

## Condensed Consolidated Statements of Income

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 9/30/17	3 Mos. Ended 9/30/16	% Change	9 Mos. Ended 9/30/17	9 Mos. Ended 9/30/16	% Change
<b>Operating Revenues</b>						
Service revenues and other	\$ 27,365	\$ 26,813	2.1	\$ 79,665	\$ 81,858	(2.7)
Wireless equipment revenues	4,352	4,124	5.5	12,414	11,782	5.4
<b>Total Operating Revenues</b>	<u>31,717</u>	<u>30,937</u>	2.5	<u>92,079</u>	<u>93,640</u>	(1.7)
<b>Operating Expenses</b>						
Cost of services	7,640	6,989	9.3	21,573	22,180	(2.7)
Wireless cost of equipment	4,965	5,240	(5.2)	14,808	14,882	(0.5)
Selling, general and administrative expense	7,632	8,226	(7.2)	20,579	25,601	(19.6)
Depreciation and amortization expense	4,272	3,942	8.4	12,498	11,941	4.7
<b>Total Operating Expenses</b>	<u>24,509</u>	<u>24,397</u>	0.5	<u>69,458</u>	<u>74,604</u>	(6.9)
<b>Operating Income</b>	7,208	6,540	10.2	22,621	19,036	18.8
Equity in losses of unconsolidated businesses	(22)	(23)	(4.3)	(71)	(63)	12.7
Other income (expense), net	(511)	97	*	(1,376)	(1,697)	(18.9)
Interest expense	(1,164)	(1,038)	12.1	(3,514)	(3,239)	8.5
<b>Income Before Provision for Income Taxes</b>	5,511	5,576	(1.2)	17,660	14,037	25.8
Provision for income taxes	(1,775)	(1,829)	(3.0)	(5,893)	(5,029)	17.2
<b>Net Income</b>	<u>\$ 3,736</u>	<u>\$ 3,747</u>	(0.3)	<u>\$ 11,767</u>	<u>\$ 9,008</u>	30.6
Net income attributable to noncontrolling interests	\$ 116	\$ 127	(8.7)	\$ 335	\$ 376	(10.9)
Net income attributable to Verizon	3,620	3,620	-	11,432	8,632	32.4
<b>Net Income</b>	<u>\$ 3,736</u>	<u>\$ 3,747</u>	(0.3)	<u>\$ 11,767</u>	<u>\$ 9,008</u>	30.6
<b>Basic Earnings per Common Share</b>						
Net income attributable to Verizon	\$ .89	\$ .89	-	\$ 2.80	\$ 2.12	32.1
<i>Weighted average number of common shares (in millions)</i>	4,084	4,079		4,083	4,080	
<b>Diluted Earnings per Common Share <sup>(1)</sup></b>						
Net income attributable to Verizon	\$ .89	\$ .89	-	\$ 2.80	\$ 2.11	32.7
<i>Weighted average number of common shares-assuming dilution (in millions)</i>	4,089	4,086		4,088	4,086	

**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	9/30/17	12/31/16	\$ Change
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 4,487	\$ 2,880	\$ 1,607
Accounts receivable, net	21,549	17,513	4,036
Inventories	1,276	1,202	74
Assets held for sale	275	882	(607)
Prepaid expenses and other	3,280	3,918	(638)
Total current assets	30,867	26,395	4,472
Plant, property and equipment	242,608	232,215	10,393
Less accumulated depreciation	155,986	147,464	8,522
Plant, property and equipment, net	86,622	84,751	1,871
Investments in unconsolidated businesses	1,054	1,110	(56)
Wireless licenses	87,883	86,673	1,210
Goodwill	28,725	27,205	1,520
Other intangible assets, net	10,993	8,897	2,096
Non-current assets held for sale	—	613	(613)
Other assets	8,538	8,536	2
<b>Total Assets</b>	<b>\$ 254,682</b>	<b>\$ 244,180</b>	<b>\$ 10,502</b>
<b>Liabilities and Equity</b>			
Current liabilities			
Debt maturing within one year	\$ 2,180	\$ 2,645	\$ (465)
Accounts payable and accrued liabilities	18,434	19,593	(1,159)
Other	8,316	8,102	214
Total current liabilities	28,930	30,340	(1,410)
Long-term debt	115,317	105,433	9,884
Employee benefit obligations	21,131	26,166	(5,035)
Deferred income taxes	48,345	45,964	2,381
Other liabilities	12,508	12,245	263
Equity			
Common stock	424	424	—
Contributed capital	11,098	11,182	(84)
Reinvested earnings	19,373	15,059	4,314
Accumulated other comprehensive income	2,683	2,673	10
Common stock in treasury, at cost	(7,141)	(7,263)	122
Deferred compensation – employee stock ownership plans and other	411	449	(38)
Noncontrolling interests	1,603	1,508	95
Total equity	28,451	24,032	4,419
<b>Total Liabilities and Equity</b>	<b>\$ 254,682</b>	<b>\$ 244,180</b>	<b>\$ 10,502</b>

## Verizon - Selected Financial and Operating Statistics

Unaudited	9/30/17	12/31/16
Total debt (in millions)	\$ 117,497	\$ 108,078
Net debt (in millions)	\$ 113,010	\$ 105,198
Net debt / Adjusted EBITDA <sup>(1)</sup>	2.6x	2.4x
Common shares outstanding end of period (in millions)	4,079	4,077
Total employees ('000)	160.1	160.9
Quarterly cash dividends declared per common share	\$ 0.5900	\$ 0.5775

**Footnotes:**

(1) 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	9 Mos. Ended 9/30/17	9 Mos. Ended 9/30/16	\$ Change
<b>Cash Flows from Operating Activities</b>			
Net Income	\$ 11,767	\$ 9,008	\$ 2,759
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	12,498	11,941	557
Employee retirement benefits	(334)	4,531	(4,865)
Deferred income taxes	2,577	(2,331)	4,908
Provision for uncollectible accounts	842	963	(121)
Equity in losses of unconsolidated businesses, net of dividends received	100	94	6
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	(5,513)	(4,010)	(1,503)
Discretionary contributions to qualified pension plans	(3,411)	(186)	(3,225)
Net gain on sale of divested businesses	(1,774)	(1,007)	(767)
Other, net	469	(1,279)	1,748
Net cash provided by operating activities	<u>17,221</u>	<u>17,724</u>	<u>(503)</u>
<b>Cash Flows from Investing Activities</b>			
Capital expenditures (including capitalized software)	(11,282)	(11,398)	116
Acquisitions of businesses, net of cash acquired	(6,295)	(963)	(5,332)
Acquisitions of wireless licenses	(469)	(410)	(59)
Proceeds from dispositions of businesses	3,614	9,882	(6,268)
Other, net	731	350	381
Net cash used in investing activities	<u>(13,701)</u>	<u>(2,539)</u>	<u>(11,162)</u>
<b>Cash Flows from Financing Activities</b>			
Proceeds from long-term borrowings	21,915	8,152	13,763
Proceeds from asset-backed long-term borrowings	2,878	2,594	284
Repayments of long-term borrowings and capital lease obligations	(16,457)	(14,510)	(1,947)
Decrease in short-term obligations, excluding current maturities	(160)	(120)	(40)
Dividends paid	(7,067)	(6,908)	(159)
Other, net	(3,022)	(2,422)	(600)
Net cash used in financing activities	<u>(1,913)</u>	<u>(13,214)</u>	<u>11,301</u>
<b>Increase in cash and cash equivalents</b>	<b>1,607</b>	<b>1,971</b>	<b>(364)</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>2,880</b>	<b>4,470</b>	<b>(1,590)</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 4,487</b>	<b>\$ 6,441</b>	<b>\$ (1,954)</b>

**Footnotes:**

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

## Wireless - Selected Financial Results

(dollars in millions)

Unaudited	3 Mos. Ended 9/30/17	3 Mos. Ended 9/30/16	% Change	9 Mos. Ended 9/30/17	9 Mos. Ended 9/30/16	% Change
<b>Operating Revenues</b>						
Service	\$ 15,841	\$ 16,684	(5.1)	\$ 47,241	\$ 50,234	(6.0)
Equipment	4,352	4,124	5.5	12,414	11,782	5.4
Other	1,387	1,293	7.3	4,085	3,793	7.7
<b>Total Operating Revenues</b>	<b>21,580</b>	<b>22,101</b>	<b>(2.4)</b>	<b>63,740</b>	<b>65,809</b>	<b>(3.1)</b>
<b>Operating Expenses</b>						
Cost of services	2,052	2,006	2.3	6,007	5,932	1.3
Cost of equipment	4,965	5,240	(5.2)	14,808	14,882	(0.5)
Selling, general and administrative expense	4,594	4,921	(6.6)	13,785	14,589	(5.5)
Depreciation and amortization expense	2,366	2,287	3.5	7,051	6,862	2.8
<b>Total Operating Expenses</b>	<b>13,977</b>	<b>14,454</b>	<b>(3.3)</b>	<b>41,651</b>	<b>42,265</b>	<b>(1.5)</b>
<b>Operating Income</b>	<b>\$ 7,603</b>	<b>\$ 7,647</b>	<b>(0.6)</b>	<b>\$ 22,089</b>	<b>\$ 23,544</b>	<b>(6.2)</b>
<b>Operating Income Margin</b>	<b>35.2 %</b>	<b>34.6 %</b>		<b>34.7 %</b>	<b>35.8 %</b>	
<b>Segment EBITDA</b>	<b>\$ 9,969</b>	<b>\$ 9,934</b>	<b>0.4</b>	<b>\$ 29,140</b>	<b>\$ 30,406</b>	<b>(4.2)</b>
<b>Segment EBITDA Margin</b>	<b>46.2 %</b>	<b>44.9 %</b>		<b>45.7 %</b>	<b>46.2 %</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	9/30/17	9/30/16	% Change
<b>Connections ('000)</b>			
Retail postpaid	109,686	108,220	1.4
Retail prepaid	5,588	5,456	2.4
Total retail	115,274	113,676	1.4

Unaudited	3 Mos. Ended 9/30/17	3 Mos. Ended 9/30/16	% Change	9 Mos. Ended 9/30/17	9 Mos. Ended 9/30/2016	% Change
<b>Net Add Detail ('000) <sup>(1)</sup></b>						
Retail postpaid	603	442	36.4	910	1,697	(46.4)
Retail prepaid	139	83	67.5	141	(124)	*
Total retail	742	525	41.3	1,051	1,573	(33.2)

**Account Statistics**

Retail Postpaid Accounts ('000) <sup>(2)</sup>				35,364	35,530	(0.5)
Retail postpaid connections per account <sup>(2)</sup>				3.10	3.05	1.6
Retail postpaid ARPA <sup>(3)</sup>	\$ 136.31	\$ 144.94	(6.0)	\$ 136.06	\$ 145.12	(6.2)
Retail postpaid I-ARPA <sup>(4)</sup>	\$ 166.98	\$ 169.49	(1.5)	\$ 165.98	\$ 167.23	(0.7)

**Churn Detail**

Retail postpaid	0.97 %	1.04 %		1.02 %	0.98 %	
Retail	1.19 %	1.28 %		1.25 %	1.23 %	

**Retail Postpaid Connection Statistics**

Total Smartphone postpaid % of phones activated	94.8 %	93.1 %		94.8 %	92.6 %	
Total Smartphone postpaid phone base <sup>(2)</sup>				89.4 %	86.3 %	
Total Internet postpaid base <sup>(2)</sup>				18.6 %	18.1 %	
4G LTE devices as % of retail postpaid connections				87.5 %	83.7 %	

**Other Operating Statistics**

Capital expenditures (in millions)	\$ 2,652	\$ 2,771	(4.3)	\$ 6,927	\$ 7,776	(10.9)
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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 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.

\* Not meaningful

## Wireline - Selected Financial Results

(dollars in millions)

Unaudited	3 Mos. Ended 9/30/17	3 Mos. Ended 9/30/16	% Change	9 Mos. Ended 9/30/17	9 Mos. Ended 9/30/16	% Change
<b>Operating Revenues</b>						
Consumer Markets	\$ 3,204	\$ 3,174	0.9	\$ 9,589	\$ 9,519	0.7
Enterprise Solutions	2,262	2,273	(0.5)	6,882	6,888	(0.1)
Partner Solutions	1,244	1,219	2.1	3,708	3,722	(0.4)
Business Markets	903	834	8.3	2,700	2,534	6.6
Other	49	76	(35.5)	184	240	(23.3)
<b>Total Operating Revenues</b>	<b>7,662</b>	<b>7,576</b>	<b>1.1</b>	<b>23,063</b>	<b>22,903</b>	<b>0.7</b>
<b>Operating Expenses</b>						
Cost of services	4,496	4,369	2.9	13,457	13,996	(3.9)
Selling, general and administrative expense	1,552	1,667	(6.9)	4,716	4,998	(5.6)
Depreciation and amortization expense	1,549	1,467	5.6	4,572	4,540	0.7
<b>Total Operating Expenses</b>	<b>7,597</b>	<b>7,503</b>	<b>1.3</b>	<b>22,745</b>	<b>23,534</b>	<b>(3.4)</b>
Operating Income (Loss)	\$ 65	\$ 73	(11.0)	\$ 318	\$ (631)	*
Operating Income (Loss) Margin	0.8 %	1.0 %		1.4 %	(2.8)%	
<b>Segment EBITDA</b>	<b>\$ 1,614</b>	<b>\$ 1,540</b>	<b>4.8</b>	<b>\$ 4,890</b>	<b>\$ 3,909</b>	<b>25.1</b>
<b>Segment EBITDA Margin</b>	<b>21.1 %</b>	<b>20.3 %</b>		<b>21.2 %</b>	<b>17.1 %</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.

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

\* Not meaningful

## Wireline - Selected Operating Statistics

Unaudited	9/30/17	9/30/16	% Change
<b>Connections ('000)</b>			
Fios Video Subscribers	4,648	4,673	(0.5)
Fios Internet Subscribers	5,803	5,585	3.9
Fios Digital voice residence connections	3,920	3,882	1.0
Fios Digital connections	14,371	14,140	1.6
HSI	1,175	1,453	(19.1)
Total Broadband connections	6,978	7,038	(0.9)
Primary residence switched access connections	2,830	3,359	(15.7)
Primary residence connections	6,750	7,241	(6.8)
Total retail residence voice connections	6,950	7,482	(7.1)
Total voice connections	13,100	14,194	(7.7)

Unaudited	3 Mos. Ended 9/30/2017	3 Mos. Ended 9/30/2016	% Change	9 Mos. Ended 9/30/2017	9 Mos. Ended 9/30/2016	% Change
<b>Net Add Detail ('000)</b>						
Fios Video Subscribers	(18)	36	*	(46)	38	*
Fios Internet Subscribers	66	90	(26.7)	150	167	(10.2)
Fios Digital voice residence connections	11	3	*	25	10	*
Fios Digital connections	59	129	(54.3)	129	215	(40.0)
HSI	(76)	(66)	(15.2)	(210)	(214)	1.9
Total Broadband connections	(10)	24	*	(60)	(47)	(27.7)
Primary residence switched access connections	(132)	(142)	7.0	(400)	(440)	9.1
Primary residence connections	(121)	(139)	12.9	(375)	(430)	12.8
Total retail residence voice connections	(129)	(152)	15.1	(405)	(467)	13.3
Total voice connections	(252)	(282)	10.6	(839)	(841)	0.2

**Revenue Statistics**

Fios revenues (in millions)	\$ 2,942	\$ 2,807	4.8	\$ 8,732	\$ 8,344	4.7
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**Other Operating Statistics**

Capital expenditures (in millions)	\$ 1,208	\$ 1,036	16.6	\$ 3,358	\$ 2,856	17.6
Wireline employees ('000)				58.2	57.9	
Fios Video Open for Sale ('000)				14,130	13,529	
Fios Video penetration				32.9 %	34.5 %	
Fios Internet Open for Sale ('000)				14,423	13,825	
Fios Internet penetration				40.2 %	40.4 %	

**Footnotes:**

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Intersegment transactions have not been eliminated.

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

\* Not meaningful