



Verizon Communications
**Financial and
Operating Information**

As of March 31, 2011

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Condensed Consolidated Statements of Income

(dollars in millions, except per share amounts)

Unaudited	2009	2010
Operating Revenues	\$ 107,808	\$ 106,565
Operating Expenses		
Cost of services and sales	44,579	44,149
Selling, general & administrative expense	30,717	31,366
Depreciation and amortization expense	16,534	16,405
Total Operating Expenses	<u>91,830</u>	<u>91,920</u>
Operating Income	15,978	14,645
Equity in earnings of unconsolidated businesses	553	508
Other income and (expense), net	91	54
Interest expense	(3,102)	(2,523)
Income Before Provision for Income Taxes	<u>13,520</u>	<u>12,684</u>
Provision for income taxes	(1,919)	(2,467)
Net Income	<u>\$ 11,601</u>	<u>\$ 10,217</u>
Net income attributable to noncontrolling interest	\$ 6,707	\$ 7,668
Net income attributable to Verizon	4,894	2,549
Net Income	<u>\$ 11,601</u>	<u>\$ 10,217</u>
Basic Earnings per Share		
Net Income attributable to Verizon	\$ 1.72	\$.90
<i>Weighted average number of common shares (in millions)</i>	2,841	2,830
Diluted Earnings per Share ⁽¹⁾		
Net Income attributable to Verizon	\$ 1.72	\$.90
<i>Weighted average number of common shares-assuming dilution (in millions)</i>	2,841	2,833

Notes:

(1) Diluted Earnings per Share includes the dilutive effect of shares issuable under our stock-based compensation plans.

Historical financial results have been adjusted as appropriate to reflect changes to benefit plan accounting announced by the Company in an 8-K filing on January 21, 2011.

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	2009			2010			2011	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Operating Revenues	\$26,861	\$27,265	\$27,091	\$26,913	\$26,773	\$26,484	\$26,395	\$26,990
Operating Expenses								
Cost of services and sales	10,549	11,066	12,585	10,652	12,216	10,671	10,610	11,229
Selling, general & administrative expense	7,548	8,204	7,311	7,698	9,970	8,407	5,291	7,284
Depreciation and amortization expense	4,092	4,172	4,242	4,122	4,177	4,023	4,083	4,024
Total Operating Expenses	22,189	23,442	24,138	22,472	26,363	23,101	19,984	22,537
Operating Income	4,672	3,823	2,953	4,441	410	3,383	6,411	4,453
Equity in earnings of unconsolidated businesses	128	166	131	133	121	141	113	101
Other income and (expense), net	12	14	13	46	16	(51)	43	36
Interest expense	(787)	(704)	(686)	(680)	(679)	(597)	(567)	(709)
Income Before (Provision) Benefit for Income Taxes	4,025	3,299	2,411	3,940	(132)	2,876	6,000	3,881
(Provision) benefit for income taxes	(690)	(490)	(40)	(1,622)	685	(178)	(1,352)	(617)
Net Income	\$ 3,335	\$ 2,809	\$ 2,371	\$ 2,318	\$ 553	\$ 2,698	\$ 4,648	\$ 3,264
Net income attributable to noncontrolling interest	\$ 1,677	\$ 1,711	\$ 1,754	\$ 1,875	\$ 1,745	\$ 2,039	\$ 2,009	\$ 1,825
Net income (loss) attributable to Verizon	1,658	1,098	617	443	(1,192)	659	2,639	1,439
Net Income	\$ 3,335	\$ 2,809	\$ 2,371	\$ 2,318	\$ 553	\$ 2,698	\$ 4,648	\$ 3,264
Basic Earnings (Loss) per Share								
Net Income (Loss) attributable to Verizon	\$.58	\$.39	\$.22	\$.16	\$ (.42)	\$.23	\$.93	\$.51
<i>Weighted average number of common shares (in millions)</i>	2,841	2,841	2,841	2,836	2,827	2,829	2,829	2,830
Diluted Earnings (Loss) per Share ⁽¹⁾								
Net Income (Loss) attributable to Verizon	\$.58	\$.39	\$.22	\$.16	\$ (.42)	\$.23	\$.93	\$.51
<i>Weighted average number of common shares-assuming dilution (in millions)</i>	2,841	2,841	2,841	2,837	2,827	2,830	2,831	2,834

Notes:

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

Historical financial results have been adjusted as appropriate to reflect changes to benefit plan accounting announced by the Company in an 8-K filing on January 21, 2011.

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)	
	2009	2010
Merger Integration and Acquisition Costs		
Cost of services and sales	\$ 195	\$ 376
Selling, general & administrative expense	442	389
Depreciation and amortization expense	317	102
Other income and (expense), net	2	-
Interest expense	255	-
Access Line Spin-off Related Charges		
Cost of services and sales	\$ 38	\$ 42
Selling, general & administrative expense	415	365
Other income and (expense), net	-	55
Severance, Pension & Benefit Charges		
Cost of services and sales	\$ 1,443	\$ 1,723
Selling, general & administrative expense	1,420	739
Benefit Plan Accounting Change		
Selling, general & administrative expense	\$ (1,423)	\$ 592
Medicare Part D Subsidy Charges		
Provision for income taxes	\$ -	\$ 962
Wireless Data Revenue		
Service revenue	\$ (74)	\$ 226
Equipment & other	(4)	9
Impact of Divested Operations		
Revenues	\$ 5,297	\$ 2,407
Cost of services and sales	1,288	574
Selling, general & administrative expense	1,356	665
Depreciation and amortization expense	884	413
Total Expenses	\$ 3,528	\$ 1,652

Non-Operational & Other Items

(Pre-tax dollars in millions)

Unaudited	2009			2010			2011	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Merger Integration and Acquisition Costs								
Cost of services and sales	\$ 24	\$ 79	\$ 31	\$ 37	\$ 96	\$ 92	\$ 151	\$ -
Selling, general & administrative expense	66	102	134	40	66	42	241	-
Depreciation and amortization expense	91	96	85	28	25	25	24	-
Other income and (expense), net	-	-	-	-	-	-	-	-
Interest expense	47	-	-	-	-	-	-	-
Access Line Spin-off Related Charges								
Cost of services and sales	\$ -	\$ 3	\$ 35	\$ 15	\$ 27	\$ -	\$ -	\$ -
Selling, general & administrative expense	-	59	356	130	168	67	-	-
Other income and (expense), net	-	-	-	-	-	55	-	-
Severance, Pension & Benefit Charges								
Cost of services and sales	\$ -	\$ -	\$ 1,443	\$ -	\$ 1,592	\$ -	\$ 131	\$ -
Selling, general & administrative expense	-	-	1,420	-	641	-	98	-
Benefit Plan Accounting Change								
Selling, general & administrative expense	\$ -	\$ 609	\$ (2,032)	\$ -	\$ 1,663	\$ 1,188	\$ (2,259)	\$ -
Medicare Part D Subsidy Charges								
Provision for income taxes	\$ -	\$ -	\$ -	\$ 962	\$ -	\$ -	\$ -	\$ -
Wireless Data Revenue								
Service revenue	\$ (12)	\$ (19)	\$ (27)	\$ (32)	\$ 258	\$ -	\$ -	\$ -
Equipment & other	-	(3)	-	(1)	10	-	-	-
Impact of Divested Operations								
Revenues	\$ 1,350	\$ 1,331	\$ 1,288	\$ 1,278	\$ 1,129	\$ -	\$ -	\$ -
Cost of services and sales	335	311	321	306	268	-	-	-
Selling, general & administrative expense	328	333	383	352	313	-	-	-
Depreciation and amortization expense	221	227	219	205	208	-	-	-
Total Expenses	\$ 884	\$ 871	\$ 923	\$ 863	\$ 789	\$ -	\$ -	\$ -

Condensed Consolidated Balance Sheets

(dollars in millions)

Unaudited	12/31/09	12/31/10
Assets		
Current assets		
Cash and cash equivalents	\$ 2,009	\$ 6,668
Short-term investments	490	545
Accounts receivable, net	12,573	11,781
Inventories	1,426	1,131
Prepaid expenses and other	5,247	2,223
Total current assets	21,745	22,348
Plant, property and equipment	229,743	211,655
Less accumulated depreciation	137,758	123,944
	91,985	87,711
Investments in unconsolidated businesses	3,118	3,497
Wireless licenses	72,067	72,996
Goodwill	22,472	21,988
Other intangible assets, net	6,764	5,830
Other assets	8,756	5,635
Total Assets	\$ 226,907	\$ 220,005
Liabilities and Equity		
Current liabilities		
Debt maturing within one year	\$ 7,205	\$ 7,542
Accounts payable and accrued liabilities	15,223	15,702
Other	6,708	7,353
Total current liabilities	29,136	30,597
Long-term debt	55,051	45,252
Employee benefit obligations	32,622	28,164
Deferred income taxes	19,190	22,818
Other liabilities	6,765	6,262
Equity		
Common stock	297	297
Contributed capital	40,108	37,922
Reinvested earnings	7,260	4,368
Accumulated other comprehensive income (loss)	(1,372)	1,049
Common stock in treasury, at cost	(5,000)	(5,267)
Deferred compensation - employee stock ownership plans and other	89	200
Noncontrolling interest	42,761	48,343
Total Equity	84,143	86,912
Total Liabilities and Equity	\$ 226,907	\$ 220,005

Verizon - Selected Financial and Operating Statistics

Unaudited	12/31/09	12/31/10
Total debt (\$M)	\$ 62,256	\$ 52,794
Net debt (\$M)	\$ 60,247	\$ 46,126
Net debt / Adjusted EBITDA	1.9x	1.3x
Common shares outstanding end of period (M)	2,836	2,827
Total employees	222,927	194,400
Cash dividends declared per common share	\$ 1.8700	\$ 1.9250

Condensed Consolidated Balance Sheets

(dollars in millions)

Unaudited	6/30/09	9/30/09	12/31/09	3/31/10	6/30/10	9/30/10	12/31/10	3/31/11
Assets								
Current assets								
Cash and cash equivalents	\$ 820	\$ 1,216	\$ 2,009	\$ 3,037	\$ 4,761	\$ 5,394	\$ 6,668	\$ 14,007
Short-term investments	360	474	490	520	464	581	545	723
Accounts receivable, net	12,170	12,489	12,573	11,969	12,058	11,973	11,781	11,028
Inventories	2,775	2,554	1,426	1,113	985	1,010	1,131	1,245
Prepaid expenses and other	5,339	5,290	5,247	5,766	2,793	2,383	2,223	2,920
Total current assets	21,464	22,023	21,745	22,405	21,061	21,341	22,348	29,923
Plant, property and equipment								
Less accumulated depreciation	224,600	226,876	229,743	232,100	235,023	218,122	211,655	211,704
	134,553	136,341	137,758	140,644	143,335	131,138	123,944	123,459
	90,047	90,535	91,985	91,456	91,688	86,984	87,711	88,245
Investments in unconsolidated businesses								
Wireless licenses	3,189	3,432	3,118	3,228	3,363	3,367	3,497	3,732
Goodwill	71,708	71,899	72,067	72,256	72,435	72,719	72,996	73,049
Other intangible assets, net	22,189	22,190	22,472	22,472	22,467	21,933	21,988	21,993
Other assets	7,232	6,948	6,764	6,510	6,324	5,915	5,830	5,655
	8,915	9,077	8,756	8,642	8,501	8,146	5,635	5,511
Total Assets	\$ 224,744	\$ 226,104	\$ 226,907	\$ 226,969	\$ 225,839	\$ 220,405	\$ 220,005	\$ 228,108
Liabilities and Equity								
Current liabilities								
Debt maturing within one year	\$ 5,440	\$ 5,443	\$ 7,205	\$ 7,129	\$ 7,874	\$ 5,810	\$ 7,542	\$ 11,823
Accounts payable and accrued liabilities	14,685	14,643	15,223	14,569	16,905	16,092	15,702	13,810
Other	6,243	7,219	6,708	6,365	7,055	6,865	7,353	7,114
Total current liabilities	26,368	27,305	29,136	28,063	31,834	28,767	30,597	32,747
Long-term debt								
Employee benefit obligations	59,469	57,374	55,051	54,424	49,594	47,360	45,252	49,374
Deferred income taxes	32,162	32,449	32,622	31,770	34,098	34,576	28,164	27,543
Other liabilities	17,651	18,326	19,190	21,532	20,529	20,575	22,818	23,578
	6,442	6,610	6,765	6,773	6,592	6,414	6,262	6,002
Equity								
Common stock	297	297	297	297	297	297	297	297
Contributed capital	40,102	40,100	40,108	40,108	40,108	37,921	37,922	37,914
Reinvested earnings	8,242	7,989	7,260	6,360	3,825	3,106	4,368	4,427
Accumulated other comprehensive income (loss)	(1,388)	(999)	(1,372)	(1,389)	(1,130)	(232)	1,049	1,293
Common stock in treasury, at cost	(4,836)	(4,834)	(5,000)	(5,277)	(5,277)	(5,276)	(5,267)	(5,189)
Deferred compensation - employee stock ownership plans and other	86	91	89	118	150	190	200	246
Noncontrolling interest	40,149	41,396	42,761	44,190	45,219	46,707	48,343	49,876
Total Equity	82,652	84,040	84,143	84,407	83,192	82,713	86,912	88,864
Total Liabilities and Equity	\$ 224,744	\$ 226,104	\$ 226,907	\$ 226,969	\$ 225,839	\$ 220,405	\$ 220,005	\$ 228,108

Verizon - Selected Financial and Operating Statistics

Unaudited	6/30/09	9/30/09	12/31/09	3/31/10	6/30/10	9/30/10	12/31/10	3/31/11
Total debt (\$M)	\$ 64,909	\$ 62,817	\$ 62,256	\$ 61,553	\$ 57,468	\$ 53,170	\$ 52,794	\$ 61,197
Net debt (\$M)	\$ 64,089	\$ 61,601	\$ 60,247	\$ 58,516	\$ 52,707	\$ 47,776	\$ 46,126	\$ 47,190
Net debt / Adjusted EBITDA	-	-	1.9x	1.8x	1.6x	1.4x	1.3x	1.4x
Common shares outstanding end of period (M)	2,841	2,841	2,836	2,827	2,827	2,827	2,827	2,829
Total employees	235,326	230,340	222,927	217,100	210,800	195,100	194,400	196,200
Cash dividends declared per common share	\$.4600	\$.4750	\$.4750	\$.4750	\$.4750	\$.4875	\$.4875	\$.4875

Condensed Consolidated Statements of Cash Flows

(dollars in millions)

Unaudited	12 Mos. Ended 12/31/09	12 Mos. Ended 12/31/10
Cash Flows From Operating Activities		
Net Income	\$ 11,601	\$ 10,217
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	16,534	16,405
Employee retirement benefits	2,964	3,988
Deferred income taxes	2,093	3,233
Provision for uncollectible accounts	1,306	1,246
Equity in earnings of unconsolidated businesses, net of dividends received	389	2
Changes in current assets and liabilities, net of effects from acquisition/ disposition of businesses	(2,511)	202
Other, net	(986)	(1,930)
Net cash provided by operating activities	<u>31,390</u>	<u>33,363</u>
Cash Flows From Investing Activities		
Capital expenditures (including capitalized software)	(16,872)	(16,458)
Acquisitions of licenses, investments and business, net of cash acquired	(5,958)	(1,438)
Proceeds from dispositions	-	2,594
Net change in short-term investments	84	(3)
Other, net	(410)	251
Net cash used in investing activities	<u>(23,156)</u>	<u>(15,054)</u>
Cash Flows From Financing Activities		
Proceeds from long-term borrowings	12,040	-
Repayments of long-term borrowings and capital lease obligations	(19,260)	(8,136)
Decrease in short-term obligations, excluding current maturities	(1,652)	(1,097)
Dividends paid	(5,271)	(5,412)
Proceeds from access line spin-off	-	3,083
Other, net	(1,864)	(2,088)
Net cash used in financing activities	<u>(16,007)</u>	<u>(13,650)</u>
Increase (decrease) in cash and cash equivalents	<u>(7,773)</u>	<u>4,659</u>
Cash and cash equivalents, beginning of period	<u>9,782</u>	<u>2,009</u>
Cash and cash equivalents, end of period	<u>\$ 2,009</u>	<u>\$ 6,668</u>

Condensed Consolidated Statements of Cash Flows

	(dollars in millions)							
Unaudited	6 Months Ended 6/30/09	9 Months Ended 9/30/09	12 Months Ended 12/31/09	3 Months Ended 3/31/10	6 Months Ended 6/30/10	9 Months Ended 9/30/10	12 Months Ended 12/31/10	3 Months Ended 3/31/11
Cash Flows From Operating Activities								
Net Income	\$ 6,421	\$ 9,230	\$ 11,601	\$ 2,318	\$ 2,871	\$ 5,569	\$ 10,217	\$ 3,264
Adjustments to reconcile net income to net cash provided by operating activities:								
Depreciation and amortization expense	8,120	12,292	16,534	4,122	8,299	12,322	16,405	4,024
Employee retirement benefits	1,242	2,472	2,964	543	3,988	5,710	3,988	373
Deferred income taxes	1,335	2,627	2,093	2,445	775	1,611	3,233	790
Provision for uncollectible accounts	643	917	1,306	371	680	922	1,246	270
Equity in earnings of unconsolidated businesses, net of dividends received	173	21	389	(120)	(227)	82	2	(86)
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	(2,070)	(2,337)	(2,511)	(1,043)	1,502	640	202	(2,070)
Other, net	(1,815)	(2,235)	(986)	(1,552)	(1,081)	(1,742)	(1,930)	(1,530)
Net cash provided by operating activities	14,049	22,987	31,390	7,084	16,807	25,114	33,363	5,035
Cash Flows From Investing Activities								
Capital expenditures (including capitalized software)	(8,006)	(12,319)	(16,872)	(3,423)	(7,619)	(11,744)	(16,458)	(4,363)
Acquisitions of licenses, investments and business, net of cash acquired	(5,367)	(5,627)	(5,958)	(274)	(538)	(1,027)	(1,438)	(104)
Proceeds from dispositions	-	-	-	-	2,594	2,594	2,594	-
Net change in short-term investments	119	78	84	(40)	(17)	(34)	(3)	24
Other, net	64	51	(410)	114	37	151	251	68
Net cash used in investing activities	(13,190)	(17,817)	(23,156)	(3,623)	(5,543)	(10,060)	(15,054)	(4,375)
Cash Flows From Financing Activities								
Proceeds from long-term borrowings	12,040	12,040	12,040	-	-	-	-	6,440
Repayments of long-term borrowings and capital lease obligations	(18,173)	(18,966)	(19,260)	(519)	(4,594)	(7,941)	(8,136)	(552)
Increase (decrease) in short-term obligations, excluding current maturities	(103)	(1,454)	(1,652)	(97)	(97)	(1,097)	(1,097)	2,384
Dividends paid	(2,614)	(3,920)	(5,271)	(1,347)	(2,690)	(4,034)	(5,412)	(1,379)
Proceeds from sale of common stock	-	-	-	-	-	-	-	70
Proceeds from access line spin-off	-	-	-	-	-	3,083	3,083	-
Other, net	(971)	(1,436)	(1,864)	(470)	(1,131)	(1,680)	(2,088)	(284)
Net cash provided by (used in) financing activities	(9,821)	(13,736)	(16,007)	(2,433)	(8,512)	(11,669)	(13,650)	6,679
Increase (decrease) in cash and cash equivalents	(8,962)	(8,566)	(7,773)	1,028	2,752	3,385	4,659	7,339
Cash and cash equivalents, beginning of period	9,782	9,782	9,782	2,009	2,009	2,009	2,009	6,668
Cash and cash equivalents, end of period	\$ 820	\$ 1,216	\$ 2,009	\$ 3,037	\$ 4,761	\$ 5,394	\$ 6,668	\$ 14,007



Verizon Wireless

Verizon Wireless – Selected Financial Results

(dollars in millions)

Unaudited	2009			2010			2011	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Revenues								
Retail service	\$ 12,644	\$ 12,833	\$ 12,854	\$ 13,034	\$ 13,282	\$ 13,479	\$ 13,513	\$ 13,674
Other service	345	316	329	432	520	689	680	637
Service	12,989	13,149	13,183	13,466	13,802	14,168	14,193	14,311
Equipment	1,156	1,300	1,259	992	1,024	1,276	1,126	1,689
Other	884	882	833	854	871	806	829	881
Total Revenues	15,029	15,331	15,275	15,312	15,697	16,250	16,148	16,881
Operating Expenses								
Cost of services and sales	4,723	4,929	5,144	4,675	4,736	5,017	4,817	5,880
Selling, general & administrative expense	4,331	4,399	4,253	4,492	4,451	4,543	4,596	4,751
Depreciation and amortization expense	1,727	1,758	1,796	1,812	1,827	1,836	1,881	1,899
Total Operating Expenses	10,781	11,086	11,193	10,979	11,014	11,396	11,294	12,530
Operating Income	\$ 4,248	\$ 4,245	\$ 4,082	\$ 4,333	\$ 4,683	\$ 4,854	\$ 4,854	\$ 4,351
Operating Income Margin	28.3%	27.7%	26.7%	28.3%	29.8%	29.9%	30.1%	25.8%
Segment EBITDA	\$ 5,975	\$ 6,003	\$ 5,878	\$ 6,145	\$ 6,510	\$ 6,690	\$ 6,735	\$ 6,250
Segment EBITDA Service Margin	46.0%	45.7%	44.6%	45.6%	47.2%	47.2%	47.5%	43.7%

Footnotes:

The segment financial results and metrics above are adjusted to exclude the effects of non-recurring or 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.

Verizon Wireless – Selected Operating Statistics

Unaudited	2009			2010				2011
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Connections (000)								
Retail postpaid	78,395	79,371	80,495	80,912	81,573	82,257	83,125	84,031
Retail prepaid	4,877	4,897	4,950	4,803	4,603	4,477	4,410	4,383
Retail	83,272	84,268	85,445	85,715	86,176	86,734	87,535	88,414
Wholesale & other connections	9,948	10,093	11,050	12,304	13,560	14,361	14,711	15,608
Total connections	93,220	94,361	96,495	98,019	99,736	101,095	102,246	104,022
Net Add Detail ⁽¹⁾ (000)								
Retail postpaid	1,044	901	1,106	412	661	584	872	906
Retail prepaid	48	15	51	(146)	(200)	(137)	(69)	(27)
Retail	1,092	916	1,157	266	461	447	803	879
Wholesale & other connections	(255)	112	958	1,240	1,161	801	338	897
Total connections	837	1,028	2,115	1,506	1,622	1,248	1,141	1,776
Churn Detail								
Retail postpaid	1.00%	1.12%	1.05%	1.05%	0.93%	1.07%	1.01%	1.01%
Retail	1.34%	1.46%	1.40%	1.42%	1.31%	1.43%	1.37%	1.33%
Revenue & ARPU Statistics								
Total data revenues (\$M)	\$ 3,807	\$ 4,007	\$ 4,198	\$ 4,464	\$ 4,756	\$ 5,062	\$ 5,268	\$ 5,458
Retail postpaid data ARPU	\$ 15.44	\$ 16.18	\$ 16.69	\$ 17.49	\$ 18.45	\$ 19.21	\$ 19.91	\$ 20.51
Total data as a % of service revenues	29.3%	30.5%	31.8%	33.2%	34.5%	35.7%	37.1%	38.1%
Retail service ARPU	\$ 50.97	\$ 51.05	\$ 50.59	\$ 50.78	\$ 51.53	\$ 51.95	\$ 51.79	\$ 51.88
Retail postpaid ARPU	\$ 52.36	\$ 52.56	\$ 52.17	\$ 52.36	\$ 53.12	\$ 53.61	\$ 53.45	\$ 53.52
Retail Postpaid Connection Statistics								
Smartphone sales as a % of total phones				35.6%	39.5%	42.8%	49.3%	60.0%
% smartphone phone base				18.6%	21.3%	24.4%	28.0%	32.2%
% Internet base				6.3%	6.5%	6.7%	7.0%	7.3%
Other Operating Statistics								
Capital expenditures (\$M)	\$ 1,783	\$ 1,800	\$ 2,018	\$ 1,770	\$ 2,262	\$ 2,173	\$ 2,233	\$ 2,735

Footnotes:

(1) Connection net additions exclude acquisitions and adjustments.

The segment financial results and metrics above are adjusted to exclude the effects of non-recurring or 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.



Wireline

Wireline – Selected Financial Results

Unaudited	2009			2010			(dollars in millions)	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	2011 1Q
Operating Revenues								
Consumer retail	\$ 3,294	\$ 3,327	\$ 3,333	\$ 3,320	\$ 3,350	\$ 3,364	\$ 3,385	\$ 3,383
Small business	737	720	714	708	720	709	700	695
Mass Markets	4,031	4,047	4,047	4,028	4,070	4,073	4,085	4,078
Strategic services	1,533	1,561	1,606	1,573	1,620	1,674	1,735	1,774
Other	2,247	2,308	2,214	2,206	2,199	2,167	2,142	2,042
Global Enterprise	3,780	3,869	3,820	3,779	3,819	3,841	3,877	3,816
Global Wholesale	2,389	2,396	2,381	2,299	2,192	2,157	2,098	2,042
Other	363	355	333	269	196	215	229	211
Total Operating Revenues	10,563	10,667	10,581	10,375	10,277	10,286	10,289	10,147
Operating Expenses								
Cost of services and sales	5,572	5,851	5,728	5,741	5,611	5,658	5,608	5,462
Selling, general & administrative expense	2,517	2,407	2,468	2,450	2,359	2,296	2,267	2,290
Depreciation and amortization expense	2,039	2,075	2,126	2,063	2,100	2,145	2,161	2,107
Total Operating Expenses	10,128	10,333	10,322	10,254	10,070	10,099	10,036	9,859
Operating Income	\$ 435	\$ 334	\$ 259	\$ 121	\$ 207	\$ 187	\$ 253	\$ 288
Operating Income Margin	4.1%	3.1%	2.4%	1.2%	2.0%	1.8%	2.5%	2.8%
Segment EBITDA	\$ 2,474	\$ 2,409	\$ 2,385	\$ 2,184	\$ 2,307	\$ 2,332	\$ 2,414	\$ 2,395
Segment EBITDA Margin	23.4%	22.6%	22.5%	21.1%	22.4%	22.7%	23.5%	23.6%

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.

Wireline – Selected Operating Statistics

Unaudited	2009			2010			2011	
	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q
Connections (000)								
FiOS TV Subscribers	2,414	2,601	2,750	2,914	3,086	3,290	3,472	3,664
FiOS Internet Subscribers	2,942	3,136	3,286	3,466	3,659	3,885	4,082	4,289
FiOS Digital Voice residence connections	3	6	19	93	346	672	817	977
FiOS Digital connections	5,359	5,743	6,055	6,473	7,091	7,847	8,371	8,930
HSI and other	5,122	4,983	4,874	4,775	4,620	4,454	4,310	4,201
Total Broadband connections	8,063	8,119	8,160	8,241	8,279	8,340	8,392	8,490
Primary residence switched access connections	14,388	14,024	13,643	13,258	12,739	12,153	11,757	11,359
Primary residence connections	14,391	14,030	13,662	13,351	13,085	12,825	12,574	12,336
Total retail residence voice connections	15,828	15,394	14,965	14,587	14,252	13,919	13,616	13,327
Total voice connections	29,797	29,003	28,323	27,719	27,138	26,544	26,001	25,454
Net Add Detail (000)								
FiOS TV Subscribers	284	187	149	164	172	204	182	192
FiOS Internet Subscribers	289	194	150	180	193	226	197	207
FiOS Digital Voice residence connections	1	3	13	74	253	326	145	160
FiOS Digital connections	574	384	312	418	618	756	524	559
HSI and other	(121)	(139)	(109)	(99)	(155)	(166)	(144)	(109)
Total Broadband connections	167	56	41	81	38	61	52	98
Primary residence switched access connections	(357)	(364)	(381)	(385)	(519)	(586)	(396)	(398)
Primary residence connections	(356)	(361)	(368)	(311)	(266)	(260)	(251)	(238)
Total retail residence voice connections	(424)	(434)	(429)	(378)	(335)	(333)	(303)	(289)
Total voice connections	(748)	(794)	(680)	(604)	(581)	(594)	(543)	(547)
Revenue & ARPU Statistics								
Consumer ARPU	\$ 75.35	\$ 78.04	\$ 80.23	\$ 81.93	\$ 84.48	\$ 86.55	\$ 88.85	\$ 90.55
FiOS revenues (\$M)	\$ 1,257	\$ 1,378	\$ 1,479	\$ 1,569	\$ 1,680	\$ 1,780	\$ 1,875	\$ 1,941
Strategic services as a % of total Enterprise revenues	40.6%	40.3%	42.0%	41.6%	42.4%	43.6%	44.8%	46.5%
Other Operating Statistics								
Capital expenditures (\$M)	\$ 2,338	\$ 2,273	\$ 2,278	\$ 1,566	\$ 1,781	\$ 1,751	\$ 2,171	\$ 1,465
Wireline employees (K)	118.7	115.1	110.1	108.0	103.4	97.5	92.3	92.0
FiOS Internet Open for Sale (K)	10,414	10,928	11,630	11,968	12,258	12,525	12,786	12,962
FiOS Internet penetration	28%	29%	28%	29%	30%	31%	32%	33%
FiOS Video Open for Sale (K)	9,741	10,352	11,133	11,479	11,802	12,077	12,388	12,585
FiOS Video penetration	25%	25%	25%	25%	26%	27%	28%	29%

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, 2011

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 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 and Adjusted Operating Income

Consolidated Adjusted Operating Revenues and Adjusted Operating Income 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 trends. Consolidated Adjusted Operating Revenues and Adjusted Operating Income exclude from operating revenues and operating expenses items that are non-operational or non-recurring in nature and exclude from prior periods the operating revenues and operating expenses associated with the Wireless and Wireline properties divested in 2010.

EBITDA and EBITDA Margin

Verizon's 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 expenses related primarily to capital expenditures and acquisitions that occurred in prior years, and in evaluating operating performance in relation to Verizon's competitors.

Consolidated – Consolidated EBITDA is calculated by adding back interest, taxes, depreciation and amortization expenses, equity in earnings of unconsolidated businesses and other income/(expense), net to net income, and Consolidated EBITDA Margin is calculated by dividing Consolidated EBITDA by Consolidated Operating Revenues. Consolidated Adjusted EBITDA is calculated by excluding the effect of non-operational or non-recurring items and the impact of divested operations from the calculation of Consolidated EBITDA, and Consolidated Adjusted EBITDA Margin is calculated by dividing Consolidated Adjusted EBITDA by Consolidated Adjusted Operating Revenues.

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

Wireline – Wireline Segment EBITDA is calculated by adding back depreciation and amortization expenses to Wireline Segment operating income, and Wireline Segment EBITDA Margin is calculated by dividing Wireline Segment EBITDA by total Wireline revenues.

Wireline Cash Operating Expenses

Wireline cash operating expense (Wireline cash expenses) is a non-GAAP financial measure that management believes is useful to investors and other users of our financial information in evaluating Wireline's operating performance. Wireline cash operating expense is calculated by subtracting depreciation and amortization expense from total Wireline operating expense.

Adjusted Earnings Per Share

Adjusted Earnings Per Share (Adjusted EPS) is a non-GAAP financial measure that management believes is useful to investors in evaluating our operating results and understanding our operating trends. Adjusted EPS is calculated by excluding the impact of divested operations and adding back the EPS impact of non-operational or non-recurring items to reported EPS.

Free Cash Flow

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 the cash available to pay debt and dividends. Free Cash Flow is calculated by subtracting capital expenditures from cash flow from operations.

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 12 months. Management believes this presentation assists investors in understanding trends that are indicative of future operating results given the non-operational or non-recurring nature of the items excluded from the calculation.

Effective tax rate attributable to Verizon

The effective tax rate attributable to Verizon (Verizon's ETR) 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. Verizon's ETR is calculated by dividing the provision for income taxes by the income before the provision for income taxes attributable to Verizon, which excludes the portion attributable to the noncontrolling interest.

Consolidated Reconciliations

Adjusted Operating Revenues - Verizon

Unaudited	(dollars in millions)				
	3 Months Ended 3/31/09	3 Months Ended 12/31/09	3 Months Ended 3/31/10	3 Months Ended 12/31/10	3 Months Ended 3/31/11
Operating Revenues - Reported	\$ 26,591	\$ 27,091	\$ 26,913	\$ 26,395	\$ 26,990
Less: Impact of Divested Operations	1,328	1,288	1,278	-	-
Adjusted Operating Revenues	\$ 25,263	\$ 25,803	\$ 25,635	\$ 26,395	\$ 26,990

Adjusted EBITDA - Verizon

Unaudited	(dollars in millions)									
	3 Months Ended 3/31/09	3 Months Ended 6/30/09	3 Months Ended 9/30/09	3 Months Ended 12/31/09	3 Months Ended 3/31/10	3 Months Ended 6/30/10	3 Months Ended 9/30/10	3 Months Ended 12/31/10	3 Months Ended 3/31/11	
Verizon Consolidated EBITDA										
Consolidated net income	\$ 3,086	\$ 3,335	\$ 2,809	\$ 2,371	\$ 2,318	\$ 553	\$ 2,698	\$ 4,648	\$ 3,264	
Add/subtract non-operating items:										
Provision (benefit) for income taxes	699	690	490	40	1,622	(685)	178	1,352	617	
Interest expense	925	787	704	686	680	679	597	567	709	
Other income and (expense), net	(52)	(12)	(14)	(13)	(46)	(16)	51	(43)	(36)	
Equity in earnings of unconsolidated business	(128)	(128)	(166)	(131)	(133)	(121)	(141)	(113)	(101)	
Operating Income	4,530	4,672	3,823	2,953	4,441	410	3,383	6,411	4,453	
Add: Depreciation and amortization expense	4,028	4,092	4,172	4,242	4,122	4,177	4,023	4,083	4,024	
Consolidated EBITDA	\$ 8,558	\$ 8,764	\$ 7,995	\$ 7,195	\$ 8,563	\$ 4,587	\$ 7,406	\$ 10,494	\$ 8,477	

Other Items (Before Tax)

Merger Integration & Acquisition Related Charges	201	90	181	165	77	162	134	392	-
Access Line Spin-Off Related Charges	-	-	62	391	145	195	67	-	-
Impact of Divested Operations	(695)	(687)	(687)	(584)	(620)	(548)	-	-	-
Severance, Pension, and Benefit Charges	-	-	-	2,863	-	2,233	-	229	-
Deferred Revenue Adjustment	-	-	-	-	-	268	-	-	-
Benefit Plan Accounting Change	-	-	609	(2,032)	-	1,663	1,188	(2,259)	-
	(494)	(597)	165	803	(398)	3,973	1,389	(1,638)	-
Consolidated Adjusted EBITDA	\$ 8,064	\$ 8,167	\$ 8,160	\$ 7,998	\$ 8,165	\$ 8,560	\$ 8,795	\$ 8,856	\$ 8,477
Consolidated Adjusted EBITDA Margin					31.9%				31.4%

Net Debt to Adjusted EBITDA - Verizon

Unaudited	(dollars in millions)									
	3/31/09	6/30/09	9/30/09	12/31/09	3/31/10	6/30/10	9/30/10	12/31/10	3/31/11	
Verizon Net Debt										
Debt maturing within one year	\$ 13,459	\$ 5,440	\$ 5,443	\$ 7,205	\$ 7,129	\$ 7,874	\$ 5,810	\$ 7,542	\$ 11,823	
Long-term debt	55,674	59,469	57,374	55,051	54,424	49,594	47,360	45,252	49,374	
Total Debt	69,133	64,909	62,817	62,256	61,553	57,468	53,170	52,794	61,197	
Less: Cash and cash equivalents	3,979	820	1,216	2,009	3,037	4,761	5,394	6,668	14,007	
Net Debt	\$ 65,154	\$ 64,089	\$ 61,601	\$ 60,247	\$ 58,516	\$ 52,707	\$ 47,776	\$ 46,126	\$ 47,190	
Net Debt to Adjusted EBITDA Ratio				1.9x	1.8x	1.6x	1.4x	1.3x	1.4x	

Free Cash Flow - Verizon

Unaudited	(dollars in millions)	
	3 Months Ended 3/31/10	3 Months Ended 3/31/11
Verizon Free Cash Flow		
Net cash provided from operating activities	\$ 7,084	\$ 5,035
Less: Capital expenditures	3,423	4,363
Free Cash Flow	\$ 3,661	\$ 672

Effective Tax Rate - Verizon

Unaudited	(dollars in millions)	
	3 Months Ended 3/31/10	3 Months Ended 3/31/11
Provision for income taxes		\$ (617)
Income before provision for income taxes		3,881
Less: Net income attributable to noncontrolling interest		1,825
Income before provision for income taxes attributable to Verizon		\$ 2,056
Effective Tax Rate		15.9%
Effective tax rate attributable to Verizon		30.0%

Earnings Per Share Reconciliations

Adjusted EPS - Verizon

Unaudited	3 Months Ended 3/31/10	3 Months Ended 12/31/10	12 Months Ended 12/31/10
Reported EPS	\$ 0.16	\$ 0.93	\$ 0.90
Merger Integration & Acquisition Related Charges	0.01	0.05	0.14
Access Line Spin-Off Related Charges	0.04	-	0.12
Severance, Pension, and Benefit Charges	-	(0.44)	0.67
Medicare Part D Subsidy Charges	0.34	-	0.34
Deferred Revenue Adjustment	-	-	0.03
Impact of Divested Operations	(0.07)	-	(0.13)
Adjusted EPS	\$ 0.48	\$ 0.54	\$ 2.08

Note: EPS may not add due to rounding.

Wireless Reconciliations

	(dollars in millions)							
Unaudited	3 Months Ended 6/30/09	3 Months Ended 9/30/09	3 Months Ended 12/31/09	3 Months Ended 3/31/10	3 Months Ended 6/30/10	3 Months Ended 9/30/10	3 Months Ended 12/31/10	3 Months Ended 3/31/11
Verizon Wireless Segment EBITDA								
Operating income	\$ 4,248	\$ 4,245	\$ 4,082	\$ 4,333	\$ 4,683	\$ 4,854	\$ 4,854	\$ 4,351
Add: Depreciation and amortization expense	1,727	1,758	1,796	1,812	1,827	1,836	1,881	1,899
Verizon Wireless Segment EBITDA	\$ 5,975	\$ 6,003	\$ 5,878	\$ 6,145	\$ 6,510	\$ 6,690	\$ 6,735	\$ 6,250
Verizon Wireless total operating revenues	\$ 15,029	\$ 15,331	\$ 15,275	\$ 15,312	\$ 15,697	\$ 16,250	\$ 16,148	\$ 16,881
Verizon Wireless service revenues	\$ 12,989	\$ 13,149	\$ 13,183	\$ 13,466	\$ 13,802	\$ 14,168	\$ 14,193	\$ 14,311
Verizon Wireless operating income margin	28.3%	27.7%	26.7%	28.3%	29.8%	29.9%	30.1%	25.8%
Verizon Wireless Segment EBITDA service margin	46.0%	45.7%	44.6%	45.6%	47.2%	47.2%	47.5%	43.7%

Wireline Reconciliations

(dollars in millions)

Unaudited	3 Months	3 Months	3 Months	3 Months	3 Months	3 Months	3 Months	3 Months
	Ended	Ended	Ended	Ended	Ended	Ended	Ended	Ended
	6/30/09	9/30/09	12/31/09	3/31/10	6/30/10	9/30/10	12/31/10	3/31/11
Wireline Segment EBITDA								
Operating income	\$ 435	\$ 334	\$ 259	\$ 121	\$ 207	\$ 187	\$ 253	\$ 288
Add: Depreciation and amortization expense	2,039	2,075	2,126	2,063	2,100	2,145	2,161	2,107
Wireline Segment EBITDA	\$ 2,474	\$ 2,409	\$ 2,385	\$ 2,184	\$ 2,307	\$ 2,332	\$ 2,414	\$ 2,395
Wireline total operating revenues	\$ 10,563	\$ 10,667	\$ 10,581	\$ 10,375	\$ 10,277	\$ 10,286	\$ 10,289	\$ 10,147
Wireline operating income margin	4.1%	3.1%	2.4%	1.2%	2.0%	1.8%	2.5%	2.8%
Wireline Segment EBITDA	23.4%	22.6%	22.5%	21.1%	22.4%	22.7%	23.5%	23.6%

(dollars in millions)

Unaudited	3 Months	3 Months
	Ended	Ended
	3/31/10	3/31/11
Wireline Cash Operating Expenses		
Total Operating expenses	\$ 10,254	\$ 9,859
Less: Depreciation and amortization	2,063	2,107
Wireline Cash Operating Expenses	8,191	7,752