

Consolidated Statements of Income Verizon Communications Inc. and Subsidiaries

Years Ended December 31,	(dollars in millions, except per share amounts)		
	2018	2017	2016
Operating Revenues			
Service revenues and other	\$ 108,605	\$ 107,145	\$ 108,468
Wireless equipment revenues	22,258	18,889	17,512
Total Operating Revenues	130,863	126,034	125,980
Operating Expenses			
Cost of services (exclusive of items shown below)	32,185	30,916	30,463
Wireless cost of equipment	23,323	22,147	22,238
Selling, general and administrative expense (including net gain on sale of divested businesses of \$0, \$1,774 and \$1,007, respectively)	31,083	28,592	28,102
Depreciation and amortization expense	17,403	16,954	15,928
Oath goodwill impairment	4,591	—	—
Total Operating Expenses	108,585	98,609	96,731
Operating Income	22,278	27,425	29,249
Equity in losses of unconsolidated businesses	(186)	(77)	(98)
Other income (expense), net	2,364	(2,021)	(3,789)
Interest expense	(4,833)	(4,733)	(4,376)
Income Before (Provision) Benefit For Income Taxes	19,623	20,594	20,986
(Provision) benefit for income taxes	(3,584)	9,956	(7,378)
Net Income	\$ 16,039	\$ 30,550	\$ 13,608
Net income attributable to noncontrolling interests	\$ 511	\$ 449	\$ 481
Net income attributable to Verizon	15,528	30,101	13,127
Net Income	\$ 16,039	\$ 30,550	\$ 13,608
Basic Earnings Per Common Share			
Net income attributable to Verizon	\$ 3.76	\$ 7.37	\$ 3.22
Weighted-average shares outstanding (in millions)	4,128	4,084	4,080
Diluted Earnings Per Common Share			
Net income attributable to Verizon	\$ 3.76	\$ 7.36	\$ 3.21
Weighted-average shares outstanding (in millions)	4,132	4,089	4,086

See Notes to Consolidated Financial Statements

Consolidated Balance Sheets Verizon Communications Inc. and Subsidiaries

(dollars in millions, except per share amounts)

At December 31,	2018	2017
Assets		
Current assets		
Cash and cash equivalents	\$ 2,745	\$ 2,079
Accounts receivable, net of allowances of \$765 and \$939	25,102	23,493
Inventories	1,336	1,034
Prepaid expenses and other	5,453	3,307
Total current assets	34,636	29,913
Property, plant and equipment		
Less accumulated depreciation	163,549	157,930
Property, plant and equipment, net	89,286	88,568
Investments in unconsolidated businesses		
Wireless licenses	94,130	88,417
Goodwill	24,614	29,172
Other intangible assets, net	9,775	10,247
Other assets	11,717	9,787
Total assets	\$ 264,829	\$ 257,143
Liabilities and Equity		
Current liabilities		
Debt maturing within one year	\$ 7,190	\$ 3,453
Accounts payable and accrued liabilities	22,501	21,232
Other current liabilities	8,239	8,352
Total current liabilities	37,930	33,037
Long-term debt		
Employee benefit obligations	18,599	22,112
Deferred income taxes	33,795	31,232
Other liabilities	13,922	12,433
Total long-term liabilities	172,189	179,419
Commitments and Contingencies (Note 16)		
Equity		
Series preferred stock (\$0.10 par value; 250,000,000 shares authorized; none issued)	—	—
Common stock (\$0.10 par value; 6,250,000,000 shares authorized in each period; 4,291,433,646 and 4,242,374,240 shares issued)	429	424
Additional paid in capital	13,437	11,101
Retained earnings	43,542	35,635
Accumulated other comprehensive income	2,370	2,659
Common stock in treasury, at cost (159,400,267 and 162,897,868 shares outstanding)	(6,986)	(7,139)
Deferred compensation – employee stock ownership plans and other	353	416
Noncontrolling interests	1,565	1,591
Total equity	54,710	44,687
Total liabilities and equity	\$ 264,829	\$ 257,143

See Notes to Consolidated Financial Statements

Consolidated Statements of Cash Flows Verizon Communications Inc. and Subsidiaries

(dollars in millions)

Years Ended December 31,	2018	2017	2016
Cash Flows from Operating Activities			
Net Income	\$ 16,039	\$ 30,550	\$ 13,608
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	17,403	16,954	15,928
Employee retirement benefits	(2,657)	440	2,705
Deferred income taxes	389	(14,463)	(1,063)
Provision for uncollectible accounts	980	1,167	1,420
Equity in losses of unconsolidated businesses, net of dividends received	231	117	138
Net gain on sale of divested businesses	—	(1,774)	(1,007)
Oath goodwill impairment	4,591	—	—
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses:			
Accounts receivable	(2,667)	(5,674)	(5,067)
Inventories	(324)	168	61
Prepaid expenses and other	37	27	(660)
Accounts payable and accrued liabilities and Other current liabilities	1,777	(459)	(1,089)
Discretionary employee benefits contributions	(1,679)	(3,411)	(186)
Other, net	219	676	(3,099)
Net cash provided by operating activities	34,339	24,318	21,689
Cash Flows from Investing Activities			
Capital expenditures (including capitalized software)	(16,658)	(17,247)	(17,059)
Acquisitions of businesses, net of cash acquired	(230)	(5,880)	(3,765)
Acquisitions of wireless licenses	(1,429)	(583)	(534)
Proceeds from dispositions of businesses	—	3,614	9,882
Other, net	383	1,640	1,602
Net cash used in investing activities	(17,934)	(18,456)	(9,874)
Cash Flows from Financing Activities			
Proceeds from long-term borrowings	5,967	27,707	12,964
Proceeds from asset-backed long-term borrowings	4,810	4,290	4,986
Repayments of long-term borrowings and capital lease obligations	(10,923)	(23,837)	(19,159)
Repayments of asset-backed long-term borrowings	(3,635)	(400)	—
Dividends paid	(9,772)	(9,472)	(9,262)
Other, net	(1,824)	(4,439)	(2,905)
Net cash used in financing activities	(15,377)	(6,151)	(13,376)
Increase (decrease) in cash, cash equivalents and restricted cash	1,028	(289)	(1,561)
Cash, cash equivalents and restricted cash, beginning of period	2,888	3,177	4,738
Cash, cash equivalents and restricted cash, end of period (Note 1)	\$ 3,916	\$ 2,888	\$ 3,177

See Notes to Consolidated Financial Statements