



FINANCIAL AND OPERATING INFORMATION

As of September 30, 2014

Verizon Communications

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Condensed Consolidated Statements of Income

Unaudited	(dollars in millions, except per share amounts)		
	2012	2013	3Q'14
Operating Revenues	\$ 115,846	\$ 120,550	\$ 93,887
Operating Expenses			
Cost of services and sales	46,275	44,887	35,528
Selling, general & administrative expense	39,951	27,089	24,159
Depreciation and amortization expense	16,460	16,606	12,465
Total Operating Expenses	102,686	88,582	72,152
Operating Income	13,160	31,968	21,735
Equity in earnings of unconsolidated businesses	324	142	1,811
Other income and (expense), net	(1,016)	(166)	(757)
Interest expense	(2,571)	(2,667)	(3,633)
Income Before (Provision) Benefit for Income Taxes	9,897	29,277	19,156
(Provision) Benefit for income taxes	660	(5,730)	(5,052)
Net Income	\$ 10,557	\$ 23,547	\$ 14,104
Net income attributable to noncontrolling interests	\$ 9,682	\$ 12,050	\$ 2,248
Net income attributable to Verizon	875	11,497	11,856
Net Income	\$ 10,557	\$ 23,547	\$ 14,104
Basic Earnings per Common Share			
Net income attributable to Verizon	\$.31	\$ 4.01	\$ 3.03
Weighted average number of common shares (in millions)	2,853	2,866	3,912
Diluted Earnings per Common Share ⁽¹⁾			
Net Income attributable to Verizon	\$.31	\$ 4.00	\$ 3.03
Weighted average number of common shares-assuming dilution (in millions)	2,862	2,874	3,919

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		
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Operating Revenues	\$ 30,045	\$ 29,420	\$ 29,786	\$ 30,279	\$ 31,065	\$ 30,818	\$ 31,483	\$ 31,586
Operating Expenses								
Cost of services and sales	13,069	10,932	11,033	10,960	11,962	11,189	12,087	12,252
Selling, general & administrative expense	16,008	8,148	8,047	8,037	2,857	8,332	7,550	8,277
Depreciation and amortization expense	4,137	4,118	4,151	4,154	4,183	4,137	4,161	4,167
Total Operating Expenses	33,214	23,198	23,231	23,151	19,002	23,658	23,798	24,696
Operating Income (Loss)	(3,169)	6,222	6,555	7,128	12,063	7,160	7,685	6,890
Equity in earnings (losses) of unconsolidated businesses	87	(5)	120	19	8	1,902	(43)	(48)
Other income and (expense), net	(1,079)	39	25	20	(250)	(894)	66	71
Interest expense	(575)	(537)	(514)	(555)	(1,061)	(1,214)	(1,164)	(1,255)
Income (Loss) Before (Provision) Benefit for Income Taxes	(4,736)	5,719	6,186	6,612	10,760	6,954	6,544	5,658
(Provision) Benefit for income taxes	2,810	(864)	(988)	(1,034)	(2,844)	(968)	(2,220)	(1,864)
Net Income (Loss)	\$ (1,926)	\$ 4,855	\$ 5,198	\$ 5,578	\$ 7,916	\$ 5,986	\$ 4,324	\$ 3,794
Net income attributable to noncontrolling interests	\$ 2,303	\$ 2,903	\$ 2,952	\$ 3,346	\$ 2,849	\$ 2,039	\$ 110	\$ 99
Net income (loss) attributable to Verizon	(4,229)	1,952	2,246	2,232	5,067	3,947	4,214	3,695
Net Income (Loss)	\$ (1,926)	\$ 4,855	\$ 5,198	\$ 5,578	\$ 7,916	\$ 5,986	\$ 4,324	\$ 3,794
Basic Earnings (Loss) per Common Share								
Net Income (Loss) attributable to Verizon	\$ (1.48)	\$.68	\$.78	\$.78	\$ 1.77	\$ 1.15	\$ 1.02	\$.89
Weighted average number of common shares (in millions)	2,862	2,866	2,865	2,866	2,867	3,425	4,147	4,152
Diluted Earnings (Loss) per Common Share ⁽¹⁾								
Net Income (Loss) attributable to Verizon	\$ (1.48)	\$.68	\$.78	\$.78	\$ 1.76	\$ 1.15	\$ 1.01	\$.89
Weighted average number of common shares- assuming dilution (in millions)	2,862	2,872	2,872	2,874	2,875	3,430	4,153	4,159

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	3Q'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
Impact of Divested Operations			
Revenues	\$ 835	\$ 599	\$ 256
Cost of services and sales	756	531	239
Selling, general & administrative expense	23	25	5
Total Expenses	\$ 779	\$ 556	\$ 244

Non-Operational & Other Items

Unaudited						(Pre-tax dollars in millions)		
	2012	2013				2014		
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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	-	-
Impact of Divested Operations								
Revenues	\$ 230	\$ 180	\$ 129	\$ 157	\$ 133	\$ 128	\$ 128	\$ -
Cost of services and sales	205	164	117	142	108	120	119	-
Selling, general & administrative expense	3	6	4	7	8	2	3	-
Total Expenses	\$ 208	\$ 170	\$ 121	\$ 149	\$ 116	\$ 122	\$ 122	\$ -

Condensed Consolidated Balance Sheets

Unaudited	(dollars in millions)		
	12/31/12	12/31/13	9/30/14
Assets			
Current assets			
Cash and cash equivalents	\$ 3,093	\$ 53,528	\$ 7,218
Short-term investments	470	601	635
Accounts receivable, net	12,576	12,439	13,283
Inventories	1,075	1,020	1,206
Prepaid expenses and other	4,021	3,406	2,431
Total current assets	21,235	70,994	24,773
Plant, property and equipment	209,575	220,865	230,452
Less accumulated depreciation	120,933	131,909	140,520
	88,642	88,956	89,932
Investments in unconsolidated businesses	3,401	3,432	818
Wireless licenses	77,744	75,747	75,303
Goodwill	24,139	24,634	24,617
Other intangible assets, net	5,933	5,800	5,738
Other assets	4,128	4,535	5,112
Total Assets	\$ 225,222	\$ 274,098	\$ 226,293
Liabilities and Equity			
Current liabilities			
Debt maturing within one year	\$ 4,369	\$ 3,933	\$ 1,603
Accounts payable and accrued liabilities	16,182	16,453	17,055
Other	6,405	6,664	8,231
Total current liabilities	26,956	27,050	26,889
Long-term debt	47,618	89,658	107,627
Employee benefit obligations	34,346	27,682	25,770
Deferred income taxes	24,677	28,639	42,289
Other liabilities	6,092	5,653	5,750
Equity			
Common stock	297	297	424
Contributed capital	37,990	37,939	11,089
Reinvested earnings (Accumulated deficit)	(3,734)	1,782	6,964
Accumulated other comprehensive income	2,235	2,358	1,175
Common stock in treasury, at cost	(4,071)	(3,961)	(3,465)
Deferred compensation - employee stock ownership plans and other	440	421	390
Noncontrolling interests	52,376	56,580	1,391
Total Equity	85,533	95,416	17,968
Total Liabilities and Equity	\$ 225,222	\$ 274,098	\$ 226,293

Verizon - Selected Financial and Operating Statistics

Unaudited	12/31/12	12/31/13	9/30/14
Total debt (\$M)	\$ 51,987	\$ 93,591	\$ 109,230
Net debt (\$M)	\$ 48,894	\$ 40,063	\$ 102,012
Net debt / Adjusted EBITDA		1.0x	2.3x
Common shares outstanding end of period (M)	2,859	2,862	4,150
Total employees	183,400	176,800	178,500
Cash dividends declared per common share	\$ 2.030	\$ 2.090	\$ 1.610

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

Condensed Consolidated Balance Sheets

Unaudited	12/31/12	3/31/13	6/30/13	9/30/13	12/31/13	3/31/14	6/30/14	9/30/14
(dollars in millions)								
Assets								
Current assets								
Cash and cash equivalents	\$ 3,093	\$ 5,475	\$ 1,788	\$ 56,710	\$ 53,528	\$ 2,907	\$ 5,776	\$ 7,218
Short-term investments	470	660	618	631	601	637	648	635
Accounts receivable, net	12,576	11,814	12,216	12,111	12,439	12,131	12,966	13,283
Inventories	1,075	798	1,040	1,193	1,020	881	1,073	1,206
Prepaid expenses and other	4,021	6,511	6,295	3,060	3,406	6,716	2,424	2,431
Total current assets	21,235	25,258	21,957	73,705	70,994	23,272	22,887	24,773
Plant, property and equipment	209,575	212,082	215,224	218,336	220,865	223,841	227,475	230,452
Less accumulated depreciation	120,933	123,901	126,892	129,809	131,909	134,785	137,763	140,520
	88,642	88,181	88,332	88,527	88,956	89,056	89,712	89,932
Investments in unconsolidated businesses	3,401	3,321	3,319	3,423	3,432	889	852	818
Wireless licenses	77,744	75,645	75,825	76,503	75,747	72,713	75,270	75,303
Goodwill	24,139	24,132	24,336	24,339	24,634	24,647	24,663	24,617
Other intangible assets, net	5,933	5,827	5,776	5,732	5,800	5,839	5,781	5,738
Other assets	4,128	3,822	3,801	4,446	4,535	5,146	5,262	5,112
Total Assets	\$ 225,222	\$ 226,186	\$ 223,346	\$ 276,675	\$ 274,098	\$ 221,562	\$ 224,427	\$ 226,293
Liabilities and Equity								
Current liabilities								
Debt maturing within one year	\$ 4,369	\$ 10,888	\$ 7,961	\$ 8,202	\$ 3,933	\$ 2,152	\$ 2,283	\$ 1,603
Accounts payable and accrued liabilities	16,182	14,030	14,671	15,622	16,453	14,984	16,521	17,055
Other	6,405	6,571	6,559	6,467	6,664	8,217	7,689	8,231
Total current liabilities	26,956	31,489	29,191	30,291	27,050	25,353	26,493	26,889
Long-term debt	47,618	41,993	41,791	90,938	89,658	107,617	107,696	107,627
Employee benefit obligations	34,346	34,048	33,835	33,738	27,682	26,977	26,342	25,770
Deferred income taxes	24,677	24,993	25,696	25,821	28,639	41,597	42,027	42,289
Other liabilities	6,092	6,075	5,677	5,622	5,653	6,167	5,857	5,750
Equity								
Common stock	297	297	297	297	297	424	424	424
Contributed capital	37,990	37,894	37,895	37,918	37,939	10,976	11,038	11,089
Reinvested earnings (Accumulated deficit)	(3,734)	(3,255)	(2,483)	(1,768)	1,782	3,534	5,551	6,964
Accumulated other comprehensive income	2,235	2,056	1,994	2,118	2,358	1,290	1,188	1,175
Common stock in treasury, at cost	(4,071)	(3,994)	(3,974)	(3,970)	(3,961)	(3,794)	(3,638)	(3,465)
Deferred compensation - employee stock ownership plans and other	440	312	332	390	421	281	338	390
Noncontrolling interests	52,376	54,278	53,095	55,280	56,580	1,140	1,111	1,391
Total Equity	85,533	87,588	87,156	90,265	95,416	13,851	16,012	17,968
Total Liabilities and Equity	\$ 225,222	\$ 226,186	\$ 223,346	\$ 276,675	\$ 274,098	\$ 221,562	\$ 224,427	\$ 226,293

Verizon - Selected Financial and Operating Statistics

Unaudited	12/31/12	3/31/13	6/30/13	9/30/13	12/31/13	3/31/14	6/30/14	9/30/14
Total debt (\$M)	\$ 51,987	\$ 52,881	\$ 49,752	\$ 99,140	\$ 93,591	\$ 109,769	\$ 109,979	\$ 109,230
Net debt (\$M)	\$ 48,894	\$ 47,406	\$ 47,964	\$ 42,430	\$ 40,063	\$ 106,862	\$ 104,203	\$ 102,012
Net debt / Adjusted EBITDA				1.1x	1.0x	2.5x	2.4x	2.3x
Common shares outstanding end of period (M)	2,859	2,861	2,862	2,862	2,862	4,141	4,145	4,150
Total employees	183,400	181,900	180,900	178,300	176,800	176,900	177,800	178,500
Cash dividends declared per common share	\$.515	\$.515	\$.515	\$.530	\$.530	\$.530	\$.530	\$.550

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

Condensed Consolidated Statements of Cash Flows

	(dollars in millions)		
	12 Months Ended 12/31/12	12 Months Ended 12/31/13	9 Months Ended 9/30/14
Unaudited			
Cash Flows From Operating Activities			
Net Income	\$ 10,557	\$ 23,547	\$ 14,104
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	16,460	16,606	12,465
Employee retirement benefits	8,198	(5,052)	843
Deferred income taxes	(952)	5,785	914
Provision for uncollectible accounts	972	993	684
Equity in (earnings) losses of unconsolidated businesses, net of dividends received	77	(102)	(1,785)
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	(403)	(5)	(816)
Other, net	(3,423)	(2,954)	(3,252)
Net cash provided by operating activities	31,486	38,818	23,157
Cash Flows From Investing Activities			
Capital expenditures (including capitalized software)	(16,175)	(16,604)	(12,624)
Acquisitions of investments and business, net of cash acquired	(913)	(494)	(180)
Acquisitions of wireless licenses	(4,298)	(580)	(343)
Proceeds from dispositions of wireless licenses	363	2,111	2,367
Proceeds from dispositions of businesses	-	-	120
Other, net	521	734	230
Net cash used in investing activities	(20,502)	(14,833)	(10,430)
Cash Flows From Financing Activities			
Proceeds from long-term borrowings	4,489	49,166	21,575
Repayments of long-term borrowings and capital lease obligations	(6,403)	(8,163)	(12,594)
Decrease in short-term obligations, excluding current maturities	(1,437)	(142)	(426)
Dividends paid	(5,230)	(5,936)	(5,653)
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)	(3,087)
Net cash provided by (used in) financing activities	(21,253)	26,450	(59,037)
Increase (decrease) in cash and cash equivalents	(10,269)	50,435	(46,310)
Cash and cash equivalents, beginning of period	13,362	3,093	53,528
Cash and cash equivalents, end of period	\$ 3,093	\$ 53,528	\$ 7,218

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	3 Months Ended 3/31/13	6 Months Ended 6/30/13	9 Months Ended 9/30/13	12 Months Ended 12/31/13	3 Months Ended 3/31/14	6 Months Ended 6/30/14	9 Months Ended 9/30/14
Cash Flows From Operating Activities								
Net Income	\$ 10,557	\$ 4,855	\$ 10,053	\$ 15,631	\$ 23,547	\$ 5,986	\$ 10,310	\$ 14,104
Adjustments to reconcile net income to net cash provided by operating activities:								
Depreciation and amortization expense	16,460	4,118	8,269	12,423	16,606	4,137	8,298	12,465
Employee retirement benefits	8,198	295	354	649	(5,052)	281	562	843
Deferred income taxes	(952)	878	1,812	3,011	5,785	(155)	253	914
Provision for uncollectible accounts	972	260	507	746	993	231	473	684
Equity in (earnings) losses of unconsolidated businesses, net of dividends received	77	14	(95)	(100)	(102)	(1,894)	(1,841)	(1,785)
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	(403)	(1,491)	(1,660)	(1,078)	(5)	(1,626)	(847)	(816)
Other, net	(3,423)	(1,398)	(2,092)	(2,895)	(2,954)	179	(2,404)	(3,252)
Net cash provided by operating activities	31,486	7,531	17,148	28,387	38,818	7,139	14,804	23,157
Cash Flows From Investing Activities								
Capital expenditures (including capitalized software)	(16,175)	(3,602)	(7,616)	(11,807)	(16,604)	(4,150)	(8,494)	(12,624)
Acquisitions of investments and businesses, net of cash acquired	(913)	(21)	(76)	(81)	(494)	(157)	(179)	(180)
Acquisitions of wireless licenses	(4,298)	(117)	(264)	(430)	(580)	(213)	(271)	(343)
Proceeds from dispositions of wireless licenses	363	-	-	2,111	2,111	-	2,367	2,367
Proceeds from dispositions of businesses	-	-	-	-	-	-	-	120
Other, net	521	141	121	184	734	(11)	231	230
Net cash used in investing activities	(20,502)	(3,599)	(7,835)	(10,023)	(14,833)	(4,531)	(6,346)	(10,430)
Cash Flows From Financing Activities								
Proceeds from long-term borrowings	4,489	500	499	49,166	49,166	16,952	20,245	21,575
Repayments of long-term borrowings and capital lease obligations	(6,403)	(73)	(2,330)	(2,392)	(8,163)	(7,951)	(11,317)	(12,594)
Increase (decrease) in short-term obligations, excluding current maturities	(1,437)	581	(432)	(324)	(142)	252	279	(426)
Dividends paid	(5,230)	(1,472)	(2,946)	(4,420)	(5,936)	(1,517)	(3,583)	(5,653)
Proceeds from sale of common stock	315	56	74	76	85	34	34	34
Purchase of common stock for treasury	-	(153)	(153)	(153)	(153)	-	-	-
Special distribution to noncontrolling interest	(8,325)	-	(3,150)	(3,150)	(3,150)	-	-	-
Acquisition of noncontrolling interest	-	-	-	-	-	(58,886)	(58,886)	(58,886)
Other, net	(4,662)	(989)	(2,180)	(3,550)	(5,257)	(2,113)	(2,982)	(3,087)
Net cash provided by (used in) financing activities	(21,253)	(1,550)	(10,618)	35,253	26,450	(53,229)	(56,210)	(59,037)
Increase (decrease) in cash and cash equivalents	(10,269)	2,382	(1,305)	53,617	50,435	(50,621)	(47,752)	(46,310)
Cash and cash equivalents, beginning of period	13,362	3,093	3,093	3,093	3,093	53,528	53,528	53,528
Cash and cash equivalents, end of period	\$ 3,093	\$ 5,475	\$ 1,788	\$ 56,710	\$ 53,528	\$ 2,907	\$ 5,776	\$ 7,218

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



WIRELESS

Wireless - Selected Financial Results

Unaudited	(dollars in millions)							
	2012	2013				2014		
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Operating Revenues								
Retail service	\$ 15,786	\$ 16,169	\$ 16,422	\$ 16,776	\$ 16,967	\$ 17,246	\$ 17,288	\$ 17,556
Other service	607	559	656	740	744	741	790	800
Service	16,393	16,728	17,078	17,516	17,711	17,987	18,078	18,356
Equipment	2,559	1,813	1,953	1,924	2,421	1,870	2,387	2,480
Other	1,042	982	945	959	993	1,022	1,018	999
Total Operating Revenues	19,994	19,523	19,976	20,399	21,125	20,879	21,483	21,835
Operating Expenses								
Cost of services and sales	7,332	5,651	5,799	5,652	6,546	5,856	6,742	7,043
Selling, general & administrative expense	5,877	5,448	5,666	5,801	6,261	5,644	5,649	5,698
Depreciation and amortization expense	1,994	2,006	2,047	2,060	2,089	2,061	2,107	2,139
Total Operating Expenses	15,203	13,105	13,512	13,513	14,896	13,561	14,498	14,880
Operating Income	\$ 4,791	\$ 6,418	\$ 6,464	\$ 6,886	\$ 6,229	\$ 7,318	\$ 6,985	\$ 6,955
Operating Income Margin	24.0%	32.9%	32.4%	33.8%	29.5%	35.0%	32.5%	31.9%
Segment EBITDA	\$ 6,785	\$ 8,424	\$ 8,511	\$ 8,946	\$ 8,318	\$ 9,379	\$ 9,092	\$ 9,094
Segment EBITDA Service Margin	41.4%	50.4%	49.8%	51.1%	47.0%	52.1%	50.3%	49.5%

Footnotes:

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

Intersegment transactions have not been eliminated.

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

Wireless - Selected Operating Statistics

Unaudited	2012	2013				2014		
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Connections ('000)								
Retail postpaid	92,530	93,186	94,271	95,185	96,752	97,273	98,593	100,103
Retail prepaid	5,700	5,744	5,853	5,965	6,047	6,057	6,044	6,053
Retail	98,230	98,930	100,124	101,150	102,799	103,330	104,637	106,156
Net Add Detail ('000) ⁽¹⁾								
Retail postpaid	2,100	677	941	927	1,573	539	1,441	1,516
Retail prepaid	142	43	97	134	80	10	(14)	9
Retail	2,242	720	1,038	1,061	1,653	549	1,427	1,525
Account Statistics								
Retail postpaid accounts ('000)	35,057	34,943	34,958	34,972	35,083	35,061	35,186	35,435
Retail postpaid ARPA	\$ 146.80	\$ 150.27	\$ 152.50	\$ 155.74	\$ 157.21	\$ 159.67	\$ 159.73	\$ 161.24
Retail postpaid connections per account	2.64	2.67	2.70	2.72	2.76	2.77	2.80	2.82
Churn Detail								
Retail postpaid	0.95%	1.01%	0.93%	0.97%	0.96%	1.07%	0.94%	1.00%
Retail	1.24%	1.30%	1.23%	1.28%	1.27%	1.37%	1.25%	1.29%
Retail Postpaid Connection Statistics								
Total Smartphone postpaid % of phones activated	85.4%	84.3%	84.4%	84.9%	88.9%	90.1%	90.8%	91.0%
Total Smartphone postpaid phone base	58.1%	61.4%	64.4%	67.2%	70.0%	72.3%	74.6%	76.5%
Total Internet postpaid base	9.3%	9.6%	9.9%	10.2%	10.7%	11.3%	12.3%	13.1%
Other Operating Statistics								
Capital expenditures (\$M)	\$ 2,791	\$ 1,992	\$ 2,278	\$ 2,450	\$ 2,705	\$ 2,554	\$ 2,771	\$ 2,483

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	2012		2013			(dollars in millions) 2014		
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Operating Revenues								
Consumer retail	\$ 3,596	\$ 3,616	\$ 3,669	\$ 3,735	\$ 3,822	\$ 3,840	\$ 3,864	\$ 3,902
Small business	646	638	635	639	629	624	621	613
Mass Markets	4,242	4,254	4,304	4,374	4,451	4,464	4,485	4,515
Strategic services	2,004	2,007	2,004	2,048	2,081	2,071	2,075	2,068
Core	1,633	1,583	1,516	1,491	1,452	1,407	1,376	1,316
Global Enterprise	3,637	3,590	3,520	3,539	3,533	3,478	3,451	3,384
Global Wholesale	1,738	1,699	1,662	1,631	1,602	1,591	1,570	1,552
Other	143	107	119	113	126	129	125	125
Total Operating Revenues	9,760	9,650	9,605	9,657	9,712	9,662	9,631	9,576
Operating Expenses								
Cost of services and sales	5,673	5,293	5,290	5,342	5,471	5,339	5,342	5,325
Selling, general & administrative expense	2,310	2,259	2,164	2,094	2,054	2,149	2,031	2,048
Depreciation and amortization expense	2,125	2,095	2,085	2,074	2,073	2,033	2,005	1,978
Total Operating Expenses	10,108	9,647	9,539	9,510	9,598	9,521	9,378	9,351
Operating Income (Loss)	\$ (348)	\$ 3	\$ 66	\$ 147	\$ 114	\$ 141	\$ 253	\$ 225
Operating Income Margin	(3.6)%	-	0.7%	1.5%	1.2%	1.5%	2.6%	2.3%
Segment EBITDA	\$ 1,777	\$ 2,098	\$ 2,151	\$ 2,221	\$ 2,187	\$ 2,174	\$ 2,258	\$ 2,203
Segment EBITDA Margin	18.2%	21.7%	22.4%	23.0%	22.5%	22.5%	23.4%	23.0%

Footnotes:

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

Intersegment transactions have not been eliminated.

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

Wireline - Selected Operating Statistics

Unaudited	2012		2013			2014		
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Connections ('000)								
FiOS Video Subscribers	4,726	4,895	5,035	5,170	5,262	5,319	5,419	5,533
FiOS Internet Subscribers	5,424	5,612	5,773	5,946	6,072	6,170	6,309	6,471
FiOS Digital Voice residence connections	3,227	3,531	3,817	4,069	4,248	4,350	4,440	4,514
FiOS Digital connections	13,377	14,038	14,625	15,185	15,582	15,839	16,168	16,518
HSI	3,371	3,282	3,166	3,049	2,943	2,861	2,768	2,675
Total Broadband connections	8,795	8,894	8,939	8,995	9,015	9,031	9,077	9,146
Primary residence switched access connections	7,982	7,593	7,200	6,821	6,481	6,224	6,007	5,794
Primary residence connections	11,209	11,124	11,017	10,890	10,729	10,574	10,447	10,308
Total retail residence voice connections	11,849	11,725	11,583	11,421	11,229	11,048	10,903	10,743
Total voice connections	22,503	22,191	21,828	21,457	21,085	20,733	20,391	20,089
Net Add Detail ('000)								
FiOS Video Subscribers	134	169	140	135	92	57	100	114
FiOS Internet Subscribers	144	188	161	173	126	98	139	162
FiOS Digital Voice residence connections	289	304	286	252	179	102	90	74
FiOS Digital connections	567	661	587	560	397	257	329	350
HSI	(117)	(89)	(116)	(117)	(106)	(82)	(93)	(93)
Total Broadband connections	27	99	45	56	20	16	46	69
Primary residence switched access connections	(402)	(389)	(393)	(379)	(340)	(257)	(217)	(213)
Primary residence connections	(113)	(85)	(107)	(127)	(161)	(155)	(127)	(139)
Total retail residence voice connections	(156)	(124)	(142)	(162)	(192)	(181)	(145)	(160)
Total voice connections	(344)	(312)	(363)	(371)	(372)	(352)	(342)	(302)
Revenue & ARPU Statistics								
Consumer ARPU	\$ 106.39	\$ 107.95	\$ 110.46	\$ 113.65	\$ 117.88	\$ 120.17	\$ 122.57	\$ 125.32
FiOS revenues (\$M)	\$ 2,565	\$ 2,633	\$ 2,731	\$ 2,823	\$ 2,965	\$ 3,041	\$ 3,125	\$ 3,200
Strategic services as a % of total Enterprise revenues	55.1%	55.9%	56.9%	57.9%	58.9%	59.5%	60.1%	61.1%
Other Operating Statistics								
Capital expenditures (\$M)	\$ 1,725	\$ 1,434	\$ 1,515	\$ 1,518	\$ 1,762	\$ 1,385	\$ 1,345	\$ 1,464
Wireline employees (K)	86.4	85.2	84.7	83.6	81.9	80.9	80.6	79.4
FiOS Video Open for Sale (K)	14,200	14,374	14,607	14,824	15,022	15,184	15,372	15,602
FiOS Video penetration	33.3%	34.1%	34.5%	34.9%	35.0%	35.0%	35.3%	35.5%
FiOS Internet Open for Sale (K)	14,528	14,703	14,943	15,167	15,368	15,530	15,722	15,945
FiOS Internet penetration	37.3%	38.2%	38.6%	39.2%	39.5%	39.7%	40.1%	40.6%

Footnotes:

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

Intersegment transactions have not been eliminated.

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



NON-GAAP RECONCILIATIONS

As of September 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 Revenues

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

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

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 Net Income

Adjusted Net Income attributable to Verizon (Adjusted Net Income) is a non-GAAP measure that management believes is useful to investors and other users of our financial information in evaluating our operating results and understanding our operating trends. Adjusted Net Income is calculated by excluding the effect of non-operational items from the calculation of reported Net income attributable to Verizon.

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.

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 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.

Consolidated Reconciliations

Unaudited	(dollars in millions)					
	3 Months Ended 3/31/13	3 Months Ended 6/30/13	3 Months Ended 9/30/13	3 Months Ended 3/31/14	3 Months Ended 6/30/14	3 Months Ended 9/30/14
Adjusted Operating Revenues - Verizon						
Consolidated Operating Revenues	\$ 29,420	\$ 29,786	\$ 30,279	\$ 30,818	\$ 31,483	\$ 31,586
Impact of divested operations	(180)	(129)	(157)	(128)	(128)	-
Consolidated Adjusted Operating Revenues	<u>\$ 29,240</u>	<u>\$ 29,657</u>	<u>\$ 30,122</u>	<u>\$ 30,690</u>	<u>\$ 31,355</u>	<u>\$ 31,586</u>
Year over Year growth						4.9%
Year over Year growth - YTD⁽¹⁾						5.2%

(1) Year-to-date Consolidated Adjusted Operating Revenues growth rate is calculated using the sum of the quarterly results.

Unaudited	(dollars in millions)							
	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	3 Months Ended 9/30/14
Adjusted EBITDA - Verizon								
Verizon Consolidated EBITDA								
Consolidated net income (loss)	\$ (1,926)	\$ 4,855	\$ 5,198	\$ 5,578	\$ 7,916	\$ 5,986	\$ 4,324	\$ 3,794
Add/Subtract non-operating items:								
Provision (Benefit) for income taxes	(2,810)	864	988	1,034	2,844	968	2,220	1,864
Interest expense	575	537	514	555	1,061	1,214	1,164	1,255
Other (income) and expense, net	1,079	(39)	(25)	(20)	250	894	(66)	(71)
Equity in (earnings) losses of unconsolidated businesses	(87)	5	(120)	(19)	(8)	(1,902)	43	48
Operating Income (Loss)	(3,169)	6,222	6,555	7,128	12,063	7,160	7,685	6,890
Add: Depreciation and amortization expense	4,137	4,118	4,151	4,154	4,183	4,137	4,161	4,167
Consolidated EBITDA	\$ 968	\$ 10,340	\$ 10,706	\$ 11,282	\$ 16,246	\$ 11,297	\$ 11,846	\$ 11,057
Consolidated Operating Income Margin								21.8%
Consolidated EBITDA Margin								35.0%
Add/Subtract other items (before tax):								
Severance, pension & benefit charges (credits)	7,186	-	(237)	-	(5,995)	-	-	-
Gain on spectrum license transactions	-	-	-	(278)	-	-	(707)	-
Impact of divested operations	(22)	(10)	(8)	(8)	(17)	(6)	(6)	-
Other non-operational costs	276	-	-	-	-	-	-	-
	7,440	(10)	(245)	(286)	(6,012)	(6)	(713)	-
Consolidated Adjusted EBITDA	\$ 8,408	\$ 10,330	\$ 10,461	\$ 10,996	\$ 10,234	\$ 11,291	\$ 11,133	\$ 11,057

Unaudited	(dollars in millions)							
	12/31/12	3/31/13	6/30/13	9/30/13	12/31/13	3/31/14	6/30/14	9/30/14
Net Debt to Adjusted EBITDA Ratio								
Verizon Net Debt								
Debt maturing within one year	\$ 4,369	\$ 10,888	\$ 7,961	\$ 8,202	\$ 3,933	\$ 2,152	\$ 2,283	\$ 1,603
Long-term debt	47,618	41,993	41,791	90,938	89,658	107,617	107,696	107,627
Total Debt	51,987	52,881	49,752	99,140	93,591	109,769	109,979	109,230
Less: Cash and cash equivalents	3,093	5,475	1,788	56,710	53,528	2,907	5,776	7,218
Net Debt	\$ 48,894	\$ 47,406	\$ 47,964	\$ 42,430	\$ 40,063	\$ 106,862	\$ 104,203	\$ 102,012
Net Debt to Adjusted EBITDA Ratio				1.1x	1.0x	2.5x	2.4x	2.3x

Consolidated Reconciliations

Unaudited	(dollars in millions)		
	3 Months Ended 9/30/13	3 Months Ended 6/30/14	3 Months Ended 9/30/14
Adjusted Net Income - Verizon			
Reported Net Income attributable to Verizon	\$ 2,232	\$ 4,214	\$ 3,695
Wireless transaction costs	39	-	-
Gain on spectrum license transactions	(48)	(434)	-
Adjusted Net Income	\$ 2,223	\$ 3,780	\$ 3,695

Earnings Per Share Reconciliations

Unaudited	3 Months Ended 9/30/13	9 Months Ended 9/30/13	3 Months Ended 3/31/14	3 Months Ended 6/30/14	3 Months Ended 9/30/14	9 Months Ended 9/30/14
Adjusted and Illustrative EPS - Verizon						
Reported EPS	\$ 0.78	\$ 2.24	\$ 1.15	\$ 1.01	\$ 0.89	\$ 3.03
Severance, pension, and benefit credits	-	(0.05)	-	-	-	-
Wireless transaction costs	0.01	0.01	0.08	-	-	0.07
Early debt redemption costs	-	-	0.17	-	-	0.15
Gain on sale of Omnitel interest	-	-	(0.55)	-	-	(0.48)
Gain on spectrum license transactions	(0.02)	(0.02)	-	(0.10)	-	(0.11)
Adjusted EPS	\$ 0.77	\$ 2.18	\$ 0.84	\$ 0.91	\$ 0.89	\$ 2.65
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)			
	3 Months Ended 3/31/14	3 Months Ended 6/30/14	3 Months Ended 9/30/14	9 Months Ended 9/30/14
Free Cash Flow - Verizon				
Verizon Free Cash Flow				
Net cash provided by operating activities	\$ 7,139	\$ 7,665	\$ 8,353	\$ 23,157
Less: Capital expenditures	4,150	4,344	4,130	12,624
Free Cash Flow	\$ 2,989	\$ 3,321	\$ 4,223	\$ 10,533

Wireless Reconciliations

Unaudited	(dollars in millions)							
	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	3 Months Ended 9/30/14
Wireless Segment EBITDA								
Operating Income	\$ 4,791	\$ 6,418	\$ 6,464	\$ 6,886	\$ 6,229	\$ 7,318	\$ 6,985	\$ 6,955
Add: Depreciation and amortization expense	1,994	2,006	2,047	2,060	2,089	2,061	2,107	2,139
Wireless Segment EBITDA	\$ 6,785	\$ 8,424	\$ 8,511	\$ 8,946	\$ 8,318	\$ 9,379	\$ 9,092	\$ 9,094
Wireless total operating revenues	\$ 19,994	\$ 19,523	\$ 19,976	\$ 20,399	\$ 21,125	\$ 20,879	\$ 21,483	\$ 21,835
Wireless service revenues	\$ 16,393	\$ 16,728	\$ 17,078	\$ 17,516	\$ 17,711	\$ 17,987	\$ 18,078	\$ 18,356
Wireless Operating Income Margin	24.0%	32.9%	32.4%	33.8%	29.5%	35.0%	32.5%	31.9%
Wireless Segment EBITDA Service Margin	41.4%	50.4%	49.8%	51.1%	47.0%	52.1%	50.3%	49.5%
Wireless Segment EBITDA Service Margin - YTD⁽¹⁾				50.4%				50.7%

Unaudited	(dollars in millions)							
	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	3 Months Ended 9/30/14
Wireline Segment EBITDA								
Operating Income (Loss)	\$ (348)	\$ 3	\$ 66	\$ 147	\$ 114	\$ 141	\$ 253	\$ 225
Add: Depreciation and amortization expense	2,125	2,095	2,085	2,074	2,073	2,033	2,005	1,978
Wireline Segment EBITDA	\$ 1,777	\$ 2,098	\$ 2,151	\$ 2,221	\$ 2,187	\$ 2,174	\$ 2,258	\$ 2,203
Wireline total operating revenues	\$ 9,760	\$ 9,650	\$ 9,605	\$ 9,657	\$ 9,712	\$ 9,662	\$ 9,631	\$ 9,576
Wireline Operating Income Margin	(3.6)%	-	0.7%	1.5%	1.2%	1.5%	2.6%	2.3%
Wireline Segment EBITDA Margin	18.2%	21.7%	22.4%	23.0%	22.5%	22.5%	23.4%	23.0%
Wireline Segment EBITDA Margin - YTD⁽¹⁾				22.4%				23.0%

(1) Year-to-date Wireless Segment EBITDA Service Margin and Wireline Segment EBITDA Margin are calculated using the sum of the quarterly results.