“Safe Harbor” Statement

NOTE: In this presentation we have made forward-looking statements. These statements are based on our estimates and assumptions and are subject to risks and uncertainties. Forward-looking statements include the information concerning our possible or assumed future results of operations. Forward-looking statements also include those preceded or followed by the words “anticipates,” “believes,” “estimates,” “hopes” or similar expressions. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. The following important factors, along with those discussed in our filings with the Securities and Exchange Commission (the “SEC”), could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements: adverse conditions in the U.S. and international economies; the effects of competition in the markets in which we operate; material changes in technology or technology substitution; disruption of our key suppliers’ provisioning of products or services; changes in the regulatory environment in which we operate, including any increase in restrictions on our ability to operate our networks; breaches of network or information technology security, natural disasters, terrorist attacks or acts of war or significant litigation and any resulting financial impact not covered by insurance; our high level of indebtedness; an adverse change in the ratings afforded our debt securities by nationally accredited ratings organizations or adverse conditions in the credit markets affecting the cost, including interest rates, and/or availability of further financing; material adverse changes in labor matters, including labor negotiations, and any resulting financial and/or operational impact; significant increases in benefit plan costs or lower investment returns on plan assets; changes in tax laws or treaties, or in their interpretation; changes in accounting assumptions that regulatory agencies, including the SEC, may require or that result from changes in the accounting rules or their application, which could result in an impact on earnings; and the inability to implement our business strategies.

As required by SEC rules, we have provided a reconciliation of the non-GAAP financial measures included in this presentation to the most directly comparable GAAP measures in materials on our website at www.verizon.com/about/investors.
Important Additional Information and Where to Find It

Yahoo! Inc. (“Yahoo”) will be filing with the Securities and Exchange Commission (the “SEC”) a proxy statement regarding the proposed sale of Yahoo’s operating business to Verizon Communications Inc. (“Verizon”) and related transactions, the definitive version of which will be sent or provided to Yahoo stockholders. BEFORE MAKING ANY VOTING DECISION, YAHOO’S STOCKHOLDERS ARE STRONGLY ADVISED TO READ YAHOO’S PROXY STATEMENT IN ITS ENTIRETY (INCLUDING ANY AMENDMENTS OR SUPPLEMENTS THERETO) WHEN IT BECOMES AVAILABLE AND ANY OTHER DOCUMENTS FILED WITH THE SEC IN CONNECTION WITH THE PROPOSED TRANSACTIONS OR INCORPORATED BY REFERENCE THEREIN BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTIONS. Investors and stockholders will be able to obtain (when available) a free copy of Yahoo’s proxy statement, any amendments or supplements to the proxy statement, and other documents filed by Yahoo with the SEC (when available) in connection with the proposed transactions for no charge at the SEC’s website at www.sec.gov, on the Investor Relations page of Yahoo’s website investor.yahoo.net or by writing to Investor Relations, Yahoo! Inc., 701 First Avenue, Sunnyvale, CA 94089.

Yahoo and its directors and executive officers, as well as Verizon and its directors and executive officers, may be deemed participants in the solicitation of proxies from Yahoo’s investors and stockholders in connection with the proposed transactions. Information concerning the ownership of Yahoo securities by Yahoo’s directors and executive officers is included in their SEC filings on Forms 3, 4 and 5, and additional information is also available in Yahoo’s annual report on Form 10-K for the year ended December 31, 2015, as amended, and Yahoo’s proxy statement for its 2016 annual meeting of stockholders filed with the SEC on May 23, 2016. Information about Verizon’s directors and executive officers is set forth in Verizon’s annual report on Form 10-K for the year ended December 31, 2015 and Verizon’s proxy statement for its 2016 annual meeting of stockholders filed with the SEC on March 21, 2016. Information regarding Yahoo's directors, executive officers and other persons who may, under the rules of the SEC, be considered participants in the solicitation of proxies in connection with the proposed transactions, including their respective interests by security holdings or otherwise, also will be set forth in the definitive proxy statement relating to the proposed transactions when it is filed with the SEC. These documents may be obtained free of charge from the sources indicated above.
## Consolidated Earnings Summary

<table>
<thead>
<tr>
<th>2Q '16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reported EPS</td>
</tr>
<tr>
<td>$0.17</td>
</tr>
<tr>
<td>Add:</td>
</tr>
<tr>
<td>Pension and benefit remeasurement charges $0.54</td>
</tr>
<tr>
<td>Early debt redemption                $0.27</td>
</tr>
<tr>
<td>Less:</td>
</tr>
<tr>
<td>Gain on sale of Wireline properties</td>
</tr>
<tr>
<td>$0.03</td>
</tr>
<tr>
<td>Adjusted EPS*</td>
</tr>
<tr>
<td>$0.94</td>
</tr>
</tbody>
</table>

* Adjusted for non-operational items

Note: Amounts may not add due to rounding

**Strong earnings performance**
Strategy for Growth

1. Identify high growth markets
2. Invest and execute
3. Achieve market leadership

1. Protect & Grow
2. Drive profitability
3. Create financial flexibility

Solutions
Platforms
Connectivity

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Consolidated Operating & Financial Summary

2Q ’16 Total revenue excluding AOL and divested Wireline properties down 3.5% Y/Y

2Q ’16 Adjusted EBITDA of $11.1B*

2Q ’16 Adjusted EBITDA margin of 36.3%*

* Adjusted for non-operational items

Focused on delivering strong financial performance
## Consolidated Cash Flow Summary

($ in billions)

<table>
<thead>
<tr>
<th></th>
<th>1Q ’16</th>
<th>2Q’16</th>
<th>1H ’16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operations</td>
<td>$7.4</td>
<td>$5.4</td>
<td>$12.8</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>$3.4</td>
<td>$3.9</td>
<td>$7.3</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>$4.0</td>
<td>$1.5</td>
<td>$5.5</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>$2.3</td>
<td>$2.3</td>
<td>$4.6</td>
</tr>
<tr>
<td>Total debt</td>
<td>$109.9</td>
<td>$99.7</td>
<td>$99.7</td>
</tr>
<tr>
<td>Net debt to adjusted EBITDA*</td>
<td>2.4x</td>
<td>2.2x</td>
<td>2.2x</td>
</tr>
</tbody>
</table>

* Adjusted for non-operational items and the impact of divested Wireline properties

Note: Amounts may not add due to rounding

Consistent investment in networks and platforms

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Wireless Revenue & Profitability

Service revenue plus device payment plan billings up 2.3% Y/Y in 2Q ’16

2Q ’16 segment EBITDA margin on total revenue of 47.5% up 360 bps Y/Y

53% of postpaid phone base on unsubsidized pricing

2Q ’16 phone activations on device payment plans were 67%; about 37% of postpaid phone base on device payment plans

Profitable growth driven by high-quality customer base
Wireless
Net Adds/Churn/Connections

615K retail postpaid net adds in 2Q ’16*

• 462K new 4G LTE smartphones
• Retail postpaid churn of 0.94%

Retail postpaid connections growth of 3.9% Y/Y in 2Q ’16

* Excludes acquisitions and adjustments

High-quality retail postpaid connections base
Wireless Devices / 4G LTE

Smartphone penetration of 86%, up from 81% a year ago

Added 2.0M 4G LTE devices in 2Q ’16

- About 96% of smartphones are 4G LTE

4G LTE devices up 17% Y/Y in 2Q ’16

4G LTE device adoption driving increased data and video usage
**Wireline**

**Mass Markets**

Consumer revenue declined 0.3% Y/Y in 2Q ’16

Fios now 82% of consumer revenue

- Fios consumer revenue growth of 3.4% Y/Y in 2Q ’16

Fios Internet subscribers

- (13K) net adds
- 40.1% penetration

Fios Video subscribers

- (41K) net adds
- 34.6% penetration

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**Fios consumer revenue continues to grow**
Wireline
Revenue & Profitability

Total Fios revenue grew 3.7% Y/Y in 2Q ’16

Global Enterprise revenue down 3.3% Y/Y in 2Q ’16

Global Wholesale revenue down 4.1% Y/Y in 2Q ’16

2Q ’16 segment EBITDA of $1.1B; segment EBITDA margin of 14.0%

Focused on improving long-term profitability
Summary

Strong performance during transitional year
Consistently invest in networks and platforms
Focus on new business models and revenue streams
Improve cost structure
Generate strong cash flow
Return value to shareholders

Confident in ability to perform while transforming business
2nd Quarter 2016
Earnings Results

Lowell McAdam
Chairman and Chief Executive Officer

Fran Shammo
Chief Financial Officer

July 26, 2016