



Wireline

As of March 31, 2017

On May 1, 2017, Verizon Communications Inc. ("Verizon") completed the sale of certain data centers in the United States and Latin America ("Data Centers") to Equinix, Inc.

As a convenience to investors, we are providing unaudited historical financial information for each of the past eight quarters reflecting the reclassification of the historical results associated with the Data Centers from the Wireline segment operating results to Corporate and Other. Accordingly, for all periods presented, the historical Wireline segment operating results do not include the actual historical results of the Data Centers. No proforma impacts to the Wireline segment resulting from the Data Center sale are reflected herein.

Wireline - Selected Financial Results

(dollars in millions)

| Unaudited | 2015 | | | 2016 | | | 2017 | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q |
| Operating Revenues | | | | | | | | |
| Consumer Markets | \$ 3,174 | \$ 3,168 | \$ 3,226 | \$ 3,180 | \$ 3,165 | \$ 3,174 | \$ 3,232 | \$ 3,201 |
| Enterprise Solutions | 2,448 | 2,434 | 2,456 | 2,424 | 2,378 | 2,367 | 2,360 | 2,392 |
| Partner Solutions | 1,296 | 1,274 | 1,310 | 1,268 | 1,241 | 1,222 | 1,208 | 1,231 |
| Business Markets | 898 | 891 | 883 | 862 | 845 | 837 | 825 | 882 |
| Other | 80 | 86 | 79 | 80 | 84 | 76 | 72 | 62 |
| Total Operating Revenues | 7,896 | 7,853 | 7,954 | 7,814 | 7,713 | 7,676 | 7,697 | 7,768 |
| Operating Expenses | | | | | | | | |
| Cost of services | 4,673 | 4,665 | 4,603 | 4,617 | 5,079 | 4,411 | 4,400 | 4,451 |
| Selling, general & administrative expense | 1,811 | 1,766 | 1,832 | 1,767 | 1,612 | 1,690 | 1,502 | 1,608 |
| Depreciation and amortization expense | 1,677 | 1,594 | 1,573 | 1,559 | 1,546 | 1,483 | 1,451 | 1,490 |
| Total Operating Expenses | 8,161 | 8,025 | 8,008 | 7,943 | 8,237 | 7,584 | 7,353 | 7,549 |
| Operating Income (Loss) | \$ (265) | \$ (172) | \$ (54) | \$ (129) | \$ (524) | \$ 92 | \$ 344 | \$ 219 |
| Operating Income (Loss) Margin | (3.4)% | (2.2)% | (0.7)% | (1.7)% | (6.8)% | 1.2% | 4.5% | 2.8% |
| Segment EBITDA | \$ 1,412 | \$ 1,422 | \$ 1,519 | \$ 1,430 | \$ 1,022 | \$ 1,575 | \$ 1,795 | \$ 1,709 |
| Segment EBITDA Margin | 17.9% | 18.1% | 19.1% | 18.3% | 13.3% | 20.5% | 23.3% | 22.0% |

Footnotes:

The segment financial results and metrics above are adjusted to exclude the effects of certain adjusting items, as the Company's chief operating decision maker excludes these items in assessing business unit performance.

Intersegment transactions have not been eliminated.