



FINANCIAL AND OPERATING INFORMATION

As of March 31, 2015

Verizon Communications

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Condensed Consolidated Statements of Income

Unaudited	(dollars in millions, except per share amounts)		
	2013	2014	1Q '15
Operating Revenues	\$ 120,550	\$ 127,079	\$ 31,984
Operating Expenses			
Cost of services and sales	44,887	49,931	12,096
Selling, general & administrative expense	27,089	41,016	7,939
Depreciation and amortization expense	16,606	16,533	3,989
Total Operating Expenses	88,582	107,480	24,024
Operating Income	31,968	19,599	7,960
Equity in earnings (losses) of unconsolidated businesses	142	1,780	(34)
Other income and (expense), net	(166)	(1,194)	75
Interest expense	(2,667)	(4,915)	(1,332)
Income Before Provision for Income Taxes	29,277	15,270	6,669
Provision for income taxes	(5,730)	(3,314)	(2,331)
Net Income	\$ 23,547	\$ 11,956	\$ 4,338
Net income attributable to noncontrolling interests	\$ 12,050	\$ 2,331	\$ 119
Net income attributable to Verizon	11,497	9,625	4,219
Net Income	\$ 23,547	\$ 11,956	\$ 4,338
Basic Earnings per Common Share			
Net income attributable to Verizon	\$ 4.01	\$ 2.42	\$ 1.03
<i>Weighted average number of common shares (in millions)</i>	2,866	3,974	4,116
Diluted Earnings per Common Share ⁽¹⁾			
Net Income attributable to Verizon	\$ 4.00	\$ 2.42	\$ 1.02
<i>Weighted average number of common shares-assuming dilution (in millions)</i>	2,874	3,981	4,121

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	2013				2014			2015
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Operating Revenues	\$ 29,786	\$ 30,279	\$ 31,065	\$ 30,818	\$ 31,483	\$ 31,586	\$ 33,192	\$ 31,984
Operating Expenses								
Cost of services and sales	11,033	10,960	11,962	11,189	12,087	12,252	14,403	12,096
Selling, general & administrative expense	8,047	8,037	2,857	8,332	7,550	8,277	16,857	7,939
Depreciation and amortization expense	4,151	4,154	4,183	4,137	4,161	4,167	4,068	3,989
Total Operating Expenses	23,231	23,151	19,002	23,658	23,798	24,696	35,328	24,024
Operating Income (Loss)	6,555	7,128	12,063	7,160	7,685	6,890	(2,136)	7,960
Equity in earnings (losses) of unconsolidated businesses	120	19	8	1,902	(43)	(48)	(31)	(34)
Other income and (expense), net	25	20	(250)	(894)	66	71	(437)	75
Interest expense	(514)	(555)	(1,061)	(1,214)	(1,164)	(1,255)	(1,282)	(1,332)
Income (Loss) Before (Provision) Benefit for Income Taxes	6,186	6,612	10,760	6,954	6,544	5,658	(3,886)	6,669
(Provision) Benefit for income taxes	(988)	(1,034)	(2,844)	(968)	(2,220)	(1,864)	1,738	(2,331)
Net Income (Loss)	\$ 5,198	\$ 5,578	\$ 7,916	\$ 5,986	\$ 4,324	\$ 3,794	\$ (2,148)	\$ 4,338
Net income attributable to noncontrolling interests	\$ 2,952	\$ 3,346	\$ 2,849	\$ 2,039	\$ 110	\$ 99	\$ 83	\$ 119
Net income (loss) attributable to Verizon	2,246	2,232	5,067	3,947	4,214	3,695	(2,231)	4,219
Net Income (Loss)	\$ 5,198	\$ 5,578	\$ 7,916	\$ 5,986	\$ 4,324	\$ 3,794	\$ (2,148)	\$ 4,338
Basic Earnings (Loss) per Common Share								
Net Income (loss) attributable to Verizon	\$.78	\$.78	\$ 1.77	\$ 1.15	\$ 1.02	\$.89	\$ (.54)	\$ 1.03
Weighted average number of common shares (in millions)	2,865	2,866	2,867	3,425	4,147	4,152	4,157	4,116
Diluted Earnings (Loss) per Common Share⁽¹⁾								
Net Income (loss) attributable to Verizon	\$.78	\$.78	\$ 1.76	\$ 1.15	\$ 1.01	\$.89	\$ (.54)	\$ 1.02
Weighted average number of common shares - assuming dilution (in millions)	2,872	2,874	2,875	3,430	4,153	4,159	4,157	4,121

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)		
	2013	2014	1Q'15
Severance, Pension & Benefit Charges/(Credits)			
Operating expenses	\$ (6,232)	\$ 7,507	\$ -
Gain on Spectrum License Transactions			
Selling, general & administrative expense	\$ (278)	\$ (707)	\$ -
Early Debt Redemption and Other Costs			
Cost of services and sales	\$ -	\$ 27	\$ -
Selling, general & administrative expense	-	307	-
Other income and (expense), net	-	1,461	-
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	685	415	-
Impact of Divested Operations			
Revenues	\$ 599	\$ 256	\$ -
Cost of services and sales	531	239	-
Selling, general & administrative expense	25	5	-
Total Expenses	\$ 556	\$ 244	\$ -

Non-Operational & Other Items

(Pre-tax dollars in millions)

Unaudited	2013			2014			2015	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Severance, Pension & Benefit Charges/(Credits)								
Operating expenses	\$ (237)	\$ -	\$ (5,995)	\$ -	\$ -	\$ -	\$ 7,507	\$ -
Gain on Spectrum License Transactions								
Selling, general & administrative expense	\$ -	\$ (278)	\$ -	\$ -	\$ (707)	\$ -	\$ -	\$ -
Early Debt Redemption and Other Costs								
Cost of services and sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27	\$ -
Selling, general & administrative expense	-	-	-	-	-	-	307	-
Other income and (expense), net	-	-	-	923	-	-	538	-
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	-	-	-	-
Impact of Divested Operations								
Revenues	\$ 129	\$ 157	\$ 133	\$ 128	\$ 128	\$ -	\$ -	\$ -
Cost of services and sales	117	142	108	120	119	-	-	-
Selling, general & administrative expense	4	7	8	2	3	-	-	-
Total Expenses	\$ 121	\$ 149	\$ 116	\$ 122	\$ 122	\$ -	\$ -	\$ -

Condensed Consolidated Balance Sheets

Unaudited	(dollars in millions)		
	12/31/13	12/31/14	3/31/15
Assets			
Current assets			
Cash and cash equivalents	\$ 53,528	\$ 10,598	\$ 4,386
Short-term investments	601	555	547
Accounts receivable, net	12,439	13,993	12,698
Inventories	1,020	1,153	1,076
Assets held for sale	912	552	893
Prepaid expenses and other	2,494	2,772	3,236
Total current assets	70,994	29,623	22,836
Plant, property and equipment	220,865	230,508	210,389
Less accumulated depreciation	131,909	140,561	128,747
	88,956	89,947	81,642
Investments in unconsolidated businesses	3,432	802	762
Wireless licenses	75,747	75,341	75,693
Goodwill	24,634	24,639	23,303
Other intangible assets, net	5,800	5,728	5,779
Non-current assets held for sale	-	-	9,580
Deposit for wireless licenses	-	921	10,430
Other assets	4,535	5,707	5,765
Total Assets	\$ 274,098	\$ 232,708	\$ 235,790
Liabilities and Equity			
Current liabilities			
Debt maturing within one year	\$ 3,933	\$ 2,735	\$ 4,439
Accounts payable and accrued liabilities	16,453	16,680	15,189
Liabilities related to assets held for sale	-	-	572
Other	6,664	8,649	8,513
Total current liabilities	27,050	28,064	28,713
Long-term debt	89,658	110,536	108,949
Employee benefit obligations	27,682	33,280	33,010
Deferred income taxes	28,639	41,578	42,330
Non-current liabilities related to assets held for sale	-	-	943
Other liabilities	5,653	5,574	11,086
Equity			
Common stock	297	424	424
Contributed capital	37,939	11,155	10,391
Reinvested earnings	1,782	2,447	4,422
Accumulated other comprehensive income	2,358	1,111	916
Common stock in treasury, at cost	(3,961)	(3,263)	(7,093)
Deferred compensation - employee stock ownership plans and other	421	424	279
Noncontrolling interests	56,580	1,378	1,420
Total Equity	95,416	13,676	10,759
Total Liabilities and Equity	\$ 274,098	\$ 232,708	\$ 235,790

Verizon - Selected Financial and Operating Statistics

Unaudited	12/31/13	12/31/14	3/31/15
Total debt (\$M)	\$ 93,591	\$ 113,271	\$ 113,388
Net debt (\$M)	\$ 40,063	\$ 102,673	\$ 109,002
Net debt / Adjusted EBITDA		2.4x	2.5x
Common shares outstanding end of period (M)	2,862	4,155	4,078
Total employees	176,800	177,300	176,200
Cash dividends declared per common share	\$ 2.090	\$ 2.160	\$.550

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

Condensed Consolidated Balance Sheets

(dollars in millions)

Unaudited	6/30/13	9/30/13	12/31/13	3/31/14	6/30/14	9/30/14	12/31/14	3/31/15
Assets								
Current assets								
Cash and cash equivalents	\$ 1,788	\$ 56,710	\$ 53,528	\$ 2,907	\$ 5,776	\$ 7,218	\$ 10,598	\$ 4,386
Short-term investments	618	631	601	637	648	635	555	547
Accounts receivable, net	12,216	12,111	12,439	12,131	12,966	13,283	13,993	12,698
Inventories	1,040	1,193	1,020	881	1,073	1,206	1,153	1,076
Assets held for sale	2,338	-	912	4,162	14	317	552	893
Prepaid expenses and other	3,957	3,060	2,494	2,554	2,410	2,114	2,772	3,236
Total current assets	21,957	73,705	70,994	23,272	22,887	24,773	29,623	22,836
Plant, property and equipment								
Less accumulated depreciation	215,224	218,336	220,865	223,841	227,475	230,452	230,508	210,389
	126,892	129,809	131,909	134,785	137,763	140,520	140,561	128,747
	88,332	88,527	88,956	89,056	89,712	89,932	89,947	81,642
Investments in unconsolidated businesses	3,319	3,423	3,432	889	852	818	802	762
Wireless licenses	75,825	76,503	75,747	72,713	75,270	75,303	75,341	75,693
Goodwill	24,336	24,339	24,634	24,647	24,663	24,617	24,639	23,303
Other intangible assets, net	5,776	5,732	5,800	5,839	5,781	5,738	5,728	5,779
Non-current assets held for sale	-	-	-	-	-	-	-	9,580
Deposit for wireless licenses	-	-	-	-	-	-	921	10,430
Other assets	3,801	4,446	4,535	5,146	5,262	5,112	5,707	5,765
Total Assets	\$ 223,346	\$ 276,675	\$ 274,098	\$ 221,562	\$ 224,427	\$ 226,293	\$ 232,708	\$ 235,790
Liabilities and Equity								
Current liabilities								
Debt maturing within one year	\$ 7,961	\$ 8,202	\$ 3,933	\$ 2,152	\$ 2,283	\$ 1,603	\$ 2,735	\$ 4,439
Accounts payable and accrued liabilities	14,671	15,622	16,453	14,984	16,521	17,055	16,680	15,189
Liabilities related to assets held for sale	-	-	-	-	-	-	-	572
Other	6,559	6,467	6,664	8,217	7,689	8,231	8,649	8,513
Total current liabilities	29,191	30,291	27,050	25,353	26,493	26,889	28,064	28,713
Long-term debt								
Employee benefit obligations	41,791	90,938	89,658	107,617	107,696	107,627	110,536	108,949
Deferred income taxes	33,835	33,738	27,682	26,977	26,342	25,770	33,280	33,010
Non-current liabilities related to assets held for sale	25,696	25,821	28,639	41,597	42,027	42,289	41,578	42,330
Other liabilities	-	-	-	-	-	-	-	943
	5,677	5,622	5,653	6,167	5,857	5,750	5,574	11,086
Equity								
Common stock	297	297	297	424	424	424	424	424
Contributed capital	37,895	37,918	37,939	10,976	11,038	11,089	11,155	10,391
Reinvested earnings (Accumulated deficit)	(2,483)	(1,768)	1,782	3,534	5,551	6,964	2,447	4,422
Accumulated other comprehensive income	1,994	2,118	2,358	1,290	1,188	1,175	1,111	916
Common stock in treasury, at cost	(3,974)	(3,970)	(3,961)	(3,794)	(3,638)	(3,465)	(3,263)	(7,093)
Deferred compensation - employee stock ownership plans and other	332	390	421	281	338	390	424	279
Noncontrolling interests	53,095	55,280	56,580	1,140	1,111	1,391	1,378	1,420
Total Equity	87,156	90,265	95,416	13,851	16,012	17,968	13,676	10,759
Total Liabilities and Equity	\$ 223,346	\$ 276,675	\$ 274,098	\$ 221,562	\$ 224,427	\$ 226,293	\$ 232,708	\$ 235,790

Verizon - Selected Financial and Operating Statistics

Unaudited	6/30/13	9/30/13	12/31/13	3/31/14	6/30/14	9/30/14	12/31/14	3/31/15
Total debt (\$M)	\$ 49,752	\$ 99,140	\$ 93,591	\$ 109,769	\$ 109,979	\$ 109,230	\$ 113,271	\$ 113,388
Net debt (\$M)	\$ 47,964	\$ 42,430	\$ 40,063	\$ 106,862	\$ 104,203	\$ 102,012	\$ 102,673	\$ 109,002
Net debt / Adjusted EBITDA				2.5x	2.4x	2.3x	2.4x	2.5x
Common shares outstanding end of period (M)	2,862	2,862	2,862	4,141	4,145	4,150	4,155	4,078
Total employees	180,900	178,300	176,800	176,900	177,800	178,500	177,300	176,200
Cash dividends declared per common share	\$.515	\$.530	\$.530	\$.530	\$.530	\$.550	\$.550	\$.550

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 12/31/13	12 Months Ended 12/31/14	3 Months Ended 3/31/15
Cash Flows From Operating Activities			
Net Income	\$ 23,547	\$ 11,956	\$ 4,338
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	16,606	16,533	3,989
Employee retirement benefits	(5,052)	8,130	284
Deferred income taxes	5,785	(92)	823
Provision for uncollectible accounts	993	1,095	383
Equity in (earnings) losses of unconsolidated businesses, net of dividends received	(102)	(1,743)	44
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	(5)	(2,160)	(888)
Other, net	(2,954)	(3,088)	1,196
Net cash provided by operating activities	<u>38,818</u>	<u>30,631</u>	<u>10,169</u>
Cash Flows From Investing Activities			
Capital expenditures (including capitalized software)	(16,604)	(17,191)	(3,665)
Acquisitions of investments and businesses, net of cash acquired	(494)	(182)	(2)
Acquisitions of wireless licenses	(580)	(354)	(9,555)
Proceeds from dispositions of wireless licenses	2,111	2,367	-
Proceeds from dispositions of businesses	-	120	-
Other, net	734	(616)	46
Net cash used in investing activities	<u>(14,833)</u>	<u>(15,856)</u>	<u>(13,176)</u>
Cash Flows From Financing Activities			
Proceeds from long-term borrowings	49,166	30,967	6,497
Repayments of long-term borrowings and capital lease obligations	(8,163)	(17,669)	(5,576)
Increase (decrease) in short-term obligations, excluding current maturities	(142)	(475)	482
Dividends paid	(5,936)	(7,803)	(2,153)
Proceeds from sale of common stock	85	34	-
Purchase of common stock for treasury	(153)	-	(5,000)
Special distribution to noncontrolling interest	(3,150)	-	-
Acquisition of noncontrolling interest	-	(58,886)	-
Other, net	(5,257)	(3,873)	2,545
Net cash provided by (used in) financing activities	<u>26,450</u>	<u>(57,705)</u>	<u>(3,205)</u>
Increase (decrease) in cash and cash equivalents	<u>50,435</u>	<u>(42,930)</u>	<u>(6,212)</u>
Cash and cash equivalents, beginning of period	<u>3,093</u>	<u>53,528</u>	<u>10,598</u>
Cash and cash equivalents, end of period	<u>\$ 53,528</u>	<u>\$ 10,598</u>	<u>\$ 4,386</u>

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	6 Months Ended 6/30/13	9 Months Ended 9/30/13	12 Months Ended 12/31/13	3 Months Ended 3/31/14	6 Months Ended 6/30/14	9 Months Ended 9/30/14	12 Months Ended 12/31/14	3 Months Ended 3/31/15
Cash Flows From Operating Activities								
Net Income	\$ 10,053	\$ 15,631	\$ 23,547	\$ 5,986	\$ 10,310	\$ 14,104	\$ 11,956	\$ 4,338
Adjustments to reconcile net income to net cash provided by operating activities:								
Depreciation and amortization expense	8,269	12,423	16,606	4,137	8,298	12,465	16,533	3,989
Employee retirement benefits	354	649	(5,052)	281	562	843	8,130	284
Deferred income taxes	1,812	3,011	5,785	(155)	253	914	(92)	823
Provision for uncollectible accounts	507	746	993	231	473	684	1,095	383
Equity in (earnings) losses of unconsolidated businesses, net of dividends received	(95)	(100)	(102)	(1,894)	(1,841)	(1,785)	(1,743)	44
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	(1,660)	(1,078)	(5)	(1,626)	(847)	(816)	(2,160)	(888)
Other, net	(2,092)	(2,895)	(2,954)	179	(2,404)	(3,252)	(3,088)	1,196
Net cash provided by operating activities	17,148	28,387	38,818	7,139	14,804	23,157	30,631	10,169
Cash Flows From Investing Activities								
Capital expenditures (including capitalized software)	(7,616)	(11,807)	(16,604)	(4,150)	(8,494)	(12,624)	(17,191)	(3,665)
Acquisitions of investments and businesses, net of cash acquired	(76)	(81)	(494)	(157)	(179)	(180)	(182)	(2)
Acquisitions of wireless licenses	(264)	(430)	(580)	(213)	(271)	(343)	(354)	(9,555)
Proceeds from dispositions of wireless licenses	-	2,111	2,111	-	2,367	2,367	2,367	-
Proceeds from dispositions of businesses	-	-	-	-	-	120	120	-
Other, net	121	184	734	(11)	231	230	(616)	46
Net cash used in investing activities	(7,835)	(10,023)	(14,833)	(4,531)	(6,346)	(10,430)	(15,856)	(13,176)
Cash Flows From Financing Activities								
Proceeds from long-term borrowings	499	49,166	49,166	16,952	20,245	21,575	30,967	6,497
Repayments of long-term borrowings and capital lease obligations	(2,330)	(2,392)	(8,163)	(7,951)	(11,317)	(12,594)	(17,669)	(5,576)
Increase (decrease) in short-term obligations, excluding current maturities	(432)	(324)	(142)	252	279	(426)	(475)	482
Dividends paid	(2,946)	(4,420)	(5,936)	(1,517)	(3,583)	(5,653)	(7,803)	(2,153)
Proceeds from sale of common stock	74	76	85	34	34	34	34	-
Purchase of common stock for treasury	(153)	(153)	(153)	-	-	-	-	(5,000)
Special distribution to noncontrolling interest	(3,150)	(3,150)	(3,150)	-	-	-	-	-
Acquisition of noncontrolling interest	-	-	-	(58,886)	(58,886)	(58,886)	(58,886)	-
Other, net	(2,180)	(3,550)	(5,257)	(2,113)	(2,982)	(3,087)	(3,873)	2,545
Net cash provided by (used in) financing activities	(10,618)	35,253	26,450	(53,229)	(56,210)	(59,037)	(57,705)	(3,205)
Increase (decrease) in cash and cash equivalents	(1,305)	53,617	50,435	(50,621)	(47,752)	(46,310)	(42,930)	(6,212)
Cash and cash equivalents, beginning of period	3,093	3,093	3,093	53,528	53,528	53,528	53,528	10,598
Cash and cash equivalents, end of period	\$ 1,788	\$ 56,710	\$ 53,528	\$ 2,907	\$ 5,776	\$ 7,218	\$ 10,598	\$ 4,386

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



WIRELESS

Wireless - Selected Financial Results

	(dollars in millions)							
Unaudited	2013			2014			2015	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Operating Revenues								
Retail service	\$ 16,422	\$ 16,776	\$ 16,967	\$ 17,246	\$ 17,288	\$ 17,556	\$ 17,411	\$ 17,143
Other service	656	740	744	741	790	800	798	771
Service	17,078	17,516	17,711	17,987	18,078	18,356	18,209	17,914
Equipment	1,953	1,924	2,421	1,870	2,387	2,480	4,222	3,373
Other	945	959	993	1,022	1,018	999	1,018	1,041
Total Operating Revenues	19,976	20,399	21,125	20,879	21,483	21,835	23,449	22,328
Operating Expenses								
Cost of services and sales	5,799	5,652	6,546	5,856	6,742	7,043	9,184	6,959
Selling, general & administrative expense	5,666	5,801	6,261	5,644	5,649	5,698	6,611	5,369
Depreciation and amortization expense	2,047	2,060	2,089	2,061	2,107	2,139	2,152	2,190
Total Operating Expenses	13,512	13,513	14,896	13,561	14,498	14,880	17,947	14,518
Operating Income	\$ 6,464	\$ 6,886	\$ 6,229	\$ 7,318	\$ 6,985	\$ 6,955	\$ 5,502	\$ 7,810
Operating Income Margin	32.4%	33.8%	29.5%	35.0%	32.5%	31.9%	23.5%	35.0%
Segment EBITDA	\$ 8,511	\$ 8,946	\$ 8,318	\$ 9,379	\$ 9,092	\$ 9,094	\$ 7,654	\$ 10,000
Segment EBITDA Margin	42.6%	43.9%	39.4%	44.9%	42.3%	41.6%	32.6%	44.8%
Segment EBITDA Service Margin	49.8%	51.1%	47.0%	52.1%	50.3%	49.5%	42.0%	55.8%

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	2013			2014			2015	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Connections ('000)								
Retail postpaid	94,271	95,185	96,752	97,273	98,593	100,103	102,079	102,637
Retail prepaid	5,853	5,965	6,047	6,057	6,044	6,053	6,132	5,945
Retail	100,124	101,150	102,799	103,330	104,637	106,156	108,211	108,582
Net Add Detail ('000) ⁽¹⁾								
Retail postpaid	941	927	1,573	539	1,441	1,516	1,986	565
Retail prepaid	97	134	80	10	(14)	9	81	(188)
Retail	1,038	1,061	1,653	549	1,427	1,525	2,067	377
Account Statistics								
Retail postpaid accounts ('000)	34,958	34,972	35,083	35,061	35,186	35,435	35,616	35,516
Retail postpaid ARPA	\$ 152.50	\$ 155.74	\$ 157.21	\$ 159.67	\$ 159.73	\$ 161.24	\$ 158.82	\$ 156.14
Retail postpaid connections per account	2.70	2.72	2.76	2.77	2.80	2.82	2.87	2.89
Churn Detail								
Retail postpaid	0.93%	0.97%	0.96%	1.07%	0.94%	1.00%	1.14%	1.03%
Retail	1.23%	1.28%	1.27%	1.37%	1.25%	1.29%	1.39%	1.33%
Retail Postpaid Connection Statistics								
Total Smartphone postpaid % of phones activated	84.4%	84.9%	88.9%	90.1%	90.8%	91.0%	93.6%	91.4%
Total Smartphone postpaid phone base	64.4%	67.2%	70.0%	72.3%	74.6%	76.5%	78.6%	79.9%
Total Internet postpaid base	9.9%	10.2%	10.7%	11.3%	12.3%	13.1%	14.1%	14.8%
Other Operating Statistics								
Capital expenditures (\$M)	\$ 2,278	\$ 2,450	\$ 2,705	\$ 2,554	\$ 2,771	\$ 2,483	\$ 2,707	\$ 2,419

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.



WIRELIN

Wireline - Selected Financial Results

(dollars in millions)

Unaudited	2013			2014				2015
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Operating Revenues								
Consumer retail	\$ 3,669	\$ 3,735	\$ 3,822	\$ 3,840	\$ 3,864	\$ 3,902	\$ 3,977	\$ 3,992
Small business	635	639	629	624	621	613	606	600
Mass Markets	4,304	4,374	4,451	4,464	4,485	4,515	4,583	4,592
Strategic services	2,004	2,048	2,081	2,071	2,075	2,067	2,111	2,048
Core	1,509	1,485	1,445	1,400	1,369	1,308	1,248	1,215
Global Enterprise	3,513	3,533	3,526	3,471	3,444	3,375	3,359	3,263
Global Wholesale	1,654	1,623	1,593	1,583	1,562	1,544	1,501	1,524
Other	134	127	142	144	140	142	117	90
Total Operating Revenues	9,605	9,657	9,712	9,662	9,631	9,576	9,560	9,469
Operating Expenses								
Cost of services and sales	5,290	5,342	5,471	5,339	5,342	5,325	5,326	5,287
Selling, general & administrative expense	2,164	2,094	2,054	2,149	2,031	2,048	1,952	2,031
Depreciation and amortization expense	2,085	2,074	2,073	2,033	2,005	1,978	1,866	1,746
Total Operating Expenses	9,539	9,510	9,598	9,521	9,378	9,351	9,144	9,064
Operating Income	\$ 66	\$ 147	\$ 114	\$ 141	\$ 253	\$ 225	\$ 416	\$ 405
Operating Income Margin	0.7%	1.5%	1.2%	1.5%	2.6%	2.3%	4.4%	4.3%
Segment EBITDA	\$ 2,151	\$ 2,221	\$ 2,187	\$ 2,174	\$ 2,258	\$ 2,203	\$ 2,282	\$ 2,151
Segment EBITDA Margin	22.4%	23.0%	22.5%	22.5%	23.4%	23.0%	23.9%	22.7%

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

Wireline - Selected Operating Statistics

Unaudited	2013			2014				2015
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Connections ('000)								
FiOS Video Subscribers	5,035	5,170	5,262	5,319	5,419	5,533	5,649	5,739
FiOS Internet Subscribers	5,773	5,946	6,072	6,170	6,309	6,471	6,616	6,749
FiOS Digital Voice residence connections	3,817	4,069	4,248	4,350	4,440	4,514	4,602	4,661
FiOS Digital connections	14,625	15,185	15,582	15,839	16,168	16,518	16,867	17,149
HSI	3,166	3,049	2,943	2,861	2,768	2,675	2,589	2,497
Total Broadband connections	8,939	8,995	9,015	9,031	9,077	9,146	9,205	9,246
Primary residence switched access connections	7,200	6,821	6,481	6,224	6,007	5,794	5,596	5,397
Primary residence connections	11,017	10,890	10,729	10,574	10,447	10,308	10,198	10,058
Total retail residence voice connections	11,583	11,421	11,229	11,048	10,903	10,743	10,615	10,457
Total voice connections	21,828	21,457	21,085	20,733	20,391	20,089	19,795	19,475
Net Add Detail ('000)								
FiOS Video Subscribers	140	135	92	57	100	114	116	90
FiOS Internet Subscribers	161	173	126	98	139	162	145	133
FiOS Digital Voice residence connections	286	252	179	102	90	74	88	59
FiOS Digital connections	587	560	397	257	329	350	349	282
HSI	(116)	(117)	(106)	(82)	(93)	(93)	(86)	(92)
Total Broadband connections	45	56	20	16	46	69	59	41
Primary residence switched access connections	(393)	(379)	(340)	(257)	(217)	(213)	(198)	(199)
Primary residence connections	(107)	(127)	(161)	(155)	(127)	(139)	(110)	(140)
Total retail residence voice connections	(142)	(162)	(192)	(181)	(145)	(160)	(128)	(158)
Total voice connections	(363)	(371)	(372)	(352)	(342)	(302)	(294)	(320)
Revenue Statistics								
FiOS revenues (\$M)	\$ 2,731	\$ 2,823	\$ 2,965	\$ 3,041	\$ 3,125	\$ 3,200	\$ 3,308	\$ 3,352
Strategic services as a % of total Enterprise revenues	57.0%	58.0%	59.0%	59.7%	60.2%	61.2%	62.8%	62.8%
Other Operating Statistics								
Capital expenditures (\$M)	\$ 1,515	\$ 1,518	\$ 1,762	\$ 1,385	\$ 1,345	\$ 1,464	\$ 1,556	\$ 1,077
Wireline employees (K)	84.7	83.6	81.9	80.9	80.6	79.4	76.8	75.5
FiOS Video Open for Sale (K)	14,607	14,824	15,022	15,184	15,372	15,602	15,776	15,931
FiOS Video penetration	34.5%	34.9%	35.0%	35.0%	35.3%	35.5%	35.8%	36.0%
FiOS Internet Open for Sale (K)	14,943	15,167	15,368	15,530	15,722	15,945	16,109	16,264
FiOS Internet penetration	38.6%	39.2%	39.5%	39.7%	40.1%	40.6%	41.1%	41.5%

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, 2015

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.

Consolidated Adjusted Operating Revenues

Verizon Consolidated Adjusted Operating Revenues is a non-GAAP financial measure that management believes is useful to investors and other users of our financial information in evaluating our operating results and understanding operating trends. Consolidated Adjusted Operating Revenues exclude the historical operating revenues associated with a non-strategic Wireline business divested in the third quarter of 2014.

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 (losses) 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 and the impact of divested operations from the calculation of Consolidated EBITDA. Consolidated Adjusted EBITDA margin is calculated by dividing Consolidated Adjusted EBITDA by Consolidated Adjusted Operating Revenues. Management believes that Consolidated Adjusted EBITDA and Consolidated Adjusted EBITDA margin provide additional relevant and useful information to investors and other users of our financial information 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, Wireless Segment EBITDA margin is calculated by dividing Wireless Segment EBITDA by Wireless total operating revenues 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 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 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 from January 1, 2014.

Free Cash Flow and Free Cash Flow Adjusted for Tower Transaction

Free Cash Flow is a non-GAAP financial measure that management believes is 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. Free cash flow as adjusted for the monetization of tower assets (Free Cash Flow Adjusted for Tower Transaction) is a non-GAAP financial measure that management believes is useful to investors and other users of our financial information as an indicator of cash generated by normal business operations. Free Cash Flow Adjusted for Tower Transaction excludes nonrecurring cash proceeds received as a result of a transaction to monetize tower assets that was completed in the first quarter of 2015.

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

Unaudited	(dollars in millions)	
	3 Months Ended 3/31/14	3 Months Ended 3/31/15
Adjusted Operating Revenues - Verizon		
Consolidated Operating Revenues	\$ 30,818	\$ 31,984
Impact of divested operations	(128)	-
Consolidated Adjusted Operating Revenues	<u>\$ 30,690</u>	<u>\$ 31,984</u>
Year over Year growth		4.2%

Unaudited	(dollars in millions)							
	3 Months Ended 6/30/13	3 Months Ended 9/30/13	3 Months Ended 12/31/13	3 Months Ended 3/31/14	3 Months Ended 6/30/14	3 Months Ended 9/30/14	3 Months Ended 12/31/14	3 Months Ended 3/31/15
Adjusted EBITDA - Verizon								
Verizon Consolidated EBITDA								
Consolidated net income (loss)	\$ 5,198	\$ 5,578	\$ 7,916	\$ 5,986	\$ 4,324	\$ 3,794	\$ (2,148)	\$ 4,338
Add/Subtract non-operating items:								
Provision (Benefit) for income taxes	988	1,034	2,844	968	2,220	1,864	(1,738)	2,331
Interest expense	514	555	1,061	1,214	1,164	1,255	1,282	1,332
Other (income) and expense, net	(25)	(20)	250	894	(66)	(71)	437	(75)
Equity in (earnings) losses of unconsolidated businesses	(120)	(19)	(8)	(1,902)	43	48	31	34
Operating Income (Loss)	<u>6,555</u>	<u>7,128</u>	<u>12,063</u>	<u>7,160</u>	<u>7,685</u>	<u>6,890</u>	<u>(2,136)</u>	<u>7,960</u>
Add: Depreciation and amortization expense	4,151	4,154	4,183	4,137	4,161	4,167	4,068	3,989
Consolidated EBITDA	<u>\$ 10,706</u>	<u>\$ 11,282</u>	<u>\$ 16,246</u>	<u>\$ 11,297</u>	<u>\$ 11,846</u>	<u>\$ 11,057</u>	<u>\$ 1,932</u>	<u>\$ 11,949</u>
Add/Subtract non-operational items (before tax):								
Severance, pension & benefit charges (credits)	(237)	-	(5,995)	-	-	-	7,507	-
Gain on spectrum license transactions	-	(278)	-	-	(707)	-	-	-
Impact of divested operations	(8)	(8)	(17)	(6)	(6)	-	-	-
Other non-operational costs	-	-	-	-	-	-	334	-
	(245)	(286)	(6,012)	(6)	(713)	-	7,841	-
Consolidated Adjusted EBITDA	<u>\$ 10,461</u>	<u>\$ 10,996</u>	<u>\$ 10,234</u>	<u>\$ 11,291</u>	<u>\$ 11,133</u>	<u>\$ 11,057</u>	<u>\$ 9,773</u>	<u>\$ 11,949</u>
Consolidated Operating Income Margin				23.2%				24.9%
Consolidated Adjusted EBITDA Margin				36.8%				37.4%

Unaudited	(dollars in millions)							
	6/30/13	9/30/13	12/31/13	3/31/14	6/30/14	9/30/14	12/31/14	3/31/15
Net Debt to Adjusted EBITDA Ratio								
Verizon Net Debt								
Debt maturing within one year	\$ 7,961	\$ 8,202	\$ 3,933	\$ 2,152	\$ 2,283	\$ 1,603	\$ 2,735	\$ 4,439
Long-term debt	41,791	90,938	89,658	107,617	107,696	107,627	110,536	108,949
Total Debt	<u>49,752</u>	<u>99,140</u>	<u>93,591</u>	<u>109,769</u>	<u>109,979</u>	<u>109,230</u>	<u>113,271</u>	<u>113,388</u>
Less: Cash and cash equivalents	1,788	56,710	53,528	2,907	5,776	7,218	10,598	4,386
Net Debt	<u>\$ 47,964</u>	<u>\$ 42,430</u>	<u>\$ 40,063</u>	<u>\$ 106,862</u>	<u>\$ 104,203</u>	<u>\$ 102,012</u>	<u>\$ 102,673</u>	<u>\$ 109,002</u>
Net Debt to Adjusted EBITDA Ratio				2.5x	2.4x	2.3x	2.4x	2.5x

Earnings Per Share Reconciliations

Unaudited	3 Months Ended 3/31/14	3 Months Ended 12/31/14	3 Months Ended 3/31/15
Adjusted EPS - Verizon			
Reported EPS	\$ 1.15	\$ (0.54)	\$ 1.02
Severance, pension & benefit charges	-	1.12	-
Early debt redemption and other costs	0.17	0.13	-
Gain on sale of Omnitel interest	(0.55)	-	-
Wireless transaction costs	0.08	-	-
Adjusted EPS	\$ 0.84	\$ 0.71	\$ 1.02
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

Unaudited	(dollars in millions)	
	3 Months Ended 3/31/14	3 Months Ended 3/31/15
Free Cash Flow - Verizon		
Verizon Free Cash Flow		
Net cash provided by operating activities	\$ 7,139	\$ 10,169
Less: Capital expenditures	4,150	3,665
Free Cash Flow	\$ 2,989	\$ 6,504
Less: Proceeds from monetization of tower assets		2,346
Free Cash Flow adjusted for Tower Transaction		\$ 4,158

Wireless Reconciliations

(dollars in millions)

Unaudited	3 Months Ended 6/30/13	3 Months Ended 9/30/13	3 Months Ended 12/31/13	3 Months Ended 3/31/14	3 Months Ended 6/30/14	3 Months Ended 9/30/14	3 Months Ended 12/31/14	3 Months Ended 3/31/15
Wireless Segment EBITDA								
Operating Income	\$ 6,464	\$ 6,886	\$ 6,229	\$ 7,318	\$ 6,985	\$ 6,955	\$ 5,502	\$ 7,810
Add: Depreciation and amortization expense	2,047	2,060	2,089	2,061	2,107	2,139	2,152	2,190
Wireless Segment EBITDA	\$ 8,511	\$ 8,946	\$ 8,318	\$ 9,379	\$ 9,092	\$ 9,094	\$ 7,654	\$ 10,000
Wireless total operating revenues	\$ 19,976	\$ 20,399	\$ 21,125	\$ 20,879	\$ 21,483	\$ 21,835	\$ 23,449	\$ 22,328
Wireless service revenues	\$ 17,078	\$ 17,516	\$ 17,711	\$ 17,987	\$ 18,078	\$ 18,356	\$ 18,209	\$ 17,914
Wireless Operating Income Margin	32.4%	33.8%	29.5%	35.0%	32.5%	31.9%	23.5%	35.0%
Wireless Segment EBITDA Margin	42.6%	43.9%	39.4%	44.9%	42.3%	41.6%	32.6%	44.8%
Wireless Segment EBITDA Service Margin	49.8%	51.1%	47.0%	52.1%	50.3%	49.5%	42.0%	55.8%

Wireline Reconciliations

(dollars in millions)

Unaudited	3 Months Ended 6/30/13	3 Months Ended 9/30/13	3 Months Ended 12/31/13	3 Months Ended 3/31/14	3 Months Ended 6/30/14	3 Months Ended 9/30/14	3 Months Ended 12/31/14	3 Months Ended 3/31/15
Wireline Segment EBITDA								
Operating Income	\$ 66	\$ 147	\$ 114	\$ 141	\$ 253	\$ 225	\$ 416	\$ 405
Add: Depreciation and amortization expense	2,085	2,074	2,073	2,033	2,005	1,978	1,866	1,746
Wireline Segment EBITDA	\$ 2,151	\$ 2,221	\$ 2,187	\$ 2,174	\$ 2,258	\$ 2,203	\$ 2,282	\$ 2,151
Wireline total operating revenues	\$ 9,605	\$ 9,657	\$ 9,712	\$ 9,662	\$ 9,631	\$ 9,576	\$ 9,560	\$ 9,469
Wireline Operating Income Margin	0.7%	1.5%	1.2%	1.5%	2.6%	2.3%	4.4%	4.3%
Wireline Segment EBITDA Margin	22.4%	23.0%	22.5%	22.5%	23.4%	23.0%	23.9%	22.7%