

Condensed Consolidated Statements of Income

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 3/31/12	3 Mos. Ended 3/31/11	% Change
Operating Revenues	\$ 28,242	\$ 26,990	4.6
Operating Expenses			
Cost of services and sales	11,319	11,229	0.8
Selling, general and administrative expense	7,700	7,284	5.7
Depreciation and amortization expense	4,028	4,024	0.1
Total Operating Expenses	<u>23,047</u>	<u>22,537</u>	2.3
Operating Income	5,195	4,453	16.7
Equity in earnings of unconsolidated businesses	103	101	2.0
Other income and (expense), net	19	36	(47.2)
Interest expense	(685)	(709)	(3.4)
Income Before Provision for Income Taxes	4,632	3,881	19.4
Provision for income taxes	(726)	(617)	17.7
Net Income	<u>\$ 3,906</u>	<u>\$ 3,264</u>	19.7
Net income attributable to noncontrolling interest	\$ 2,220	\$ 1,825	21.6
Net income attributable to Verizon	1,686	1,439	17.2
Net Income	<u>\$ 3,906</u>	<u>\$ 3,264</u>	19.7
Basic Earnings per Common Share			
Net income attributable to Verizon	\$.59	\$.51	15.7
<i>Weighted average number of common shares (in millions)</i>	2,842	2,830	
Diluted Earnings per Common Share ⁽¹⁾			
Net income attributable to Verizon	\$.59	\$.51	15.7
<i>Weighted average number of common shares-assuming dilution (in millions)</i>	2,849	2,834	

Footnotes:

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

Condensed Consolidated Balance Sheets

(dollars in millions)

Unaudited	3/31/12	12/31/11	\$ Change
Assets			
Current assets			
Cash and cash equivalents	\$ 5,909	\$ 13,362	\$ (7,453)
Short-term investments	623	592	31
Accounts receivable, net	11,234	11,776	(542)
Inventories	1,063	940	123
Prepaid expenses and other	4,683	4,269	414
Total current assets	23,512	30,939	(7,427)
Plant, property and equipment	218,250	215,626	2,624
Less accumulated depreciation	130,064	127,192	2,872
	88,186	88,434	(248)
Investments in unconsolidated businesses	3,566	3,448	118
Wireless licenses	73,294	73,250	44
Goodwill	23,465	23,357	108
Other intangible assets, net	5,744	5,878	(134)
Other assets	5,154	5,155	(1)
Total Assets	\$ 222,921	\$ 230,461	\$ (7,540)
Liabilities and Equity			
Current liabilities			
Debt maturing within one year	\$ 3,121	\$ 4,849	\$ (1,728)
Accounts payable and accrued liabilities	13,231	14,689	(1,458)
Other	6,561	11,223	(4,662)
Total current liabilities	22,913	30,761	(7,848)
Long-term debt	48,476	50,303	(1,827)
Employee benefit obligations	32,164	32,957	(793)
Deferred income taxes	25,610	25,060	550
Other liabilities	5,337	5,472	(135)
Equity			
Common stock	297	297	-
Contributed capital	37,926	37,919	7
Reinvested earnings	1,444	1,179	265
Accumulated other comprehensive income	1,398	1,269	129
Common stock in treasury, at cost	(4,735)	(5,002)	267
Deferred compensation - employee stock ownership plans and other	341	308	33
Noncontrolling interest	51,750	49,938	1,812
Total equity	88,421	85,908	2,513
Total Liabilities and Equity	\$ 222,921	\$ 230,461	\$ (7,540)

Verizon - Selected Financial and Operating Statistics

Unaudited	3/31/12	12/31/11
Total debt (in millions)	\$ 51,597	\$ 55,152
Net debt (in millions)	\$ 45,688	\$ 41,790
Net debt / Adjusted EBITDA ⁽¹⁾	1.3x	1.2x
Common shares outstanding end of period (in millions)	2,841	2,834
Total employees	191,800	193,900
Quarterly cash dividends declared per common share	\$ 0.50	\$ 0.50

Footnotes:

(1) Adjusted EBITDA excludes the effects of non-operational items.

The unaudited condensed consolidated balance sheets are based on preliminary information.

Condensed Consolidated Statements of Cash Flows

(dollars in millions)

Unaudited	3 Mos. Ended 3/31/12	3 Mos. Ended 3/31/11	\$ Change
Cash Flows From Operating Activities			
Net Income	\$ 3,906	\$ 3,264	\$ 642
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	4,028	4,024	4
Employee retirement benefits	375	373	2
Deferred income taxes	656	790	(134)
Provision for uncollectible accounts	278	270	8
Equity in earnings of unconsolidated businesses, net of dividends received	(89)	(86)	(3)
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	(1,580)	(2,070)	490
Other, net	(1,617)	(1,530)	(87)
Net cash provided by operating activities	<u>5,957</u>	<u>5,035</u>	<u>922</u>
Cash Flows From Investing Activities			
Capital expenditures (including capitalized software)	(3,565)	(4,363)	798
Acquisitions of licenses, investments and businesses, net of cash acquired	(165)	(104)	(61)
Net change in short-term investments	16	24	(8)
Other, net	41	68	(27)
Net cash used in investing activities	<u>(3,673)</u>	<u>(4,375)</u>	<u>702</u>
Cash Flows From Financing Activities			
Proceeds from long-term borrowings	-	6,440	(6,440)
Repayments of long-term borrowings and capital lease obligations	(1,828)	(552)	(1,276)
Increase (decrease) in short-term obligations, excluding current maturities	(1,734)	2,384	(4,118)
Dividends paid	(1,291)	(1,379)	88
Proceeds from sale of common stock	69	70	(1)
Special distribution to noncontrolling interest	(4,500)	-	(4,500)
Other, net	(453)	(284)	(169)
Net cash provided by (used in) financing activities	<u>(9,737)</u>	<u>6,679</u>	<u>(16,416)</u>
Increase (decrease) in cash and cash equivalents	(7,453)	7,339	(14,792)
Cash and cash equivalents, beginning of period	13,362	6,668	6,694
Cash and cash equivalents, end of period	\$ 5,909	\$ 14,007	\$ (8,098)

Verizon Wireless – Selected Financial Results

(dollars in millions)

Unaudited	3 Mos. Ended 3/31/12	3 Mos. Ended 3/31/11	% Change
Operating Revenues			
Retail service	\$ 14,886	\$ 13,674	8.9
Other service	524	637	(17.7)
Service	<u>15,410</u>	<u>14,311</u>	7.7
Equipment	1,838	1,689	8.8
Other	<u>1,025</u>	<u>881</u>	16.3
Total Operating Revenues	<u>18,273</u>	<u>16,881</u>	8.2
Operating Expenses			
Cost of services and sales	5,910	5,880	0.5
Selling, general and administrative expense	5,228	4,751	10.0
Depreciation and amortization expense	<u>1,918</u>	<u>1,899</u>	1.0
Total Operating Expenses	<u>13,056</u>	<u>12,530</u>	4.2
Operating Income	\$ 5,217	\$ 4,351	19.9
Operating Income Margin	28.6%	25.8%	
Segment EBITDA	\$ 7,135	\$ 6,250	14.2
Segment EBITDA Service Margin	46.3%	43.7%	

Footnotes:

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

Intersegment transactions have not been eliminated.

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

Verizon Wireless – Selected Operating Statistics

Unaudited	3/31/12	3/31/11	% Change
Connections ('000)			
Retail postpaid	87,963	84,031	4.7
Retail prepaid	5,025	4,383	14.6
Retail	92,988	88,414	5.2

Unaudited	3 Mos. Ended 3/31/12	3 Mos. Ended 3/31/11	% Change
Net Add Detail ⁽¹⁾ ('000)			
Retail postpaid	501	906	(44.7)
Retail prepaid	233	(27)	*
Retail	734	879	(16.5)

Churn Detail

Retail postpaid	0.96%	1.01%	
Retail	1.24%	1.33%	

Revenue and ARPU Statistics

Total data revenues (in millions)	\$ 6,608	\$ 5,458	21.1
Retail postpaid data ARPU	\$ 23.80	\$ 20.51	16.0
Total data as a % of service revenues	42.9%	38.1%	
Retail service ARPU	\$ 53.66	\$ 51.88	3.4
Retail postpaid ARPU	\$ 55.43	\$ 53.52	3.6

Retail Postpaid Connection Statistics

Total Smartphone postpaid % of phones sold	72.4%	60.0%	
Total Smartphone postpaid phone base	46.8%	32.2%	
Total Internet postpaid base	8.3%	7.3%	

Other Operating Statistics

Capital expenditures (in millions)	\$ 1,885	\$ 2,735	(31.1)
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Footnotes:

(1) Connection net additions exclude acquisitions and adjustments.

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Intersegment transactions have not been eliminated.

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

* Not meaningful

Wireline – Selected Financial Results

(dollars in millions)

Unaudited	3 Mos. Ended 3/31/12	3 Mos. Ended 3/31/11	% Change
Operating Revenues			
Consumer retail	\$ 3,441	\$ 3,383	1.7
Small business	662	695	(4.7)
Mass Markets	4,103	4,078	0.6
Strategic services	1,969	1,765	11.6
Core	1,883	2,051	(8.2)
Global Enterprise	3,852	3,816	0.9
Global Wholesale	1,861	2,042	(8.9)
Other	129	211	(38.9)
Total Operating Revenues	9,945	10,147	(2.0)
Operating Expenses			
Cost of services and sales	5,572	5,462	2.0
Selling, general and administrative expense	2,126	2,290	(7.2)
Depreciation and amortization expense	2,090	2,107	(0.8)
Total Operating Expenses	9,788	9,859	(0.7)
Operating Income	\$ 157	\$ 288	(45.5)
Operating Income Margin	1.6%	2.8%	
Segment EBITDA	\$ 2,247	\$ 2,395	(6.2)
Segment EBITDA Margin	22.6%	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	3/31/12	3/31/11	% Change
Connections ('000)			
FiOS Video Subscribers	4,353	3,664	18.8
FiOS Internet Subscribers	5,010	4,289	16.8
FiOS Digital Voice residence connections	2,298	977	*
FiOS Digital connections	11,661	8,930	30.6
HSI and other	3,764	4,201	(10.4)
Total Broadband connections	8,774	8,490	3.3
Primary residence switched access connections	9,344	11,359	(17.7)
Primary residence connections	11,642	12,336	(5.6)
Total retail residence voice connections	12,421	13,327	(6.8)
Total voice connections	23,700	25,454	(6.9)

Unaudited	3 Mos. Ended 3/31/12	3 Mos. Ended 3/31/11	% Change
Net Add Detail ('000)			
FiOS Video Subscribers	180	192	(6.3)
FiOS Internet Subscribers	193	207	(6.8)
FiOS Digital Voice residence connections	414	160	*
FiOS Digital connections	787	559	40.8
HSI and other	(89)	(109)	(18.3)
Total Broadband connections	104	98	6.1
Primary residence switched access connections	(562)	(398)	41.2
Primary residence connections	(148)	(238)	(37.8)
Total retail residence voice connections	(205)	(289)	(29.1)
Total voice connections	(437)	(547)	(20.1)

Revenue and ARPU Statistics

Consumer ARPU	\$ 97.88	\$ 90.55	8.1
FiOS revenues (in millions)	\$ 2,288	\$ 1,941	17.9
Strategic services as a % of total Enterprise revenues	51.1%	46.3%	

Other Operating Statistics

Capital expenditures (in millions)	\$ 1,537	\$ 1,465	4.9
Wireline employees ('000)	90.8	92.0	
FiOS Video Open for Sale ('000)	13,460	12,585	
FiOS Video penetration	32.3%	29.1%	
FiOS Internet Open for Sale ('000)	13,780	12,962	
FiOS Internet penetration	36.4%	33.1%	

Footnotes:

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* Not meaningful