

Consolidated Statements of Income

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

(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
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Property, plant and equipment	252,835	246,498
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Less accumulated depreciation	163,549	157,930
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Property, plant and equipment, net	89,286	88,568
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Investments in unconsolidated businesses	671	1,039
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Wireless licenses	94,130	88,417
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Goodwill	24,614	29,172
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Other intangible assets, net	9,775	10,247
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Other assets	11,717	9,787
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Total assets	\$ 264,829	\$ 257,143
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Liabilities and Equity

Current liabilities

Debt maturing within one year	\$ 7,190	\$ 3,453
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Accounts payable and accrued liabilities	22,501	21,232
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Other current liabilities	8,239	8,352
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Total current liabilities	37,930	33,037
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Long-term debt	105,873	113,642
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Employee benefit obligations	18,599	22,112
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Deferred income taxes	33,795	31,232
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Other liabilities	13,922	12,433
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Total long-term liabilities	172,189	179,419
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Commitments and Contingencies (Note 16)

Equity

Series preferred stock (\$0.10 par value; 250,000,000 shares authorized; none issued)	—	—
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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
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Additional paid in capital	13,437	11,101
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Retained earnings	43,542	35,635
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Accumulated other comprehensive income	2,370	2,659
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Common stock in treasury, at cost (159,400,267 and 162,897,868 shares outstanding)	(6,986)	(7,139)
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Deferred compensation – employee stock ownership plans and other	353	416
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Noncontrolling interests	1,565	1,591
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Total equity	54,710	44,687
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Total liabilities and equity	\$ 264,829	\$ 257,143
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See Notes to Consolidated Financial Statements

Consolidated Statements of Cash Flows

Years Ended December 31,	(dollars in millions)		
	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