News Release

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Verizon 1Q results highlighted by strong wireless customer loyalty, network investment and growth in new markets

1Q 2017 highlights

- Consolidated: 84 cents in earnings per share (EPS) and adjusted EPS (non-GAAP) of 95 cents, excluding non-operational items, compared with EPS of $1.06 in 1Q 2016.
- Wireless: Retail postpaid churn of 1.15 percent, with strong customer loyalty demonstrated by retail postpaid phone churn of less than 0.90 percent for the eighth consecutive quarter; intra-quarter improvement in net additions following the launch of Verizon Unlimited.
- Wireline: Fios total revenue growth of 4.7 percent.

NEW YORK – Verizon Communications Inc. (NYSE, Nasdaq: VZ) today reported first-quarter 2017 results highlighted by strong wireless profitability and customer loyalty as the company introduced its Verizon Unlimited pricing option, and revenue growth for Fios broadband and Internet of Things (IoT) services.

"Our first-quarter results again demonstrated that customers value a high-quality network experience," said Chairman and CEO Lowell McAdam. "To build on our loyal customer base and the third-party recognition we have received for network leadership, we extended our wireless and fiber network capabilities, began offering an unlimited pricing option and expanded our opportunities in new markets. We're executing on strategies to capture future growth and create long-term shareholder value."

Verizon reported first-quarter 2017 EPS of 84 cents. Adjusted first-quarter 2017 EPS (non-GAAP) of 95 cents included a net of 11 cents per share in early debt redemption costs and a gain on a spectrum license transaction. This compares with first-quarter 2016 earnings of $1.06 per share on both a reported and adjusted basis.

Consolidated results

Total consolidated operating revenues in first-quarter 2017 were $29.8 billion, a 7.3 percent decrease compared with first-quarter 2016. On a comparable basis excluding divestitures and acquisitions in the period (non-GAAP), consolidated revenue declined approximately 4.5 percent.

Net income was $3.6 billion in first-quarter 2017, and EBITDA (non-GAAP, earnings before interest, taxes, depreciation and amortization) totaled $11.2 billion. Consolidated operating income margin was 24.1 percent. Consolidated EBITDA margin (non-GAAP) was 37.7 percent in first-quarter 2017, compared with 37.2 percent in first-quarter 2016.

Cash flow from operations was $1.7 billion during the quarter, including $3.4 billion in discretionary pension contributions. As a result of the contributions, Verizon’s mandatory pension funding through 2020 is expected to be minimal, which will benefit future cash flows and improve the funded status of qualified pension plans.

Capital expenditures totaled $3.1 billion in first-quarter 2017, as Verizon maintained its network leadership.

In Verizon’s media business, AOL delivered solid seasonal performance in first-quarter 2017. Revenue, net of traffic acquisition costs, decreased about 4 percent, driven by a higher percentage of programmatic advertising.

Total telematics revenues were $214 million in first-quarter 2017. Organically, IoT revenues, which include telematics, increased approximately 17 percent year over year.

Verizon also completed its acquisition of XO Communications’ fiber assets in first-quarter 2017.

Wireless results

- The launch of Verizon Unlimited positively changed the trajectory of customer additions in the quarter. A net decline of 307,000 retail postpaid connections in first-quarter 2017 included 289,000 phone losses. Prior to the launch in mid-February, Verizon had a retail postpaid phone net loss of 398,000; after the launch, Verizon added 109,000 retail postpaid phone connections. For the entire quarter, Verizon added a net of 49,000 smartphones to its retail postpaid phone base.

- Verizon’s retail postpaid connections base grew 1.2 percent year over year to 108.5 million, and retail prepaid connections grew 0.5 percent to 5.4 million.

- Retail postpaid churn was 1.15 percent in first-quarter 2017, a year-over-year increase of 19 basis points primarily due to increased churn in tablets. Phone customer loyalty remained high, with retail postpaid phone churn of less than 0.90 percent for the eighth consecutive quarter.

- Total revenues were $20.9 billion in first-quarter 2017, a decline of 5.1 percent compared with first-quarter 2016, due to decreased overage revenue, lower postpaid customers in the quarter and continued promotional activity.

- At the end of first-quarter 2017, approximately 72 percent of postpaid phone customers were on a non-subsidized service pricing plan. The percentage of phone activations on device payment plans remained steady at about 76 percent in first-quarter 2017, compared with about 77 percent in fourth-quarter 2016. Verizon expects this rate to remain consistent in second-quarter 2017. Approximately 48 percent of postpaid phone customers had a device payment plan at the end of first-quarter 2017.

- In first-quarter 2017, overall traffic on LTE increased about 57 percent compared with first-quarter 2016, while Verizon extended its lead in the industry’s third-party network performance studies across the country.

- Segment operating income in first-quarter 2017 was $7.1 billion, and segment operating income margin on total revenues was 33.9 percent. Segment EBITDA (non-GAAP) totaled $9.4 billion in first-quarter 2017, a year-over-year decrease of 7.5 percent. Segment EBITDA margin on total revenues (non-GAAP) was 45.1 percent, compared with 46.2 percent in first-quarter 2016.

- As previously announced, Verizon plans to launch 11 pre-commercial 5G fixed wireless pilots during second-quarter 2017.

Wireline results

- Total wireline revenues declined 0.6 percent, to $7.9 billion, comparing first-quarter 2017 with first-quarter 2016. Consistent with recent trends and on a comparable basis (non-GAAP), this decline was 3.2 percent, excluding revenues from XO Communications in first-quarter 2017.

- Total Fios revenues grew 4.7 percent, to $2.9 billion, comparing first-quarter 2017 with first-quarter 2016. This supported revenue growth of 0.7 percent in consumer markets and 2.3 percent in business markets.

- In first-quarter 2017, Verizon added a net of 35,000 Fios Internet connections and lost a net of 13,000 Fios Video connections. At the end of first-quarter 2017, Verizon had 5.7 million Fios Internet connections and 4.7 million Fios Video connections, year-over-year increases of 3.3 percent and 0.1 percent, respectively.

- During the first quarter, Verizon Enterprise Solutions and Verizon Business Markets entered into new agreements or continued work with a number of clients, including Block Institute, the State of Connecticut, Georgetown University, HRC ManorCare and Xplor.

- Wireline operating income was $293 million in first-quarter 2017, compared with a loss of $67 million in first-quarter 2016. Segment operating income margin was 3.7 percent in first-quarter 2017. Segment EBITDA (non-GAAP) was $1.8 billion in first-quarter 2017, up 18.3 percent from first-quarter 2016. Segment EBITDA margin (non-GAAP) was 22.7 percent in first-quarter 2017, compared with 19.0 percent in first-quarter 2016.

Outlook and forward-looking items

Verizon expects the following:

- Full-year 2017 consolidated revenues, on an organic basis, to be fairly consistent with 2016, with improvement in wireless service revenue and equipment revenue trends; also, full-year 2017 consolidated adjusted EPS trends to be similar to consolidated revenue trends;

- Consolidated capital spending for 2017 in the range of $16.8 billion to $17.5 billion;

- The 2017 effective tax rate to be in the range of 34 percent to 36 percent, excluding impacts from potential tax reform; and

- That it is on track for a return by the 2018-2019 timeframe to the company's credit-rating profile prior to the acquisition of Vodafone's indirect 45 percent interest in Verizon Wireless in early 2014.

NOTE: See the accompanying schedules and www.verizon.com/about/investors for reconciliations to generally accepted accounting principles (GAAP) for non-GAAP financial measures cited in this document.

Forward-looking statements
In this communication 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; the inability to implement our business strategies; and the inability to realize the expected benefits of strategic transactions.

Important additional information and where to find it
On April 10, 2017, Yahoo! Inc. ("Yahoo") filed with the Securities and Exchange Commission (the "SEC") Amendment No. 2 to the preliminary proxy statement regarding the proposed sale of Yahoo's operating business to Verizon Communications Inc. ("Verizon") and related transactions. Yahoo will file with the SEC a definitive version of the proxy statement, which will be sent or provided to Yahoo stockholders when available. The information contained in the preliminary proxy statement is not complete and may be changed. **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 THEY BECOME AVAILABLE) AND ANY OTHER DOCUMENTS FILED WITH THE SEC IN CONNECTION WITH THE PROPOSED TRANSACTIONS OR INCORPORATED BY REFERENCE THEREIN BECAUSE THEY CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTIONS**. Investors and stockholders can obtain 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 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, 2016, 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, 2016 and Verizon's proxy statement for its 2017 annual meeting of stockholders filed with the SEC on March 20, 2017. 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.