

## Condensed Consolidated Statements of Income

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 6/30/15	3 Mos. Ended 6/30/14	% Change	6 Mos. Ended 6/30/15	6 Mos. Ended 6/30/14	% Change
<b>Operating Revenues</b>						
Service revenues and other	\$ 28,363	\$ 29,096	(2.5)	\$ 56,974	\$ 58,045	(1.8)
Wireless equipment revenues	3,861	2,387	61.8	7,234	4,256	70.0
<b>Total Operating Revenues</b>	<u>32,224</u>	<u>31,483</u>	2.4	<u>64,208</u>	<u>62,301</u>	3.1
<b>Operating Expenses</b>						
Cost of services	6,994	7,094	(1.4)	13,982	14,184	(1.4)
Wireless cost of equipment	5,455	4,993	9.3	10,563	9,092	16.2
Selling, general and administrative expense	7,974	7,550	5.6	15,913	15,882	0.2
Depreciation and amortization expense	3,980	4,161	(4.3)	7,969	8,298	(4.0)
<b>Total Operating Expenses</b>	<u>24,403</u>	<u>23,798</u>	2.5	<u>48,427</u>	<u>47,456</u>	2.0
<b>Operating Income</b>	7,821	7,685	1.8	15,781	14,845	6.3
Equity in earnings (losses) of unconsolidated businesses	(18)	(43)	(58.1)	(52)	1,859	*
Other income and (expense), net	32	66	(51.5)	107	(828)	*
Interest expense	(1,208)	(1,164)	3.8	(2,540)	(2,378)	6.8
<b>Income Before Provision for Income Taxes</b>	<u>6,627</u>	<u>6,544</u>	1.3	<u>13,296</u>	<u>13,498</u>	(1.5)
Provision for income taxes	(2,274)	(2,220)	2.4	(4,605)	(3,188)	44.4
<b>Net Income</b>	<u>\$ 4,353</u>	<u>\$ 4,324</u>	0.7	<u>\$ 8,691</u>	<u>\$ 10,310</u>	(15.7)
Net income attributable to noncontrolling interests	\$ 122	\$ 110	10.9	\$ 241	\$ 2,149	(88.8)
Net income attributable to Verizon	4,231	4,214	0.4	8,450	8,161	3.5
<b>Net Income</b>	<u>\$ 4,353</u>	<u>\$ 4,324</u>	0.7	<u>\$ 8,691</u>	<u>\$ 10,310</u>	(15.7)
<b>Basic Earnings per Common Share</b>						
Net income attributable to Verizon	\$ 1.04	\$ 1.02	2.0	\$ 2.06	\$ 2.15	(4.2)
<i>Weighted average number of common shares (in millions)</i>	4,079	4,147		4,097	3,789	
<b>Diluted Earnings per Common Share <sup>(1)</sup></b>						
Net income attributable to Verizon	\$ 1.04	\$ 1.01	3.0	\$ 2.06	\$ 2.15	(4.2)
<i>Weighted average number of common shares-assuming dilution (in millions)</i>	4,085	4,153		4,103	3,795	

**Footnotes:**

(1) Diluted Earnings per Common Share includes the dilutive effect of shares issuable under our stock-based compensation plans, which represents the only potential dilution.

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

\* Not meaningful

## Condensed Consolidated Balance Sheets

(dollars in millions)

Unaudited	6/30/15	12/31/14	\$ Change
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 3,008	\$ 10,598	\$ (7,590)
Short-term investments	309	555	(246)
Accounts receivable, net	13,444	13,993	(549)
Inventories	1,149	1,153	(4)
Assets held for sale	774	552	222
Prepaid expenses and other	2,818	2,772	46
Total current assets	21,502	29,623	(8,121)
Plant, property and equipment	213,661	230,508	(16,847)
Less accumulated depreciation	131,129	140,561	(9,432)
	82,532	89,947	(7,415)
Investments in unconsolidated businesses	794	802	(8)
Wireless licenses	86,321	75,341	10,980
Goodwill	25,429	24,639	790
Other intangible assets, net	7,983	5,728	2,255
Non-current assets held for sale	9,647	-	9,647
Deposit for wireless licenses	-	921	(921)
Other assets	6,545	5,707	838
<b>Total Assets</b>	<b>\$ 240,753</b>	<b>\$ 232,708</b>	<b>\$ 8,045</b>
<b>Liabilities and Equity</b>			
Current liabilities			
Debt maturing within one year	\$ 4,206	\$ 2,735	\$ 1,471
Accounts payable and accrued liabilities	16,953	16,680	273
Liabilities related to assets held for sale	457	-	457
Other	9,029	8,649	380
Total current liabilities	30,645	28,064	2,581
Long-term debt	109,465	110,536	(1,071)
Employee benefit obligations	32,711	33,280	(569)
Deferred income taxes	42,945	41,578	1,367
Non-current liabilities related to assets held for sale	942	-	942
Other liabilities	11,171	5,574	5,597
Equity			
Common stock	424	424	-
Contributed capital	11,167	11,155	12
Reinvested earnings	6,418	2,447	3,971
Accumulated other comprehensive income	821	1,111	(290)
Common stock in treasury, at cost	(7,741)	(3,263)	(4,478)
Deferred compensation – employee stock ownership plans and other	326	424	(98)
Noncontrolling interests	1,459	1,378	81
Total equity	12,874	13,676	(802)
<b>Total Liabilities and Equity</b>	<b>\$ 240,753</b>	<b>\$ 232,708</b>	<b>\$ 8,045</b>

## Verizon - Selected Financial and Operating Statistics

Unaudited	6/30/15	12/31/14
Total debt (in millions)	\$ 113,671	\$ 113,271
Net debt (in millions)	\$ 110,663	\$ 102,673
Net debt / Adjusted EBITDA <sup>(1)</sup>	2.5x	2.4x
Common shares outstanding end of period (in millions)	4,066	4,155
Total employees	178,500	177,300
Quarterly cash dividends declared per common share	\$ 0.550	\$ 0.550

**Footnotes:**

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

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

## Condensed Consolidated Statements of Cash Flows

(dollars in millions)

Unaudited	6 Mos. Ended 6/30/15	6 Mos. Ended 6/30/14	\$ Change
<b>Cash Flows from Operating Activities</b>			
Net Income	\$ 8,691	\$ 10,310	\$ (1,619)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	7,969	8,298	(329)
Employee retirement benefits	561	562	(1)
Deferred income taxes	826	253	573
Provision for uncollectible accounts	744	473	271
Equity in earnings (losses) of unconsolidated businesses, net of dividends received	72	(1,841)	1,913
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	416	(847)	1,263
Other, net	(373)	(2,404)	2,031
Net cash provided by operating activities	<u>18,906</u>	<u>14,804</u>	<u>4,102</u>
<b>Cash Flows from Investing Activities</b>			
Capital expenditures (including capitalized software)	(8,153)	(8,494)	341
Acquisitions of investments and businesses, net of cash acquired	(3,225)	(179)	(3,046)
Acquisitions of wireless licenses	(9,677)	(271)	(9,406)
Proceeds from dispositions of wireless licenses	-	2,367	(2,367)
Other, net	884	231	653
Net cash used in investing activities	<u>(20,171)</u>	<u>(6,346)</u>	<u>(13,825)</u>
<b>Cash Flows from Financing Activities</b>			
Proceeds from long-term borrowings	6,497	20,245	(13,748)
Repayments of long-term borrowings and capital lease obligations	(5,797)	(11,317)	5,520
Increase (decrease) in short-term obligations, excluding current maturities	(106)	279	(385)
Dividends paid	(4,266)	(3,583)	(683)
Proceeds from sale of common stock	-	34	(34)
Purchase of common stock for treasury	(5,074)	-	(5,074)
Acquisition of noncontrolling interest	-	(58,886)	58,886
Other, net	2,421	(2,982)	5,403
Net cash used in financing activities	<u>(6,325)</u>	<u>(56,210)</u>	<u>49,885</u>
<b>Decrease in cash and cash equivalents</b>	<b>(7,590)</b>	<b>(47,752)</b>	<b>40,162</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>10,598</b>	<b>53,528</b>	<b>(42,930)</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 3,008</b>	<b>\$ 5,776</b>	<b>\$ (2,768)</b>

**Footnotes:**

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

## Wireless - Selected Financial Results

(dollars in millions)

Unaudited	3 Mos. Ended 6/30/15	3 Mos. Ended 6/30/14	% Change	6 Mos. Ended 6/30/15	6 Mos. Ended 6/30/14	% Change
<b>Operating Revenues</b>						
Service	\$ 17,689	\$ 18,078	(2.2)	\$ 35,603	\$ 36,065	(1.3)
Equipment	3,861	2,387	61.8	7,234	4,257	69.9
Other	1,063	1,018	4.4	2,104	2,040	3.1
<b>Total Operating Revenues</b>	<u>22,613</u>	<u>21,483</u>	5.3	<u>44,941</u>	<u>42,362</u>	6.1
<b>Operating Expenses</b>						
Cost of services	1,948	1,749	11.4	3,799	3,506	8.4
Cost of equipment	5,455	4,993	9.3	10,563	9,092	16.2
Selling, general and administrative expense	5,289	5,649	(6.4)	10,658	11,293	(5.6)
Depreciation and amortization expense	2,225	2,107	5.6	4,415	4,168	5.9
<b>Total Operating Expenses</b>	<u>14,917</u>	<u>14,498</u>	2.9	<u>29,435</u>	<u>28,059</u>	4.9
<b>Operating Income</b>	\$ 7,696	\$ 6,985	10.2	\$ 15,506	\$ 14,303	8.4
<b>Operating Income Margin</b>	34.0%	32.5%		34.5%	33.8%	
<b>Segment EBITDA</b>	\$ 9,921	\$ 9,092	9.1	\$ 19,921	\$ 18,471	7.9
<b>Segment EBITDA Margin</b>	43.9%	42.3%		44.3%	43.6%	
<b>Segment EBITDA Service Margin</b>	56.1%	50.3%		56.0%	51.2%	

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

## Wireless - Selected Operating Statistics

Unaudited	6/30/15	6/30/14	% Change
<b>Connections ('000)</b>			
Retail postpaid	103,731	98,593	5.2
Retail prepaid	5,817	6,044	(3.8)
Retail	109,548	104,637	4.7

Unaudited	3 Mos. Ended 6/30/15	3 Mos. Ended 6/30/14	% Change	6 Mos. Ended 6/30/15	6 Mos. Ended 6/30/14	% Change
<b>Net Add Detail ('000) <sup>(1)</sup></b>						
Retail postpaid	1,134	1,441	(21.3)	1,699	1,980	(14.2)
Retail prepaid	(126)	(14)	*	(314)	(4)	*
Retail	1,008	1,427	(29.4)	1,385	1,976	(29.9)

**Account Statistics**

Retail Postpaid Accounts ('000) <sup>(2)</sup>				35,560	35,186	1.1
Retail postpaid ARPA	\$ 153.73	\$ 159.73	(3.8)	\$ 154.93	\$ 159.70	(3.0)
Retail postpaid connections per account <sup>(2)</sup>				2.92	2.80	4.3

**Churn Detail**

Retail postpaid	0.90%	0.94%		0.97%	1.00%	
Retail	1.18%	1.25%		1.26%	1.31%	

**Retail Postpaid Connection Statistics**

Total Smartphone postpaid % of phones activated	91.7%	90.8%		91.6%	90.4%	
Total Smartphone postpaid phone base <sup>(2)</sup>				81.2%	74.6%	
Total Internet postpaid base <sup>(2)</sup>				15.4%	12.3%	

**Other Operating Statistics**

Capital expenditures (in millions)	\$ 3,126	\$ 2,771	12.8	\$ 5,545	\$ 5,325	4.1
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**Footnotes:**

(1) Connection net additions exclude acquisitions and adjustments.

(2) Statistics presented as of end of period.

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

Intersegment transactions have not been eliminated.

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

\* Not meaningful

## Wireline - Selected Financial Results

(dollars in millions)

Unaudited	3 Mos. Ended 6/30/15	3 Mos. Ended 6/30/14	% Change	6 Mos. Ended 6/30/15	6 Mos. Ended 6/30/14	% Change
<b>Operating Revenues</b>						
Consumer retail	\$ 4,037	\$ 3,864	4.5	\$ 8,029	\$ 7,704	4.2
Small business	593	621	(4.5)	1,193	1,245	(4.2)
Mass Markets	4,630	4,485	3.2	9,222	8,949	3.1
Strategic services	2,030	2,075	(2.2)	4,078	4,146	(1.6)
Core	1,195	1,369	(12.7)	2,410	2,769	(13.0)
Global Enterprise	3,225	3,444	(6.4)	6,488	6,915	(6.2)
Global Wholesale	1,491	1,562	(4.5)	3,015	3,145	(4.1)
Other	77	140	(45.0)	167	284	(41.2)
<b>Total Operating Revenues</b>	<b>9,423</b>	<b>9,631</b>	<b>(2.2)</b>	<b>18,892</b>	<b>19,293</b>	<b>(2.1)</b>
<b>Operating Expenses</b>						
Cost of services	5,206	5,342	(2.5)	10,493	10,681	(1.8)
Selling, general and administrative expense	2,007	2,031	(1.2)	4,038	4,180	(3.4)
Depreciation and amortization expense	1,706	2,005	(14.9)	3,452	4,038	(14.5)
<b>Total Operating Expenses</b>	<b>8,919</b>	<b>9,378</b>	<b>(4.9)</b>	<b>17,983</b>	<b>18,899</b>	<b>(4.8)</b>
<b>Operating Income</b>	<b>\$ 504</b>	<b>\$ 253</b>	<b>99.2</b>	<b>\$ 909</b>	<b>\$ 394</b>	<b>*</b>
<b>Operating Income Margin</b>	<b>5.3%</b>	<b>2.6%</b>		<b>4.8%</b>	<b>2.0%</b>	
<b>Segment EBITDA</b>	<b>\$ 2,210</b>	<b>\$ 2,258</b>	<b>(2.1)</b>	<b>\$ 4,361</b>	<b>\$ 4,432</b>	<b>(1.6)</b>
<b>Segment EBITDA Margin</b>	<b>23.5%</b>	<b>23.4%</b>		<b>23.1%</b>	<b>23.0%</b>	

**Footnotes:**

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

Intersegment transactions have not been eliminated.

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

\* Not meaningful

## Wireline - Selected Operating Statistics

Unaudited	6/30/15	6/30/14	% Change
<b>Connections ('000)</b>			
FiOS Video Subscribers	5,765	5,419	6.4
FiOS Internet Subscribers	6,821	6,309	8.1
FiOS Digital Voice residence connections	4,661	4,440	5.0
FiOS Digital connections	17,247	16,168	6.7
HSI	2,400	2,768	(13.3)
Total Broadband connections	9,221	9,077	1.6
Primary residence switched access connections	5,194	6,007	(13.5)
Primary residence connections	9,855	10,447	(5.7)
Total retail residence voice connections	10,239	10,903	(6.1)
Total voice connections	19,079	20,391	(6.4)

Unaudited	3 Mos. Ended 6/30/15	3 Mos. Ended 6/30/14	% Change	6 Mos. Ended 6/30/15	6 Mos. Ended 6/30/14	% Change
<b>Net Add Detail ('000)</b>						
FiOS Video Subscribers	26	100	(74.0)	116	157	(26.1)
FiOS Internet Subscribers	72	139	(48.2)	205	237	(13.5)
FiOS Digital Voice residence connections	-	90	*	59	192	(69.3)
FiOS Digital connections	98	329	(70.2)	380	586	(35.2)
HSI	(97)	(93)	4.3	(189)	(175)	8.0
Total Broadband connections	(25)	46	*	16	62	(74.2)
Primary residence switched access connections	(203)	(217)	(6.5)	(402)	(474)	(15.2)
Primary residence connections	(203)	(127)	59.8	(343)	(282)	21.6
Total retail residence voice connections	(218)	(145)	50.3	(376)	(326)	15.3
Total voice connections	(396)	(342)	15.8	(716)	(694)	3.2

**Revenue Statistics**

FiOS revenues (in millions)	\$ 3,438	\$ 3,125	10.0	\$ 6,790	\$ 6,166	10.1
Strategic services as a % of total Enterprise revenues	62.9%	60.2%		62.9%	60.0%	

**Other Operating Statistics**

Capital expenditures (in millions)	\$ 1,134	\$ 1,345	(15.7)	\$ 2,211	\$ 2,730	(19.0)
Wireline employees ('000)				72.7	80.6	
FiOS Video Open for Sale ('000)				16,126	15,372	
FiOS Video penetration				35.7%	35.3%	
FiOS Internet Open for Sale ('000)				16,462	15,722	
FiOS Internet penetration				41.4%	40.1%	

**Footnotes:**

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\* Not meaningful