



Financial and Operating Information



As of September 30, 2017

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Condensed Consolidated Statements of Income

Unaudited	(dollars in millions, except per share amounts)		
	2015	2016	3Q '17
Operating Revenues			
Service revenue and other	\$ 114,696	\$ 108,468	\$ 79,665
Wireless equipment revenues	16,924	17,512	12,414
Total Operating Revenues	131,620	125,980	92,079
Operating Expenses			
Cost of services	29,438	29,186	21,573
Wireless cost of equipment	23,119	22,238	14,808
Selling, general & administrative expense, net	29,986	31,569	20,579
Depreciation and amortization expense	16,017	15,928	12,498
Total Operating Expenses	98,560	98,921	69,458
Operating Income	33,060	27,059	22,621
Equity in losses of unconsolidated businesses	(86)	(98)	(71)
Other income (expense), net	186	(1,599)	(1,376)
Interest expense	(4,920)	(4,376)	(3,514)
Income Before Provision for Income Taxes	28,240	20,986	17,660
Provision for income taxes	(9,865)	(7,378)	(5,893)
Net Income	\$ 18,375	\$ 13,608	\$ 11,767
Net income attributable to noncontrolling interests	\$ 496	\$ 481	\$ 335
Net income attributable to Verizon	17,879	13,127	11,432
Net Income	\$ 18,375	\$ 13,608	\$ 11,767
Basic Earnings per Common Share			
Net income attributable to Verizon	\$ 4.38	\$ 3.22	\$ 2.80
<i>Weighted average number of common shares (in millions)</i>	<i>4,085</i>	<i>4,080</i>	<i>4,083</i>
Diluted Earnings per Common Share ⁽¹⁾			
Net Income attributable to Verizon	\$ 4.37	\$ 3.21	\$ 2.80
<i>Weighted average number of common shares-assuming dilution (in millions)</i>	<i>4,093</i>	<i>4,086</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.

Condensed Consolidated Statements of Income

(dollars in millions, except per share amounts)

Unaudited	2015		2016			2017		
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Operating Revenues								
Service revenue and other	\$ 28,856	\$ 28,217	\$ 26,828	\$ 26,813	\$ 26,610	\$ 26,050	\$ 26,250	\$ 27,365
Wireless equipment revenues	5,398	3,954	3,704	4,124	5,730	3,764	4,298	4,352
Total Operating Revenues	34,254	32,171	30,532	30,937	32,340	29,814	30,548	31,717
Operating Expenses								
Cost of services	7,867	7,614	7,577	6,989	7,006	6,858	7,075	7,640
Wireless cost of equipment	6,840	4,998	4,644	5,240	7,356	4,808	5,035	4,965
Selling, general & administrative expense	5,764	7,600	9,775	8,226	5,968	6,908	6,039	7,632
Depreciation and amortization expense	4,039	4,017	3,982	3,942	3,987	4,059	4,167	4,272
Total Operating Expenses	24,510	24,229	25,978	24,397	24,317	22,633	22,316	24,509
Operating Income	9,744	7,942	4,554	6,540	8,023	7,181	8,232	7,208
Equity in losses of unconsolidated businesses	(16)	(20)	(20)	(23)	(35)	(21)	(28)	(22)
Other income (expense), net	28	32	(1,826)	97	98	(846)	(19)	(511)
Interest expense	(1,178)	(1,188)	(1,013)	(1,038)	(1,137)	(1,132)	(1,218)	(1,164)
Income Before Provision for Income Taxes	8,578	6,766	1,695	5,576	6,949	5,182	6,967	5,511
Provision for income taxes	(3,065)	(2,336)	(864)	(1,829)	(2,349)	(1,629)	(2,489)	(1,775)
Net Income	\$ 5,513	\$ 4,430	\$ 831	\$ 3,747	\$ 4,600	\$ 3,553	\$ 4,478	\$ 3,736
Net income attributable to noncontrolling interests	\$ 122	\$ 120	\$ 129	\$ 127	\$ 105	\$ 103	\$ 116	\$ 116
Net income attributable to Verizon	5,391	4,310	702	3,620	4,495	3,450	4,362	3,620
Net Income	\$ 5,513	\$ 4,430	\$ 831	\$ 3,747	\$ 4,600	\$ 3,553	\$ 4,478	\$ 3,736
Basic Earnings per Common Share								
Net Income attributable to Verizon	\$ 1.32	\$ 1.06	\$.17	\$.89	\$ 1.10	\$.85	\$ 1.07	\$.89
Weighted average number of common shares (in millions)	4,076	4,080	4,079	4,079	4,081	4,082	4,082	4,084
Diluted Earnings per Common Share ⁽¹⁾								
Net Income attributable to Verizon	\$ 1.32	\$ 1.06	\$.17	\$.89	\$ 1.10	\$.84	\$ 1.07	\$.89
Weighted average number of common shares- assuming dilution (in millions)	4,083	4,085	4,085	4,086	4,087	4,087	4,087	4,089

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	YTD 3Q '17
Severance, Pension & Benefit Charges/(Credits)			
Selling, general & administrative expense	\$ (2,256)	\$ 2,923	\$ 195
Gain on Spectrum License Transactions			
Selling, general & administrative expense	\$ (254)	\$ (142)	\$ (126)
Early Debt Redemption Costs			
Other (income) expense, net	\$ —	\$ 1,822	\$ 1,302
Acquisition and Integration Related Costs			
Selling, general & administrative expense	\$ —	\$ —	\$ 725
Depreciation and amortization	—	—	5
Total operating expenses	\$ —	\$ —	\$ 730
Net Gain on Sale of Divested Businesses			
Selling, general & administrative expense	\$ —	\$ (1,007)	\$ (1,774)
Operating Results of Divested Businesses			
Revenues	\$ 6,224	\$ 2,115	\$ 368
Cost of services and sales	2,185	747	129
Selling, general & administrative expense	638	246	68
Depreciation and amortization	278	127	22
Total operating expenses	\$ 3,101	\$ 1,120	\$ 219

Footnotes:

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

Special Items

(Pre-tax dollars in millions)

Unaudited	2015		2016				2017		
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	
Severance, Pension & Benefit Charges/(Credits)									
Selling, general & administrative expense	\$ (2,598)	\$ 165	\$ 3,550	\$ 797	\$ (1,589)	\$ —	\$ 195	\$ —	
Gain on Spectrum License Transactions									
Selling, general & administrative expense	\$ (254)	\$ (142)	\$ —	\$ —	\$ —	\$ (126)	\$ —	\$ —	
Early Debt Redemption Costs									
Other (income) expense, net	\$ —	\$ —	\$ 1,822	\$ —	\$ —	\$ 848	\$ —	\$ 454	
Acquisition and Integration Related Costs									
Selling, general & administrative expense	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 559	\$ 166	
Depreciation and amortization	—	—	—	—	—	—	5	—	
Total operating expenses	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 564	\$ 166	
Net Gain on Sale of Divested Businesses									
Selling, general & administrative expense	\$ —	\$ —	\$ (1,007)	\$ —	\$ —	\$ —	\$ (1,774)	\$ —	
Operating Results of Divested Businesses									
Revenues	\$ 1,531	\$ 1,490	\$ 209	\$ 211	\$ 205	\$ 194	\$ 120	\$ 54	
Cost of services and sales	546	543	63	71	70	61	44	24	
Selling, general & administrative expense	148	167	26	25	28	29	26	13	
Depreciation and amortization	35	33	32	32	30	17	5	—	
Total operating expenses	\$ 729	\$ 743	\$ 121	\$ 128	\$ 128	\$ 107	\$ 75	\$ 37	

Footnotes:

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

Condensed Consolidated Balance Sheets

(dollars in millions)

Unaudited	12/31/15	12/31/16	9/30/17
Assets			
Current assets			
Cash and cash equivalents	\$ 4,470	\$ 2,880	\$ 4,487
Short-term investments	350	—	—
Accounts receivable, net	13,457	17,513	21,549
Inventories	1,252	1,202	1,276
Assets held for sale	792	882	275
Prepaid expenses and other	2,034	3,918	3,280
Total current assets	22,355	26,395	30,867
Plant, property and equipment	220,163	232,215	242,608
Less accumulated depreciation	136,622	147,464	155,986
Plant, property and equipment, net	83,541	84,751	86,622
Investments in unconsolidated businesses	796	1,110	1,054
Wireless licenses	86,575	86,673	87,883
Goodwill	25,331	27,205	28,725
Other intangible assets, net	7,592	8,897	10,993
Non-current assets held for sale	10,267	613	—
Other assets	7,718	8,536	8,538
Total Assets	\$ 244,175	\$ 244,180	\$ 254,682
Liabilities and Equity			
Current liabilities			
Debt maturing within one year	\$ 6,489	\$ 2,645	\$ 2,180
Accounts payable and accrued liabilities	19,362	19,593	18,434
Liabilities related to assets held for sale	463	24	—
Other	8,738	8,078	8,316
Total current liabilities	35,052	30,340	28,930
Long-term debt	103,240	105,433	115,317
Employee benefit obligations	29,957	26,166	21,131
Deferred income taxes	45,484	45,964	48,345
Non-current liabilities related to assets held for sale	959	6	—
Other liabilities	11,641	12,239	12,508
Equity			
Common stock	424	424	424
Contributed capital	11,196	11,182	11,098
Reinvested earnings	11,246	15,059	19,373
Accumulated other comprehensive income	550	2,673	2,683
Common stock in treasury, at cost	(7,416)	(7,263)	(7,141)
Deferred compensation - employee stock ownership plans and other	428	449	411
Noncontrolling interests	1,414	1,508	1,603
Total Equity	17,842	24,032	28,451
Total Liabilities and Equity	\$ 244,175	\$ 244,180	\$ 254,682

Verizon - Selected Financial and Operating Statistics

Unaudited	12/31/15	12/31/16	9/30/17
Total debt (in millions)	\$ 109,729	\$ 108,078	\$ 117,497
Net debt (in millions)	\$ 105,259	\$ 105,198	\$ 113,010
Net debt / Adjusted EBITDA ⁽¹⁾	2.4x	2.4x	2.6x
Common shares outstanding end of period (in millions)	4,073	4,077	4,079
Total employees ('000)	177.7	160.9	160.1
Cash dividends declared per common share	\$ 2.23	\$ 2.285	\$ 1.745

Footnotes:

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

Condensed Consolidated Balance Sheets

Unaudited	(dollars in millions)							
	12/31/15	3/31/16	6/30/16	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17
Assets								
Current assets								
Cash and cash equivalents	\$ 4,470	\$ 5,846	\$ 2,857	\$ 6,441	\$ 2,880	\$ 4,307	\$ 4,583	\$ 4,487
Short-term investments	350	—	—	—	—	—	—	—
Accounts receivable, net	13,457	12,485	13,294	14,832	17,513	16,863	19,771	21,549
Inventories	1,252	1,142	931	1,318	1,202	1,194	1,116	1,276
Assets held for sale	792	720	317	—	882	149	—	275
Prepaid expenses and other	2,034	3,498	3,445	3,030	3,918	4,645	3,353	3,280
Total current assets	22,355	23,691	20,844	25,621	26,395	27,158	28,823	30,867
Plant, property and equipment	220,163	222,669	225,756	228,909	232,215	235,550	239,226	242,608
Less accumulated depreciation	136,622	139,658	142,584	145,495	147,464	150,337	152,705	155,986
Plant, property and equipment, net	83,541	83,011	83,172	83,414	84,751	85,213	86,521	86,622
Investments in unconsolidated businesses	796	821	822	1,119	1,110	1,080	1,075	1,054
Wireless licenses	86,575	86,830	86,981	87,407	86,673	87,754	88,004	87,883
Goodwill	25,331	25,364	25,417	25,970	27,205	27,630	28,527	28,725
Other intangible assets, net	7,592	7,456	7,399	7,692	8,897	8,912	11,143	10,993
Non-current assets held for sale	10,267	10,432	—	—	613	762	90	—
Other assets	7,718	6,982	7,235	8,275	8,536	8,222	8,795	8,538
Total Assets	\$ 244,175	\$ 244,587	\$ 231,870	\$ 239,498	\$ 244,180	\$ 246,731	\$ 252,978	\$ 254,682
Liabilities and Equity								
Current liabilities								
Debt maturing within one year	\$ 6,489	\$ 6,265	\$ 6,803	\$ 3,852	\$ 2,645	\$ 3,707	\$ 1,153	\$ 2,180
Accounts payable and accrued liabilities	19,362	18,118	19,090	18,002	19,593	14,826	17,825	18,434
Liabilities related to assets held for sale	463	452	—	—	24	25	4	—
Other	8,738	8,477	8,515	8,444	8,078	8,106	8,776	8,316
Total current liabilities	35,052	33,312	34,408	30,298	30,340	26,664	27,758	28,930
Long-term debt	103,240	103,615	92,922	102,739	105,433	112,839	116,390	115,317
Employee benefit obligations	29,957	29,665	28,059	28,285	26,166	22,079	21,775	21,131
Deferred income taxes	45,484	45,568	43,825	44,617	45,964	47,847	47,506	48,345
Non-current liabilities related to assets held for sale	959	974	—	—	6	14	—	—
Other liabilities	11,641	11,350	11,912	11,576	12,239	12,251	12,788	12,508
Equity								
Common stock	424	424	424	424	424	424	424	424
Contributed capital	11,196	11,191	11,192	11,179	11,182	11,161	11,099	11,098
Reinvested earnings	11,246	13,253	11,652	12,918	15,059	16,153	18,159	19,373
Accumulated other comprehensive income	550	459	2,847	2,758	2,673	2,609	2,284	2,683
Common stock in treasury, at cost	(7,416)	(7,279)	(7,279)	(7,264)	(7,263)	(7,144)	(7,142)	(7,141)
Deferred compensation - employee stock ownership plans and other	428	593	408	445	449	290	365	411
Noncontrolling interests	1,414	1,462	1,500	1,523	1,508	1,544	1,572	1,603
Total Equity	17,842	20,103	20,744	21,983	24,032	25,037	26,761	28,451
Total Liabilities and Equity	\$ 244,175	\$ 244,587	\$ 231,870	\$ 239,498	\$ 244,180	\$ 246,731	\$ 252,978	\$ 254,682

Verizon - Selected Financial and Operating Statistics

Unaudited	12/31/15	3/31/16	6/30/16	9/30/16	12/31/16	3/31/17	6/30/17	9/30/17
Total debt (in millions)	\$ 109,729	\$ 109,880	\$ 99,725	\$ 106,591	\$ 108,078	\$ 116,546	\$ 117,543	\$ 117,497
Net debt (in millions)	\$ 105,259	\$ 104,034	\$ 96,868	\$ 100,150	\$ 105,198	\$ 112,239	\$ 112,960	\$ 113,010
Net debt / Adjusted EBITDA ⁽¹⁾				2.3x	2.4x	2.6x	2.6x	2.6x
Common shares outstanding end of period (in millions)	4,073	4,076	4,076	4,077	4,077	4,079	4,079	4,079
Total employees ('000)	177.7	173.3	162.7	162.0	160.9	161.0	163.4	160.1
Cash dividends declared per common share	\$.565	\$.565	\$.565	\$.5775	\$.5775	\$.5775	\$.5775	\$.59

Footnotes:

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

Condensed Consolidated Statements of Cash Flows

(dollars in millions)

Unaudited	12 Mos. Ended 12/31/15	12 Mos. Ended 12/31/16	9 Mos. Ended 9/30/17
Cash Flows From Operating Activities			
Net Income	\$ 18,375	\$ 13,608	\$ 11,767
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	16,017	15,928	12,498
Employee retirement benefits	(1,747)	2,705	(334)
Deferred income taxes	3,516	(1,063)	2,577
Provision for uncollectible accounts	1,610	1,420	842
Equity in losses of unconsolidated businesses, net of dividends received	127	138	100
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	2,443	(5,636)	(5,513)
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)	469
Net cash provided by operating activities	39,027	22,810	17,221
Cash Flows From Investing Activities			
Capital expenditures (including capitalized software)	(17,775)	(17,059)	(11,282)
Acquisitions of businesses, net of cash acquired	(3,545)	(3,765)	(6,295)
Acquisitions of wireless licenses	(9,942)	(534)	(469)
Proceeds from dispositions of businesses	48	9,882	3,614
Other, net	1,171	493	731
Net cash used in investing activities	(30,043)	(10,983)	(13,701)
Cash Flows From Financing Activities			
Proceeds from long-term borrowings	6,667	12,964	21,915
Proceeds from asset-backed long-term borrowings	—	4,986	2,878
Repayments of long-term borrowings and capital lease obligations	(9,340)	(19,159)	(16,457)
Decrease in short-term obligations, excluding current maturities	(344)	(149)	(160)
Dividends paid	(8,538)	(9,262)	(7,067)
Purchase of common stock for treasury	(5,134)	—	—
Other, net	1,577	(2,797)	(3,022)
Net cash used in financing activities	(15,112)	(13,417)	(1,913)
Increase (decrease) in cash and cash equivalents	(6,128)	(1,590)	1,607
Cash and cash equivalents, beginning of period	10,598	4,470	2,880
Cash and cash equivalents, end of period	\$ 4,470	\$ 2,880	\$ 4,487

Footnotes:

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

Condensed Consolidated Statements of Cash Flows

	(dollars in millions)							
	12 Mos. Ended 12/31/15	3 Mos. Ended 3/31/16	6 Mos. Ended 6/30/16	9 Mos. Ended 9/30/16	12 Mos. Ended 12/31/16	3 Mos. Ended 3/31/17	6 Mos. Ended 6/30/17	9 Mos. Ended 9/30/17
Unaudited								
Cash Flows From Operating Activities								
Net Income	\$ 18,375	\$ 4,430	\$ 5,261	\$ 9,008	\$ 13,608	\$ 3,553	\$ 8,031	\$ 11,767
Adjustments to reconcile net income to net cash provided by operating activities:								
Depreciation and amortization expense	16,017	4,017	7,999	11,941	15,928	4,059	8,226	12,498
Employee retirement benefits	(1,747)	356	4,021	4,531	2,705	(111)	(223)	(334)
Deferred income taxes	3,516	167	(3,085)	(2,331)	(1,063)	2,025	1,880	2,577
Provision for uncollectible accounts	1,610	353	651	963	1,420	330	632	842
Equity in losses of unconsolidated businesses, net of dividends received	127	29	58	94	138	28	67	100
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	2,443	(1,162)	(1,067)	(4,010)	(5,636)	(4,694)	(3,094)	(5,513)
Discretionary contributions to qualified pension plans	—	—	—	(186)	(186)	(3,411)	(3,411)	(3,411)
Net gain on sale of divested businesses	—	—	(1,007)	(1,007)	(1,007)	-	(1,774)	(1,774)
Other, net	(1,314)	(693)	77	(1,279)	(3,097)	(98)	(416)	469
Net cash provided by operating activities	39,027	7,497	12,908	17,724	22,810	1,681	9,918	17,221
Cash Flows From Investing Activities								
Capital expenditures (including capitalized software)	(17,775)	(3,387)	(7,273)	(11,398)	(17,059)	(3,067)	(7,011)	(11,282)
Acquisitions of businesses, net of cash acquired	(3,545)	(161)	(178)	(963)	(3,765)	(1,746)	(6,280)	(6,295)
Acquisitions of wireless licenses	(9,942)	(131)	(282)	(410)	(534)	(196)	(315)	(469)
Proceeds from dispositions of businesses	48	-	9,882	9,882	9,882	-	3,512	3,614
Other, net	1,171	243	504	350	493	176	211	731
Net cash provided by (used in) investing activities	(30,043)	(3,436)	2,653	(2,539)	(10,983)	(4,833)	(9,883)	(13,701)
Cash Flows From Financing Activities								
Proceeds from long-term borrowings	6,667	—	—	8,152	12,964	13,054	16,009	21,915
Proceeds from asset-backed long-term borrowings	—	—	—	2,594	4,986	1,283	2,878	2,878
Repayments of long-term borrowings and capital lease obligations	(9,340)	(376)	(11,300)	(14,510)	(19,159)	(5,592)	(10,294)	(16,457)
Increase (decrease) in short-term obligations, excluding current maturities	(344)	(40)	610	(120)	(149)	(52)	(152)	(160)
Dividends paid	(8,538)	(2,302)	(4,605)	(6,908)	(9,262)	(2,354)	(4,710)	(7,067)
Purchase of common stock for treasury	(5,134)	—	—	—	—	-	-	—
Other, net	1,577	33	(1,879)	(2,422)	(2,797)	(1,760)	(2,063)	(3,022)
Net cash provided by (used in) financing activities	(15,112)	(2,685)	(17,174)	(13,214)	(13,417)	4,579	1,668	(1,913)
Increase (decrease) in cash and cash equivalents	(6,128)	1,376	(1,613)	1,971	(1,590)	1,427	1,703	1,607
Cash and cash equivalents, beginning of period	10,598	4,470	4,470	4,470	4,470	2,880	2,880	2,880
Cash and cash equivalents, end of period	\$ 4,470	\$ 5,846	\$ 2,857	\$ 6,441	\$ 2,880	\$ 4,307	\$ 4,583	\$ 4,487

Footnotes:

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

verizon^v

Wireless

Wireless - Selected Financial Results

Unaudited	2015				2016				(dollars in millions)				
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	2017		2Q	3Q	
Operating Revenues													
Service	\$ 17,195	\$ 16,809	\$ 16,741	\$ 16,684	\$ 16,346	\$ 15,778	\$ 15,622	\$ 15,841					
Equipment	5,398	3,954	3,704	4,124	5,733	3,764	4,298	4,352					
Other	1,141	1,241	1,259	1,293	1,298	1,336	1,362	1,387					
Total Operating Revenues	23,734	22,004	21,704	22,101	23,377	20,878	21,282	21,580					
Operating Expenses													
Cost of services	1,994	1,942	1,984	2,006	2,056	1,958	1,997	2,052					
Cost of equipment	6,840	4,998	4,644	5,240	7,356	4,808	5,035	4,965					
Selling, general & administrative expense	5,796	4,891	4,777	4,921	5,335	4,698	4,493	4,594					
Depreciation and amortization expense	2,305	2,293	2,282	2,287	2,321	2,338	2,347	2,366					
Total Operating Expenses	16,935	14,124	13,687	14,454	17,068	13,802	13,872	13,977					
Operating Income	\$ 6,799	\$ 7,880	\$ 8,017	\$ 7,647	\$ 6,309	\$ 7,076	\$ 7,410	\$ 7,603					
Operating Income Margin	28.6%	35.8%	36.9%	34.6%	27.0%	33.9%	34.8%	35.2%					
Segment EBITDA	\$ 9,104	\$ 10,173	\$ 10,299	\$ 9,934	\$ 8,630	\$ 9,414	\$ 9,757	\$ 9,969					
Segment EBITDA Margin	38.4%	46.2%	47.5%	44.9%	36.9%	45.1%	45.8%	46.2%					

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.

Wireless - Selected Operating Statistics

Unaudited	2015		2016			2017		
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Connections ('000)								
Retail postpaid	106,528	107,171	107,780	108,220	108,796	108,483	109,088	109,686
Retail prepaid	5,580	5,402	5,374	5,456	5,447	5,430	5,448	5,588
Total retail	112,108	112,573	113,154	113,676	114,243	113,913	114,536	115,274
Net Add Detail ('000) ⁽¹⁾								
Retail postpaid	1,519	640	615	442	591	(307)	614	603
Retail prepaid	(157)	(177)	(30)	83	(9)	(17)	19	139
Total retail	1,362	463	585	525	582	(324)	633	742
Account Statistics								
Retail postpaid accounts ('000)	35,736	35,720	35,637	35,530	35,410	35,270	35,334	35,364
Retail postpaid connections per account	2.98	3.00	3.02	3.05	3.07	3.08	3.09	3.10
Retail postpaid ARPA ⁽³⁾	\$ 148.30	\$ 145.34	\$ 145.09	\$ 144.94	\$ 141.89	\$ 136.98	\$ 134.89	\$ 136.31
Retail postpaid I-ARPA ⁽⁴⁾	\$ 164.40	\$ 165.03	\$ 167.18	\$ 169.49	\$ 169.10	\$ 166.01	\$ 164.94	\$ 166.98
Churn Detail								
Retail postpaid	0.96%	0.96%	0.94%	1.04%	1.10%	1.15%	0.94%	0.97%
Retail	1.23%	1.23%	1.19%	1.28%	1.34%	1.39%	1.18%	1.19%
Retail Postpaid Connection Statistics								
Total smartphone postpaid % of phones activated	93.7%	92.5%	92.1%	93.1%	95.2%	94.5%	95.2%	94.8%
Total smartphone postpaid phone base ⁽²⁾	83.7%	84.7%	85.5%	86.3%	87.3%	88.1%	88.8%	89.4%
Total Internet postpaid base ⁽²⁾	16.8%	17.3%	17.7%	18.1%	18.3%	18.3%	18.4%	18.6%
4G LTE devices as % of retail postpaid connections	79.2%	81.1%	82.5%	83.7%	85.0%	85.9%	86.7%	87.5%
Other Operating Statistics								
Capital expenditures (in millions)	\$ 3,259	\$ 2,190	\$ 2,815	\$ 2,771	\$ 3,464	\$ 1,831	\$ 2,444	\$ 2,652

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		
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Operating Revenues								
Consumer Markets	\$ 3,226	\$ 3,180	\$ 3,165	\$ 3,174	\$ 3,232	\$ 3,201	\$ 3,184	\$ 3,204
Enterprise Solutions	2,349	2,330	2,285	2,273	2,276	2,311	2,309	2,262
Partner Solutions	1,306	1,265	1,238	1,219	1,205	1,229	1,235	1,244
Business Markets	878	858	842	834	822	879	918	903
Other	79	80	84	76	72	62	73	49
Total Operating Revenues	7,838	7,713	7,614	7,576	7,607	7,682	7,719	7,662
Operating Expenses								
Cost of services	4,565	4,582	5,045	4,369	4,357	4,419	4,542	4,496
Selling, general & administrative expense	1,804	1,741	1,590	1,667	1,478	1,582	1,582	1,552
Depreciation and amortization expense	1,555	1,543	1,530	1,467	1,435	1,475	1,548	1,549
Total Operating Expenses	7,924	7,866	8,165	7,503	7,270	7,476	7,672	7,597
Operating Income (Loss)	\$ (86)	\$ (153)	\$ (551)	\$ 73	\$ 337	\$ 206	\$ 47	\$ 65
Operating Income (Loss) Margin	(1.1)%	(2.0)%	(7.2)%	1.0%	4.4%	2.7%	0.6%	0.8%
Segment EBITDA	\$ 1,469	\$ 1,390	\$ 979	\$ 1,540	\$ 1,772	\$ 1,681	\$ 1,595	\$ 1,614
Segment EBITDA Margin	18.7%	18.0%	12.9%	20.3%	23.3%	21.9%	20.7%	21.1%

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 reclassifications of prior period amounts have been made to conform to current period presentation.

Wireline - Selected Operating Statistics

Unaudited	2015		2016			2017		
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Connections ('000)								
Fios Video subscribers	4,635	4,678	4,637	4,673	4,694	4,681	4,666	4,648
Fios Internet subscribers	5,418	5,508	5,495	5,585	5,653	5,688	5,737	5,803
Fios Digital Voice residence connections	3,872	3,917	3,879	3,882	3,895	3,887	3,909	3,920
Fios Digital connections	13,925	14,103	14,011	14,140	14,242	14,256	14,312	14,371
HSI	1,667	1,589	1,519	1,453	1,385	1,323	1,251	1,175
Total Broadband connections	7,085	7,097	7,014	7,038	7,038	7,011	6,988	6,978
Primary residence switched access connections	3,799	3,643	3,501	3,359	3,230	3,095	2,962	2,830
Primary residence connections	7,671	7,560	7,380	7,241	7,125	6,982	6,871	6,750
Total retail residence voice connections	7,949	7,824	7,634	7,482	7,355	7,200	7,079	6,950
Total voice connections	15,035	14,781	14,476	14,194	13,939	13,634	13,352	13,100
Net Add Detail ('000)								
Fios Video subscribers	25	43	(41)	36	21	(13)	(15)	(18)
Fios Internet subscribers	82	90	(13)	90	68	35	49	66
Fios Digital Voice residence connections	43	45	(38)	3	13	(8)	22	11
Fios Digital connections	150	178	(92)	129	102	14	56	59
HSI	(71)	(78)	(70)	(66)	(68)	(62)	(72)	(76)
Total Broadband connections	11	12	(83)	24	—	(27)	(23)	(10)
Primary residence switched access connections	(152)	(156)	(142)	(142)	(129)	(135)	(133)	(132)
Primary residence connections	(109)	(111)	(180)	(139)	(116)	(143)	(111)	(121)
Total retail residence voice connections	(123)	(125)	(190)	(152)	(127)	(155)	(121)	(129)
Total voice connections	(289)	(254)	(305)	(282)	(255)	(305)	(282)	(252)
Revenue Statistics								
Fios revenues (in millions)	\$ 2,770	\$ 2,761	\$ 2,776	\$ 2,807	\$ 2,892	\$ 2,891	\$ 2,899	\$ 2,942
Other Operating Statistics								
Capital expenditures (in millions)	\$ 1,636	\$ 1,006	\$ 814	\$ 1,036	\$ 1,648	\$ 960	\$ 1,190	\$ 1,208
Wireline employees ('000)	59.5	58.2	58.0	57.9	57.6	59.4	58.6	58.2
Fios Video open for sale ('000)	13,196	13,366	13,400	13,529	13,693	13,829	13,978	14,130
Fios Video penetration	35.1%	35.0%	34.6%	34.5%	34.3%	33.8%	33.4%	32.9%
Fios Internet open for sale ('000)	13,491	13,661	13,696	13,825	13,982	14,120	14,271	14,423
Fios Internet penetration	40.2%	40.3%	40.1%	40.4%	40.4%	40.3%	40.2%	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.

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



Non-GAAP Reconciliations

As of September 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. 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 and may not be directly comparable to that of other companies.

Consolidated Operating Revenues Excluding Divested Businesses and Acquisitions

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. For the three months ended September 30, 2016, Consolidated Operating Revenues Excluding Divested Businesses and Acquisitions excludes operating revenues from (i) the local landline businesses in California, Florida and Texas divested on April 1, 2016, (ii) the data center businesses divested on May 1, 2017 and (iii) an insignificant divestitures in the third quarter of 2017 (collectively, the Divested Businesses). For the three months ended September 30, 2017, Consolidated Operating Revenues Excluding Divested Businesses and Acquisitions excludes operating revenues from (i) Yahoo!, Inc.'s operating business (acquired on June 13, 2017), (ii) XO Holdings' wireline business (XO) (acquired on February 1, 2017), (iii) Fleetmatics Group PLC (acquired on November 7, 2016) and (iv) Telogis, Inc. (acquired on July 29, 2016) for a one month period (collectively, the Acquisitions).

Consolidated Operating Revenues Excluding Divested Businesses and Acquisitions is calculated by subtracting operating revenues from Divested Businesses and Acquisitions 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. All operating revenues from Fleetmatics Group PLC (acquired on November 7, 2016) and Telogis, Inc. (acquired on July 29, 2016) have been excluded from the three months ended September 30, 2016 and 2017 to reflect comparable results in both periods.

IoT Revenues Excluding Acquisitions is calculated by subtracting operating revenues from Fleetmatics and Telogis from IoT revenues.

Consolidated EBITDA and Consolidated EBITDA Margin

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

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 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. 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 directly 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 Margin is calculated by dividing Consolidated Adjusted EBITDA by Consolidated Operating Revenues.

Consolidated Adjusted EBITDA excluding Operating Results from Divested Businesses is calculated by excluding the operating results from divested businesses from Consolidated Adjusted EBITDA. Management uses this measure to assess our ability to repay debt and we believe this measure is also useful to rating agencies, lenders and other parties in evaluating our creditworthiness.

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. Net Debt to Consolidated Adjusted EBITDA Ratio is calculated by dividing Net Debt by Consolidated Adjusted EBITDA excluding Operating Results from Divested Businesses. For purposes of Net Debt to Consolidated Adjusted EBITDA Ratio, Consolidated Adjusted EBITDA excluding Operating Results from Divested Businesses 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 third 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 third 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 third 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 third 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 9/30/16	3 Mos. Ended 9/30/17
Consolidated Operating Revenues	\$ 30,937	\$ 31,717
Less operating revenues from Divested Businesses	211	54
Less operating revenues from acquisitions		1,648
Consolidated Operating Revenues Excluding Divested Businesses and Acquisitions	\$ 30,726	\$ 30,015
Year over Year Change		(2.3)%

IoT Revenues Excluding Acquisitions

Unaudited	(dollars in millions)	
	3 Mos. Ended 9/30/16	3 Mos. Ended 9/30/17
IoT Revenues	\$ 242	\$ 375
Less IoT operating revenues from acquisitions	20	124
IoT Revenues Excluding Acquisitions	\$ 222	\$ 251
Year over Year Change		13.1%

Consolidated EBITDA, Consolidated Adjusted EBITDA
and Consolidated Adjusted EBITDA Margin Excluding Operating Results from Divested Businesses

Unaudited	(dollars in millions)							
	3 Months Ended 12/31/2015	3 Months Ended 3/31/2016	3 Months Ended 6/30/2016	3 Months Ended 9/30/2016	3 Months Ended 12/31/2016	3 Months Ended 3/31/2017	3 Months Ended 6/30/2017	3 Months Ended 9/30/2017
Consolidated Net Income	\$ 5,513	\$ 4,430	\$ 831	\$ 3,747	\$ 4,600	\$ 3,553	\$ 4,478	\$ 3,736
Add/subtract:								
Provision for income taxes	3,065	2,336	864	1,829	2,349	1,629	2,489	1,775
Interest expense	1,178	1,188	1,013	1,038	1,137	1,132	1,218	1,164
Other (income) and expense, net	(28)	(32)	1,826	(97)	(98)	846	19	511
Equity in losses of unconsolidated businesses	16	20	20	23	35	21	28	22
Operating Income	9,744	7,942	4,554	6,540	8,023	7,181	8,232	7,208
Add depreciation and amortization expense	4,039	4,017	3,982	3,942	3,987	4,059	4,167	4,272
Consolidated EBITDA	\$ 13,783	\$ 11,959	\$ 8,536	\$ 10,482	\$ 12,010	\$ 11,240	\$ 12,399	\$ 11,480
Add/subtract special items (before tax):								
Severance, pension and benefit charges/(credits)	(2,598)	165	3,550	797	(1,589)	-	195	-
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⁾⁽²⁾	-	-	-	-	-	-	559	166
Consolidated Adjusted EBITDA	10,931	11,982	11,079	11,279	10,421	11,114	11,379	11,646
Operating results from divested businesses ⁽¹⁾⁽²⁾	(837)	(780)	(120)	(115)	(107)	(104)	(50)	(17)
Consolidated Adjusted EBITDA excluding Operating Results from Divested Businesses	\$ 10,094	\$ 11,202	\$ 10,959	\$ 11,164	\$ 10,314	\$ 11,010	11,329	11,629
Consolidated Adjusted EBITDA Margin				36.5%				36.7%

⁽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 9/30/16				3 Mos. Ended 9/30/17
	Pre-tax	Tax	After-Tax		Pre-tax	Tax	After-Tax	
EPS				\$ 0.89				\$ 0.89
Severance, pension, and benefit charges	\$ 797	\$ (295)	\$ 502	0.12				
Early debt redemption costs					454	(180)	274	0.07
Acquisition and integration related costs					166	(66)	100	0.02
	\$ 797	\$ (295)	\$ 502	0.12	\$ 620	\$ 557	\$ 374	0.09
Adjusted EPS				\$ 1.01				\$ 0.98

Note: Adjusted EPS may not add due to rounding.

Net Debt and Net Debt to Consolidated Adjusted EBITDA Ratio

(dollars in millions)

Unaudited	12/31/2015	3/31/2016	6/30/2016	9/30/2016	12/31/2016	3/31/2017	6/30/2017	9/30/2017
Net Debt								
Debt maturing within one year	\$ 6,489	\$ 6,265	\$ 6,803	\$ 3,852	\$ 2,645	\$ 3,707	\$ 1,153	\$ 2,180
Long-term debt	103,240	103,615	92,922	102,739	105,433	112,839	116,390	115,317
Total Debt	109,729	109,880	99,725	106,591	108,078	116,546	117,543	117,497
Less cash and cash equivalents	4,470	5,846	2,857	6,441	2,880	4,307	4,583	4,487
Net Debt	\$ 105,259	\$ 104,034	\$ 96,868	\$ 100,150	\$ 105,198	\$ 112,239	\$ 112,960	\$ 113,010
Net Debt to Consolidated Adjusted EBITDA Ratio				2.3x	2.4x	2.6x	2.6x	2.6x

Free Cash Flow

(dollars in millions)

Unaudited	9 Months	
	Ended 9/30/16	Ended 9/30/17
Net cash provided by operating activities	\$ 17,724	\$ 17,221
Less capital expenditures	(11,398)	(11,282)
Free Cash Flow	\$ 6,326	\$ 5,939

Non-GAAP Reconciliations - Segments

Segment EBITDA and Segment EBITDA Margin

Wireless

(dollars in millions)

Unaudited	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	3 Months Ended 9/30/17
Operating Income	\$ 6,799	\$ 7,880	\$ 8,017	\$ 7,647	\$ 6,309	\$ 7,076	\$ 7,410	\$ 7,603
Add depreciation and amortization expense	2,305	2,293	2,282	2,287	2,321	2,338	2,347	2,366
Segment EBITDA	\$ 9,104	\$ 10,173	\$ 10,299	\$ 9,934	\$ 8,630	\$ 9,414	\$ 9,757	\$ 9,969
Total operating revenues	\$ 23,734	\$ 22,004	\$ 21,704	\$ 22,101	\$ 23,377	\$ 20,878	\$ 21,282	\$ 21,580
Operating Income Margin	28.6%	35.8%	36.9%	34.6%	27.0%	33.9%	34.8%	35.2%
Segment EBITDA Margin	38.4%	46.2%	47.5%	44.9%	36.9%	45.1%	45.8%	46.2%

Wireline

(dollars in millions)

Unaudited	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	3 Months Ended 9/30/17
Operating Income (Loss)	\$ (86)	\$ (153)	\$ (551)	\$ 73	\$ 337	\$ 206	\$ 47	\$ 65
Add depreciation and amortization expense	1,555	1,543	1,530	1,467	1,435	1,475	1,548	1,549
Segment EBITDA	\$ 1,469	\$ 1,390	\$ 979	\$ 1,540	\$ 1,772	\$ 1,681	\$ 1,595	\$ 1,614
Total operating revenues	\$ 7,838	\$ 7,713	\$ 7,614	\$ 7,576	\$ 7,607	\$ 7,682	\$ 7,719	\$ 7,662
Operating Income (Loss) Margin	(1.1)%	(2.0)%	(7.2)%	1.0%	4.4%	2.7%	0.6%	0.8%
Segment EBITDA Margin	18.7%	18.0%	12.9%	20.3%	23.3%	21.9%	20.7%	21.1%
Sequential Segment EBITDA Margin Change								40 bps

Wireline Operating Revenues Excluding Acquisition

(dollars in millions)

Unaudited	3 Months Ended 6/30/16	3 Months Ended 9/30/16	3 Months Ended 6/30/17	3 Months Ended 9/30/17
Wireline Operating Revenues	\$ 7,614	\$ 7,576	\$ 7,719	\$ 7,662
Less Wireline Operating Revenues from Acquisition	-	-	304	290
Wireline Operating Revenues Excluding Acquisition	\$ 7,614	\$ 7,576	\$ 7,415	\$ 7,372
Year over Year Change			(2.6)%	(2.7)%

Enterprise Solutions Revenues Excluding Acquisition

(dollars in millions)

Unaudited	3 Months Ended 9/30/16	3 Months Ended 9/30/17
Enterprise Solutions Revenues	\$ 2,273	\$ 2,262
Less Enterprise Solutions Revenues From Acquisition		102
Enterprise Solutions Revenues Excluding Acquisition	\$ 2,273	\$ 2,160
Year over Year Change		(5.0)%

Enterprise Solutions Constant Currency Growth Rate

(dollars in millions)

3 Months Ending September 30, 2017

Unaudited	Reported Revenues	Growth Rate	Constant Currency Revenues	Growth Rate
Enterprise Solutions Revenues excluding Acquisition	\$ 2,160	(5.0)%	\$ 2,153	(5.3)%

Non-GAAP Reconciliations - Segments

Partner Solutions Revenues Excluding Acquisition

	(dollars in millions)	
Unaudited	3 Months Ended 9/30/16	3 Months Ended 9/30/17
Partner Solutions Revenues	\$ 1,219	\$ 1,244
Less Partner Solutions Revenues from Acquisition		72
Partner Solutions Revenues Excluding Acquisition	\$ 1,219	\$ 1,172
Year over Year Change		(3.9)%

Business Markets Revenues Excluding Acquisition

	(dollars in millions)	
Unaudited	3 Months Ended 9/30/16	3 Months Ended 9/30/17
Business Markets Revenues	\$ 834	\$ 903
Less Business Markets Revenues from Acquisition		117
Business Markets Revenues Excluding Acquisition	\$ 834	\$ 786
Year over Year Change		(5.8)%