



# Financial and Operating Information

As of June 30, 2016

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## Condensed Consolidated Statements of Income

(dollars in millions, except per share amounts)

Unaudited	2014	2015	2Q '16
<b>Operating Revenues</b>			
Service revenue and other	\$ 116,122	\$ 114,696	\$ 55,045
Wireless equipment revenues	10,957	16,924	7,658
<b>Total Operating Revenues</b>	<b>127,079</b>	<b>131,620</b>	<b>62,703</b>
<b>Operating Expenses</b>			
Cost of services	28,306	29,438	15,191
Wireless cost of equipment	21,625	23,119	9,642
Selling, general & administrative expense	41,016	29,986	17,375
Depreciation and amortization expense	16,533	16,017	7,999
<b>Total Operating Expenses</b>	<b>107,480</b>	<b>98,560</b>	<b>50,207</b>
<b>Operating Income</b>	<b>19,599</b>	<b>33,060</b>	<b>12,496</b>
Equity in earnings (losses) of unconsolidated businesses	1,780	(86)	(40)
Other income and (expense), net	(1,194)	186	(1,794)
Interest expense	(4,915)	(4,920)	(2,201)
<b>Income Before Provision for Income Taxes</b>	<b>15,270</b>	<b>28,240</b>	<b>8,461</b>
Provision for income taxes	(3,314)	(9,865)	(3,200)
<b>Net Income</b>	<b>\$ 11,956</b>	<b>\$ 18,375</b>	<b>\$ 5,261</b>
Net income attributable to noncontrolling interests	\$ 2,331	\$ 496	\$ 249
Net income attributable to Verizon	9,625	17,879	5,012
<b>Net Income</b>	<b>\$ 11,956</b>	<b>\$ 18,375</b>	<b>\$ 5,261</b>
<b>Basic Earnings per Common Share</b>			
Net income attributable to Verizon	\$ 2.42	\$ 4.38	\$ 1.23
<i>Weighted average number of common shares (in millions)</i>	<i>3,974</i>	<i>4,085</i>	<i>4,080</i>
<b>Diluted Earnings per Common Share <sup>(1)</sup></b>			
Net Income attributable to Verizon	\$ 2.42	\$ 4.37	\$ 1.23
<i>Weighted average number of common shares-assuming dilution (in millions)</i>	<i>3,981</i>	<i>4,093</i>	<i>4,085</i>

**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

(dollars in millions, except per share amounts)

Unaudited	2014		2015				2016	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
<b>Operating Revenues</b>								
Service revenue and other	\$ 29,107	\$ 28,970	\$ 28,611	\$ 28,363	\$ 28,866	\$ 28,856	\$ 28,217	\$ 26,828
Wireless equipment revenues	2,479	4,222	3,373	3,861	4,292	5,398	3,954	3,704
<b>Total Operating Revenues</b>	<b>31,586</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>Operating Expenses</b>								
Cost of services	7,046	7,076	6,988	6,994	7,589	7,867	7,614	7,577
Wireless cost of equipment	5,206	7,327	5,108	5,455	5,716	6,840	4,998	4,644
Selling, general & administrative expense	8,277	16,857	7,939	7,974	8,309	5,764	7,600	9,775
Depreciation and amortization expense	4,167	4,068	3,989	3,980	4,009	4,039	4,017	3,982
<b>Total Operating Expenses</b>	<b>24,696</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>Operating Income (Loss)</b>	<b>6,890</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>
Equity in earnings (losses) of unconsolidated businesses	(48)	(31)	(34)	(18)	(18)	(16)	(20)	(20)
Other income and (expense), net	71	(437)	75	32	51	28	32	(1,826)
Interest expense	(1,255)	(1,282)	(1,332)	(1,208)	(1,202)	(1,178)	(1,188)	(1,013)
<b>Income (Loss) Before (Provision) Benefit for Income Taxes</b>	<b>5,658</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>
(Provision) Benefit for income taxes	(1,864)	1,738	(2,331)	(2,274)	(2,195)	(3,065)	(2,336)	(864)
<b>Net Income (Loss)</b>	<b>\$ 3,794</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>
Net income attributable to noncontrolling interests	\$ 99	\$ 83	\$ 119	\$ 122	\$ 133	\$ 122	\$ 120	\$ 129
Net income (loss) attributable to Verizon	3,695	(2,231)	4,219	4,231	4,038	5,391	4,310	702
<b>Net Income (Loss)</b>	<b>\$ 3,794</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>Basic Earnings (Loss) per Common Share</b>								
Net Income (loss) attributable to Verizon	\$ .89	\$ (.54)	\$ 1.03	\$ 1.04	\$ .99	\$ 1.32	\$ 1.06	\$ .17
Weighted average number of common shares (in millions)	4,152	4,157	4,116	4,079	4,072	4,076	4,080	4,079
<b>Diluted Earnings (Loss) per Common Share <sup>(1)</sup></b>								
Net Income (loss) attributable to Verizon	\$ .89	\$ (.54)	\$ 1.02	\$ 1.04	\$ .99	\$ 1.32	\$ 1.06	\$ .17
Weighted average number of common shares- assuming dilution (in millions)	4,159	4,157	4,121	4,085	4,078	4,083	4,085	4,085

**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	2Q '16
<b>Severance, Pension &amp; Benefit Charges/(Credits)</b>			
Operating expenses	\$ 7,507	\$ (2,256)	\$ 3,715
<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

(Pre-tax dollars in millions)

Unaudited	2014		2015				2016	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
<b>Severance, Pension &amp; Benefit Charges/(Credits)</b>								
Operating expenses	\$ -	\$ 7,507	\$ -	\$ -	\$ 342	\$ (2,598)	\$ 165	\$ 3,550
<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	\$ 1,335	\$ 1,342	\$ 1,342	\$ 1,327	\$ 1,307	\$ 1,304	\$ 1,280	\$ -
Cost of services and sales	442	441	457	451	466	478	482	-
Selling, general & administrative expense	147	132	146	135	124	117	137	-
Depreciation and amortization	244	243	88	-	-	-	-	-
Total Operating Expenses	\$ 833	\$ 816	\$ 691	\$ 586	\$ 590	\$ 595	\$ 619	\$ -

## Condensed Consolidated Balance Sheets

Unaudited	(dollars in millions)		
	12/31/14	12/31/15	6/30/2016
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 10,598	\$ 4,470	\$ 2,857
Short-term investments	555	350	-
Accounts receivable, net	13,993	13,457	13,294
Inventories	1,153	1,252	931
Assets held for sale	552	792	317
Prepaid expenses and other	2,685	2,034	3,445
<b>Total current assets</b>	<b>29,536</b>	<b>22,355</b>	<b>20,844</b>
Plant, property and equipment	230,508	220,163	225,756
Less accumulated depreciation	140,561	136,622	142,584
	89,947	83,541	83,172
Investments in unconsolidated businesses	802	796	822
Wireless licenses	75,341	86,575	86,981
Goodwill	24,639	25,331	25,417
Other intangible assets, net	5,359	7,592	7,399
Non-current assets held for sale	-	10,267	-
Deposit for wireless licenses	921	-	-
Other assets	5,564	7,718	7,235
<b>Total Assets</b>	<b>\$ 232,109</b>	<b>\$ 244,175</b>	<b>\$ 231,870</b>
<b>Liabilities and Equity</b>			
Current liabilities			
Debt maturing within one year	\$ 2,735	\$ 6,489	\$ 6,803
Accounts payable and accrued liabilities	16,680	19,362	19,090
Liabilities related to assets held for sale	-	463	-
Other	8,572	8,738	8,515
<b>Total current liabilities</b>	<b>27,987</b>	<b>35,052</b>	<b>34,408</b>
Long-term debt	110,029	103,240	92,922
Employee benefit obligations	33,280	29,957	28,059
Deferred income taxes	41,563	45,484	43,825
Non-current liabilities related to assets held for sale	-	959	-
Other liabilities	5,574	11,641	11,912
Equity			
Common stock	424	424	424
Contributed capital	11,155	11,196	11,192
Reinvested earnings	2,447	11,246	11,652
Accumulated other comprehensive income	1,111	550	2,847
Common stock in treasury, at cost	(3,263)	(7,416)	(7,279)
Deferred compensation - employee stock ownership plans and other	424	428	408
Noncontrolling interests	1,378	1,414	1,500
<b>Total Equity</b>	<b>13,676</b>	<b>17,842</b>	<b>20,744</b>
<b>Total Liabilities and Equity</b>	<b>\$ 232,109</b>	<b>\$ 244,175</b>	<b>\$ 231,870</b>

## Verizon - Selected Financial and Operating Statistics

Unaudited	12/31/14	12/31/15	6/30/16
Total debt (\$M)	\$ 112,764	\$ 109,729	\$ 99,725
Net debt (\$M)	\$ 102,166	\$ 105,259	\$ 96,868
Net debt / Adjusted EBITDA <sup>(1)</sup>	2.5x	2.4x	2.2x
Common shares outstanding end of period (M)	4,155	4,073	4,076
Total employees ('000)	177.3	177.7	162.7
Cash dividends declared per common share	\$ 2.160	\$ 2.230	\$ 1.130

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

Certain reclassifications have been made to prior period balances to conform to the current period presentation.

## Condensed Consolidated Balance Sheets

(dollars in millions)

Unaudited	9/30/14	12/31/14	3/31/15	6/30/15	9/30/15	12/31/15	3/31/16	6/30/2016
<b>Assets</b>								
Current assets								
Cash and cash equivalents	\$ 7,218	\$ 10,598	\$ 4,386	\$ 3,008	\$ 3,875	\$ 4,470	\$ 5,846	\$ 2,857
Short-term investments	635	555	547	309	306	350	-	-
Accounts receivable, net	13,283	13,993	12,698	13,444	13,105	13,457	12,485	13,294
Inventories	1,206	1,153	1,076	1,149	1,319	1,252	1,142	931
Assets held for sale	317	552	893	774	895	792	720	317
Prepaid expenses and other	1,977	2,685	3,171	2,757	2,236	2,034	3,498	3,445
Total current assets	24,636	29,536	22,771	21,441	21,736	22,355	23,691	20,844
Plant, property and equipment	230,452	230,508	210,389	213,661	216,674	220,163	222,669	225,756
Less accumulated depreciation	140,520	140,561	128,747	131,129	134,112	136,622	139,658	142,584
	89,932	89,947	81,642	82,532	82,562	83,541	83,011	83,172
Investments in unconsolidated businesses	818	802	762	794	779	796	821	822
Wireless licenses	75,303	75,341	75,693	86,321	86,331	86,575	86,830	86,981
Goodwill	24,617	24,639	23,303	25,429	25,124	25,331	25,364	25,417
Other intangible assets, net	5,464	5,359	5,357	7,507	7,717	7,592	7,456	7,399
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	4,909	5,564	5,680	6,519	7,171	7,718	6,982	7,235
<b>Total Assets</b>	<b>\$ 225,679</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>Liabilities and Equity</b>								
Current liabilities								
Debt maturing within one year	\$ 1,603	\$ 2,735	\$ 4,439	\$ 4,206	\$ 7,264	\$ 6,489	\$ 6,265	\$ 6,803
Accounts payable and accrued liabilities	17,055	16,680	15,189	16,953	17,721	19,362	18,118	19,090
Liabilities related to assets held for sale	-	-	572	457	461	463	452	-
Other	7,903	8,572	8,410	8,962	8,868	8,738	8,477	8,515
Total current liabilities	26,561	27,987	28,610	30,578	34,314	35,052	33,312	34,408
Long-term debt	107,148	110,029	108,452	108,978	104,583	103,240	103,615	92,922
Employee benefit obligations	25,770	33,280	33,010	32,711	32,962	29,957	29,665	28,059
Deferred income taxes	42,482	41,563	42,358	42,936	43,015	45,484	45,568	43,825
Non-current liabilities related to assets held for sale	-	-	943	942	940	959	974	-
Other liabilities	5,750	5,574	11,086	11,171	11,181	11,641	11,350	11,912
Equity								
Common stock	424	424	424	424	424	424	424	424
Contributed capital	11,089	11,155	10,391	11,167	11,184	11,196	11,191	11,192
Reinvested earnings (Accumulated deficit)	6,964	2,447	4,422	6,418	8,156	11,246	13,253	11,652
Accumulated other comprehensive income	1,175	1,111	916	821	600	550	459	2,847
Common stock in treasury, at cost	(3,465)	(3,263)	(7,093)	(7,741)	(7,604)	(7,416)	(7,279)	(7,279)
Deferred compensation - employee stock ownership plans and other	390	424	279	326	378	428	593	408
Noncontrolling interests	1,391	1,378	1,420	1,459	1,404	1,414	1,462	1,500
Total Equity	17,968	13,676	10,759	12,874	14,542	17,842	20,103	20,744
<b>Total Liabilities and Equity</b>	<b>\$ 225,679</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>

## Verizon - Selected Financial and Operating Statistics

Unaudited	9/30/14	12/31/14	3/31/15	6/30/15	9/30/15	12/31/15	3/31/16	6/30/16
Total debt (\$M)	\$ 108,751	\$ 112,764	\$ 112,891	\$ 113,184	\$ 111,847	\$ 109,729	\$ 109,880	\$ 99,725
Net debt (\$M)	\$ 101,533	\$ 102,166	\$ 108,505	\$ 110,176	\$ 107,972	\$ 105,259	\$ 104,034	\$ 96,868
Net debt / Adjusted EBITDA				2.6x	2.5x	2.4x	2.4x	2.2x
Common shares outstanding end of period (M)	4,150	4,155	4,078	4,066	4,069	4,073	4,076	4,076
Total employees ('000)	178.5	177.3	176.2	178.5	177.9	177.7	173.3	162.7
Cash dividends declared per common share	\$ .550	\$ .550	\$ .550	\$ .550	\$ .565	\$ .565	\$ .565	\$ .565

Certain reclassifications have been made to prior period balances to conform to the current period presentation.



## Condensed Consolidated Statements of Cash Flows

	(dollars in millions)		
Unaudited	12 Months Ended 12/31/14	12 Months Ended 12/31/15	6 Months Ended 6/30/2016
<b>Cash Flows From Operating Activities</b>			
Net Income	\$ 11,956	\$ 18,375	\$ 5,261
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	16,533	16,017	7,999
Employee retirement benefits	8,130	(1,747)	4,021
Deferred income taxes	(92)	3,516	(3,085)
Provision for uncollectible accounts	1,095	1,610	651
Equity in (earnings) losses of unconsolidated businesses, net of dividends received	(1,743)	127	58
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	(2,160)	2,443	(1,067)
Other, net	(3,088)	(1,411)	(1,008)
Net cash provided by operating activities	30,631	38,930	12,830
<b>Cash Flows From Investing Activities</b>			
Capital expenditures (including capitalized software)	(17,191)	(17,775)	(7,273)
Acquisitions of investments and businesses, net of cash acquired	(182)	(3,545)	(178)
Acquisitions of wireless licenses	(354)	(9,942)	(282)
Proceeds from dispositions of wireless licenses	2,367	-	-
Proceeds from dispositions of businesses	120	48	9,882
Other, net	(616)	1,171	504
Net cash provided by (used in) investing activities	(15,856)	(30,043)	2,653
<b>Cash Flows From Financing Activities</b>			
Proceeds from long-term borrowings	30,967	6,667	-
Repayments of long-term borrowings and capital lease obligations	(17,669)	(9,340)	(11,300)
Decrease in short-term obligations, excluding current maturities	(475)	(344)	610
Dividends paid	(7,803)	(8,538)	(4,605)
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	(1,804)
Net cash used in financing activities	(57,705)	(15,015)	(17,096)
<b>Decrease in cash and cash equivalents</b>	(42,930)	(6,128)	(1,613)
<b>Cash and cash equivalents, beginning of period</b>	53,528	10,598	4,470
<b>Cash and cash equivalents, end of period</b>	\$ 10,598	\$ 4,470	\$ 2,857

## Condensed Consolidated Statements of Cash Flows

	(dollars in millions)							
	9 Months	12 Months	3 Months	6 Months	9 Months	12 Months	3 Months	6 Months
	Ended	Ended	Ended	Ended	Ended	Ended	Ended	Ended
Unaudited	9/30/14	12/31/14	3/31/15	6/30/15	9/30/15	12/31/15	3/31/16	6/30/2016
<b>Cash Flows From Operating Activities</b>								
Net Income	\$ 14,104	\$ 11,956	\$ 4,338	\$ 8,691	\$ 12,862	\$ 18,375	\$ 4,430	\$ 5,261
Adjustments to reconcile net income to net cash provided by operating activities:								
Depreciation and amortization expense	12,465	16,533	3,989	7,969	11,978	16,017	4,017	7,999
Employee retirement benefits	843	8,130	284	561	1,184	(1,747)	356	4,021
Deferred income taxes	914	(92)	823	826	890	3,516	167	(3,085)
Provision for uncollectible accounts	684	1,095	383	744	1,136	1,610	353	651
Equity in (earnings) losses of unconsolidated businesses, net of dividends received	(1,785)	(1,743)	44	72	98	127	29	58
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	(816)	(2,160)	(888)	416	1,443	2,443	(1,162)	(1,067)
Other, net	(3,252)	(3,088)	1,196	(373)	(1,165)	(1,411)	(771)	(1,008)
Net cash provided by operating activities	23,157	30,631	10,169	18,906	28,426	38,930	7,419	12,830
<b>Cash Flows From Investing Activities</b>								
Capital expenditures (including capitalized software)	(12,624)	(17,191)	(3,665)	(8,153)	(12,540)	(17,775)	(3,387)	(7,273)
Acquisitions of investments and businesses, net of cash acquired	(180)	(182)	(2)	(3,225)	(3,205)	(3,545)	(161)	(178)
Acquisitions of wireless licenses	(343)	(354)	(9,555)	(9,677)	(9,811)	(9,942)	(131)	(282)
Proceeds from dispositions of wireless licenses	2,367	2,367	-	-	-	-	-	-
Proceeds from dispositions of businesses	120	120	-	-	-	48	-	9,882
Other, net	230	(616)	46	884	960	1,171	243	504
Net cash provided by (used in) investing activities	(10,430)	(15,856)	(13,176)	(20,171)	(24,596)	(30,043)	(3,436)	2,653
<b>Cash Flows From Financing Activities</b>								
Proceeds from long-term borrowings	21,575	30,967	6,497	6,497	6,497	6,667	-	-
Repayments of long-term borrowings and capital lease obligations	(12,594)	(17,669)	(5,576)	(5,797)	(7,168)	(9,340)	(376)	(11,300)
Increase (decrease) in short-term obligations, excluding current maturities	(426)	(475)	482	(106)	(305)	(344)	(40)	610
Dividends paid	(5,653)	(7,803)	(2,153)	(4,266)	(6,373)	(8,538)	(2,302)	(4,605)
Proceeds from sale of common stock	34	34	-	-	31	40	3	3
Purchase of common stock for treasury	-	-	(5,000)	(5,074)	(5,134)	(5,134)	-	-
Acquisition of noncontrolling interest	(58,886)	(58,886)	-	-	-	-	-	-
Other, net	(3,087)	(3,873)	2,545	2,421	1,899	1,634	108	(1,804)
Net cash used in financing activities	(59,037)	(57,705)	(3,205)	(6,325)	(10,553)	(15,015)	(2,607)	(17,096)
<b>Increase (decrease) in cash and cash equivalents</b>	(46,310)	(42,930)	(6,212)	(7,590)	(6,723)	(6,128)	1,376	(1,613)
<b>Cash and cash equivalents, beginning of period</b>	53,528	53,528	10,598	10,598	10,598	10,598	4,470	4,470
<b>Cash and cash equivalents, end of period</b>	\$ 7,218	\$ 10,598	\$ 4,386	\$ 3,008	\$ 3,875	\$ 4,470	\$ 5,846	\$ 2,857

**verizon**<sup>✓</sup>

**Wireless**

## Wireless - Selected Financial Results

Unaudited	2014		2015				(dollars in millions) 2016	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
<b>Operating Revenues</b>								
Service	\$ 18,356	\$ 18,209	\$ 17,914	\$ 17,689	\$ 17,598	\$ 17,195	\$ 16,809	\$ 16,741
Equipment	2,480	4,222	3,373	3,861	4,292	5,398	3,954	3,704
Other	999	1,018	1,041	1,063	1,115	1,141	1,241	1,259
<b>Total Operating Revenues</b>	<b>21,835</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>Operating Expenses</b>								
Cost of services	1,837	1,857	1,851	1,948	2,010	1,994	1,942	1,984
Cost of equipment	5,206	7,327	5,108	5,455	5,716	6,840	4,998	4,644
Selling, general & administrative expense	5,698	6,611	5,369	5,289	5,351	5,796	4,891	4,777
Depreciation and amortization expense	2,139	2,152	2,190	2,225	2,260	2,305	2,293	2,282
<b>Total Operating Expenses</b>	<b>14,880</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>Operating Income</b>	<b>\$ 6,955</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>Operating Income Margin</b>	<b>31.9%</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>Segment EBITDA</b>	<b>\$ 9,094</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>Segment EBITDA Margin</b>	<b>41.6%</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>

**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	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
<b>Connections ('000)</b>								
Retail postpaid	100,103	102,079	102,637	103,731	105,023	106,528	107,171	<b>107,780</b>
Retail prepaid	6,053	6,132	5,945	5,817	5,737	5,580	5,402	<b>5,374</b>
Retail	106,156	108,211	108,582	109,548	110,760	112,108	112,573	<b>113,154</b>
<b>Net Add Detail ('000) <sup>(1)</sup></b>								
Retail postpaid	1,516	1,986	565	1,134	1,289	1,519	640	<b>615</b>
Retail prepaid	9	81	(188)	(126)	(80)	(157)	(177)	<b>(30)</b>
Retail	1,525	2,067	377	1,008	1,209	1,362	463	<b>585</b>
<b>Account Statistics</b>								
Retail postpaid accounts ('000)	35,435	35,616	35,516	35,560	35,677	35,736	35,720	<b>35,637</b>
Retail postpaid connections per account	2.82	2.87	2.89	2.92	2.94	2.98	3.00	<b>3.02</b>
Retail postpaid ARPA <sup>(3)</sup>	\$ 161.24	\$ 158.82	\$ 156.14	\$ 153.73	\$ 152.38	\$ 148.30	\$ 145.34	<b>\$ 145.09</b>
Retail postpaid I-ARPA <sup>(4)</sup>	\$ 163.93	\$ 162.98	\$ 162.78	\$ 163.01	\$ 164.31	\$ 164.40	\$ 165.03	<b>\$ 167.18</b>
<b>Churn Detail</b>								
Retail postpaid	1.00%	1.14%	1.03%	0.90%	0.93%	0.96%	0.96%	<b>0.94%</b>
Retail	1.29%	1.39%	1.33%	1.18%	1.21%	1.23%	1.23%	<b>1.19%</b>
<b>Retail Postpaid Connection Statistics</b>								
Total Smartphone postpaid % of phones activated	91.0%	93.6%	91.4%	91.7%	91.3%	93.7%	92.5%	<b>92.1%</b>
Total Smartphone postpaid phone base <sup>(2)</sup>	76.5%	78.6%	79.9%	81.2%	82.4%	83.7%	84.7%	<b>85.5%</b>
Total Internet postpaid base <sup>(2)</sup>	13.1%	14.1%	14.8%	15.4%	16.0%	16.8%	17.3%	<b>17.7%</b>
4G LTE devices as % of retail postpaid connections	59.3%	66.0%	69.9%	73.3%	76.2%	79.2%	81.1%	<b>82.5%</b>
<b>Other Operating Statistics</b>								
Capital expenditures (\$M)	\$ 2,483	\$ 2,707	\$ 2,419	\$ 3,126	\$ 2,921	\$ 3,259	\$ 2,190	<b>\$ 2,815</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.

**verizon**<sup>✓</sup>

**Wireline**

## Wireline - Selected Financial Results

Unaudited	(dollars in millions)							
	2014		2015				2016	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
<b>Operating Revenues</b>								
Consumer retail	\$ 3,053	\$ 3,114	\$ 3,128	\$ 3,174	\$ 3,168	\$ 3,226	\$ 3,180	\$ 3,165
Small business	456	449	445	441	434	424	422	408
Mass Markets	3,509	3,563	3,573	3,615	3,602	3,650	3,602	3,573
Global Enterprise	3,163	3,151	3,047	3,007	2,988	3,008	2,956	2,907
Global Wholesale	1,363	1,318	1,339	1,310	1,289	1,325	1,283	1,256
Other	140	116	91	81	88	81	82	87
<b>Total Operating Revenues</b>	<b>8,175</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>Operating Expenses</b>								
Cost of services	4,845	4,844	4,785	4,704	4,695	4,632	4,644	5,107
Selling, general & administrative expense	1,848	1,742	1,838	1,813	1,770	1,835	1,770	1,617
Depreciation and amortization expense	1,724	1,614	1,647	1,695	1,611	1,590	1,576	1,562
<b>Total Operating Expenses</b>	<b>8,417</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>Operating Income (Loss)</b>	(242)	(52)	(220)	(199)	(109)	7	(67)	\$ (463)
<b>Operating Income (Loss) Margin</b>	(3.0)%	(0.6)%	(2.7)%	(2.5)%	(1.4)%	0.1%	(0.8)%	(5.9)%
<b>Segment EBITDA</b>	\$ 1,482	\$ 1,562	\$ 1,427	\$ 1,496	\$ 1,502	\$ 1,597	\$ 1,509	\$ 1,099
<b>Segment EBITDA Margin</b>	18.1%	19.2%	17.7%	18.7%	18.9%	19.8%	19.0%	14.0%

**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.

Certain reclassifications have been made to prior periods to conform to the current period.

Intersegment transactions have not been eliminated.

## Wireline - Selected Operating Statistics

Unaudited	2014		2015				2016	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
<b>Connections ('000)</b>								
Fios Video Subscribers	4,352	4,453	4,535	4,565	4,610	4,635	4,678	<b>4,637</b>
Fios Internet Subscribers	4,946	5,068	5,178	5,240	5,336	5,418	5,508	<b>5,495</b>
Fios Digital Voice residence connections	3,651	3,727	3,784	3,788	3,829	3,872	3,917	<b>3,879</b>
Fios Digital connections	12,949	13,248	13,497	13,593	13,775	13,925	14,103	<b>14,011</b>
HSI	2,023	1,956	1,891	1,820	1,738	1,667	1,589	<b>1,519</b>
Total Broadband connections	6,969	7,024	7,069	7,060	7,074	7,085	7,097	<b>7,014</b>
Primary residence switched access connections	4,566	4,415	4,264	4,113	3,951	3,799	3,643	<b>3,501</b>
Primary residence connections	8,217	8,142	8,048	7,901	7,780	7,671	7,560	<b>7,380</b>
Total retail residence voice connections	8,565	8,475	8,368	8,209	8,072	7,949	7,824	<b>7,634</b>
Total voice connections	16,375	16,140	15,897	15,586	15,324	15,035	14,781	<b>14,476</b>
<b>Net Add Detail ('000)</b>								
Fios Video Subscribers	100	101	82	30	45	25	43	<b>(41)</b>
Fios Internet Subscribers	128	122	110	62	96	82	90	<b>(13)</b>
Fios Digital Voice residence connections	66	76	57	4	41	43	45	<b>(38)</b>
Fios Digital connections	294	299	249	96	182	150	178	<b>(92)</b>
HSI	(68)	(67)	(65)	(71)	(82)	(71)	(78)	<b>(70)</b>
Total Broadband connections	60	55	45	(9)	14	11	12	<b>(83)</b>
Primary residence switched access connections	(164)	(151)	(151)	(151)	(162)	(152)	(156)	<b>(142)</b>
Primary residence connections	(98)	(75)	(94)	(147)	(121)	(109)	(111)	<b>(180)</b>
Total retail residence voice connections	(114)	(90)	(107)	(159)	(137)	(123)	(125)	<b>(190)</b>
Total voice connections	(238)	(235)	(243)	(311)	(262)	(289)	(254)	<b>(305)</b>
<b>Revenue Statistics</b>								
Fios revenues (\$M)	\$ 2,478	\$ 2,562	\$ 2,602	\$ 2,678	\$ 2,689	\$ 2,770	\$ 2,761	\$ 2,776
<b>Other Operating Statistics</b>								
Capital expenditures (\$M)	\$ 1,464	\$ 1,556	\$ 1,077	\$ 1,134	\$ 1,202	\$ 1,636	\$ 1,006	\$ 814
Wireline employees (K)	68.8	66.5	65.3	62.8	61.8	61.0	59.5	<b>59.3</b>
Fios Video Open for Sale (K)	12,372	12,536	12,681	12,863	13,024	13,196	13,366	<b>13,400</b>
Fios Video penetration	35.2%	35.5%	35.8%	35.5%	35.4%	35.1%	35.0%	<b>34.6%</b>
Fios Internet Open for Sale (K)	12,671	12,825	12,970	13,154	13,317	13,491	13,661	<b>13,696</b>
Fios Internet penetration	39.0%	39.5%	39.9%	39.8%	40.1%	40.2%	40.3%	<b>40.1%</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.

Certain reclassifications have been made to prior periods to conform to the current period.

Intersegment transactions have not been eliminated.





# **Non-GAAP Reconciliations**

As of June 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 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. Management believes that non-GAAP measures provide relevant and useful information, which is used by investors and other users of our financial information as well as by our management 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 AOL and Divested Businesses

Verizon consolidated operating revenues excluding AOL and 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 AOL was acquired on June 23, 2015 and the sale of local landline businesses in California, Florida and Texas (Divested Businesses) was completed on April 1, 2016.

Consolidated operating revenues excluding AOL and Divested Businesses is calculated by subtracting the operating revenues from AOL and the 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), consolidated EBITDA margin, Segment EBITDA, and Segment EBITDA margin are non-GAAP financial measures and we believe these measures 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.

Verizon consolidated adjusted EBITDA (Consolidated Adjusted EBITDA) and Consolidated Adjusted EBITDA margin are non-GAAP financial measures and we believe these measures 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. Management believes 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 enables comparability to prior period performance and trend analysis. Adjusted EBITDA is also used by rating agencies, lenders and other parties to evaluate our creditworthiness.

Consolidated EBITDA is calculated by adding back interest, taxes, depreciation and amortization expense, equity in losses of unconsolidated businesses and other income, net to net income. Consolidated EBITDA margin is calculated by dividing Consolidated EBITDA by consolidated operating revenues.

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, 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. Management believes the exclusion of these remeasurement gains or losses enables 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.

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.

### 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.

Free cash flow is calculated by subtracting capital expenditures from net cash provided by operating activities.

The management believes 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.

### Net Debt and the Net Debt to Consolidated Adjusted EBITDA Ratio

Net Debt and Net Debt to Consolidated Adjusted EBITDA Ratio are non-GAAP financial measures that management believes are useful to 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 EPS)

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 remeasurements of pension and other postretirement benefits, early debt redemption costs, and gain on sale of Divested Businesses from the calculation of reported EPS.

## Consolidated Non-GAAP Reconciliations

Unaudited	(dollars in millions)	
	3 Months Ended 6/30/15	3 Months Ended 6/30/16
Consolidated Operating Revenues Excluding AOL and Divested Businesses		
<b>Consolidated Operating Revenues</b>	\$ 32,224	\$ 30,532
Less: Operating revenues from Divested Businesses	1,327	-
Less: AOL operating revenues	-	713
<b>Consolidated Operating Revenues Excluding AOL and Divested Businesses</b>	<b>\$ 30,897</b>	<b>\$ 29,819</b>
Year over Year Change		(3.5%)

Unaudited	(dollars in millions)							
	3 Months Ended 9/30/14	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
Consolidated EBITDA , Consolidated Adjusted EBITDA and Consolidated Adjusted EBITDA Margin								
<b>Verizon Consolidated EBITDA</b>								
Consolidated net income (loss)	\$ 3,794	\$ (2,148)	\$ 4,338	\$ 4,353	\$ 4,171	\$ 5,513	\$ 4,430	\$ 831
Add/Subtract non-operating items:								
Provision (Benefit) for income taxes	1,864	(1,738)	2,331	2,274	2,195	3,065	2,336	864
Interest expense	1,255	1,282	1,332	1,208	1,202	1,178	1,188	1,013
Other (income) and expense, net	(71)	437	(75)	(32)	(51)	(28)	(32)	1,826
Equity in losses of unconsolidated businesses	48	31	34	18	18	16	20	20
<b>Operating Income (Loss)</b>	<b>6,890</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>
Add: Depreciation and amortization expense	4,167	4,068	3,989	3,980	4,009	4,039	4,017	3,982
<b>Consolidated EBITDA</b>	<b>\$ 11,057</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>
Add/Subtract non-operational items (before tax):								
Severance, pension & benefit charges (credits)	-	7,507	-	-	342	(2,598)	165	3,550
Gain on spectrum license transactions	-	-	-	-	-	(254)	(142)	-
Divested Businesses	(746)	(769)	(739)	(741)	(717)	(709)	(661)	-
Gain sale of Divested Businesses	-	-	-	-	-	-	-	(1,007)
Other non-operational costs	-	334	-	-	-	-	-	-
	(746)	7,072	(739)	(741)	(375)	(3,561)	(638)	2,543
<b>Consolidated Adjusted EBITDA</b>	<b>\$ 10,311</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>Consolidated Adjusted EBITDA Margin</b>								<b>36.3%</b>

Unaudited	(dollars in millions)							
	9/30/14	12/31/14	3/31/15	6/30/15	9/30/15	12/31/15	3/31/16	6/30/16
Net Debt and Net Debt to Consolidated Adjusted EBITDA Ratio								
<b>Net Debt</b>								
Debt maturing within one year	\$ 1,603	\$ 2,735	\$ 4,439	\$ 4,206	\$ 7,264	\$ 6,489	\$ 6,265	\$ 6,803
Long-term debt	107,148	110,029	108,452	108,978	104,583	103,240	103,615	92,922
<b>Total Debt</b>	<b>108,751</b>	<b>112,764</b>	<b>112,891</b>	<b>113,184</b>	<b>111,847</b>	<b>109,729</b>	<b>109,880</b>	<b>99,725</b>
Less: Cash and cash equivalents	7,218	10,598	4,386	3,008	3,875	4,470	5,846	2,857
<b>Net Debt</b>	<b>\$ 101,533</b>	<b>\$ 102,166</b>	<b>\$ 108,505</b>	<b>\$ 110,176</b>	<b>\$ 107,972</b>	<b>\$ 105,259</b>	<b>\$ 104,034</b>	<b>\$ 96,868</b>
<b>Net Debt to Consolidated Adjusted EBITDA Ratio</b>				2.7x	2.5x	2.4x	2.4x	2.2x

## Earnings Per Share Non-GAAP Reconciliations

(dollars in millions except EPS)

Unaudited

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

(1) includes costs related to debt tender offers

(2) EPS may not add due to rounding

## Free Cash Flow Non-GAAP Reconciliations

(dollars in millions)

	3 Months Ended 3/31/16	<b>3 Months Ended 6/30/16</b>	<b>6 Months Ended 6/30/16</b>
Free Cash Flow			
<b>Net cash provided by operating activities</b>	<b>\$ 7,419</b>	<b>\$ 5,411</b>	<b>\$ 12,830</b>
Less: Capital expenditures	3,387	<b>3,886</b>	<b>7,273</b>
<b>Free Cash Flow</b>	<b>\$ 4,032</b>	<b>\$ 1,525</b>	<b>\$ 5,557</b>

## Wireless Non-GAAP Reconciliations

(dollars in millions)

Unaudited	3 Months Ended 9/30/14	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
Wireless Segment EBITDA and EBITDA Margin								
<b>Operating Income</b>	\$ 6,955	\$ 5,502	\$ 7,810	\$ 7,696	\$ 7,668	\$ 6,799	\$ 7,880	\$ <b>8,017</b>
Add: Depreciation and amortization expense	2,139	2,152	2,190	2,225	2,260	2,305	2,293	<b>2,282</b>
<b>Segment EBITDA</b>	\$ 9,094	\$ 7,654	\$ 10,000	\$ 9,921	\$ 9,928	\$ 9,104	\$ 10,173	\$ <b>10,299</b>
Operating revenues	\$ 21,835	\$ 23,449	\$ 22,328	\$ 22,613	\$ 23,005	\$ 23,734	\$ 22,004	\$ <b>21,704</b>
<b>Operating Income Margin</b>	31.9%	23.5%	35.0%	34.0%	33.3%	28.6%	35.8%	<b>36.9%</b>
<b>Segment EBITDA Margin</b>	41.6%	32.6%	44.8%	43.9%	43.2%	38.4%	46.2%	<b>47.5%</b>

## Wireline Non-GAAP Reconciliations

(dollars in millions)

Unaudited	3 Months Ended 9/30/14	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
Wireline Segment EBITDA and EBITDA Margin								
<b>Operating Income/(Loss)</b>	\$ (242)	\$ (52)	\$ (220)	\$ (199)	\$ (109)	\$ 7	\$ (67)	\$ <b>(463)</b>
Add: Depreciation and amortization expense	1,724	1,614	1,647	1,695	1,611	1,590	1,576	<b>1,562</b>
<b>Segment EBITDA</b>	\$ 1,482	\$ 1,562	\$ 1,427	\$ 1,496	\$ 1,502	\$ 1,597	\$ 1,509	\$ <b>1,099</b>
Operating revenues	\$ 8,175	\$ 8,148	\$ 8,050	\$ 8,013	\$ 7,967	\$ 8,064	\$ 7,923	\$ <b>7,823</b>
<b>Operating Income Margin</b>	(3.0)%	(0.6)%	(2.7)%	(2.5)%	(1.4)%	0.1%	(0.8)%	<b>(5.9)%</b>
<b>Segment EBITDA Margin</b>	18.1%	19.2%	17.7%	18.7%	18.9%	19.8%	19.0%	<b>14.0%</b>