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Verizon Communications Inc.

Condensed Consolidated Statements of Income

(dollars in millions, except per share amounts)

Unaudited

<table>
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<td>Service revenue and other</td>
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<td>Wireless equipment revenues</td>
<td>8,096</td>
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<td>Total Operating Revenues</td>
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<tr>
<td>Cost of services</td>
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<td>$11,956</td>
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Notes:

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

Condensed Consolidated Statements of Income

<table>
<thead>
<tr>
<th></th>
<th></th>
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<td></td>
<td>1Q</td>
<td>2Q</td>
<td>3Q</td>
<td>4Q</td>
<td>1Q</td>
<td>2Q</td>
<td>3Q</td>
<td>4Q</td>
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<tr>
<td><strong>Operating Revenues</strong></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Service revenue and other</td>
<td>$28,949</td>
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<td>$29,107</td>
<td>$28,970</td>
<td>$28,611</td>
<td>$28,363</td>
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<td>3,373</td>
<td>3,861</td>
<td>4,292</td>
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<td>31,586</td>
<td>33,192</td>
<td>31,984</td>
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<td>33,158</td>
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<td>4,167</td>
<td>4,068</td>
<td>3,989</td>
<td>3,980</td>
<td>4,009</td>
<td>4,039</td>
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<tr>
<td><strong>Total Operating Expenses</strong></td>
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<td>23,798</td>
<td>24,696</td>
<td>35,328</td>
<td>24,024</td>
<td>24,403</td>
<td>25,623</td>
<td>24,510</td>
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<tr>
<td><strong>Operating Income (Loss)</strong></td>
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<td>7,685</td>
<td>6,890</td>
<td>(2,136)</td>
<td>7,960</td>
<td>7,821</td>
<td>7,535</td>
<td>9,744</td>
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<td>Equity in earnings (losses) of unconsolidated businesses</td>
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<td>(43)</td>
<td>(48)</td>
<td>(31)</td>
<td>(34)</td>
<td>(18)</td>
<td>(18)</td>
<td>(16)</td>
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<td>66</td>
<td>71</td>
<td>(437)</td>
<td>75</td>
<td>32</td>
<td>51</td>
<td>28</td>
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<td>Interest expense</td>
<td>(1,214)</td>
<td>(1,164)</td>
<td>(1,255)</td>
<td>(1,282)</td>
<td>(1,332)</td>
<td>(1,208)</td>
<td>(1,202)</td>
<td>(1,178)</td>
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<tr>
<td><strong>Income (Loss) Before (Provision) Benefit for Income Taxes</strong></td>
<td>6,954</td>
<td>6,544</td>
<td>5,658</td>
<td>(3,886)</td>
<td>6,669</td>
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<td>(Provision) Benefit for income taxes</td>
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<td>(2,220)</td>
<td>(1,864)</td>
<td>1,738</td>
<td>(2,331)</td>
<td>(2,274)</td>
<td>(2,195)</td>
<td>(3,065)</td>
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<tr>
<td><strong>Net Income (Loss)</strong></td>
<td>$5,986 $4,324</td>
<td>$3,794 $(2,148)</td>
<td>$4,338 $4,353</td>
<td>$4,171 $5,513</td>
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<td>Net income attributable to noncontrolling interests</td>
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<td>$99</td>
<td>$83</td>
<td>$119</td>
<td>$122</td>
<td>$133</td>
<td>$122</td>
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<tr>
<td>Net income (loss) attributable to Verizon</td>
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<td>4,214</td>
<td>3,695</td>
<td>(2,231)</td>
<td>4,219</td>
<td>4,231</td>
<td>4,038</td>
<td>5,391</td>
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<tr>
<td><strong>Net Income (Loss)</strong></td>
<td>$5,986</td>
<td>$4,324</td>
<td>$3,794</td>
<td>$(2,148)</td>
<td>$4,338</td>
<td>$4,353</td>
<td>$4,171</td>
<td>$5,513</td>
<td></td>
</tr>
<tr>
<td><strong>Basic Earnings (Loss) per Common Share</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Net Income (loss) attributable to Verizon</td>
<td>$1.15</td>
<td>$1.02</td>
<td>$.89</td>
<td>$(.54)</td>
<td>$1.03</td>
<td>$1.04</td>
<td>$.99</td>
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<td>Weighted average number of common shares (in millions)</td>
<td>3,425</td>
<td>4,147</td>
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<td>4,157</td>
<td>4,116</td>
<td>4,079</td>
<td>4,072</td>
<td>4,076</td>
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<td><strong>Diluted Earnings (Loss) per Common Share</strong></td>
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<td>Net Income (loss) attributable to Verizon</td>
<td>$1.15</td>
<td>$1.01</td>
<td>$.89</td>
<td>$(.54)</td>
<td>$1.02</td>
<td>$1.04</td>
<td>$.99</td>
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<td>Weighted average number of common shares-assuming dilution (in millions)</td>
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<td>4,085</td>
<td>4,078</td>
<td>4,083</td>
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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, which represents the only potential dilution.
Certain reclassifications of prior period amounts have been made, where appropriate, to reflect comparable operating results.
EPS may not add due to rounding.
### Verizon Communications Inc.

**Non-Operational & Other Items**

<table>
<thead>
<tr>
<th>Unaudited</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
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<tbody>
<tr>
<td><strong>Severance, Pension &amp; Benefit Charges/(Credits)</strong></td>
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<tr>
<td>Operating expenses</td>
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<td>$7,507</td>
<td>$(2,256)</td>
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<td><strong>Gain on Spectrum License Transactions</strong></td>
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<tr>
<td>Selling, general &amp; administrative expense</td>
<td>$(278)</td>
<td>$(707)</td>
<td>$(254)</td>
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<tr>
<td><strong>Early Debt Redemption and Other Costs</strong></td>
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</tr>
<tr>
<td>Cost of services and sales</td>
<td>-</td>
<td>27</td>
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<tr>
<td>Selling, general &amp; administrative expense</td>
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<tr>
<td>Other income and (expense), net</td>
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<td><strong>Gain on Sale of Omnitel Interest</strong></td>
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</tr>
<tr>
<td>Equity in earnings of unconsolidated businesses</td>
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<td><strong>Wireless Transaction Costs</strong></td>
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<td>Other income and (expense), net</td>
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<td><strong>Impact of Divested Operations</strong></td>
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<td>Revenues</td>
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### Non-Operational & Other Items

**Verizon Communications Inc.**  
**Unaudited 1Q 2Q 3Q 4Q 1Q 2Q 3Q 4Q**  

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<th>2015</th>
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<tr>
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<td>1Q</td>
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<tr>
<td><strong>Severance, Pension &amp; Benefit Charges/(Credits)</strong></td>
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<tr>
<td>Operating expenses</td>
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<td>$ - $</td>
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<tr>
<td><strong>Gain on Spectrum License Transactions</strong></td>
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</tr>
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<td>Selling, general &amp; administrative expense</td>
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<td>$(707)</td>
</tr>
<tr>
<td><strong>Early Debt Redemption and Other Costs</strong></td>
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</tr>
<tr>
<td>Cost of services and sales</td>
<td>$ - $</td>
<td>$ - $</td>
</tr>
<tr>
<td>Selling, general &amp; administrative expense</td>
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<td><strong>Gain on Sale of Omnitel Interest</strong></td>
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<td>Equity in earnings of unconsolidated businesses</td>
<td>$(1,924)</td>
<td>$ - $</td>
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<td><strong>Wireless Transaction Costs</strong></td>
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<td>Interest expense</td>
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<td><strong>Impact of Divested Operations</strong></td>
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<td>Revenues</td>
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<td>$128</td>
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<td>Cost of services and sales</td>
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<td>Selling, general &amp; administrative expense</td>
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<td>Total Expenses</td>
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(Pre-tax dollars in millions)
### Verizon Communications Inc.

#### Condensed Consolidated Balance Sheets

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<tr>
<td>Cash and cash equivalents</td>
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<tr>
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<td>555</td>
<td>350</td>
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<tr>
<td>Accounts receivable, net</td>
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<td>$13,457</td>
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<tr>
<td>Inventories</td>
<td>1,020</td>
<td>1,153</td>
<td>1,252</td>
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<td>Assets held for sale</td>
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<td>792</td>
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<td>Prepaid expenses and other</td>
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<td>2,648</td>
<td>1,959</td>
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<td><strong>Total current assets</strong></td>
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<td>22,280</td>
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<td>220,865</td>
<td>230,508</td>
<td>220,163</td>
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<tr>
<td>Less accumulated depreciation</td>
<td>131,909</td>
<td>140,561</td>
<td>136,622</td>
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</tr>
<tr>
<td><strong>Investments in unconsolidated businesses</strong></td>
<td></td>
<td>3,432</td>
<td>802</td>
<td>796</td>
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<tr>
<td><strong>Wireless licenses</strong></td>
<td>75,747</td>
<td>75,341</td>
<td>86,575</td>
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<tr>
<td><strong>Goodwill</strong></td>
<td>24,634</td>
<td>24,639</td>
<td>25,331</td>
<td></td>
</tr>
<tr>
<td><strong>Other intangible assets, net</strong></td>
<td>5,800</td>
<td>5,728</td>
<td>8,338</td>
<td></td>
</tr>
<tr>
<td><strong>Non-current assets held for sale</strong></td>
<td>-</td>
<td>-</td>
<td>10,267</td>
<td></td>
</tr>
<tr>
<td><strong>Deposit for wireless licenses</strong></td>
<td>-</td>
<td>921</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td><strong>Other assets</strong></td>
<td>4,565</td>
<td>5,739</td>
<td>7,512</td>
<td></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td></td>
<td>$273,654</td>
<td>$232,616</td>
<td>$244,640</td>
</tr>
</tbody>
</table>

| Liabilities and Equity | | | | |
| **Current liabilities** | | | | |
| Debt maturing within one year | $ | 3,933 | $ 2,735 | $ 6,489 |
| Accounts payable and accrued liabilities | 16,453 | 16,680 | 19,362 |
| Liabilities related to assets held for sale | - | - | 463 |
| Other | 6,664 | 8,572 | 8,738 |
| **Total current liabilities** | | 27,050 | 27,987 | 35,052 |
| **Long-term debt** | | 89,658 | 110,536 | 103,705 |
| **Employee benefit obligations** | 27,682 | 33,280 | 29,957 |
| **Deferred income taxes** | 28,195 | 41,563 | 45,484 |
| Non-current liabilities related to assets held for sale | - | - | 959 |
| Other liabilities | 5,653 | 5,574 | 11,641 |
| **Equity** | | | | |
| Common stock | 297 | 424 | 424 |
| Contributed capital | 37,939 | 11,155 | 11,196 |
| Reinvested earnings | 1,782 | 2,447 | 11,246 |
| Accumulated other comprehensive income | 2,359 | 1,111 | 550 |
| Common stock in treasury, at cost | (3,961) | (3,263) | (7,416) |
| Deferred compensation - employee stock ownership plans and other | 421 | 424 | 428 |
| Noncontrolling interests | 56,580 | 1,378 | 1,414 |
| **Total Equity** | | 95,416 | 13,676 | 17,842 |
| **Total Liabilities and Equity** | | $273,654 | $232,616 | $244,640 |

### Verizon - Selected Financial and Operating Statistics

| | Unaudited | 12/31/13 | 12/31/14 | 12/31/15 |
| Total debt ($M) | $ | 93,591 | $ 113,271 | $ 110,194 |
| Net debt ($M) | $ | 40,063 | $ 102,673 | $ 105,724 |
| Net debt / Adjusted EBITDA | 2.4x | 2.4x | 2.3x |
| Common shares outstanding end of period (M) | 2,862 | 4,155 | 4,073 |
| Total employees | 176,800 | 177,300 | 177,700 |
| Cash dividends declared per common share | $ | 2.090 | $ 2.160 | $ 2.230 |

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

Condensed Consolidated Balance Sheets

<table>
<thead>
<tr>
<th></th>
<th>3/31/14</th>
<th>6/30/14</th>
<th>9/30/14</th>
<th>12/31/14</th>
<th>3/31/15</th>
<th>6/30/15</th>
<th>9/30/15</th>
<th>12/31/15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Assets</strong></td>
<td>$221,447</td>
<td>$224,222</td>
<td>$226,158</td>
<td>$232,616</td>
<td>$235,715</td>
<td>$240,677</td>
<td>$242,014</td>
<td>$242,014</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td>$13,851</td>
<td>$16,012</td>
<td>$17,968</td>
<td>$13,676</td>
<td>$10,759</td>
<td>$12,874</td>
<td>$14,542</td>
<td>$14,542</td>
</tr>
<tr>
<td><strong>Total liabilities and equity</strong></td>
<td>$221,447</td>
<td>$224,222</td>
<td>$226,158</td>
<td>$232,616</td>
<td>$235,715</td>
<td>$240,677</td>
<td>$242,014</td>
<td>$242,014</td>
</tr>
</tbody>
</table>

**Verizon - Selected Financial and Operating Statistics**

<table>
<thead>
<tr>
<th></th>
<th>3/31/14</th>
<th>6/30/14</th>
<th>9/30/14</th>
<th>12/31/14</th>
<th>3/31/15</th>
<th>6/30/15</th>
<th>9/30/15</th>
<th>12/31/15</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total debt ($M)</strong></td>
<td>$109,769</td>
<td>$109,979</td>
<td>$109,230</td>
<td>$113,271</td>
<td>$113,388</td>
<td>$113,671</td>
<td>$112,324</td>
<td>$110,194</td>
</tr>
<tr>
<td><strong>Net debt ($M)</strong></td>
<td>$106,862</td>
<td>$104,203</td>
<td>$102,012</td>
<td>$102,673</td>
<td>$109,002</td>
<td>$110,663</td>
<td>$108,449</td>
<td>$105,724</td>
</tr>
<tr>
<td><strong>Net debt / Adjusted EBITDA</strong></td>
<td>2.4x</td>
<td>2.5x</td>
<td>2.5x</td>
<td>2.4x</td>
<td>2.4x</td>
<td>2.3x</td>
<td>2.3x</td>
<td>2.3x</td>
</tr>
<tr>
<td><strong>Common shares outstanding end of period (M)</strong></td>
<td>4,141</td>
<td>4,145</td>
<td>4,150</td>
<td>4,155</td>
<td>4,078</td>
<td>4,066</td>
<td>4,069</td>
<td>4,073</td>
</tr>
<tr>
<td><strong>Total employees</strong></td>
<td>176,900</td>
<td>177,800</td>
<td>178,500</td>
<td>177,300</td>
<td>176,200</td>
<td>178,500</td>
<td>177,900</td>
<td>177,700</td>
</tr>
<tr>
<td><strong>Cash dividends declared per common share</strong></td>
<td>$0.530</td>
<td>$0.530</td>
<td>$0.550</td>
<td>$0.550</td>
<td>$0.550</td>
<td>$0.550</td>
<td>$0.565</td>
<td>$0.565</td>
</tr>
</tbody>
</table>

Certain reclassifications of prior period amounts have been made, where appropriate, to reflect comparable operating results.
### Condensed Consolidated Statements of Cash Flows

<table>
<thead>
<tr>
<th></th>
<th>12 Months Ended</th>
<th>12 Months Ended</th>
<th>12 Months Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>12/31/13</td>
<td>12/31/14</td>
<td>12/31/15</td>
</tr>
<tr>
<td><strong>Unaudited</strong></td>
<td>$23,547</td>
<td>$11,956</td>
<td>$18,375</td>
</tr>
<tr>
<td><strong>Cash Flows From Operating Activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Income</td>
<td>$23,547</td>
<td>$11,956</td>
<td>$18,375</td>
</tr>
<tr>
<td>Adjustments to reconcile net income to net cash provided by operating activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization expense</td>
<td>16,606</td>
<td>16,533</td>
<td>16,017</td>
</tr>
<tr>
<td>Employee retirement benefits</td>
<td>(5,052)</td>
<td>8,130</td>
<td>(1,747)</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>5,785</td>
<td>(92)</td>
<td>3,516</td>
</tr>
<tr>
<td>Provision for uncollectible accounts</td>
<td>993</td>
<td>1,095</td>
<td>1,610</td>
</tr>
<tr>
<td>Equity in (earnings) losses of unconsolidated businesses, net of dividends received</td>
<td>(102)</td>
<td>(1,743)</td>
<td>127</td>
</tr>
<tr>
<td>Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses</td>
<td>(5)</td>
<td>(2,160)</td>
<td>2,443</td>
</tr>
<tr>
<td>Other, net</td>
<td>(2,954)</td>
<td>(3,088)</td>
<td>(1,411)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>$38,818</td>
<td>$30,631</td>
<td>$38,930</td>
</tr>
<tr>
<td><strong>Cash Flows From Investing Activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital expenditures (including capitalized software)</td>
<td>(16,604)</td>
<td>(17,191)</td>
<td>(17,775)</td>
</tr>
<tr>
<td>Acquisitions of investments and businesses, net of cash acquired</td>
<td>(494)</td>
<td>(182)</td>
<td>(3,545)</td>
</tr>
<tr>
<td>Acquisitions of wireless licenses</td>
<td>(580)</td>
<td>(354)</td>
<td>(9,942)</td>
</tr>
<tr>
<td>Proceeds from dispositions of wireless licenses</td>
<td>2,111</td>
<td>2,367</td>
<td>-</td>
</tr>
<tr>
<td>Proceeds from dispositions of businesses</td>
<td>-</td>
<td>120</td>
<td>48</td>
</tr>
<tr>
<td>Other, net</td>
<td>734</td>
<td>(616)</td>
<td>1,171</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(14,833)</td>
<td>(15,856)</td>
<td>(30,043)</td>
</tr>
<tr>
<td><strong>Cash Flows From Financing Activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from long-term borrowings</td>
<td>49,166</td>
<td>30,967</td>
<td>6,667</td>
</tr>
<tr>
<td>Repayments of long-term borrowings and capital lease obligations</td>
<td>(8,163)</td>
<td>(17,669)</td>
<td>(9,340)</td>
</tr>
<tr>
<td>Decrease in short-term obligations, excluding current maturities</td>
<td>(142)</td>
<td>(475)</td>
<td>(344)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(5,936)</td>
<td>(7,803)</td>
<td>(8,538)</td>
</tr>
<tr>
<td>Proceeds from sale of common stock</td>
<td>85</td>
<td>34</td>
<td>40</td>
</tr>
<tr>
<td>Purchase of common stock for treasury</td>
<td>(153)</td>
<td>-</td>
<td>(5,134)</td>
</tr>
<tr>
<td>Special distribution to noncontrolling interest</td>
<td>(3,150)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Acquisition of noncontrolling interest</td>
<td>-</td>
<td>(58,886)</td>
<td>-</td>
</tr>
<tr>
<td>Other, net</td>
<td>(5,257)</td>
<td>(3,873)</td>
<td>1,634</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) financing activities</strong></td>
<td>26,450</td>
<td>(57,705)</td>
<td>(15,015)</td>
</tr>
<tr>
<td><strong>Increase (decrease) in cash and cash equivalents</strong></td>
<td>50,435</td>
<td>(24,779)</td>
<td>(6,128)</td>
</tr>
<tr>
<td>Cash and cash equivalents, beginning of period</td>
<td>3,093</td>
<td>53,528</td>
<td>10,598</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents, end of period</strong></td>
<td>$53,528</td>
<td>$10,598</td>
<td>$4,470</td>
</tr>
</tbody>
</table>

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

### Condensed Consolidated Statements of Cash Flows

<table>
<thead>
<tr>
<th></th>
<th>3 Months Ended</th>
<th>6 Months Ended</th>
<th>9 Months Ended</th>
<th>12 Months Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Income</strong></td>
<td>$5,986</td>
<td>$10,310</td>
<td>$14,104</td>
<td>$11,956</td>
</tr>
<tr>
<td><strong>Cash Flows From Operating Activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjustments to reconcile net income to net cash provided by operating activities:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization expense</td>
<td>$4,137</td>
<td>$8,298</td>
<td>$12,465</td>
<td>$16,533</td>
</tr>
<tr>
<td>Employee retirement benefits</td>
<td>$281</td>
<td>$562</td>
<td>$843</td>
<td>$8,130</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>$155</td>
<td>$253</td>
<td>$914</td>
<td>$92</td>
</tr>
<tr>
<td>Provision for uncollectible accounts</td>
<td>$231</td>
<td>$473</td>
<td>$684</td>
<td>$1,095</td>
</tr>
<tr>
<td>Equity in (earnings) losses of unconsolidated businesses, net of dividends received</td>
<td>$(1,894)</td>
<td>$(1,841)</td>
<td>$(1,875)</td>
<td>$(1,743)</td>
</tr>
<tr>
<td>Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses</td>
<td>$(1,626)</td>
<td>$(847)</td>
<td>$(816)</td>
<td>$(2,160)</td>
</tr>
<tr>
<td>Other, net</td>
<td>$179</td>
<td>$(2,404)</td>
<td>$(3,252)</td>
<td>$(3,088)</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>$7,139</td>
<td>$14,804</td>
<td>$23,157</td>
<td>$30,631</td>
</tr>
<tr>
<td><strong>Cash Flows From Investing Activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital expenditures (including capitalized software)</td>
<td>$(4,150)</td>
<td>$(8,494)</td>
<td>$(12,624)</td>
<td>$(17,191)</td>
</tr>
<tr>
<td>Acquisitions of investments and businesses, net of cash acquired</td>
<td>$(157)</td>
<td>$(179)</td>
<td>$(180)</td>
<td>$(182)</td>
</tr>
<tr>
<td>Acquisitions of wireless licenses</td>
<td>$(213)</td>
<td>$(271)</td>
<td>$(343)</td>
<td>$(354)</td>
</tr>
<tr>
<td>Proceeds from dispositions of wireless licenses</td>
<td>-</td>
<td>$2,367</td>
<td>$2,367</td>
<td>$2,367</td>
</tr>
<tr>
<td>Proceeds from dispositions of businesses</td>
<td>-</td>
<td>$120</td>
<td>$120</td>
<td>$120</td>
</tr>
<tr>
<td>Other, net</td>
<td>$(11)</td>
<td>$231</td>
<td>$230</td>
<td>$(616)</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>$(4,531)</td>
<td>$(6,346)</td>
<td>$(10,430)</td>
<td>$(15,856)</td>
</tr>
<tr>
<td><strong>Cash Flows From Financing Activities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from long-term borrowings</td>
<td>$16,952</td>
<td>$20,245</td>
<td>$21,575</td>
<td>$30,967</td>
</tr>
<tr>
<td>Repayments of long-term borrowings and capital lease obligations</td>
<td>$(7,951)</td>
<td>$(11,317)</td>
<td>$(12,594)</td>
<td>$(17,669)</td>
</tr>
<tr>
<td>Increase (decrease) in short-term obligations, excluding current maturities</td>
<td>$252</td>
<td>$279</td>
<td>$(426)</td>
<td>$(475)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>$(1,517)</td>
<td>$(3,583)</td>
<td>$(5,653)</td>
<td>$(7,803)</td>
</tr>
<tr>
<td>Proceeds from sale of common stock</td>
<td>$34</td>
<td>$34</td>
<td>$34</td>
<td>$34</td>
</tr>
<tr>
<td>Purchase of common stock for treasury</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>$(5,000)</td>
</tr>
<tr>
<td>Acquisition of noncontrolling interest</td>
<td>$(58,886)</td>
<td>$(58,886)</td>
<td>$(58,886)</td>
<td>$(58,886)</td>
</tr>
<tr>
<td>Other, net</td>
<td>$(2,113)</td>
<td>$(2,982)</td>
<td>$(3,087)</td>
<td>$(3,873)</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) financing activities</strong></td>
<td>$(53,229)</td>
<td>$(56,210)</td>
<td>$(59,037)</td>
<td>$(57,705)</td>
</tr>
<tr>
<td><strong>Increase (decrease) in cash and cash equivalents</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cash and cash equivalents, beginning of period</strong></td>
<td>$53,528</td>
<td>$53,528</td>
<td>$53,528</td>
<td>$53,528</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents, end of period</strong></td>
<td>$2,907</td>
<td>$5,776</td>
<td>$7,218</td>
<td>$10,598</td>
</tr>
</tbody>
</table>

Certain reclassifications of prior period amounts have been made, where appropriate, to reflect comparable operating results.
Wireless
## Wireless - Selected Financial Results

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1Q</td>
<td>2Q</td>
</tr>
<tr>
<td><strong>Unaudited</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Operating Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service</td>
<td>$17,987</td>
<td>$18,078</td>
</tr>
<tr>
<td>Equipment</td>
<td>1,870</td>
<td>2,387</td>
</tr>
<tr>
<td>Other</td>
<td>1,022</td>
<td>1,018</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td>20,879</td>
<td>21,483</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of services</td>
<td>1,757</td>
<td>1,749</td>
</tr>
<tr>
<td>Cost of equipment</td>
<td>4,099</td>
<td>4,993</td>
</tr>
<tr>
<td>Selling, general &amp; administrative expense</td>
<td>5,644</td>
<td>5,649</td>
</tr>
<tr>
<td>Depreciation and amortization expense</td>
<td>2,061</td>
<td>2,107</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>13,561</td>
<td>14,498</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>$7,318</td>
<td>$6,985</td>
</tr>
<tr>
<td><strong>Operating Income Margin</strong></td>
<td>35.0%</td>
<td>32.5%</td>
</tr>
<tr>
<td><strong>Segment EBITDA</strong></td>
<td>$9,379</td>
<td>$9,092</td>
</tr>
<tr>
<td><strong>Segment EBITDA Margin</strong></td>
<td>44.9%</td>
<td>42.3%</td>
</tr>
<tr>
<td><strong>Segment EBITDA Service Margin</strong></td>
<td>52.1%</td>
<td>50.3%</td>
</tr>
</tbody>
</table>

**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 Communications Inc.

Wireless - Selected Operating Statistics

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1Q</td>
<td>2Q</td>
</tr>
<tr>
<td>Connections ('000)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail postpaid</td>
<td>97,273</td>
<td>98,593</td>
</tr>
<tr>
<td>Retail prepaid</td>
<td>6,057</td>
<td>6,044</td>
</tr>
<tr>
<td>Net Add Detail ('000) (1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail postpaid</td>
<td>539</td>
<td>1,441</td>
</tr>
<tr>
<td>Retail prepaid</td>
<td>10</td>
<td>(14)</td>
</tr>
<tr>
<td>Retail</td>
<td>549</td>
<td>1,427</td>
</tr>
<tr>
<td>Account Statistics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail postpaid ARPA</td>
<td>$159.67</td>
<td>$159.73</td>
</tr>
<tr>
<td>Retail postpaid connections per account</td>
<td>2.77</td>
<td>2.80</td>
</tr>
<tr>
<td>Churn Detail</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail postpaid</td>
<td>1.07%</td>
<td>0.94%</td>
</tr>
<tr>
<td>Retail</td>
<td>1.37%</td>
<td>1.25%</td>
</tr>
<tr>
<td>Retail Postpaid Connection Statistics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Smartphone postpaid % of phones activated</td>
<td>90.1%</td>
<td>90.8%</td>
</tr>
<tr>
<td>Total Smartphone postpaid phone base</td>
<td>72.3%</td>
<td>74.6%</td>
</tr>
<tr>
<td>Total Internet postpaid base</td>
<td>11.3%</td>
<td>12.3%</td>
</tr>
<tr>
<td>Other Operating Statistics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital expenditures ($M)</td>
<td>$2,554</td>
<td>$2,771</td>
</tr>
</tbody>
</table>

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 - Selected Financial Results

(dollars in millions)

<table>
<thead>
<tr>
<th>Unaudited</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1Q</td>
<td>2Q</td>
</tr>
<tr>
<td><strong>Operating Revenues</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer retail</td>
<td>$ 3,840</td>
<td>$ 3,864</td>
</tr>
<tr>
<td>Small business</td>
<td>624</td>
<td>621</td>
</tr>
<tr>
<td>Mass Markets</td>
<td>4,464</td>
<td>4,485</td>
</tr>
<tr>
<td>Strategic services</td>
<td>2,071</td>
<td>2,075</td>
</tr>
<tr>
<td>Core</td>
<td>1,400</td>
<td>1,369</td>
</tr>
<tr>
<td>Global Wholesale</td>
<td>1,583</td>
<td>1,562</td>
</tr>
<tr>
<td>Other</td>
<td>144</td>
<td>140</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td>9,662</td>
<td>9,631</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of services</td>
<td>5,339</td>
<td>5,342</td>
</tr>
<tr>
<td>Selling, general &amp; administrative expense</td>
<td>2,149</td>
<td>2,031</td>
</tr>
<tr>
<td>Depreciation and amortization expense</td>
<td>2,033</td>
<td>2,005</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>9,521</td>
<td>9,378</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>$ 141</td>
<td>$ 253</td>
</tr>
<tr>
<td>Operating Income Margin</td>
<td>1.5%</td>
<td>2.6%</td>
</tr>
<tr>
<td><strong>Segment EBITDA</strong></td>
<td>$ 2,174</td>
<td>$ 2,258</td>
</tr>
<tr>
<td>Segment EBITDA Margin</td>
<td>22.5%</td>
<td>23.4%</td>
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</table>

### 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.
<table>
<thead>
<tr>
<th>Connections ('000)</th>
<th>1Q</th>
<th>2Q</th>
<th>3Q</th>
<th>4Q</th>
<th>1Q</th>
<th>2Q</th>
<th>3Q</th>
<th>4Q</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fios Video Subscribers</td>
<td>5,319</td>
<td>5,419</td>
<td>5,533</td>
<td>5,649</td>
<td>5,739</td>
<td>5,765</td>
<td>5,807</td>
<td>5,827</td>
</tr>
<tr>
<td>Fios Internet Subscribers</td>
<td>6,170</td>
<td>6,309</td>
<td>6,471</td>
<td>6,616</td>
<td>6,749</td>
<td>6,821</td>
<td>6,935</td>
<td>7,034</td>
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<tr>
<td>Fios Digital Voice residence connections</td>
<td>4,350</td>
<td>4,440</td>
<td>4,514</td>
<td>4,602</td>
<td>4,661</td>
<td>4,661</td>
<td>4,703</td>
<td>4,754</td>
</tr>
<tr>
<td>Fios Digital connections</td>
<td>15,839</td>
<td>16,168</td>
<td>16,518</td>
<td>16,867</td>
<td>17,149</td>
<td>17,247</td>
<td>17,445</td>
<td>17,615</td>
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<tr>
<td>HSI</td>
<td>2,861</td>
<td>2,768</td>
<td>2,675</td>
<td>2,589</td>
<td>2,497</td>
<td>2,400</td>
<td>2,288</td>
<td>2,194</td>
</tr>
<tr>
<td>Total Broadband connections</td>
<td>9,031</td>
<td>9,077</td>
<td>9,146</td>
<td>9,205</td>
<td>9,246</td>
<td>9,221</td>
<td>9,223</td>
<td>9,228</td>
</tr>
<tr>
<td>Primary residence switched access</td>
<td>6,224</td>
<td>6,007</td>
<td>5,794</td>
<td>5,596</td>
<td>5,397</td>
<td>5,194</td>
<td>4,782</td>
<td>4,784</td>
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<tr>
<td>Total Broadband connections</td>
<td>10,574</td>
<td>10,447</td>
<td>10,308</td>
<td>10,198</td>
<td>10,058</td>
<td>9,855</td>
<td>9,685</td>
<td>9,538</td>
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<tr>
<td>Total retail residence voice connections</td>
<td>11,048</td>
<td>10,903</td>
<td>10,743</td>
<td>10,615</td>
<td>10,457</td>
<td>10,239</td>
<td>10,051</td>
<td>9,885</td>
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<tr>
<td>Total voice connections</td>
<td>20,733</td>
<td>20,391</td>
<td>20,089</td>
<td>19,795</td>
<td>19,475</td>
<td>19,079</td>
<td>18,740</td>
<td>18,387</td>
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<tr>
<td>Net Add Detail ('000)</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Fios Video Subscribers</td>
<td>57</td>
<td>100</td>
<td>114</td>
<td>116</td>
<td>90</td>
<td>26</td>
<td>42</td>
<td>20</td>
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<tr>
<td>Fios Internet Subscribers</td>
<td>98</td>
<td>139</td>
<td>162</td>
<td>145</td>
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<td>72</td>
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<tr>
<td>Fios Digital Voice residence connections</td>
<td>102</td>
<td>90</td>
<td>74</td>
<td>88</td>
<td>59</td>
<td>-</td>
<td>42</td>
<td>51</td>
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<tr>
<td>Fios Digital connections</td>
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<td>349</td>
<td>282</td>
<td>98</td>
<td>198</td>
<td>170</td>
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<tr>
<td>HSI</td>
<td>(82)</td>
<td>(93)</td>
<td>(93)</td>
<td>(86)</td>
<td>(92)</td>
<td>(97)</td>
<td>(112)</td>
<td>(94)</td>
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<tr>
<td>Total Broadband connections</td>
<td>16</td>
<td>46</td>
<td>69</td>
<td>59</td>
<td>41</td>
<td>(25)</td>
<td>2</td>
<td>5</td>
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<tr>
<td>Primary residence switched access</td>
<td>(257)</td>
<td>(217)</td>
<td>(213)</td>
<td>(198)</td>
<td>(199)</td>
<td>(203)</td>
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<tr>
<td>Primary residence connections</td>
<td>(155)</td>
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<td>(139)</td>
<td>(110)</td>
<td>(140)</td>
<td>(203)</td>
<td>(170)</td>
<td>(147)</td>
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<tr>
<td>Total retail residence voice connections</td>
<td>(181)</td>
<td>(145)</td>
<td>(160)</td>
<td>(128)</td>
<td>(158)</td>
<td>(218)</td>
<td>(188)</td>
<td>(166)</td>
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<tr>
<td>Total voice connections</td>
<td>(352)</td>
<td>(342)</td>
<td>(302)</td>
<td>(294)</td>
<td>(320)</td>
<td>(396)</td>
<td>(339)</td>
<td>(353)</td>
</tr>
<tr>
<td>Revenue Statistics</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fios revenues ($M)</td>
<td>$ 3,041</td>
<td>$ 3,125</td>
<td>$ 3,200</td>
<td>$ 3,308</td>
<td>$ 3,352</td>
<td>$ 3,438</td>
<td>$ 3,439</td>
<td>$ 3,534</td>
</tr>
<tr>
<td>Strategic services as a % of total Enterprise revenues</td>
<td>59.7%</td>
<td>60.2%</td>
<td>61.2%</td>
<td>62.8%</td>
<td>62.8%</td>
<td>62.9%</td>
<td>62.7%</td>
<td>63.9%</td>
</tr>
<tr>
<td>Other Operating Statistics</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital expenditures ($M)</td>
<td>$ 1,385</td>
<td>$ 1,345</td>
<td>$ 1,464</td>
<td>$ 1,556</td>
<td>$ 1,077</td>
<td>$ 1,134</td>
<td>$ 1,202</td>
<td>$ 1,636</td>
</tr>
<tr>
<td>Wireline employees (K)</td>
<td>80.9</td>
<td>80.6</td>
<td>79.4</td>
<td>76.8</td>
<td>75.5</td>
<td>72.7</td>
<td>71.4</td>
<td>70.9</td>
</tr>
<tr>
<td>Fios Video Open for sale (K)</td>
<td>15,184</td>
<td>15,372</td>
<td>15,602</td>
<td>15,776</td>
<td>15,931</td>
<td>16,126</td>
<td>16,304</td>
<td>16,492</td>
</tr>
<tr>
<td>Fios Video penetration</td>
<td>35.0%</td>
<td>35.3%</td>
<td>35.5%</td>
<td>35.8%</td>
<td>36.0%</td>
<td>35.7%</td>
<td>35.6%</td>
<td>35.3%</td>
</tr>
<tr>
<td>Fios Internet Open for Sale (K)</td>
<td>15,530</td>
<td>15,722</td>
<td>15,945</td>
<td>16,109</td>
<td>16,264</td>
<td>16,462</td>
<td>16,641</td>
<td>16,832</td>
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<tr>
<td>Fios Internet penetration</td>
<td>39.7%</td>
<td>40.1%</td>
<td>40.6%</td>
<td>41.1%</td>
<td>41.5%</td>
<td>41.4%</td>
<td>41.7%</td>
<td>41.8%</td>
</tr>
</tbody>
</table>

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, 2015
Verizon Communications Inc.

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 the 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

Verizon Consolidated Adjusted Operating Revenues and Consolidated Adjusted Operating Revenues excluding AOL Inc. are non-GAAP financial measures that management believes are useful to investors and other users of our financial information in evaluating our operating results and understanding 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. Consolidated Adjusted Operating Revenues excluding AOL Inc. exclude the historical operating revenues associated with the previously mentioned non-strategic Wireline business divested in the third quarter of 2014, as well as the operating revenues associated with AOL Inc., which was acquired by Verizon on June 23, 2015.

EBITDA and EBITDA Margin

Verizon Consolidated Earnings Before Interest, Taxes, Depreciation and Amortization (Consolidated EBITDA), Segment EBITDA and EBITDA margins are non-GAAP financial 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.

Adjusted Earnings Per Common Share and Illustrative Adjusted Earnings per Common Share

Adjusted Earnings Per Common Share (Adjusted EPS) and Illustrative Adjusted Earnings per Common Share (Illustrative EPS) are non-GAAP financial measures that management believes are useful to investors and other users of our financial information in evaluating our operating results and understanding our operating trends. Adjusted EPS is calculated by excluding the effect of non-operational items from the calculation of reported EPS. Illustrative EPS is calculated by including adjustments for net income attributable to non-controlling interests, equity in earnings of unconsolidated businesses and interest expense as well as an adjustment for the dilutive effect of share issuances as if Verizon had fully owned Verizon Wireless from January 1, 2014.

Operating Cash Flow Adjusted for Tower Transaction

Operating cash flow as adjusted for the monetization of tower assets (Operating 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. Operating 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.

Free Cash Flow and Free Cash Flow Adjusted for Tower Transaction

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.

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 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.

Consolidated Adjusted EBITDA and Adjusted EPS

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 excluding actuarial gains or losses as a result of a remeasurement provides investors with more meaningful sequential and year-over-year quarterly comparisons and is consistent with management’s evaluation of business performance.
Verizon Communications Inc.

Consolidated Reconciliations

<table>
<thead>
<tr>
<th></th>
<th>3 Months Ended</th>
<th>3 Months Ended</th>
<th>12 Months Ended</th>
<th>12 Months Ended</th>
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</thead>
<tbody>
<tr>
<td><strong>Adjusted Operating Revenues - Verizon</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidated Operating Revenues</td>
<td>$33,192</td>
<td>$34,254</td>
<td>$127,079</td>
<td>$131,620</td>
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<tr>
<td>Less: Impact of divested operations</td>
<td>-</td>
<td>-</td>
<td>256</td>
<td>-</td>
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<tr>
<td><strong>Consolidated Adjusted Operating Revenues</strong></td>
<td>$33,192</td>
<td>$34,254</td>
<td>$126,823</td>
<td>$131,620</td>
</tr>
<tr>
<td>Less: Impact of AOL Inc. operating revenues</td>
<td>-</td>
<td>882</td>
<td>-</td>
<td>1,471</td>
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<td><strong>Consolidated Adjusted Operating Revenues less AOL Inc.</strong></td>
<td>$33,192</td>
<td>$33,372</td>
<td>$126,823</td>
<td>$130,149</td>
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<tr>
<td>Adjusted Year over Year growth</td>
<td></td>
<td></td>
<td>0.5%</td>
<td>2.6%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Adjusted EBITDA - Verizon</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Verizon Consolidated EBITDA</td>
<td>$5,986</td>
<td>$4,324</td>
<td>$3,794</td>
<td>($2,148)</td>
<td>$4,338</td>
<td>$4,353</td>
<td>$4,171</td>
</tr>
<tr>
<td>Add/Subtract non-operating items:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision (Benefit) for income taxes</td>
<td>968</td>
<td>2,220</td>
<td>1,864</td>
<td>(1,738)</td>
<td>2,331</td>
<td>2,274</td>
<td>2,195</td>
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<tr>
<td>Interest expense</td>
<td>1,214</td>
<td>1,164</td>
<td>1,255</td>
<td>1,282</td>
<td>1,332</td>
<td>1,208</td>
<td>1,202</td>
</tr>
<tr>
<td>Other (income) and expense, net</td>
<td>894</td>
<td>(66)</td>
<td>(71)</td>
<td>437</td>
<td>(75)</td>
<td>(32)</td>
<td>(51)</td>
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<tr>
<td>Equity in (earnings) losses of unconsolidated businesses</td>
<td>(1,902)</td>
<td>43</td>
<td>48</td>
<td>31</td>
<td>34</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>Operating Income (Loss)</td>
<td>7,160</td>
<td>7,685</td>
<td>6,890</td>
<td>(2,136)</td>
<td>7,960</td>
<td>7,821</td>
<td>7,535</td>
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<tr>
<td>Add: Depreciation and amortization expense</td>
<td>4,137</td>
<td>4,161</td>
<td>4,167</td>
<td>4,068</td>
<td>3,989</td>
<td>3,980</td>
<td>4,009</td>
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<tr>
<td><strong>Consolidated EBITDA</strong></td>
<td>$11,297</td>
<td>$11,846</td>
<td>$11,057</td>
<td>$9,773</td>
<td>$11,949</td>
<td>$11,801</td>
<td>$11,544</td>
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<tr>
<td>Add/Subtract non-operational items (before tax):</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Severance, pension &amp; benefit charges (credits)</td>
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<td>-</td>
<td>7,507</td>
<td>-</td>
<td>-</td>
<td>342</td>
<td>(2,598)</td>
</tr>
<tr>
<td>Gain on spectrum license transactions</td>
<td>-</td>
<td>(707)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>(254)</td>
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<tr>
<td>Impact of divested operations</td>
<td>(6)</td>
<td>(6)</td>
<td>-</td>
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<td>Other non-operational costs</td>
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<td>-</td>
<td>334</td>
<td>-</td>
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<tr>
<td></td>
<td>(6)</td>
<td>(713)</td>
<td>-</td>
<td>7,841</td>
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<tr>
<td><strong>Consolidated Adjusted EBITDA</strong></td>
<td>$11,291</td>
<td>$11,133</td>
<td>$11,057</td>
<td>$9,773</td>
<td>$11,949</td>
<td>$11,801</td>
<td>$11,866</td>
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<tr>
<td>Consolidated Operating Income Margin - YTD(1)</td>
<td>15.4%</td>
<td>25.1%</td>
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<tr>
<td>Consolidated Adjusted EBITDA Margin - YTD(1)</td>
<td>34.1%</td>
<td>35.4%</td>
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(1) Year-to-date Consolidated Operating Income Margin and Consolidated Adjusted EBITDA Margin are calculated using the sum of the quarterly results.

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<thead>
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<tbody>
<tr>
<td><strong>Net Debt to Adjusted EBITDA Ratio</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Verizon Net Debt</td>
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<td></td>
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<td></td>
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<tr>
<td>Debt maturing within one year</td>
<td>$2,152</td>
<td>$2,283</td>
<td>$1,603</td>
<td>$2,735</td>
<td>$4,439</td>
<td>$4,206</td>
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<td>Long-term debt</td>
<td>107,617</td>
<td>107,696</td>
<td>107,627</td>
<td>110,536</td>
<td>108,949</td>
<td>109,465</td>
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<td>Total Debt</td>
<td>109,769</td>
<td>109,979</td>
<td>109,230</td>
<td>113,271</td>
<td>113,388</td>
<td>113,671</td>
<td>112,324</td>
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<tr>
<td>Less: Cash and cash equivalents</td>
<td>2,907</td>
<td>5,776</td>
<td>7,218</td>
<td>10,598</td>
<td>4,386</td>
<td>3,008</td>
<td>3,875</td>
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<td><strong>Net Debt</strong></td>
<td>$106,862</td>
<td>$104,203</td>
<td>$102,012</td>
<td>$102,673</td>
<td>$109,002</td>
<td>$110,665</td>
<td>$108,449</td>
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<tr>
<td><strong>Net Debt to Adjusted EBITDA Ratio</strong></td>
<td>2.4x</td>
<td>2.5x</td>
<td>2.5x</td>
<td>2.4x</td>
<td>2.3x</td>
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### Verizon Communications Inc.

#### Earnings Per Share Reconciliations

<table>
<thead>
<tr>
<th></th>
<th>Adjusted EPS - Verizon</th>
<th></th>
<th>Adjusted EPS year over year growth</th>
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<tr>
<td></td>
<td>Unaudited</td>
<td>12 Months Ended</td>
<td>12 Months Ended</td>
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<tr>
<td></td>
<td>12/31/14</td>
<td>Ended</td>
<td>12/31/15</td>
</tr>
<tr>
<td>Adjusted EPS</td>
<td></td>
<td>3 Months</td>
<td>12 Months</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ended</td>
<td>Ended</td>
</tr>
<tr>
<td>Reported EPS</td>
<td>$ (0.54) $</td>
<td>2.42 $</td>
<td>$ 1.32 $</td>
</tr>
<tr>
<td></td>
<td>$ 1.22</td>
<td>(0.40) $</td>
<td>$ 0.34 $</td>
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<tr>
<td>Severance, pension &amp;</td>
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<tr>
<td>benefit charges</td>
<td>1.12</td>
<td>1.17</td>
<td>(0.04)</td>
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<tr>
<td></td>
<td>(0.40)</td>
<td>(0.34)</td>
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<tr>
<td>Gain on spectrum</td>
<td>-</td>
<td>(0.11)</td>
<td>(0.04)</td>
</tr>
<tr>
<td>license transactions</td>
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<tr>
<td>Early debt redemption</td>
<td>0.13</td>
<td>0.28</td>
<td>-</td>
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<tr>
<td>and other costs</td>
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<td>-</td>
<td>-</td>
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<tr>
<td>Gain on sale of</td>
<td>-</td>
<td>(0.47)</td>
<td>-</td>
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<tr>
<td>Omnitel interest</td>
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</tr>
<tr>
<td>Wireless transaction</td>
<td>-</td>
<td>0.07</td>
<td>-</td>
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<tr>
<td>costs</td>
<td>-</td>
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<tr>
<td>Adjusted EPS</td>
<td>$ 0.71</td>
<td>$ 3.35</td>
<td>$ 0.89</td>
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<td></td>
<td>$ 0.89</td>
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<tr>
<td>Illustrative EPS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>year over year growth</td>
<td>25.4%</td>
<td>19.1%</td>
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<tr>
<td>Income from</td>
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<tr>
<td>Vodafone</td>
<td>0.29</td>
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<tr>
<td>noncontrolling</td>
<td></td>
<td></td>
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<tr>
<td>interest</td>
<td>Wireless transaction</td>
<td>(0.06)</td>
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<tr>
<td>costs</td>
<td>Elimination of</td>
<td>(0.01)</td>
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<tr>
<td>Omnitel equity</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>income</td>
<td>Dilutive effect of</td>
<td>(0.14)</td>
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<tr>
<td>share issuance</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Illustrative EPS</td>
<td>$ 3.42</td>
<td>$ 3.99</td>
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</tr>
<tr>
<td>year over year growth</td>
<td>16.7%</td>
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</table>

Note: EPS may not add due to rounding.

#### Operating Cash Flow Reconciliations

<table>
<thead>
<tr>
<th></th>
<th>Operating Cash Flow - Verizon</th>
<th></th>
<th>Operating Cash Flow adjusted for Tower Transaction year over year growth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unaudited</td>
<td>12 Months Ended</td>
<td>12 Months Ended</td>
</tr>
<tr>
<td></td>
<td>12/31/14</td>
<td>Ended</td>
<td>Ended</td>
</tr>
<tr>
<td>Net cash provided by</td>
<td>$ 30,631</td>
<td>$ 38,930</td>
<td>$ 30,631</td>
</tr>
<tr>
<td>operating activities</td>
<td></td>
<td>$ 2,346</td>
<td>$ 36,584</td>
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<tr>
<td>Operating Cash Flow</td>
<td>$ 30,631</td>
<td>$ 36,584</td>
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</tr>
<tr>
<td>adjusted for Tower</td>
<td></td>
<td>19.4%</td>
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<tr>
<td>Transaction</td>
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#### Free Cash Flow Reconciliations

<table>
<thead>
<tr>
<th></th>
<th>Free Cash Flow - Verizon</th>
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<th>Free Cash Flow adjusted for Tower Transaction</th>
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<tr>
<td></td>
<td>Unaudited</td>
<td>3 Months Ended</td>
<td>12 Months Ended</td>
</tr>
<tr>
<td></td>
<td>12/31/15</td>
<td>Ended</td>
<td>Ended</td>
</tr>
<tr>
<td>Net cash provided by</td>
<td>$ 10,504</td>
<td>$ 38,930</td>
<td>$ 21,155</td>
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<td>operating activities</td>
<td>$ 5,235</td>
<td>17,775</td>
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<td>Free Cash Flow</td>
<td>$ 5,269</td>
<td>$ 21,155</td>
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<tr>
<td>Less: Proceeds from</td>
<td>$ 2,346</td>
<td></td>
<td></td>
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<tr>
<td>monetization of</td>
<td></td>
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<tr>
<td>tower assets</td>
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<tr>
<td>Free Cash Flow</td>
<td>$ 18,809</td>
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## Wireless Reconciliations

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<thead>
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</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unaudited</td>
<td>3/31/14</td>
<td>6/30/14</td>
<td>9/30/14</td>
<td>12/31/14</td>
<td>3/31/15</td>
<td>6/30/15</td>
<td>9/30/15</td>
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<tr>
<td><strong>Wireless Segment EBITDA</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Operating Income</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Add: Depreciation and amortization expense</td>
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<td></td>
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<td></td>
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<td></td>
<td>2,061</td>
<td>2,107</td>
<td>2,139</td>
<td>2,152</td>
<td>2,190</td>
<td>2,225</td>
<td>2,260</td>
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<td>$9,092</td>
<td>$9,094</td>
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<td>$10,000</td>
<td>$9,921</td>
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<td>Wireless total operating revenues</td>
<td>$20,879</td>
<td>$21,483</td>
<td>$21,835</td>
<td>$23,449</td>
<td>$22,328</td>
<td>$22,613</td>
<td>$23,005</td>
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<td>Wireless service revenues</td>
<td>$17,987</td>
<td>$18,078</td>
<td>$18,356</td>
<td>$18,209</td>
<td>$17,914</td>
<td>$17,689</td>
<td>$17,598</td>
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<tr>
<td><strong>Wireless Operating Income Margin</strong></td>
<td>35.0%</td>
<td>32.5%</td>
<td>31.9%</td>
<td>23.5%</td>
<td>35.0%</td>
<td>34.0%</td>
<td>33.3%</td>
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<tr>
<td><strong>Wireless Segment EBITDA Margin</strong></td>
<td>44.9%</td>
<td>42.3%</td>
<td>41.6%</td>
<td>32.6%</td>
<td>44.8%</td>
<td>43.9%</td>
<td>43.2%</td>
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<tr>
<td><strong>Wireless Segment EBITDA Service Margin</strong></td>
<td>52.1%</td>
<td>50.3%</td>
<td>49.5%</td>
<td>42.0%</td>
<td>55.8%</td>
<td>56.1%</td>
<td>56.4%</td>
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## Wireline Reconciliations

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</thead>
<tbody>
<tr>
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<td>3/31/14</td>
<td>6/30/14</td>
<td>9/30/14</td>
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<td>Operating Income</td>
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<td></td>
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<tr>
<td>Add: Depreciation and amortization expense</td>
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<td></td>
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<td>2,033</td>
<td>2,005</td>
<td>1,978</td>
<td>1,866</td>
<td>1,746</td>
<td>1,706</td>
<td>1,623</td>
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<tr>
<td><strong>Wireline Segment EBITDA</strong></td>
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<tr>
<td>Wireline total operating revenues</td>
<td>$9,662</td>
<td>$9,631</td>
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<td>$9,560</td>
<td>$9,469</td>
<td>$9,423</td>
<td>$9,355</td>
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<tr>
<td><strong>Wireline Operating Income Margin</strong></td>
<td>1.5%</td>
<td>2.6%</td>
<td>2.3%</td>
<td>4.4%</td>
<td>4.3%</td>
<td>5.3%</td>
<td>6.2%</td>
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<tr>
<td><strong>Wireline Segment EBITDA Margin</strong></td>
<td>22.5%</td>
<td>23.4%</td>
<td>23.0%</td>
<td>23.9%</td>
<td>22.7%</td>
<td>23.5%</td>
<td>23.5%</td>
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