



Verizon Communications **Financial and Operating Information**

As of December 31, 2012

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Condensed Consolidated Statements of Income

Unaudited	(dollars in millions, except per share amounts)		
	2010	2011	2012
Operating Revenues	\$ 106,565	\$ 110,875	\$ 115,846
Operating Expenses			
Cost of services and sales	44,149	45,875	46,275
Selling, general & administrative expense	31,366	35,624	39,951
Depreciation and amortization expense	16,405	16,496	16,460
Total Operating Expenses	91,920	97,995	102,686
Operating Income	14,645	12,880	13,160
Equity in earnings of unconsolidated businesses	508	444	324
Other income and (expense), net	54	(14)	(1,016)
Interest expense	(2,523)	(2,827)	(2,571)
Income Before Provision for Income Taxes	12,684	10,483	9,897
(Provision) Benefit for income taxes	(2,467)	(285)	660
Net Income	\$ 10,217	\$ 10,198	\$ 10,557
Net income attributable to noncontrolling interest	\$ 7,668	\$ 7,794	\$ 9,682
Net income attributable to Verizon	2,549	2,404	875
Net Income	\$ 10,217	\$ 10,198	\$ 10,557
Basic Earnings per Common Share			
Net Income attributable to Verizon	\$.90	\$.85	\$.31
Weighted average number of common shares (in millions)	2,830	2,833	2,853
Diluted Earnings per Common Share ⁽¹⁾			
Net Income attributable to Verizon	\$.90	\$.85	\$.31
Weighted average number of common shares-assuming dilution (in millions)	2,833	2,839	2,862

Notes:

(1) Diluted Earnings per Common 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	2011				2012			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Operating Revenues	\$26,990	\$27,536	\$27,913	\$28,436	\$28,242	\$28,552	\$29,007	\$30,045
Operating Expenses								
Cost of services and sales	11,229	11,158	11,398	12,090	11,319	10,896	10,991	13,069
Selling, general & administrative expense	7,284	7,373	7,689	13,278	7,700	7,877	8,366	16,008
Depreciation and amortization expense	4,024	4,113	4,179	4,180	4,028	4,128	4,167	4,137
Total Operating Expenses	22,537	22,644	23,266	29,548	23,047	22,901	23,524	33,214
Operating Income (Loss)	4,453	4,892	4,647	(1,112)	5,195	5,651	5,483	(3,169)
Equity in earnings of unconsolidated businesses	101	121	125	97	103	72	62	87
Other income and (expense), net	36	10	24	(84)	19	34	10	(1,079)
Interest expense	(709)	(717)	(698)	(703)	(685)	(679)	(632)	(575)
Income (Loss) Before (Provision) Benefit for Income Taxes	3,881	4,306	4,098	(1,802)	4,632	5,078	4,923	(4,736)
(Provision) Benefit for income taxes	(617)	(702)	(556)	1,590	(726)	(793)	(631)	2,810
Net Income (Loss)	\$ 3,264	\$ 3,604	\$ 3,542	\$ (212)	\$ 3,906	\$ 4,285	\$ 4,292	\$ (1,926)
Net income attributable to noncontrolling interest	\$ 1,825	\$ 1,995	\$ 2,163	\$ 1,811	\$ 2,220	\$ 2,460	\$ 2,699	\$ 2,303
Net income (loss) attributable to Verizon	1,439	1,609	1,379	(2,023)	1,686	1,825	1,593	(4,229)
Net Income (Loss)	\$ 3,264	\$ 3,604	\$ 3,542	\$ (212)	\$ 3,906	\$ 4,285	\$ 4,292	\$ (1,926)
Basic Earnings (Loss) per Common Share								
Net Income (Loss) attributable to Verizon	\$.51	\$.57	\$.49	\$ (.71)	\$.59	\$.64	\$.56	\$ (1.48)
Weighted average number of common shares (in millions)	2,830	2,832	2,834	2,835	2,842	2,849	2,857	2,862
Diluted Earnings (Loss) per Common Share ⁽¹⁾								
Net Income (Loss) attributable to Verizon	\$.51	\$.57	\$.49	\$ (.71)	\$.59	\$.64	\$.56	\$ (1.48)
Weighted average number of common shares-assuming dilution (in millions)	2,834	2,838	2,839	2,835	2,849	2,858	2,866	2,862

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.

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)		
	2010	2011	2012
Merger Integration and Acquisition Related Charges			
Cost of services and sales	\$ 376	\$ -	\$ -
Selling, general & administrative expense	389	-	-
Depreciation and amortization expense	102	-	-
Access Line Spin-off Related Charges			
Cost of services and sales	\$ 42	\$ -	\$ -
Selling, general & administrative expense	365	-	-
Other income and (expense), net	55	-	-
Severance, Pension & Benefit Charges			
Operating expenses	\$ 3,054	\$ 5,954	\$ 7,186
Litigation Settlements			
Selling, general & administrative expense	\$ -	\$ -	\$ 384
Medicare Part D Subsidy Charges			
Provision for income taxes	\$ 962	\$ -	\$ -
Wireless Data Revenue			
Service revenue	\$ 226	\$ -	\$ -
Equipment & other	9	-	-
Impact of Divested Operations			
Revenues	\$ 2,407	\$ -	\$ -
Cost of services and sales	574	-	-
Selling, general & administrative expense	665	-	-
Depreciation and amortization expense	413	-	-
Total Expenses	\$ 1,652	\$ -	\$ -
Early Debt Redemption and Other Restructuring Costs			
Cost of services and sales	\$ -	\$ -	\$ 40
Selling, general & administrative expense	-	-	236
Other income and (expense), net	\$ -	\$ 120	\$ 1,097

Non-Operational & Other Items

(Pre-tax dollars in millions)																
	2011						2012									
Unaudited	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Severance, Pension & Benefit Charges																
Operating expenses	\$	-	\$	-	\$	329	\$	5,625	\$	-	\$	-	\$	-	\$	7,186
Litigation Settlements																
Selling, general & administrative expense	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	384	\$	-
Early Debt Redemption and Other Restructuring Costs																
Cost of services and sales	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	40
Selling, general & administrative expense		-		-		-		-		-		-		-		236
Other income and (expense), net	\$	-	\$	-	\$	-	\$	120	\$	-	\$	-	\$	-	\$	1,097

Condensed Consolidated Balance Sheets

Unaudited	(dollars in millions)		
	12/31/10	12/31/11	12/31/12
Assets			
Current assets			
Cash and cash equivalents	\$ 6,668	\$ 13,362	\$ 3,093
Short-term investments	545	592	470
Accounts receivable, net	11,781	11,776	12,576
Inventories	1,131	940	1,075
Prepaid expenses and other	2,223	4,269	4,021
Total current assets	22,348	30,939	21,235
Plant, property and equipment	211,655	215,626	209,575
Less accumulated depreciation	123,944	127,192	120,933
	87,711	88,434	88,642
Investments in unconsolidated businesses	3,497	3,448	3,401
Wireless licenses	72,996	73,250	77,744
Goodwill	21,988	23,357	24,139
Other intangible assets, net	5,830	5,878	5,933
Other assets	5,635	5,155	4,128
Total Assets	\$ 220,005	\$ 230,461	\$ 225,222
Liabilities and Equity			
Current liabilities			
Debt maturing within one year	\$ 7,542	\$ 4,849	\$ 4,369
Accounts payable and accrued liabilities	15,702	14,689	16,182
Other	7,353	11,223	6,405
Total current liabilities	30,597	30,761	26,956
Long-term debt	45,252	50,303	47,618
Employee benefit obligations	28,164	32,957	34,346
Deferred income taxes	22,818	25,060	24,677
Other liabilities	6,262	5,472	6,092
Equity			
Common stock	297	297	297
Contributed capital	37,922	37,919	37,990
Reinvested earnings (Accumulated deficit)	4,368	1,179	(3,734)
Accumulated other comprehensive income	1,049	1,269	2,235
Common stock in treasury, at cost	(5,267)	(5,002)	(4,071)
Deferred compensation - employee stock ownership plans and other	200	308	440
Noncontrolling interest	48,343	49,938	52,376
Total Equity	86,912	85,908	85,533
Total Liabilities and Equity	\$ 220,005	\$ 230,461	\$ 225,222

Verizon - Selected Financial and Operating Statistics

Unaudited	12/31/10	12/31/11	12/31/12
Total debt (\$M)	\$ 52,794	\$ 55,152	\$ 51,987
Net debt (\$M)	\$ 46,126	\$ 41,790	\$ 48,894
Net debt / Adjusted EBITDA		1.2x	1.3x
Common shares outstanding end of period (M)	2,827	2,834	2,859
Total employees	194,400	193,900	183,400
Cash dividends declared per common share	\$ 1.925	\$ 1.975	\$ 2.030

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

Condensed Consolidated Balance Sheets

(dollars in millions)

Unaudited	3/31/11	6/30/11	9/30/11	12/31/11	3/31/12	6/30/12	9/30/12	12/31/12
Assets								
Current assets								
Cash and cash equivalents	\$ 14,007	\$ 6,240	\$ 10,324	\$ 13,362	\$ 5,909	\$ 10,001	\$ 9,714	\$ 3,093
Short-term investments	723	588	534	592	623	777	593	470
Accounts receivable, net	11,028	11,483	11,648	11,776	11,234	11,595	12,030	12,576
Inventories	1,245	1,270	1,153	940	1,063	856	1,223	1,075
Prepaid expenses and other	2,920	2,891	4,111	4,269	4,683	3,901	4,103	4,021
Total current assets	29,923	22,472	27,770	30,939	23,512	27,130	27,663	21,235
Plant, property and equipment	211,704	212,949	214,798	215,626	218,250	217,739	216,995	209,575
Less accumulated depreciation	123,459	123,552	125,955	127,192	130,064	129,844	129,185	120,933
	88,245	89,397	88,843	88,434	88,186	87,895	87,810	88,642
Investments in unconsolidated businesses	3,732	3,908	3,461	3,448	3,566	3,539	3,625	3,401
Wireless licenses	73,049	73,151	73,203	73,250	73,294	73,303	77,591	77,744
Goodwill	21,993	23,480	23,541	23,357	23,465	23,478	24,048	24,139
Other intangible assets, net	5,655	5,945	5,915	5,878	5,744	5,726	5,830	5,933
Other assets	5,511	5,403	5,299	5,155	5,154	5,001	4,515	4,128
Total Assets	\$228,108	\$223,756	\$228,032	\$230,461	\$222,921	\$226,072	\$231,082	\$225,222
Liabilities and Equity								
Current liabilities								
Debt maturing within one year	\$ 11,823	\$ 6,055	\$ 8,630	\$ 4,849	\$ 3,121	\$ 5,912	\$ 6,335	\$ 4,369
Accounts payable and accrued liabilities	13,810	14,238	14,486	14,689	13,231	13,973	16,003	16,182
Other	7,114	7,081	11,520	11,223	6,561	6,468	6,432	6,405
Total current liabilities	32,747	27,374	34,636	30,761	22,913	26,353	28,770	26,956
Long-term debt	49,374	47,927	46,285	50,303	48,476	46,479	46,467	47,618
Employee benefit obligations	27,543	27,589	27,705	32,957	32,164	31,909	30,904	34,346
Deferred income taxes	23,578	24,603	26,412	25,060	25,610	25,649	26,474	24,677
Other liabilities	6,002	5,551	5,479	5,472	5,337	5,254	5,839	6,092
Equity								
Common stock	297	297	297	297	297	297	297	297
Contributed capital	37,914	37,914	37,912	37,919	37,926	37,932	37,959	37,990
Reinvested earnings (Accumulated deficit)	4,427	4,656	4,619	1,179	1,444	1,845	1,968	(3,734)
Accumulated other comprehensive income	1,293	1,354	1,037	1,269	1,398	1,147	1,257	2,235
Common stock in treasury, at cost	(5,189)	(5,132)	(5,112)	(5,002)	(4,735)	(4,438)	(4,247)	(4,071)
Deferred compensation - employee stock ownership plans and other	246	259	298	308	341	367	411	440
Noncontrolling interest	49,876	51,364	48,464	49,938	51,750	53,278	54,983	52,376
Total Equity	88,864	90,712	87,515	85,908	88,421	90,428	92,628	85,533
Total Liabilities and Equity	\$228,108	\$223,756	\$228,032	\$230,461	\$222,921	\$226,072	\$231,082	\$225,222

Verizon - Selected Financial and Operating Statistics

Unaudited	3/31/11	6/30/11	9/30/11	12/31/11	3/31/12	6/30/12	9/30/12	12/31/12
Total debt (\$M)	\$ 61,197	\$ 53,982	\$ 54,915	\$ 55,152	\$ 51,597	\$ 52,391	\$ 52,802	\$ 51,987
Net debt (\$M)	\$ 47,190	\$ 47,742	\$ 44,591	\$ 41,790	\$ 45,688	\$ 42,390	\$ 43,088	\$ 48,894
Net debt / Adjusted EBITDA				1.2x	1.3x	1.2x	1.1x	1.3x
Common shares outstanding end of period (M)	2,829	2,831	2,831	2,834	2,841	2,849	2,854	2,859
Total employees	196,200	195,900	195,400	193,900	191,800	188,200	184,500	183,400
Cash dividends declared per common share	\$.4875	\$.4875	\$.5000	\$.5000	\$.5000	\$.5000	\$.5150	\$.5150

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)		
	12 Months Ended 12/31/10	12 Months Ended 12/31/11	12 Months Ended 12/31/12
Unaudited			
Cash Flows From Operating Activities			
Net Income	\$ 10,217	\$ 10,198	\$ 10,557
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	16,405	16,496	16,460
Employee retirement benefits	3,988	7,426	8,198
Deferred income taxes	3,233	(223)	(952)
Provision for uncollectible accounts	1,246	1,026	972
Equity in earnings of unconsolidated businesses, net of dividends received	2	36	77
Changes in current assets and liabilities, net of effects from acquisition/ disposition of businesses	202	(2,279)	(403)
Other, net	(1,930)	(2,900)	(3,423)
Net cash provided by operating activities	33,363	29,780	31,486
Cash Flows From Investing Activities			
Capital expenditures (including capitalized software)	(16,458)	(16,244)	(16,175)
Acquisitions of investments and business, net of cash acquired	(652)	(1,797)	(913)
Acquisitions of wireless licenses, net	(786)	(221)	(3,935)
Proceeds from dispositions	2,594	-	-
Net change in short-term investments	(3)	35	27
Other, net	251	977	494
Net cash used in investing activities	(15,054)	(17,250)	(20,502)
Cash Flows From Financing Activities			
Proceeds from long-term borrowings	-	11,060	4,489
Repayments of long-term borrowings and capital lease obligations	(8,136)	(11,805)	(6,403)
Increase (decrease) in short-term obligations, excluding current maturities	(1,097)	1,928	(1,437)
Dividends paid	(5,412)	(5,555)	(5,230)
Proceeds from sale of common stock	-	241	315
Proceeds from access line spin-off	3,083	-	-
Special distribution to noncontrolling interest	-	-	(8,325)
Other, net	(2,088)	(1,705)	(4,662)
Net cash used in financing activities	(13,650)	(5,836)	(21,253)
Increase (decrease) in cash and cash equivalents	4,659	6,694	(10,269)
Cash and cash equivalents, beginning of period	2,009	6,668	13,362
Cash and cash equivalents, end of period	\$ 6,668	\$ 13,362	\$ 3,093

Condensed Consolidated Statements of Cash Flows

	(dollars in millions)							
	3 Months Ended 3/31/11	6 Months Ended 6/30/11	9 Months Ended 9/30/11	12 Months Ended 12/31/11	3 Months Ended 3/31/12	6 Months Ended 6/30/12	9 Months Ended 9/30/12	12 Months Ended 12/31/12
Unaudited								
Cash Flows From Operating Activities								
Net Income	\$ 3,264	\$ 6,868	\$10,410	\$10,198	\$ 3,906	\$ 8,191	\$ 12,483	\$ 10,557
Adjustments to reconcile net income to net cash provided by operating activities:								
Depreciation and amortization expense	4,024	8,137	12,316	16,496	4,028	8,156	12,323	16,460
Employee retirement benefits	373	726	1,428	7,426	375	751	1,126	8,198
Deferred income taxes	790	1,501	1,901	(223)	656	1,237	1,665	(952)
Provision for uncollectible accounts	270	498	754	1,026	278	521	709	972
Equity in earnings of unconsolidated businesses, net of dividends received	(86)	(195)	102	36	(89)	(149)	(197)	77
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	(2,070)	(2,361)	(2,553)	(2,279)	(1,580)	(1,136)	(197)	(403)
Other, net	(1,530)	(2,382)	(2,846)	(2,900)	(1,617)	(2,300)	(3,154)	(3,423)
Net cash provided by operating activities	5,035	12,792	21,512	29,780	5,957	15,271	24,758	31,486
Cash Flows From Investing Activities								
Capital expenditures (including capitalized software)	(4,363)	(8,918)	(12,546)	(16,244)	(3,565)	(7,430)	(11,315)	(16,175)
Acquisitions of investments and business, net of cash acquired	(53)	(1,545)	(1,678)	(1,797)	(140)	(203)	(838)	(913)
Acquisitions of wireless licenses, net	(51)	(123)	(176)	(221)	(25)	(33)	(3,816)	(3,935)
Net change in short-term investments	24	47	43	35	16	21	28	27
Other, net	68	667	945	977	41	61	516	494
Net cash used in investing activities	(4,375)	(9,872)	(13,412)	(17,250)	(3,673)	(7,584)	(15,425)	(20,502)
Cash Flows From Financing Activities								
Proceeds from long-term borrowings	6,440	6,440	6,510	11,060	-	-	-	4,489
Repayments of long-term borrowings and capital lease obligations	(552)	(7,356)	(7,420)	(11,805)	(1,828)	(1,891)	(2,878)	(6,403)
Increase (decrease) in short-term obligations, excluding current maturities	2,384	1,012	1,817	1,928	(1,734)	(887)	375	(1,437)
Dividends paid	(1,379)	(2,759)	(4,139)	(5,555)	(1,291)	(2,587)	(3,887)	(5,230)
Proceeds from sale of common stock	70	122	139	241	69	210	278	315
Special distribution to noncontrolling interest	-	-	-	-	(4,500)	(4,500)	(4,500)	(8,325)
Other, net	(284)	(807)	(1,351)	(1,705)	(453)	(1,393)	(2,369)	(4,662)
Net cash provided by (used in) financing activities	6,679	(3,348)	(4,444)	(5,836)	(9,737)	(11,048)	(12,981)	(21,253)
Increase (decrease) in cash and cash equivalents	7,339	(428)	3,656	6,694	(7,453)	(3,361)	(3,648)	(10,269)
Cash and cash equivalents, beginning of period	6,668	6,668	6,668	6,668	13,362	13,362	13,362	13,362
Cash and cash equivalents, end of period	\$14,007	\$ 6,240	\$10,324	\$13,362	\$ 5,909	\$ 10,001	\$ 9,714	\$ 3,093



Verizon Wireless

Verizon Wireless – Selected Financial Results

		(dollars in millions)							
		2011				2012			
Unaudited		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Operating Revenues									
Retail service		\$13,674	\$14,019	\$14,405	\$14,562	\$14,886	\$15,230	\$15,538	\$15,786
Other service		637	688	628	544	524	546	616	607
Service		14,311	14,707	15,033	15,106	15,410	15,776	16,154	16,393
Equipment		1,689	1,753	1,800	2,215	1,838	1,768	1,858	2,559
Other		881	833	893	933	1,025	1,033	1,012	1,042
Total Operating Revenues		16,881	17,293	17,726	18,254	18,273	18,577	19,024	19,994
Operating Expenses									
Cost of services and sales		5,880	5,829	5,670	6,707	5,910	5,558	5,690	7,332
Selling, general & administrative expense		4,751	4,794	4,867	5,167	5,228	5,295	5,250	5,877
Depreciation and amortization expense		1,899	1,978	2,040	2,045	1,918	2,011	2,037	1,994
Total Operating Expenses		12,530	12,601	12,577	13,919	13,056	12,864	12,977	15,203
Operating Income		\$ 4,351	\$ 4,692	\$ 5,149	\$ 4,335	\$ 5,217	\$ 5,713	\$ 6,047	\$ 4,791
Operating Income Margin		25.8%	27.1%	29.0%	23.7%	28.6%	30.8%	31.8%	24.0%
Segment EBITDA		\$ 6,250	\$ 6,670	\$ 7,189	\$ 6,380	\$ 7,135	\$ 7,724	\$ 8,084	\$ 6,785
Segment EBITDA Service Margin		43.7%	45.4%	47.8%	42.2%	46.3%	49.0%	50.0%	41.4%

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.

Verizon Wireless – Selected Operating Statistics

Unaudited	2011				2012			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Connections ('000)								
Retail postpaid	84,031	85,290	86,175	87,382	87,963	88,838	90,354	92,530
Retail prepaid	4,383	4,445	4,533	4,785	5,025	5,316	5,545	5,700
Retail	88,414	89,735	90,708	92,167	92,988	94,154	95,899	98,230
Net Add Detail ('000) ⁽¹⁾								
Retail postpaid	906	1,257	882	1,207	501	888	1,535	2,100
Retail prepaid	(27)	61	86	252	233	290	228	142
Retail	879	1,318	968	1,459	734	1,178	1,763	2,242
Account Statistics								
Retail postpaid accounts ('000)	34,302	34,449	34,444	34,561	34,569	34,646	34,796	35,057
Retail postpaid ARPA	\$130.46	\$133.29	\$136.57	\$137.69	\$140.58	\$143.32	\$145.42	\$146.80
Retail postpaid connections per account	2.45	2.48	2.50	2.53	2.54	2.56	2.60	2.64
Churn Detail								
Retail postpaid	1.01%	0.89%	0.94%	0.94%	0.96%	0.84%	0.91%	0.95%
Retail	1.33%	1.22%	1.26%	1.23%	1.24%	1.11%	1.18%	1.24%
Retail Postpaid Connection Statistics								
Total smartphone postpaid % of phones sold	60.0%	59.5%	59.6%	70.3%	72.4%	73.0%	78.8%	86.5%
Total smartphone postpaid phone base	32.2%	35.9%	39.2%	43.5%	46.8%	49.7%	53.2%	58.1%
Total internet postpaid base	7.3%	7.5%	7.8%	8.1%	8.3%	8.5%	8.8%	9.3%
Other Operating Statistics								
Capital expenditures (\$M)	\$ 2,735	\$ 2,667	\$ 1,784	\$ 1,787	\$ 1,885	\$ 2,048	\$ 2,133	\$ 2,791

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.



Wireline

Wireline – Selected Financial Results

(dollars in millions)

Unaudited	2011				2012			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Operating Revenues								
Consumer retail	\$ 3,383	\$ 3,394	\$ 3,400	\$ 3,429	\$ 3,441	\$ 3,478	\$ 3,555	\$ 3,569
Small business	695	682	670	684	662	667	670	660
Mass Markets	4,078	4,076	4,070	4,113	4,103	4,145	4,225	4,229
Strategic services	1,765	1,900	1,926	1,984	1,969	1,983	2,010	2,090
Core	2,051	2,056	1,995	1,945	1,883	1,837	1,771	1,756
Global Enterprise	3,816	3,956	3,921	3,929	3,852	3,820	3,781	3,846
Global Wholesale	2,042	2,030	1,963	1,938	1,861	1,827	1,782	1,770
Other	211	185	195	159	129	139	126	145
Total Operating Revenues	10,147	10,247	10,149	10,139	9,945	9,931	9,914	9,990
Operating Expenses								
Cost of services and sales	5,462	5,504	5,681	5,511	5,572	5,500	5,463	5,878
Selling, general & administrative expense	2,290	2,308	2,296	2,213	2,126	2,141	2,303	2,313
Depreciation and amortization expense	2,107	2,117	2,119	2,115	2,090	2,102	2,107	2,125
Total Operating Expenses	9,859	9,929	10,096	9,839	9,788	9,743	9,873	10,316
Operating Income (Loss)	\$ 288	\$ 318	\$ 53	\$ 300	\$ 157	\$ 188	\$ 41	\$ (326)
Operating Income Margin	2.8%	3.1%	0.5%	3.0%	1.6%	1.9%	0.4%	(3.3)%
Segment EBITDA	\$ 2,395	\$ 2,435	\$ 2,172	\$ 2,415	\$ 2,247	\$ 2,290	\$ 2,148	\$ 1,799
Segment EBITDA Margin	23.6%	23.8%	21.4%	23.8%	22.6%	23.1%	21.7%	18.0%

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	2011				2012			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Connections ('000)								
FiOS Video Subscribers	3,664	3,848	3,979	4,173	4,353	4,473	4,592	4,726
FiOS Internet Subscribers	4,289	4,478	4,616	4,817	5,010	5,144	5,280	5,424
FiOS Digital Voice residence connections	977	1,195	1,460	1,884	2,298	2,648	2,938	3,227
FiOS Digital connections	8,930	9,521	10,055	10,874	11,661	12,265	12,810	13,377
HSI	4,201	4,074	3,956	3,853	3,764	3,632	3,488	3,371
Total Broadband connections	8,490	8,552	8,572	8,670	8,774	8,776	8,768	8,795
Primary residence switched access connections	11,359	10,946	10,456	9,906	9,344	8,843	8,384	7,982
Primary residence connections	12,336	12,141	11,916	11,790	11,642	11,491	11,322	11,209
Total retail residence voice connections	13,327	13,087	12,809	12,626	12,421	12,222	12,005	11,849
Total voice connections	25,454	24,997	24,519	24,137	23,700	23,278	22,847	22,503
Net Add Detail ('000)								
FiOS Video Subscribers	192	184	131	194	180	120	119	134
FiOS Internet Subscribers	207	189	138	201	193	134	136	144
FiOS Digital Voice residence connections	160	218	265	424	414	350	290	289
FiOS Digital connections	559	591	534	819	787	604	545	567
HSI	(109)	(127)	(118)	(103)	(89)	(132)	(144)	(117)
Total Broadband connections	98	62	20	98	104	2	(8)	27
Primary residence switched access connections	(398)	(413)	(490)	(550)	(562)	(501)	(459)	(402)
Primary residence connections	(238)	(195)	(225)	(126)	(148)	(151)	(169)	(113)
Total retail residence voice connections	(289)	(240)	(278)	(183)	(205)	(199)	(217)	(156)
Total voice connections	(547)	(457)	(478)	(382)	(437)	(422)	(431)	(344)
Revenue & ARPU Statistics								
Consumer ARPU	\$ 90.55	\$ 92.44	\$ 94.20	\$ 96.43	\$ 97.88	\$100.26	\$103.86	\$105.63
FiOS revenues (\$M)	\$ 1,941	\$ 2,027	\$ 2,109	\$ 2,216	\$ 2,288	\$ 2,380	\$ 2,489	\$ 2,565
Strategic services as a % of total Enterprise revenues	46.3%	48.0%	49.1%	50.5%	51.1%	51.9%	53.2%	54.3%
Other Operating Statistics								
Capital expenditures (\$M)	\$ 1,465	\$ 1,685	\$ 1,617	\$ 1,632	\$ 1,537	\$ 1,596	\$ 1,484	\$ 1,725
Wireline employees (K)	92.0	93.2	92.8	91.8	90.8	88.6	87.4	86.4
FiOS Video Open for Sale (K)	12,585	12,870	13,023	13,250	13,460	13,721	13,957	14,200
FiOS Video penetration	29.1%	29.9%	30.6%	31.5%	32.3%	32.6%	32.9%	33.3%
FiOS Internet Open for Sale (K)	12,962	13,202	13,358	13,585	13,780	14,044	14,283	14,528
FiOS Internet penetration	33.1%	33.9%	34.6%	35.5%	36.4%	36.6%	37.0%	37.3%

Footnotes:

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

Intersegment transactions have not been eliminated.

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



Non-GAAP Reconciliations

As of December 31, 2012

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.

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 expenses related primarily to capital expenditures, the substantial impact of Superstorm Sandy on the business and acquisitions that occurred in prior years, as well as in evaluating operating performance in relation to Verizon's competitors. Consolidated EBITDA, Consolidated Adjusted EBITDA, Wireless EBITDA, Wireless EBITDA service margin, Wireline EBITDA, Wireline EBITDA margin, and Wireline EBITDA margin excluding the effect of Superstorm Sandy are presented along with the respective operating income and operating income margins so as not to imply that more emphasis should be placed on them than the corresponding GAAP measures.

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 items from the calculation of Consolidated EBITDA. Management believes that Consolidated Adjusted EBITDA provides additional relevant and useful information to investors and other users of our financial data in evaluating the effectiveness of our operations and underlying business trends in a manner that is consistent with management's evaluation of business performance.

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 Verizon Wireless total operating 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 Verizon 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 Wireline total operating revenues. Wireline EBITDA margin excluding the effect of Superstorm Sandy is calculated by adding back the effect of the Storm to the calculation of Wireline EBITDA and dividing that number by Wireline total operating revenues.

Adjusted Earnings Per Common Share

Adjusted Earnings Per Common 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 adding back the EPS impact of non-operational or non-recurring items to reported EPS. Adjusted Earnings Per Common Share excluding Superstorm Sandy impact and the impact of the storm and strike is calculated by adding back the effect of Superstorm Sandy and the storm and strike to the calculation of Adjusted EPS. Management believes this measure provides additional relevant and useful information to investors and other users of our financial data in evaluating the effectiveness of our operations and underlying business trends in a manner that is consistent with management's evaluation of business performance as it excludes the substantial impact of these events on the business.

Free Cash Flow

Free Cash Flow is a non-GAAP financial measure that management believes is useful to investors and other users of Verizon's 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.

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.

Definitions – Non-GAAP Measures

Consolidated Adjusted EBITDA and Adjusted EPS

Consolidated Adjusted EBITDA and Adjusted EPS are determined using pension and benefit expenses calculated based on the projected discount rate and 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, that are used to calculate Consolidated EBITDA and EPS. Management believes this method to adjust to the projected discount rate and return on plan assets to calculate these amounts provides investors with more meaningful sequential and year-over-year quarterly comparisons.

Consolidated Reconciliations

	(dollars in millions)							
Unaudited	3 Months Ended 3/31/11	3 Months Ended 6/30/11	3 Months Ended 9/30/11	3 Months Ended 12/31/11	3 Months Ended 3/31/12	3 Months Ended 6/30/12	3 Months Ended 9/30/12	3 Months Ended 12/31/12
Adjusted EBITDA - Verizon								
Verizon Consolidated EBITDA								
Consolidated net income (loss)	\$ 3,264	\$ 3,604	\$ 3,542	\$ (212)	\$ 3,906	\$ 4,285	\$ 4,292	\$ (1,926)
Add/Subtract non-operating items:								
Provision (Benefit) for income taxes	617	702	556	(1,590)	726	793	631	(2,810)
Interest expense	709	717	698	703	685	679	632	575
Other (income) and expense, net	(36)	(10)	(24)	84	(19)	(34)	(10)	1,079
Equity in earnings of unconsolidate business	(101)	(121)	(125)	(97)	(103)	(72)	(62)	(87)
Operating Income (Loss)	4,453	4,892	4,647	(1,112)	5,195	5,651	5,483	(3,169)
Add: Depreciation and amortization expense	4,024	4,113	4,179	4,180	4,028	4,128	4,167	4,137
Consolidated EBITDA	\$ 8,477	\$ 9,005	\$ 8,826	\$ 3,068	\$ 9,223	\$ 9,779	\$ 9,650	\$ 968
Operating Income (Loss)	4,453	4,892	4,647	(1,112)	5,195	5,651	5,483	(3,169)
Add/Subtract other items (before tax):								
Severance, Pension & Benefit Charges	-	-	329	5,625	-	-	-	7,186
Litigation Settlements	-	-	-	-	-	-	384	-
Other Restructuring Costs	-	-	-	-	-	-	-	276
Adjusted Operating Income	4,453	4,892	4,976	4,513	5,195	5,651	5,867	4,293
Add: Depreciation and amortization expense	4,024	4,113	4,179	4,180	4,028	4,128	4,167	4,137
Consolidated Adjusted EBITDA	\$ 8,477	\$ 9,005	\$ 9,155	\$ 8,693	\$ 9,223	\$ 9,779	\$ 10,034	\$ 8,430

	(dollars in millions)							
Unaudited	3/31/11	6/30/11	9/30/11	12/31/11	3/31/12	6/30/12	9/30/12	12/31/12
Net Debt to Adjusted EBITDA Ratio								
Verizon Net Debt								
Debt maturing within one year	\$11,823	\$ 6,055	\$ 8,630	\$ 4,849	\$ 3,121	\$ 5,912	\$ 6,335	\$ 4,369
Long-term debt	49,374	47,927	46,285	50,303	48,476	46,479	46,467	47,618
Total Debt	61,197	53,982	54,915	55,152	51,597	52,391	52,802	51,987
Less: Cash and cash equivalents	14,007	6,240	10,324	13,362	5,909	10,001	9,714	3,093
Net Debt	\$47,190	\$47,742	\$44,591	\$41,790	\$45,688	\$ 42,390	\$ 43,088	\$ 48,894
Net Debt to Adjusted EBITDA Ratio				1.2x	1.3x	1.2x	1.1x	1.3x

Earnings Per Share Reconciliations

Unaudited	3 Months Ended 12/31/11	12 Months Ended 12/31/11	3 Months Ended 3/31/12	3 Months Ended 6/30/12	3 Months Ended 9/30/12	3 Months Ended 12/31/12	12 Months Ended 12/31/12
Adjusted EPS - Verizon							
Reported EPS	\$ (0.71)	\$ 0.85	\$ 0.59	\$ 0.64	\$ 0.56	\$ (1.48)	\$ 0.31
Severance, Pension, and Benefit Charges	1.20	1.27	-	-	-	1.55	1.55
Early Debt Redemption and Other Restructuring Costs	0.03	0.03	-	-	-	0.31	0.31
Litigation Settlements	-	-	-	-	0.08	-	0.08
Adjusted EPS	\$ 0.52	\$ 2.15	\$ 0.59	\$ 0.64	\$ 0.64	\$ 0.38	\$ 2.24
Superstorm Sandy Impact (2011 also includes strike and storm impact)	-	0.05	-	-	-	0.07	0.07
Adjusted EPS excluding Superstorm Sandy Impact (2011 also includes strike and storm impact)	\$ 0.52	\$ 2.20	\$ 0.59	\$ 0.64	\$ 0.64	\$ 0.45	\$ 2.31

Note: EPS may not add due to rounding.

Consolidated Reconciliations

(dollars in millions)

Unaudited	12 Months Ended 12/31/11	12 Months Ended 12/31/12
Free Cash Flow - Verizon		
Verizon Free Cash Flow		
Net cash provided by operating activities	\$ 29,780	\$ 31,486
Less: Capital expenditures	16,244	16,175
Free Cash Flow	\$ 13,536	\$ 15,311

Wireless Reconciliations

	(dollars in millions)							
Unaudited	3 Months Ended 3/31/11	3 Months Ended 6/30/11	3 Months Ended 9/30/11	3 Months Ended 12/31/11	3 Months Ended 3/31/12	3 Months Ended 6/30/12	3 Months Ended 9/30/12	3 Months Ended 12/31/12
Verizon Wireless Segment EBITDA								
Operating Income	\$ 4,351	\$ 4,692	\$ 5,149	\$ 4,335	\$ 5,217	\$ 5,713	\$ 6,047	\$ 4,791
Add: Depreciation and amortization expense	1,899	1,978	2,040	2,045	1,918	2,011	2,037	1,994
Verizon Wireless Segment EBITDA	\$ 6,250	\$ 6,670	\$ 7,189	\$ 6,380	\$ 7,135	\$ 7,724	\$ 8,084	\$ 6,785
Verizon Wireless total operating revenues	\$ 16,881	\$ 17,293	\$ 17,726	\$ 18,254	\$ 18,273	\$ 18,577	\$ 19,024	\$ 19,994
Verizon Wireless service revenues	\$ 14,311	\$ 14,707	\$ 15,033	\$ 15,106	\$ 15,410	\$ 15,776	\$ 16,154	\$ 16,393
Verizon Wireless Operating Income Margin	25.8%	27.1%	29.0%	23.7%	28.6%	30.8%	31.8%	24.0%
Verizon Wireless Segment EBITDA Service Margin	43.7%	45.4%	47.8%	42.2%	46.3%	49.0%	50.0%	41.4%

Wireline Reconciliations

	(dollars in millions)							
Unaudited	3 Months Ended 3/31/11	3 Months Ended 6/30/11	3 Months Ended 9/30/11	3 Months Ended 12/31/11	3 Months Ended 3/31/12	3 Months Ended 6/30/12	3 Months Ended 9/30/12	3 Months Ended 12/31/12
Wireline Segment EBITDA								
Operating Income (Loss)	\$ 288	\$ 318	\$ 53	\$ 300	\$ 157	\$ 188	\$ 41	\$ (326)
Add: Depreciation and amortization expense	2,107	2,117	2,119	2,115	2,090	2,102	2,107	2,125
Wireline Segment EBITDA	\$ 2,395	\$ 2,435	\$ 2,172	\$ 2,415	\$ 2,247	\$ 2,290	\$ 2,148	\$ 1,799
Wireline total operating revenues	\$ 10,147	\$ 10,247	\$ 10,149	\$ 10,139	\$ 9,945	\$ 9,931	\$ 9,914	\$ 9,990
Wireline Operating Income Margin	2.8%	3.1%	0.5%	3.0%	1.6%	1.9%	0.4%	(3.3)%
Wireline Segment EBITDA Margin	23.6%	23.8%	21.4%	23.8%	22.6%	23.1%	21.7%	18.0%

	(dollars in millions)	
Unaudited	3 Months Ended 12/31/12	12 Months Ended 12/31/12
Wireline Segment EBITDA		
Operating Income (Loss)	\$ (326)	\$ 60
Add: Depreciation and amortization expense	2,125	8,424
Wireline Segment EBITDA	\$ 1,799	\$ 8,484
Superstorm Sandy impact	319	319
Wireline Segment EBITDA excluding the Superstorm Sandy impact	\$ 2,118	\$ 8,803
Wireline total operating revenues	\$ 9,990	\$ 39,780
Wireline Segment EBITDA Margin the excluding Superstorm Sandy impact	21.2%	22.1%