



FINANCIAL AND OPERATING INFORMATION

As of June 30, 2014

Verizon Communications

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Condensed Consolidated Statements of Income

(dollars in millions, except per share amounts)

Unaudited	2012	2013	2Q'14
Operating Revenues	\$ 115,846	\$ 120,550	\$ 62,301
Operating Expenses			
Cost of services and sales	46,275	44,887	23,276
Selling, general & administrative expense	39,951	27,089	15,882
Depreciation and amortization expense	16,460	16,606	8,298
Total Operating Expenses	102,686	88,582	47,456
Operating Income	13,160	31,968	14,845
Equity in earnings of unconsolidated businesses	324	142	1,859
Other income and (expense), net	(1,016)	(166)	(828)
Interest expense	(2,571)	(2,667)	(2,378)
Income Before (Provision) Benefit for Income Taxes	9,897	29,277	13,498
(Provision) Benefit for income taxes	660	(5,730)	(3,188)
Net Income	\$ 10,557	\$ 23,547	\$ 10,310
Net income attributable to noncontrolling interests	\$ 9,682	\$ 12,050	\$ 2,149
Net income attributable to Verizon	875	11,497	8,161
Net Income	\$ 10,557	\$ 23,547	\$ 10,310
Basic Earnings per Common Share			
Net income attributable to Verizon	\$.31	\$ 4.01	\$ 2.15
<i>Weighted average number of common shares (in millions)</i>	2,853	2,866	3,789
Diluted Earnings per Common Share ⁽¹⁾			
Net income attributable to Verizon	\$.31	\$ 4.00	\$ 2.15
<i>Weighted average number of common shares-assuming dilution (in millions)</i>	2,862	2,874	3,795

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.

Condensed Consolidated Statements of Income

(dollars in millions, except per share amounts)

Unaudited	2012		2013				2014	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Operating Revenues	\$29,007	\$30,045	\$29,420	\$29,786	\$30,279	\$31,065	\$30,818	\$31,483
Operating Expenses								
Cost of services and sales	10,991	13,069	10,932	11,033	10,960	11,962	11,189	12,087
Selling, general & administrative expense	8,366	16,008	8,148	8,047	8,037	2,857	8,332	7,550
Depreciation and amortization expense	4,167	4,137	4,118	4,151	4,154	4,183	4,137	4,161
Total Operating Expenses	23,524	33,214	23,198	23,231	23,151	19,002	23,658	23,798
Operating Income (Loss)	5,483	(3,169)	6,222	6,555	7,128	12,063	7,160	7,685
Equity in earnings (losses) of unconsolidated businesses	62	87	(5)	120	19	8	1,902	(43)
Other income and (expense), net	10	(1,079)	39	25	20	(250)	(894)	66
Interest expense	(632)	(575)	(537)	(514)	(555)	(1,061)	(1,214)	(1,164)
Income (Loss) Before (Provision) Benefit for Income Taxes	4,923	(4,736)	5,719	6,186	6,612	10,760	6,954	6,544
(Provision) Benefit for income taxes	(631)	2,810	(864)	(988)	(1,034)	(2,844)	(968)	(2,220)
Net Income (Loss)	\$ 4,292	\$ (1,926)	\$ 4,855	\$ 5,198	\$ 5,578	\$ 7,916	\$ 5,986	\$ 4,324
Net income attributable to noncontrolling interests	\$ 2,699	\$ 2,303	\$ 2,903	\$ 2,952	\$ 3,346	\$ 2,849	\$ 2,039	\$ 110
Net income (loss) attributable to Verizon	1,593	(4,229)	1,952	2,246	2,232	5,067	3,947	4,214
Net Income (Loss)	\$ 4,292	\$ (1,926)	\$ 4,855	\$ 5,198	\$ 5,578	\$ 7,916	\$ 5,986	\$ 4,324
Basic Earnings (Loss) per Common Share								
Net income (Loss) attributable to Verizon	\$.56	\$ (1.48)	\$.68	\$.78	\$.78	\$ 1.77	\$ 1.15	\$ 1.02
Weighted average number of common shares (in millions)	2,857	2,862	2,866	2,865	2,866	2,867	3,425	4,147
Diluted Earnings (Loss) per Common Share ⁽¹⁾								
Net income (Loss) attributable to Verizon	\$.56	\$ (1.48)	\$.68	\$.78	\$.78	\$ 1.76	\$ 1.15	\$ 1.01
Weighted average number of common shares-assuming dilution (in millions)	2,866	2,862	2,872	2,872	2,874	2,875	3,430	4,153

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.

Non-Operational & Other Items

Unaudited	(Pre-tax dollars in millions)		
	2012	2013	2Q'14
Severance, Pension & Benefit Charges/(Credits)			
Operating expenses	\$ 7,186	\$ (6,232)	\$ -
Gain on Spectrum License Transactions			
Selling, general & administrative expense	\$ -	\$ (278)	\$ (707)
Litigation Settlements			
Selling, general & administrative expense	\$ 384	\$ -	\$ -
Early Debt Redemption and Other Restructuring Costs			
Cost of services and sales	\$ 40	\$ -	\$ -
Selling, general & administrative expense	236	-	-
Other income and (expense), net	1,097	-	923
Gain on Sale of Omnitel Interest			
Equity in earnings of unconsolidated businesses	\$ -	\$ -	\$ (1,924)
Wireless Transaction Costs			
Other income and (expense), net	\$ -	\$ 242	\$ (4)
Interest expense	-	685	415

Non-Operational & Other Items

(Pre-tax dollars in millions)

Unaudited	2012		2013				2014	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Severance, Pension & Benefit Charges/(Credits)								
Operating expenses	\$ -	\$ 7,186	\$ -	\$ (237)	\$ -	\$ (5,995)	\$ -	\$ -
Gain on Spectrum License Transactions								
Selling, general & administrative expense	\$ -	\$ -	\$ -	\$ -	\$ (278)	\$ -	\$ -	\$ (707)
Litigation Settlements								
Selling, general & administrative expense	\$ 384	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Early Debt Redemption and Other Restructuring Costs								
Cost of services and sales	\$ -	\$ 40	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Selling, general & administrative expense	-	236	-	-	-	-	-	-
Other income and (expense), net	-	1,097	-	-	-	-	923	-
Gain on Sale of Omnitel Interest								
Equity in earnings of unconsolidated businesses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,924)	\$ -
Wireless Transaction Costs								
Other income and (expense), net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 242	\$ (4)	\$ -
Interest expense	-	-	-	-	62	623	415	-

Condensed Consolidated Balance Sheets

Unaudited	(dollars in millions)		
	12/31/12	12/31/13	6/30/14
Assets			
Current assets			
Cash and cash equivalents	\$ 3,093	\$ 53,528	\$ 5,776
Short-term investments	470	601	648
Accounts receivable, net	12,576	12,439	12,966
Inventories	1,075	1,020	1,073
Prepaid expenses and other	4,021	3,406	2,424
Total current assets	21,235	70,994	22,887
Plant, property and equipment	209,575	220,865	227,475
Less accumulated depreciation	120,933	131,909	137,763
	88,642	88,956	89,712
Investments in unconsolidated businesses	3,401	3,432	852
Wireless licenses	77,744	75,747	75,270
Goodwill	24,139	24,634	24,663
Other intangible assets, net	5,933	5,800	5,781
Other assets	4,128	4,535	5,262
Total Assets	\$ 225,222	\$ 274,098	\$ 224,427
Liabilities and Equity			
Current liabilities			
Debt maturing within one year	\$ 4,369	\$ 3,933	\$ 2,283
Accounts payable and accrued liabilities	16,182	16,453	16,521
Other	6,405	6,664	7,689
Total current liabilities	26,956	27,050	26,493
Long-term debt	47,618	89,658	107,696
Employee benefit obligations	34,346	27,682	26,342
Deferred income taxes	24,677	28,639	42,027
Other liabilities	6,092	5,653	5,857
Equity			
Common stock	297	297	424
Contributed capital	37,990	37,939	11,038
Reinvested earnings (Accumulated deficit)	(3,734)	1,782	5,551
Accumulated other comprehensive income	2,235	2,358	1,188
Common stock in treasury, at cost	(4,071)	(3,961)	(3,638)
Deferred compensation - employee stock ownership plans and other	440	421	338
Noncontrolling interests	52,376	56,580	1,111
Total Equity	85,533	95,416	16,012
Total Liabilities and Equity	\$ 225,222	\$ 274,098	\$ 224,427

Verizon - Selected Financial and Operating Statistics

Unaudited	12/31/12	12/31/13	6/30/14
Total debt (\$M)	\$ 51,987	\$ 93,591	\$ 109,979
Net debt (\$M)	\$ 48,894	\$ 40,063	\$ 104,203
Net debt / Adjusted EBITDA		1.0x	2.4x
Common shares outstanding end of period (M)	2,859	2,862	4,145
Total employees	183,400	176,800	177,800
Cash dividends declared per common share	\$ 2.030	\$ 2.090	\$ 1.060

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

Condensed Consolidated Balance Sheets

(dollars in millions)

Unaudited	9/30/12	12/31/12	3/31/13	6/30/13	9/30/13	12/31/13	3/31/14	6/30/14
Assets								
Current assets								
Cash and cash equivalents	\$ 9,714	\$ 3,093	\$ 5,475	\$ 1,788	\$ 56,710	\$ 53,528	\$ 2,907	\$ 5,776
Short-term investments	593	470	660	618	631	601	637	648
Accounts receivable, net	12,030	12,576	11,814	12,216	12,111	12,439	12,131	12,966
Inventories	1,223	1,075	798	1,040	1,193	1,020	881	1,073
Prepaid expenses and other	4,103	4,021	6,511	6,295	3,060	3,406	6,716	2,424
Total current assets	27,663	21,235	25,258	21,957	73,705	70,994	23,272	22,887
Plant, property and equipment	216,995	209,575	212,082	215,224	218,336	220,865	223,841	227,475
Less accumulated depreciation	129,185	120,933	123,901	126,892	129,809	131,909	134,785	137,763
	87,810	88,642	88,181	88,332	88,527	88,956	89,056	89,712
Investments in unconsolidated businesses	3,625	3,401	3,321	3,319	3,423	3,432	889	852
Wireless licenses	77,591	77,744	75,645	75,825	76,503	75,747	72,713	75,270
Goodwill	24,048	24,139	24,132	24,336	24,339	24,634	24,647	24,663
Other intangible assets, net	5,830	5,933	5,827	5,776	5,732	5,800	5,839	5,781
Other assets	4,515	4,128	3,822	3,801	4,446	4,535	5,146	5,262
Total Assets	\$231,082	\$225,222	\$226,186	\$223,346	\$276,675	\$274,098	\$221,562	\$224,427
Liabilities and Equity								
Current liabilities								
Debt maturing within one year	\$ 6,335	\$ 4,369	\$ 10,888	\$ 7,961	\$ 8,202	\$ 3,933	\$ 2,152	\$ 2,283
Accounts payable and accrued liabilities	16,003	16,182	14,030	14,671	15,622	16,453	14,984	16,521
Other	6,432	6,405	6,571	6,559	6,467	6,664	8,217	7,689
Total current liabilities	28,770	26,956	31,489	29,191	30,291	27,050	25,353	26,493
Long-term debt	46,467	47,618	41,993	41,791	90,938	89,658	107,617	107,696
Employee benefit obligations	30,904	34,346	34,048	33,835	33,738	27,682	26,977	26,342
Deferred income taxes	26,474	24,677	24,993	25,696	25,821	28,639	41,597	42,027
Other liabilities	5,839	6,092	6,075	5,677	5,622	5,653	6,167	5,857
Equity								
Common stock	297	297	297	297	297	297	424	424
Contributed capital	37,959	37,990	37,894	37,895	37,918	37,939	10,976	11,038
Reinvested earnings (Accumulated deficit)	1,968	(3,734)	(3,255)	(2,483)	(1,768)	1,782	3,534	5,551
Accumulated other comprehensive income	1,257	2,235	2,056	1,994	2,118	2,358	1,290	1,188
Common stock in treasury, at cost	(4,247)	(4,071)	(3,994)	(3,974)	(3,970)	(3,961)	(3,794)	(3,638)
Deferred compensation - employee stock ownership plans and other	411	440	312	332	390	421	281	338
Noncontrolling interests	54,983	52,376	54,278	53,095	55,280	56,580	1,140	1,111
Total Equity	92,628	85,533	87,588	87,156	90,265	95,416	13,851	16,012
Total Liabilities and Equity	\$231,082	\$225,222	\$226,186	\$223,346	\$276,675	\$274,098	\$221,562	\$224,427

Verizon - Selected Financial and Operating Statistics

Unaudited	9/30/12	12/31/12	3/31/13	6/30/13	9/30/13	12/31/13	3/31/14	6/30/14
Total debt (\$M)	\$ 52,802	\$ 51,987	\$ 52,881	\$ 49,752	\$ 99,140	\$ 93,591	\$109,769	\$109,979
Net debt (\$M)	\$ 43,088	\$ 48,894	\$ 47,406	\$ 47,964	\$ 42,430	\$ 40,063	\$106,862	\$104,203
Net debt / Adjusted EBITDA				1.2x	1.1x	1.0x	2.5x	2.4x
Common shares outstanding end of period (M)	2,854	2,859	2,861	2,862	2,862	2,862	4,141	4,145
Total employees	184,500	183,400	181,900	180,900	178,300	176,800	176,900	177,800
Cash dividends declared per common share	\$.515	\$.515	\$.515	\$.515	\$.530	\$.530	\$.530	\$.530

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

Condensed Consolidated Statements of Cash Flows

	(dollars in millions)		
Unaudited	12 Months Ended 12/31/12	12 Months Ended 12/31/13	6 Months Ended 6/30/14
Cash Flows From Operating Activities			
Net Income	\$ 10,557	\$ 23,547	\$ 10,310
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	16,460	16,606	8,298
Employee retirement benefits	8,198	(5,052)	562
Deferred income taxes	(952)	5,785	253
Provision for uncollectible accounts	972	993	473
Equity in (earnings) losses of unconsolidated businesses, net of dividends received	77	(102)	(1,841)
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	(403)	(5)	(847)
Other, net	(3,423)	(2,954)	(2,404)
Net cash provided by operating activities	31,486	38,818	14,804
Cash Flows From Investing Activities			
Capital expenditures (including capitalized software)	(16,175)	(16,604)	(8,494)
Acquisitions of investments and businesses, net of cash acquired	(913)	(494)	(179)
Acquisitions of wireless licenses	(4,298)	(580)	(271)
Proceeds from dispositions of wireless licenses	363	2,111	2,367
Other, net	521	734	231
Net cash used in investing activities	(20,502)	(14,833)	(6,346)
Cash Flows From Financing Activities			
Proceeds from long-term borrowings	4,489	49,166	20,245
Repayments of long-term borrowings and capital lease obligations	(6,403)	(8,163)	(11,317)
Increase (decrease) in short-term obligations, excluding current maturities	(1,437)	(142)	279
Dividends paid	(5,230)	(5,936)	(3,583)
Proceeds from sale of common stock	315	85	34
Purchase of common stock for treasury	-	(153)	-
Special distribution to noncontrolling interest	(8,325)	(3,150)	-
Acquisition of noncontrolling interest	-	-	(58,886)
Other, net	(4,662)	(5,257)	(2,982)
Net cash provided by (used in) financing activities	(21,253)	26,450	(56,210)
Increase (decrease) in cash and cash equivalents	(10,269)	50,435	(47,752)
Cash and cash equivalents, beginning of period	13,362	3,093	53,528
Cash and cash equivalents, end of period	\$ 3,093	\$ 53,528	\$ 5,776

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

Condensed Consolidated Statements of Cash Flows

	(dollars in millions)							
	9 Months	12 Months	3 Months	6 Months	9 Months	12 Months	3 Months	6 Months
	Ended	Ended	Ended	Ended	Ended	Ended	Ended	Ended
Unaudited	9/30/12	12/31/12	3/31/13	6/30/13	9/30/13	12/31/13	3/31/14	6/30/14
Cash Flows From Operating Activities								
Net Income	\$ 12,483	\$ 10,557	\$ 4,855	\$ 10,053	\$ 15,631	\$ 23,547	\$ 5,986	\$ 10,310
Adjustments to reconcile net income to net cash provided by operating activities:								
Depreciation and amortization expense	12,323	16,460	4,118	8,269	12,423	16,606	4,137	8,298
Employee retirement benefits	1,126	8,198	295	354	649	(5,052)	281	562
Deferred income taxes	1,665	(952)	878	1,812	3,011	5,785	(155)	253
Provision for uncollectible accounts	709	972	260	507	746	993	231	473
Equity in (earnings) losses of unconsolidated businesses, net of dividends received	(197)	77	14	(95)	(100)	(102)	(1,894)	(1,841)
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	(197)	(403)	(1,491)	(1,660)	(1,078)	(5)	(1,626)	(847)
Other, net	(3,154)	(3,423)	(1,398)	(2,092)	(2,895)	(2,954)	179	(2,404)
Net cash provided by operating activities	24,758	31,486	7,531	17,148	28,387	38,818	7,139	14,804
Cash Flows From Investing Activities								
Capital expenditures (including capitalized software)	(11,315)	(16,175)	(3,602)	(7,616)	(11,807)	(16,604)	(4,150)	(8,494)
Acquisitions of investments and businesses, net of cash acquired	(838)	(913)	(21)	(76)	(81)	(494)	(157)	(179)
Acquisitions of wireless licenses	(4,179)	(4,298)	(117)	(264)	(430)	(580)	(213)	(271)
Proceeds from dispositions of wireless licenses	363	363	-	-	2,111	2,111	-	2,367
Other, net	544	521	141	121	184	734	(11)	231
Net cash used in investing activities	(15,425)	(20,502)	(3,599)	(7,835)	(10,023)	(14,833)	(4,531)	(6,346)
Cash Flows From Financing Activities								
Proceeds from long-term borrowings	-	4,489	500	499	49,166	49,166	16,952	20,245
Repayments of long-term borrowings and capital lease obligations	(2,878)	(6,403)	(73)	(2,330)	(2,392)	(8,163)	(7,951)	(11,317)
Increase (decrease) in short-term obligations, excluding current maturities	375	(1,437)	581	(432)	(324)	(142)	252	279
Dividends paid	(3,887)	(5,230)	(1,472)	(2,946)	(4,420)	(5,936)	(1,517)	(3,583)
Proceeds from sale of common stock	278	315	56	74	76	85	34	34
Purchase of common stock for treasury	-	-	(153)	(153)	(153)	(153)	-	-
Special distribution to noncontrolling interest	(4,500)	(8,325)	-	(3,150)	(3,150)	(3,150)	-	-
Acquisition of noncontrolling interest	-	-	-	-	-	-	(58,886)	(58,886)
Other, net	(2,369)	(4,662)	(989)	(2,180)	(3,550)	(5,257)	(2,113)	(2,982)
Net cash provided by (used in) financing activities	(12,981)	(21,253)	(1,550)	(10,618)	35,253	26,450	(53,229)	(56,210)
Increase (decrease) in cash and cash equivalents	(3,648)	(10,269)	2,382	(1,305)	53,617	50,435	(50,621)	(47,752)
Cash and cash equivalents, beginning of period	13,362	13,362	3,093	3,093	3,093	3,093	53,528	53,528
Cash and cash equivalents, end of period	\$ 9,714	\$ 3,093	\$ 5,475	\$ 1,788	\$ 56,710	\$ 53,528	\$ 2,907	\$ 5,776

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



WIRELESS

Wireless – Selected Financial Results

(dollars in millions)

Unaudited	2012		2013				2014	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Operating Revenues								
Retail service	\$15,538	\$15,786	\$16,169	\$16,422	\$16,776	\$16,967	\$17,246	\$17,288
Other service	616	607	559	656	740	744	741	790
Service	16,154	16,393	16,728	17,078	17,516	17,711	17,987	18,078
Equipment	1,858	2,559	1,813	1,953	1,924	2,421	1,870	2,387
Other	1,012	1,042	982	945	959	993	1,022	1,018
Total Operating Revenues	19,024	19,994	19,523	19,976	20,399	21,125	20,879	21,483
Operating Expenses								
Cost of services and sales	5,690	7,332	5,651	5,799	5,652	6,546	5,856	6,742
Selling, general & administrative expense	5,250	5,877	5,448	5,666	5,801	6,261	5,644	5,649
Depreciation and amortization expense	2,037	1,994	2,006	2,047	2,060	2,089	2,061	2,107
Total Operating Expenses	12,977	15,203	13,105	13,512	13,513	14,896	13,561	14,498
Operating Income	\$ 6,047	\$ 4,791	\$ 6,418	\$ 6,464	\$ 6,886	\$ 6,229	\$ 7,318	\$ 6,985
Operating Income Margin	31.8%	24.0%	32.9%	32.4%	33.8%	29.5%	35.5%	32.5%
Segment EBITDA	\$ 8,084	\$ 6,785	\$ 8,424	\$ 8,511	\$ 8,946	\$ 8,318	\$ 9,379	\$ 9,092
Segment EBITDA Service Margin	50.0%	41.4%	50.4%	49.8%	51.1%	47.0%	52.1%	50.3%

Footnotes:

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

Intersegment transactions have not been eliminated.

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

Wireless – Selected Operating Statistics

Unaudited	2012		2013				2014	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Connections ('000)								
Retail postpaid	90,354	92,530	93,186	94,271	95,185	96,752	97,273	98,593
Retail prepaid	5,545	5,700	5,744	5,853	5,965	6,047	6,057	6,044
Retail	95,899	98,230	98,930	100,124	101,150	102,799	103,330	104,637
Net Add Detail ('000) ⁽¹⁾								
Retail postpaid	1,535	2,100	677	941	927	1,573	539	1,441
Retail prepaid	228	142	43	97	134	80	10	(14)
Retail	1,763	2,242	720	1,038	1,061	1,653	549	1,427
Account Statistics								
Retail postpaid accounts ('000)	34,796	35,057	34,943	34,958	34,972	35,083	35,061	35,186
Retail postpaid ARPA	\$145.42	\$146.80	\$150.27	\$152.50	\$155.74	\$157.21	\$159.67	\$159.73
Retail postpaid connections per account	2.60	2.64	2.67	2.70	2.72	2.76	2.77	2.80
Churn Detail								
Retail postpaid	0.91%	0.95%	1.01%	0.93%	0.97%	0.96%	1.07%	0.94%
Retail	1.18%	1.24%	1.30%	1.23%	1.28%	1.27%	1.37%	1.25%
Retail Postpaid Connection Statistics								
Total Smartphone postpaid % of phones activated	77.3%	85.4%	84.3%	84.4%	84.9%	88.9%	90.1%	90.8%
Total Smartphone postpaid phone base	53.2%	58.1%	61.4%	64.4%	67.2%	70.0%	72.3%	74.6%
Total Internet postpaid base	8.8%	9.3%	9.6%	9.9%	10.2%	10.7%	11.3%	12.3%
Other Operating Statistics								
Capital expenditures (\$M)	\$ 2,133	\$ 2,791	\$ 1,992	\$ 2,278	\$ 2,450	\$ 2,705	\$ 2,554	\$ 2,771

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.



WIRELINER

Wireline – Selected Financial Results

Unaudited	(dollars in millions)							
	2012		2013				2014	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Operating Revenues								
Consumer retail	\$ 3,580	\$ 3,596	\$ 3,616	\$ 3,669	\$ 3,735	\$ 3,822	\$ 3,840	\$ 3,864
Small business	656	646	638	635	639	629	624	621
Mass Markets	4,236	4,242	4,254	4,304	4,374	4,451	4,464	4,485
Strategic services	2,007	2,079	2,073	2,059	2,106	2,130	2,110	2,120
Core	1,800	1,788	1,697	1,590	1,590	1,536	1,496	1,459
Global Enterprise	3,807	3,867	3,770	3,649	3,696	3,666	3,606	3,579
Global Wholesale	1,747	1,738	1,699	1,662	1,631	1,602	1,591	1,570
Other	124	143	107	119	113	126	129	125
Total Operating Revenues	9,914	9,990	9,830	9,734	9,814	9,845	9,790	9,759
Operating Expenses								
Cost of services and sales	5,463	5,878	5,457	5,407	5,483	5,581	5,459	5,461
Selling, general & administrative expense	2,303	2,313	2,265	2,168	2,102	2,060	2,151	2,034
Depreciation and amortization expense	2,107	2,125	2,095	2,085	2,074	2,073	2,033	2,005
Total Operating Expenses	9,873	10,316	9,817	9,660	9,659	9,714	9,643	9,500
Operating Income (Loss)	\$ 41	\$ (326)	\$ 13	\$ 74	\$ 155	\$ 131	\$ 147	\$ 259
Operating Income Margin	0.4%	(3.3)%	0.1%	0.8%	1.6%	1.3%	1.5%	2.7%
Segment EBITDA	\$ 2,148	\$ 1,799	\$ 2,108	\$ 2,159	\$ 2,229	\$ 2,204	\$ 2,180	\$ 2,264
Segment EBITDA Margin	21.7%	18.0%	21.4%	22.2%	22.7%	22.4%	22.3%	23.2%

Footnotes:

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

Intersegment transactions have not been eliminated.

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

Wireline – Selected Operating Statistics

Unaudited	2012		2013				2014	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Connections ('000)								
FiOS Video Subscribers	4,592	4,726	4,895	5,035	5,170	5,262	5,319	5,419
FiOS Internet Subscribers	5,280	5,424	5,612	5,773	5,946	6,072	6,170	6,309
FiOS Digital Voice residence connections	2,938	3,227	3,531	3,817	4,069	4,248	4,350	4,440
FiOS Digital connections	12,810	13,377	14,038	14,625	15,185	15,582	15,839	16,168
HSI	3,488	3,371	3,282	3,166	3,049	2,943	2,861	2,768
Total Broadband connections	8,768	8,795	8,894	8,939	8,995	9,015	9,031	9,077
Primary residence switched access connections	8,384	7,982	7,593	7,200	6,821	6,481	6,224	6,007
Primary residence connections	11,322	11,209	11,124	11,017	10,890	10,729	10,574	10,447
Total retail residence voice connections	12,005	11,849	11,725	11,583	11,421	11,229	11,048	10,903
Total voice connections	22,847	22,503	22,191	21,828	21,457	21,085	20,733	20,391
Net Add Detail ('000)								
FiOS Video Subscribers	119	134	169	140	135	92	57	100
FiOS Internet Subscribers	136	144	188	161	173	126	98	139
FiOS Digital Voice residence connections	290	289	304	286	252	179	102	90
FiOS Digital connections	545	567	661	587	560	397	257	329
HSI	(144)	(117)	(89)	(116)	(117)	(106)	(82)	(93)
Total Broadband connections	(8)	27	99	45	56	20	16	46
Primary residence switched access connections	(459)	(402)	(389)	(393)	(379)	(340)	(257)	(217)
Primary residence connections	(169)	(113)	(85)	(107)	(127)	(161)	(155)	(127)
Total retail residence voice connections	(217)	(156)	(124)	(142)	(162)	(192)	(181)	(145)
Total voice connections	(431)	(344)	(312)	(363)	(371)	(372)	(352)	(342)
Revenue & ARPU Statistics								
Consumer ARPU	\$104.61	\$106.39	\$107.95	\$110.46	\$113.65	\$117.88	\$120.17	\$122.57
FiOS revenues (\$M)	\$ 2,489	\$ 2,565	\$ 2,633	\$ 2,731	\$ 2,823	\$ 2,965	\$ 3,041	\$ 3,125
Strategic services as a % of total Enterprise revenues	52.7%	53.8%	55.0%	56.4%	57.0%	58.1%	58.5%	59.2%
Other Operating Statistics								
Capital expenditures (\$M)	\$ 1,484	\$ 1,725	\$ 1,434	\$ 1,515	\$ 1,518	\$ 1,762	\$ 1,385	\$ 1,345
Wireline employees (K)	87.4	86.4	85.2	84.7	83.6	81.9	80.9	80.6
FiOS Video Open for Sale (K)	13,957	14,200	14,374	14,607	14,824	15,022	15,184	15,372
FiOS Video penetration	32.9%	33.3%	34.1%	34.5%	34.9%	35.0%	35.0%	35.3%
FiOS Internet Open for Sale (K)	14,283	14,528	14,703	14,943	15,167	15,368	15,530	15,722
FiOS Internet penetration	37.0%	37.3%	38.2%	38.6%	39.2%	39.5%	39.7%	40.1%

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.



NON-GAAP RECONCILIATIONS

As of June 30, 2014

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 Income

Verizon Consolidated Adjusted Operating Income (Adjusted Operating Income) is a non-GAAP measure and does not purport to be an alternative to GAAP items as a measure of operating performance. Management believes that this measure is useful 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. Adjusted Operating Income is calculated by excluding the effect of non-operational items from the calculation of Consolidated Operating Income.

EBITDA and EBITDA Margin

Verizon Consolidated Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA), Segment EBITDA and EBITDA margins are non-GAAP measures and do not purport to be alternatives to GAAP items as measures of operating performance. Management believes that these measures are useful to investors and other users of our financial information in evaluating operating profitability on a more variable cost basis, as they exclude the depreciation and amortization 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.

Consolidated - 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 Adjusted EBITDA is calculated by excluding the effect of non-operational items from the calculation of Consolidated EBITDA. Consolidated Adjusted EBITDA margin is calculated by dividing Consolidated Adjusted EBITDA by Consolidated Operating Revenues. Management believes that Consolidated Adjusted EBITDA and Consolidated Adjusted EBITDA margin provide additional relevant and useful information to investors and other users of our financial data in evaluating the effectiveness of our operations and underlying business trends in a manner that is consistent with management's evaluation of business performance.

Wireless - Wireless Segment EBITDA is calculated by adding back depreciation and amortization expense to Wireless Segment Operating Income, and Wireless Segment EBITDA Service margin is calculated by dividing Wireless Segment EBITDA by Wireless service revenues. The Wireless Segment EBITDA Service margin utilizes service revenues rather than Wireless' total operating 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 - Wireline Segment EBITDA is calculated by adding back depreciation and amortization expense to Wireline Segment Operating Income, and Wireline Segment EBITDA margin is calculated by dividing Wireline Segment EBITDA by Wireline total operating revenues.

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 or non-recurring 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.

Definitions – Non-GAAP Measures

Free Cash Flow

Free Cash Flow is a non-GAAP financial measure that management believes is useful to investors and other users of our financial information in evaluating cash available to pay debt and dividends. Free Cash Flow is calculated by subtracting capital expenditures from net cash provided by operating activities.

Net Debt and Net Debt to Adjusted EBITDA Ratio

Net Debt and the Net Debt to Adjusted EBITDA Ratio are non-GAAP financial measures that management believes are useful to investors and other users of our financial information in evaluating Verizon's leverage. Net Debt is calculated by subtracting cash and cash equivalents from the sum of debt maturing within one year and long-term debt. For purposes of the Net Debt to Adjusted EBITDA Ratio, Adjusted EBITDA is calculated for the last 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 Operating Income, Adjusted EBITDA and Adjusted EPS

Consolidated Adjusted Operating Income, 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.

Consolidated Reconciliations

Unaudited	3 Months		3 Months		(dollars in millions)	
	Ended	Ended	Ended	Ended	3 Months	3 Months
	3/31/13	6/30/13	3/31/14	6/30/14	3/31/14	6/30/14
Consolidated Operating Revenues	\$29,420	\$ 29,786	\$ 30,818	\$ 31,483		

Unaudited	3 Months		3 Months		3 Months		3 Months		(dollars in millions)	
	Ended	Ended	Ended	Ended	Ended	Ended	Ended	Ended	3 Months	3 Months
	9/30/12	12/31/12	3/31/13	6/30/13	9/30/13	12/31/13	3/31/14	6/30/14	3/31/14	6/30/14
Adjusted EBITDA - Verizon										
Verizon Consolidated EBITDA										
Consolidated net income (loss)	\$ 4,292	\$ (1,926)	\$ 4,855	\$ 5,198	\$ 5,578	\$ 7,916	\$ 5,986	\$ 4,324		
Add/Subtract non-operating items:										
Provision (Benefit) for income taxes	631	(2,810)	864	988	1,034	2,844	968	2,220		
Interest expense	632	575	537	514	555	1,061	1,214	1,164		
Other (income) and expense, net	(10)	1,079	(39)	(25)	(20)	250	894	(66)		
Equity in (earnings) losses of unconsolidated businesses	(62)	(87)	5	(120)	(19)	(8)	(1,902)	43		
Operating Income (Loss)	5,483	(3,169)	6,222	6,555	7,128	12,063	7,160	7,685		
Add: Depreciation and amortization expense	4,167	4,137	4,118	4,151	4,154	4,183	4,137	4,161		
Consolidated EBITDA	\$ 9,650	\$ 968	\$10,340	\$ 10,706	\$11,282	\$16,246	\$ 11,297	\$ 11,846		
Operating Income (Loss)	5,483	(3,169)	6,222	6,555	7,128	12,063	7,160	7,685		
Add/Subtract other items (before tax):										
Severance, pension & benefit charges (credits)	-	7,186	-	(237)	-	(5,995)	-	-		
Gain on spectrum license transactions	-	-	-	-	(278)	-	-	(707)		
Litigation settlements	384	-	-	-	-	-	-	-		
Other non-operational costs	-	276	-	-	-	-	-	-		
Adjusted Operating Income	5,867	4,293	6,222	6,318	6,850	6,068	7,160	6,978		
Add: Depreciation and amortization expense	4,167	4,137	4,118	4,151	4,154	4,183	4,137	4,161		
Consolidated Adjusted EBITDA	\$10,034	\$ 8,430	\$10,340	\$ 10,469	\$11,004	\$10,251	\$ 11,297	\$ 11,139		
Consolidated Operating Income Margin				22.0%				24.4%		
Consolidated Adjusted EBITDA Margin				35.1%				35.4%		
Consolidated Adjusted EBITDA Margin - YTD ⁽¹⁾				35.1%				36.0%		

(1) Year-to-date Consolidated Adjusted EBITDA Margin is calculated using the sum of the quarterly results.

Unaudited	3 Months		3 Months		3 Months		3 Months		(dollars in millions)	
	9/30/12	12/31/12	3/31/13	6/30/13	9/30/13	12/31/13	3/31/14	6/30/14	3/31/14	6/30/14
Net Debt to Adjusted EBITDA Ratio										
Verizon Net Debt										
Debt maturing within one year	\$ 6,335	\$ 4,369	\$10,888	\$ 7,961	\$ 8,202	\$ 3,933	\$ 2,152	\$ 2,283		
Long-term debt	46,467	47,618	41,993	41,791	90,938	89,658	107,617	107,696		
Total Debt	52,802	51,987	52,881	49,752	99,140	93,591	109,769	109,979		
Less: Cash and cash equivalents	9,714	3,093	5,475	1,788	56,710	53,528	2,907	5,776		
Net Debt	\$43,088	\$48,894	\$47,406	\$ 47,964	\$42,430	\$40,063	\$106,862	\$104,203		
Net Debt to Adjusted EBITDA Ratio				1.2x	1.1x	1.0x	2.5x	2.4x		

Earnings Per Share Reconciliations

Unaudited	3 Months Ended 6/30/12	3 Months Ended 6/30/13	6 Months Ended 6/30/13	3 Months Ended 3/31/14	3 Months Ended 6/30/14	6 Months Ended 6/30/14
Adjusted and Illustrative EPS - Verizon						
Reported EPS	\$ 0.64	\$ 0.78	\$ 1.46	\$ 1.15	\$ 1.01	\$ 2.15
Severance, pension, and benefit credits	-	(0.05)	(0.05)	-	-	-
Wireless transaction costs	-	-	-	0.08	-	0.07
Early debt redemption costs	-	-	-	0.17	-	0.15
Gain on sale of Omnitel interest	-	-	-	(0.55)	-	(0.50)
Gain on spectrum license transactions	-	-	-	-	(0.10)	(0.11)
Adjusted EPS	\$ 0.64	\$ 0.73	\$ 1.41	\$ 0.84	\$ 0.91	\$ 1.76
Income from Vodafone noncontrolling interest				0.29		
Wireless transaction costs				(0.06)		
Elimination of Omnitel equity income				(0.01)		
Dilutive effect of share issuance				(0.14)		
Illustrative EPS				\$ 0.91		

Note: EPS may not add due to rounding.

Free Cash Flow Reconciliations

Unaudited	(dollars in millions)		
Unaudited	3 Months Ended 3/31/14	3 Months Ended 6/30/14	6 Months Ended 6/30/14
Free Cash Flow - Verizon			
Verizon Free Cash Flow			
Net cash provided by operating activities	\$ 7,139	\$ 7,665	\$ 14,804
Less: Capital expenditures	4,150	4,344	8,494
Free Cash Flow	\$ 2,989	\$ 3,321	\$ 6,310

Wireless Reconciliations

(dollars in millions)

Unaudited	3 Months Ended 9/30/12	3 Months Ended 12/31/12	3 Months Ended 3/31/13	3 Months Ended 6/30/13	3 Months Ended 9/30/13	3 Months Ended 12/31/13	3 Months Ended 3/31/14	3 Months Ended 6/30/14
Wireless Segment EBITDA								
Operating Income	\$ 6,047	\$ 4,791	\$ 6,418	\$ 6,464	\$ 6,886	\$ 6,229	\$ 7,318	\$ 6,985
Add: Depreciation and amortization expense	2,037	1,994	2,006	2,047	2,060	2,089	2,061	2,107
Wireless Segment EBITDA	\$ 8,084	\$ 6,785	\$ 8,424	\$ 8,511	\$ 8,946	\$ 8,318	\$ 9,379	\$ 9,092
Wireless total operating revenues	\$ 19,024	\$ 19,994	\$ 19,523	\$ 19,976	\$ 20,399	\$ 21,125	\$ 20,879	\$ 21,483
Wireless service revenues	\$ 16,154	\$ 16,393	\$ 16,728	\$ 17,078	\$ 17,516	\$ 17,711	\$ 17,987	\$ 18,078
Wireless Operating Income Margin	31.8%	24.0%	32.9%	32.4%	33.8%	29.5%	35.0%	32.5%
Wireless Segment EBITDA Service Margin	50.0%	41.4%	50.4%	49.8%	51.1%	47.0%	52.1%	50.3%

Wireline Reconciliations

(dollars in millions)

Unaudited	3 Months Ended 9/30/12	3 Months Ended 12/31/12	3 Months Ended 3/31/13	3 Months Ended 6/30/13	3 Months Ended 9/30/13	3 Months Ended 12/31/13	3 Months Ended 3/31/14	3 Months Ended 6/30/14
Wireline Segment EBITDA								
Operating Income (Loss)	\$ 41	\$ (326)	\$ 13	\$ 74	\$ 155	\$ 131	\$ 147	\$ 259
Add: Depreciation and amortization expense	2,107	2,125	2,095	2,085	2,074	2,073	2,033	2,005
Wireline Segment EBITDA	\$ 2,148	\$ 1,799	\$ 2,108	\$ 2,159	\$ 2,229	\$ 2,204	\$ 2,180	\$ 2,264
Wireline total operating revenues	\$ 9,914	\$ 9,990	\$ 9,830	\$ 9,734	\$ 9,814	\$ 9,845	\$ 9,790	\$ 9,759
Wireline Operating Income Margin	0.4%	(3.3)%	0.1%	0.8%	1.6%	1.3%	1.5%	2.7%
Wireline Segment EBITDA Margin	21.7%	18.0%	21.4%	22.2%	22.7%	22.4%	22.3%	23.2%