



FINANCIAL AND OPERATING INFORMATION

As of March 31, 2014

Verizon Communications

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Condensed Consolidated Statements of Income

(dollars in millions, except per share amounts)

| Unaudited | 2012 | 2013 | 1Q'14 |
|---|------------|------------|-----------|
| Operating Revenues | \$ 115,846 | \$ 120,550 | \$ 30,818 |
| Operating Expenses | | | |
| Cost of services and sales | 46,275 | 44,887 | 11,189 |
| Selling, general & administrative expense | 39,951 | 27,089 | 8,332 |
| Depreciation and amortization expense | 16,460 | 16,606 | 4,137 |
| Total Operating Expenses | 102,686 | 88,582 | 23,658 |
| Operating Income | 13,160 | 31,968 | 7,160 |
| Equity in earnings of unconsolidated businesses | 324 | 142 | 1,902 |
| Other income and (expense), net | (1,016) | (166) | (894) |
| Interest expense | (2,571) | (2,667) | (1,214) |
| Income Before (Provision) Benefit for Income Taxes | 9,897 | 29,277 | 6,954 |
| (Provision) Benefit for income taxes | 660 | (5,730) | (968) |
| Net Income | \$ 10,557 | \$ 23,547 | \$ 5,986 |
| Net income attributable to noncontrolling interests | \$ 9,682 | \$ 12,050 | \$ 2,039 |
| Net income attributable to Verizon | 875 | 11,497 | 3,947 |
| Net Income | \$ 10,557 | \$ 23,547 | \$ 5,986 |
| Basic Earnings per Common Share | | | |
| Net income attributable to Verizon | \$.31 | \$ 4.01 | \$ 1.15 |
| <i>Weighted average number of common shares (in millions)</i> | 2,853 | 2,866 | 3,425 |
| Diluted Earnings per Common Share ⁽¹⁾ | | | |
| Net income attributable to Verizon | \$.31 | \$ 4.00 | \$ 1.15 |
| <i>Weighted average number of common shares-assuming dilution (in millions)</i> | 2,862 | 2,874 | 3,430 |

Notes:

(1) Diluted Earnings per Common Share includes the dilutive effect of shares issuable under our stock-based compensation plans, which represents the only potential dilution.

Certain reclassifications of prior period amounts have been made, where appropriate, to reflect comparable operating results.

Condensed Consolidated Statements of Income

(dollars in millions, except per share amounts)

| Unaudited | 2012 | | | 2013 | | | 2014 | |
|--|-----------------|-----------------|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q |
| Operating Revenues | \$28,552 | \$29,007 | \$30,045 | \$29,420 | \$29,786 | \$30,279 | \$31,065 | \$30,818 |
| Operating Expenses | | | | | | | | |
| Cost of services and sales | 10,896 | 10,991 | 13,069 | 10,932 | 11,033 | 10,960 | 11,962 | 11,189 |
| Selling, general & administrative expense | 7,877 | 8,366 | 16,008 | 8,148 | 8,047 | 8,037 | 2,857 | 8,332 |
| Depreciation and amortization expense | 4,128 | 4,167 | 4,137 | 4,118 | 4,151 | 4,154 | 4,183 | 4,137 |
| Total Operating Expenses | 22,901 | 23,524 | 33,214 | 23,198 | 23,231 | 23,151 | 19,002 | 23,658 |
| Operating Income (Loss) | 5,651 | 5,483 | (3,169) | 6,222 | 6,555 | 7,128 | 12,063 | 7,160 |
| Equity in earnings of unconsolidated businesses | 72 | 62 | 87 | (5) | 120 | 19 | 8 | 1,902 |
| Other income and (expense), net | 34 | 10 | (1,079) | 39 | 25 | 20 | (250) | (894) |
| Interest expense | (679) | (632) | (575) | (537) | (514) | (555) | (1,061) | (1,214) |
| Income (Loss) Before (Provision) Benefit for Income Taxes | 5,078 | 4,923 | (4,736) | 5,719 | 6,186 | 6,612 | 10,760 | 6,954 |
| (Provision) Benefit for income taxes | (793) | (631) | 2,810 | (864) | (988) | (1,034) | (2,844) | (968) |
| Net Income (Loss) | \$ 4,285 | \$ 4,292 | \$ (1,926) | \$ 4,855 | \$ 5,198 | \$ 5,578 | \$ 7,916 | \$ 5,986 |
| Net income attributable to noncontrolling interests | \$ 2,460 | \$ 2,699 | \$ 2,303 | \$ 2,903 | \$ 2,952 | \$ 3,346 | \$ 2,849 | \$ 2,039 |
| Net income (loss) attributable to Verizon | 1,825 | 1,593 | (4,229) | 1,952 | 2,246 | 2,232 | 5,067 | 3,947 |
| Net Income (Loss) | \$ 4,285 | \$ 4,292 | \$ (1,926) | \$ 4,855 | \$ 5,198 | \$ 5,578 | \$ 7,916 | \$ 5,986 |
| Basic Earnings (Loss) per Common Share | | | | | | | | |
| Net income (Loss) attributable to Verizon | \$.64 | \$.56 | \$ (1.48) | \$.68 | \$.78 | \$.78 | \$ 1.77 | \$ 1.15 |
| Weighted average number of common shares (in millions) | 2,849 | 2,857 | 2,862 | 2,866 | 2,865 | 2,866 | 2,867 | 3,425 |
| Diluted Earnings (Loss) per Common Share ⁽¹⁾ | | | | | | | | |
| Net income (Loss) attributable to Verizon | \$.64 | \$.56 | \$ (1.48) | \$.68 | \$.78 | \$.78 | \$ 1.76 | \$ 1.15 |
| Weighted average number of common shares-assuming dilution (in millions) | 2,858 | 2,866 | 2,862 | 2,872 | 2,872 | 2,874 | 2,875 | 3,430 |

Notes:

(1) If there is a net loss, diluted EPS is the same as basic EPS. Diluted Earnings per Common Share includes the dilutive effect of shares issuable under our stock-based compensation plans, which represents the only potential dilution.

Certain reclassifications of prior period amounts have been made, where appropriate, to reflect comparable operating results.

EPS may not add due to rounding.

Non-Operational & Other Items

| Unaudited | (Pre-tax dollars in millions) | | |
|--|-------------------------------|------------|------------|
| | 2012 | 2013 | 1Q'14 |
| Severance, Pension & Benefit Charges/(Credits) | | | |
| Operating expenses | \$ 7,186 | \$ (6,232) | \$ - |
| Gain on Spectrum License Transactions | | | |
| Selling, general & administrative expense | \$ - | \$ (278) | \$ - |
| Litigation Settlements | | | |
| Selling, general & administrative expense | \$ 384 | \$ - | \$ - |
| Early Debt Redemption and Other Restructuring Costs | | | |
| Cost of services and sales | \$ 40 | \$ - | \$ - |
| Selling, general & administrative expense | 236 | - | - |
| Other income (expense), net | 1,097 | - | 923 |
| Gain on Sale of Omnitel Interest | | | |
| Equity in earnings of unconsolidated businesses | \$ - | \$ - | \$ (1,924) |
| Wireless Transaction Costs | | | |
| Other income (expense), net | \$ - | \$ 242 | \$ (4) |
| Interest expense | - | 685 | 415 |

Non-Operational & Other Items

(Pre-tax dollars in millions)

| Unaudited | 2012 | | | 1Q | 2013 | | | 2014 |
|--|------|--------|----------|------|----------|----------|------------|------------|
| | 2Q | 3Q | 4Q | | 2Q | 3Q | 4Q | 1Q |
| Severance, Pension & Benefit Charges/(Credits) | | | | | | | | |
| Operating expenses | \$ - | \$ - | \$ 7,186 | \$ - | \$ (237) | \$ - | \$ (5,995) | \$ - |
| Gain on Spectrum License Transactions | | | | | | | | |
| Selling, general & administrative expense | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (278) | \$ - | \$ - |
| Litigation Settlements | | | | | | | | |
| Selling, general & administrative expense | \$ - | \$ 384 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Early Debt Redemption and Other Restructuring Costs | | | | | | | | |
| Cost of services and sales | \$ - | \$ - | \$ 40 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Selling, general & administrative expense | - | - | 236 | - | - | - | - | - |
| Other income and (expense), net | - | - | 1,097 | - | - | - | - | 923 |
| Gain on Sale of Omnitel Interest | | | | | | | | |
| Equity in earnings of unconsolidated businesses | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (1,924) |
| Wireless Transaction Costs | | | | | | | | |
| Other income and (expense), net | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 242 | \$ (4) |
| Interest expense | - | - | - | - | - | 62 | 623 | 415 |

Condensed Consolidated Balance Sheets

| Unaudited | (dollars in millions) | | |
|--|-----------------------|-------------------|-------------------|
| | 12/31/12 | 12/31/13 | 3/31/14 |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 3,093 | \$ 53,528 | \$ 2,907 |
| Short-term investments | 470 | 601 | 637 |
| Accounts receivable, net | 12,576 | 12,439 | 12,131 |
| Inventories | 1,075 | 1,020 | 881 |
| Prepaid expenses and other | 4,021 | 3,406 | 6,716 |
| Total current assets | 21,235 | 70,994 | 23,272 |
| Plant, property and equipment | 209,575 | 220,865 | 223,841 |
| Less accumulated depreciation | 120,933 | 131,909 | 134,785 |
| | 88,642 | 88,956 | 89,056 |
| Investments in unconsolidated businesses | 3,401 | 3,432 | 889 |
| Wireless licenses | 77,744 | 75,747 | 72,713 |
| Goodwill | 24,139 | 24,634 | 24,647 |
| Other intangible assets, net | 5,933 | 5,800 | 5,839 |
| Other assets | 4,128 | 4,535 | 5,146 |
| Total Assets | \$ 225,222 | \$ 274,098 | \$ 221,562 |
| Liabilities and Equity | | | |
| Current liabilities | | | |
| Debt maturing within one year | \$ 4,369 | \$ 3,933 | \$ 2,152 |
| Accounts payable and accrued liabilities | 16,182 | 16,453 | 14,984 |
| Other | 6,405 | 6,664 | 8,217 |
| Total current liabilities | 26,956 | 27,050 | 25,353 |
| Long-term debt | 47,618 | 89,658 | 107,617 |
| Employee benefit obligations | 34,346 | 27,682 | 26,977 |
| Deferred income taxes | 24,677 | 28,639 | 41,597 |
| Other liabilities | 6,092 | 5,653 | 6,167 |
| Equity | | | |
| Common stock | 297 | 297 | 424 |
| Contributed capital | 37,990 | 37,939 | 10,976 |
| Reinvested earnings (Accumulated deficit) | (3,734) | 1,782 | 3,534 |
| Accumulated other comprehensive income | 2,235 | 2,358 | 1,290 |
| Common stock in treasury, at cost | (4,071) | (3,961) | (3,794) |
| Deferred compensation - employee stock ownership plans and other | 440 | 421 | 281 |
| Noncontrolling interests | 52,376 | 56,580 | 1,140 |
| Total Equity | 85,533 | 95,416 | 13,851 |
| Total Liabilities and Equity | \$ 225,222 | \$ 274,098 | \$ 221,562 |

Verizon - Selected Financial and Operating Statistics

| Unaudited | 12/31/12 | 12/31/13 | 3/31/14 |
|---|-----------|-----------|------------|
| Total debt (\$M) | \$ 51,987 | \$ 93,591 | \$ 109,769 |
| Net debt (\$M) | \$ 48,894 | \$ 40,063 | \$ 106,862 |
| Net debt / Adjusted EBITDA | | 1.0x | 2.5x |
| Common shares outstanding end of period (M) | 2,859 | 2,862 | 4,141 |
| Total employees | 183,400 | 176,800 | 176,900 |
| Cash dividends declared per common share | \$ 2.030 | \$ 2.090 | \$.530 |

Certain reclassifications of prior period amounts have been made, where appropriate, to reflect comparable operating results.

Condensed Consolidated Balance Sheets

(dollars in millions)

| Unaudited | 6/30/12 | 9/30/12 | 12/31/12 | 3/31/13 | 6/30/13 | 9/30/13 | 12/31/13 | 3/31/14 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Assets | | | | | | | | |
| Current assets | | | | | | | | |
| Cash and cash equivalents | \$ 10,001 | \$ 9,714 | \$ 3,093 | \$ 5,475 | \$ 1,788 | \$ 56,710 | \$ 53,528 | \$ 2,907 |
| Short-term investments | 777 | 593 | 470 | 660 | 618 | 631 | 601 | 637 |
| Accounts receivable, net | 11,595 | 12,030 | 12,576 | 11,814 | 12,216 | 12,111 | 12,439 | 12,131 |
| Inventories | 856 | 1,223 | 1,075 | 798 | 1,040 | 1,193 | 1,020 | 881 |
| Prepaid expenses and other | 3,901 | 4,103 | 4,021 | 6,511 | 6,295 | 3,060 | 3,406 | 6,716 |
| Total current assets | 27,130 | 27,663 | 21,235 | 25,258 | 21,957 | 73,705 | 70,994 | 23,272 |
| Plant, property and equipment | 217,739 | 216,995 | 209,575 | 212,082 | 215,224 | 218,336 | 220,865 | 223,841 |
| Less accumulated depreciation | 129,844 | 129,185 | 120,933 | 123,901 | 126,892 | 129,809 | 131,909 | 134,785 |
| | 87,895 | 87,810 | 88,642 | 88,181 | 88,332 | 88,527 | 88,956 | 89,056 |
| Investments in unconsolidated businesses | 3,539 | 3,625 | 3,401 | 3,321 | 3,319 | 3,423 | 3,432 | 889 |
| Wireless licenses | 73,303 | 77,591 | 77,744 | 75,645 | 75,825 | 76,503 | 75,747 | 72,713 |
| Goodwill | 23,478 | 24,048 | 24,139 | 24,132 | 24,336 | 24,339 | 24,634 | 24,647 |
| Other intangible assets, net | 5,726 | 5,830 | 5,933 | 5,827 | 5,776 | 5,732 | 5,800 | 5,839 |
| Other assets | 5,001 | 4,515 | 4,128 | 3,822 | 3,801 | 4,446 | 4,535 | 5,146 |
| Total Assets | \$226,072 | \$231,082 | \$225,222 | \$226,186 | \$223,346 | \$276,675 | \$274,098 | \$221,562 |
| Liabilities and Equity | | | | | | | | |
| Current liabilities | | | | | | | | |
| Debt maturing within one year | \$ 5,912 | \$ 6,335 | \$ 4,369 | \$ 10,888 | \$ 7,961 | \$ 8,202 | \$ 3,933 | \$ 2,152 |
| Accounts payable and accrued liabilities | 13,973 | 16,003 | 16,182 | 14,030 | 14,671 | 15,622 | 16,453 | 14,984 |
| Other | 6,468 | 6,432 | 6,405 | 6,571 | 6,559 | 6,467 | 6,664 | 8,217 |
| Total current liabilities | 26,353 | 28,770 | 26,956 | 31,489 | 29,191 | 30,291 | 27,050 | 25,353 |
| Long-term debt | 46,479 | 46,467 | 47,618 | 41,993 | 41,791 | 90,938 | 89,658 | 107,617 |
| Employee benefit obligations | 31,909 | 30,904 | 34,346 | 34,048 | 33,835 | 33,738 | 27,682 | 26,977 |
| Deferred income taxes | 25,649 | 26,474 | 24,677 | 24,993 | 25,696 | 25,821 | 28,639 | 41,597 |
| Other liabilities | 5,254 | 5,839 | 6,092 | 6,075 | 5,677 | 5,622 | 5,653 | 6,167 |
| Equity | | | | | | | | |
| Common stock | 297 | 297 | 297 | 297 | 297 | 297 | 297 | 424 |
| Contributed capital | 37,932 | 37,959 | 37,990 | 37,894 | 37,895 | 37,918 | 37,939 | 10,976 |
| Reinvested earnings (Accumulated deficit) | 1,845 | 1,968 | (3,734) | (3,255) | (2,483) | (1,768) | 1,782 | 3,534 |
| Accumulated other comprehensive income | 1,147 | 1,257 | 2,235 | 2,056 | 1,994 | 2,118 | 2,358 | 1,290 |
| Common stock in treasury, at cost | (4,438) | (4,247) | (4,071) | (3,994) | (3,974) | (3,970) | (3,961) | (3,794) |
| Deferred compensation - employee stock ownership plans and other | 367 | 411 | 440 | 312 | 332 | 390 | 421 | 281 |
| Noncontrolling interests | 53,278 | 54,983 | 52,376 | 54,278 | 53,095 | 55,280 | 56,580 | 1,140 |
| Total Equity | 90,428 | 92,628 | 85,533 | 87,588 | 87,156 | 90,265 | 95,416 | 13,851 |
| Total Liabilities and Equity | \$226,072 | \$231,082 | \$225,222 | \$226,186 | \$223,346 | \$276,675 | \$274,098 | \$221,562 |

Verizon - Selected Financial and Operating Statistics

| Unaudited | 6/30/12 | 9/30/12 | 12/31/12 | 3/31/13 | 6/30/13 | 9/30/13 | 12/31/13 | 3/31/14 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Total debt (\$M) | \$ 52,391 | \$ 52,802 | \$ 51,987 | \$ 52,881 | \$ 49,752 | \$ 99,140 | \$ 93,591 | \$109,769 |
| Net debt (\$M) | \$ 42,390 | \$ 43,088 | \$ 48,894 | \$ 47,406 | \$ 47,964 | \$ 42,430 | \$ 40,063 | \$106,862 |
| Net debt / Adjusted EBITDA | | | | 1.2x | 1.2x | 1.1x | 1.0x | 2.5x |
| Common shares outstanding end of period (M) | 2,849 | 2,854 | 2,859 | 2,861 | 2,862 | 2,862 | 2,862 | 4,141 |
| Total employees | 188,200 | 184,500 | 183,400 | 181,900 | 180,900 | 178,300 | 176,800 | 176,900 |
| Cash dividends declared per common share | \$.500 | \$.515 | \$.515 | \$.515 | \$.515 | \$.530 | \$.530 | \$.530 |

Certain reclassifications of prior period amounts have been made, where appropriate, to reflect comparable operating results.

Condensed Consolidated Statements of Cash Flows

| | (dollars in millions) | | |
|--|--------------------------------|--------------------------------|------------------------------|
| Unaudited | 12 Months Ended 12/31/12 | 12 Months Ended 12/31/13 | 3 Months Ended 3/31/14 |
| Cash Flows From Operating Activities | | | |
| Net Income | \$ 10,557 | \$ 23,547 | \$ 5,986 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization expense | 16,460 | 16,606 | 4,137 |
| Employee retirement benefits | 8,198 | (5,052) | 281 |
| Deferred income taxes | (952) | 5,785 | (155) |
| Provision for uncollectible accounts | 972 | 993 | 231 |
| Equity in earnings of unconsolidated businesses, net of dividends received | 77 | (102) | (1,894) |
| Changes in current assets and liabilities, net of effects from acquisition/ disposition of businesses | (403) | (5) | (1,626) |
| Other, net | (3,423) | (2,954) | 179 |
| Net cash provided by operating activities | 31,486 | 38,818 | 7,139 |
| Cash Flows From Investing Activities | | | |
| Capital expenditures (including capitalized software) | (16,175) | (16,604) | (4,150) |
| Acquisitions of investments and businesses, net of cash acquired | (913) | (494) | (157) |
| Acquisitions of wireless licenses | (4,298) | (580) | (213) |
| Proceeds from dispositions of wireless licenses | 363 | 2,111 | - |
| Other, net | 521 | 734 | (11) |
| Net cash used in investing activities | (20,502) | (14,833) | (4,531) |
| Cash Flows From Financing Activities | | | |
| Proceeds from long-term borrowings | 4,489 | 49,166 | 16,952 |
| Repayments of long-term borrowings and capital lease obligations | (6,403) | (8,163) | (7,951) |
| Increase (decrease) in short-term obligations, excluding current maturities | (1,437) | (142) | 252 |
| Dividends paid | (5,230) | (5,936) | (1,517) |
| Proceeds from sale of common stock | 315 | 85 | 34 |
| Purchase of common stock for treasury | - | (153) | - |
| Special distribution to noncontrolling interests | (8,325) | (3,150) | - |
| Acquisition of noncontrolling interest | - | - | (58,886) |
| Other, net | (4,662) | (5,257) | (2,113) |
| Net cash provided by (used in) financing activities | (21,253) | 26,450 | (53,229) |
| Increase (decrease) in cash and cash equivalents | (10,269) | 50,435 | (50,621) |
| Cash and cash equivalents, beginning of period | 13,362 | 3,093 | 53,528 |
| Cash and cash equivalents, end of period | \$ 3,093 | \$ 53,528 | \$ 2,907 |

Condensed Consolidated Statements of Cash Flows

(dollars in millions)

| Unaudited | 6 Months Ended 6/30/12 | 9 Months Ended 9/30/12 | 12 Months Ended 12/31/12 | 3 Months Ended 3/31/13 | 6 Months Ended 6/30/13 | 9 Months Ended 9/30/13 | 12 Months Ended 12/31/13 | 3 Months Ended 3/31/14 |
|--|------------------------------|------------------------------|--------------------------------|------------------------------|------------------------------|------------------------------|--------------------------------|------------------------------|
| Cash Flows From Operating Activities | | | | | | | | |
| Net Income | \$ 8,191 | \$ 12,483 | \$ 10,557 | \$ 4,855 | \$ 10,053 | \$ 15,631 | \$ 23,547 | \$ 5,986 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | | | | | |
| Depreciation and amortization expense | 8,156 | 12,323 | 16,460 | 4,118 | 8,269 | 12,423 | 16,606 | 4,137 |
| Employee retirement benefits | 751 | 1,126 | 8,198 | 295 | 354 | 649 | (5,052) | 281 |
| Deferred income taxes | 1,237 | 1,665 | (952) | 878 | 1,812 | 3,011 | 5,785 | (155) |
| Provision for uncollectible accounts | 521 | 709 | 972 | 260 | 507 | 746 | 993 | 231 |
| Equity in earnings of unconsolidated businesses, net of dividends received | (149) | (197) | 77 | 14 | (95) | (100) | (102) | (1,894) |
| Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses | (1,136) | (197) | (403) | (1,491) | (1,660) | (1,078) | (5) | (1,626) |
| Other, net | (2,300) | (3,154) | (3,423) | (1,398) | (2,092) | (2,895) | (2,954) | 179 |
| Net cash provided by operating activities | 15,271 | 24,758 | 31,486 | 7,531 | 17,148 | 28,387 | 38,818 | 7,139 |
| Cash Flows From Investing Activities | | | | | | | | |
| Capital expenditures (including capitalized software) | (7,430) | (11,315) | (16,175) | (3,602) | (7,616) | (11,807) | (16,604) | (4,150) |
| Acquisitions of investments and businesses, net of cash acquired | (203) | (838) | (913) | (21) | (76) | (81) | (494) | (157) |
| Acquisitions of wireless licenses | (33) | (4,179) | (4,298) | (117) | (264) | (430) | (580) | (213) |
| Proceeds from dispositions of wireless licenses | - | 363 | 363 | - | - | 2,111 | 2,111 | - |
| Other, net | 82 | 544 | 521 | 141 | 121 | 184 | 734 | (11) |
| Net cash used in investing activities | (7,584) | (15,425) | (20,502) | (3,599) | (7,835) | (10,023) | (14,833) | (4,531) |
| Cash Flows From Financing Activities | | | | | | | | |
| Proceeds from long-term borrowings | - | - | 4,489 | 500 | 499 | 49,166 | 49,166 | 16,952 |
| Repayments of long-term borrowings and capital lease obligations | (1,891) | (2,878) | (6,403) | (73) | (2,330) | (2,392) | (8,163) | (7,951) |
| Increase (decrease) in short-term obligations, excluding current maturities | (887) | 375 | (1,437) | 581 | (432) | (324) | (142) | 252 |
| Dividends paid | (2,587) | (3,887) | (5,230) | (1,472) | (2,946) | (4,420) | (5,936) | (1,517) |
| Proceeds from sale of common stock | 210 | 278 | 315 | 56 | 74 | 76 | 85 | 34 |
| Purchase of common stock for treasury | - | - | - | (153) | (153) | (153) | (153) | - |
| Special distribution to noncontrolling interests | (4,500) | (4,500) | (8,325) | - | (3,150) | (3,150) | (3,150) | - |
| Acquisition of noncontrolling interest | - | - | - | - | - | - | - | (58,886) |
| Other, net | (1,393) | (2,369) | (4,662) | (989) | (2,180) | (3,550) | (5,257) | (2,113) |
| Net cash provided by (used in) financing activities | (11,048) | (12,981) | (21,253) | (1,550) | (10,618) | 35,253 | 26,450 | (53,229) |
| Increase (decrease) in cash and cash equivalents | (3,361) | (3,648) | (10,269) | 2,382 | (1,305) | 53,617 | 50,435 | (50,621) |
| Cash and cash equivalents, beginning of period | 13,362 | 13,362 | 13,362 | 3,093 | 3,093 | 3,093 | 3,093 | 53,528 |
| Cash and cash equivalents, end of period | \$ 10,001 | \$ 9,714 | \$ 3,093 | \$ 5,475 | \$ 1,788 | \$ 56,710 | \$ 53,528 | \$ 2,907 |



WIRELESS

Wireless – Selected Financial Results

(dollars in millions)

| Unaudited | 2012 | | | 2013 | | | 2014 | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q |
| Operating Revenues | | | | | | | | |
| Retail service | \$15,230 | \$15,538 | \$15,786 | \$16,169 | \$16,422 | \$16,776 | \$16,967 | \$17,246 |
| Other service | 546 | 616 | 607 | 559 | 656 | 740 | 744 | 741 |
| Service | 15,776 | 16,154 | 16,393 | 16,728 | 17,078 | 17,516 | 17,711 | 17,987 |
| Equipment | 1,768 | 1,858 | 2,559 | 1,813 | 1,953 | 1,924 | 2,421 | 1,870 |
| Other | 1,033 | 1,012 | 1,042 | 982 | 945 | 959 | 993 | 1,022 |
| Total Operating Revenues | 18,577 | 19,024 | 19,994 | 19,523 | 19,976 | 20,399 | 21,125 | 20,879 |
| Operating Expenses | | | | | | | | |
| Cost of services and sales | 5,558 | 5,690 | 7,332 | 5,651 | 5,799 | 5,652 | 6,546 | 5,856 |
| Selling, general & administrative expense | 5,295 | 5,250 | 5,877 | 5,448 | 5,666 | 5,801 | 6,261 | 5,644 |
| Depreciation and amortization expense | 2,011 | 2,037 | 1,994 | 2,006 | 2,047 | 2,060 | 2,089 | 2,061 |
| Total Operating Expenses | 12,864 | 12,977 | 15,203 | 13,105 | 13,512 | 13,513 | 14,896 | 13,561 |
| Operating Income | \$ 5,713 | \$ 6,047 | \$ 4,791 | \$ 6,418 | \$ 6,464 | \$ 6,886 | \$ 6,229 | \$ 7,318 |
| Operating Income Margin | 30.8% | 31.8% | 24.0% | 32.9% | 32.4% | 33.8% | 29.5% | 35.0% |
| Segment EBITDA | \$ 7,724 | \$ 8,084 | \$ 6,785 | \$ 8,424 | \$ 8,511 | \$ 8,946 | \$ 8,318 | \$ 9,379 |
| Segment EBITDA Service Margin | 49.0% | 50.0% | 41.4% | 50.4% | 49.8% | 51.1% | 47.0% | 52.1% |

Footnotes:

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

Intersegment transactions have not been eliminated.

Certain reclassifications of prior period amounts have been made, where appropriate, to reflect comparable operating results.

Wireless – Selected Operating Statistics

| Unaudited | 2012 | | | 2013 | | | | 2014 |
|---|----------|----------|----------|----------|----------|----------|----------|-----------------|
| | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q |
| Connections ('000) | | | | | | | | |
| Retail postpaid | 88,838 | 90,354 | 92,530 | 93,186 | 94,271 | 95,185 | 96,752 | 97,273 |
| Retail prepaid | 5,316 | 5,545 | 5,700 | 5,744 | 5,853 | 5,965 | 6,047 | 6,057 |
| Retail | 94,154 | 95,899 | 98,230 | 98,930 | 100,124 | 101,150 | 102,799 | 103,330 |
| Net Add Detail ('000) ⁽¹⁾ | | | | | | | | |
| Retail postpaid | 888 | 1,535 | 2,100 | 677 | 941 | 927 | 1,573 | 539 |
| Retail prepaid | 290 | 228 | 142 | 43 | 97 | 134 | 80 | 10 |
| Retail | 1,178 | 1,763 | 2,242 | 720 | 1,038 | 1,061 | 1,653 | 549 |
| Account Statistics | | | | | | | | |
| Retail postpaid accounts ('000) | 34,646 | 34,796 | 35,057 | 34,943 | 34,958 | 34,972 | 35,083 | 35,061 |
| Retail postpaid ARPA | \$143.32 | \$145.42 | \$146.80 | \$150.27 | \$152.50 | \$155.74 | \$157.21 | \$159.67 |
| Retail postpaid connections per account | 2.56 | 2.60 | 2.64 | 2.67 | 2.70 | 2.72 | 2.76 | 2.77 |
| Churn Detail | | | | | | | | |
| Retail postpaid | 0.84% | 0.91% | 0.95% | 1.01% | 0.93% | 0.97% | 0.96% | 1.07% |
| Retail | 1.11% | 1.18% | 1.24% | 1.30% | 1.23% | 1.28% | 1.27% | 1.37% |
| Retail Postpaid Connection Statistics | | | | | | | | |
| Total Smartphone postpaid % of phones activated | 71.6% | 77.3% | 85.4% | 84.3% | 84.4% | 84.9% | 88.9% | 90.1% |
| Total Smartphone postpaid phone base | 49.7% | 53.2% | 58.1% | 61.4% | 64.4% | 67.2% | 70.0% | 72.3% |
| Total Internet postpaid base | 8.5% | 8.8% | 9.3% | 9.6% | 9.9% | 10.2% | 10.7% | 11.3% |
| Other Operating Statistics | | | | | | | | |
| Capital expenditures (\$M) | \$ 2,048 | \$ 2,133 | \$ 2,791 | \$ 1,992 | \$ 2,278 | \$ 2,450 | \$ 2,705 | \$ 2,554 |

Footnotes:

(1) Connection net additions exclude acquisitions and adjustments.

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

Intersegment transactions have not been eliminated.

Certain reclassifications have been made, where appropriate, to reflect comparable operating results.



WIRELINER

Wireline – Selected Financial Results

(dollars in millions)

| Unaudited | 2012 | | | 2013 | | | 2014 | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q |
| Operating Revenues | | | | | | | | |
| Consumer retail | \$ 3,504 | \$ 3,580 | \$ 3,596 | \$ 3,616 | \$ 3,669 | \$ 3,735 | \$ 3,822 | \$ 3,840 |
| Small business | 652 | 656 | 646 | 638 | 635 | 639 | 629 | 624 |
| Mass Markets | 4,156 | 4,236 | 4,242 | 4,254 | 4,304 | 4,374 | 4,451 | 4,464 |
| Strategic services | 1,977 | 2,007 | 2,079 | 2,073 | 2,059 | 2,106 | 2,130 | 2,110 |
| Core | 1,875 | 1,800 | 1,788 | 1,697 | 1,590 | 1,590 | 1,536 | 1,496 |
| Global Enterprise | 3,852 | 3,807 | 3,867 | 3,770 | 3,649 | 3,696 | 3,666 | 3,606 |
| Global Wholesale | 1,788 | 1,747 | 1,738 | 1,699 | 1,662 | 1,631 | 1,602 | 1,591 |
| Other | 135 | 124 | 143 | 107 | 119 | 113 | 126 | 129 |
| Total Operating Revenues | 9,931 | 9,914 | 9,990 | 9,830 | 9,734 | 9,814 | 9,845 | 9,790 |
| Operating Expenses | | | | | | | | |
| Cost of services and sales | 5,500 | 5,463 | 5,878 | 5,457 | 5,407 | 5,483 | 5,581 | 5,459 |
| Selling, general & administrative expense | 2,141 | 2,303 | 2,313 | 2,265 | 2,168 | 2,102 | 2,060 | 2,151 |
| Depreciation and amortization expense | 2,102 | 2,107 | 2,125 | 2,095 | 2,085 | 2,074 | 2,073 | 2,033 |
| Total Operating Expenses | 9,743 | 9,873 | 10,316 | 9,817 | 9,660 | 9,659 | 9,714 | 9,643 |
| Operating Income (Loss) | \$ 188 | \$ 41 | \$ (326) | \$ 13 | \$ 74 | \$ 155 | \$ 131 | \$ 147 |
| Operating Income Margin | 1.9% | 0.4% | (3.3)% | 0.1% | 0.8% | 1.6% | 1.3% | 1.5% |
| Segment EBITDA | \$ 2,290 | \$ 2,148 | \$ 1,799 | \$ 2,108 | \$ 2,159 | \$ 2,229 | \$ 2,204 | \$ 2,180 |
| Segment EBITDA Margin | 23.1% | 21.7% | 18.0% | 21.4% | 22.2% | 22.7% | 22.4% | 22.3% |

Footnotes:

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

Intersegment transactions have not been eliminated.

Certain reclassifications of prior period amounts have been made, where appropriate, to reflect comparable operating results.

Wireline – Selected Operating Statistics

| Unaudited | 2012 | | | 2013 | | | 2014 | |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|------------------|
| | 2Q | 3Q | 4Q | 1Q | 2Q | 3Q | 4Q | 1Q |
| Connections ('000) | | | | | | | | |
| FiOS Video Subscribers | 4,473 | 4,592 | 4,726 | 4,895 | 5,035 | 5,170 | 5,262 | 5,319 |
| FiOS Internet Subscribers | 5,144 | 5,280 | 5,424 | 5,612 | 5,773 | 5,946 | 6,072 | 6,170 |
| FiOS Digital Voice residence connections | 2,648 | 2,938 | 3,227 | 3,531 | 3,817 | 4,069 | 4,248 | 4,350 |
| FiOS Digital connections | 12,265 | 12,810 | 13,377 | 14,038 | 14,625 | 15,185 | 15,582 | 15,839 |
| HSI | 3,632 | 3,488 | 3,371 | 3,282 | 3,166 | 3,049 | 2,943 | 2,861 |
| Total Broadband connections | 8,776 | 8,768 | 8,795 | 8,894 | 8,939 | 8,995 | 9,015 | 9,031 |
| Primary residence switched access connections | 8,843 | 8,384 | 7,982 | 7,593 | 7,200 | 6,821 | 6,481 | 6,224 |
| Primary residence connections | 11,491 | 11,322 | 11,209 | 11,124 | 11,017 | 10,890 | 10,729 | 10,574 |
| Total retail residence voice connections | 12,222 | 12,005 | 11,849 | 11,725 | 11,583 | 11,421 | 11,229 | 11,048 |
| Total voice connections | 23,278 | 22,847 | 22,503 | 22,191 | 21,828 | 21,457 | 21,085 | 20,733 |
| Net Add Detail ('000) | | | | | | | | |
| FiOS Video Subscribers | 120 | 119 | 134 | 169 | 140 | 135 | 92 | 57 |
| FiOS Internet Subscribers | 134 | 136 | 144 | 188 | 161 | 173 | 126 | 98 |
| FiOS Digital Voice residence connections | 350 | 290 | 289 | 304 | 286 | 252 | 179 | 102 |
| FiOS Digital connections | 604 | 545 | 567 | 661 | 587 | 560 | 397 | 257 |
| HSI | (132) | (144) | (117) | (89) | (116) | (117) | (106) | (82) |
| Total Broadband connections | 2 | (8) | 27 | 99 | 45 | 56 | 20 | 16 |
| Primary residence switched access connections | (501) | (459) | (402) | (389) | (393) | (379) | (340) | (257) |
| Primary residence connections | (151) | (169) | (113) | (85) | (107) | (127) | (161) | (155) |
| Total retail residence voice connections | (199) | (217) | (156) | (124) | (142) | (162) | (192) | (181) |
| Total voice connections | (422) | (431) | (344) | (312) | (363) | (371) | (372) | (352) |
| Revenue & ARPU Statistics | | | | | | | | |
| Consumer ARPU | \$ 100.98 | \$ 104.61 | \$ 106.39 | \$ 107.95 | \$ 110.46 | \$ 113.65 | \$ 117.88 | \$ 120.17 |
| FiOS revenues (\$M) | \$ 2,380 | \$ 2,489 | \$ 2,565 | \$ 2,633 | \$ 2,731 | \$ 2,823 | \$ 2,965 | \$ 3,041 |
| Strategic services as a % of total Enterprise revenues | 51.3% | 52.7% | 53.8% | 55.0% | 56.4% | 57.0% | 58.1% | 58.5% |
| Other Operating Statistics | | | | | | | | |
| Capital expenditures (\$M) | \$ 1,596 | \$ 1,484 | \$ 1,725 | \$ 1,434 | \$ 1,515 | \$ 1,518 | \$ 1,762 | \$ 1,385 |
| Wireline employees (K) | 88.6 | 87.4 | 86.4 | 85.2 | 84.7 | 83.6 | 81.9 | 80.9 |
| FiOS Video Open for Sale (K) | 13,721 | 13,957 | 14,200 | 14,374 | 14,607 | 14,824 | 15,022 | 15,184 |
| FiOS Video penetration | 32.6% | 32.9% | 33.3% | 34.1% | 34.5% | 34.9% | 35.0% | 35.0% |
| FiOS Internet Open for Sale (K) | 14,044 | 14,283 | 14,528 | 14,703 | 14,943 | 15,167 | 15,368 | 15,530 |
| FiOS Internet penetration | 36.6% | 37.0% | 37.3% | 38.2% | 38.6% | 39.2% | 39.5% | 39.7% |

Footnotes:

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

Intersegment transactions have not been eliminated.

Certain reclassifications have been made, where appropriate, to reflect comparable operating results.



NON-GAAP RECONCILIATIONS

As of March 31, 2014

Definitions – Non-GAAP Measures

Non-GAAP Measures

Verizon's financial information includes information prepared in conformity with generally accepted accounting principles (GAAP) as well as non-GAAP information. It is management's intent to provide non-GAAP financial information to enhance the understanding of Verizon's GAAP consolidated financial information and it should be considered by the reader in addition to, but not instead of, the financial statements prepared in accordance with GAAP. Each non-GAAP financial measure is presented along with the corresponding GAAP measure so as not to imply that more emphasis should be placed on the non-GAAP measure. The non-GAAP financial information presented may be determined or calculated differently by other companies.

EBITDA and EBITDA Margin

Verizon Consolidated Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA), Segment EBITDA and EBITDA margins are non-GAAP measures and do not purport to be alternatives to GAAP items as measures of operating performance. Management believes that these measures are useful to investors and other users of our financial information in evaluating operating profitability on a more variable cost basis, as they exclude the depreciation and amortization expense related primarily to capital expenditures and acquisitions that occurred in prior years, as well as in evaluating operating performance in relation to Verizon's competitors.

Consolidated - Consolidated EBITDA is calculated by adding back interest, taxes, depreciation and amortization expense, equity in earnings of unconsolidated businesses and other income and (expense), net to net income. Consolidated Adjusted EBITDA is calculated by excluding the effect of non-operational items from the calculation of Consolidated EBITDA. Consolidated EBITDA margin is calculated by dividing Consolidated EBITDA by Consolidated Operating Revenues. Management believes that Consolidated Adjusted EBITDA provides additional relevant and useful information to investors and other users of our financial data in evaluating the effectiveness of our operations and underlying business trends in a manner that is consistent with management's evaluation of business performance.

Wireless - Wireless Segment EBITDA is calculated by adding back depreciation and amortization expense to Wireless Segment Operating Income, and Wireless Segment EBITDA Service margin is calculated by dividing Wireless Segment EBITDA by Wireless service revenues. The Wireless Segment EBITDA Service margin utilizes service revenues rather than Wireless' total operating revenues in order to capture the impact of providing service to the Wireless customer base on an ongoing basis. Service revenues primarily exclude equipment revenues (as well as other non-service revenues).

Wireline - Wireline Segment EBITDA is calculated by adding back depreciation and amortization expense to Wireline Segment Operating Income, and Wireline Segment EBITDA margin is calculated by dividing Wireline Segment EBITDA by Wireline total operating revenues.

Adjusted Net Income and Illustrative Net Income

Adjusted Net Income attributable to Verizon (Adjusted Net Income) and Illustrative Adjusted Net Income attributable to Verizon (Illustrative Net Income) are non-GAAP measures that management believes are useful to investors and other users of our financial information in evaluating our operating results and understanding our operating trends. Adjusted Net Income is calculated by excluding the effect of non-operational or non-recurring items from the calculation of reported Net income attributable to Verizon. Illustrative Net Income is calculated by including adjustments for net income attributable to non-controlling interests, equity in earnings of unconsolidated businesses and interest expense as if Verizon had fully owned Verizon Wireless for the entire quarter.

Adjusted Earnings Per Common Share and Illustrative Adjusted Earnings per Common Share

Adjusted Earnings Per Common Share (Adjusted EPS) and Illustrative Adjusted Earnings per Common Share (Illustrative EPS) are non-GAAP financial measures that management believes are useful to investors and other users of our financial information in evaluating our operating results and understanding our operating trends. Adjusted EPS is calculated by excluding the effect of non-operational or non-recurring items from the calculation of reported EPS. Illustrative EPS is calculated by including adjustments for net income attributable to non-controlling interests, equity in earnings of unconsolidated businesses and interest expense as well as an adjustment for the dilutive effect of share issuances as if Verizon had fully owned Verizon Wireless for the entire quarter.

Free Cash Flow and Illustrative Free Cash Flow Attributable to Verizon

Free Cash Flow and Illustrative Free Cash Flow Attributable to Verizon are non-GAAP financial measures that management believes are useful to investors and other users of our financial information in evaluating cash available to pay debt and dividends. Free Cash Flow is calculated by subtracting capital expenditures from net cash provided by operating activities. Illustrative Free Cash Flow Attributable to Verizon is calculated by subtracting the portion of Verizon Wireless free cash flow that was available for distribution to Vodafone as the 45% noncontrolling partner in the Cellco Partnership joint venture until February 21, 2014, the date that Verizon acquired 100% ownership of Verizon Wireless. Management believes that Illustrative Free Cash Flow Attributable to Verizon provides additional relevant and useful information to investors and other users of our financial data in evaluating cash available to pay debt and dividends to Verizon common shareholders.

Definitions – Non-GAAP Measures

Net Debt and Net Debt to Adjusted EBITDA Ratio

Net Debt and the Net Debt to Adjusted EBITDA Ratio are non-GAAP financial measures that management believes are useful to investors and other users of our financial information in evaluating Verizon's leverage. Net Debt is calculated by subtracting cash and cash equivalents from the sum of debt maturing within one year and long-term debt. For purposes of the Net Debt to Adjusted EBITDA Ratio, Adjusted EBITDA is calculated for the last twelve months. Management believes that this presentation assists investors and other users of our financial information in understanding trends that are indicative of future operating results given the non-operational nature of the items excluded from the calculation.

Consolidated Adjusted EBITDA and Adjusted EPS

Consolidated Adjusted EBITDA and Adjusted EPS include pension expenses calculated based on the prior year-end discount rate and expected return on plan assets used during the first three quarters of the year, as opposed to the actual discount rate and return on plan assets, which are not available until December 31 or upon a remeasurement event. Management believes excluding actuarial gains or losses as a result of a remeasurement provides investors with more meaningful sequential and year-over-year quarterly comparisons and is consistent with management's evaluation of business performance.

Consolidated Reconciliations

(dollars in millions)

| Unaudited | 3 Months Ended 3/31/13 | 3 Months Ended 3/31/14 |
|--|------------------------------|------------------------------|
| Consolidated Operating Revenues | \$ 29,420 | \$ 30,818 |

| Unaudited | 3 Months Ended 6/30/12 | 3 Months Ended 9/30/12 | 3 Months Ended 12/31/12 | 3 Months Ended 3/31/13 | 3 Months Ended 6/30/13 | 3 Months Ended 9/30/13 | 3 Months Ended 12/31/13 | 3 Months Ended 3/31/14 |
|---|------------------------------|------------------------------|-------------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|------------------------------|
| (dollars in millions) | | | | | | | | |
| Adjusted EBITDA - Verizon | | | | | | | | |
| Verizon Consolidated EBITDA | | | | | | | | |
| Consolidated net income (loss) | \$ 4,285 | \$ 4,292 | \$ (1,926) | \$ 4,855 | \$ 5,198 | \$ 5,578 | \$ 7,916 | \$ 5,986 |
| Add/Subtract non-operating items: | | | | | | | | |
| Provision (Benefit) for income taxes | 793 | 631 | (2,810) | 864 | 988 | 1,034 | 2,844 | 968 |
| Interest expense | 679 | 632 | 575 | 537 | 514 | 555 | 1,061 | 1,214 |
| Other (income) and expense, net | (34) | (10) | 1,079 | (39) | (25) | (20) | 250 | 894 |
| Equity in earnings of unconsolidated businesses | (72) | (62) | (87) | 5 | (120) | (19) | (8) | (1,902) |
| Operating Income (Loss) | 5,651 | 5,483 | (3,169) | 6,222 | 6,555 | 7,128 | 12,063 | 7,160 |
| Add: Depreciation and amortization expense | 4,128 | 4,167 | 4,137 | 4,118 | 4,151 | 4,154 | 4,183 | 4,137 |
| Consolidated EBITDA | \$ 9,779 | \$ 9,650 | \$ 968 | \$ 10,340 | \$ 10,706 | \$ 11,282 | \$ 16,246 | \$ 11,297 |
| Add/Subtract other items (before tax): | | | | | | | | |
| Severance, pension & benefit charges (credits) | - | - | 7,186 | - | (237) | - | (5,995) | - |
| Gain on spectrum license transaction | - | - | - | - | - | (278) | - | - |
| Litigation settlements | - | 384 | - | - | - | - | - | - |
| Other non-operational costs | - | - | 276 | - | - | - | - | - |
| Consolidated Adjusted EBITDA | \$ 9,779 | \$ 10,034 | \$ 8,430 | \$ 10,340 | \$ 10,469 | \$ 11,004 | \$ 10,251 | \$ 11,297 |
| Consolidated Operating Income Margin | | | | 21.1% | | | | 23.2% |
| Consolidated EBITDA Margin | | | | 35.1% | | | | 36.7% |

| Unaudited | 6/30/12 | 9/30/12 | 12/31/12 | 3/31/13 | 6/30/13 | 9/30/13 | 12/31/13 | 3/31/14 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| (dollars in millions) | | | | | | | | |
| Net Debt to Adjusted EBITDA Ratio | | | | | | | | |
| Verizon Net Debt | | | | | | | | |
| Debt maturing within one year | \$ 5,912 | \$ 6,335 | \$ 4,369 | \$ 10,888 | \$ 7,961 | \$ 8,202 | \$ 3,933 | \$ 2,152 |
| Long-term debt | 46,479 | 46,467 | 47,618 | 41,993 | 41,791 | 90,938 | 89,658 | 107,617 |
| Total Debt | 52,391 | 52,802 | 51,987 | 52,881 | 49,752 | 99,140 | 93,591 | 109,769 |
| Less: Cash and cash equivalents | 10,001 | 9,714 | 3,093 | 5,475 | 1,788 | 56,710 | 53,528 | 2,907 |
| Net Debt | \$ 42,390 | \$ 43,088 | \$ 48,894 | \$ 47,406 | \$ 47,964 | \$ 42,430 | \$ 40,063 | \$ 106,862 |
| Net Debt to Adjusted EBITDA Ratio | | | | 1.2x | 1.2x | 1.1x | 1.0x | 2.5x |

Consolidated Reconciliations

(dollars in millions)

| Unaudited | 3 Months Ended 3/31/14 |
|---|---------------------------------------|
| Adjusted and Illustrative Net Income - Verizon | |
| Reported Net Income attributable to Verizon | \$ 3,947 |
| Wireless transaction costs | 260 |
| Early debt redemption costs | 575 |
| Gain on sale of Omnitel interest | (1,888) |
| Adjusted Net Income | 2,894 |
| Income from Vodafone noncontrolling interest | 1,183 |
| Wireless transaction costs | (267) |
| Elimination of Omnitel equity income | (24) |
| Illustrative Net Income | \$ 3,786 |

Earnings Per Share Reconciliations

| Unaudited | 3 Months Ended 3/31/13 | 3 Months Ended 12/31/13 | 3 Months Ended 3/31/14 |
|--|------------------------------|-------------------------------|---------------------------------------|
| Adjusted and Illustrative EPS - Verizon | | | |
| Reported EPS | \$ 0.68 | \$ 1.76 | \$ 1.15 |
| Severance, pension, and benefit credits | - | (1.29) | - |
| Wireless transaction costs | - | 0.19 | 0.08 |
| Early debt redemption costs | - | - | 0.17 |
| Gain on sale of Omnitel interest | - | - | (0.55) |
| Adjusted EPS | \$ 0.68 | \$ 0.66 | \$ 0.84 |
| Income from Vodafone noncontrolling interest | | | 0.29 |
| Wireless transaction costs | | | (0.06) |
| Elimination of Omnitel equity income | | | (0.01) |
| Dilutive effect of share issuance | | | (0.14) |
| Illustrative EPS | | | \$ 0.91 |

Note: EPS may not add due to rounding.

Free Cash Flow Reconciliations

(dollars in millions)

| Unaudited | 3 Months Ended 3/31/13 | 3 Months Ended 3/31/14 | \$ Change |
|---|------------------------------|---------------------------------------|-----------------|
| Free Cash Flow - Verizon | | | |
| Verizon Free Cash Flow | | | |
| Net cash provided by operating activities | \$ 7,531 | \$ 7,139 | |
| Less: Capital expenditures | 3,602 | 4,150 | |
| Free Cash Flow | \$ 3,929 | \$ 2,989 | |
| Less free cash flow attributable to noncontrolling interest | 2,404 | - | |
| Illustrative Free Cash Flow Attributable to Verizon | \$ 1,525 | \$ 2,989 | \$ 1,464 |

Wireless Reconciliations

(dollars in millions)

| Unaudited | 3 Months Ended 6/30/12 | 3 Months Ended 9/30/12 | 3 Months Ended 12/31/12 | 3 Months Ended 3/31/13 | 3 Months Ended 6/30/13 | 3 Months Ended 9/30/13 | 3 Months Ended 12/31/13 | 3 Months Ended 3/31/14 |
|---|------------------------------|------------------------------|-------------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|------------------------------|
| Wireless Segment EBITDA | | | | | | | | |
| Operating Income | \$ 5,713 | \$ 6,047 | \$ 4,791 | \$ 6,418 | \$ 6,464 | \$ 6,886 | \$ 6,229 | \$ 7,318 |
| Add: Depreciation and amortization expense | 2,011 | 2,037 | 1,994 | 2,006 | 2,047 | 2,060 | 2,089 | 2,061 |
| Wireless Segment EBITDA | \$ 7,724 | \$ 8,084 | \$ 6,785 | \$ 8,424 | \$ 8,511 | \$ 8,946 | \$ 8,318 | \$ 9,379 |
| Wireless total operating revenues | \$ 18,577 | \$ 19,024 | \$ 19,994 | \$ 19,523 | \$ 19,976 | \$ 20,399 | \$ 21,125 | \$ 20,879 |
| Wireless service revenues | \$ 15,776 | \$ 16,154 | \$ 16,393 | \$ 16,728 | \$ 17,078 | \$ 17,516 | \$ 17,711 | \$ 17,987 |
| Wireless Operating Income Margin | 30.8% | 31.8% | 24.0% | 32.9% | 32.4% | 33.8% | 29.5% | 35.0% |
| Wireless Segment EBITDA Service Margin | 49.0% | 50.0% | 41.4% | 50.4% | 49.8% | 51.1% | 47.0% | 52.1% |

Wireline Reconciliations

(dollars in millions)

| Unaudited | 3 Months Ended 6/30/12 | 3 Months Ended 9/30/12 | 3 Months Ended 12/31/12 | 3 Months Ended 3/31/13 | 3 Months Ended 6/30/13 | 3 Months Ended 9/30/13 | 3 Months Ended 12/31/13 | 3 Months Ended 3/31/14 |
|---|------------------------------|------------------------------|-------------------------------|------------------------------|------------------------------|------------------------------|-------------------------------|------------------------------|
| Wireline Segment EBITDA | | | | | | | | |
| Operating Income (Loss) | \$ 188 | \$ 41 | \$ (326) | \$ 13 | \$ 74 | \$ 155 | \$ 131 | \$ 147 |
| Add: Depreciation and amortization expense | 2,102 | 2,107 | 2,125 | 2,095 | 2,085 | 2,074 | 2,073 | 2,033 |
| Wireline Segment EBITDA | \$ 2,290 | \$ 2,148 | \$ 1,799 | \$ 2,108 | \$ 2,159 | \$ 2,229 | \$ 2,204 | \$ 2,180 |
| Wireline total operating revenues | \$ 9,931 | \$ 9,914 | \$ 9,990 | \$ 9,830 | \$ 9,734 | \$ 9,814 | \$ 9,845 | \$ 9,790 |
| Wireline Operating Income Margin | 1.9% | 0.4% | (3.3)% | 0.1% | 0.8% | 1.6% | 1.3% | 1.5% |
| Wireline Segment EBITDA Margin | 23.1% | 21.7% | 18.0% | 21.4% | 22.2% | 22.7% | 22.4% | 22.3% |