



2Q

INVESTOR QUARTERLY
SECOND QUARTER

2013

July 18, 2013

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Verizon Reports Double-Digit Earnings Growth in 2Q 2013

Strategic Investments in 4G LTE, FiOS and Global Networks Continue to Drive Strong Growth in Revenues, Earnings and Cash Flow

Second Quarter 2013 Highlights

Consolidated

- > 78 cents in earnings per share (EPS), including a non-operational gain of 5 cents per share related to pensions, compared with 64 cents per share in 2Q 2012.
- > 73 cents in adjusted EPS (non-GAAP), a 14.1 percent increase compared with 2Q 2012.

Wireless

- > 8.3 percent year-over-year increase in service revenues in 2Q 2013; 7.8 percent increase in retail service revenues; 32.4 percent operating income margin and 49.8 percent segment EBITDA margin on service revenues (non-GAAP).
- > 941,000 retail postpaid net additions, up 6 percent year over year; low retail postpaid churn of 0.93 percent; 100.1 million total retail connections, 94.3 million total retail postpaid connections.
- > 4G LTE service now available to 301 million people in 500 markets across the U.S.

Wireline

- > 4.7 percent year-over-year increase in consumer revenues; consumer ARPU (average revenue per user) up 9.4 percent year over year, to \$109.67.
- > 14.7 percent year-over-year increase in FiOS revenues; 161,000 FiOS Internet and 140,000 FiOS Video net additions, including the addition of the 5 millionth FiOS Video customer, with continued increased sales penetration for both services.
- > 4.8 percent year-over-year increase in revenues for global enterprise strategic services.

NEW YORK — Verizon Communications Inc. (NYSE, Nasdaq: VZ) today reported year-over-year double-digit percentage growth in operating income and earnings per share, as second-quarter 2013 results showed continued strong operating performance and customer demand for Verizon Wireless, FiOS and strategic enterprise services.

Verizon reported 78 cents in EPS in second-quarter 2013, compared with 64 cents per share in second-quarter 2012. Second-quarter 2013 results include a non-cash, non-operational gain of 5 cents per share for an interim actuarial remeasurement associated with one of Verizon’s pension plans.

Adjusted second-quarter 2013 earnings of 73 cents per share increased 14.1 percent, compared with 64 cents per share in second-quarter 2012, when there were no adjustments.

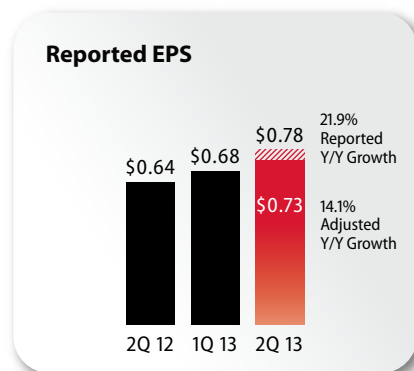
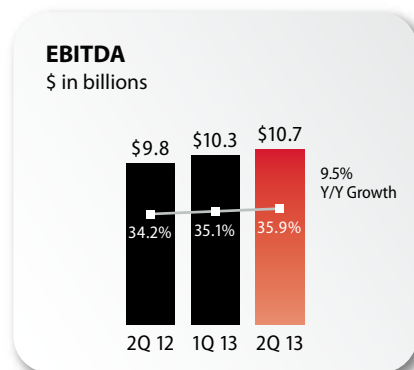
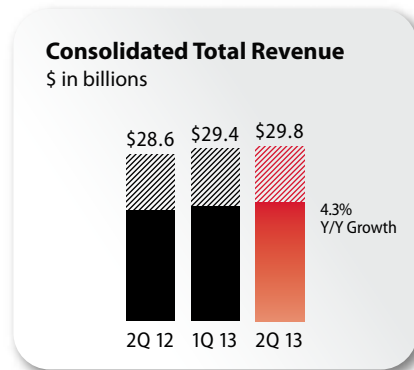
“Verizon’s consistent strategic investments in wireless, FiOS and global networks drove strong financial performance in the first half of 2013,” said Lowell McAdam, Verizon chairman and CEO. “Having posted double-digit earnings growth in five of the last six quarters, we are focused on continuing to provide the best portfolio of products on the most reliable networks; capturing incremental revenue growth in broadband, video and cloud services; and sustaining our earnings and cash-flow momentum.”

Consolidated Results Reflect Continued Profitable Growth

In second-quarter 2013, Verizon’s consolidated results were highlighted by continued strong operating performance and profitable growth based on operating efficiencies and customer demand.

Consolidated Highlights

- > Total operating revenues in second-quarter 2013 were \$29.8 billion, a 4.3 percent increase compared with second-quarter 2012.
- > Operating income increased 16.0 percent, to \$6.6 billion in second-quarter 2013, compared with \$5.7 billion in second-quarter 2012. Operating income margin was 22.0 percent in second-quarter 2013, compared with 19.8 percent in second-quarter 2012.
- > Consolidated EBITDA (non-GAAP, earnings before interest, taxes, depreciation and amortization) grew 9.5 percent year over year, totaling \$10.7 billion in second-quarter 2013. EBITDA margin (non-GAAP) expanded to 35.9 percent in second-quarter 2013, up 170 basis points year over year.
- > Cash flow from operating activities totaled \$17.1 billion in first-half 2013, compared with \$15.3 billion in first-half 2012. Capital expenditures in first-half 2013 were \$7.6 billion, compared with \$7.4 billion in first-half 2012. Free cash flow (non-GAAP, cash flow from operations less capital expenditures) in first-half 2013 totaled \$9.5 billion, compared with \$7.8 billion in first-half 2012.



Verizon is increasing its capital spending guidance from \$16.2 billion to between \$16.4 billion and \$16.6 billion for full-year 2013, as the company anticipates higher demand for wireless data consumption and begins deployment of AWS (advanced wireless services) spectrum in second-half 2013.

Verizon Wireless Delivers Another Strong Quarter

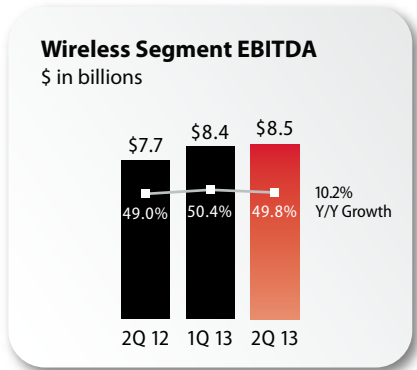
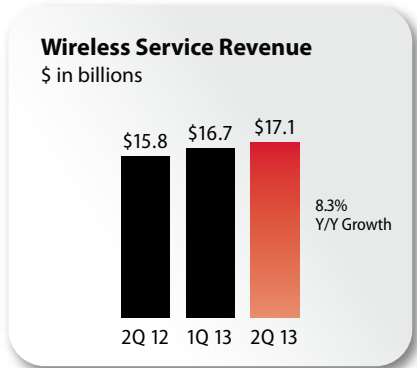
In second-quarter 2013, Verizon Wireless delivered solid growth in retail postpaid net additions and revenues; an increase in smartphone penetration; and a strong segment EBITDA margin on service revenues (non-GAAP).

Wireless Financial Highlights

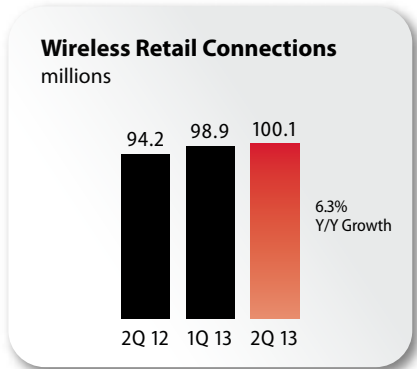
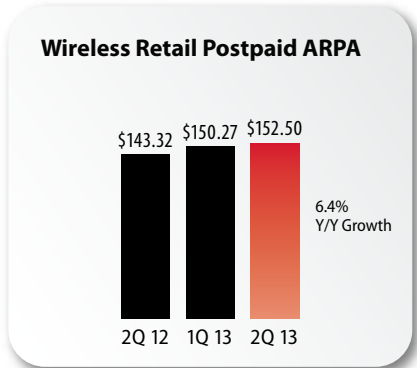
- > Total revenues were \$20.0 billion in second-quarter 2013, up 7.5 percent year over year. Service revenues in the quarter totaled \$17.1 billion, up 8.3 percent year over year. Retail service revenues grew 7.8 percent year over year, to \$16.4 billion.
- > Retail postpaid ARPA (average revenue per account) increased 6.4 percent over second-quarter 2012, to \$152.50 per month.
- > In second-quarter 2013, wireless operating income margin was 32.4 percent, compared with 30.8 percent in second-quarter 2012. Segment EBITDA margin on service revenues was 49.8 percent, up 80 basis points over second-quarter 2012.

Wireless Operational Highlights

- > Verizon Wireless added 941,000 retail postpaid net connections, out of a total 1.0 million net retail connections, in the second quarter. These additions exclude acquisitions and adjustments. Verizon expects to continue to see increases in quarterly sequential net additions for retail postpaid connections in the second half of 2013.
- > At the end of the second quarter, the company had 100.1 million retail connections, a 6.3 percent increase year over year—including 94.3 million retail postpaid connections.
- > With more than 36 percent of retail postpaid accounts now on a Share Everything Plan, which allows customers to share data among multiple devices, Verizon Wireless had 35 million retail postpaid accounts at the end of the second quarter. This is an average of 2.7 connections per account.
- > At the end of the second quarter, smartphones accounted for more than 64 percent of the Verizon Wireless retail postpaid customer phone base, up from 61 percent at the end of first-quarter 2013.
- > Retail postpaid churn was 0.93 percent in the second quarter, up 9 basis points year over year. Retail churn was 1.23 percent in the second quarter, up 12 basis points year over year.
- > As of the end of June, Verizon Wireless has substantially completed deployment of its 4G LTE network, covering more than 99 percent of its current 3G network footprint. In the second quarter, the company activated 4G LTE data service in Alaska, resulting in Verizon Wireless 4G LTE service being available in all 50 states. The Verizon Wireless



□ EBITDA Service Margin %



4G LTE network is now available in 500 markets to more than 95 percent of the U.S. population and covers about 301 million people, including those in areas served by the company's LTE in Rural America partners.

> The company continued to enhance its 4G LTE smartphone device lineup. In the second quarter, Verizon Wireless launched the Pantech Perception, the Nokia Lumia 928, the Casio G'zOne Commando 4G LTE, the Blackberry Q10 and the Samsung Galaxy S4. The company has also announced the HTC One would be available later this summer.

Wireline Reports Another Quarter of Strong FiOS Customer and Revenue Growth

Verizon's Wireline segment reported another quarter of FiOS customer, market share and revenue growth, leading to continued growth in consumer revenues. In enterprise and wholesale, sales of global enterprise strategic services continued to increase and constitute a larger percentage of the revenue base.

Wireline Financial Highlights

> Consumer revenues were \$3.6 billion, an increase of 4.7 percent compared with second-quarter 2012. Consumer ARPU for wireline services increased to \$109.67 in second-quarter 2013, up 9.4 percent compared with second-quarter 2012.

> FiOS revenues grew 14.7 percent, to \$2.7 billion in second-quarter 2013, compared with \$2.4 billion in second-quarter 2012. ARPU for FiOS customers continued to be more than \$150 in second-quarter 2013.

> Sales of strategic services to global enterprise customers increased 4.8 percent compared with second-quarter 2012 and represented 57 percent of total enterprise revenues, compared with 52 percent in second-quarter 2012. Strategic services include cloud and data center services, security and IT solutions, advanced communications, strategic networking and telematics services.

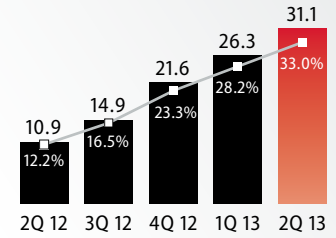
Wireline Operational Highlights

> Verizon added 161,000 net new FiOS Internet connections and 140,000 net new FiOS Video connections in second-quarter 2013. Verizon had a total of 5.8 million FiOS Internet and 5.0 million FiOS Video connections at the end of the quarter, representing year-over-year increases of 12.2 percent and 12.6 percent, respectively.

> FiOS penetration (subscribers as a percentage of potential subscribers) continued to increase. FiOS Internet penetration was 38.6 percent at the end of second-quarter 2013, compared with 36.6 percent at the end of second-quarter 2012. In the same periods, FiOS Video penetration was 34.5 percent, compared with 32.6 percent. The FiOS network passed 18.0 million premises by the end of second-quarter 2013.

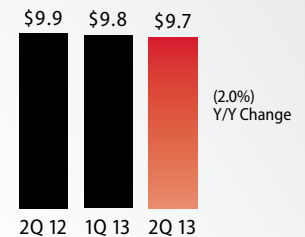
> By the end of second-quarter 2013, 35 percent of FiOS Internet customers subscribed to FiOS Quantum, which provides speeds ranging from 50 to 300 megabits per second.

4G LTE Devices
millions

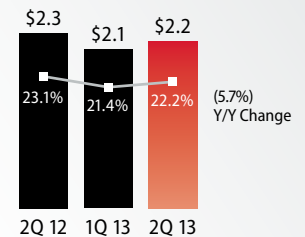


□ Percent of Retail Postpaid Connections

Wireline Total Revenue
\$ in billions

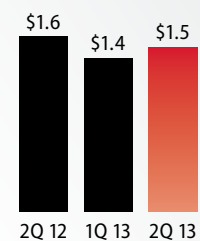


Wireline Segment EBITDA
\$ in billions



□ EBITDA Margin %

Wireline Capital Expenditures
\$ in billions



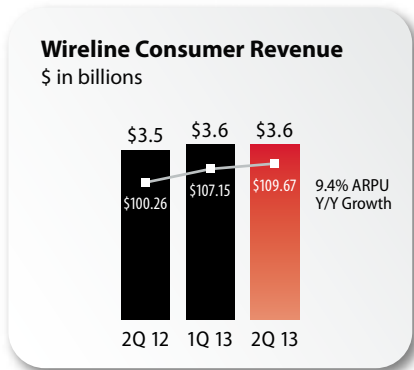
> Broadband connections totaled 8.9 million at the end of second-quarter 2013, a 1.9 percent year-over-year increase. Overall, net broadband customers increased 45,000 in the second quarter, as FiOS Internet net customer additions more than offset a decline in subscribers for DSL-based High Speed Internet services.

> Verizon has been replacing high-maintenance portions of its residential copper network with fiber optics to provide enhanced services and to reduce ongoing repair costs. In first-half 2013, Verizon migrated 169,000 homes to fiber, toward a target of 300,000 migrations within FiOS markets in 2013.

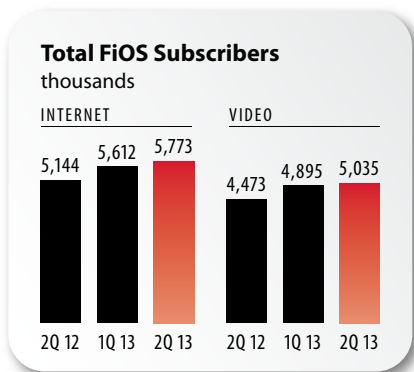
> Verizon Enterprise Solutions completed agreements with and began deploying innovative business technology solutions for a variety of corporations and organizations around the globe in the quarter, including American Tower, the Australian Federal Police and its client agencies, d'Amico Societa di Navigazione, the District of Columbia, Kohn Pedersen and Fox Associates, Marathon Petroleum Corporation, Panviva and Veolia Environnement.

NOTE: See the accompanying schedules and www.verizon.com/investor for reconciliations to generally accepted accounting principles (GAAP) for non-GAAP financial measures cited in this document.

NOTE: This presentation contains statements about expected future events and financial results that are forward-looking and subject to risks and uncertainties. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. The following important factors could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements: adverse conditions in the U.S. and international economies; competition in our markets; material changes in available technology or technology substitution; disruption of our key suppliers' provisioning of products or services; changes in the regulatory environments in which we operate, including any increase in restrictions on our ability to operate our networks; breaches of network or information technology security, natural disasters, terrorist attacks or significant litigation and any resulting financial impact not covered by insurance; an adverse change in the ratings afforded our debt securities by nationally accredited ratings organizations or adverse conditions in the credit markets affecting the cost, including interest rates, and/or availability of financing; changes in our accounting assumptions that regulatory agencies, including the SEC, may require or that result from changes in the accounting rules or their application, which could affect earnings; material adverse changes in labor matters, including labor negotiations, and any resulting financial and/or operational impact; significant increases in benefit plan costs or lower investment returns on plan assets; and the inability to implement our business strategies.



□ Consumer ARPU



Condensed Consolidated Statements of Income

(dollars in millions, except per share amounts)

| Unaudited | 3 Mos. Ended 6/30/13 | 3 Mos. Ended 6/30/12 | % Change | 6 Mos. Ended 6/30/13 | 6 Mos. Ended 6/30/12 | % Change |
|---|-------------------------|-------------------------|----------|-------------------------|-------------------------|----------|
| Operating Revenues | \$ 29,786 | \$ 28,552 | 4.3 | \$ 59,206 | \$ 56,794 | 4.2 |
| Operating Expenses | | | | | | |
| Cost of services and sales | 11,033 | 10,896 | 1.3 | 21,965 | 22,215 | (1.1) |
| Selling, general and administrative expense | 8,047 | 7,877 | 2.2 | 16,195 | 15,577 | 4.0 |
| Depreciation and amortization expense | 4,151 | 4,128 | 0.6 | 8,269 | 8,156 | 1.4 |
| Total Operating Expenses | 23,231 | 22,901 | 1.4 | 46,429 | 45,948 | 1.0 |
| Operating Income | 6,555 | 5,651 | 16.0 | 12,777 | 10,846 | 17.8 |
| Equity in earnings of unconsolidated businesses | 120 | 72 | 66.7 | 115 | 175 | (34.3) |
| Other income, net | 25 | 34 | (26.5) | 64 | 53 | 20.8 |
| Interest expense | (514) | (679) | (24.3) | (1,051) | (1,364) | (22.9) |
| Income Before Provision for Income Taxes | 6,186 | 5,078 | 21.8 | 11,905 | 9,710 | 22.6 |
| Provision for income taxes | (988) | (793) | 24.6 | (1,852) | (1,519) | 21.9 |
| Net Income | \$ 5,198 | \$ 4,285 | 21.3 | \$ 10,053 | \$ 8,191 | 22.7 |
| Net income attributable to noncontrolling interests | \$ 2,952 | \$ 2,460 | 20.0 | \$ 5,855 | \$ 4,680 | 25.1 |
| Net income attributable to Verizon | 2,246 | 1,825 | 23.1 | 4,198 | 3,511 | 19.6 |
| Net Income | \$ 5,198 | \$ 4,285 | 21.3 | \$ 10,053 | \$ 8,191 | 22.7 |
| Basic Earnings per Common Share | | | | | | |
| Net income attributable to Verizon | \$.78 | \$.64 | 21.9 | \$ 1.46 | \$ 1.23 | 18.7 |
| <i>Weighted average number of common shares (in millions)</i> | 2,865 | 2,849 | | 2,866 | 2,846 | |
| Diluted Earnings per Common Share⁽¹⁾ | | | | | | |
| Net income attributable to Verizon | \$.78 | \$.64 | 21.9 | \$ 1.46 | \$ 1.23 | 18.7 |
| <i>Weighted average number of common shares — assuming dilution (in millions)</i> | 2,872 | 2,858 | | 2,873 | 2,854 | |

Footnotes:

- (1) Diluted Earnings per Common Share includes the dilutive effect of shares issuable under our stock-based compensation plans, which represents the only potential dilution. Certain reclassifications have been made, where appropriate, to reflect comparable operating results.

Condensed Consolidated Balance Sheets

(dollars in millions)

| Unaudited | 6/30/13 | 12/31/12 | \$ Change |
|--|-------------------|-------------------|-------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 1,788 | \$ 3,093 | \$ (1,305) |
| Short-term investments | 618 | 470 | 148 |
| Accounts receivable, net | 12,216 | 12,576 | (360) |
| Inventories | 1,040 | 1,075 | (35) |
| Prepaid expenses and other | 6,295 | 4,021 | 2,274 |
| Total current assets | 21,957 | 21,235 | 722 |
| Plant, property and equipment | 215,224 | 209,575 | 5,649 |
| Less accumulated depreciation | 126,892 | 120,933 | 5,959 |
| | 88,332 | 88,642 | (310) |
| Investments in unconsolidated businesses | 3,319 | 3,401 | (82) |
| Wireless licenses | 75,825 | 77,744 | (1,919) |
| Goodwill | 24,336 | 24,139 | 197 |
| Other intangible assets, net | 5,776 | 5,933 | (157) |
| Other assets | 3,801 | 4,128 | (327) |
| Total Assets | \$ 223,346 | \$ 225,222 | \$ (1,876) |
| Liabilities and Equity | | | |
| Current liabilities | | | |
| Debt maturing within one year | \$ 7,961 | \$ 4,369 | \$ 3,592 |
| Accounts payable and accrued liabilities | 14,671 | 16,182 | (1,511) |
| Other | 6,559 | 6,405 | 154 |
| Total current liabilities | 29,191 | 26,956 | 2,235 |
| Long-term debt | 41,791 | 47,618 | (5,827) |
| Employee benefit obligations | 33,835 | 34,346 | (511) |
| Deferred income taxes | 25,696 | 24,677 | 1,019 |
| Other liabilities | 5,677 | 6,092 | (415) |
| Equity | | | |
| Common stock | 297 | 297 | — |
| Contributed capital | 37,895 | 37,990 | (95) |
| Accumulated deficit | (2,483) | (3,734) | 1,251 |
| Accumulated other comprehensive income | 1,994 | 2,235 | (241) |
| Common stock in treasury, at cost | (3,974) | (4,071) | 97 |
| Deferred compensation—employee stock ownership plans and other | 332 | 440 | (108) |
| Noncontrolling interests | 53,095 | 52,376 | 719 |
| Total equity | 87,156 | 85,533 | 1,623 |
| Total Liabilities and Equity | \$ 223,346 | \$ 225,222 | \$ (1,876) |

Verizon—Selected Financial and Operating Statistics

| Unaudited | 6/30/13 | 12/31/12 |
|---|-----------|-----------|
| Total debt (in millions) | \$ 49,752 | \$ 51,987 |
| Net debt (in millions) | \$ 47,964 | \$ 48,894 |
| Net debt / Adjusted EBITDA ⁽¹⁾ | 1.2x | 1.3x |
| Common shares outstanding end of period (in millions) | 2,862 | 2,859 |
| Total employees | 180,900 | 183,400 |
| Quarterly cash dividends declared per common share | \$ 0.5150 | \$ 0.5150 |

Footnotes:

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

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

Condensed Consolidated Statements of Cash Flows

(dollars in millions)

| Unaudited | 6 Mos. Ended 6/30/13 | 6 Mos. Ended 6/30/12 | \$ Change |
|--|-------------------------|-------------------------|------------|
| Cash Flows From Operating Activities | | | |
| Net Income | \$ 10,053 | \$ 8,191 | \$ 1,862 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization expense | 8,269 | 8,156 | 113 |
| Employee retirement benefits | 354 | 751 | (397) |
| Deferred income taxes | 1,812 | 1,237 | 575 |
| Provision for uncollectible accounts | 507 | 521 | (14) |
| Equity in earnings of unconsolidated businesses, net of dividends received | (95) | (149) | 54 |
| Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses | (1,660) | (1,136) | (524) |
| Other, net | (2,092) | (2,300) | 208 |
| Net cash provided by operating activities | 17,148 | 15,271 | 1,877 |
| Cash Flows From Investing Activities | | | |
| Capital expenditures (including capitalized software) | (7,616) | (7,430) | (186) |
| Acquisitions of investments and businesses, net of cash acquired | (76) | (203) | 127 |
| Acquisitions of wireless licenses, net | (264) | (33) | (231) |
| Net change in short-term investments | (21) | 21 | (42) |
| Other, net | 142 | 61 | 81 |
| Net cash used in investing activities | (7,835) | (7,584) | (251) |
| Cash Flows From Financing Activities | | | |
| Proceeds from long-term borrowings | 499 | — | 499 |
| Repayments of long-term borrowings and capital lease obligations | (2,330) | (1,891) | (439) |
| Decrease in short-term obligations, excluding current maturities | (432) | (887) | 455 |
| Dividends paid | (2,946) | (2,587) | (359) |
| Proceeds from sale of common stock | 74 | 210 | (136) |
| Purchase of common stock for treasury | (153) | — | (153) |
| Special distribution to noncontrolling interests | (3,150) | (4,500) | 1,350 |
| Other, net | (2,180) | (1,393) | (787) |
| Net cash used in financing activities | (10,618) | (11,048) | 430 |
| Decrease in cash and cash equivalents | (1,305) | (3,361) | 2,056 |
| Cash and cash equivalents, beginning of period | 3,093 | 13,362 | (10,269) |
| Cash and cash equivalents, end of period | \$ 1,788 | \$ 10,001 | \$ (8,213) |

Verizon Wireless — Selected Financial Results

(dollars in millions)

| Unaudited | 3 Mos. Ended 6/30/13 | 3 Mos. Ended 6/30/12 | % Change | 6 Mos. Ended 6/30/13 | 6 Mos. Ended 6/30/12 | % Change |
|---|-------------------------|-------------------------|-------------|-------------------------|-------------------------|-------------|
| Operating Revenues | | | | | | |
| Retail service | \$ 16,422 | \$ 15,230 | 7.8 | \$ 32,591 | \$ 30,116 | 8.2 |
| Other service | 656 | 546 | 20.1 | 1,215 | 1,070 | 13.6 |
| Service | 17,078 | 15,776 | 8.3 | 33,806 | 31,186 | 8.4 |
| Equipment | 1,953 | 1,768 | 10.5 | 3,766 | 3,606 | 4.4 |
| Other | 945 | 1,033 | (8.5) | 1,927 | 2,058 | (6.4) |
| Total Operating Revenues | 19,976 | 18,577 | 7.5 | 39,499 | 36,850 | 7.2 |
| Operating Expenses | | | | | | |
| Cost of services and sales | 5,799 | 5,558 | 4.3 | 11,450 | 11,468 | (0.2) |
| Selling, general and administrative expense | 5,666 | 5,295 | 7.0 | 11,114 | 10,523 | 5.6 |
| Depreciation and amortization expense | 2,047 | 2,011 | 1.8 | 4,053 | 3,929 | 3.2 |
| Total Operating Expenses | 13,512 | 12,864 | 5.0 | 26,617 | 25,920 | 2.7 |
| Operating Income | \$ 6,464 | \$ 5,713 | 13.1 | \$ 12,882 | \$ 10,930 | 17.9 |
| Operating Income Margin | 32.4% | 30.8% | | 32.6% | 29.7% | |
| Segment EBITDA | \$ 8,511 | \$ 7,724 | 10.2 | \$ 16,935 | \$ 14,859 | 14.0 |
| Segment EBITDA Service Margin | 49.8% | 49.0% | | 50.1% | 47.6% | |

Footnotes:

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

Intersegment transactions have not been eliminated.

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

Verizon Wireless — Selected Operating Statistics

| Unaudited | 6/30/13 | 6/30/12 | % Change |
|---------------------------|---------|---------|----------|
| Connections ('000) | | | |
| Retail postpaid | 94,271 | 88,838 | 6.1 |
| Retail prepaid | 5,853 | 5,316 | 10.1 |
| Retail | 100,124 | 94,154 | 6.3 |

| Unaudited | 3 Mos. Ended 6/30/13 | 3 Mos. Ended 6/30/12 | % Change | 6 Mos. Ended 6/30/13 | 6 Mos. Ended 6/30/12 | % Change |
|--|-------------------------|-------------------------|----------|-------------------------|-------------------------|----------|
| Net Add Detail ('000)⁽¹⁾ | | | | | | |
| Retail postpaid | 941 | 888 | 6.0 | 1,618 | 1,389 | 16.5 |
| Retail prepaid | 97 | 290 | (66.6) | 140 | 523 | (73.2) |
| Retail | 1,038 | 1,178 | (11.9) | 1,758 | 1,912 | (8.1) |
| Account Statistics | | | | | | |
| Retail Postpaid Accounts ('000) ⁽²⁾ | | | | 34,958 | 34,646 | 0.9 |
| Retail postpaid ARPA | \$ 152.50 | \$ 143.32 | 6.4 | \$ 151.39 | \$ 141.95 | 6.7 |
| Retail postpaid connections per account ⁽²⁾ | | | | 2.70 | 2.56 | 5.5 |
| Churn Detail | | | | | | |
| Retail postpaid | 0.93% | 0.84% | | 0.97% | 0.90% | |
| Retail | 1.23% | 1.11% | | 1.27% | 1.18% | |
| Retail Postpaid Connection Statistics | | | | | | |
| Total Smartphone postpaid % of phones activated | 84.4% | 71.6% | | 84.3% | 71.3% | |
| Total Smartphone postpaid phone base ⁽²⁾ | | | | 64.4% | 49.7% | |
| Total Internet postpaid base ⁽²⁾ | | | | 9.9% | 8.5% | |
| Other Operating Statistics | | | | | | |
| Capital expenditures (in millions) | \$ 2,278 | \$ 2,048 | 11.2 | \$ 4,270 | \$ 3,933 | 8.6 |

Footnotes:

(1) Connection net additions exclude acquisitions and adjustments.

(2) Statistics presented as of end of period.

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

Intersegment transactions have not been eliminated.

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

Wireline— Selected Financial Results

(dollars in millions)

| Unaudited | 3 Mos. Ended 6/30/13 | 3 Mos. Ended 6/30/12 | % Change | 6 Mos. Ended 6/30/13 | 6 Mos. Ended 6/30/12 | % Change |
|---|-------------------------|-------------------------|---------------|-------------------------|-------------------------|---------------|
| Operating Revenues | | | | | | |
| Consumer retail | \$ 3,643 | \$ 3,478 | 4.7 | \$ 7,232 | \$ 6,919 | 4.5 |
| Small business | 648 | 667 | (2.8) | 1,299 | 1,329 | (2.3) |
| Mass Markets | 4,291 | 4,145 | 3.5 | 8,531 | 8,248 | 3.4 |
| Strategic services | 2,079 | 1,983 | 4.8 | 4,166 | 3,952 | 5.4 |
| Core | 1,557 | 1,837 | (15.2) | 3,223 | 3,720 | (13.4) |
| Global Enterprise | 3,636 | 3,820 | (4.8) | 7,389 | 7,672 | (3.7) |
| Global Wholesale | 1,686 | 1,827 | (7.7) | 3,413 | 3,688 | (7.5) |
| Other | 121 | 139 | (12.9) | 231 | 268 | (13.8) |
| Total Operating Revenues | 9,734 | 9,931 | (2.0) | 19,564 | 19,876 | (1.6) |
| Operating Expenses | | | | | | |
| Cost of services and sales | 5,407 | 5,500 | (1.7) | 10,864 | 11,072 | (1.9) |
| Selling, general and administrative expense | 2,168 | 2,141 | 1.3 | 4,433 | 4,267 | 3.9 |
| Depreciation and amortization expense | 2,085 | 2,102 | (0.8) | 4,180 | 4,192 | (0.3) |
| Total Operating Expenses | 9,660 | 9,743 | (0.9) | 19,477 | 19,531 | (0.3) |
| Operating Income | \$ 74 | \$ 188 | (60.6) | \$ 87 | \$ 345 | (74.8) |
| Operating Income Margin | 0.8% | 1.9% | | 0.4% | 1.7% | |
| Segment EBITDA | \$ 2,159 | \$ 2,290 | (5.7) | \$ 4,267 | \$ 4,537 | (6.0) |
| Segment EBITDA Margin | 22.2% | 23.1% | | 21.8% | 22.8% | |

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.

Wireline — Selected Operating Statistics

| Unaudited | 6/30/13 | 6/30/12 | % Change |
|---|---------|---------|----------|
| Connections ('000) | | | |
| FiOS Video Subscribers | 5,035 | 4,473 | 12.6 |
| FiOS Internet Subscribers | 5,773 | 5,144 | 12.2 |
| FiOS Digital Voice residence connections | 3,817 | 2,648 | 44.1 |
| FiOS Digital connections | 14,625 | 12,265 | 19.2 |
| HSI | 3,166 | 3,632 | (12.8) |
| Total Broadband connections | 8,939 | 8,776 | 1.9 |
| Primary residence switched access connections | 7,200 | 8,843 | (18.6) |
| Primary residence connections | 11,017 | 11,491 | (4.1) |
| Total retail residence voice connections | 11,583 | 12,222 | (5.2) |
| Total voice connections | 21,828 | 23,278 | (6.2) |

| Unaudited | 3 Mos. Ended 6/30/13 | 3 Mos. Ended 6/30/12 | % Change | 6 Mos. Ended 6/30/13 | 6 Mos. Ended 6/30/12 | % Change |
|---|-------------------------|-------------------------|----------|-------------------------|-------------------------|----------|
| Net Add Detail ('000) | | | | | | |
| FiOS Video Subscribers | 140 | 120 | 16.7 | 309 | 300 | 3.0 |
| FiOS Internet Subscribers | 161 | 134 | 20.1 | 349 | 327 | 6.7 |
| FiOS Digital Voice residence connections | 286 | 350 | (18.3) | 590 | 764 | (22.8) |
| FiOS Digital connections | 587 | 604 | (2.8) | 1,248 | 1,391 | (10.3) |
| HSI | (116) | (132) | (12.1) | (205) | (221) | (7.2) |
| Total Broadband connections | 45 | 2 | * | 144 | 106 | 35.8 |
| Primary residence switched access connections | (393) | (501) | (21.6) | (782) | (1,063) | (26.4) |
| Primary residence connections | (107) | (151) | (29.1) | (192) | (299) | (35.8) |
| Total retail residence voice connections | (142) | (199) | (28.6) | (266) | (404) | (34.2) |
| Total voice connections | (363) | (422) | (14.0) | (675) | (859) | (21.4) |

Revenue and ARPU Statistics

| | | | | | | |
|--|-----------|-----------|------|-----------|----------|------|
| Consumer ARPU | \$ 109.67 | \$ 100.26 | 9.4 | \$ 108.46 | \$ 99.70 | 8.8 |
| FiOS revenues (in millions) | \$ 2,731 | \$ 2,380 | 14.7 | \$ 5,364 | \$ 4,668 | 14.9 |
| Strategic services as a % of total Enterprise revenues | 57.1% | 51.9% | | 56.3% | 51.5% | |

Other Operating Statistics

| | | | | | | |
|------------------------------------|----------|----------|-------|----------|----------|-------|
| Capital expenditures (in millions) | \$ 1,515 | \$ 1,596 | (5.1) | \$ 2,949 | \$ 3,133 | (5.9) |
| Wireline employees ('000) | | | | 84.7 | 88.6 | |
| FiOS Video Open for Sale ('000) | | | | 14,607 | 13,721 | |
| FiOS Video penetration | | | | 34.5% | 32.6% | |
| FiOS Internet Open for Sale ('000) | | | | 14,943 | 14,044 | |
| FiOS Internet penetration | | | | 38.6% | 36.6% | |

Footnotes:

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

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* Not meaningful

2Q News Items

Verizon Wireless Announces \$ 7.0 Billion Distribution to Verizon and Vodafone in June

May 13, 2013 Verizon Wireless announced that its Board of Representatives has declared a distribution to its owners, payable on June 25, 2013, in proportion to their partnership interests on that date, in the aggregate amount of \$7.0 billion.

Verizon Wireless is a joint venture between Verizon Communications Inc., which owns 55 percent of the partnership, and Vodafone Group Plc, which owns 45 percent of the partnership.

Verizon Enables 100GE Access for Private IP Service

May 30, 2013 Verizon has deployed 100GE (gigabit Ethernet) technology to the edge routers of its Private IP network, giving global enterprise customers faster speeds and the bandwidth needed as they adopt new technologies that transform their global business infrastructures. This 100GE technology enhancement provides the bandwidth and speed required to access information stored in remote locations as enterprise customers move more and more applications and data to the cloud.

Verizon Communications Declares Quarterly Dividend

Jun 6, 2013 The Board of Directors of Verizon Communications Inc. (NYSE, Nasdaq: VZ) today declared a quarterly dividend of 51.5 cents per outstanding share, unchanged from the previous quarter. The dividend is payable on Aug. 1, 2013, to Verizon Communications shareowners of record at the close of business on July 10, 2013.

Verizon has approximately 2.7 million shareowners and approximately 2.9 billion shares of common stock outstanding. The company made \$5.2 billion in cash dividend payments in 2012.

Verizon Extends Private IP Service to Equinix Data

Jun 13, 2013 Verizon and Equinix announced that Verizon's Private IP service will be available in Equinix's International Business Exchange™ data centers located in major markets around the world. As a result, enterprise customers will gain greater access to global communications solutions that are scalable, secure, reliable and high performing. These solutions are necessary because the rapid growth of cloud computing and software-as-a-service (SaaS) applications drive demand for data center services.

Verizon Adds Machine-to-Machine Healthcare Companies to Its Partner Program

Jun 19, 2013 As the healthcare IT industry continues to evolve, a growing number of medical device manufacturers are bringing to market innovative, machine-to-machine solutions to enable better patient care. Verizon, through its Partner Program, is focusing on certifying these new M2M solutions for use on the company's wireless networks.

Recent new members to the Verizon Partner Program include: Carematix, a provider of telehealth solutions for patient-reported outcomes in clinical trials and disease management programs; and Sonicu, a monitoring, data-collection and advisory system that measures sound and noise levels — as well as other data such as temperature, humidity and vibrations — in neonatal intensive care units.

Verizon Wireless 4G LTE Reaches 500th Market: Parkersburg, WV

Jun 27, 2013 For the city whose motto is "Where West Virginia Began," another celebration started today, when Parkersburg, WV, became the 500th market in the United States with 4G LTE from Verizon Wireless.

Parkersburg also marks the milestone that Verizon's 4G LTE network build out is substantially complete. Charleston, WV, was one of the first markets in the country with 4G LTE when Verizon launched its network in December 2010.

The Verizon Wireless 4G LTE network now covers more than 99 percent of Verizon Wireless' 3G network. The 4G LTE network is available to 298 million people across the country — more than 95 percent of the U.S. population, making it the nation's largest 4G LTE network.

Products From Eight Health-IT Vendors First to Receive Certification Under New Program Launched by IHE USA and ICOSA Labs

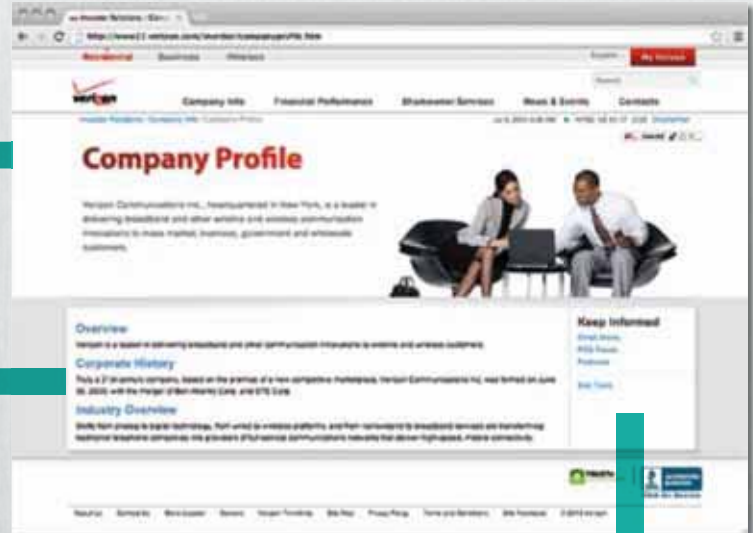
Jul 16, 2013 A healthcare certification program — launched early this year to help address one of the industry's most challenging issues, the incompatibility of many software and IT systems — has certified the first group of health IT products. Under the pilot program, a joint initiative of IHE USA and ICOSA Labs, the products met rigorous testing requirements for security and interoperability.

Products were tested and certified to meet requirements in the IHE Patient Care Device or IHE IT infrastructure domains — which specify capabilities related to medical device interoperability, clinical-document sharing, patient identification, audit logging and security.



Company Profile

Verizon Communications Inc., headquartered in New York, is a leader in delivering broadband and other wireline and wireless communication innovations to mass market, business, government and wholesale customers.



Overview

Verizon is a leader in delivering broadband and other communication innovations to wireline and wireless customers.

Corporate History

Truly a 21st century company, based on the promise of a new competitive marketplace, Verizon Communications Inc. was formed on June 30, 2000, with the merger of Bell Atlantic Corp. and GTE Corp.

Industry Overview

Shifts from analog to digital technology, from wired to wireless platforms, and from narrowband to broadband services are transforming traditional telephone companies into providers of full-service communications networks that deliver high-speed, mobile connectivity.

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