



# Financial and Operating Information

As of September 30, 2016

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## Condensed Consolidated Statements of Income

Unaudited	(dollars in millions, except per share amounts)		
	2014	2015	3Q '16
<b>Operating Revenues</b>			
Service revenue and other	\$ 116,122	\$ 114,696	\$ 81,858
Wireless equipment revenues	10,957	16,924	11,782
<b>Total Operating Revenues</b>	<b>127,079</b>	<b>131,620</b>	<b>93,640</b>
<b>Operating Expenses</b>			
Cost of services	28,306	29,438	22,180
Wireless cost of equipment	21,625	23,119	14,882
Selling, general & administrative expense	41,016	29,986	25,601
Depreciation and amortization expense	16,533	16,017	11,941
<b>Total Operating Expenses</b>	<b>107,480</b>	<b>98,560</b>	<b>74,604</b>
<b>Operating Income</b>	<b>19,599</b>	<b>33,060</b>	<b>19,036</b>
Equity in earnings (losses) of unconsolidated businesses	1,780	(86)	(63)
Other income and (expense), net	(1,194)	186	(1,697)
Interest expense	(4,915)	(4,920)	(3,239)
<b>Income Before Provision for Income Taxes</b>	<b>15,270</b>	<b>28,240</b>	<b>14,037</b>
Provision for income taxes	(3,314)	(9,865)	(5,029)
<b>Net Income</b>	<b>\$ 11,956</b>	<b>\$ 18,375</b>	<b>\$ 9,008</b>
Net income attributable to noncontrolling interests	\$ 2,331	\$ 496	\$ 376
Net income attributable to Verizon	9,625	17,879	8,632
<b>Net Income</b>	<b>\$ 11,956</b>	<b>\$ 18,375</b>	<b>\$ 9,008</b>
<b>Basic Earnings per Common Share</b>			
Net income attributable to Verizon	\$ 2.42	\$ 4.38	\$ 2.12
Weighted average number of common shares (in millions)	3,974	4,085	4,080
<b>Diluted Earnings per Common Share <sup>(1)</sup></b>			
Net Income attributable to Verizon	\$ 2.42	\$ 4.37	\$ 2.11
Weighted average number of common shares-assuming dilution (in millions)	3,981	4,093	4,086

**Notes:**

(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

Unaudited	(dollars in millions, except per share amounts)							
	2014	2015			2016			
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
<b>Operating Revenues</b>								
Service revenue and other	\$ 28,970	\$ 28,611	\$ 28,363	\$ 28,866	\$ 28,856	\$ 28,217	\$ 26,828	\$ 26,813
Wireless equipment revenues	4,222	3,373	3,861	4,292	5,398	3,954	3,704	4,124
<b>Total Operating Revenues</b>	<b>33,192</b>	<b>31,984</b>	<b>32,224</b>	<b>33,158</b>	<b>34,254</b>	<b>32,171</b>	<b>30,532</b>	<b>30,937</b>
<b>Operating Expenses</b>								
Cost of services	7,076	6,988	6,994	7,589	7,867	7,614	7,577	6,989
Wireless cost of equipment	7,327	5,108	5,455	5,716	6,840	4,998	4,644	5,240
Selling, general & administrative expense	16,857	7,939	7,974	8,309	5,764	7,600	9,775	8,226
Depreciation and amortization expense	4,068	3,989	3,980	4,009	4,039	4,017	3,982	3,942
<b>Total Operating Expenses</b>	<b>35,328</b>	<b>24,024</b>	<b>24,403</b>	<b>25,623</b>	<b>24,510</b>	<b>24,229</b>	<b>25,978</b>	<b>24,397</b>
<b>Operating Income (Loss)</b>	<b>(2,136)</b>	<b>7,960</b>	<b>7,821</b>	<b>7,535</b>	<b>9,744</b>	<b>7,942</b>	<b>4,554</b>	<b>6,540</b>
Equity in earnings (losses) of unconsolidated businesses	(31)	(34)	(18)	(18)	(16)	(20)	(20)	(23)
Other income and (expense), net	(437)	75	32	51	28	32	(1,826)	97
Interest expense	(1,282)	(1,332)	(1,208)	(1,202)	(1,178)	(1,188)	(1,013)	(1,038)
<b>Income (Loss) Before (Provision) Benefit for Income Taxes</b>	<b>(3,886)</b>	<b>6,669</b>	<b>6,627</b>	<b>6,366</b>	<b>8,578</b>	<b>6,766</b>	<b>1,695</b>	<b>5,576</b>
(Provision) Benefit for income taxes	1,738	(2,331)	(2,274)	(2,195)	(3,065)	(2,336)	(864)	(1,829)
<b>Net Income (Loss)</b>	<b>\$ (2,148)</b>	<b>\$ 4,338</b>	<b>\$ 4,353</b>	<b>\$ 4,171</b>	<b>\$ 5,513</b>	<b>\$ 4,430</b>	<b>\$ 831</b>	<b>\$ 3,747</b>
Net income attributable to noncontrolling interests	\$ 83	\$ 119	\$ 122	\$ 133	\$ 122	\$ 120	\$ 129	\$ 127
Net income (loss) attributable to Verizon	(2,231)	4,219	4,231	4,038	5,391	4,310	702	3,620
<b>Net Income (Loss)</b>	<b>\$ (2,148)</b>	<b>\$ 4,338</b>	<b>\$ 4,353</b>	<b>\$ 4,171</b>	<b>\$ 5,513</b>	<b>\$ 4,430</b>	<b>\$ 831</b>	<b>\$ 3,747</b>
<b>Basic Earnings (Loss) per Common Share</b>								
Net Income (loss) attributable to Verizon	\$ (.54)	\$ 1.03	\$ 1.04	\$ .99	\$ 1.32	\$ 1.06	\$ .17	\$ .89
Weighted average number of common shares (in millions)	4,157	4,116	4,079	4,072	4,076	4,080	4,079	4,079
<b>Diluted Earnings (Loss) per Common Share <sup>(1)</sup></b>								
Net Income (loss) attributable to Verizon	\$ (.54)	\$ 1.02	\$ 1.04	\$ .99	\$ 1.32	\$ 1.06	\$ .17	\$ .89
Weighted average number of common shares- assuming dilution (in millions)	4,157	4,121	4,085	4,078	4,083	4,085	4,085	4,086

**Notes:**

(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.

## Non-Operational &amp; Other Items

Unaudited	(Pre-tax dollars in millions)		
	2014	2015	3Q '16
<b>Severance, Pension &amp; Benefit Charges/(Credits)</b>			
Operating expenses	\$ 7,507	\$ (2,256)	\$ 4,512
<b>Gain on Spectrum License Transactions</b>			
Selling, general & administrative expense	\$ (707)	\$ (254)	\$ (142)
<b>Early Debt Redemption and Other Costs</b>			
Cost of services and sales	\$ 27	\$ -	\$ -
Selling, general & administrative expense	307	-	-
Other income, net	1,461	-	1,822
<b>Gain on Sale of Omnitel Interest</b>			
Equity in earnings of unconsolidated businesses	\$ (1,924)	\$ -	\$ -
<b>Wireless Transaction Costs</b>			
Other income and (expense), net	\$ (4)	\$ -	\$ -
Interest expense	415	-	-
<b>Gain on Sale of Divested Businesses</b>			
Selling, general & administrative expense	-	-	\$ (1,007)
<b>Impact of Divested Businesses</b>			
Revenues	\$ 5,625	\$ 5,280	\$ 1,280
Cost of services and sales	2,004	1,852	482
Selling, general & administrative expense	574	522	137
Depreciation and amortization	1,026	88	-
Total Operating Expenses	\$ 3,604	\$ 2,462	\$ 619

## Non-Operational &amp; Other Items

Unaudited	(Pre-tax dollars in millions)								
	2014	2015				2016			
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	
<b>Severance, Pension &amp; Benefit Charges/(Credits)</b>									
Operating expenses	\$ 7,507	\$ -	\$ -	\$ 342	\$ (2,598)	\$ 165	\$ 3,550	\$ 797	
<b>Gain on Spectrum License Transactions</b>									
Selling, general & administrative expense	\$ -	\$ -	\$ -	\$ -	\$ (254)	\$ (142)	\$ -	\$ -	
<b>Early Debt Redemption and Other Costs</b>									
Cost of services and sales	\$ 27	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Selling, general & administrative expense	307	-	-	-	-	-	-	-	
Other income, net	538	-	-	-	-	-	1,822	-	
<b>Gain on Sale of Divested Businesses</b>									
Selling, general & administrative expense	-	-	-	-	-	-	(1,007)	-	
<b>Impact of Divested Businesses</b>									
Revenues	\$ 1,342	\$ 1,342	\$ 1,327	\$ 1,307	\$ 1,304	\$ 1,280	\$ -	\$ -	
Cost of services and sales	441	457	451	466	478	482	-	-	
Selling, general & administrative expense	132	146	135	124	117	137	-	-	
Depreciation and amortization	243	88	-	-	-	-	-	-	
<b>Total Operating Expenses</b>	<b>\$ 816</b>	<b>\$ 691</b>	<b>\$ 586</b>	<b>\$ 590</b>	<b>\$ 595</b>	<b>\$ 619</b>	<b>\$ -</b>	<b>\$ -</b>	

## Condensed Consolidated Balance Sheets

	(dollars in millions)		
Unaudited	12/31/14	12/31/15	9/30/2016
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 10,598	\$ 4,470	\$ 6,441
Short-term investments	555	350	-
Accounts receivable, net	13,993	13,457	14,832
Inventories	1,153	1,252	1,318
Assets held for sale	552	792	-
Prepaid expenses and other	2,685	2,034	3,030
Total current assets	29,536	22,355	25,621
Plant, property and equipment	230,508	220,163	228,909
Less accumulated depreciation	140,561	136,622	145,495
	89,947	83,541	83,414
Investments in unconsolidated businesses	802	796	1,119
Wireless licenses	75,341	86,575	87,407
Goodwill	24,639	25,331	25,970
Other intangible assets, net	5,359	7,592	7,692
Non-current assets held for sale	-	10,267	-
Deposit for wireless licenses	921	-	-
Other assets	5,564	7,718	8,275
<b>Total Assets</b>	<b>\$ 232,109</b>	<b>\$ 244,175</b>	<b>\$ 239,498</b>
<b>Liabilities and Equity</b>			
Current liabilities			
Debt maturing within one year	\$ 2,735	\$ 6,489	\$ 3,852
Accounts payable and accrued liabilities	16,680	19,362	18,002
Liabilities related to assets held for sale	-	463	-
Other	8,572	8,738	8,444
Total current liabilities	27,987	35,052	30,298
Long-term debt	110,029	103,240	102,739
Employee benefit obligations	33,280	29,957	28,285
Deferred income taxes	41,563	45,484	44,617
Non-current liabilities related to assets held for sale	-	959	-
Other liabilities	5,574	11,641	11,576
Equity			
Common stock	424	424	424
Contributed capital	11,155	11,196	11,179
Reinvested earnings	2,447	11,246	12,918
Accumulated other comprehensive income	1,111	550	2,758
Common stock in treasury, at cost	(3,263)	(7,416)	(7,264)
Deferred compensation - employee stock ownership plans and other	424	428	445
Noncontrolling interests	1,378	1,414	1,523
Total Equity	13,676	17,842	21,983
<b>Total Liabilities and Equity</b>	<b>\$ 232,109</b>	<b>\$ 244,175</b>	<b>\$ 239,498</b>

## Verizon - Selected Financial and Operating Statistics

Unaudited	12/31/14	12/31/15	9/30/16
Total debt (\$M)	\$ 112,764	\$ 109,729	\$ 106,591
Net debt (\$M)	\$ 102,166	\$ 105,259	\$ 100,150
Net debt / Adjusted EBITDA <sup>(1)</sup>	2.5x	2.4x	2.3x
Common shares outstanding end of period (M)	4,155	4,073	4,077
Total employees ('000)	177.3	177.7	162.0
Cash dividends declared per common share	\$ 2.160	\$ 2.230	\$ 1.7075

(1) Adjusted EBITDA excludes the effects of non-operational items and Divested Businesses.

## Condensed Consolidated Balance Sheets

(dollars in millions)

Unaudited	12/31/14	3/31/15	6/30/15	9/30/15	12/31/15	3/31/16	6/30/2016	9/30/2016
<b>Assets</b>								
Current assets								
Cash and cash equivalents	\$ 10,598	\$ 4,386	\$ 3,008	\$ 3,875	\$ 4,470	\$ 5,846	\$ 2,857	\$ 6,441
Short-term investments	555	547	309	306	350	-	-	-
Accounts receivable, net	13,993	12,698	13,444	13,105	13,457	12,485	13,294	14,832
Inventories	1,153	1,076	1,149	1,319	1,252	1,142	931	1,318
Assets held for sale	552	893	774	895	792	720	317	-
Prepaid expenses and other	2,685	3,171	2,757	2,236	2,034	3,498	3,445	3,030
Total current assets	29,536	22,771	21,441	21,736	22,355	23,691	20,844	25,621
Plant, property and equipment								
Less accumulated depreciation	230,508	210,389	213,661	216,674	220,163	222,669	225,756	228,909
	140,561	128,747	131,129	134,112	136,622	139,658	142,584	145,495
	89,947	81,642	82,532	82,562	83,541	83,011	83,172	83,414
Investments in unconsolidated businesses	802	762	794	779	796	821	822	1,119
Wireless licenses	75,341	75,693	86,321	86,331	86,575	86,830	86,981	87,407
Goodwill	24,639	23,303	25,429	25,124	25,331	25,364	25,417	25,970
Other intangible assets, net	5,359	5,357	7,507	7,717	7,592	7,456	7,399	7,692
Non-current assets held for sale	-	9,580	9,647	10,117	10,267	10,432	-	-
Deposit for wireless licenses	921	10,430	-	-	-	-	-	-
Other assets	5,564	5,680	6,519	7,171	7,718	6,982	7,235	8,275
<b>Total Assets</b>	<b>\$ 232,109</b>	<b>\$ 235,218</b>	<b>\$ 240,190</b>	<b>\$ 241,537</b>	<b>\$ 244,175</b>	<b>\$ 244,587</b>	<b>\$ 231,870</b>	<b>\$ 239,498</b>
<b>Liabilities and Equity</b>								
Current liabilities								
Debt maturing within one year	\$ 2,735	\$ 4,439	\$ 4,206	\$ 7,264	\$ 6,489	\$ 6,265	\$ 6,803	\$ 3,852
Accounts payable and accrued liabilities	16,680	15,189	16,953	17,721	19,362	18,118	19,090	18,002
Liabilities related to assets held for sale	-	572	457	461	463	452	-	-
Other	8,572	8,410	8,962	8,868	8,738	8,477	8,515	8,444
Total current liabilities	27,987	28,610	30,578	34,314	35,052	33,312	34,408	30,298
Long-term debt								
	110,029	108,452	108,978	104,583	103,240	103,615	92,922	102,739
Employee benefit obligations	33,280	33,010	32,711	32,962	29,957	29,665	28,059	28,285
Deferred income taxes	41,563	42,358	42,936	43,015	45,484	45,568	43,825	44,617
Non-current liabilities related to assets held for sale	-	943	942	940	959	974	-	-
Other liabilities	5,574	11,086	11,171	11,181	11,641	11,350	11,912	11,576
Equity								
Common stock	424	424	424	424	424	424	424	424
Contributed capital	11,155	10,391	11,167	11,184	11,196	11,191	11,192	11,179
Reinvested earnings (Accumulated deficit)	2,447	4,422	6,418	8,156	11,246	13,253	11,652	12,918
Accumulated other comprehensive income	1,111	916	821	600	550	459	2,847	2,758
Common stock in treasury, at cost	(3,263)	(7,093)	(7,741)	(7,604)	(7,416)	(7,279)	(7,279)	(7,264)
Deferred compensation - employee stock ownership plans and other	424	279	326	378	428	593	408	445
Noncontrolling interests	1,378	1,420	1,459	1,404	1,414	1,462	1,500	1,523
Total Equity	13,676	10,759	12,874	14,542	17,842	20,103	20,744	21,983
<b>Total Liabilities and Equity</b>	<b>\$ 232,109</b>	<b>\$ 235,218</b>	<b>\$ 240,190</b>	<b>\$ 241,537</b>	<b>\$ 244,175</b>	<b>\$ 244,587</b>	<b>\$ 231,870</b>	<b>\$ 239,498</b>

## Verizon - Selected Financial and Operating Statistics

Unaudited	12/31/14	3/31/15	6/30/15	9/30/15	12/31/15	3/31/16	6/30/16	9/30/16
Total debt (\$M)	\$ 112,764	\$ 112,891	\$ 113,184	\$ 111,847	\$ 109,729	\$ 109,880	\$ 99,725	\$ 106,591
Net debt (\$M)	\$ 102,166	\$ 108,505	\$ 110,176	\$ 107,972	\$ 105,259	\$ 104,034	\$ 96,868	\$ 100,150
Net debt / Adjusted EBITDA			2.6x	2.5x	2.4x	2.4x	2.2x	2.3x
Common shares outstanding end of period (M)	4,155	4,078	4,066	4,069	4,073	4,076	4,076	4,077
Total employees ('000)	177.3	176.2	178.5	177.9	177.7	173.3	162.7	162.0
Cash dividends declared per common share	\$ .550	\$ .550	\$ .550	\$ .565	\$ .565	\$ .565	\$ .565	\$ .5775



## Condensed Consolidated Statements of Cash Flows

	(dollars in millions)		
	12 Months Ended 12/31/14	12 Months Ended 12/31/15	9 Months Ended 9/30/2016
Unaudited			
<b>Cash Flows From Operating Activities</b>			
Net Income	\$ 11,956	\$ 18,375	\$ 9,008
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	16,533	16,017	11,941
Employee retirement benefits	8,130	(1,747)	4,531
Deferred income taxes	(92)	3,516	(2,331)
Provision for uncollectible accounts	1,095	1,610	963
Equity in (earnings) losses of unconsolidated businesses, net of dividends received	(1,743)	127	94
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	(2,160)	2,443	(4,010)
Other, net	(3,088)	(1,411)	(2,567)
Net cash provided by operating activities	30,631	38,930	17,629
<b>Cash Flows From Investing Activities</b>			
Capital expenditures (including capitalized software)	(17,191)	(17,775)	(11,398)
Acquisitions of businesses, net of cash acquired	(182)	(3,545)	(963)
Acquisitions of wireless licenses	(354)	(9,942)	(410)
Proceeds from dispositions of wireless licenses	2,367	-	-
Proceeds from dispositions of businesses	120	48	9,882
Other, net	(616)	1,171	350
Net cash used in investing activities	(15,856)	(30,043)	(2,539)
<b>Cash Flows From Financing Activities</b>			
Proceeds from long-term borrowings	30,967	6,667	8,152
Proceeds from asset-backed long-term borrowings	-	-	2,594
Repayments of long-term borrowings and capital lease obligations	(17,669)	(9,340)	(14,510)
Decrease in short-term obligations, excluding current maturities	(475)	(344)	(120)
Dividends paid	(7,803)	(8,538)	(6,908)
Proceeds from sale of common stock	34	40	3
Purchase of common stock for treasury	-	(5,134)	-
Acquisition of noncontrolling interest	(58,886)	-	-
Other, net	(3,873)	1,634	(2,330)
Net cash used in financing activities	(57,705)	(15,015)	(13,119)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(42,930)</b>	<b>(6,128)</b>	<b>1,971</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>53,528</b>	<b>10,598</b>	<b>4,470</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 10,598</b>	<b>\$ 4,470</b>	<b>\$ 6,441</b>

## Condensed Consolidated Statements of Cash Flows

	(dollars in millions)							
Unaudited	12 Months Ended 12/31/14	3 Months Ended 3/31/15	6 Months Ended 6/30/15	9 Months Ended 9/30/15	12 Months Ended 12/31/15	3 Months Ended 3/31/16	6 Months Ended 6/30/2016	9 Months Ended 9/30/2016
<b>Cash Flows From Operating Activities</b>								
Net Income	\$ 11,956	\$ 4,338	\$ 8,691	\$ 12,862	\$ 18,375	\$ 4,430	\$ 5,261	\$ 9,008
Adjustments to reconcile net income to net cash provided by operating activities:								
Depreciation and amortization expense	16,533	3,989	7,969	11,978	16,017	4,017	7,999	11,941
Employee retirement benefits	8,130	284	561	1,184	(1,747)	356	4,021	4,531
Deferred income taxes	(92)	823	826	890	3,516	167	(3,085)	(2,331)
Provision for uncollectible accounts	1,095	383	744	1,136	1,610	353	651	963
Equity in (earnings) losses of unconsolidated businesses, net of dividends received	(1,743)	44	72	98	127	29	58	94
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	(2,160)	(888)	416	1,443	2,443	(1,162)	(1,067)	(4,010)
Other, net	(3,088)	1,196	(373)	(1,165)	(1,411)	(771)	(1,008)	(2,567)
Net cash provided by operating activities	30,631	10,169	18,906	28,426	38,930	7,419	12,830	17,629
<b>Cash Flows From Investing Activities</b>								
Capital expenditures (including capitalized software)	(17,191)	(3,665)	(8,153)	(12,540)	(17,775)	(3,387)	(7,273)	(11,398)
Acquisitions of businesses, net of cash acquired	(182)	(2)	(3,225)	(3,205)	(3,545)	(161)	(178)	(963)
Acquisitions of wireless licenses	(354)	(9,555)	(9,677)	(9,811)	(9,942)	(131)	(282)	(410)
Proceeds from dispositions of wireless licenses	2,367	-	-	-	-	-	-	-
Proceeds from dispositions of businesses	120	-	-	-	48	-	9,882	9,882
Other, net	(616)	46	884	960	1,171	243	504	350
Net cash provided by (used in) investing activities	(15,856)	(13,176)	(20,171)	(24,596)	(30,043)	(3,436)	2,653	(2,539)
<b>Cash Flows From Financing Activities</b>								
Proceeds from long-term borrowings	30,967	6,497	6,497	6,497	6,667	-	-	8,152
Proceeds from asset-backed long-term borrowings	-	-	-	-	-	-	-	2,594
Repayments of long-term borrowings and capital lease obligations	(17,669)	(5,576)	(5,797)	(7,168)	(9,340)	(376)	(11,300)	(14,510)
Increase (decrease) in short-term obligations, excluding current maturities	(475)	482	(106)	(305)	(344)	(40)	610	(120)
Dividends paid	(7,803)	(2,153)	(4,266)	(6,373)	(8,538)	(2,302)	(4,605)	(6,908)
Proceeds from sale of common stock	34	-	-	31	40	3	3	3
Purchase of common stock for treasury	-	(5,000)	(5,074)	(5,134)	(5,134)	-	-	-
Acquisition of noncontrolling interest	(58,886)	-	-	-	-	-	-	-
Other, net	(3,873)	2,545	2,421	1,899	1,634	108	(1,804)	(2,330)
Net cash used in financing activities	(57,705)	(3,205)	(6,325)	(10,553)	(15,015)	(2,607)	(17,096)	(13,119)
<b>Increase (decrease) in cash and cash equivalents</b>	(42,930)	(6,212)	(7,590)	(6,723)	(6,128)	1,376	(1,613)	1,971
<b>Cash and cash equivalents, beginning of period</b>	53,528	10,598	10,598	10,598	10,598	4,470	4,470	4,470
<b>Cash and cash equivalents, end of period</b>	\$ 10,598	\$ 4,386	\$ 3,008	\$ 3,875	\$ 4,470	\$ 5,846	\$ 2,857	\$ 6,441



**Wireless**

## Wireless - Selected Financial Results

Unaudited	(dollars in millions)							
	2014	2015				2016		
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
<b>Operating Revenues</b>								
Service	\$ 18,209	\$ 17,914	\$ 17,689	\$ 17,598	\$ 17,195	\$ 16,809	\$ 16,741	\$ 16,684
Equipment	4,222	3,373	3,861	4,292	5,398	3,954	3,704	4,124
Other	1,018	1,041	1,063	1,115	1,141	1,241	1,259	1,293
<b>Total Operating Revenues</b>	<b>23,449</b>	<b>22,328</b>	<b>22,613</b>	<b>23,005</b>	<b>23,734</b>	<b>22,004</b>	<b>21,704</b>	<b>22,101</b>
<b>Operating Expenses</b>								
Cost of services	1,857	1,851	1,948	2,010	1,994	1,942	1,984	2,006
Cost of equipment	7,327	5,108	5,455	5,716	6,840	4,998	4,644	5,240
Selling, general & administrative expense	6,611	5,369	5,289	5,351	5,796	4,891	4,777	4,921
Depreciation and amortization expense	2,152	2,190	2,225	2,260	2,305	2,293	2,282	2,287
<b>Total Operating Expenses</b>	<b>17,947</b>	<b>14,518</b>	<b>14,917</b>	<b>15,337</b>	<b>16,935</b>	<b>14,124</b>	<b>13,687</b>	<b>14,454</b>
<b>Operating Income</b>	<b>\$ 5,502</b>	<b>\$ 7,810</b>	<b>\$ 7,696</b>	<b>\$ 7,668</b>	<b>\$ 6,799</b>	<b>\$ 7,880</b>	<b>\$ 8,017</b>	<b>\$ 7,647</b>
<b>Operating Income Margin</b>	<b>23.5%</b>	<b>35.0%</b>	<b>34.0%</b>	<b>33.3%</b>	<b>28.6%</b>	<b>35.8%</b>	<b>36.9%</b>	<b>34.6%</b>
<b>Segment EBITDA</b>	<b>\$ 7,654</b>	<b>\$ 10,000</b>	<b>\$ 9,921</b>	<b>\$ 9,928</b>	<b>\$ 9,104</b>	<b>\$ 10,173</b>	<b>\$ 10,299</b>	<b>\$ 9,934</b>
<b>Segment EBITDA Margin</b>	<b>32.6%</b>	<b>44.8%</b>	<b>43.9%</b>	<b>43.2%</b>	<b>38.4%</b>	<b>46.2%</b>	<b>47.5%</b>	<b>44.9%</b>

**Footnotes:**

The segment financial results and metrics above are adjusted to exclude the effects of non-operational 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	2014	2015				2016		
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
<b>Connections ('000)</b>								
Retail postpaid	102,079	102,637	103,731	105,023	106,528	107,171	107,780	<b>108,220</b>
Retail prepaid	6,132	5,945	5,817	5,737	5,580	5,402	5,374	<b>5,456</b>
Total retail	108,211	108,582	109,548	110,760	112,108	112,573	113,154	<b>113,676</b>
<b>Net Add Detail ('000) <sup>(1)</sup></b>								
Retail postpaid	1,986	565	1,134	1,289	1,519	640	615	<b>442</b>
Retail prepaid	81	(188)	(126)	(80)	(157)	(177)	(30)	<b>83</b>
Total retail	2,067	377	1,008	1,209	1,362	463	585	<b>525</b>
<b>Account Statistics</b>								
Retail postpaid accounts ('000)	35,616	35,516	35,560	35,677	35,736	35,720	35,637	<b>35,530</b>
Retail postpaid connections per account	2.87	2.89	2.92	2.94	2.98	3.00	3.02	<b>3.05</b>
Retail postpaid ARPA <sup>(3)</sup>	\$ 158.82	\$ 156.14	\$ 153.73	\$ 152.38	\$ 148.30	\$ 145.34	\$ 145.09	<b>\$ 144.94</b>
Retail postpaid I-ARPA <sup>(4)</sup>	\$ 162.98	\$ 162.78	\$ 163.01	\$ 164.31	\$ 164.40	\$ 165.03	\$ 167.18	<b>\$ 169.49</b>
<b>Churn Detail</b>								
Retail postpaid	1.14%	1.03%	0.90%	0.93%	0.96%	0.96%	0.94%	<b>1.04%</b>
Retail	1.39%	1.33%	1.18%	1.21%	1.23%	1.23%	1.19%	<b>1.28%</b>
<b>Retail Postpaid Connection Statistics</b>								
Total Smartphone postpaid % of phones activated	93.6%	91.4%	91.7%	91.3%	93.7%	92.5%	92.1%	<b>93.1%</b>
Total Smartphone postpaid phone base <sup>(2)</sup>	78.6%	79.9%	81.2%	82.4%	83.7%	84.7%	85.5%	<b>86.3%</b>
Total Internet postpaid base <sup>(2)</sup>	14.1%	14.8%	15.4%	16.0%	16.8%	17.3%	17.7%	<b>18.1%</b>
4G LTE devices as % of retail postpaid connections	66.0%	69.9%	73.3%	76.2%	79.2%	81.1%	82.5%	<b>83.7%</b>
<b>Other Operating Statistics</b>								
Capital expenditures (\$M)	\$ 2,707	\$ 2,419	\$ 3,126	\$ 2,921	\$ 3,259	\$ 2,190	\$ 2,815	<b>\$ 2,771</b>

**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 non-operational 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)							
	2014	2015				2016		
Unaudited	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
<b>Operating Revenues</b>								
Consumer retail	\$ 3,114	\$ 3,128	\$ 3,174	\$ 3,168	\$ 3,226	\$ 3,180	\$ 3,165	\$ 3,174
Small business	449	445	441	434	424	422	408	411
Mass Markets	3,563	3,573	3,615	3,602	3,650	3,602	3,573	3,585
Global Enterprise	3,151	3,047	3,007	2,988	3,008	2,956	2,907	2,886
Global Wholesale	1,318	1,339	1,310	1,289	1,325	1,283	1,256	1,239
Other	116	91	81	88	81	82	87	77
<b>Total Operating Revenues</b>	<b>8,148</b>	<b>8,050</b>	<b>8,013</b>	<b>7,967</b>	<b>8,064</b>	<b>7,923</b>	<b>7,823</b>	<b>7,787</b>
<b>Operating Expenses</b>								
Cost of services	4,844	4,785	4,704	4,695	4,632	4,644	5,107	4,440
Selling, general & administrative expense	1,742	1,838	1,813	1,770	1,835	1,770	1,617	1,693
Depreciation and amortization expense	1,614	1,647	1,695	1,611	1,590	1,576	1,562	1,498
<b>Total Operating Expenses</b>	<b>8,200</b>	<b>8,270</b>	<b>8,212</b>	<b>8,076</b>	<b>8,057</b>	<b>7,990</b>	<b>8,286</b>	<b>7,631</b>
<b>Operating Income (Loss)</b>	<b>(52)</b>	<b>(220)</b>	<b>(199)</b>	<b>(109)</b>	<b>7</b>	<b>(67)</b>	<b>\$ (463)</b>	<b>\$ 156</b>
<b>Operating Income (Loss) Margin</b>	<b>(0.6)%</b>	<b>(2.7)%</b>	<b>(2.5)%</b>	<b>(1.4)%</b>	<b>0.1%</b>	<b>(0.8)%</b>	<b>(5.9)%</b>	<b>2.0%</b>
<b>Segment EBITDA</b>	<b>\$ 1,562</b>	<b>\$ 1,427</b>	<b>\$ 1,496</b>	<b>\$ 1,502</b>	<b>\$ 1,597</b>	<b>\$ 1,509</b>	<b>\$ 1,099</b>	<b>\$ 1,654</b>
<b>Segment EBITDA Margin</b>	<b>19.2%</b>	<b>17.7%</b>	<b>18.7%</b>	<b>18.9%</b>	<b>19.8%</b>	<b>19.0%</b>	<b>14.0%</b>	<b>21.2%</b>

**Footnotes:**

The segment financial results and metrics above are adjusted to exclude the effects of non-operational 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	2014		2015			2016		
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
<b>Connections ('000)</b>								
Fios Video Subscribers	4,453	4,535	4,565	4,610	4,635	4,678	4,637	<b>4,673</b>
Fios Internet Subscribers	5,068	5,178	5,240	5,336	5,418	5,508	5,495	<b>5,585</b>
Fios Digital Voice residence connections	3,727	3,784	3,788	3,829	3,872	3,917	3,879	<b>3,882</b>
Fios Digital connections	13,248	13,497	13,593	13,775	13,925	14,103	14,011	<b>14,140</b>
HSI	1,956	1,891	1,820	1,738	1,667	1,589	1,519	<b>1,453</b>
Total Broadband connections	7,024	7,069	7,060	7,074	7,085	7,097	7,014	<b>7,038</b>
Primary residence switched access connections	4,415	4,264	4,113	3,951	3,799	3,643	3,501	<b>3,359</b>
Primary residence connections	8,142	8,048	7,901	7,780	7,671	7,560	7,380	<b>7,241</b>
Total retail residence voice connections	8,475	8,368	8,209	8,072	7,949	7,824	7,634	<b>7,482</b>
Total voice connections	16,140	15,897	15,586	15,324	15,035	14,781	14,476	<b>14,194</b>
<b>Net Add Detail ('000)</b>								
Fios Video Subscribers	101	82	30	45	25	43	(41)	<b>36</b>
Fios Internet Subscribers	122	110	62	96	82	90	(13)	<b>90</b>
Fios Digital Voice residence connections	76	57	4	41	43	45	(38)	<b>3</b>
Fios Digital connections	299	249	96	182	150	178	(92)	<b>129</b>
HSI	(67)	(65)	(71)	(82)	(71)	(78)	(70)	<b>(66)</b>
Total Broadband connections	55	45	(9)	14	11	12	(83)	<b>24</b>
Primary residence switched access connections	(151)	(151)	(151)	(162)	(152)	(156)	(142)	<b>(142)</b>
Primary residence connections	(75)	(94)	(147)	(121)	(109)	(111)	(180)	<b>(139)</b>
Total retail residence voice connections	(90)	(107)	(159)	(137)	(123)	(125)	(190)	<b>(152)</b>
Total voice connections	(235)	(243)	(311)	(262)	(289)	(254)	(305)	<b>(282)</b>
<b>Revenue Statistics</b>								
Fios revenues (\$M)	\$ 2,562	\$ 2,602	\$ 2,678	\$ 2,689	\$ 2,770	\$ 2,761	\$ 2,776	\$ 2,807
<b>Other Operating Statistics</b>								
Capital expenditures (\$M)	\$ 1,556	\$ 1,077	\$ 1,134	\$ 1,202	\$ 1,636	\$ 1,006	\$ 814	<b>\$ 1,036</b>
Wireline employees (K)	66.5	65.3	62.8	61.8	61.0	59.5	59.3	<b>59.2</b>
Fios Video Open for Sale (K)	12,536	12,681	12,863	13,024	13,196	13,366	13,400	<b>13,529</b>
Fios Video penetration	35.5%	35.8%	35.5%	35.4%	35.1%	35.0%	34.6%	<b>34.5%</b>
Fios Internet Open for Sale (K)	12,825	12,970	13,154	13,317	13,491	13,661	13,696	<b>13,825</b>
Fios Internet penetration	39.5%	39.9%	39.8%	40.1%	40.2%	40.3%	40.1%	<b>40.4%</b>

**Footnotes:**

The segment financial results and metrics above are adjusted to exclude the effects of non-operational 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 September 30, 2016

## 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. Each non-GAAP financial measure is presented along with the corresponding GAAP measure so as not to imply that more emphasis should be placed on the non-GAAP measure. 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.

### 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 since the sale of local landline businesses in California, Florida and Texas (Divested Businesses) was completed on April 1, 2016. Consolidated operating revenues excluding Divested Businesses is calculated by subtracting operating revenues from the Divested Businesses from consolidated operating revenues.

### EBITDA and EBITDA Margin

Verizon consolidated earnings before interest, taxes, depreciation and amortization (Consolidated EBITDA), 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.

Segment EBITDA is calculated by adding back depreciation and amortization expense to segment operating income (loss). 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 (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 non-operational items and impact of Divested Businesses enable 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 credit worthiness. Consolidated Adjusted EBITDA is calculated by excluding from Consolidated EBITDA the effect of (1) non-operational items such as actuarial gains or losses arising from the remeasurements of pension and other postretirement benefits, severance costs, gain on sale of Divested Businesses and net gain on spectrum license transactions; and (2) the impact of Divested Businesses. Actuarial gains or losses as a result of the remeasurements 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 remeasurement. We believe the exclusion of these remeasurement gains or losses 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 Margin is calculated by dividing Consolidated Adjusted EBITDA by consolidated operating revenues.

### 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.

### 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.

### 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 non-operational items. We believe that excluding non-operational items provides more meaningful comparisons of our financial results from period to period.

Adjusted EPS is calculated by excluding the effect of non-operational items such as actuarial gains or losses arising from the remeasurement of pension and other postretirement benefits, early debt redemption costs, severance costs, and gain on sale of Divested Businesses from the calculation of reported EPS.

Consolidated EBITDA, Consolidated EBITDA Margin, Consolidated Adjusted EBITDA and Consolidated Adjusted EBITDA Margin								
	(dollars in millions)							
	3 Months Ended 12/31/14	3 Months Ended 3/31/15	3 Months Ended 6/30/15	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
Unaudited								
<b>Verizon Consolidated EBITDA</b>								
Consolidated net income (loss)	\$ (2,148)	\$ 4,338	\$ 4,353	\$ 4,171	\$ 5,513	\$ 4,430	\$ 831	\$ 3,747
Add/subtract:								
Provision (Benefit) for income taxes	(1,738)	2,331	2,274	2,195	3,065	2,336	864	1,829
Interest expense	1,282	1,332	1,208	1,202	1,178	1,188	1,013	1,038
Other (income) and expense, net	437	(75)	(32)	(51)	(28)	(32)	1,826	(97)
Equity in losses of unconsolidated businesses	31	34	18	18	16	20	20	23
<b>Operating Income (Loss)</b>	<b>(2,136)</b>	<b>7,960</b>	<b>7,821</b>	<b>7,535</b>	<b>9,744</b>	<b>7,942</b>	<b>4,554</b>	<b>6,540</b>
Add: Depreciation and amortization expense	4,068	3,989	3,980	4,009	4,039	4,017	3,982	3,942
<b>Consolidated EBITDA</b>	<b>\$ 1,932</b>	<b>\$ 11,949</b>	<b>\$ 11,801</b>	<b>\$ 11,544</b>	<b>\$ 13,783</b>	<b>\$ 11,959</b>	<b>\$ 8,536</b>	<b>\$ 10,482</b>
Add/subtract non-operational items (before tax):								
Severance costs, pension and benefit remeasurements	7,507	-	-	342	(2,598)	165	3,550	797
Gain on spectrum license transactions	-	-	-	-	(254)	(142)	-	-
Divested Businesses	(769)	(739)	(741)	(717)	(709)	(661)	-	-
Gain on sale of Divested Businesses	-	-	-	-	-	-	(1,007)	-
Other non-operational costs	334	-	-	-	-	-	-	-
	7,072	(739)	(741)	(375)	(3,561)	(638)	2,543	797
<b>Consolidated Adjusted EBITDA</b>	<b>\$ 9,004</b>	<b>\$ 11,210</b>	<b>\$ 11,060</b>	<b>\$ 11,169</b>	<b>\$ 10,222</b>	<b>\$ 11,321</b>	<b>\$ 11,079</b>	<b>\$ 11,279</b>
<b>Consolidated Operating Income Margin</b>				22.7%				21.1%
<b>Consolidated EBITDA Margin</b>				34.8%				33.9%
<b>Consolidated Adjusted EBITDA Margin</b>				35.1%				36.5%

	(dollars in millions)							
Unaudited	12/31/14	3/31/15	6/30/15	9/30/15	12/31/15	3/31/16	6/30/16	9/30/16
<b>Net Debt</b>								
Debt maturing within one year	\$ 2,735	\$ 4,439	\$ 4,206	\$ 7,264	\$ 6,489	\$ 6,265	\$ 6,803	\$ 3,852
Long-term debt	110,029	108,452	108,978	104,583	103,240	103,615	92,922	102,739
<b>Total Debt</b>	112,764	112,891	113,184	111,847	109,729	109,880	99,725	106,591
Less: Cash and cash equivalents	10,598	4,386	3,008	3,875	4,470	5,846	2,857	6,441
<b>Net Debt</b>	\$ 102,166	\$ 108,505	\$ 110,176	\$ 107,972	\$ 105,259	\$ 104,034	\$ 96,868	\$ 100,150
<b>Net Debt to Consolidated Adjusted EBITDA Ratio</b>				2.5x	2.4x	2.4x	2.2x	2.3x

## Non-GAAP Reconciliations - Consolidated

## Adjusted Earnings Per Common Share (Adjusted EPS)

(dollars in millions except EPS)

				3 Months Ended 9/30/16
Unaudited				
	Pre-tax	Tax	After-Tax	
<b>EPS</b>				\$ 0.89
Pension and benefit remeasurements	\$ 555	\$ (200)	\$ 355	0.09
Severance costs	242	(95)	147	0.04
	\$ 797	\$ (295)	\$ 502	0.12
<b>Adjusted EPS<sup>(1)</sup></b>				<b>\$ 1.01</b>

				3 Months Ended 6/30/16
Unaudited				
	Pre-tax	Tax	After-Tax	
<b>EPS</b>				\$ 0.17
Pension and benefit remeasurements	\$ 3,550	\$ (1,361)	\$ 2,189	0.54
Gain on sale of Divested Businesses	(1,007)	868	(139)	(0.03)
Early debt redemption costs	1,822	(718)	1,104	0.27
	\$ 4,365	\$ (1,211)	\$ 3,154	0.77
<b>Adjusted EPS<sup>(1)</sup></b>				<b>\$ 0.94</b>

				3 Months Ended 9/30/15
Unaudited				
	Pre-tax	Tax	After-Tax	
<b>EPS</b>				\$ 0.99
Pension and benefit remeasurements	\$ 342	\$ (129)	\$ 213	0.05
<b>Adjusted EPS<sup>(1)</sup></b>				<b>\$ 1.04</b>

(1) EPS may not add due to rounding.

## Free Cash Flow

(dollars in millions)

	3 Months Ended 3/31/2016	3 Months Ended 6/30/16	3 Months Ended 9/30/16	9 Months Ended 9/30/16
Unaudited				
<b>Net cash provided by operating activities</b>	\$ 7,419	\$ 5,411	\$ 4,799	\$ 17,629
Less: Capital expenditures	3,387	3,886	4,125	11,398
<b>Free Cash Flow</b>	<b>\$ 4,032</b>	<b>\$ 1,525</b>	<b>\$ 674</b>	<b>\$ 6,231</b>

## Non-GAAP Reconciliations - Segments

## Wireless

	(dollars in millions)							
Unaudited	3 Months Ended 12/31/14	3 Months Ended 3/31/15	3 Months Ended 6/30/15	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
<b>Segment EBITDA and EBITDA Margin</b>								
<b>Operating Income</b>	\$ 5,502	\$ 7,810	\$ 7,696	\$ 7,668	\$ 6,799	\$ 7,880	\$ 8,017	\$ 7,647
Add: Depreciation and amortization expense	2,152	2,190	2,225	2,260	2,305	2,293	2,282	2,287
<b>Segment EBITDA</b>	\$ 7,654	\$ 10,000	\$ 9,921	\$ 9,928	\$ 9,104	\$ 10,173	\$ 10,299	\$ 9,934
Total operating revenues	\$ 23,449	\$ 22,328	\$ 22,613	\$ 23,005	\$ 23,734	\$ 22,004	\$ 21,704	\$ 22,101
<b>Operating Income Margin</b>	23.5%	35.0%	34.0%	33.3%	28.6%	35.8%	36.9%	34.6%
<b>Segment EBITDA Margin</b>	32.6%	44.8%	43.9%	43.2%	38.4%	46.2%	47.5%	44.9%

## Wireline

	(dollars in millions)							
Unaudited	3 Months Ended 12/31/14	3 Months Ended 3/31/15	3 Months Ended 6/30/15	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
<b>Segment EBITDA and EBITDA Margin</b>								
<b>Operating Income (Loss)</b>	\$ (52)	\$ (220)	\$ (199)	\$ (109)	\$ 7	\$ (67)	\$ (463)	\$ 156
Add: Depreciation and amortization expense	1,614	1,647	1,695	1,611	1,590	1,576	1,562	1,498
<b>Segment EBITDA</b>	\$ 1,562	\$ 1,427	\$ 1,496	\$ 1,502	\$ 1,597	\$ 1,509	\$ 1,099	\$ 1,654
Total operating revenues	\$ 8,148	\$ 8,050	\$ 8,013	\$ 7,967	\$ 8,064	\$ 7,923	\$ 7,823	\$ 7,787
<b>Operating Income (Loss) Margin</b>	(0.6)%	(2.7)%	(2.5)%	(1.4)%	0.1%	(0.8)%	(5.9)%	2.0%
<b>Segment EBITDA Margin</b>	19.2%	17.7%	18.7%	18.9%	19.8%	19.0%	14.0%	21.2%