
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report: April 21, 2015
(Date of earliest event reported)

VERIZON COMMUNICATIONS INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation)

1-8606
(Commission File Number)

23-2259884
(I.R.S. Employer Identification No.)

**1095 Avenue of the Americas
New York, New York**
(Address of principal executive offices)

10036
(Zip Code)

Registrant's telephone number, including area code: (212) 395-1000

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-
-

Item 2.02. Results of Operations and Financial Condition

Attached as an exhibit hereto are a press release and financial tables dated April 21, 2015 issued by Verizon Communications Inc. (Verizon).

Non-GAAP Measures

Verizon's press release and financial tables include financial information prepared in conformity with generally accepted accounting principles (GAAP) as well as non-GAAP financial information. It is management's intent to provide non-GAAP financial information to enhance the understanding of Verizon's GAAP 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.

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

Verizon consolidated earnings before interest, taxes, depreciation and amortization (Consolidated EBITDA), Consolidated EBITDA margin, Wireless Segment EBITDA (Wireless EBITDA), Wireless Segment EBITDA margin (Wireless EBITDA margin), Wireless Segment EBITDA service margin (Wireless EBITDA service margin), Wireline Segment EBITDA (Wireline EBITDA) and Wireline Segment EBITDA margin (Wireline EBITDA margin) are non-GAAP measures and do not purport to be alternatives to GAAP items as measures of operating performance. Management believes that these measures are useful to investors and other users of our financial information in evaluating operating profitability on a more variable cost basis as they exclude the depreciation and amortization expense related primarily to capital expenditures and acquisitions that occurred in prior years, as well as in evaluating operating performance in relation to Verizon's competitors.

Verizon Consolidated Adjusted EBITDA (Consolidated Adjusted EBITDA) is a non-GAAP measure and does not purport to be an alternative to a GAAP item as a measure of operating performance. Management believes that this measure provides relevant and useful information to investors and other users of our financial information in evaluating the effectiveness of our operations and underlying business trends in a manner that is consistent with management's evaluation of business performance.

Consolidated EBITDA is calculated by adding back interest, taxes, depreciation and amortization expense, equity in earnings (losses) of unconsolidated businesses and other income and (expense), net to net income. Consolidated EBITDA margin is calculated by dividing Consolidated EBITDA by total revenues. Consolidated Adjusted EBITDA is calculated by excluding the effect of non-operational items and the impact of divested operations from the calculation of Consolidated EBITDA.

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

Net Debt and the Net Debt to Adjusted EBITDA Ratio are non-GAAP financial measures that management believes are useful to investors and other users of our financial information in evaluating Verizon's leverage. Net Debt is calculated by subtracting cash and cash equivalents from the sum of debt maturing within one year and long-term debt. For purposes of the Net Debt to Adjusted EBITDA Ratio, Adjusted EBITDA is calculated for the last twelve months. Management believes that this presentation assists investors and other users of our financial information in understanding trends that are indicative of future operating results given the non-operational nature of the items excluded from the calculation.

Adjusted Earnings Per Common Share (Adjusted EPS) 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 our operating trends. Adjusted EPS is calculated by excluding the effect of non-operational items from the calculation of reported EPS.

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

Consolidated Adjusted EBITDA and Adjusted EPS include pension expenses calculated based on the prior year-end discount rate and expected return on plan assets used during the first three quarters of the year, as opposed to the actual discount rate and return on plan assets, which are not available until December 31 or upon a remeasurement event. Management believes that excluding actuarial gains or losses as a result of a remeasurement provides investors and other users of our financial information with more meaningful sequential and year-over-year quarterly comparisons and is consistent with management's evaluation of business performance.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits.

| Exhibit Number | Description |
|---------------------------|--------------------|
|---------------------------|--------------------|

| | |
|----|---|
| 99 | Press release and financial tables, dated April 21, 2015, issued by Verizon Communications Inc. |
|----|---|

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Verizon Communications Inc.

(Registrant)

Date: April 21, 2015

/s/ Anthony T. Skiadas

Anthony T. Skiadas

Senior Vice President and Controller

EXHIBIT INDEX

| <u>Exhibit Number</u> | <u>Description</u> |
|----------------------------------|---------------------------|
|----------------------------------|---------------------------|

| | |
|----|---|
| 99 | Press release and financial tables, dated April 21, 2015, issued by Verizon Communications Inc. |
|----|---|



NEWS RELEASE

FOR IMMEDIATE RELEASE
April 21, 2015

Media contacts:
Bob Varettoni
908-559-6388
robert.a.varettoni@verizon.com

Ray McConville
908-559-3504
raymond.mcconville@verizon.com

Verizon Reports Strong Balanced Results; Delivers Customer, Earnings and Cash Flow Growth in First Quarter

1Q 2015 HIGHLIGHTS

Consolidated

- \$1.02 in earnings per share (EPS), compared with \$1.15 per share and 84 cents in adjusted EPS (non-GAAP) in 1Q 2014.

Wireless

- 6.9 percent year-over-year increase in total revenues; 35.0 percent operating income margin.
- 55.8 percent segment EBITDA margin on service revenues (non-GAAP), and 44.8 percent segment EBITDA margin on total revenues (non-GAAP).
- 565,000 net retail postpaid connections added in the quarter; low retail postpaid churn of 1.03 percent; 108.6 million total retail connections; 102.6 million total retail postpaid connections.

Wireline

- 4.0 percent year-over-year increase in consumer revenues, the 11th consecutive quarter of increases of at least 4 percent.
- 10.2 percent year-over-year increase in FiOS revenues; 133,000 FiOS Internet and 90,000 FiOS Video net additions.

NEW YORK – Verizon Communications Inc. (NYSE, Nasdaq: VZ) today announced first-quarter 2015 results highlighted by customer growth in key wireless and broadband markets, strong earnings and increased cash flow.

“Verizon is off to a strong start in 2015 with another quarter of profitable growth,” said Verizon Chairman and CEO Lowell McAdam. “We expanded our base of customers seeking a premium experience, and we grew revenues, earnings and cash flow during a quarter in which we also took significant steps to sharpen our strategic focus. We are confident in our ability to maintain momentum and continue to add value for customers and shareholders.”

The company reported \$1.02 in EPS in first-quarter 2015, compared with \$1.15 per share in first-quarter 2014.

There were no non-operational adjustments to first-quarter 2015 per-share results; first-quarter-2014 results included non-operational gains related to Verizon’s acquisition of full ownership of Verizon Wireless in February 2014.

First-quarter 2015 earnings of \$1.02 per share compares with 84 cents per share in adjusted EPS (non-GAAP) in first-quarter 2014 – an increase of 21.4 percent.

In first-quarter 2015, Verizon agreed to sell its local wireline operations serving customers in three states to Frontier Communications, monetized wireless tower assets in a transaction with American Tower, and announced an accelerated share-repurchase program to return \$5 billion in capital to shareholders. The company also completed the purchase of \$10.4 billion in spectrum in the Federal Communications Commission’s AWS-3 auction.

Consolidated Margin Expansion and Cash Flow Growth

On a consolidated basis, Verizon generated top-line growth, margin expansion and increased cash flow in first-quarter 2015.

Consolidated Highlights

- Total operating revenues in first-quarter 2015 were \$32.0 billion, a 3.8 percent increase compared with first-quarter 2014. Excluding first-quarter 2014 revenues from a business that has since been sold, the comparable year-over-year growth rate (non-GAAP) would have been 4.2 percent.
- Continued effective cost management drove first-quarter 2015 operating income to \$8.0 billion, an 11.2 percent increase compared with first-quarter 2014.
- Consolidated operating income margin was 24.9 percent in first-quarter 2015, compared with 23.2 percent in first-quarter 2014. Consolidated EBITDA margin (non-GAAP, based on earnings before interest, taxes, depreciation and amortization) was 37.4 percent in first-quarter 2015, compared with 36.7 percent in first-quarter 2014.
- Cash flow from operating activities increased to \$10.2 billion in first-quarter 2015, compared with \$7.1 billion in first-quarter 2014. The \$10.2 billion included a non-recurring \$2.4 billion related to the monetization of tower assets.
- Excluding the tower-transaction impact, free cash flow (non-GAAP, cash flow from operations less capital expenditures) totaled about \$4.2 billion in first-quarter 2015, compared with \$3.0 billion in first-quarter 2014. Verizon continues to expect full-year 2015 capital expenditures to range between \$17.5 billion and \$18.0 billion.

Verizon Wireless Delivers Quality Customer Growth and Profitability

In first-quarter 2015, Verizon Wireless delivered quality connections growth and strong profitability.

Wireless Financial Highlights

- Total revenues were \$22.3 billion in first-quarter 2015, up 6.9 percent year over year. Service revenues totaled \$17.9 billion, down 0.4 percent year over year, while equipment revenues increased \$1.5 billion compared with first-quarter 2014 as more customers chose Verizon Edge pricing. This pricing makes it easy to buy a new device with a low upfront cost and simple monthly installments.
- Service revenues plus Edge installment billings increased 3.1 percent year over year. The percentage of phone activations on the Edge program was about 39 percent in first-quarter 2015, compared with about 25 percent in fourth-quarter 2014. The company expects this percentage, which is currently approaching 50 percent, to continue to increase.

- In first-quarter 2015, wireless operating income margin was 35.0 percent, flat with last year's first quarter. Segment EBITDA margin on service revenues was 55.8 percent, compared with 52.1 percent in first-quarter 2014; and segment EBITDA margin on total revenues was 44.8 percent, similar to a year ago.

Wireless Operational Highlights

- Verizon Wireless had 565,000 retail postpaid net additions in first-quarter 2015, a 4.8 percent increase compared with first-quarter 2014. At the end of first-quarter 2015, the company had 108.6 million retail connections, a 5.1 percent year-over-year increase, and had 102.6 million retail postpaid connections.
- The company added 621,000 4G smartphones to its customer base in first-quarter 2015. In light of a net decline in 3G smartphones, overall smartphone growth totaled 247,000. The company also added 820,000 4G tablets and reported net declines of 385,000 basic phones and 188,000 prepaid devices in first-quarter 2015.
- 4G devices now constitute approximately 70 percent of the retail postpaid connections base, up from 49 percent a year ago – with the 4G LTE network handling about 86 percent of total wireless data traffic in first-quarter 2015.
- Growth in 4G device adoption continues to drive increased data and video usage. Within More Everything accounts, average data usage continues to rise, up 54 percent year over year.
- At 1.03 percent in first-quarter 2015, retail postpaid churn improved both sequentially and year over year. Retail postpaid smartphone customer churn was less than 0.9 percent.

Wireline Consumer Revenue Maintains Consistent Growth

Verizon's wireline segment reported continued strong results for consumer services. Year-over-year quarterly revenues, driven by FiOS fiber-optic broadband services, have now grown by at least 4 percent for the 11th consecutive quarter.

Wireline Financial Highlights

- In first-quarter 2015, consumer revenues were \$4.0 billion, an increase of 4.0 percent compared with first-quarter 2014, with FiOS revenues representing 78 percent of the total.
- Total FiOS revenues grew 10.2 percent, to \$3.4 billion, comparing first-quarter 2015 with first-quarter 2014.

- Wireline operating income margin was 4.3 percent in first-quarter 2015, up from 1.5 percent in first-quarter 2014. Segment EBITDA margin (non-GAAP) was 22.7 percent in first-quarter 2015, compared with 22.5 percent in first-quarter 2014.

Wireline Operational Highlights

- In first-quarter 2015, Verizon added 133,000 net new FiOS Internet connections and 90,000 net new FiOS Video connections. Verizon had totals of 6.7 million FiOS Internet and 5.7 million FiOS Video connections at the end of the first quarter, representing year-over-year increases of 9.4 percent and 7.9 percent, respectively.
- FiOS Internet penetration (subscribers as a percentage of potential subscribers) was 41.5 percent at the end of first-quarter 2015, compared with 39.7 percent at the end of first-quarter 2014. In the same periods, FiOS Video penetration was 36.0 percent, compared with 35.0 percent.
- By the end of first-quarter 2015, 62 percent of consumer FiOS Internet customers subscribed to FiOS Quantum, which provides speeds ranging from 50 to 500 megabits per second, up from 59 percent at year-end 2014. The highest rate of growth is in the 75-megabit-per-second tier, to which more than 20 percent of FiOS customers subscribe.
- Broadband connections totaled 9.2 million at the end of first-quarter 2015, a 2.4 percent year-over-year increase. Net broadband connections increased by 41,000 in first-quarter 2015, as FiOS Internet net additions more than offset declines in DSL-based High Speed Internet connections.
- Verizon continues to replace portions of its residential copper network with fiber optics to provide customers with a more reliable and resilient infrastructure, which has proven to increase customer satisfaction and reduce repair costs. In first-quarter 2015, Verizon migrated 47,000 customers who had been using copper connections, toward a full-year goal of 200,000.
- Verizon Enterprise Solutions helped clients around the globe improve customer experience, drive growth and business performance and manage risk in the first quarter. The company deployed innovative enterprise-grade network, cloud, security, Internet of Things, mobility and other business solutions for some of the world's leading brands, including Altisource, Cisco, Hallmark Cards Inc., MiCTA, National DCP LLC, PetSmart Inc., Slomin's Inc., TNT, Visteon Corporation and The Welsh Government.

Wireline segment results include operations being sold to Frontier. Verizon's consolidated balance sheet reflects these operations as assets held for sale. Accounting rules require that depreciation expense not be recorded on such assets; accordingly, wireline depreciation expense will be lower in 2015. This produced an EPS benefit of 2 cents per share in

first-quarter 2015 and is expected to produce a 3-cent-per-share benefit in subsequent full quarters until the transaction's closing, targeted for first-half 2016.

NOTE: See the accompanying schedules and www.verizon.com/about/investors for reconciliations to generally accepted accounting principles (GAAP) for non-GAAP financial measures cited in this document.

Verizon Communications Inc. (NYSE, Nasdaq: VZ), headquartered in New York, is a global leader in delivering broadband and other wireless and wireline communications services to consumer, business, government and wholesale customers. Verizon Wireless operates America's most reliable wireless network, with 108.6 million retail connections nationwide. Verizon also provides converged communications, information and entertainment services over America's most advanced fiber-optic network, and delivers integrated business solutions to customers worldwide. A Dow 30 company with more than \$127 billion in 2014 revenues, Verizon employs a diverse workforce of 176,200. For more information, visit www.verizon.com/news/.

####

VERIZON'S ONLINE NEWS CENTER: Verizon news releases, executive speeches and biographies, media contacts and other information are available at Verizon's online News Center at www.verizon.com/news/. The news releases are available through an RSS feed. To subscribe, visit www.verizon.com/about/rss-feeds/.

Forward-Looking Statements

In this communication we have made forward-looking statements. These statements are based on our estimates and assumptions and are subject to risks and uncertainties. Forward-looking statements include the information concerning our possible or assumed future results of operations. Forward-looking statements also include those preceded or followed by the words "anticipates," "believes," "estimates," "hopes" or similar expressions. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. The following important factors, along with those discussed in our filings with the Securities and Exchange Commission (the "SEC"), could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements: adverse conditions in the U.S. and international economies; the effects of competition in the markets in which we operate; material changes in technology or technology substitution; disruption of our key suppliers' provisioning of products or services; changes in the regulatory environment in which we operate, including any increase in restrictions on our ability to operate our networks; breaches of network or information technology security, natural disasters, terrorist attacks or acts of war or significant litigation and any resulting financial impact not covered by insurance; our high level of indebtedness; an adverse change in the ratings afforded our debt securities by nationally accredited ratings organizations or adverse conditions in the credit markets affecting the cost, including interest rates, and/or availability of further financing; material adverse changes in labor matters, including labor negotiations, and any resulting financial and/or operational impact; significant increases in benefit plan costs or lower investment returns on plan assets; changes in tax laws or treaties, or in their interpretation; changes in accounting assumptions that regulatory agencies, including the SEC, may require or that result from changes in the accounting rules or their application, which could result in an impact on earnings; and the inability to implement our business strategies.

Verizon Communications Inc.
Condensed Consolidated Statements of Income

(dollars in millions, except per share amounts)

| Unaudited | 3 Mos. Ended 3/31/15 | 3 Mos. Ended 3/31/14 | % Change |
|---|-------------------------|-------------------------|----------|
| Operating Revenues | \$ 31,984 | \$ 30,818 | 3.8 |
| Operating Expenses | | | |
| Cost of services and sales | 12,096 | 11,189 | 8.1 |
| Selling, general and administrative expense | 7,939 | 8,332 | (4.7) |
| Depreciation and amortization expense | 3,989 | 4,137 | (3.6) |
| Total Operating Expenses | <u>24,024</u> | <u>23,658</u> | 1.5 |
| Operating Income | 7,960 | 7,160 | 11.2 |
| Equity in earnings (losses) of unconsolidated businesses | (34) | 1,902 | * |
| Other income and (expense), net | 75 | (894) | * |
| Interest expense | (1,332) | (1,214) | 9.7 |
| Income Before Provision for Income Taxes | 6,669 | 6,954 | (4.1) |
| Provision for income taxes | (2,331) | (968) | * |
| Net Income | <u>\$ 4,338</u> | <u>\$ 5,986</u> | (27.5) |
| Net income attributable to noncontrolling interests | \$ 119 | \$ 2,039 | (94.2) |
| Net income attributable to Verizon | <u>4,219</u> | <u>3,947</u> | 6.9 |
| Net Income | <u>\$ 4,338</u> | <u>\$ 5,986</u> | (27.5) |
| Basic Earnings per Common Share | | | |
| Net income attributable to Verizon | \$ 1.03 | \$ 1.15 | (10.4) |
| <i>Weighted average number of common shares (in millions)</i> | <i>4,116</i> | <i>3,425</i> | |
| Diluted Earnings per Common Share ⁽¹⁾ | | | |
| Net income attributable to Verizon | \$ 1.02 | \$ 1.15 | (11.3) |
| <i>Weighted average number of common shares-assuming dilution (in millions)</i> | <i>4,121</i> | <i>3,430</i> | |

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.

* Not meaningful

Verizon Communications Inc.
Condensed Consolidated Balance Sheets

(dollars in millions)

| Unaudited | 3/31/15 | 12/31/14 | \$ Change |
|--|-------------------|-------------------|-----------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 4,386 | \$ 10,598 | \$ (6,212) |
| Short-term investments | 547 | 555 | (8) |
| Accounts receivable, net | 12,698 | 13,993 | (1,295) |
| Inventories | 1,076 | 1,153 | (77) |
| Assets held for sale | 893 | 552 | 341 |
| Prepaid expenses and other | 3,236 | 2,772 | 464 |
| Total current assets | 22,836 | 29,623 | (6,787) |
| Plant, property and equipment | 210,389 | 230,508 | (20,119) |
| Less accumulated depreciation | 128,747 | 140,561 | (11,814) |
| | 81,642 | 89,947 | (8,305) |
| Investments in unconsolidated businesses | 762 | 802 | (40) |
| Wireless licenses | 75,693 | 75,341 | 352 |
| Goodwill | 23,303 | 24,639 | (1,336) |
| Other intangible assets, net | 5,779 | 5,728 | 51 |
| Non-current assets held for sale | 9,580 | — | 9,580 |
| Deposit for wireless licenses | 10,430 | 921 | 9,509 |
| Other assets | 5,765 | 5,707 | 58 |
| Total Assets | \$ 235,790 | \$ 232,708 | \$ 3,082 |
| Liabilities and Equity | | | |
| Current liabilities | | | |
| Debt maturing within one year | \$ 4,439 | \$ 2,735 | \$ 1,704 |
| Accounts payable and accrued liabilities | 15,189 | 16,680 | (1,491) |
| Liabilities related to assets held for sale | 572 | — | 572 |
| Other | 8,513 | 8,649 | (136) |
| Total current liabilities | 28,713 | 28,064 | 649 |
| Long-term debt | 108,949 | 110,536 | (1,587) |
| Employee benefit obligations | 33,010 | 33,280 | (270) |
| Deferred income taxes | 42,330 | 41,578 | 752 |
| Non-current liabilities related to assets held for sale | 943 | — | 943 |
| Other liabilities | 11,086 | 5,574 | 5,512 |
| Equity | | | |
| Common stock | 424 | 424 | — |
| Contributed capital | 10,391 | 11,155 | (764) |
| Reinvested earnings | 4,422 | 2,447 | 1,975 |
| Accumulated other comprehensive income | 916 | 1,111 | (195) |
| Common stock in treasury, at cost | (7,093) | (3,263) | (3,830) |
| Deferred compensation – employee stock ownership plans and other | 279 | 424 | (145) |
| Noncontrolling interests | 1,420 | 1,378 | 42 |
| Total equity | 10,759 | 13,676 | (2,917) |
| Total Liabilities and Equity | \$ 235,790 | \$ 232,708 | \$ 3,082 |

Verizon - Selected Financial and Operating Statistics

| Unaudited | 3/31/15 | 12/31/14 |
|---|------------|------------|
| Total debt (in millions) | \$ 113,388 | \$ 113,271 |
| Net debt (in millions) | \$ 109,002 | \$ 102,673 |
| Net debt / Adjusted EBITDA ⁽¹⁾ | 2.5x | 2.4x |

| | | |
|---|----------|----------|
| Common shares outstanding end of period (in millions) | 4,078 | 4,155 |
| Total employees | 176,200 | 177,300 |
| Quarterly cash dividends declared per common share | \$ 0.550 | \$ 0.550 |

Footnotes:

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

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

Verizon Communications Inc.
Condensed Consolidated Statements of Cash Flows

(dollars in millions)

| Unaudited | 3 Mos. Ended 3/31/15 | 3 Mos. Ended 3/31/14 | \$ Change |
|--|-------------------------|-------------------------|------------|
| Cash Flows from Operating Activities | | | |
| Net Income | \$ 4,338 | \$ 5,986 | \$ (1,648) |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization expense | 3,989 | 4,137 | (148) |
| Employee retirement benefits | 284 | 281 | 3 |
| Deferred income taxes | 823 | (155) | 978 |
| Provision for uncollectible accounts | 383 | 231 | 152 |
| Equity in earnings (losses) of unconsolidated businesses, net of dividends received | 44 | (1,894) | 1,938 |
| Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses | (888) | (1,626) | 738 |
| Other, net | 1,196 | 179 | 1,017 |
| Net cash provided by operating activities | 10,169 | 7,139 | 3,030 |
| Cash Flows from Investing Activities | | | |
| Capital expenditures (including capitalized software) | (3,665) | (4,150) | 485 |
| Acquisitions of investments and businesses, net of cash acquired | (2) | (157) | 155 |
| Acquisitions of wireless licenses | (9,555) | (213) | (9,342) |
| Other, net | 46 | (11) | 57 |
| Net cash used in investing activities | (13,176) | (4,531) | (8,645) |
| Cash Flows from Financing Activities | | | |
| Proceeds from long-term borrowings | 6,497 | 16,952 | (10,455) |
| Repayments of long-term borrowings and capital lease obligations | (5,576) | (7,951) | 2,375 |
| Increase in short-term obligations, excluding current maturities | 482 | 252 | 230 |
| Dividends paid | (2,153) | (1,517) | (636) |
| Proceeds from sale of common stock | — | 34 | (34) |
| Purchase of common stock for treasury | (5,000) | — | (5,000) |
| Acquisition of noncontrolling interest | — | (58,886) | 58,886 |
| Other, net | 2,545 | (2,113) | 4,658 |
| Net cash used in financing activities | (3,205) | (53,229) | 50,024 |
| Decrease in cash and cash equivalents | (6,212) | (50,621) | 44,409 |
| Cash and cash equivalents, beginning of period | 10,598 | 53,528 | (42,930) |
| Cash and cash equivalents, end of period | \$ 4,386 | \$ 2,907 | \$ 1,479 |

Footnotes:

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

Verizon Communications Inc.
Wireless - Selected Financial Results

(dollars in millions)

| Unaudited | 3 Mos. Ended 3/31/15 | 3 Mos. Ended 3/31/14 | % Change |
|---|-------------------------|-------------------------|------------|
| Operating Revenues | | | |
| Retail service | \$ 17,143 | \$ 17,246 | (0.6) |
| Other service | 771 | 741 | 4.0 |
| Service | 17,914 | 17,987 | (0.4) |
| Equipment | 3,373 | 1,870 | 80.4 |
| Other | 1,041 | 1,022 | 1.9 |
| Total Operating Revenues | 22,328 | 20,879 | 6.9 |
| Operating Expenses | | | |
| Cost of services and sales | 6,959 | 5,856 | 18.8 |
| Selling, general and administrative expense | 5,369 | 5,644 | (4.9) |
| Depreciation and amortization expense | 2,190 | 2,061 | 6.3 |
| Total Operating Expenses | 14,518 | 13,561 | 7.1 |
| Operating Income | \$ 7,810 | \$ 7,318 | 6.7 |
| Operating Income Margin | 35.0% | 35.0% | |
| Segment EBITDA | \$ 10,000 | \$ 9,379 | 6.6 |
| Segment EBITDA Margin | 44.8% | 44.9% | |
| Segment EBITDA Service Margin | 55.8% | 52.1% | |

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 Communications Inc.
Wireless - Selected Operating Statistics

| Unaudited | 3/31/15 | 3/31/14 | % Change |
|---------------------------|---------|---------|----------|
| Connections ('000) | | | |
| Retail postpaid | 102,637 | 97,273 | 5.5 |
| Retail prepaid | 5,945 | 6,057 | (1.8) |
| Retail | 108,582 | 103,330 | 5.1 |

| Unaudited | 3 Mos. Ended 3/31/15 | 3 Mos. Ended 3/31/14 | % Change |
|---|-------------------------|-------------------------|----------|
| Net Add Detail ('000) ⁽¹⁾ | | | |
| Retail postpaid | 565 | 539 | 4.8 |
| Retail prepaid | (188) | 10 | * |
| Retail | 377 | 549 | (31.3) |

| | | | |
|--|-----------|-----------|-------|
| Account Statistics | | | |
| Retail Postpaid Accounts ('000) ⁽²⁾ | 35,516 | 35,061 | 1.3 |
| Retail postpaid ARPA | \$ 156.14 | \$ 159.67 | (2.2) |
| Retail postpaid connections per account ⁽²⁾ | 2.89 | 2.77 | 4.3 |

| | | | |
|---------------------|-------|-------|--|
| Churn Detail | | | |
| Retail postpaid | 1.03% | 1.07% | |
| Retail | 1.33% | 1.37% | |

| | | | |
|---|-------|-------|--|
| Retail Postpaid Connection Statistics | | | |
| Total Smartphone postpaid % of phones activated | 91.4% | 90.1% | |
| Total Smartphone postpaid phone base ⁽²⁾ | 79.9% | 72.3% | |
| Total Internet postpaid base ⁽²⁾ | 14.8% | 11.3% | |

| | | | |
|------------------------------------|----------|----------|-------|
| Other Operating Statistics | | | |
| Capital expenditures (in millions) | \$ 2,419 | \$ 2,554 | (5.3) |

Footnotes:

- (1) Connection net additions exclude acquisitions and adjustments.
(2) Statistics presented as of end of period.

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.

* Not meaningful

Verizon Communications Inc.
Wireline - Selected Financial Results

(dollars in millions)

| Unaudited | 3 Mos. Ended 3/31/15 | 3 Mos. Ended 3/31/14 | % Change |
|---|-------------------------|-------------------------|--------------|
| Operating Revenues | | | |
| Consumer retail | \$ 3,992 | \$ 3,840 | 4.0 |
| Small business | 600 | 624 | (3.8) |
| Mass Markets | 4,592 | 4,464 | 2.9 |
| Strategic services | 2,048 | 2,071 | (1.1) |
| Core | 1,215 | 1,400 | (13.2) |
| Global Enterprise | 3,263 | 3,471 | (6.0) |
| Global Wholesale | 1,524 | 1,583 | (3.7) |
| Other | 90 | 144 | (37.5) |
| Total Operating Revenues | 9,469 | 9,662 | (2.0) |
| Operating Expenses | | | |
| Cost of services and sales | 5,287 | 5,339 | (1.0) |
| Selling, general and administrative expense | 2,031 | 2,149 | (5.5) |
| Depreciation and amortization expense | 1,746 | 2,033 | (14.1) |
| Total Operating Expenses | 9,064 | 9,521 | (4.8) |
| Operating Income | \$ 405 | \$ 141 | * |
| Operating Income Margin | 4.3% | 1.5% | |
| Segment EBITDA | \$ 2,151 | \$ 2,174 | (1.1) |
| Segment EBITDA Margin | 22.7% | 22.5% | |

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.

* Not meaningful

Verizon Communications Inc.
Wireline - Selected Operating Statistics

| Unaudited | 3/31/15 | 3/31/14 | % Change |
|---|---------|---------|----------|
| Connections ('000) | | | |
| FiOS Video Subscribers | 5,739 | 5,319 | 7.9 |
| FiOS Internet Subscribers | 6,749 | 6,170 | 9.4 |
| FiOS Digital Voice residence connections | 4,661 | 4,350 | 7.1 |
| FiOS Digital connections | 17,149 | 15,839 | 8.3 |
| HSI | 2,497 | 2,861 | (12.7) |
| Total Broadband connections | 9,246 | 9,031 | 2.4 |
| Primary residence switched access connections | 5,397 | 6,224 | (13.3) |
| Primary residence connections | 10,058 | 10,574 | (4.9) |
| Total retail residence voice connections | 10,457 | 11,048 | (5.3) |
| Total voice connections | 19,475 | 20,733 | (6.1) |

| Unaudited | 3 Mos. Ended 3/31/15 | 3 Mos. Ended 3/31/14 | % Change |
|---|-------------------------|-------------------------|----------|
| Net Add Detail ('000) | | | |
| FiOS Video Subscribers | 90 | 57 | 57.9 |
| FiOS Internet Subscribers | 133 | 98 | 35.7 |
| FiOS Digital Voice residence connections | 59 | 102 | (42.2) |
| FiOS Digital connections | 282 | 257 | 9.7 |
| HSI | (92) | (82) | 12.2 |
| Total Broadband connections | 41 | 16 | * |
| Primary residence switched access connections | (199) | (257) | (22.6) |
| Primary residence connections | (140) | (155) | (9.7) |
| Total retail residence voice connections | (158) | (181) | (12.7) |
| Total voice connections | (320) | (352) | (9.1) |

Revenue Statistics

| | | | |
|--|----------|----------|------|
| FiOS revenues (in millions) | \$ 3,352 | \$ 3,041 | 10.2 |
| Strategic services as a % of total Enterprise revenues | 62.8% | 59.7% | |

Other Operating Statistics

| | | | |
|------------------------------------|----------|----------|--------|
| Capital expenditures (in millions) | \$ 1,077 | \$ 1,385 | (22.2) |
| Wireline employees ('000) | 75.5 | 80.9 | |
| FiOS Video Open for Sale ('000) | 15,931 | 15,184 | |
| FiOS Video penetration | 36.0% | 35.0% | |
| FiOS Internet Open for Sale ('000) | 16,264 | 15,530 | |
| FiOS Internet penetration | 41.5% | 39.7% | |

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.

* Not meaningful

Verizon Communications Inc.
Reconciliations - Consolidated Verizon

Adjusted Operating Revenues

(dollars in millions)

| Unaudited | 3 Mos. Ended 3/31/14 | 3 Mos. Ended 3/31/15 |
|---|-------------------------|-------------------------|
| Consolidated Operating Revenues | \$ 30,818 | \$ 31,984 |
| Impact of Divested Operations | (128) | — |
| Consolidated Adjusted Operating Revenues | \$ 30,690 | \$ 31,984 |
| Year over Year Growth | | 4.2% |

Adjusted EBITDA

(dollars in millions)

| Unaudited | 3 Mos. Ended 3/31/14 | 3 Mos. Ended 6/30/14 | 3 Mos. Ended 9/30/14 | 3 Mos. Ended 12/31/14 | 3 Mos. Ended 3/31/15 |
|--|-------------------------|-------------------------|-------------------------|--------------------------|-------------------------|
| Verizon Consolidated EBITDA | | | | | |
| Consolidated net income (loss) | \$ 5,986 | \$ 4,324 | \$ 3,794 | \$ (2,148) | \$ 4,338 |
| Add/(Subtract): | | | | | |
| Provision (benefit) for income taxes | 968 | 2,220 | 1,864 | (1,738) | 2,331 |
| Interest expense | 1,214 | 1,164 | 1,255 | 1,282 | 1,332 |
| Other (income) and expense, net | 894 | (66) | (71) | 437 | (75) |
| Equity in (earnings) losses of unconsolidated businesses | (1,902) | 43 | 48 | 31 | 34 |
| Operating income (loss) | 7,160 | 7,685 | 6,890 | (2,136) | 7,960 |
| Add Depreciation and amortization expense | 4,137 | 4,161 | 4,167 | 4,068 | 3,989 |
| Consolidated EBITDA | <u>\$ 11,297</u> | <u>\$ 11,846</u> | <u>\$ 11,057</u> | <u>\$ 1,932</u> | <u>\$ 11,949</u> |
| Consolidated Operating Income Margin | 23.2% | | | | 24.9% |
| Consolidated EBITDA Margin | 36.7% | | | | 37.4% |
| Other Items (Before Tax) | | | | | |
| Severance, Pension, and Benefit Charges | — | — | — | 7,507 | — |
| Gain on Spectrum License Transactions | — | (707) | — | — | — |
| Impact of Divested Operations | (6) | (6) | — | — | — |
| Other | — | — | — | 334 | — |
| | (6) | (713) | — | 7,841 | — |
| Consolidated Adjusted EBITDA | <u>\$ 11,291</u> | <u>\$ 11,133</u> | <u>\$ 11,057</u> | <u>\$ 9,773</u> | <u>\$ 11,949</u> |

Net Debt to Adjusted EBITDA Ratio

(dollars in millions)

| Unaudited | 12/31/14 | 3/31/15 |
|--|------------|------------|
| Verizon Net Debt | | |
| Debt maturing within one year | \$ 2,735 | \$ 4,439 |
| Long-term debt | 110,536 | 108,949 |
| Total Debt | 113,271 | 113,388 |
| Less Cash and cash equivalents | 10,598 | 4,386 |
| Net Debt | \$ 102,673 | \$ 109,002 |
| Net Debt to Adjusted EBITDA Ratio | 2.4x | 2.5x |

Adjusted EPS

| Unaudited | 3 Mos. Ended 3/31/14 | 3 Mos. Ended 3/31/15 |
|--|-------------------------|-------------------------|
| Earnings Per Common Share, Reported | \$ 1.15 | \$ 1.02 |

| | | |
|----------------------------------|----------------|----------------|
| Wireless Transaction Costs | 0.08 | — |
| Early Debt Redemption Costs | 0.17 | — |
| Gain on Sale of Omnitel Interest | (0.55) | — |
| Adjusted EPS | \$ 0.84 | \$ 1.02 |

Note: EPS may not add due to rounding.

Free Cash Flow

(dollars in millions)

| Unaudited | 3 Mos. Ended 3/31/14 | 3 Mos. Ended 3/31/15 |
|--|-------------------------|-------------------------|
| Net cash provided by operating activities | \$ 7,139 | \$ 10,169 |
| Less Capital expenditures | 4,150 | 3,665 |
| Free Cash Flow | \$ 2,989 | \$ 6,504 |
| Less Proceeds from monetization of tower assets | | 2,346 |
| Free Cash Flow Adjusted for Tower Transaction | | \$ 4,158 |

Verizon Communications Inc.
Reconciliations - Segments

Wireless

(dollars in millions)

| Unaudited | 3 Mos. Ended 3/31/14 | 3 Mos. Ended 3/31/15 |
|---|-------------------------|-------------------------|
| Wireless Segment EBITDA | | |
| Operating income | \$ 7,318 | \$ 7,810 |
| Add Depreciation and amortization expense | 2,061 | 2,190 |
| Wireless Segment EBITDA | <u>\$ 9,379</u> | <u>\$ 10,000</u> |
| Wireless total operating revenues | <u>\$ 20,879</u> | <u>\$ 22,328</u> |
| Wireless service revenues | <u>\$ 17,987</u> | <u>\$ 17,914</u> |
| Wireless operating income margin | <u>35.0%</u> | <u>35.0%</u> |
| Wireless Segment EBITDA margin | <u>44.9%</u> | <u>44.8%</u> |
| Wireless Segment EBITDA service margin | <u>52.1%</u> | <u>55.8%</u> |

Wireline

(dollars in millions)

| Unaudited | 3 Mos. Ended 3/31/14 | 3 Mos. Ended 3/31/15 |
|---|-------------------------|-------------------------|
| Wireline Segment EBITDA | | |
| Operating income | \$ 141 | \$ 405 |
| Add Depreciation and amortization expense | 2,033 | 1,746 |
| Wireline Segment EBITDA | <u>\$ 2,174</u> | <u>\$ 2,151</u> |
| Wireline total operating revenues | <u>\$ 9,662</u> | <u>\$ 9,469</u> |
| Wireline operating income margin | <u>1.5%</u> | <u>4.3%</u> |
| Wireline Segment EBITDA margin | <u>22.5%</u> | <u>22.7%</u> |