

4th Quarter 2016 Earnings Results

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“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; the inability to implement our business strategies; and the inability to realize the expected benefits of strategic transactions.

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

On September 9, 2016, Yahoo! Inc. ("Yahoo") filed with the Securities and Exchange Commission (the "SEC") a preliminary proxy statement regarding the proposed sale of Yahoo's operating business to Verizon Communications Inc. ("Verizon") and related transactions, and 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 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, 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

| | 4Q '16 | 2016 |
|---|----------|----------|
| Reported EPS | \$1.10 | \$3.21 |
| Adjustments: | | |
| Severance, pension and benefit charges/(credits) | (\$0.24) | \$0.44 |
| Early debt redemption | — | \$0.27 |
| Gain on sale of divested businesses | — | (\$0.03) |
| Gain on spectrum license transaction | — | (\$0.02) |
| Adjusted EPS* | \$0.86 | \$3.87 |

* Non-GAAP measure. Adjusted for non-operational items.

Note: Amounts may not add due to rounding.

Consistent earnings performance

4Q '16 Overview

Executed in a highly competitive market

Delivered solid operating results

Allocated capital consistently

Positioned for future growth

Returned value to shareholders

Transformative year

Consolidated Operating & Financial Summary

2016 Total revenue excluding
divested Wireline properties and
AOL down 2.4% Y/Y**

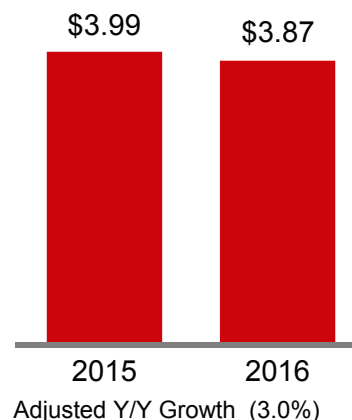
2016 Adjusted EBITDA of
\$44.8B*

2016 Adjusted EBITDA margin of
35.5%*

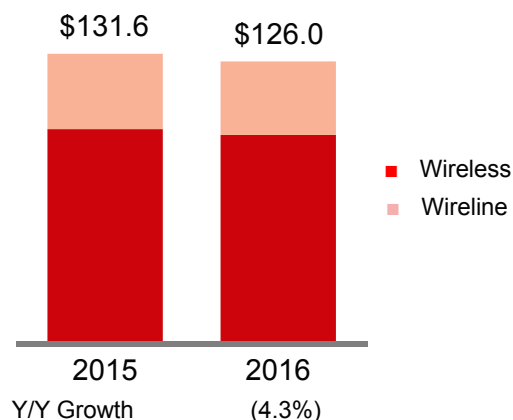
* Non-GAAP measure. Adjusted for non-operational items.

** Non-GAAP measure.

Adjusted EPS*



Total Revenue (\$B)



Generating profitable results

Consolidated Cash Flow Summary

| (\$ in billions) | 4Q '16 | 2016 |
|--|---------|----------------|
| Cash flow from operations | \$5.1 | \$22.7 |
| Capital expenditures | \$5.7 | \$17.1 |
| Free cash flow* | (\$0.6) | \$5.7 |
| Asset-backed long-term borrowings | \$2.4 | \$5.0 |
| Dividends paid | \$2.4 | \$9.3 |
| Total debt | \$108.1 | \$108.1 |
| Net debt to adjusted EBITDA** | 2.4x | 2.4x |

* Non-GAAP measure.

** Non-GAAP measure. Adjusted for non-operational items and the impact of divested Wireline properties.

Note: Amounts may not add due to rounding.

Strong cash generation

Wireless Revenue & Profitability

Service revenue plus device payment plan billings up 1.7% Y/Y in 4Q '16 and 2.0% in 2016

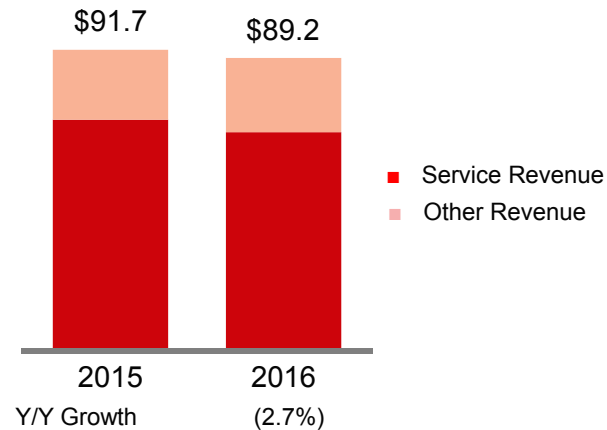
4Q '16 segment EBITDA margin on total revenue of 36.9%*

~67% of postpaid phone base on unsubsidized pricing

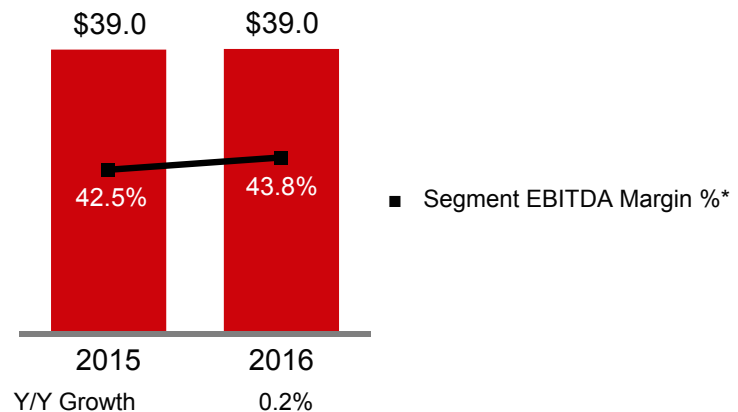
4Q '16 phone activations on device payment plans were 77%; ~46% of postpaid phone base on device payment plans

* Non-GAAP measure.

Total Revenue (\$B)



Segment EBITDA (\$B)*



Solid performance in competitive environment

Wireless Net Adds/Churn/ Connections/Devices

591K retail postpaid net adds in 4Q '16*

- 552K new 4G LTE smartphones
- Retail postpaid churn of 1.10%

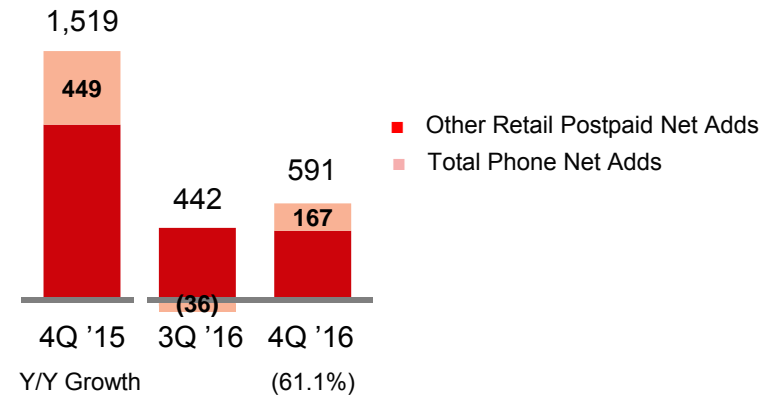
Retail postpaid phone churn below 0.9% in 4Q '16

Retail postpaid connections of 108.8M, up 2.1% Y/Y

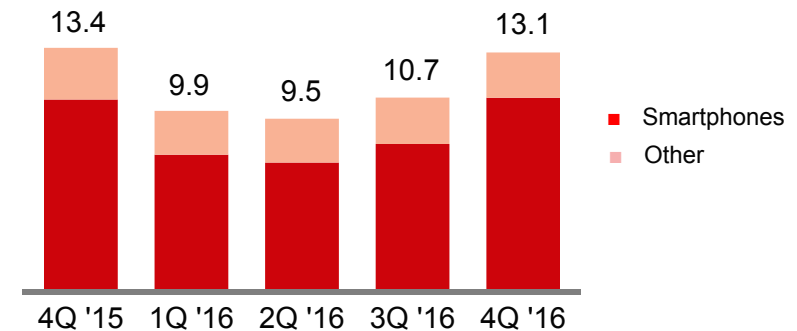
Added 1.9M 4G LTE devices in 4Q '16

* Excludes acquisitions and adjustments.

Retail Postpaid Net Adds* (000)



Retail Postpaid Device Activations (M)



Growing retail base

Wireline Mass Markets

Consumer revenue grew 0.4% Y/Y in 2016

Fios consumer revenue growth of 4.1% Y/Y in 4Q '16

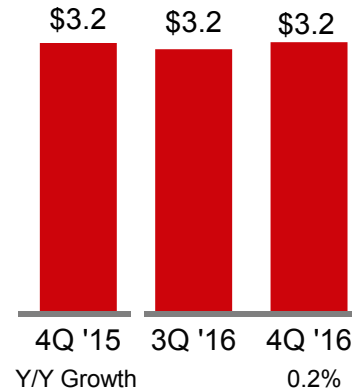
Fios Internet subscribers

- 68K net adds
- 40.4% penetration

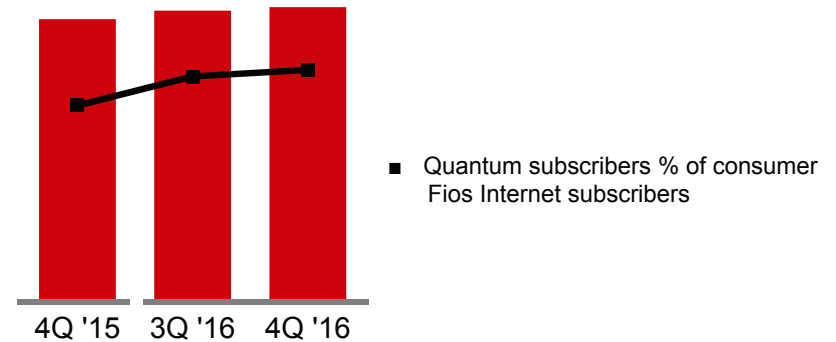
Fios Video subscribers

- 21K net adds
- 34.3% penetration

Consumer Revenue (\$B)



Consumer Fios Internet Subscribers



Fios driving consumer growth

Wireline Revenue & Profitability

Total Fios revenue grew 4.4%
Y/Y in 4Q '16

Global Enterprise revenue down
4.5% Y/Y in 4Q '16

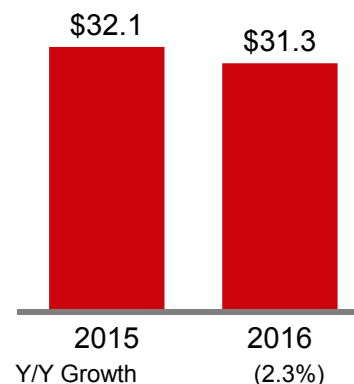
Global Wholesale revenue down
7.5% Y/Y in 4Q '16

4Q '16 segment EBITDA of
\$1.9B, up 17.7% Y/Y*

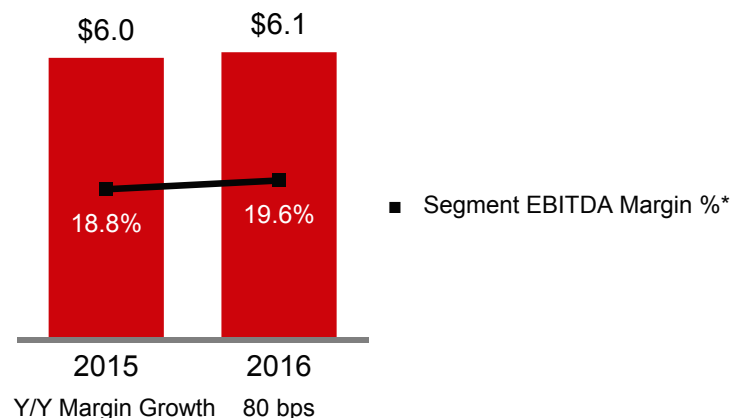
4Q '16 segment EBITDA margin
of 24.1%, up 430 bps Y/Y*

* Non-GAAP measure.

Total Revenue (\$B)



Segment EBITDA (\$B)*



Wireline profit improvement

Strategic Positioning for Growth

Network Leadership

LTE Advanced deployment
Network cloud architecture and densification
5G wireless technology: fixed and mobile

5G

verizon
LTE
advanced

Content

Unique digital content
go90 average daily usage ~30 minutes per user
Less than 20% of traffic served on VZW network



Digital Media Technology

AOL net revenue up sequentially
Leading data analytical tools
Yahoo acquisition announced

Aol.

YAHOO!

IoT

4Q '16 total IoT revenue growth
Investment in telematics
• Telogis and Fleetmatics
ThingSpace platform expansion
• Sensity Systems and LQD



ThingSpace



LQD

Positioning to deliver long-term shareholder value

2017 Priorities

Deliver strong operating results

Consistent capital allocation

Position for the future

Return value to shareholders

Confident in strategy and priorities

4Q '16 Supplemental Information

Wireless Selected Metrics

| | 4Q '16 | 2016 |
|--|--------|-------|
| Quarterly retail postpaid upgrade rate (%) | 8.3% | 6.5% |
| Postpaid gross adds (M) | 4.2 | 15.4 |
| Postpaid smartphone net adds (000) | 456 | 1,319 |
| Postpaid phone net adds (000) | 167 | 209 |
| Postpaid tablet net adds (000) | 196 | 1,280 |
| Retail postpaid 4G LTE connections (M) | 92.5 | 92.5 |
| % 4G LTE data traffic increase Y/Y | 49% | 47% |

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