



Verizon Communications **Financial and Operating Information**

As of December 31, 2011

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Condensed Consolidated Statements of Income

Unaudited	(dollars in millions, except per share amounts)		
	2009	2010	2011
Operating Revenues	\$ 107,808	\$ 106,565	\$ 110,875
Operating Expenses			
Cost of services and sales	44,579	44,149	45,875
Selling, general & administrative expense	30,717	31,366	35,624
Depreciation and amortization expense	16,534	16,405	16,496
Total Operating Expenses	91,830	91,920	97,995
Operating Income	15,978	14,645	12,880
Equity in earnings of unconsolidated businesses	553	508	444
Other income and (expense), net	91	54	(14)
Interest expense	(3,102)	(2,523)	(2,827)
Income Before Provision for Income Taxes	13,520	12,684	10,483
Provision for income taxes	(1,919)	(2,467)	(285)
Net Income	\$ 11,601	\$ 10,217	\$ 10,198
Net income attributable to noncontrolling interest	\$ 6,707	\$ 7,668	\$ 7,794
Net income attributable to Verizon	4,894	2,549	2,404
Net Income	\$ 11,601	\$ 10,217	\$ 10,198
Basic Earnings per Share			
Net Income attributable to Verizon	\$ 1.72	\$.90	\$.85
<i>Weighted average number of common shares (in millions)</i>	<i>2,841</i>	<i>2,830</i>	<i>2,833</i>
Diluted Earnings per Share ⁽¹⁾			
Net Income attributable to Verizon	\$ 1.72	\$.90	\$.85
<i>Weighted average number of common shares-assuming dilution (in millions)</i>	<i>2,841</i>	<i>2,833</i>	<i>2,839</i>

Notes:

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

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	2010				2011			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Operating Revenues	\$26,913	\$26,773	\$26,484	\$26,395	\$26,990	\$27,536	\$27,913	\$28,436
Operating Expenses								
Cost of services and sales	10,652	12,216	10,671	10,610	11,229	11,158	11,398	12,090
Selling, general & administrative expense	7,698	9,970	8,407	5,291	7,284	7,373	7,689	13,278
Depreciation and amortization expense	4,122	4,177	4,023	4,083	4,024	4,113	4,179	4,180
Total Operating Expenses	22,472	26,363	23,101	19,984	22,537	22,644	23,266	29,548
Operating Income (Loss)	4,441	410	3,383	6,411	4,453	4,892	4,647	(1,112)
Equity in earnings of unconsolidated businesses	133	121	141	113	101	121	125	97
Other income and (expense), net	46	16	(51)	43	36	10	24	(84)
Interest expense	(680)	(679)	(597)	(567)	(709)	(717)	(698)	(703)
Income (Loss) Before (Provision) Benefit for Income Taxes	3,940	(132)	2,876	6,000	3,881	4,306	4,098	(1,802)
(Provision) benefit for income taxes	(1,622)	685	(178)	(1,352)	(617)	(702)	(556)	1,590
Net Income (Loss)	\$ 2,318	\$ 553	\$ 2,698	\$ 4,648	\$ 3,264	\$ 3,604	\$ 3,542	\$ (212)
Net income attributable to noncontrolling interest	\$ 1,875	\$ 1,745	\$ 2,039	\$ 2,009	\$ 1,825	\$ 1,995	\$ 2,163	\$ 1,811
Net income (loss) attributable to Verizon	443	(1,192)	659	2,639	1,439	1,609	1,379	(2,023)
Net Income (Loss)	\$ 2,318	\$ 553	\$ 2,698	\$ 4,648	\$ 3,264	\$ 3,604	\$ 3,542	\$ (212)
Basic Earnings (Loss) per Share								
Net Income (Loss) attributable to Verizon	\$.16	\$ (.42)	\$.23	\$.93	\$.51	\$.57	\$.49	\$ (.71)
Weighted average number of common shares (in millions)	2,836	2,827	2,829	2,829	2,830	2,832	2,834	2,835
Diluted Earnings (Loss) per Share ⁽¹⁾								
Net Income (Loss) attributable to Verizon	\$.16	\$ (.42)	\$.23	\$.93	\$.51	\$.57	\$.49	\$ (.71)
Weighted average number of common shares-assuming dilution (in millions)	2,837	2,827	2,830	2,831	2,834	2,838	2,839	2,835

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.

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	2011
Merger Integration and Acquisition Related Charges			
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			
Operating expenses	\$ 1,440	\$ 3,054	\$ 5,954
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	\$ -
Extinguishment of Debt			
Other income and (expense), net	\$ -	\$ -	\$ 120

Non-Operational & Other Items

(Pre-tax dollars in millions)

Unaudited	2010				2011			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Merger Integration and Acquisition Related Charges								
Cost of services and sales	\$ 37	\$ 96	\$ 92	\$ 151	\$ -	\$ -	\$ -	\$ -
Selling, general & administrative expense	40	66	42	241	-	-	-	-
Depreciation and amortization expense	28	25	25	24	-	-	-	-
Access Line Spin-off Related Charges								
Cost of services and sales	\$ 15	\$ 27	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Selling, general & administrative expense	130	168	67	-	-	-	-	-
Other income and (expense), net	-	-	55	-	-	-	-	-
Severance, Pension & Benefit Charges								
Operating expenses	\$ -	\$ 3,896	\$ 1,188	\$ (2,030)	\$ -	\$ -	\$ 329	\$ 5,625
Medicare Part D Subsidy Charges								
Provision for income taxes	\$ 962	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Wireless Data Revenue								
Service revenue	\$ (32)	\$ 258	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equipment & other	(1)	10	-	-	-	-	-	-
Impact of Divested Operations								
Revenues	\$ 1,278	\$ 1,129	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cost of services and sales	306	268	-	-	-	-	-	-
Selling, general & administrative expense	352	313	-	-	-	-	-	-
Depreciation and amortization expense	205	208	-	-	-	-	-	-
Total Expenses	\$ 863	\$ 789	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Extinguishment of Debt								
Other income and (expense), net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 120

Condensed Consolidated Balance Sheets

Unaudited	(dollars in millions)		
	12/31/09	12/31/10	12/31/11
Assets			
Current assets			
Cash and cash equivalents	\$ 2,009	\$ 6,668	\$ 13,362
Short-term investments	490	545	592
Accounts receivable, net	12,573	11,781	11,776
Inventories	1,426	1,131	940
Prepaid expenses and other	5,247	2,223	4,269
Total current assets	21,745	22,348	30,939
Plant, property and equipment	229,743	211,655	215,626
Less accumulated depreciation	137,758	123,944	127,192
	91,985	87,711	88,434
Investments in unconsolidated businesses	3,118	3,497	3,448
Wireless licenses	72,067	72,996	73,250
Goodwill	22,472	21,988	23,357
Other intangible assets, net	6,764	5,830	5,878
Other assets	8,756	5,635	5,155
Total Assets	\$ 226,907	\$ 220,005	\$ 230,461
Liabilities and Equity			
Current liabilities			
Debt maturing within one year	\$ 7,205	\$ 7,542	\$ 4,849
Accounts payable and accrued liabilities	15,223	15,702	14,689
Other	6,708	7,353	11,223
Total current liabilities	29,136	30,597	30,761
Long-term debt	55,051	45,252	50,303
Employee benefit obligations	32,622	28,164	32,957
Deferred income taxes	19,190	22,818	25,060
Other liabilities	6,765	6,262	5,472
Equity			
Common stock	297	297	297
Contributed capital	40,108	37,922	37,919
Reinvested earnings	7,260	4,368	1,179
Accumulated other comprehensive income (loss)	(1,372)	1,049	1,269
Common stock in treasury, at cost	(5,000)	(5,267)	(5,002)
Deferred compensation - employee stock ownership plans and other	89	200	308
Noncontrolling interest	42,761	48,343	49,938
Total Equity	84,143	86,912	85,908
Total Liabilities and Equity	\$ 226,907	\$ 220,005	\$ 230,461

Verizon - Selected Financial and Operating Statistics

Unaudited	12/31/09	12/31/10	12/31/11
Total debt (\$M)	\$ 62,256	\$ 52,794	\$ 55,152
Net debt (\$M)	\$ 60,247	\$ 46,126	\$ 41,790
Net debt / Adjusted EBITDA		1.3x	1.2x
Common shares outstanding end of period (M)	2,836	2,827	2,834
Total employees	222,927	194,400	193,900
Cash dividends declared per common share	\$ 1.870	\$ 1.925	\$ 1.975

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

Condensed Consolidated Balance Sheets

(dollars in millions)

Unaudited	3/31/10	6/30/10	9/30/10	12/31/10	3/31/11	6/30/11	9/30/11	12/31/11
Assets								
Current assets								
Cash and cash equivalents	\$ 3,037	\$ 4,761	\$ 5,394	\$ 6,668	\$ 14,007	\$ 6,240	\$ 10,324	\$ 13,362
Short-term investments	520	464	581	545	723	588	534	592
Accounts receivable, net	11,969	12,058	11,973	11,781	11,028	11,483	11,648	11,776
Inventories	1,113	985	1,010	1,131	1,245	1,270	1,153	940
Prepaid expenses and other	5,766	2,793	2,383	2,223	2,920	2,891	4,111	4,269
Total current assets	22,405	21,061	21,341	22,348	29,923	22,472	27,770	30,939
Plant, property and equipment	232,100	235,023	218,122	211,655	211,704	212,949	214,798	215,626
Less accumulated depreciation	140,644	143,335	131,138	123,944	123,459	123,552	125,955	127,192
	91,456	91,688	86,984	87,711	88,245	89,397	88,843	88,434
Investments in unconsolidated businesses	3,228	3,363	3,367	3,497	3,732	3,908	3,461	3,448
Wireless licenses	72,256	72,435	72,719	72,996	73,049	73,151	73,203	73,250
Goodwill	22,472	22,467	21,933	21,988	21,993	23,480	23,541	23,357
Other intangible assets, net	6,510	6,324	5,915	5,830	5,655	5,945	5,915	5,878
Other assets	8,642	8,501	8,146	5,635	5,511	5,403	5,299	5,155
Total Assets	\$226,969	\$225,839	\$220,405	\$220,005	\$228,108	\$223,756	\$228,032	\$230,461
Liabilities and Equity								
Current liabilities								
Debt maturing within one year	\$ 7,129	\$ 7,874	\$ 5,810	\$ 7,542	\$ 11,823	\$ 6,055	\$ 8,630	\$ 4,849
Accounts payable and accrued liabilities	14,569	16,905	16,092	15,702	13,810	14,238	14,486	14,689
Other	6,365	7,055	6,865	7,353	7,114	7,081	11,520	11,223
Total current liabilities	28,063	31,834	28,767	30,597	32,747	27,374	34,636	30,761
Long-term debt	54,424	49,594	47,360	45,252	49,374	47,927	46,285	50,303
Employee benefit obligations	31,770	34,098	34,576	28,164	27,543	27,589	27,705	32,957
Deferred income taxes	21,532	20,529	20,575	22,818	23,578	24,603	26,412	25,060
Other liabilities	6,773	6,592	6,414	6,262	6,002	5,551	5,479	5,472
Equity								
Common stock	297	297	297	297	297	297	297	297
Contributed capital	40,108	40,108	37,921	37,922	37,914	37,914	37,912	37,919
Reinvested earnings	6,360	4,190	3,871	4,368	4,427	4,656	4,619	1,179
Accumulated other comprehensive income (loss)	(1,389)	(1,495)	(997)	1,049	1,293	1,354	1,037	1,269
Common stock in treasury, at cost	(5,277)	(5,277)	(5,276)	(5,267)	(5,189)	(5,132)	(5,112)	(5,002)
Deferred compensation - employee stock ownership plans and other	118	150	190	200	246	259	298	308
Noncontrolling interest	44,190	45,219	46,707	48,343	49,876	51,364	48,464	49,938
Total Equity	84,407	83,192	82,713	86,912	88,864	90,712	87,515	85,908
Total Liabilities and Equity	\$226,969	\$225,839	\$220,405	\$220,005	\$228,108	\$223,756	\$228,032	\$230,461

Verizon - Selected Financial and Operating Statistics

Unaudited	3/31/10	6/30/10	9/30/10	12/31/10	3/31/11	6/30/11	9/30/11	12/31/11
Total debt (\$M)	\$ 61,553	\$ 57,468	\$ 53,170	\$ 52,794	\$ 61,197	\$ 53,982	\$ 54,915	\$ 55,152
Net debt (\$M)	\$ 58,516	\$ 52,707	\$ 47,776	\$ 46,126	\$ 47,190	\$ 47,742	\$ 44,591	\$ 41,790
Net debt / Adjusted EBITDA				1.3x	1.4x	1.4x	1.3x	1.2x
Common shares outstanding end of period (M)	2,827	2,827	2,827	2,827	2,829	2,831	2,831	2,834
Total employees	217,100	210,800	195,100	194,400	196,200	195,900	195,400	193,900
Cash dividends declared per common share	\$.4750	\$.4750	\$.4875	\$.4875	\$.4875	\$.4875	\$.5000	\$.5000

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 Mos. Ended 12/31/09	12 Mos. Ended 12/31/10	12 Mos. Ended 12/31/11
Cash Flows From Operating Activities			
Net Income	\$ 11,601	\$ 10,217	\$ 10,198
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	16,534	16,405	16,496
Employee retirement benefits	2,964	3,988	7,426
Deferred income taxes	2,093	3,233	(223)
Provision for uncollectible accounts	1,306	1,246	1,026
Equity in earnings of unconsolidated businesses, net of dividends received	389	2	36
Changes in current assets and liabilities, net of effects from acquisition/ disposition of businesses	(2,511)	202	(2,279)
Other, net	(986)	(1,930)	(2,900)
Net cash provided by operating activities	<u>31,390</u>	<u>33,363</u>	<u>29,780</u>
Cash Flows From Investing Activities			
Capital expenditures (including capitalized software)	(16,872)	(16,458)	(16,244)
Acquisitions of licenses, investments and business, net of cash acquired	(5,958)	(1,438)	(2,018)
Proceeds from dispositions	-	2,594	-
Net change in short-term investments	84	(3)	35
Other, net	(410)	251	977
Net cash used in investing activities	<u>(23,156)</u>	<u>(15,054)</u>	<u>(17,250)</u>
Cash Flows From Financing Activities			
Proceeds from long-term borrowings	12,040	-	11,060
Repayments of long-term borrowings and capital lease obligations	(19,260)	(8,136)	(11,805)
Increase (decrease) in short-term obligations, excluding current maturities	(1,652)	(1,097)	1,928
Dividends paid	(5,271)	(5,412)	(5,555)
Proceeds from sale of common stock	-	-	241
Proceeds from access line spin-off	-	3,083	-
Other, net	(1,864)	(2,088)	(1,705)
Net cash used in financing activities	<u>(16,007)</u>	<u>(13,650)</u>	<u>(5,836)</u>
Increase (decrease) in cash and cash equivalents	<u>(7,773)</u>	4,659	6,694
Cash and cash equivalents, beginning of period	9,782	2,009	6,668
Cash and cash equivalents, end of period	<u>\$ 2,009</u>	<u>\$ 6,668</u>	<u>\$ 13,362</u>

Condensed Consolidated Statements of Cash Flows

	(dollars in millions)							
	3 Months	6 Months	9 Months	12 Months	3 Months	6 Months	9 Months	12 Months
Unaudited	Ended	Ended	Ended	Ended	Ended	Ended	Ended	Ended
	3/31/10	6/30/10	9/30/10	12/31/10	3/31/11	6/30/11	9/30/11	12/31/11
Cash Flows From Operating Activities								
Net Income	\$ 2,318	\$ 2,871	\$ 5,569	\$10,217	\$ 3,264	\$ 6,868	\$10,410	\$ 10,198
Adjustments to reconcile net income to net cash provided by operating activities:								
Depreciation and amortization expense	4,122	8,299	12,322	16,405	4,024	8,137	12,316	16,496
Employee retirement benefits	543	3,988	5,710	3,988	373	726	1,428	7,426
Deferred income taxes	2,445	775	1,611	3,233	790	1,501	1,901	(223)
Provision for uncollectible accounts	371	680	922	1,246	270	498	754	1,026
Equity in earnings of unconsolidated businesses, net of dividends received	(120)	(227)	82	2	(86)	(195)	102	36
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	(1,043)	1,502	640	202	(2,070)	(2,361)	(2,553)	(2,279)
Other, net	(1,552)	(1,081)	(1,742)	(1,930)	(1,530)	(2,382)	(2,846)	(2,900)
Net cash provided by operating activities	7,084	16,807	25,114	33,363	5,035	12,792	21,512	29,780
Cash Flows From Investing Activities								
Capital expenditures (including capitalized software)	(3,423)	(7,619)	(11,744)	(16,458)	(4,363)	(8,918)	(12,546)	(16,244)
Acquisitions of licenses, investments and business, net of cash acquired	(274)	(538)	(1,027)	(1,438)	(104)	(1,668)	(1,854)	(2,018)
Proceeds from dispositions	-	2,594	2,594	2,594	-	-	-	-
Net change in short-term investments	(40)	(17)	(34)	(3)	24	47	43	35
Other, net	114	37	151	251	68	667	945	977
Net cash used in investing activities	(3,623)	(5,543)	(10,060)	(15,054)	(4,375)	(9,872)	(13,412)	(17,250)
Cash Flows From Financing Activities								
Proceeds from long-term borrowings	-	-	-	-	6,440	6,440	6,510	11,060
Repayments of long-term borrowings and capital lease obligations	(519)	(4,594)	(7,941)	(8,136)	(552)	(7,356)	(7,420)	(11,805)
Increase (decrease) in short-term obligations, excluding current maturities	(97)	(97)	(1,097)	(1,097)	2,384	1,012	1,817	1,928
Dividends paid	(1,347)	(2,690)	(4,034)	(5,412)	(1,379)	(2,759)	(4,139)	(5,555)
Proceeds from sale of common stock	-	-	-	-	70	122	139	241
Proceeds from access line spin-off	-	-	3,083	3,083	-	-	-	-
Other, net	(470)	(1,131)	(1,680)	(2,088)	(284)	(807)	(1,351)	(1,705)
Net cash provided by (used in) financing activities	(2,433)	(8,512)	(11,669)	(13,650)	6,679	(3,348)	(4,444)	(5,836)
Increase (decrease) in cash and cash equivalents	1,028	2,752	3,385	4,659	7,339	(428)	3,656	6,694
Cash and cash equivalents, beginning of period	2,009	2,009	2,009	2,009	6,668	6,668	6,668	6,668
Cash and cash equivalents, end of period	\$ 3,037	\$ 4,761	\$ 5,394	\$ 6,668	\$14,007	\$ 6,240	\$10,324	\$ 13,362



Verizon Wireless

Verizon Wireless – Selected Financial Results

(dollars in millions)

Unaudited	2010				2011			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Operating Revenues								
Retail service	\$ 13,034	\$ 13,282	\$ 13,479	\$ 13,513	\$ 13,674	\$ 14,019	\$ 14,405	\$ 14,562
Other service	432	520	689	680	637	688	628	544
Service	13,466	13,802	14,168	14,193	14,311	14,707	15,033	15,106
Equipment	992	1,024	1,276	1,126	1,689	1,753	1,800	2,215
Other	854	871	806	829	881	833	893	933
Total Operating Revenues	15,312	15,697	16,250	16,148	16,881	17,293	17,726	18,254
Operating Expenses								
Cost of services and sales	4,675	4,736	5,017	4,817	5,880	5,829	5,670	6,707
Selling, general & administrative expense	4,492	4,451	4,543	4,596	4,751	4,794	4,867	5,167
Depreciation and amortization expense	1,812	1,827	1,836	1,881	1,899	1,978	2,040	2,045
Total Operating Expenses	10,979	11,014	11,396	11,294	12,530	12,601	12,577	13,919
Operating Income	\$ 4,333	\$ 4,683	\$ 4,854	\$ 4,854	\$ 4,351	\$ 4,692	\$ 5,149	\$ 4,335
Operating Income Margin	28.3%	29.8%	29.9%	30.1%	25.8%	27.1%	29.0%	23.7%
Segment EBITDA	\$ 6,145	\$ 6,510	\$ 6,690	\$ 6,735	\$ 6,250	\$ 6,670	\$ 7,189	\$ 6,380
Segment EBITDA Service Margin	45.6%	47.2%	47.2%	47.5%	43.7%	45.4%	47.8%	42.2%

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

Verizon Wireless – Selected Operating Statistics

Unaudited	2010				2011			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Connections (000)								
Retail postpaid	80,912	81,573	82,257	83,125	84,031	85,290	86,175	87,382
Retail prepaid	4,803	4,603	4,477	4,410	4,383	4,445	4,533	4,785
Retail	85,715	86,176	86,734	87,535	88,414	89,735	90,708	92,167
Wholesale & other connections ⁽¹⁾	12,304	13,560	14,361	14,711	15,608	16,557	16,987	15,631
Total connections	98,019	99,736	101,095	102,246	104,022	106,292	107,695	107,798
Net Add Detail ⁽²⁾ (000)								
Retail postpaid	412	661	584	872	906	1,257	882	1,207
Retail prepaid	(146)	(200)	(137)	(69)	(27)	61	86	252
Retail	266	461	447	803	879	1,318	968	1,459
Wholesale & other connections ⁽¹⁾	1,240	1,161	801	338	897	890	367	(1,359)
Total connections	1,506	1,622	1,248	1,141	1,776	2,208	1,335	100
Churn Detail								
Retail postpaid	1.05%	0.93%	1.07%	1.01%	1.01%	0.89%	0.94%	0.94%
Retail	1.42%	1.31%	1.43%	1.37%	1.33%	1.22%	1.26%	1.23%
Revenue & ARPU Statistics								
Total data revenues (\$M)	\$ 4,464	\$ 4,756	\$ 5,062	\$ 5,268	\$ 5,458	\$ 5,810	\$ 6,100	\$ 6,278
Retail postpaid data ARPU	\$ 17.49	\$ 18.45	\$ 19.21	\$ 19.91	\$ 20.51	\$ 21.26	\$ 22.22	\$ 22.76
Total data as a % of service revenues	33.2%	34.5%	35.7%	37.1%	38.1%	39.5%	40.6%	41.6%
Retail service ARPU	\$ 50.78	\$ 51.53	\$ 51.95	\$ 51.79	\$ 51.88	\$ 52.49	\$ 53.21	\$ 53.14
Retail postpaid ARPU	\$ 52.36	\$ 53.12	\$ 53.61	\$ 53.45	\$ 53.52	\$ 54.12	\$ 54.89	\$ 54.80
Retail Postpaid Connection Statistics								
Total smartphone postpaid % of phones	35.6%	39.5%	42.8%	49.3%	60.0%	59.5%	59.6%	70.3%
Total smartphone postpaid phone base	18.6%	21.3%	24.4%	28.1%	32.2%	35.9%	39.2%	43.5%
Total internet postpaid base	6.3%	6.5%	6.7%	7.0%	7.3%	7.5%	7.8%	8.1%
Other Operating Statistics								
Capital expenditures (\$M)	\$ 1,770	\$ 2,262	\$ 2,173	\$ 2,233	\$ 2,735	\$ 2,667	\$ 1,784	\$ 1,787

Footnotes:

(1) Reflects a reduction of 869,000 connections from previously reported fourth quarter 2011 numbers.

(2) 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



Wireline

Wireline – Selected Financial Results

(dollars in millions)

Unaudited	2010				2011			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Operating Revenues								
Consumer retail	\$ 3,320	\$ 3,350	\$ 3,364	\$ 3,385	\$ 3,383	\$ 3,394	\$ 3,400	\$ 3,429
Small business	708	720	709	700	695	682	670	684
Mass Markets	4,028	4,070	4,073	4,085	4,078	4,076	4,070	4,113
Strategic services	1,573	1,620	1,674	1,735	1,774	1,908	1,935	1,990
Other	2,206	2,199	2,167	2,142	2,042	2,048	1,986	1,939
Global Enterprise	3,779	3,819	3,841	3,877	3,816	3,956	3,921	3,929
Global Wholesale	2,299	2,192	2,157	2,098	2,042	2,030	1,963	1,938
Other	269	196	215	229	211	185	195	159
Total Operating Revenues	10,375	10,277	10,286	10,289	10,147	10,247	10,149	10,139
Operating Expenses								
Cost of services and sales	5,741	5,611	5,658	5,608	5,462	5,504	5,681	5,511
Selling, general & administrative expense	2,450	2,359	2,296	2,267	2,290	2,308	2,296	2,213
Depreciation and amortization expense	2,063	2,100	2,145	2,161	2,107	2,117	2,119	2,115
Total Operating Expenses	10,254	10,070	10,099	10,036	9,859	9,929	10,096	9,839
Operating Income	\$ 121	\$ 207	\$ 187	\$ 253	\$ 288	\$ 318	\$ 53	\$ 300
Operating Income Margin	1.2%	2.0%	1.8%	2.5%	2.8%	3.1%	0.5%	3.0%
Segment EBITDA	\$ 2,184	\$ 2,307	\$ 2,332	\$ 2,414	\$ 2,395	\$ 2,435	\$ 2,172	\$ 2,415
Segment EBITDA Margin	21.1%	22.4%	22.7%	23.5%	23.6%	23.8%	21.4%	23.8%

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.

Wireline – Selected Operating Statistics

Unaudited	2010				2011			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Connections (000)								
FiOS Video Subscribers	2,914	3,086	3,290	3,472	3,664	3,848	3,979	4,173
FiOS Internet Subscribers	3,466	3,659	3,885	4,082	4,289	4,478	4,616	4,817
FiOS Digital Voice residence connections	93	346	672	817	977	1,195	1,460	1,884
FiOS Digital connections	6,473	7,091	7,847	8,371	8,930	9,521	10,055	10,874
HSI and other	4,775	4,620	4,455	4,310	4,201	4,074	3,956	3,853
Total Broadband connections	8,241	8,279	8,340	8,392	8,490	8,552	8,572	8,670
Primary residence switched access connections	13,258	12,739	12,153	11,757	11,359	10,946	10,456	9,906
Primary residence connections	13,351	13,085	12,825	12,574	12,336	12,141	11,916	11,790
Total retail residence voice connections	14,587	14,252	13,919	13,616	13,327	13,087	12,809	12,626
Total voice connections	27,719	27,138	26,544	26,001	25,454	24,997	24,519	24,137
Net Add Detail (000)								
FiOS Video Subscribers	164	172	204	182	192	184	131	194
FiOS Internet Subscribers	180	193	226	197	207	189	138	201
FiOS Digital Voice residence connections	74	253	326	145	160	218	265	424
FiOS Digital connections	418	618	756	524	559	591	534	819
HSI and other	(99)	(155)	(165)	(145)	(109)	(127)	(118)	(103)
Total Broadband connections	81	38	61	52	98	62	20	98
Primary residence switched access connections	(385)	(519)	(586)	(396)	(398)	(413)	(490)	(550)
Primary residence connections	(311)	(266)	(260)	(251)	(238)	(195)	(225)	(126)
Total retail residence voice connections	(378)	(335)	(333)	(303)	(289)	(240)	(278)	(183)
Total voice connections	(604)	(581)	(594)	(543)	(547)	(457)	(478)	(382)
Revenue & ARPU Statistics								
Consumer ARPU	\$ 81.93	\$ 84.48	\$ 86.55	\$ 88.85	\$ 90.55	\$ 92.44	\$ 94.20	\$ 96.43
FiOS revenues (\$M)	\$ 1,569	\$ 1,680	\$ 1,780	\$ 1,875	\$ 1,941	\$ 2,027	\$ 2,109	\$ 2,216
Strategic services as a % of total Enterprise revenues	41.6%	42.4%	43.6%	44.8%	46.5%	48.2%	49.4%	50.6%
Other Operating Statistics								
Capital expenditures (\$M)	\$ 1,566	\$ 1,781	\$ 1,751	\$ 2,171	\$ 1,465	\$ 1,685	\$ 1,617	\$ 1,632
Wireline employees (K)	108.0	103.4	97.5	92.3	92.0	93.2	92.8	91.8
FiOS Internet Open for Sale (K)	11,968	12,258	12,525	12,786	12,962	13,202	13,358	13,585
FiOS Internet penetration	29.0%	29.8%	31.0%	31.9%	33.1%	33.9%	34.6%	35.5%
FiOS Video Open for Sale (K)	11,479	11,802	12,077	12,388	12,585	12,870	13,023	13,250
FiOS Video penetration	25.4%	26.1%	27.2%	28.0%	29.1%	29.9%	30.6%	31.5%

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 December 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

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 trends. Consolidated Adjusted Operating Revenues exclude from operating revenues items that are non-operational or non-recurring in nature and exclude from prior periods the operating revenues 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, 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 and (expense), net to net income. 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.

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.

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 net cash provided by operating activities.

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.

Consolidated Reconciliations

Unaudited	(dollars in millions)		
	12 Months	12 Months	12 Months
	Ended	Ended	Ended
	12/31/09	12/31/10	12/31/11
Adjusted Operating Revenues - Verizon			
Operating Revenues	\$ 107,808	\$ 106,565	\$ 110,875
Less: Impact of Divested Operations	5,297	2,407	-
Add: Deferred Revenue Adjustment	-	268	-
Adjusted Operating Revenues	\$ 102,511	\$ 104,426	\$ 110,875
Year over Year growth - YTD basis		1.9%	6.2%

Unaudited	(dollars in millions)							
	3 Months	3 Months	3 Months	3 Months	3 Months	3 Months	3 Months	3 Months
	Ended	Ended	Ended	Ended	Ended	Ended	Ended	Ended
	3/31/10	6/30/10	9/30/10	12/31/10	3/31/11	6/30/11	9/30/11	12/31/11
Adjusted EBITDA - Verizon								
Verizon Consolidated EBITDA								
Consolidated net income	\$ 2,318	\$ 553	\$ 2,698	\$ 4,648	\$ 3,264	\$ 3,604	\$ 3,542	\$ (212)
Add/subtract non-operating items:								
Provision (benefit) for income taxes	1,622	(685)	178	1,352	617	702	556	(1,590)
Interest expense	680	679	597	567	709	717	698	703
Other (income) and expense, net	(46)	(16)	51	(43)	(36)	(10)	(24)	84
Equity in earnings of unconsolidated business	(133)	(121)	(141)	(113)	(101)	(121)	(125)	(97)
Operating Income	4,441	410	3,383	6,411	4,453	4,892	4,647	(1,112)
Add: Depreciation and amortization expense	4,122	4,177	4,023	4,083	4,024	4,113	4,179	4,180
Consolidated EBITDA	\$ 8,563	\$ 4,587	\$ 7,406	\$ 10,494	\$ 8,477	\$ 9,005	\$ 8,826	\$ 3,068
Other Items (Before Tax)								
Merger Integration & Acquisition Related Charges	77	162	134	392	-	-	-	-
Access Line Spin-Off Related Charges	145	195	67	-	-	-	-	-
Impact of Divested Operations	(620)	(548)	-	-	-	-	-	-
Severance, Pension & Benefit Charges	-	3,896	1,188	(2,030)	-	-	329	5,625
Deferred Revenue Adjustment	-	268	-	-	-	-	-	-
	(398)	3,973	1,389	(1,638)	-	-	329	5,625
Consolidated Adjusted EBITDA	\$ 8,165	\$ 8,560	\$ 8,795	\$ 8,856	\$ 8,477	\$ 9,005	\$ 9,155	\$ 8,693

Unaudited	(dollars in millions)							
	3/31/10	6/30/10	9/30/10	12/31/10	3/31/11	6/30/11	9/30/11	12/31/11
	Net Debt to Adjusted EBITDA - Verizon							
Verizon Net Debt								
Debt maturing within one year	\$ 7,129	\$ 7,874	\$ 5,810	\$ 7,542	\$ 11,823	\$ 6,055	\$ 8,630	\$ 4,849
Long-term debt	54,424	49,594	47,360	45,252	49,374	47,927	46,285	50,303
Total Debt	61,553	57,468	53,170	52,794	61,197	53,982	54,915	55,152
Less: Cash and cash equivalents	3,037	4,761	5,394	6,668	14,007	6,240	10,324	13,362
Net Debt	\$ 58,516	\$ 52,707	\$ 47,776	\$ 46,126	\$ 47,190	\$ 47,742	\$ 44,591	\$ 41,790
Net Debt to Adjusted EBITDA Ratio				1.3x	1.4x	1.4x	1.3x	1.2x

Earnings Per Share Reconciliations

Unaudited	12 Months Ended 12/31/10	3 Months Ended 12/31/11	12 Months Ended 12/31/11
Adjusted EPS - Verizon			
Reported EPS	\$ 0.90	\$ (0.71)	\$ 0.85
Merger Integration & Acquisition Related Charges	0.14	-	-
Access Line Spin-Off Related Charges	0.12	-	-
Severance, Pension, and Benefit Charges	0.67	1.20	1.27
Medicare Part D Subsidy Charges	0.34	-	-
Deferred Revenue Adjustment	0.03	-	-
Extinguishment of Debt	-	0.03	0.03
Impact of Divested Operations	(0.13)	-	-
Adjusted EPS	\$ 2.08	\$ 0.52	\$ 2.15
Storm and Strike Impact	-	-	0.05
Adjusted EPS after Storm and Strike Impact	\$ 2.08	\$ 0.52	\$ 2.20

Note: EPS may not add due to rounding.

Consolidated Reconciliations

(dollars in millions)

Unaudited	3 Months Ended 12/31/10	3 Months Ended 12/31/11	12 Months Ended 12/31/11
Free Cash Flow - Verizon			
Verizon Free Cash Flow			
Net cash provided by operating activities	\$ 8,249	\$ 8,268	\$ 29,780
Less: Capital expenditures	4,714	3,698	16,244
Free Cash Flow	\$ 3,535	\$ 4,570	\$ 13,536
Year over Year growth		29.3%	

