



Financial and Operating Information



As of September 30, 2015

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Condensed Consolidated Statements of Income

Unaudited	(dollars in millions, except per share amounts)		
	2013	2014	3Q '15
Operating Revenues			
Service revenue and other	\$ 112,454	\$ 116,122	\$ 85,840
Wireless equipment revenues	8,096	10,957	11,526
Total Operating Revenues	120,550	127,079	97,366
Operating Expenses			
Cost of services	28,534	28,306	21,571
Wireless cost of equipment	16,353	21,625	16,279
Selling, general & administrative expense	27,089	41,016	24,222
Depreciation and amortization expense	16,606	16,533	11,978
Total Operating Expenses	88,582	107,480	74,050
Operating Income	31,968	19,599	23,316
Equity in earnings (losses) of unconsolidated businesses	142	1,780	(70)
Other income and (expense), net	(166)	(1,194)	158
Interest expense	(2,667)	(4,915)	(3,742)
Income Before Provision for Income Taxes	29,277	15,270	19,662
Provision for income taxes	(5,730)	(3,314)	(6,800)
Net Income	\$ 23,547	\$ 11,956	\$ 12,862
Net income attributable to noncontrolling interests	\$ 12,050	\$ 2,331	\$ 374
Net income attributable to Verizon	11,497	9,625	12,488
Net Income	\$ 23,547	\$ 11,956	\$ 12,862
Basic Earnings per Common Share			
Net income attributable to Verizon	\$ 4.01	\$ 2.42	\$ 3.05
Weighted average number of common shares (in millions)	2,866	3,974	4,089
Diluted Earnings per Common Share ⁽¹⁾			
Net Income attributable to Verizon	\$ 4.00	\$ 2.42	\$ 3.05
Weighted average number of common shares-assuming dilution (in millions)	2,874	3,981	4,095

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		
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Operating Revenues								
Service revenue and other	\$ 28,648	\$ 28,949	\$ 29,096	\$ 29,107	\$ 28,970	\$ 28,611	\$ 28,363	\$ 28,866
Wireless equipment revenues	2,417	1,869	2,387	2,479	4,222	3,373	3,861	4,292
Total Operating Revenues	31,065	30,818	31,483	31,586	33,192	31,984	32,224	33,158
Operating Expenses								
Cost of services	7,196	7,090	7,094	7,046	7,076	6,988	6,994	7,589
Wireless cost of equipment	4,766	4,099	4,993	5,206	7,327	5,108	5,455	5,716
Selling, general & administrative expense	2,857	8,332	7,550	8,277	16,857	7,939	7,974	8,309
Depreciation and amortization expense	4,183	4,137	4,161	4,167	4,068	3,989	3,980	4,009
Total Operating Expenses	19,002	23,658	23,798	24,696	35,328	24,024	24,403	25,623
Operating Income (Loss)	12,063	7,160	7,685	6,890	(2,136)	7,960	7,821	7,535
Equity in earnings (losses) of unconsolidated businesses	8	1,902	(43)	(48)	(31)	(34)	(18)	(18)
Other income and (expense), net	(250)	(894)	66	71	(437)	75	32	51
Interest expense	(1,061)	(1,214)	(1,164)	(1,255)	(1,282)	(1,332)	(1,208)	(1,202)
Income (Loss) Before (Provision) Benefit for Income Taxes	10,760	6,954	6,544	5,658	(3,886)	6,669	6,627	6,366
(Provision) Benefit for income taxes	(2,844)	(968)	(2,220)	(1,864)	1,738	(2,331)	(2,274)	(2,195)
Net Income (Loss)	\$ 7,916	\$ 5,986	\$ 4,324	\$ 3,794	\$ (2,148)	\$ 4,338	\$ 4,353	\$ 4,171
Net income attributable to noncontrolling interests	\$ 2,849	\$ 2,039	\$ 110	\$ 99	\$ 83	\$ 119	\$ 122	\$ 133
Net income (loss) attributable to Verizon	5,067	3,947	4,214	3,695	(2,231)	4,219	4,231	4,038
Net Income (Loss)	\$ 7,916	\$ 5,986	\$ 4,324	\$ 3,794	\$ (2,148)	\$ 4,338	\$ 4,353	\$ 4,171
Basic Earnings (Loss) per Common Share								
Net Income (loss) attributable to Verizon	\$ 1.77	\$ 1.15	\$ 1.02	\$.89	\$ (.54)	\$ 1.03	\$ 1.04	\$.99
Weighted average number of common shares (in millions)	2,867	3,425	4,147	4,152	4,157	4,116	4,079	4,072
Diluted Earnings (Loss) per Common Share ⁽¹⁾								
Net Income (loss) attributable to Verizon	\$ 1.76	\$ 1.15	\$ 1.01	\$.89	\$ (.54)	\$ 1.02	\$ 1.04	\$.99
Weighted average number of common shares - assuming dilution (in millions)	2,875	3,430	4,153	4,159	4,157	4,121	4,085	4,078

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	3Q'15
Severance, Pension & Benefit Charges/(Credits)			
Operating expenses	\$ (6,232)	\$ 7,507	\$ 342
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		
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	
Severance, Pension & Benefit Charges/(Credits)									
Operating expenses	\$ (5,995)	\$ -	\$ -	\$ -	\$ 7,507	\$ -	\$ -	\$ 342	
Gain on Spectrum License Transactions									
Selling, general & administrative expense	\$ -	\$ -	\$ (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	623	415	-	-	-	-	-	-	
Impact of Divested Operations									
Revenues	\$ 133	\$ 128	\$ 128	\$ -	\$ -	\$ -	\$ -	\$ -	
Cost of services and sales	108	120	119	-	-	-	-	-	
Selling, general & administrative expense	8	2	3	-	-	-	-	-	
Total Expenses	\$ 116	\$ 122	\$ 122	\$ -	\$ -	\$ -	\$ -	\$ -	

Condensed Consolidated Balance Sheets

Unaudited	(dollars in millions)		
	12/31/13	12/31/14	9/30/15
Assets			
Current assets			
Cash and cash equivalents	\$ 53,528	\$ 10,598	\$ 3,875
Short-term investments	601	555	306
Accounts receivable, net	12,439	13,993	13,105
Inventories	1,020	1,153	1,319
Assets held for sale	912	552	895
Prepaid expenses and other	2,494	2,772	2,268
Total current assets	70,994	29,623	21,768
Plant, property and equipment	220,865	230,508	216,674
Less accumulated depreciation	131,909	140,561	134,112
	88,956	89,947	82,562
Investments in unconsolidated businesses	3,432	802	779
Wireless licenses	75,747	75,341	86,331
Goodwill	24,634	24,639	25,124
Other intangible assets, net	5,800	5,728	8,322
Non-current assets held for sale	-	-	10,117
Deposit for wireless licenses	-	921	-
Other assets	4,535	5,707	7,070
Total Assets	\$ 274,098	\$ 232,708	\$ 242,073
Liabilities and Equity			
Current liabilities			
Debt maturing within one year	\$ 3,933	\$ 2,735	\$ 7,264
Accounts payable and accrued liabilities	16,453	16,680	17,721
Liabilities related to assets held for sale	-	-	461
Other	6,664	8,649	9,046
Total current liabilities	27,050	28,064	34,492
Long-term debt	89,658	110,536	105,060
Employee benefit obligations	27,682	33,280	32,962
Deferred income taxes	28,639	41,578	42,896
Non-current liabilities related to assets held for sale	-	-	940
Other liabilities	5,653	5,574	11,181
Equity			
Common stock	297	424	424
Contributed capital	37,939	11,155	11,184
Reinvested earnings	1,782	2,447	8,156
Accumulated other comprehensive income	2,358	1,111	600
Common stock in treasury, at cost	(3,961)	(3,263)	(7,604)
Deferred compensation - employee stock ownership plans and other	421	424	378
Noncontrolling interests	56,580	1,378	1,404
Total Equity	95,416	13,676	14,542
Total Liabilities and Equity	\$ 274,098	\$ 232,708	\$ 242,073

Verizon - Selected Financial and Operating Statistics

Unaudited	12/31/13	12/31/14	9/30/15
Total debt (\$M)	\$ 93,591	\$ 113,271	\$ 112,324
Net debt (\$M)	\$ 40,063	\$ 102,673	\$ 108,449
Net debt / Adjusted EBITDA		2.4x	2.4x
Common shares outstanding end of period (M)	2,862	4,155	4,069
Total employees	176,800	177,300	177,900
Cash dividends declared per common share	\$ 2.090	\$ 2.160	\$ 1.665

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

Condensed Consolidated Balance Sheets

	(dollars in millions)							
Unaudited	12/31/13	3/31/14	6/30/14	9/30/14	12/31/14	3/31/15	6/30/15	9/30/15
Assets								
Current assets								
Cash and cash equivalents	\$ 53,528	\$ 2,907	\$ 5,776	\$ 7,218	\$ 10,598	\$ 4,386	\$ 3,008	\$ 3,875
Short-term investments	601	637	648	635	555	547	309	306
Accounts receivable, net	12,439	12,131	12,966	13,283	13,993	12,698	13,444	13,105
Inventories	1,020	881	1,073	1,206	1,153	1,076	1,149	1,319
Assets held for sale	912	4,162	14	317	552	893	774	895
Prepaid expenses and other	2,494	2,554	2,410	2,114	2,772	3,236	2,818	2,268
Total current assets	70,994	23,272	22,887	24,773	29,623	22,836	21,502	21,768
Plant, property and equipment	220,865	223,841	227,475	230,452	230,508	210,389	213,661	216,674
Less accumulated depreciation	131,909	134,785	137,763	140,520	140,561	128,747	131,129	134,112
	88,956	89,056	89,712	89,932	89,947	81,642	82,532	82,562
Investments in unconsolidated businesses	3,432	889	852	818	802	762	794	779
Wireless licenses	75,747	72,713	75,270	75,303	75,341	75,693	86,321	86,331
Goodwill	24,634	24,647	24,663	24,617	24,639	23,303	25,429	25,124
Other intangible assets, net	5,800	5,839	5,781	5,738	5,728	5,779	7,983	8,322
Non-current assets held for sale	-	-	-	-	-	9,580	9,647	10,117
Deposit for wireless licenses	-	-	-	-	921	10,430	-	-
Other assets	4,535	5,146	5,262	5,112	5,707	5,765	6,545	7,070
Total Assets	\$ 274,098	\$ 221,562	\$ 224,427	\$ 226,293	\$ 232,708	\$ 235,790	\$ 240,753	\$ 242,073
Liabilities and Equity								
Current liabilities								
Debt maturing within one year	\$ 3,933	\$ 2,152	\$ 2,283	\$ 1,603	\$ 2,735	\$ 4,439	\$ 4,206	\$ 7,264
Accounts payable and accrued liabilities	16,453	14,984	16,521	17,055	16,680	15,189	16,953	17,721
Liabilities related to assets held for sale	-	-	-	-	-	572	457	461
Other	6,664	8,217	7,689	8,231	8,649	8,513	9,029	9,046
Total current liabilities	27,050	25,353	26,493	26,889	28,064	28,713	30,645	34,492
Long-term debt	89,658	107,617	107,696	107,627	110,536	108,949	109,465	105,060
Employee benefit obligations	27,682	26,977	26,342	25,770	33,280	33,010	32,711	32,962
Deferred income taxes	28,639	41,597	42,027	42,289	41,578	42,330	42,945	42,896
Non-current liabilities related to assets held for sale	-	-	-	-	-	943	942	940
Other liabilities	5,653	6,167	5,857	5,750	5,574	11,086	11,171	11,181
Equity								
Common stock	297	424	424	424	424	424	424	424
Contributed capital	37,939	10,976	11,038	11,089	11,155	10,391	11,167	11,184
Reinvested earnings (Accumulated deficit)	1,782	3,534	5,551	6,964	2,447	4,422	6,418	8,156
Accumulated other comprehensive income	2,358	1,290	1,188	1,175	1,111	916	821	600
Common stock in treasury, at cost	(3,961)	(3,794)	(3,638)	(3,465)	(3,263)	(7,093)	(7,741)	(7,604)
Deferred compensation - employee stock ownership plans and other	421	281	338	390	424	279	326	378
Noncontrolling interests	56,580	1,140	1,111	1,391	1,378	1,420	1,459	1,404
Total Equity	95,416	13,851	16,012	17,968	13,676	10,759	12,874	14,542
Total Liabilities and Equity	\$ 274,098	\$ 221,562	\$ 224,427	\$ 226,293	\$ 232,708	\$ 235,790	\$ 240,753	\$ 242,073

Verizon - Selected Financial and Operating Statistics

Unaudited	12/31/13	3/31/14	6/30/14	9/30/14	12/31/14	3/31/15	6/30/15	9/30/15
Total debt (\$M)	\$ 93,591	\$ 109,769	\$ 109,979	\$ 109,230	\$ 113,271	\$ 113,388	\$ 113,671	\$ 112,324
Net debt (\$M)	\$ 40,063	\$ 106,862	\$ 104,203	\$ 102,012	\$ 102,673	\$ 109,002	\$ 110,663	\$ 108,449
Net debt / Adjusted EBITDA				2.3x	2.4x	2.5x	2.5x	2.4x
Common shares outstanding end of period (M)	2,862	4,141	4,145	4,150	4,155	4,078	4,066	4,069
Total employees	176,800	176,900	177,800	178,500	177,300	176,200	178,500	177,900
Cash dividends declared per common share	\$.530	\$.530	\$.530	\$.550	\$.550	\$.550	\$.550	\$.565

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

Condensed Consolidated Statements of Cash Flows

Unaudited	(dollars in millions)		
	12 Months Ended 12/31/13	12 Months Ended 12/31/14	9 Months Ended 9/30/15
Cash Flows From Operating Activities			
Net Income	\$ 23,547	\$ 11,956	\$ 12,862
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	16,606	16,533	11,978
Employee retirement benefits	(5,052)	8,130	1,184
Deferred income taxes	5,785	(92)	890
Provision for uncollectible accounts	993	1,095	1,136
Equity in (earnings) losses of unconsolidated businesses, net of dividends received	(102)	(1,743)	98
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	(5)	(2,160)	1,443
Other, net	(2,954)	(3,088)	(1,165)
Net cash provided by operating activities	38,818	30,631	28,426
Cash Flows From Investing Activities			
Capital expenditures (including capitalized software)	(16,604)	(17,191)	(12,540)
Acquisitions of investments and businesses, net of cash acquired	(494)	(182)	(3,205)
Acquisitions of wireless licenses	(580)	(354)	(9,811)
Proceeds from dispositions of wireless licenses	2,111	2,367	-
Proceeds from dispositions of businesses	-	120	-
Other, net	734	(616)	960
Net cash used in investing activities	(14,833)	(15,856)	(24,596)
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)	(7,168)
Decrease in short-term obligations, excluding current maturities	(142)	(475)	(305)
Dividends paid	(5,936)	(7,803)	(6,373)
Proceeds from sale of common stock	85	34	31
Purchase of common stock for treasury	(153)	-	(5,134)
Special distribution to noncontrolling interest	(3,150)	-	-
Acquisition of noncontrolling interest	-	(58,886)	-
Other, net	(5,257)	(3,873)	1,899
Net cash provided by (used in) financing activities	26,450	(57,705)	(10,553)
Increase (decrease) in cash and cash equivalents	50,435	(42,930)	(6,723)
Cash and cash equivalents, beginning of period	3,093	53,528	10,598
Cash and cash equivalents, end of period	\$ 53,528	\$ 10,598	\$ 3,875

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	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	9 Months Ended 9/30/15
Cash Flows From Operating Activities								
Net Income	\$ 23,547	\$ 5,986	\$ 10,310	\$ 14,104	\$ 11,956	\$ 4,338	\$ 8,691	\$ 12,862
Adjustments to reconcile net income to net cash provided by operating activities:								
Depreciation and amortization expense	16,606	4,137	8,298	12,465	16,533	3,989	7,969	11,978
Employee retirement benefits	(5,052)	281	562	843	8,130	284	561	1,184
Deferred income taxes	5,785	(155)	253	914	(92)	823	826	890
Provision for uncollectible accounts	993	231	473	684	1,095	383	744	1,136
Equity in (earnings) losses of unconsolidated businesses, net of dividends received	(102)	(1,894)	(1,841)	(1,785)	(1,743)	44	72	98
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	(5)	(1,626)	(847)	(816)	(2,160)	(888)	416	1,443
Other, net	(2,954)	179	(2,404)	(3,252)	(3,088)	1,196	(373)	(1,165)
Net cash provided by operating activities	38,818	7,139	14,804	23,157	30,631	10,169	18,906	28,426
Cash Flows From Investing Activities								
Capital expenditures (including capitalized software)	(16,604)	(4,150)	(8,494)	(12,624)	(17,191)	(3,665)	(8,153)	(12,540)
Acquisitions of investments and businesses, net of cash acquired	(494)	(157)	(179)	(180)	(182)	(2)	(3,225)	(3,205)
Acquisitions of wireless licenses	(580)	(213)	(271)	(343)	(354)	(9,555)	(9,677)	(9,811)
Proceeds from dispositions of wireless licenses	2,111	-	2,367	2,367	2,367	-	-	-
Proceeds from dispositions of businesses	-	-	-	120	120	-	-	-
Other, net	734	(11)	231	230	(616)	46	884	960
Net cash used in investing activities	(14,833)	(4,531)	(6,346)	(10,430)	(15,856)	(13,176)	(20,171)	(24,596)
Cash Flows From Financing Activities								
Proceeds from long-term borrowings	49,166	16,952	20,245	21,575	30,967	6,497	6,497	6,497
Repayments of long-term borrowings and capital lease obligations	(8,163)	(7,951)	(11,317)	(12,594)	(17,669)	(5,576)	(5,797)	(7,168)
Increase (decrease) in short-term obligations, excluding current maturities	(142)	252	279	(426)	(475)	482	(106)	(305)
Dividends paid	(5,936)	(1,517)	(3,583)	(5,653)	(7,803)	(2,153)	(4,266)	(6,373)
Proceeds from sale of common stock	85	34	34	34	34	-	-	31
Purchase of common stock for treasury	(153)	-	-	-	-	(5,000)	(5,074)	(5,134)
Special distribution to noncontrolling interest	(3,150)	-	-	-	-	-	-	-
Acquisition of noncontrolling interest	-	(58,886)	(58,886)	(58,886)	(58,886)	-	-	-
Other, net	(5,257)	(2,113)	(2,982)	(3,087)	(3,873)	2,545	2,421	1,899
Net cash provided by (used in) financing activities	26,450	(53,229)	(56,210)	(59,037)	(57,705)	(3,205)	(6,325)	(10,553)
Increase (decrease) in cash and cash equivalents	50,435	(50,621)	(47,752)	(46,310)	(42,930)	(6,212)	(7,590)	(6,723)
Cash and cash equivalents, beginning of period	3,093	53,528	53,528	53,528	53,528	10,598	10,598	10,598
Cash and cash equivalents, end of period	\$ 53,528	\$ 2,907	\$ 5,776	\$ 7,218	\$ 10,598	\$ 4,386	\$ 3,008	\$ 3,875

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

verizon^v

Wireless

Wireless - Selected Financial Results

(dollars in millions)

Unaudited	2013		2014			2015		
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Operating Revenues								
Service	\$ 17,711	\$ 17,987	\$ 18,078	\$ 18,356	\$ 18,209	\$ 17,914	\$ 17,689	\$ 17,598
Equipment	2,421	1,870	2,387	2,480	4,222	3,373	3,861	4,292
Other	993	1,022	1,018	999	1,018	1,041	1,063	1,115
Total Operating Revenues	21,125	20,879	21,483	21,835	23,449	22,328	22,613	23,005
Operating Expenses								
Cost of services	1,780	1,757	1,749	1,837	1,857	1,851	1,948	2,010
Cost of equipment	4,766	4,099	4,993	5,206	7,327	5,108	5,455	5,716
Selling, general & administrative expense	6,261	5,644	5,649	5,698	6,611	5,369	5,289	5,351
Depreciation and amortization expense	2,089	2,061	2,107	2,139	2,152	2,190	2,225	2,260
Total Operating Expenses	14,896	13,561	14,498	14,880	17,947	14,518	14,917	15,337
Operating Income	\$ 6,229	\$ 7,318	\$ 6,985	\$ 6,955	\$ 5,502	\$ 7,810	\$ 7,696	\$ 7,668
Operating Income Margin	29.5%	35.0%	32.5%	31.9%	23.5%	35.0%	34.0%	33.3%
Segment EBITDA	\$ 8,318	\$ 9,379	\$ 9,092	\$ 9,094	\$ 7,654	\$ 10,000	\$ 9,921	\$ 9,928
Segment EBITDA Margin	39.4%	44.9%	42.3%	41.6%	32.6%	44.8%	43.9%	43.2%
Segment EBITDA Service Margin	47.0%	52.1%	50.3%	49.5%	42.0%	55.8%	56.1%	56.4%

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

Wireless - Selected Operating Statistics

Unaudited	2013		2014			2015		
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Connections ('000)								
Retail postpaid	96,752	97,273	98,593	100,103	102,079	102,637	103,731	105,023
Retail prepaid	6,047	6,057	6,044	6,053	6,132	5,945	5,817	5,737
Retail	102,799	103,330	104,637	106,156	108,211	108,582	109,548	110,760
Net Add Detail ('000) ⁽¹⁾								
Retail postpaid	1,573	539	1,441	1,516	1,986	565	1,134	1,289
Retail prepaid	80	10	(14)	9	81	(188)	(126)	(80)
Retail	1,653	549	1,427	1,525	2,067	377	1,008	1,209
Account Statistics								
Retail postpaid accounts ('000)	35,083	35,061	35,186	35,435	35,616	35,516	35,560	35,677
Retail postpaid ARPA	\$ 157.21	\$ 159.67	\$ 159.73	\$ 161.24	\$ 158.82	\$ 156.14	\$ 153.73	\$ 152.38
Retail postpaid connections per account	2.76	2.77	2.80	2.82	2.87	2.89	2.92	2.94
Churn Detail								
Retail postpaid	0.96%	1.07%	0.94%	1.00%	1.14%	1.03%	0.90%	0.93%
Retail	1.27%	1.37%	1.25%	1.29%	1.39%	1.33%	1.18%	1.21%
Retail Postpaid Connection Statistics								
Total Smartphone postpaid % of phones activated	88.9%	90.1%	90.8%	91.0%	93.6%	91.4%	91.7%	91.3%
Total Smartphone postpaid phone base	70.0%	72.3%	74.6%	76.5%	78.6%	79.9%	81.2%	82.4%
Total Internet postpaid base	10.7%	11.3%	12.3%	13.1%	14.1%	14.8%	15.4%	16.0%
Other Operating Statistics								
Capital expenditures (\$M)	\$ 2,705	\$ 2,554	\$ 2,771	\$ 2,483	\$ 2,707	\$ 2,419	\$ 3,126	\$ 2,921

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.

verizon^v

Wireline

Wireline - Selected Financial Results

(dollars in millions)

Unaudited	2013		2014				2015		
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	
Operating Revenues									
Consumer retail	\$ 3,822	\$ 3,840	\$ 3,864	\$ 3,902	\$ 3,977	\$ 3,992	\$ 4,037	\$ 4,012	
Small business	629	624	621	613	606	600	593	585	
Mass Markets	4,451	4,464	4,485	4,515	4,583	4,592	4,630	4,597	
Strategic services	2,081	2,071	2,075	2,067	2,111	2,048	2,030	2,012	
Core	1,445	1,400	1,369	1,308	1,248	1,215	1,195	1,196	
Global Enterprise	3,526	3,471	3,444	3,375	3,359	3,263	3,225	3,208	
Global Wholesale	1,593	1,583	1,562	1,544	1,501	1,524	1,491	1,466	
Other	142	144	140	142	117	90	77	84	
Total Operating Revenues	9,712	9,662	9,631	9,576	9,560	9,469	9,423	9,355	
Operating Expenses									
Cost of services	5,471	5,339	5,342	5,325	5,326	5,287	5,206	5,203	
Selling, general & administrative expense	2,054	2,149	2,031	2,048	1,952	2,031	2,007	1,952	
Depreciation and amortization expense	2,073	2,033	2,005	1,978	1,866	1,746	1,706	1,623	
Total Operating Expenses	9,598	9,521	9,378	9,351	9,144	9,064	8,919	8,778	
Operating Income	\$ 114	\$ 141	\$ 253	\$ 225	\$ 416	\$ 405	\$ 504	\$ 577	
Operating Income Margin	1.2%	1.5%	2.6%	2.3%	4.4%	4.3%	5.3%	6.2%	
Segment EBITDA	\$ 2,187	\$ 2,174	\$ 2,258	\$ 2,203	\$ 2,282	\$ 2,151	\$ 2,210	\$ 2,200	
Segment EBITDA Margin	22.5%	22.5%	23.4%	23.0%	23.9%	22.7%	23.5%	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		
	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q
Connections ('000)								
fios video subscribers	5,262	5,319	5,419	5,533	5,649	5,739	5,765	5,807
fios internet subscribers	6,072	6,170	6,309	6,471	6,616	6,749	6,821	6,935
fios digital voice residence connections	4,248	4,350	4,440	4,514	4,602	4,661	4,661	4,703
fios digital connections	15,582	15,839	16,168	16,518	16,867	17,149	17,247	17,445
HSI	2,943	2,861	2,768	2,675	2,589	2,497	2,400	2,288
Total Broadband connections	9,015	9,031	9,077	9,146	9,205	9,246	9,221	9,223
Primary residence switched access connections	6,481	6,224	6,007	5,794	5,596	5,397	5,194	4,982
Primary residence connections	10,729	10,574	10,447	10,308	10,198	10,058	9,855	9,685
Total retail residence voice connections	11,229	11,048	10,903	10,743	10,615	10,457	10,239	10,051
Total voice connections	21,085	20,733	20,391	20,089	19,795	19,475	19,079	18,740
Net Add Detail ('000)								
fios video subscribers	92	57	100	114	116	90	26	42
fios internet subscribers	126	98	139	162	145	133	72	114
fios digital voice residence connections	179	102	90	74	88	59	-	42
fios digital connections	397	257	329	350	349	282	98	198
HSI	(106)	(82)	(93)	(93)	(86)	(92)	(97)	(112)
Total Broadband connections	20	16	46	69	59	41	(25)	2
Primary residence switched access connections	(340)	(257)	(217)	(213)	(198)	(199)	(203)	(212)
Primary residence connections	(161)	(155)	(127)	(139)	(110)	(140)	(203)	(170)
Total retail residence voice connections	(192)	(181)	(145)	(160)	(128)	(158)	(218)	(188)
Total voice connections	(372)	(352)	(342)	(302)	(294)	(320)	(396)	(339)
Revenue Statistics								
fios revenues (\$M)	\$ 2,965	\$ 3,041	\$ 3,125	\$ 3,200	\$ 3,308	\$ 3,352	\$ 3,438	\$ 3,439
Strategic services as a % of total Enterprise revenues	59.0%	59.7%	60.2%	61.2%	62.8%	62.8%	62.9%	62.7%
Other Operating Statistics								
Capital expenditures (\$M)	\$ 1,762	\$ 1,385	\$ 1,345	\$ 1,464	\$ 1,556	\$ 1,077	\$ 1,134	\$ 1,202
Wireline employees (K)	81.9	80.9	80.6	79.4	76.8	75.5	72.7	71.4
fios video open for sale (K)	15,022	15,184	15,372	15,602	15,776	15,931	16,126	16,304
fios video penetration	35.0%	35.0%	35.3%	35.5%	35.8%	36.0%	35.7%	35.6%
fios internet open for Sale (K)	15,368	15,530	15,722	15,945	16,109	16,264	16,462	16,641
fios internet penetration	39.5%	39.7%	40.1%	40.6%	41.1%	41.5%	41.4%	41.7%

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, 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, as well as the operating revenues associated with AOL Inc., which was acquired by Verizon on June 23, 2015.

EBITDA and EBITDA Margin

Verizon Consolidated Earnings Before Interest, Taxes, Depreciation and Amortization (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 Ended 9/30/14	3 Months Ended 9/30/15	9 Months Ended 9/30/14	9 Months Ended 9/30/15
Adjusted Operating Revenues - Verizon				
Consolidated Operating Revenues	\$ 31,586	\$ 33,158	\$ 93,887	\$ 97,366
Less: Impact of divested operations	-	-	256	-
Less: Impact of AOL Inc. operating revenues	-	600	-	600
Consolidated Adjusted Operating Revenues	\$ 31,586	\$ 32,558	\$ 93,631	\$ 96,766
Adjusted Year over Year growth		3.1%		3.3%

Unaudited	(dollars in millions)							
	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	3 Months Ended 9/30/15
Adjusted EBITDA - Verizon								
Verizon Consolidated EBITDA								
Consolidated net income (loss)	\$ 7,916	\$ 5,986	\$ 4,324	\$ 3,794	\$ (2,148)	\$ 4,338	\$ 4,353	\$ 4,171
Add/Subtract non-operating items:								
Provision (Benefit) for income taxes	2,844	968	2,220	1,864	(1,738)	2,331	2,274	2,195
Interest expense	1,061	1,214	1,164	1,255	1,282	1,332	1,208	1,202
Other (income) and expense, net	250	894	(66)	(71)	437	(75)	(32)	(51)
Equity in (earnings) losses of unconsolidated businesses	(8)	(1,902)	43	48	31	34	18	18
Operating Income (Loss)	12,063	7,160	7,685	6,890	(2,136)	7,960	7,821	7,535
Add: Depreciation and amortization expense	4,183	4,137	4,161	4,167	4,068	3,989	3,980	4,009
Consolidated EBITDA	\$ 16,246	\$ 11,297	\$ 11,846	\$ 11,057	\$ 1,932	\$ 11,949	\$ 11,801	\$ 11,544
Add/Subtract non-operational items (before tax):								
Severance, pension & benefit charges (credits)	(5,995)	-	-	-	7,507	-	-	342
Gain on spectrum license transactions	-	-	(707)	-	-	-	-	-
Impact of divested operations	(17)	(6)	(6)	-	-	-	-	-
Other non-operational costs	-	-	-	-	334	-	-	-
	(6,012)	(6)	(713)	-	7,841	-	-	-
Consolidated Adjusted EBITDA	\$ 10,234	\$ 11,291	\$ 11,133	\$ 11,057	\$ 9,773	\$ 11,949	\$ 11,801	\$ 11,886
Consolidated Operating Income Margin				21.8%				22.7%
Consolidated Operating Income Margin - YTD⁽¹⁾				23.2%				23.9%
Consolidated Adjusted EBITDA Margin				35.0%				35.8%
Consolidated Adjusted EBITDA Margin - YTD⁽¹⁾				35.8%				36.6%

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

Unaudited	(dollars in millions)							
	12/31/13	3/31/14	6/30/14	9/30/14	12/31/14	3/31/15	6/30/15	9/30/15
Net Debt to Adjusted EBITDA Ratio								
Verizon Net Debt								
Debt maturing within one year	\$ 3,933	\$ 2,152	\$ 2,283	\$ 1,603	\$ 2,735	\$ 4,439	\$ 4,206	\$ 7,264
Long-term debt	89,658	107,617	107,696	107,627	110,536	108,949	109,465	105,060
Total Debt	93,591	109,769	109,979	109,230	113,271	113,388	113,671	112,324
Less: Cash and cash equivalents	53,528	2,907	5,776	7,218	10,598	4,386	3,008	3,875
Net Debt	\$ 40,063	\$ 106,862	\$ 104,203	\$ 102,012	\$ 102,673	\$ 109,002	\$ 110,663	\$ 108,449
Net Debt to Adjusted EBITDA Ratio				2.3x	2.4x	2.5x	2.5x	2.4x

Earnings Per Share Reconciliations

Unaudited	3 Months Ended 9/30/14	9 Months Ended 9/30/14	3 Months Ended 9/30/15	9 Months Ended 9/30/15
Adjusted EPS - Verizon				
Reported EPS	\$ 0.89	\$ 3.03	\$ 0.99	\$ 3.05
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	-	(0.11)	-	-
Pension re-measurement adjustment	-	-	0.05	0.05
Adjusted EPS	\$ 0.89	\$ 2.65	\$ 1.04	\$ 3.10
Adjusted EPS year over year growth			16.9%	
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		\$ 2.72		\$ 3.10
Illustrative EPS year over year growth				14.0%

Note: EPS may not add due to rounding.

Operating Cash Flow Reconciliations

Unaudited	(dollars in millions)	
	9 Months Ended 9/30/14	9 Months Ended 9/30/15
Operating Cash Flow - Verizon		
Net cash provided by operating activities	\$ 23,157	\$ 28,426
Less: Proceeds from monetization of tower assets		2,346
Operating Cash Flow adjusted for Tower Transaction	\$ 23,157	\$ 26,080
Operating Cash Flow adjusted for Tower Transaction year over year growth		12.6%

Free Cash Flow Reconciliations

Unaudited	(dollars in millions)			
	3 Months Ended 3/31/15	3 Months Ended 6/30/15	3 Months Ended 9/30/15	9 Months Ended 9/30/15
Free Cash Flow - Verizon				
Net cash provided by operating activities	\$ 10,169	\$ 8,737	\$ 9,520	\$ 28,426
Less: Capital expenditures	3,665	4,488	4,387	12,540
Free Cash Flow	\$ 6,504	\$ 4,249	\$ 5,133	\$ 15,886
Less: Proceeds from monetization of tower assets				2,346
Free Cash Flow adjusted for Tower Transaction				\$ 13,540

Wireless Reconciliations

(dollars in millions)

Unaudited	3 Months	3 Months	3 Months	3 Months	3 Months	3 Months	3 Months	3 Months
	Ended 12/31/13	Ended 3/31/14	Ended 6/30/14	Ended 9/30/14	Ended 12/31/14	Ended 3/31/15	Ended 6/30/15	3 Months Ended 9/30/15
Wireless Segment EBITDA								
Operating Income	\$ 6,229	\$ 7,318	\$ 6,985	\$ 6,955	\$ 5,502	\$ 7,810	\$ 7,696	\$ 7,668
Add: Depreciation and amortization expense	2,089	2,061	2,107	2,139	2,152	2,190	2,225	2,260
Wireless Segment EBITDA	\$ 8,318	\$ 9,379	\$ 9,092	\$ 9,094	\$ 7,654	\$ 10,000	\$ 9,921	\$ 9,928
Wireless total operating revenues	\$ 21,125	\$ 20,879	\$ 21,483	\$ 21,835	\$ 23,449	\$ 22,328	\$ 22,613	\$ 23,005
Wireless service revenues	\$ 17,711	\$ 17,987	\$ 18,078	\$ 18,356	\$ 18,209	\$ 17,914	\$ 17,689	\$ 17,598
Wireless Operating Income Margin	29.5%	35.0%	32.5%	31.9%	23.5%	35.0%	34.0%	33.3%
Wireless Segment EBITDA Margin	39.4%	44.9%	42.3%	41.6%	32.6%	44.8%	43.9%	43.2%
Wireless Segment EBITDA Service Margin	47.0%	52.1%	50.3%	49.5%	42.0%	55.8%	56.1%	56.4%

Wireline Reconciliations

(dollars in millions)

Unaudited	3 Months	3 Months	3 Months	3 Months	3 Months	3 Months	3 Months	3 Months
	Ended 12/31/13	Ended 3/31/14	Ended 6/30/14	Ended 9/30/14	Ended 12/31/14	Ended 3/31/15	Ended 6/30/15	3 Months Ended 9/30/15
Wireline Segment EBITDA								
Operating Income	\$ 114	\$ 141	\$ 253	\$ 225	\$ 416	\$ 405	\$ 504	\$ 577
Add: Depreciation and amortization expense	2,073	2,033	2,005	1,978	1,866	1,746	1,706	1,623
Wireline Segment EBITDA	\$ 2,187	\$ 2,174	\$ 2,258	\$ 2,203	\$ 2,282	\$ 2,151	\$ 2,210	\$ 2,200
Wireline total operating revenues	\$ 9,712	\$ 9,662	\$ 9,631	\$ 9,576	\$ 9,560	\$ 9,469	\$ 9,423	\$ 9,355
Wireline Operating Income Margin	1.2%	1.5%	2.6%	2.3%	4.4%	4.3%	5.3%	6.2%
Wireline Segment EBITDA Margin	22.5%	22.5%	23.4%	23.0%	23.9%	22.7%	23.5%	23.5%