<b>Operating Expenses</b>						
Cost of services	4,550	4,550	—	4,406	144	3.3
Cost of equipment	10,706	10,638	68	9,843	795	8.1
Selling, general and administrative expense	7,883	8,558	(675)	8,740	(182)	(2.1)
Depreciation and amortization expense	4,887	4,887	—	4,685	202	4.3
<b>Total Operating Expenses</b>	<b>28,026</b>	<b>28,633</b>	<b>(607)</b>	<b>27,674</b>	<b>959</b>	<b>3.5</b>
<b>Operating Income</b>	<b>\$ 16,323</b>	<b>\$ 15,523</b>	<b>\$ 800</b>	<b>\$ 14,486</b>	<b>\$ 1,037</b>	<b>7.2</b>

## Supplemental Information - Impact of Topic 606

Wireline<sup>(1)(2)</sup>

Unaudited	3 Mos. Ended 6/30/18			3 Mos. Ended	YoY	
	Balances without adoption of			6/30/17		
	As reported	Topic 606	Adjustments	As reported	\$ Change	% Change
<b>Operating Revenues</b>						
Consumer Markets	\$ 3,132	\$ 3,140	\$ (8)	\$ 3,184	\$ (44)	(1.4)
Enterprise Solutions	2,211	2,211	—	2,309	(98)	(4.2)
Partner Solutions	1,200	1,200	—	1,235	(35)	(2.8)
Business Markets	850	850	—	918	(68)	(7.4)
Other	66	52	14	73	(21)	(28.8)
<b>Total Operating Revenues</b>	<b>7,459</b>	<b>7,453</b>	<b>6</b>	<b>7,719</b>	<b>(266)</b>	<b>(3.4)</b>
<b>Operating Expenses</b>						
Cost of services	4,377	4,390	(13)	4,542	(152)	(3.3)
Selling, general and administrative expense	1,577	1,600	(23)	1,582	18	1.1
Depreciation and amortization expense	1,524	1,524	—	1,548	(24)	(1.6)
<b>Total Operating Expenses</b>	<b>7,478</b>	<b>7,514</b>	<b>(36)</b>	<b>7,672</b>	<b>(158)</b>	<b>(2.1)</b>
<b>Operating Income (Loss)</b>	<b>\$ (19)</b>	<b>\$ (61)</b>	<b>\$ 42</b>	<b>\$ 47</b>	<b>\$ (108)</b>	<b>*</b>

Unaudited	6 Mos. Ended 6/30/18			6 Mos. Ended	YoY	
	Balances without adoption of			6/30/17		
	As reported	Topic 606	Adjustments	As reported	\$ Change	% Change
<b>Operating Revenues</b>						
Consumer Markets	\$ 6,282	\$ 6,286	\$ (4)	\$ 6,385	\$ (99)	(1.6)
Enterprise Solutions	4,451	4,451	—	4,620	(169)	(3.7)
Partner Solutions	2,428	2,428	—	2,464	(36)	(1.5)
Business Markets	1,721	1,720	1	1,797	(77)	(4.3)
Other	134	108	26	135	(27)	(20.0)
<b>Total Operating Revenues</b>	<b>15,016</b>	<b>14,993</b>	<b>23</b>	<b>15,401</b>	<b>(408)</b>	<b>(2.6)</b>
<b>Operating Expenses</b>						
Cost of services	8,852	8,875	(23)	8,961	(86)	(1.0)
Selling, general and administrative expense	3,056	3,116	(60)	3,164	(48)	(1.5)
Depreciation and amortization expense	3,058	3,058	—	3,023	35	1.2
<b>Total Operating Expenses</b>	<b>14,966</b>	<b>15,049</b>	<b>(83)</b>	<b>15,148</b>	<b>(99)</b>	<b>(0.7)</b>
<b>Operating Income (Loss)</b>	<b>\$ 50</b>	<b>\$ (56)</b>	<b>\$ 106</b>	<b>\$ 253</b>	<b>\$ (309)</b>	<b>*</b>

## Fios Revenues

Unaudited	3 Mos. Ended 6/30/18			3 Mos. Ended	YoY	
	Balances without adoption of			6/30/17		
	As reported	Topic 606	Adjustments	As reported	\$ Change	% Change
Fios Revenues	\$ 2,956	\$ 2,967	\$ (11)	\$ 2,899	\$ 68	2.3

## 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.

\* Not meaningful