



# Verizon Communications **Financial and Operating Information**

---

As of June 30, 2012

## Table of Contents

Condensed Consolidated Statements of Income	3
Non-Operational & Other Items	5
Condensed Consolidated Balance Sheets	7
Verizon – Selected Financial and Operating Statistics	7
Condensed Consolidated Statements of Cash Flows	9
Verizon Wireless – Selected Financial Results	12
Verizon Wireless – Selected Operating Statistics	13
Wireline – Selected Financial Results	15
Wireline – Selected Operating Statistics	16
Non-GAAP Reconciliations and Notes	18

## Condensed Consolidated Statements of Income

Unaudited	(dollars in millions, except per share amounts)		
	2010	2011	2Q'12
<b>Operating Revenues</b>	\$ 106,565	\$ 110,875	\$ 56,794
<b>Operating Expenses</b>			
Cost of services and sales	44,149	45,875	22,215
Selling, general & administrative expense	31,366	35,624	15,577
Depreciation and amortization expense	16,405	16,496	8,156
<b>Total Operating Expenses</b>	91,920	97,995	45,948
<b>Operating Income</b>	14,645	12,880	10,846
Equity in earnings of unconsolidated businesses	508	444	175
Other income and (expense), net	54	(14)	53
Interest expense	(2,523)	(2,827)	(1,364)
<b>Income Before Provision for Income Taxes</b>	12,684	10,483	9,710
Provision for income taxes	(2,467)	(285)	(1,519)
<b>Net Income</b>	\$ 10,217	\$ 10,198	\$ 8,191
Net income attributable to noncontrolling interest	\$ 7,668	\$ 7,794	\$ 4,680
Net income attributable to Verizon	2,549	2,404	3,511
<b>Net Income</b>	\$ 10,217	\$ 10,198	\$ 8,191
<b>Basic Earnings per Common Share</b>			
Net Income attributable to Verizon	\$ .90	\$ .85	\$ 1.23
<i>Weighted average number of common shares (in millions)</i>	2,830	2,833	2,846
<b>Diluted Earnings per Common Share <sup>(1)</sup></b>			
Net Income attributable to Verizon	\$ .90	\$ .85	\$ 1.23
<i>Weighted average number of common shares-assuming dilution (in millions)</i>	2,833	2,839	2,854

**Notes:**

(1) Diluted Earnings per Common Share includes the dilutive effect of shares issuable under our stock-based compensation plans. 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	2010		2011				2012	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
<b>Operating Revenues</b>	\$26,484	\$26,395	\$26,990	\$27,536	\$27,913	\$28,436	\$28,242	<b>\$28,552</b>
<b>Operating Expenses</b>								
Cost of services and sales	10,671	10,610	11,229	11,158	11,398	12,090	11,319	<b>10,896</b>
Selling, general & administrative expense	8,407	5,291	7,284	7,373	7,689	13,278	7,700	<b>7,877</b>
Depreciation and amortization expense	4,023	4,083	4,024	4,113	4,179	4,180	4,028	<b>4,128</b>
<b>Total Operating Expenses</b>	<b>23,101</b>	<b>19,984</b>	<b>22,537</b>	<b>22,644</b>	<b>23,266</b>	<b>29,548</b>	<b>23,047</b>	<b>22,901</b>
<b>Operating Income (Loss)</b>	<b>3,383</b>	<b>6,411</b>	<b>4,453</b>	<b>4,892</b>	<b>4,647</b>	<b>(1,112)</b>	<b>5,195</b>	<b>5,651</b>
Equity in earnings of unconsolidated businesses	141	113	101	121	125	97	103	<b>72</b>
Other income and (expense), net	(51)	43	36	10	24	(84)	19	<b>34</b>
Interest expense	(597)	(567)	(709)	(717)	(698)	(703)	(685)	<b>(679)</b>
<b>Income (Loss) Before (Provision) Benefit for Income Taxes</b>	<b>2,876</b>	<b>6,000</b>	<b>3,881</b>	<b>4,306</b>	<b>4,098</b>	<b>(1,802)</b>	<b>4,632</b>	<b>5,078</b>
(Provision) benefit for income taxes	(178)	(1,352)	(617)	(702)	(556)	1,590	(726)	<b>(793)</b>
<b>Net Income (Loss)</b>	<b>\$ 2,698</b>	<b>\$ 4,648</b>	<b>\$ 3,264</b>	<b>\$ 3,604</b>	<b>\$ 3,542</b>	<b>\$ (212)</b>	<b>\$ 3,906</b>	<b>\$ 4,285</b>
Net income attributable to noncontrolling interest	\$ 2,039	\$ 2,009	\$ 1,825	\$ 1,995	\$ 2,163	\$ 1,811	\$ 2,220	<b>\$ 2,460</b>
Net income (loss) attributable to Verizon	659	2,639	1,439	1,609	1,379	(2,023)	1,686	<b>1,825</b>
<b>Net Income (Loss)</b>	<b>\$ 2,698</b>	<b>\$ 4,648</b>	<b>\$ 3,264</b>	<b>\$ 3,604</b>	<b>\$ 3,542</b>	<b>\$ (212)</b>	<b>\$ 3,906</b>	<b>\$ 4,285</b>
<b>Basic Earnings (Loss) per Common Share</b>								
Net Income (Loss) attributable to Verizon	\$ .23	\$ .93	\$ .51	\$ .57	\$ .49	\$ (.71)	\$ .59	<b>\$ .64</b>
Weighted average number of common shares (in millions)	2,829	2,829	2,830	2,832	2,834	2,835	2,842	<b>2,849</b>
<b>Diluted Earnings (Loss) per Common Share <sup>(1)</sup></b>								
Net Income (Loss) attributable to Verizon	\$ .23	\$ .93	\$ .51	\$ .57	\$ .49	\$ (.71)	\$ .59	<b>\$ .64</b>
Weighted average number of common shares-assuming dilution (in millions)	2,830	2,831	2,834	2,838	2,839	2,835	2,849	<b>2,858</b>

**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.

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 &amp; Other Items

Unaudited	(Pre-tax dollars in millions)		
	2010	2011	2Q'12
<b>Merger Integration and Acquisition Related Charges</b>			
Cost of services and sales	\$ 376	\$ -	\$ -
Selling, general & administrative expense	389	-	-
Depreciation and amortization expense	102	-	-
<b>Access Line Spin-off Related Charges</b>			
Cost of services and sales	\$ 42	\$ -	\$ -
Selling, general & administrative expense	365	-	-
Other income and (expense), net	55	-	-
<b>Severance, Pension &amp; Benefit Charges</b>			
Operating expenses	\$ 3,054	\$ 5,954	\$ -
<b>Medicare Part D Subsidy Charges</b>			
Provision for income taxes	\$ 962	\$ -	\$ -
<b>Wireless Data Revenue</b>			
Service revenue	\$ 226	\$ -	\$ -
Equipment & other	9	-	-
<b>Impact of Divested Operations</b>			
Revenues	\$ 2,407	\$ -	\$ -
Cost of services and sales	574	-	-
Selling, general & administrative expense	665	-	-
Depreciation and amortization expense	413	-	-
Total Expenses	<u>\$ 1,652</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Extinguishment of Debt</b>			
Other income and (expense), net	\$ -	\$ 120	\$ -

## Non-Operational &amp; Other Items

(Pre-tax dollars in millions)

Unaudited	2011				2012			
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
<b>Merger Integration and Acquisition Related Charges</b>								
Cost of services and sales	\$ 92	\$ 151	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Selling, general & administrative expense	42	241	-	-	-	-	-	-
Depreciation and amortization expense	25	24	-	-	-	-	-	-
<b>Access Line Spin-off Related Charges</b>								
Selling, general & administrative expense	\$ 67	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other income and (expense), net	55	-	-	-	-	-	-	-
<b>Severance, Pension &amp; Benefit Charges</b>								
Operating expenses	\$ 1,188	\$ (2,030)	\$ -	\$ -	\$ 329	\$ 5,625	\$ -	\$ -
<b>Extinguishment of Debt</b>								
Other income and (expense), net	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 120	\$ -	\$ -

## Condensed Consolidated Balance Sheets

Unaudited	(dollars in millions)		
	12/31/10	12/31/11	6/30/12
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 6,668	\$ 13,362	\$ 10,001
Short-term investments	545	592	777
Accounts receivable, net	11,781	11,776	11,595
Inventories	1,131	940	856
Prepaid expenses and other	2,223	4,269	3,901
Total current assets	22,348	30,939	27,130
Plant, property and equipment	211,655	215,626	217,739
Less accumulated depreciation	123,944	127,192	129,844
	87,711	88,434	87,895
Investments in unconsolidated businesses	3,497	3,448	3,539
Wireless licenses	72,996	73,250	73,303
Goodwill	21,988	23,357	23,478
Other intangible assets, net	5,830	5,878	5,726
Other assets	5,635	5,155	5,001
<b>Total Assets</b>	<b>\$ 220,005</b>	<b>\$ 230,461</b>	<b>\$ 226,072</b>
<b>Liabilities and Equity</b>			
Current liabilities			
Debt maturing within one year	\$ 7,542	\$ 4,849	\$ 5,912
Accounts payable and accrued liabilities	15,702	14,689	13,973
Other	7,353	11,223	6,468
Total current liabilities	30,597	30,761	26,353
Long-term debt	45,252	50,303	46,479
Employee benefit obligations	28,164	32,957	31,909
Deferred income taxes	22,818	25,060	25,649
Other liabilities	6,262	5,472	5,254
Equity			
Common stock	297	297	297
Contributed capital	37,922	37,919	37,932
Reinvested earnings	4,368	1,179	1,845
Accumulated other comprehensive income	1,049	1,269	1,147
Common stock in treasury, at cost	(5,267)	(5,002)	(4,438)
Deferred compensation - employee stock ownership plans and other	200	308	367
Noncontrolling interest	48,343	49,938	53,278
Total Equity	86,912	85,908	90,428
<b>Total Liabilities and Equity</b>	<b>\$ 220,005</b>	<b>\$ 230,461</b>	<b>\$ 226,072</b>

## Verizon - Selected Financial and Operating Statistics

Unaudited	12/31/10	12/31/11	6/30/12
Total debt (\$M)	\$ 52,794	\$ 55,152	\$ 52,391
Net debt (\$M)	\$ 46,126	\$ 41,790	\$ 42,390
Net debt / Adjusted EBITDA	1.3x	1.2x	1.2x
Common shares outstanding end of period (M)	2,827	2,834	2,849
Total employees	194,400	193,900	188,200
Cash dividends declared per common share	\$ 1.925	\$ 1.975	\$ 1.000

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

## Condensed Consolidated Balance Sheets

(dollars in millions)

Unaudited	9/30/10	12/31/10	3/31/11	6/30/11	9/30/11	12/31/11	3/31/12	6/30/12
<b>Assets</b>								
Current assets								
Cash and cash equivalents	\$ 5,394	\$ 6,668	\$ 14,007	\$ 6,240	\$ 10,324	\$ 13,362	\$ 5,909	\$ 10,001
Short-term investments	581	545	723	588	534	592	623	777
Accounts receivable, net	11,973	11,781	11,028	11,483	11,648	11,776	11,234	11,595
Inventories	1,010	1,131	1,245	1,270	1,153	940	1,063	856
Prepaid expenses and other	2,383	2,223	2,920	2,891	4,111	4,269	4,683	3,901
<b>Total current assets</b>	<b>21,341</b>	<b>22,348</b>	<b>29,923</b>	<b>22,472</b>	<b>27,770</b>	<b>30,939</b>	<b>23,512</b>	<b>27,130</b>
Plant, property and equipment	218,122	211,655	211,704	212,949	214,798	215,626	218,250	217,739
Less accumulated depreciation	131,138	123,944	123,459	123,552	125,955	127,192	130,064	129,844
	86,984	87,711	88,245	89,397	88,843	88,434	88,186	87,895
Investments in unconsolidated businesses	3,367	3,497	3,732	3,908	3,461	3,448	3,566	3,539
Wireless licenses	72,719	72,996	73,049	73,151	73,203	73,250	73,294	73,303
Goodwill	21,933	21,988	21,993	23,480	23,541	23,357	23,465	23,478
Other intangible assets, net	5,915	5,830	5,655	5,945	5,915	5,878	5,744	5,726
Other assets	8,146	5,635	5,511	5,403	5,299	5,155	5,154	5,001
<b>Total Assets</b>	<b>\$220,405</b>	<b>\$220,005</b>	<b>\$228,108</b>	<b>\$223,756</b>	<b>\$228,032</b>	<b>\$230,461</b>	<b>\$222,921</b>	<b>\$226,072</b>
<b>Liabilities and Equity</b>								
Current liabilities								
Debt maturing within one year	\$ 5,810	\$ 7,542	\$ 11,823	\$ 6,055	\$ 8,630	\$ 4,849	\$ 3,121	\$ 5,912
Accounts payable and accrued liabilities	16,092	15,702	13,810	14,238	14,486	14,689	13,231	13,973
Other	6,865	7,353	7,114	7,081	11,520	11,223	6,561	6,468
<b>Total current liabilities</b>	<b>28,767</b>	<b>30,597</b>	<b>32,747</b>	<b>27,374</b>	<b>34,636</b>	<b>30,761</b>	<b>22,913</b>	<b>26,353</b>
Long-term debt	47,360	45,252	49,374	47,927	46,285	50,303	48,476	46,479
Employee benefit obligations	34,576	28,164	27,543	27,589	27,705	32,957	32,164	31,909
Deferred income taxes	20,575	22,818	23,578	24,603	26,412	25,060	25,610	25,649
Other liabilities	6,414	6,262	6,002	5,551	5,479	5,472	5,337	5,254
Equity								
Common stock	297	297	297	297	297	297	297	297
Contributed capital	37,921	37,922	37,914	37,914	37,912	37,919	37,926	37,932
Reinvested earnings	3,871	4,368	4,427	4,656	4,619	1,179	1,444	1,845
Accumulated other comprehensive income (loss)	(997)	1,049	1,293	1,354	1,037	1,269	1,398	1,147
Common stock in treasury, at cost	(5,276)	(5,267)	(5,189)	(5,132)	(5,112)	(5,002)	(4,735)	(4,438)
Deferred compensation - employee stock ownership plans and other	190	200	246	259	298	308	341	367
Noncontrolling interest	46,707	48,343	49,876	51,364	48,464	49,938	51,750	53,278
<b>Total Equity</b>	<b>82,713</b>	<b>86,912</b>	<b>88,864</b>	<b>90,712</b>	<b>87,515</b>	<b>85,908</b>	<b>88,421</b>	<b>90,428</b>
<b>Total Liabilities and Equity</b>	<b>\$220,405</b>	<b>\$220,005</b>	<b>\$228,108</b>	<b>\$223,756</b>	<b>\$228,032</b>	<b>\$230,461</b>	<b>\$222,921</b>	<b>\$226,072</b>

## Verizon - Selected Financial and Operating Statistics

Unaudited	9/30/10	12/31/10	3/31/11	6/30/11	9/30/11	12/31/11	3/31/12	6/30/12
Total debt (\$M)	\$ 53,170	\$ 52,794	\$ 61,197	\$ 53,982	\$ 54,915	\$ 55,152	\$ 51,597	\$ 52,391
Net debt (\$M)	\$ 47,776	\$ 46,126	\$ 47,190	\$ 47,742	\$ 44,591	\$ 41,790	\$ 45,688	\$ 42,390
Net debt / Adjusted EBITDA				1.4x	1.3x	1.2x	1.3x	1.2x
Common shares outstanding end of period (M)	2,827	2,827	2,829	2,831	2,831	2,834	2,841	2,849
Total employees	195,100	194,400	196,200	195,900	195,400	193,900	191,800	188,200
Cash dividends declared per common share	\$ .4875	\$ .4875	\$ .4875	\$ .4875	\$ .5000	\$ .5000	\$ .5000	\$ .5000

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 12/31/10	12 Months Ended 12/31/11	6 Months Ended 6/30/12
<b>Cash Flows From Operating Activities</b>			
Net Income	\$ 10,217	\$ 10,198	\$ 8,191
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	16,405	16,496	8,156
Employee retirement benefits	3,988	7,426	751
Deferred income taxes	3,233	(223)	1,237
Provision for uncollectible accounts	1,246	1,026	521
Equity in earnings of unconsolidated businesses, net of dividends received	2	36	(149)
Changes in current assets and liabilities, net of effects from acquisition/ disposition of businesses	202	(2,279)	(1,136)
Other, net	(1,930)	(2,900)	(2,300)
Net cash provided by operating activities	33,363	29,780	15,271
<b>Cash Flows From Investing Activities</b>			
Capital expenditures (including capitalized software)	(16,458)	(16,244)	(7,430)
Acquisitions of licenses, investments and business, net of cash acquired	(1,438)	(2,018)	(242)
Proceeds from dispositions	2,594	-	-
Net change in short-term investments	(3)	35	21
Other, net	251	977	67
Net cash used in investing activities	(15,054)	(17,250)	(7,584)
<b>Cash Flows From Financing Activities</b>			
Proceeds from long-term borrowings	-	11,060	-
Repayments of long-term borrowings and capital lease obligations	(8,136)	(11,805)	(1,891)
Increase (decrease) in short-term obligations, excluding current maturities	(1,097)	1,928	(887)
Dividends paid	(5,412)	(5,555)	(2,587)
Proceeds from sale of common stock	-	241	210
Proceeds from access line spin-off	3,083	-	-
Special distribution to noncontrolling interest	-	-	(4,500)
Other, net	(2,088)	(1,705)	(1,393)
Net cash used in financing activities	(13,650)	(5,836)	(11,048)
<b>Increase (decrease) in cash and cash equivalents</b>	4,659	6,694	(3,361)
<b>Cash and cash equivalents, beginning of period</b>	2,009	6,668	13,362
<b>Cash and cash equivalents, end of period</b>	\$ 6,668	\$ 13,362	\$ 10,001

## Condensed Consolidated Statements of Cash Flows

	(dollars in millions)							
	9 Months	12 Months	3 Months	6 Months	9 Months	12 Months	3 Months	6 Months
	Ended	Ended	Ended	Ended	Ended	Ended	Ended	Ended
Unaudited	9/30/10	12/31/10	3/31/11	6/30/11	9/30/11	12/31/11	3/31/12	6/30/12
<b>Cash Flows From Operating Activities</b>								
Net Income	\$ 5,569	\$10,217	\$ 3,264	\$ 6,868	\$10,410	\$10,198	\$ 3,906	\$ 8,191
Adjustments to reconcile net income to net cash provided by operating activities:								
Depreciation and amortization expense	12,322	16,405	4,024	8,137	12,316	16,496	4,028	8,156
Employee retirement benefits	5,710	3,988	373	726	1,428	7,426	375	751
Deferred income taxes	1,611	3,233	790	1,501	1,901	(223)	656	1,237
Provision for uncollectible accounts	922	1,246	270	498	754	1,026	278	521
Equity in earnings of unconsolidated businesses, net of dividends received	82	2	(86)	(195)	102	36	(89)	(149)
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	640	202	(2,070)	(2,361)	(2,553)	(2,279)	(1,580)	(1,136)
Other, net	(1,742)	(1,930)	(1,530)	(2,382)	(2,846)	(2,900)	(1,617)	(2,300)
Net cash provided by operating activities	25,114	33,363	5,035	12,792	21,512	29,780	5,957	15,271
<b>Cash Flows From Investing Activities</b>								
Capital expenditures (including capitalized software)	(11,744)	(16,458)	(4,363)	(8,918)	(12,546)	(16,244)	(3,565)	(7,430)
Acquisitions of licenses, investments and business, net of cash acquired	(1,027)	(1,438)	(104)	(1,668)	(1,854)	(2,018)	(165)	(242)
Proceeds from dispositions	2,594	2,594	-	-	-	-	-	-
Net change in short-term investments	(34)	(3)	24	47	43	35	16	21
Other, net	151	251	68	667	945	977	41	67
Net cash used in investing activities	(10,060)	(15,054)	(4,375)	(9,872)	(13,412)	(17,250)	(3,673)	(7,584)
<b>Cash Flows From Financing Activities</b>								
Proceeds from long-term borrowings	-	-	6,440	6,440	6,510	11,060	-	-
Repayments of long-term borrowings and capital lease obligations	(7,941)	(8,136)	(552)	(7,356)	(7,420)	(11,805)	(1,828)	(1,891)
Increase (decrease) in short-term obligations, excluding current maturities	(1,097)	(1,097)	2,384	1,012	1,817	1,928	(1,734)	(887)
Dividends paid	(4,034)	(5,412)	(1,379)	(2,759)	(4,139)	(5,555)	(1,291)	(2,587)
Proceeds from sale of common stock	-	-	70	122	139	241	69	210
Proceeds from access line spin-off	3,083	3,083	-	-	-	-	-	-
Special distribution to noncontrolling interest	-	-	-	-	-	-	(4,500)	(4,500)
Other, net	(1,680)	(2,088)	(284)	(807)	(1,351)	(1,705)	(453)	(1,393)
Net cash provided by (used in) financing activities	(11,669)	(13,650)	6,679	(3,348)	(4,444)	(5,836)	(9,737)	(11,048)
<b>Increase (decrease) in cash and cash equivalents</b>	3,385	4,659	7,339	(428)	3,656	6,694	(7,453)	(3,361)
<b>Cash and cash equivalents, beginning of period</b>	2,009	2,009	6,668	6,668	6,668	6,668	13,362	13,362
<b>Cash and cash equivalents, end of period</b>	\$ 5,394	\$ 6,668	\$14,007	\$ 6,240	\$10,324	\$13,362	\$ 5,909	\$ 10,001



# Verizon Wireless

---

## Verizon Wireless – Selected Financial Results

(dollars in millions)

Unaudited	2010		2011				2012	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
<b>Operating Revenues</b>								
Retail service	\$13,479	\$13,513	\$13,674	\$14,019	\$14,405	\$14,562	\$14,886	\$15,230
Other service	689	680	637	688	628	544	524	546
Service	14,168	14,193	14,311	14,707	15,033	15,106	15,410	15,776
Equipment	1,276	1,126	1,689	1,753	1,800	2,215	1,838	1,768
Other	806	829	881	833	893	933	1,025	1,033
<b>Total Operating Revenues</b>	<b>16,250</b>	<b>16,148</b>	<b>16,881</b>	<b>17,293</b>	<b>17,726</b>	<b>18,254</b>	<b>18,273</b>	<b>18,577</b>
<b>Operating Expenses</b>								
Cost of services and sales	5,017	4,817	5,880	5,829	5,670	6,707	5,910	5,558
Selling, general & administrative expense	4,543	4,596	4,751	4,794	4,867	5,167	5,228	5,295
Depreciation and amortization expense	1,836	1,881	1,899	1,978	2,040	2,045	1,918	2,011
<b>Total Operating Expenses</b>	<b>11,396</b>	<b>11,294</b>	<b>12,530</b>	<b>12,601</b>	<b>12,577</b>	<b>13,919</b>	<b>13,056</b>	<b>12,864</b>
<b>Operating Income</b>	<b>\$ 4,854</b>	<b>\$ 4,854</b>	<b>\$ 4,351</b>	<b>\$ 4,692</b>	<b>\$ 5,149</b>	<b>\$ 4,335</b>	<b>\$ 5,217</b>	<b>\$ 5,713</b>
<b>Operating Income Margin</b>	<b>29.9%</b>	<b>30.1%</b>	<b>25.8%</b>	<b>27.1%</b>	<b>29.0%</b>	<b>23.7%</b>	<b>28.6%</b>	<b>30.8%</b>
<b>Segment EBITDA</b>	<b>\$ 6,690</b>	<b>\$ 6,735</b>	<b>\$ 6,250</b>	<b>\$ 6,670</b>	<b>\$ 7,189</b>	<b>\$ 6,380</b>	<b>\$ 7,135</b>	<b>\$ 7,724</b>
<b>Segment EBITDA Service Margin</b>	<b>47.2%</b>	<b>47.5%</b>	<b>43.7%</b>	<b>45.4%</b>	<b>47.8%</b>	<b>42.2%</b>	<b>46.3%</b>	<b>49.0%</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 of prior period amounts have been made, where appropriate, to reflect comparable operating results.

## Verizon Wireless – Selected Operating Statistics

Unaudited	2010		2011				2012	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
<b>Connections ('000)</b>								
Retail postpaid	82,257	83,125	84,031	85,290	86,175	87,382	87,963	<b>88,838</b>
Retail prepaid	4,477	4,410	4,383	4,445	4,533	4,785	5,025	<b>5,316</b>
Retail	86,734	87,535	88,414	89,735	90,708	92,167	92,988	<b>94,154</b>
<b>Net Add Detail ('000) <sup>(1)</sup></b>								
Retail postpaid	584	872	906	1,257	882	1,207	501	<b>888</b>
Retail prepaid	(137)	(69)	(27)	61	86	252	233	<b>290</b>
Retail	447	803	879	1,318	968	1,459	734	<b>1,178</b>
<b>Churn Detail</b>								
Retail postpaid	1.07%	1.01%	1.01%	0.89%	0.94%	0.94%	0.96%	<b>0.84%</b>
Retail	1.43%	1.37%	1.33%	1.22%	1.26%	1.23%	1.24%	<b>1.11%</b>
<b>Revenue &amp; ARPU Statistics</b>								
Total data revenues (\$M)	\$ 5,062	\$ 5,268	\$ 5,458	\$ 5,810	\$ 6,100	\$ 6,278	\$ 6,608	<b>\$ 6,885</b>
Retail postpaid data ARPU	\$ 19.21	\$ 19.91	\$ 20.51	\$ 21.26	\$ 22.22	\$ 22.76	\$ 23.80	<b>\$ 24.53</b>
Total data as a % of service revenues	35.7%	37.1%	38.1%	39.5%	40.6%	41.6%	42.9%	<b>43.6%</b>
Retail service ARPU	\$ 51.95	\$ 51.79	\$ 51.88	\$ 52.49	\$ 53.21	\$ 53.14	\$ 53.66	<b>\$ 54.29</b>
Retail postpaid ARPU	\$ 53.61	\$ 53.45	\$ 53.52	\$ 54.12	\$ 54.89	\$ 54.80	\$ 55.43	<b>\$ 56.13</b>
<b>Retail Postpaid Connection Statistics</b>								
Total smartphone postpaid % of phones sold	42.8%	49.3%	60.0%	59.5%	59.6%	70.3%	72.4%	<b>73.0%</b>
Total smartphone postpaid phone base	24.4%	28.1%	32.2%	35.9%	39.2%	43.5%	46.8%	<b>49.7%</b>
Total internet postpaid base	6.7%	7.0%	7.3%	7.5%	7.8%	8.1%	8.3%	<b>8.5%</b>
<b>Other Operating Statistics</b>								
Capital expenditures (\$M)	\$ 2,173	\$ 2,233	\$ 2,735	\$ 2,667	\$ 1,784	\$ 1,787	\$ 1,885	<b>\$ 2,048</b>

**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.



# Wireline

---

## Wireline – Selected Financial Results

(dollars in millions)

Unaudited	2010		2011				2012	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
<b>Operating Revenues</b>								
Consumer retail	\$ 3,364	\$ 3,385	\$ 3,383	\$ 3,394	\$ 3,400	\$ 3,429	\$ 3,441	\$ 3,478
Small business	709	700	695	682	670	684	662	667
Mass Markets	4,073	4,085	4,078	4,076	4,070	4,113	4,103	4,145
Strategic services	1,667	1,726	1,765	1,900	1,926	1,984	1,969	1,983
Core	2,174	2,151	2,051	2,056	1,995	1,945	1,883	1,837
Global Enterprise	3,841	3,877	3,816	3,956	3,921	3,929	3,852	3,820
Global Wholesale	2,157	2,098	2,042	2,030	1,963	1,938	1,861	1,827
Other	215	229	211	185	195	159	129	139
<b>Total Operating Revenues</b>	<b>10,286</b>	<b>10,289</b>	<b>10,147</b>	<b>10,247</b>	<b>10,149</b>	<b>10,139</b>	<b>9,945</b>	<b>9,931</b>
<b>Operating Expenses</b>								
Cost of services and sales	5,658	5,608	5,462	5,504	5,681	5,511	5,572	5,500
Selling, general & administrative expense	2,296	2,267	2,290	2,308	2,296	2,213	2,126	2,141
Depreciation and amortization expense	2,145	2,161	2,107	2,117	2,119	2,115	2,090	2,102
<b>Total Operating Expenses</b>	<b>10,099</b>	<b>10,036</b>	<b>9,859</b>	<b>9,929</b>	<b>10,096</b>	<b>9,839</b>	<b>9,788</b>	<b>9,743</b>
<b>Operating Income</b>	<b>\$ 187</b>	<b>\$ 253</b>	<b>\$ 288</b>	<b>\$ 318</b>	<b>\$ 53</b>	<b>\$ 300</b>	<b>\$ 157</b>	<b>\$ 188</b>
<b>Operating Income Margin</b>	<b>1.8%</b>	<b>2.5%</b>	<b>2.8%</b>	<b>3.1%</b>	<b>0.5%</b>	<b>3.0%</b>	<b>1.6%</b>	<b>1.9%</b>
<b>Segment EBITDA</b>	<b>\$ 2,332</b>	<b>\$ 2,414</b>	<b>\$ 2,395</b>	<b>\$ 2,435</b>	<b>\$ 2,172</b>	<b>\$ 2,415</b>	<b>\$ 2,247</b>	<b>\$ 2,290</b>
<b>Segment EBITDA Margin</b>	<b>22.7%</b>	<b>23.5%</b>	<b>23.6%</b>	<b>23.8%</b>	<b>21.4%</b>	<b>23.8%</b>	<b>22.6%</b>	<b>23.1%</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 of prior period amounts have been made, where appropriate, to reflect comparable operating results.

## Wireline – Selected Operating Statistics

Unaudited	2010		2011				2012	
	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
<b>Connections ('000)</b>								
FiOS Video Subscribers	3,290	3,472	3,664	3,848	3,979	4,173	4,353	<b>4,473</b>
FiOS Internet Subscribers	3,885	4,082	4,289	4,478	4,616	4,817	5,010	<b>5,144</b>
FiOS Digital Voice residence connections	672	817	977	1,195	1,460	1,884	2,298	<b>2,648</b>
FiOS Digital connections	7,847	8,371	8,930	9,521	10,055	10,874	11,661	<b>12,265</b>
HSI	4,455	4,310	4,201	4,074	3,956	3,853	3,764	<b>3,632</b>
Total Broadband connections	8,340	8,392	8,490	8,552	8,572	8,670	8,774	<b>8,776</b>
Primary residence switched access connections	12,153	11,757	11,359	10,946	10,456	9,906	9,344	<b>8,843</b>
Primary residence connections	12,825	12,574	12,336	12,141	11,916	11,790	11,642	<b>11,491</b>
Total retail residence voice connections	13,919	13,616	13,327	13,087	12,809	12,626	12,421	<b>12,222</b>
Total voice connections	26,544	26,001	25,454	24,997	24,519	24,137	23,700	<b>23,278</b>
<b>Net Add Detail ('000)</b>								
FiOS Video Subscribers	204	182	192	184	131	194	180	<b>120</b>
FiOS Internet Subscribers	226	197	207	189	138	201	193	<b>134</b>
FiOS Digital Voice residence connections	326	145	160	218	265	424	414	<b>350</b>
FiOS Digital connections	756	524	559	591	534	819	787	<b>604</b>
HSI	(165)	(145)	(109)	(127)	(118)	(103)	(89)	<b>(132)</b>
Total Broadband connections	61	52	98	62	20	98	104	<b>2</b>
Primary residence switched access connections	(586)	(396)	(398)	(413)	(490)	(550)	(562)	<b>(501)</b>
Primary residence connections	(260)	(251)	(238)	(195)	(225)	(126)	(148)	<b>(151)</b>
Total retail residence voice connections	(333)	(303)	(289)	(240)	(278)	(183)	(205)	<b>(199)</b>
Total voice connections	(594)	(543)	(547)	(457)	(478)	(382)	(437)	<b>(422)</b>
<b>Revenue &amp; ARPU Statistics</b>								
Consumer ARPU	\$ 86.55	\$ 88.85	\$ 90.55	\$ 92.44	\$ 94.20	\$ 96.43	\$ 97.88	<b>\$100.26</b>
FiOS revenues (\$M)	\$ 1,780	\$ 1,875	\$ 1,941	\$ 2,027	\$ 2,109	\$ 2,216	\$ 2,288	<b>\$ 2,380</b>
Strategic services as a % of total Enterprise revenues	43.4%	44.5%	46.3%	48.0%	49.1%	50.5%	51.1%	<b>51.9%</b>
<b>Other Operating Statistics</b>								
Capital expenditures (\$M)	\$ 1,751	\$ 2,171	\$ 1,465	\$ 1,685	\$ 1,617	\$ 1,632	\$ 1,537	<b>\$ 1,596</b>
Wireline employees (K)	97.5	92.3	92.0	93.2	92.8	91.8	90.8	<b>88.6</b>
FiOS Video Open for Sale (K)	12,077	12,388	12,585	12,870	13,023	13,250	13,460	<b>13,721</b>
FiOS Video penetration	27.2%	28.0%	29.1%	29.9%	30.6%	31.5%	32.3%	<b>32.6%</b>
FiOS Internet Open for Sale (K)	12,525	12,786	12,962	13,202	13,358	13,585	13,780	<b>14,044</b>
FiOS Internet penetration	31.0%	31.9%	33.1%	33.9%	34.6%	35.5%	36.4%	<b>36.6%</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.





# Non-GAAP Reconciliations

---

As of June 30, 2012

## 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 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.

### EBITDA and EBITDA Margin

Verizon Consolidated Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA), Segment EBITDA and EBITDA margins are non-GAAP measures and do not purport to be alternatives to GAAP items as measures of operating performance. Management believes that these measures are useful to investors and other users of our financial information in evaluating operating profitability on a more variable cost basis as they exclude the depreciation and amortization expenses 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 expenses, equity in earnings of unconsolidated businesses and other income and (expense), net to net income. Consolidated Adjusted EBITDA is calculated by excluding the effect of non-operational items from the calculation of Consolidated EBITDA. Consolidated EBITDA Margin is calculated by dividing Consolidated EBITDA by Consolidated Operating revenues.

**Verizon Wireless** - Verizon Wireless Segment EBITDA is calculated by adding back depreciation and amortization expenses to Verizon Wireless Segment Operating Income, and Verizon Wireless Segment EBITDA Service Margin is calculated by dividing Verizon Wireless Segment EBITDA by Verizon Wireless service revenues. The Verizon Wireless Segment EBITDA Service Margin utilizes service revenues rather than total revenues. Service revenues primarily exclude equipment revenues (as well as other non-service revenues) in order to capture the impact of providing service to the wireless customer base on an ongoing basis.

**Wireline** - Wireline Segment EBITDA is calculated by adding back depreciation and amortization expenses to Wireline Segment Operating Income, and Wireline Segment EBITDA Margin is calculated by dividing Wireline Segment EBITDA by total Wireline revenues.

### Free Cash Flow

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

### Net Debt and Net Debt to Adjusted EBITDA Ratio

Net Debt and the Net Debt to Adjusted EBITDA Ratio are non-GAAP financial measures that management believes are useful to investors and other users of our financial information in evaluating Verizon's leverage. Net Debt is calculated by subtracting cash and cash equivalents from the sum of debt maturing within one year and long-term debt. For purposes of the Net Debt to Adjusted EBITDA Ratio, Adjusted EBITDA is calculated for the last 12 months. Management believes this presentation assists investors in understanding trends that are indicative of future operating results given the non-operational or non-recurring nature of the items excluded from the calculation.

## Consolidated Reconciliations

(dollars in millions)

Unaudited	3 Months Ended 6/30/11	3 Months Ended 3/31/12	3 Months Ended 6/30/12
<b>Consolidated Operating Revenues</b>	\$27,536	\$ 28,242	<b>\$ 28,552</b>

(dollars in millions)

Unaudited	3 Months Ended 9/30/10	3 Months Ended 12/31/10	3 Months Ended 3/31/11	3 Months Ended 6/30/11	3 Months Ended 9/30/11	3 Months Ended 12/31/11	3 Months Ended 3/31/12	3 Months Ended 6/30/12
<b>Adjusted EBITDA - Verizon</b>								
<b>Verizon Consolidated EBITDA</b>								
Consolidated net income	\$ 2,698	\$ 4,648	\$ 3,264	\$ 3,604	\$ 3,542	\$ (212)	\$ 3,906	\$ 4,285
Add/subtract non-operating items:								
Provision (benefit) for income taxes	178	1,352	617	702	556	(1,590)	726	793
Interest expense	597	567	709	717	698	703	685	679
Other (income) and expense, net	51	(43)	(36)	(10)	(24)	84	(19)	(34)
Equity in earnings of unconsolidated business	(141)	(113)	(101)	(121)	(125)	(97)	(103)	(72)
<b>Operating Income</b>	<b>3,383</b>	<b>6,411</b>	<b>4,453</b>	<b>4,892</b>	<b>4,647</b>	<b>(1,112)</b>	<b>5,195</b>	<b>5,651</b>
Add: Depreciation and amortization expense	4,023	4,083	4,024	4,113	4,179	4,180	4,028	4,128
<b>Consolidated EBITDA</b>	<b>\$ 7,406</b>	<b>\$10,494</b>	<b>\$ 8,477</b>	<b>\$ 9,005</b>	<b>\$ 8,826</b>	<b>\$ 3,068</b>	<b>\$ 9,223</b>	<b>\$ 9,779</b>
<b>Other Items (Before Tax)</b>								
Merger Integration & Acquisition Related Charges	134	392	-	-	-	-	-	-
Access Line Spin-Off Related Charges	67	-	-	-	-	-	-	-
Severance, Pension & Benefit Charges	1,188	(2,030)	-	-	329	5,625	-	-
	1,389	(1,638)	-	-	329	5,625	-	-
<b>Consolidated Adjusted EBITDA</b>	<b>\$ 8,795</b>	<b>\$ 8,856</b>	<b>\$ 8,477</b>	<b>\$ 9,005</b>	<b>\$ 9,155</b>	<b>\$ 8,693</b>	<b>\$ 9,223</b>	<b>\$ 9,779</b>
<b>Consolidated Operating Income Margin</b>				17.8%			18.4%	19.8%
<b>Consolidated EBITDA Margin</b>				32.7%			32.7%	34.2%

(dollars in millions)

Unaudited	9/30/10	12/31/10	3/31/11	6/30/11	9/30/11	12/31/11	3/31/12	6/30/12
<b>Net Debt to Adjusted EBITDA - Verizon</b>								
<b>Verizon Net Debt</b>								
Debt maturing within one year	\$ 5,810	\$ 7,542	\$11,823	\$ 6,055	\$ 8,630	\$ 4,849	\$ 3,121	\$ 5,912
Long-term debt	47,360	45,252	49,374	47,927	46,285	50,303	48,476	46,479
<b>Total Debt</b>	<b>53,170</b>	<b>52,794</b>	<b>61,197</b>	<b>53,982</b>	<b>54,915</b>	<b>55,152</b>	<b>51,597</b>	<b>52,391</b>
Less: Cash and cash equivalents	5,394	6,668	14,007	6,240	10,324	13,362	5,909	10,001
<b>Net Debt</b>	<b>\$47,776</b>	<b>\$46,126</b>	<b>\$47,190</b>	<b>\$47,742</b>	<b>\$44,591</b>	<b>\$ 41,790</b>	<b>\$ 45,688</b>	<b>\$ 42,390</b>
<b>Net Debt to Adjusted EBITDA Ratio</b>				1.4x	1.3x	1.2x	1.3x	1.2x

## Consolidated Reconciliations

(dollars in millions)

Unaudited	6 Months Ended 6/30/11	3 Months Ended 3/31/12	3 Months Ended 6/30/12	<b>6 Months Ended 6/30/12</b>
Free Cash Flow - Verizon				
<b>Verizon Free Cash Flow</b>				
<b>Net cash provided by operating activities</b>	\$ 12,792	\$ 5,957	\$ 9,314	<b>\$ 15,271</b>
Less: Capital expenditures	8,918	3,565	3,865	<b>7,430</b>
<b>Free Cash Flow</b>	<b>\$ 3,874</b>	<b>\$ 2,392</b>	<b>\$ 5,449</b>	<b>\$ 7,841</b>

## Wireless Reconciliations

(dollars in millions)

Unaudited	3 Months Ended 9/30/10	3 Months Ended 12/31/10	3 Months Ended 3/31/11	3 Months Ended 6/30/11	3 Months Ended 9/30/11	3 Months Ended 12/31/11	3 Months Ended 3/31/12	<b>3 Months Ended 6/30/12</b>
<b>Verizon Wireless Segment EBITDA</b>								
<b>Operating Income</b>	\$ 4,854	\$ 4,854	\$ 4,351	\$ 4,692	\$ 5,149	\$ 4,335	\$ 5,217	\$ <b>5,713</b>
Add: Depreciation and amortization expense	1,836	1,881	1,899	1,978	2,040	2,045	1,918	<b>2,011</b>
<b>Verizon Wireless Segment EBITDA</b>	\$ 6,690	\$ 6,735	\$ 6,250	\$ 6,670	\$ 7,189	\$ 6,380	\$ 7,135	\$ <b>7,724</b>
Verizon Wireless total operating revenues	\$ 16,250	\$ 16,148	\$ 16,881	\$ 17,293	\$ 17,726	\$ 18,254	\$ 18,273	\$ <b>18,577</b>
Verizon Wireless service revenues	\$ 14,168	\$ 14,193	\$ 14,311	\$ 14,707	\$ 15,033	\$ 15,106	\$ 15,410	\$ <b>15,776</b>
<b>Verizon Wireless Operating Income Margin</b>	29.9%	30.1%	25.8%	27.1%	29.0%	23.7%	28.6%	<b>30.8%</b>
<b>Verizon Wireless Segment EBITDA Service Margin</b>	47.2%	47.5%	43.7%	45.4%	47.8%	42.2%	46.3%	<b>49.0%</b>

## Wireline Reconciliations

(dollars in millions)

Unaudited	3 Months Ended 9/30/10	3 Months Ended 12/31/10	3 Months Ended 3/31/11	3 Months Ended 6/30/11	3 Months Ended 9/30/11	3 Months Ended 12/31/11	3 Months Ended 3/31/12	<b>3 Months Ended 6/30/12</b>
<b>Wireline Segment EBITDA</b>								
<b>Operating Income</b>	\$ 187	\$ 253	\$ 288	\$ 318	\$ 53	\$ 300	\$ 157	\$ <b>188</b>
Add: Depreciation and amortization expense	2,145	2,161	2,107	2,117	2,119	2,115	2,090	<b>2,102</b>
<b>Wireline Segment EBITDA</b>	\$ 2,332	\$ 2,414	\$ 2,395	\$ 2,435	\$ 2,172	\$ 2,415	\$ 2,247	\$ <b>2,290</b>
Wireline total operating revenues	\$ 10,286	\$ 10,289	\$ 10,147	\$ 10,247	\$ 10,149	\$ 10,139	\$ 9,945	\$ <b>9,931</b>
<b>Wireline Operating Income Margin</b>	1.8%	2.5%	2.8%	3.1%	0.5%	3.0%	1.6%	<b>1.9%</b>
<b>Wireline Segment EBITDA Margin</b>	22.7%	23.5%	23.6%	23.8%	21.4%	23.8%	22.6%	<b>23.1%</b>