



FINANCIAL AND OPERATING INFORMATION

As of June 30, 2015

Verizon Communications

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Condensed Consolidated Statements of Income

Unaudited	(dollars in millions, except per share amounts)		
	2013	2014	2Q '15
Operating Revenues			
Service revenue and other	\$ 112,454	\$ 116,122	\$ 56,974
Wireless equipment revenues	8,096	10,957	7,234
Total Operating Revenues	120,550	127,079	64,208
Operating Expenses			
Cost of services	28,534	28,306	13,982
Wireless cost of equipment	16,353	21,625	10,563
Selling, general & administrative expense	27,089	41,016	15,913
Depreciation and amortization expense	16,606	16,533	7,969
Total Operating Expenses	88,582	107,480	48,427
Operating Income	31,968	19,599	15,781
Equity in earnings (losses) of unconsolidated businesses	142	1,780	(52)
Other income and (expense), net	(166)	(1,194)	107
Interest expense	(2,667)	(4,915)	(2,540)
Income Before Provision for Income Taxes	29,277	15,270	13,296
Provision for income taxes	(5,730)	(3,314)	(4,605)
Net Income	\$ 23,547	\$ 11,956	\$ 8,691
Net income attributable to noncontrolling interests	\$ 12,050	\$ 2,331	\$ 241
Net income attributable to Verizon	11,497	9,625	8,450
Net Income	\$ 23,547	\$ 11,956	\$ 8,691
Basic Earnings per Common Share			
Net income attributable to Verizon	\$ 4.01	\$ 2.42	\$ 2.06
Weighted average number of common shares (in millions)	2,866	3,974	4,097
Diluted Earnings per Common Share ⁽¹⁾			
Net Income attributable to Verizon	\$ 4.00	\$ 2.42	\$ 2.06
Weighted average number of common shares-assuming dilution (in millions)	2,874	3,981	4,103

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	2013		2014				2015	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Operating Revenues								
Service revenue and other	\$ 28,358	\$ 28,648	\$ 28,949	\$ 29,096	\$ 29,107	\$ 28,970	\$ 28,611	\$ 28,363
Wireless equipment revenues	1,921	2,417	1,869	2,387	2,479	4,222	3,373	3,861
Total Operating Revenues	30,279	31,065	30,818	31,483	31,586	33,192	31,984	32,224
Operating Expenses								
Cost of services	7,108	7,196	7,090	7,094	7,046	7,076	6,988	6,994
Wireless cost of equipment	3,852	4,766	4,099	4,993	5,206	7,327	5,108	5,455
Selling, general & administrative expense	8,037	2,857	8,332	7,550	8,277	16,857	7,939	7,974
Depreciation and amortization expense	4,154	4,183	4,137	4,161	4,167	4,068	3,989	3,980
Total Operating Expenses	23,151	19,002	23,658	23,798	24,696	35,328	24,024	24,403
Operating Income (Loss)	7,128	12,063	7,160	7,685	6,890	(2,136)	7,960	7,821
Equity in earnings (losses) of unconsolidated businesses	19	8	1,902	(43)	(48)	(31)	(34)	(18)
Other income and (expense), net	20	(250)	(894)	66	71	(437)	75	32
Interest expense	(555)	(1,061)	(1,214)	(1,164)	(1,255)	(1,282)	(1,332)	(1,208)
Income (Loss) Before (Provision) Benefit for Income Taxes	6,612	10,760	6,954	6,544	5,658	(3,886)	6,669	6,627
(Provision) Benefit for income taxes	(1,034)	(2,844)	(968)	(2,220)	(1,864)	1,738	(2,331)	(2,274)
Net Income (Loss)	\$ 5,578	\$ 7,916	\$ 5,986	\$ 4,324	\$ 3,794	\$ (2,148)	\$ 4,338	\$ 4,353
Net income attributable to noncontrolling interests	\$ 3,346	\$ 2,849	\$ 2,039	\$ 110	\$ 99	\$ 83	\$ 119	\$ 122
Net income (loss) attributable to Verizon	2,232	5,067	3,947	4,214	3,695	(2,231)	4,219	4,231
Net Income (Loss)	\$ 5,578	\$ 7,916	\$ 5,986	\$ 4,324	\$ 3,794	\$ (2,148)	\$ 4,338	\$ 4,353
Basic Earnings (Loss) per Common Share								
Net Income (loss) attributable to Verizon	\$.78	\$ 1.77	\$ 1.15	\$ 1.02	\$.89	\$ (.54)	\$ 1.03	\$ 1.04
Weighted average number of common shares (in millions)	2,866	2,867	3,425	4,147	4,152	4,157	4,116	4,079
Diluted Earnings (Loss) per Common Share⁽¹⁾								
Net Income (loss) attributable to Verizon	\$.78	\$ 1.76	\$ 1.15	\$ 1.01	\$.89	\$ (.54)	\$ 1.02	\$ 1.04
Weighted average number of common shares - assuming dilution (in millions)	2,874	2,875	3,430	4,153	4,159	4,157	4,121	4,085

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)		
	2013	2014	2Q'15
Severance, Pension & Benefit Charges/(Credits)			
Operating expenses	\$ (6,232)	\$ 7,507	\$ -
Gain on Spectrum License Transactions			
Selling, general & administrative expense	\$ (278)	\$ (707)	\$ -
Early Debt Redemption and Other Costs			
Cost of services and sales	\$ -	\$ 27	\$ -
Selling, general & administrative expense	-	307	-
Other income and (expense), net	-	1,461	-
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	\$ 599	\$ 256	\$ -
Cost of services and sales	531	239	-
Selling, general & administrative expense	25	5	-
Total Expenses	\$ 556	\$ 244	\$ -

Non-Operational & Other Items

(Pre-tax dollars in millions)

Unaudited	2013		2014				2015	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Severance, Pension & Benefit Charges/(Credits)								
Operating expenses	\$ -	\$ (5,995)	\$ -	\$ -	\$ -	\$ 7,507	\$ -	\$ -
Gain on Spectrum License Transactions								
Selling, general & administrative expense	\$ (278)	\$ -	\$ -	\$ (707)	\$ -	\$ -	\$ -	\$ -
Early Debt Redemption and Other Costs								
Cost of services and sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 27	\$ -	\$ -
Selling, general & administrative expense	-	-	-	-	-	307	-	-
Other income and (expense), net	-	-	923	-	-	538	-	-
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	\$ 157	\$ 133	\$ 128	\$ 128	\$ -	\$ -	\$ -	\$ -
Cost of services and sales	142	108	120	119	-	-	-	-
Selling, general & administrative expense	7	8	2	3	-	-	-	-
Total Expenses	\$ 149	\$ 116	\$ 122	\$ 122	\$ -	\$ -	\$ -	\$ -

Condensed Consolidated Balance Sheets

Unaudited	(dollars in millions)		
	12/31/13	12/31/14	6/30/15
Assets			
Current assets			
Cash and cash equivalents	\$ 53,528	\$ 10,598	\$ 3,008
Short-term investments	601	555	309
Accounts receivable, net	12,439	13,993	13,444
Inventories	1,020	1,153	1,149
Assets held for sale	912	552	774
Prepaid expenses and other	2,494	2,772	2,818
Total current assets	70,994	29,623	21,502
Plant, property and equipment	220,865	230,508	213,661
Less accumulated depreciation	131,909	140,561	131,129
	88,956	89,947	82,532
Investments in unconsolidated businesses	3,432	802	794
Wireless licenses	75,747	75,341	86,321
Goodwill	24,634	24,639	25,429
Other intangible assets, net	5,800	5,728	7,983
Non-current assets held for sale	-	-	9,647
Deposit for wireless licenses	-	921	-
Other assets	4,535	5,707	6,545
Total Assets	\$ 274,098	\$ 232,708	\$ 240,753
Liabilities and Equity			
Current liabilities			
Debt maturing within one year	\$ 3,933	\$ 2,735	\$ 4,206
Accounts payable and accrued liabilities	16,453	16,680	16,953
Liabilities related to assets held for sale	-	-	457
Other	6,664	8,649	9,029
Total current liabilities	27,050	28,064	30,645
Long-term debt	89,658	110,536	109,465
Employee benefit obligations	27,682	33,280	32,711
Deferred income taxes	28,639	41,578	42,945
Non-current liabilities related to assets held for sale	-	-	942
Other liabilities	5,653	5,574	11,171
Equity			
Common stock	297	424	424
Contributed capital	37,939	11,155	11,167
Reinvested earnings	1,782	2,447	6,418
Accumulated other comprehensive income	2,358	1,111	821
Common stock in treasury, at cost	(3,961)	(3,263)	(7,741)
Deferred compensation - employee stock ownership plans and other	421	424	326
Noncontrolling interests	56,580	1,378	1,459
Total Equity	95,416	13,676	12,874
Total Liabilities and Equity	\$ 274,098	\$ 232,708	\$ 240,753

Verizon - Selected Financial and Operating Statistics

Unaudited	12/31/13	12/31/14	6/30/15
Total debt (\$M)	\$ 93,591	\$ 113,271	\$ 113,671
Net debt (\$M)	\$ 40,063	\$ 102,673	\$ 110,663
Net debt / Adjusted EBITDA		2.4x	2.5x
Common shares outstanding end of period (M)	2,862	4,155	4,066
Total employees	176,800	177,300	178,500
Cash dividends declared per common share	\$ 2.090	\$ 2.160	\$ 1.100

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

Condensed Consolidated Balance Sheets

(dollars in millions)

Unaudited	9/30/13	12/31/13	3/31/14	6/30/14	9/30/14	12/31/14	3/31/15	6/30/15
Assets								
Current assets								
Cash and cash equivalents	\$ 56,710	\$ 53,528	\$ 2,907	\$ 5,776	\$ 7,218	\$ 10,598	\$ 4,386	\$ 3,008
Short-term investments	631	601	637	648	635	555	547	309
Accounts receivable, net	12,111	12,439	12,131	12,966	13,283	13,993	12,698	13,444
Inventories	1,193	1,020	881	1,073	1,206	1,153	1,076	1,149
Assets held for sale	-	912	4,162	14	317	552	893	774
Prepaid expenses and other	3,060	2,494	2,554	2,410	2,114	2,772	3,236	2,818
Total current assets	73,705	70,994	23,272	22,887	24,773	29,623	22,836	21,502
Plant, property and equipment								
Less accumulated depreciation	218,336	220,865	223,841	227,475	230,452	230,508	210,389	213,661
	129,809	131,909	134,785	137,763	140,520	140,561	128,747	131,129
	88,527	88,956	89,056	89,712	89,932	89,947	81,642	82,532
Investments in unconsolidated businesses	3,423	3,432	889	852	818	802	762	794
Wireless licenses	76,503	75,747	72,713	75,270	75,303	75,341	75,693	86,321
Goodwill	24,339	24,634	24,647	24,663	24,617	24,639	23,303	25,429
Other intangible assets, net	5,732	5,800	5,839	5,781	5,738	5,728	5,779	7,983
Non-current assets held for sale	-	-	-	-	-	-	9,580	9,647
Deposit for wireless licenses	-	-	-	-	-	921	10,430	-
Other assets	4,446	4,535	5,146	5,262	5,112	5,707	5,765	6,545
Total Assets	\$ 276,675	\$ 274,098	\$ 221,562	\$ 224,427	\$ 226,293	\$ 232,708	\$ 235,790	\$ 240,753
Liabilities and Equity								
Current liabilities								
Debt maturing within one year	\$ 8,202	\$ 3,933	\$ 2,152	\$ 2,283	\$ 1,603	\$ 2,735	\$ 4,439	\$ 4,206
Accounts payable and accrued liabilities	15,622	16,453	14,984	16,521	17,055	16,680	15,189	16,953
Liabilities related to assets held for sale	-	-	-	-	-	-	572	457
Other	6,467	6,664	8,217	7,689	8,231	8,649	8,513	9,029
Total current liabilities	30,291	27,050	25,353	26,493	26,889	28,064	28,713	30,645
Long-term debt								
Employee benefit obligations	90,938	89,658	107,617	107,696	107,627	110,536	108,949	109,465
Deferred income taxes	33,738	27,682	26,977	26,342	25,770	33,280	33,010	32,711
	25,821	28,639	41,597	42,027	42,289	41,578	42,330	42,945
Non-current liabilities related to assets held for sale	-	-	-	-	-	-	943	942
Other liabilities	5,622	5,653	6,167	5,857	5,750	5,574	11,086	11,171
Equity								
Common stock	297	297	424	424	424	424	424	424
Contributed capital	37,918	37,939	10,976	11,038	11,089	11,155	10,391	11,167
Reinvested earnings (Accumulated deficit)	(1,768)	1,782	3,534	5,551	6,964	2,447	4,422	6,418
Accumulated other comprehensive income	2,118	2,358	1,290	1,188	1,175	1,111	916	821
Common stock in treasury, at cost	(3,970)	(3,961)	(3,794)	(3,638)	(3,465)	(3,263)	(7,093)	(7,741)
Deferred compensation - employee stock ownership plans and other	390	421	281	338	390	424	279	326
Noncontrolling interests	55,280	56,580	1,140	1,111	1,391	1,378	1,420	1,459
Total Equity	90,265	95,416	13,851	16,012	17,968	13,676	10,759	12,874
Total Liabilities and Equity	\$ 276,675	\$ 274,098	\$ 221,562	\$ 224,427	\$ 226,293	\$ 232,708	\$ 235,790	\$ 240,753

Verizon - Selected Financial and Operating Statistics

Unaudited	9/30/13	12/31/13	3/31/14	6/30/14	9/30/14	12/31/14	3/31/15	6/30/15
Total debt (\$M)	\$ 99,140	\$ 93,591	\$ 109,769	\$ 109,979	\$ 109,230	\$ 113,271	\$ 113,388	\$ 113,671
Net debt (\$M)	\$ 42,430	\$ 40,063	\$ 106,862	\$ 104,203	\$ 102,012	\$ 102,673	\$ 109,002	\$ 110,663
Net debt / Adjusted EBITDA				2.4x	2.3x	2.4x	2.5x	2.5x
Common shares outstanding end of period (M)	2,862	2,862	4,141	4,145	4,150	4,155	4,078	4,066
Total employees	178,300	176,800	176,900	177,800	178,500	177,300	176,200	178,500
Cash dividends declared per common share	\$.530	\$.530	\$.530	\$.530	\$.550	\$.550	\$.550	\$.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)		
Unaudited	12 Months Ended 12/31/13	12 Months Ended 12/31/14	6 Months Ended 6/30/15
Cash Flows From Operating Activities			
Net Income	\$ 23,547	\$ 11,956	\$ 8,691
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	16,606	16,533	7,969
Employee retirement benefits	(5,052)	8,130	561
Deferred income taxes	5,785	(92)	826
Provision for uncollectible accounts	993	1,095	744
Equity in (earnings) losses of unconsolidated businesses, net of dividends received	(102)	(1,743)	72
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	(5)	(2,160)	416
Other, net	(2,954)	(3,088)	(373)
Net cash provided by operating activities	<u>38,818</u>	<u>30,631</u>	<u>18,906</u>
Cash Flows From Investing Activities			
Capital expenditures (including capitalized software)	(16,604)	(17,191)	(8,153)
Acquisitions of investments and businesses, net of cash acquired	(494)	(182)	(3,225)
Acquisitions of wireless licenses	(580)	(354)	(9,677)
Proceeds from dispositions of wireless licenses	2,111	2,367	-
Proceeds from dispositions of businesses	-	120	-
Other, net	734	(616)	884
Net cash used in investing activities	<u>(14,833)</u>	<u>(15,856)</u>	<u>(20,171)</u>
Cash Flows From Financing Activities			
Proceeds from long-term borrowings	49,166	30,967	6,497
Repayments of long-term borrowings and capital lease obligations	(8,163)	(17,669)	(5,797)
Decrease in short-term obligations, excluding current maturities	(142)	(475)	(106)
Dividends paid	(5,936)	(7,803)	(4,266)
Proceeds from sale of common stock	85	34	-
Purchase of common stock for treasury	(153)	-	(5,074)
Special distribution to noncontrolling interest	(3,150)	-	-
Acquisition of noncontrolling interest	-	(58,886)	-
Other, net	(5,257)	(3,873)	2,421
Net cash provided by (used in) financing activities	<u>26,450</u>	<u>(57,705)</u>	<u>(6,325)</u>
Increase (decrease) in cash and cash equivalents	<u>50,435</u>	<u>(42,930)</u>	<u>(7,590)</u>
Cash and cash equivalents, beginning of period	<u>3,093</u>	<u>53,528</u>	<u>10,598</u>
Cash and cash equivalents, end of period	<u>\$ 53,528</u>	<u>\$ 10,598</u>	<u>\$ 3,008</u>

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	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	12 Months Ended 12/31/14	3 Months Ended 3/31/15	6 Months Ended 6/30/15
Cash Flows From Operating Activities								
Net Income	\$ 15,631	\$ 23,547	\$ 5,986	\$ 10,310	\$ 14,104	\$ 11,956	\$ 4,338	\$ 8,691
Adjustments to reconcile net income to net cash provided by operating activities:								
Depreciation and amortization expense	12,423	16,606	4,137	8,298	12,465	16,533	3,989	7,969
Employee retirement benefits	649	(5,052)	281	562	843	8,130	284	561
Deferred income taxes	3,011	5,785	(155)	253	914	(92)	823	826
Provision for uncollectible accounts	746	993	231	473	684	1,095	383	744
Equity in (earnings) losses of unconsolidated businesses, net of dividends received	(100)	(102)	(1,894)	(1,841)	(1,785)	(1,743)	44	72
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	(1,078)	(5)	(1,626)	(847)	(816)	(2,160)	(888)	416
Other, net	(2,895)	(2,954)	179	(2,404)	(3,252)	(3,088)	1,196	(373)
Net cash provided by operating activities	28,387	38,818	7,139	14,804	23,157	30,631	10,169	18,906
Cash Flows From Investing Activities								
Capital expenditures (including capitalized software)	(11,807)	(16,604)	(4,150)	(8,494)	(12,624)	(17,191)	(3,665)	(8,153)
Acquisitions of investments and businesses, net of cash acquired	(81)	(494)	(157)	(179)	(180)	(182)	(2)	(3,225)
Acquisitions of wireless licenses	(430)	(580)	(213)	(271)	(343)	(354)	(9,555)	(9,677)
Proceeds from dispositions of wireless licenses	2,111	2,111	-	2,367	2,367	2,367	-	-
Proceeds from dispositions of businesses	-	-	-	-	120	120	-	-
Other, net	184	734	(11)	231	230	(616)	46	884
Net cash used in investing activities	(10,023)	(14,833)	(4,531)	(6,346)	(10,430)	(15,856)	(13,176)	(20,171)
Cash Flows From Financing Activities								
Proceeds from long-term borrowings	49,166	49,166	16,952	20,245	21,575	30,967	6,497	6,497
Repayments of long-term borrowings and capital lease obligations	(2,392)	(8,163)	(7,951)	(11,317)	(12,594)	(17,669)	(5,576)	(5,797)
Increase (decrease) in short-term obligations, excluding current maturities	(324)	(142)	252	279	(426)	(475)	482	(106)
Dividends paid	(4,420)	(5,936)	(1,517)	(3,583)	(5,653)	(7,803)	(2,153)	(4,266)
Proceeds from sale of common stock	76	85	34	34	34	34	-	-
Purchase of common stock for treasury	(153)	(153)	-	-	-	-	(5,000)	(5,074)
Special distribution to noncontrolling interest	(3,150)	(3,150)	-	-	-	-	-	-
Acquisition of noncontrolling interest	-	-	(58,886)	(58,886)	(58,886)	(58,886)	-	-
Other, net	(3,550)	(5,257)	(2,113)	(2,982)	(3,087)	(3,873)	2,545	2,421
Net cash provided by (used in) financing activities	35,253	26,450	(53,229)	(56,210)	(59,037)	(57,705)	(3,205)	(6,325)
Increase (decrease) in cash and cash equivalents	53,617	50,435	(50,621)	(47,752)	(46,310)	(42,930)	(6,212)	(7,590)
Cash and cash equivalents, beginning of period	3,093	3,093	53,528	53,528	53,528	53,528	10,598	10,598
Cash and cash equivalents, end of period	\$ 56,710	\$ 53,528	\$ 2,907	\$ 5,776	\$ 7,218	\$ 10,598	\$ 4,386	\$ 3,008

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



WIRELESS

Wireless - Selected Financial Results

	2013		2014				(dollars in millions) 2015	
Unaudited	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Operating Revenues								
Service	17,516	17,711	17,987	18,078	18,356	18,209	17,914	17,689
Equipment	1,924	2,421	1,870	2,387	2,480	4,222	3,373	3,861
Other	959	993	1,022	1,018	999	1,018	1,041	1,063
Total Operating Revenues	20,399	21,125	20,879	21,483	21,835	23,449	22,328	22,613
Operating Expenses								
Cost of services	1,800	1,780	1,757	1,749	1,837	1,857	1,851	1,948
Cost of equipment	3,852	4,766	4,099	4,993	5,206	7,327	5,108	5,455
Selling, general & administrative expense	5,801	6,261	5,644	5,649	5,698	6,611	5,369	5,289
Depreciation and amortization expense	2,060	2,089	2,061	2,107	2,139	2,152	2,190	2,225
Total Operating Expenses	13,513	14,896	13,561	14,498	14,880	17,947	14,518	14,917
Operating Income	\$ 6,886	\$ 6,229	\$ 7,318	\$ 6,985	\$ 6,955	\$ 5,502	\$ 7,810	\$ 7,696
Operating Income Margin	33.8%	29.5%	35.0%	32.5%	31.9%	23.5%	35.0%	34.0%
Segment EBITDA	\$ 8,946	\$ 8,318	\$ 9,379	\$ 9,092	\$ 9,094	\$ 7,654	\$ 10,000	\$ 9,921
Segment EBITDA Margin	43.9%	39.4%	44.9%	42.3%	41.6%	32.6%	44.8%	43.9%
Segment EBITDA Service Margin	51.1%	47.0%	52.1%	50.3%	49.5%	42.0%	55.8%	56.1%

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

Wireless - Selected Operating Statistics

Unaudited	2013		2014				2015	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Connections ('000)								
Retail postpaid	95,185	96,752	97,273	98,593	100,103	102,079	102,637	103,731
Retail prepaid	5,965	6,047	6,057	6,044	6,053	6,132	5,945	5,817
Retail	101,150	102,799	103,330	104,637	106,156	108,211	108,582	109,548
Net Add Detail ('000) ⁽¹⁾								
Retail postpaid	927	1,573	539	1,441	1,516	1,986	565	1,134
Retail prepaid	134	80	10	(14)	9	81	(188)	(126)
Retail	1,061	1,653	549	1,427	1,525	2,067	377	1,008
Account Statistics								
Retail postpaid accounts ('000)	34,972	35,083	35,061	35,186	35,435	35,616	35,516	35,560
Retail postpaid ARPA	\$ 155.74	\$ 157.21	\$ 159.67	\$ 159.73	\$ 161.24	\$ 158.82	\$ 156.14	\$ 153.73
Retail postpaid connections per account	2.72	2.76	2.77	2.80	2.82	2.87	2.89	2.92
Churn Detail								
Retail postpaid	0.97%	0.96%	1.07%	0.94%	1.00%	1.14%	1.03%	0.90%
Retail	1.28%	1.27%	1.37%	1.25%	1.29%	1.39%	1.33%	1.18%
Retail Postpaid Connection Statistics								
Total Smartphone postpaid % of phones activated	84.9%	88.9%	90.1%	90.8%	91.0%	93.6%	91.4%	91.7%
Total Smartphone postpaid phone base	67.2%	70.0%	72.3%	74.6%	76.5%	78.6%	79.9%	81.2%
Total Internet postpaid base	10.2%	10.7%	11.3%	12.3%	13.1%	14.1%	14.8%	15.4%
Other Operating Statistics								
Capital expenditures (\$M)	\$ 2,450	\$ 2,705	\$ 2,554	\$ 2,771	\$ 2,483	\$ 2,707	\$ 2,419	\$ 3,126

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.



WIRELIN

Wireline - Selected Financial Results

	(dollars in millions)							
	2013		2014				2015	
Unaudited	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Operating Revenues								
Consumer retail	\$ 3,735	\$ 3,822	\$ 3,840	\$ 3,864	\$ 3,902	\$ 3,977	\$ 3,992	\$ 4,037
Small business	639	629	624	621	613	606	600	593
Mass Markets	4,374	4,451	4,464	4,485	4,515	4,583	4,592	4,630
Strategic services	2,048	2,081	2,071	2,075	2,067	2,111	2,048	2,030
Core	1,485	1,445	1,400	1,369	1,308	1,248	1,215	1,195
Global Enterprise	3,533	3,526	3,471	3,444	3,375	3,359	3,263	3,225
Global Wholesale	1,623	1,593	1,583	1,562	1,544	1,501	1,524	1,491
Other	127	142	144	140	142	117	90	77
Total Operating Revenues	9,657	9,712	9,662	9,631	9,576	9,560	9,469	9,423
Operating Expenses								
Cost of services	5,342	5,471	5,339	5,342	5,325	5,326	5,287	5,206
Selling, general & administrative expense	2,094	2,054	2,149	2,031	2,048	1,952	2,031	2,007
Depreciation and amortization expense	2,074	2,073	2,033	2,005	1,978	1,866	1,746	1,706
Total Operating Expenses	9,510	9,598	9,521	9,378	9,351	9,144	9,064	8,919
Operating Income	\$ 147	\$ 114	\$ 141	\$ 253	\$ 225	\$ 416	\$ 405	\$ 504
Operating Income Margin	1.5%	1.2%	1.5%	2.6%	2.3%	4.4%	4.3%	5.3%
Segment EBITDA	\$ 2,221	\$ 2,187	\$ 2,174	\$ 2,258	\$ 2,203	\$ 2,282	\$ 2,151	\$ 2,210
Segment EBITDA Margin	23.0%	22.5%	22.5%	23.4%	23.0%	23.9%	22.7%	23.5%

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.

Wireline - Selected Operating Statistics

Unaudited	2013		2014				2015	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Connections ('000)								
FiOS Video Subscribers	5,170	5,262	5,319	5,419	5,533	5,649	5,739	5,765
FiOS Internet Subscribers	5,946	6,072	6,170	6,309	6,471	6,616	6,749	6,821
FiOS Digital Voice residence connections	4,069	4,248	4,350	4,440	4,514	4,602	4,661	4,661
FiOS Digital connections	15,185	15,582	15,839	16,168	16,518	16,867	17,149	17,247
HSI	3,049	2,943	2,861	2,768	2,675	2,589	2,497	2,400
Total Broadband connections	8,995	9,015	9,031	9,077	9,146	9,205	9,246	9,221
Primary residence switched access connections	6,821	6,481	6,224	6,007	5,794	5,596	5,397	5,194
Primary residence connections	10,890	10,729	10,574	10,447	10,308	10,198	10,058	9,855
Total retail residence voice connections	11,421	11,229	11,048	10,903	10,743	10,615	10,457	10,239
Total voice connections	21,457	21,085	20,733	20,391	20,089	19,795	19,475	19,079
Net Add Detail ('000)								
FiOS Video Subscribers	135	92	57	100	114	116	90	26
FiOS Internet Subscribers	173	126	98	139	162	145	133	72
FiOS Digital Voice residence connections	252	179	102	90	74	88	59	-
FiOS Digital connections	560	397	257	329	350	349	282	98
HSI	(117)	(106)	(82)	(93)	(93)	(86)	(92)	(97)
Total Broadband connections	56	20	16	46	69	59	41	(25)
Primary residence switched access connections	(379)	(340)	(257)	(217)	(213)	(198)	(199)	(203)
Primary residence connections	(127)	(161)	(155)	(127)	(139)	(110)	(140)	(203)
Total retail residence voice connections	(162)	(192)	(181)	(145)	(160)	(128)	(158)	(218)
Total voice connections	(371)	(372)	(352)	(342)	(302)	(294)	(320)	(396)
Revenue Statistics								
FiOS revenues (\$M)	\$ 2,823	\$ 2,965	\$ 3,041	\$ 3,125	\$ 3,200	\$ 3,308	\$ 3,352	\$ 3,438
Strategic services as a % of total Enterprise revenues	58.0%	59.0%	59.7%	60.2%	61.2%	62.8%	62.8%	62.9%
Other Operating Statistics								
Capital expenditures (\$M)	\$ 1,518	\$ 1,762	\$ 1,385	\$ 1,345	\$ 1,464	\$ 1,556	\$ 1,077	\$ 1,134
Wireline employees (K)	83.6	81.9	80.9	80.6	79.4	76.8	75.5	72.7
FiOS Video Open for Sale (K)	14,824	15,022	15,184	15,372	15,602	15,776	15,931	16,126
FiOS Video penetration	34.9%	35.0%	35.0%	35.3%	35.5%	35.8%	36.0%	35.7%
FiOS Internet Open for Sale (K)	15,167	15,368	15,530	15,722	15,945	16,109	16,264	16,462
FiOS Internet penetration	39.2%	39.5%	39.7%	40.1%	40.6%	41.1%	41.5%	41.4%

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, 2015

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 historical operating revenues associated with a non-strategic Wireline business divested in the third quarter of 2014.

EBITDA and EBITDA Margin

Verizon Consolidated Earnings Before Interest, Taxes, Depreciation and Amortization (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.

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 Adjusted EBITDA margin is calculated by dividing Consolidated Adjusted EBITDA by Consolidated Adjusted 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 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.

Wireless - Wireless Segment EBITDA is calculated by adding back depreciation and amortization expense to Wireless Segment Operating Income. Wireless Segment EBITDA margin is calculated by dividing Wireless Segment EBITDA by Wireless total operating revenues 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 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 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.

Consolidated Reconciliations

Unaudited	(dollars in millions)		3 Months	6 Months	3 Months	6 Months
	Ended	Ended	Ended	Ended	Ended	Ended
	6/30/14	6/30/14	6/30/15	6/30/15	6/30/15	6/30/15
Adjusted Operating Revenues - Verizon						
Consolidated Operating Revenues	\$ 31,483	\$ 62,301	\$ 32,224	\$ 64,208		
Impact of divested operations	(128)	(256)	-	-		
Consolidated Adjusted Operating Revenues	\$ 31,355	\$ 62,045	\$ 32,224	\$ 64,208		
Year over Year growth			2.8%	3.5%		

Unaudited	(dollars in millions)							
	3 Months	3 Months	3 Months	3 Months	3 Months	3 Months	3 Months	3 Months
	Ended	Ended	Ended	Ended	Ended	Ended	Ended	Ended
	9/30/13	12/31/13	3/31/14	6/30/14	9/30/14	12/31/14	3/31/15	6/30/15
Adjusted EBITDA - Verizon								
Verizon Consolidated EBITDA								
Consolidated net income (loss)	\$ 5,578	\$ 7,916	\$ 5,986	\$ 4,324	\$ 3,794	\$ (2,148)	\$ 4,338	\$ 4,353
Add/Subtract non-operating items:								
Provision (Benefit) for income taxes	1,034	2,844	968	2,220	1,864	(1,738)	2,331	2,274
Interest expense	555	1,061	1,214	1,164	1,255	1,282	1,332	1,208
Other (income) and expense, net	(20)	250	894	(66)	(71)	437	(75)	(32)
Equity in (earnings) losses of unconsolidated businesses	(19)	(8)	(1,902)	43	48	31	34	18
Operating Income (Loss)	7,128	12,063	7,160	7,685	6,890	(2,136)	7,960	7,821
Add: Depreciation and amortization expense	4,154	4,183	4,137	4,161	4,167	4,068	3,989	3,980
Consolidated EBITDA	\$ 11,282	\$ 16,246	\$ 11,297	\$ 11,846	\$ 11,057	\$ 1,932	\$ 11,949	\$ 11,801
Add/Subtract non-operational items (before tax):								
Severance, pension & benefit charges (credits)	-	(5,995)	-	-	-	7,507	-	-
Gain on spectrum license transactions	(278)	-	-	(707)	-	-	-	-
Impact of divested operations	(8)	(17)	(6)	(6)	-	-	-	-
Other non-operational costs	-	-	-	-	-	334	-	-
	(286)	(6,012)	(6)	(713)	-	7,841	-	-
Consolidated Adjusted EBITDA	\$ 10,996	\$ 10,234	\$ 11,291	\$ 11,133	\$ 11,057	\$ 9,773	\$ 11,949	\$ 11,801
Consolidated Operating Income Margin				24.4%				24.3%
Consolidated Operating Income Margin - YTD⁽¹⁾				23.8%				24.6%
Consolidated Adjusted EBITDA Margin				35.5%				36.6%
Consolidated Adjusted EBITDA Margin - YTD⁽¹⁾				36.1%				37.0%

(1) Year-to-date Consolidated Operated Income Margin percentage and Consolidated Adjusted EBITDA Margin percentage are calculated using the sum of the quarterly results.

Unaudited	(dollars in millions)							
	9/30/13	12/31/13	3/31/14	6/30/14	9/30/14	12/31/14	3/31/15	6/30/15
Net Debt to Adjusted EBITDA Ratio								
Verizon Net Debt								
Debt maturing within one year	\$ 8,202	\$ 3,933	\$ 2,152	\$ 2,283	\$ 1,603	\$ 2,735	\$ 4,439	\$ 4,206
Long-term debt	90,938	89,658	107,617	107,696	107,627	110,536	108,949	109,465
Total Debt	99,140	93,591	109,769	109,979	109,230	113,271	113,388	113,671
Less: Cash and cash equivalents	56,710	53,528	2,907	5,776	7,218	10,598	4,386	3,008
Net Debt	\$ 42,430	\$ 40,063	\$ 106,862	\$ 104,203	\$ 102,012	\$ 102,673	\$ 109,002	\$ 110,663
Net Debt to Adjusted EBITDA Ratio				2.4x	2.3x	2.4x	2.5x	2.5x

Earnings Per Share Reconciliations

Unaudited	3 Months Ended 6/30/14	6 Months Ended 6/30/14	3 Months Ended 6/30/15	6 Months Ended 6/30/15
Adjusted EPS - Verizon				
Reported EPS	\$ 1.01	\$ 2.15	\$ 1.04	\$ 2.06
Early debt redemption and other costs	-	0.15	-	-
Gain on sale of Omnitel interest	-	(0.50)	-	-
Wireless transaction costs	-	0.07	-	-
Gain on spectrum license transactions	(0.10)	(0.11)	-	-
Adjusted EPS	\$ 0.91	\$ 1.76	\$ 1.04	\$ 2.06
Adjusted EPS year over year growth			14.3%	
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	\$ 1.83	\$ 1.83	\$ 1.04	\$ 2.06
Illustrative EPS year over year growth				12.6%

Note: EPS may not add due to rounding.

Operating Cash Flow Reconciliations

(dollars in millions)

Unaudited	6 Months Ended 6/30/14	6 Months Ended 6/30/15
Operating Cash Flow - Verizon		
Net cash provided by operating activities	\$ 14,804	\$ 18,906
Less: Proceeds from monetization of tower assets	-	2,346
Operating Cash Flow adjusted for Tower Transaction	\$ 14,804	\$ 16,560
Operating Cash Flow adjusted for Tower Transaction year over year growth		11.9%

Free Cash Flow Reconciliations

(dollars in millions)

Unaudited	3 Months Ended 3/31/15	3 Months Ended 6/30/15	6 Months Ended 6/30/15
Free Cash Flow - Verizon			
Net cash provided by operating activities	\$ 10,169	\$ 8,737	\$ 18,906
Less: Capital expenditures	3,665	4,488	8,153
Free Cash Flow	\$ 6,504	\$ 4,249	\$ 10,753
Less: Proceeds from monetization of tower assets			2,346
Free Cash Flow adjusted for Tower Transaction			\$ 8,407

Wireless Reconciliations

(dollars in millions)

Unaudited	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	3 Months Ended 12/31/14	3 Months Ended 3/31/15	3 Months Ended 6/30/15
Wireless Segment EBITDA								
Operating Income	\$ 6,886	\$ 6,229	\$ 7,318	\$ 6,985	\$ 6,955	\$ 5,502	\$ 7,810	\$ 7,696
Add: Depreciation and amortization expense	2,060	2,089	2,061	2,107	2,139	2,152	2,190	2,225
Wireless Segment EBITDA	\$ 8,946	\$ 8,318	\$ 9,379	\$ 9,092	\$ 9,094	\$ 7,654	\$ 10,000	\$ 9,921
Wireless total operating revenues	\$ 20,399	\$ 21,125	\$ 20,879	\$ 21,483	\$ 21,835	\$ 23,449	\$ 22,328	\$ 22,613
Wireless service revenues	\$ 17,516	\$ 17,711	\$ 17,987	\$ 18,078	\$ 18,356	\$ 18,209	\$ 17,914	\$ 17,689
Wireless Operating Income Margin	33.8%	29.5%	35.0%	32.5%	31.9%	23.5%	35.0%	34.0%
Wireless Segment EBITDA Margin	43.9%	39.4%	44.9%	42.3%	41.6%	32.6%	44.8%	43.9%
Wireless Segment EBITDA Service Margin	51.1%	47.0%	52.1%	50.3%	49.5%	42.0%	55.8%	56.1%

Wireline Reconciliations

(dollars in millions)

Unaudited	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	3 Months Ended 12/31/14	3 Months Ended 3/31/15	3 Months Ended 6/30/15
Wireline Segment EBITDA								
Operating Income	\$ 147	\$ 114	\$ 141	\$ 253	\$ 225	\$ 416	\$ 405	\$ 504
Add: Depreciation and amortization expense	2,074	2,073	2,033	2,005	1,978	1,866	1,746	1,706
Wireline Segment EBITDA	\$ 2,221	\$ 2,187	\$ 2,174	\$ 2,258	\$ 2,203	\$ 2,282	\$ 2,151	\$ 2,210
Wireline total operating revenues	\$ 9,657	\$ 9,712	\$ 9,662	\$ 9,631	\$ 9,576	\$ 9,560	\$ 9,469	\$ 9,423
Wireline Operating Income Margin	1.5%	1.2%	1.5%	2.6%	2.3%	4.4%	4.3%	5.3%
Wireline Segment EBITDA Margin	23.0%	22.5%	22.5%	23.4%	23.0%	23.9%	22.7%	23.5%