Verizon Communications

Financial and Operating Information

As of June 30, 2013

Verizon Communications Inc.

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Verizon Communications Inc.

Condensed Consolidated Statements of Income

Unaudited	2011	2012	2Q'13
			(dollars in millions, except per share amounts)
Operating Revenues	$ 110,875	$ 115,846	**$ 59,206**
Operating Expenses			
Cost of services and sales	45,875	46,275	**21,965**
Selling, general & administrative expense	35,624	39,951	**16,195**
Depreciation and amortization expense	16,496	16,460	**8,269**
Total Operating Expenses	97,995	102,686	**46,429**
Operating Income	12,880	13,160	**12,777**
Equity in earnings of unconsolidated businesses	444	324	**115**
Other income and (expense), net	(14)	(1,016)	**64**
Interest expense	(2,827)	(2,571)	**(1,051)**
Income Before (Provision) Benefit for Income Taxes	10,483	9,897	**11,905**
(Provision) Benefit for income taxes	(285)	660	**(1,852)**
Net Income	$ 10,198	$ 10,557	**$ 10,053**
Net income attributable to noncontrolling interests	$ 7,794	$ 9,682	**$ 5,855**
Net income attributable to Verizon	2,404	875	**4,198**
Net Income	$ 10,198	$ 10,557	**$ 10,053**
Basic Earnings per Common Share			
Net income attributable to Verizon	$ .85	$ .31	**$ 1.46**
Weighted average number of common shares (in millions)	*2,833*	*2,853*	***2,866***
Diluted Earnings per Common Share [1]			
Net income attributable to Verizon	$ .85	$ .31	**$ 1.46**
Weighted average number of common shares-assuming dilution (in millions)	*2,839*	*2,862*	***2,873***

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.

Verizon Communications Inc.

Condensed Consolidated Statements of Income

(dollars in millions, except per share amounts)

	2011		2012				2013	
Unaudited	3Q	4Q	1Q	2Q	3Q	4Q	1Q	**2Q**
Operating Revenues	$27,913	$28,436	$28,242	$28,552	$29,007	$30,045	$29,420	**$ 29,786**
Operating Expenses								
Cost of services and sales	11,398	12,090	11,319	10,896	10,991	13,069	10,932	**11,033**
Selling, general & administrative expense	7,689	13,278	7,700	7,877	8,366	16,008	8,148	**8,047**
Depreciation and amortization expense	4,179	4,180	4,028	4,128	4,167	4,137	4,118	**4,151**
Total Operating Expenses	23,266	29,548	23,047	22,901	23,524	33,214	23,198	**23,231**
Operating Income (Loss)	4,647	(1,112)	5,195	5,651	5,483	(3,169)	6,222	**6,555**
Equity in earnings of unconsolidated businesses	125	97	103	72	62	87	(5)	**120**
Other income and (expense), net	24	(84)	19	34	10	(1,079)	39	**25**
Interest expense	(698)	(703)	(685)	(679)	(632)	(575)	(537)	**(514)**
Income (Loss) Before (Provision) Benefit for Income Taxes	4,098	(1,802)	4,632	5,078	4,923	(4,736)	5,719	**6,186**
(Provision) Benefit for income taxes	(556)	1,590	(726)	(793)	(631)	2,810	(864)	**(988)**
Net Income (Loss)	$ 3,542	$ (212)	$ 3,906	$ 4,285	$ 4,292	$ (1,926)	$ 4,855	**$ 5,198**
Net income attributable to noncontrolling interests	$ 2,163	$ 1,811	$ 2,220	$ 2,460	$ 2,699	$ 2,303	$ 2,903	**$ 2,952**
Net income (loss) attributable to Verizon	1,379	(2,023)	1,686	1,825	1,593	(4,229)	1,952	**2,246**
Net Income (Loss)	$ 3,542	$ (212)	$ 3,906	$ 4,285	$ 4,292	$ (1,926)	$ 4,855	**$ 5,198**
Basic Earnings (Loss) per Common Share								
Net income (Loss) attributable to Verizon	$ .49	$ (.71)	$ .59	$ .64	$ .56	$ (1.48)	$ .68	**0.78**
Weighted average number of common shares (in millions)	*2,834*	*2,835*	*2,842*	*2,849*	*2,857*	*2,862*	*2,866*	***2,865***
Diluted Earnings (Loss) per Common Share [1]								
Net income (Loss) attributable to Verizon	$ .49	$ (.71)	$ .59	$ .64	$ .56	$ (1.48)	$ .68	**0.78**
Weighted average number of common shares-assuming dilution (in millions)	*2,839*	*2,835*	*2,849*	*2,858*	*2,866*	*2,862*	*2,872*	***2,872***

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.

Verizon Communications Inc.

Non-Operational & Other Items

(Pre-tax dollars in millions)

Unaudited	2011	2012	**2Q'13**
Severance, Pension & Benefit Charges/(Credits)			
Operating expenses	$ 5,954	$ 7,186	**$ (237)**
Litigation Settlements			
Selling, general & administrative expense	$ -	$ 384	**$ -**
Early Debt Redemption and Other Restructuring Costs			
Cost of services and sales	$ -	$ 40	**$ -**
Selling, general & administrative expense	-	236	**-**
Other income (expense), net	120	1,097	**-**

Verizon Communications Inc.

Non-Operational & Other Items

(Pre-tax dollars in millions)

Unaudited	2011 3Q	2011 4Q	2012 1Q	2012 2Q	2012 3Q	2012 4Q	2013 1Q	**2013 2Q**
Severance, Pension & Benefit Charges/(Credits)								
Operating expenses	$ 329	$ 5,625	$ -	$ -	$ -	$ 7,186	$ -	**$ (237)**
Litigation Settlements								
Selling, general & administrative expense	$ -	$ -	$ -	$ -	$ 384	$ -	$ -	**$ -**
Early Debt Redemption and Other Restructuring Costs								
Cost of services and sales	$ -	$ -	$ -	$ -	$ -	$ 40	$ -	**$ -**
Selling, general & administrative expense	-	-	-	-	-	236	-	**-**
Other income and (expense), net	-	120	-	-	-	1,097	-	**-**

Verizon Communications Inc.

Condensed Consolidated Balance Sheets

(dollars in millions)

Unaudited	12/31/11	12/31/12	**6/30/13**
Assets			
Current assets			
Cash and cash equivalents	$ 13,362	$ 3,093	**$ 1,788**
Short-term investments	592	470	**618**
Accounts receivable, net	11,776	12,576	**12,216**
Inventories	940	1,075	**1,040**
Prepaid expenses and other	4,269	4,021	**6,295**
Total current assets	30,939	21,235	**21,957**
Plant, property and equipment	215,626	209,575	**215,224**
Less accumulated depreciation	127,192	120,933	**126,892**
	88,434	88,642	**88,332**
Investments in unconsolidated businesses	3,448	3,401	**3,319**
Wireless licenses	73,250	77,744	**75,825**
Goodwill	23,357	24,139	**24,336**
Other intangible assets, net	5,878	5,933	**5,776**
Other assets	5,155	4,128	**3,801**
Total Assets	$ 230,461	$ 225,222	**$ 223,346**
Liabilities and Equity			
Current liabilities			
Debt maturing within one year	$ 4,849	$ 4,369	**$ 7,961**
Accounts payable and accrued liabilities	14,689	16,182	**14,671**
Other	11,223	6,405	**6,559**
Total current liabilities	30,761	26,956	**29,191**
Long-term debt	50,303	47,618	**41,791**
Employee benefit obligations	32,957	34,346	**33,835**
Deferred income taxes	25,060	24,677	**25,696**
Other liabilities	5,472	6,092	**5,677**
Equity			
Common stock	297	297	**297**
Contributed capital	37,919	37,990	**37,895**
Reinvested earnings (Accumulated deficit)	1,179	(3,734)	**(2,483)**
Accumulated other comprehensive income	1,269	2,235	**1,994**
Common stock in treasury, at cost	(5,002)	(4,071)	**(3,974)**
Deferred compensation - employee stock ownership plans and other	308	440	**332**
Noncontrolling interests	49,938	52,376	**53,095**
Total equity	85,908	85,533	**87,156**
Total Liabilities and Equity	$ 230,461	$ 225,222	**$ 223,346**

Verizon - Selected Financial and Operating Statistics

Unaudited	12/31/11	12/31/12	**6/30/13**
Total debt ($M)	$ 55,152	$ 51,987	**$ 49,752**
Net debt ($M)	$ 41,790	$ 48,894	**$ 47,964**
Net debt / Adjusted EBITDA		1.3x	**1.2x**
Common shares outstanding end of period (M)	2,834	2,859	**2,862**
Total employees	193,900	183,400	**180,900**
Cash dividends declared per common share	$ 1.975	$ 2.030	**$ 1.030**

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

Verizon Communications Inc.

Condensed Consolidated Balance Sheets

(dollars in millions)

Unaudited	9/30/11	12/31/11	3/31/12	6/30/12	9/30/12	12/31/12	3/31/13	**06/30/13**
Assets								
Current assets								
Cash and cash equivalents	$ 10,324	$ 13,362	$ 5,909	$ 10,001	$ 9,714	$ 3,093	$ 5,475	**$ 1,788**
Short-term investments	534	592	623	777	593	470	660	**618**
Accounts receivable, net	11,648	11,776	11,234	11,595	12,030	12,576	11,814	**12,216**
Inventories	1,153	940	1,063	856	1,223	1,075	798	**1,040**
Prepaid expenses and other	4,111	4,269	4,683	3,901	4,103	4,021	6,511	**6,295**
Total current assets	27,770	30,939	23,512	27,130	27,663	21,235	25,258	**21,957**
Plant, property and equipment	214,798	215,626	218,250	217,739	216,995	209,575	212,082	**215,224**
Less accumulated depreciation	125,955	127,192	130,064	129,844	129,185	120,933	123,901	**126,892**
	88,843	88,434	88,186	87,895	87,810	88,642	88,181	**88,332**
Investments in unconsolidated businesses	3,461	3,448	3,566	3,539	3,625	3,401	3,321	**3,319**
Wireless licenses	73,203	73,250	73,294	73,303	77,591	77,744	75,645	**75,825**
Goodwill	23,541	23,357	23,465	23,478	24,048	24,139	24,132	**24,336**
Other intangible assets, net	5,915	5,878	5,744	5,726	5,830	5,933	5,827	**5,776**
Other assets	5,299	5,155	5,154	5,001	4,515	4,128	3,822	**3,801**
Total Assets	$228,032	$230,461	$222,921	$226,072	$231,082	$225,222	$226,186	**$ 223,346**
Liabilities and Equity								
Current liabilities								
Debt maturing within one year	$ 8,630	$ 4,849	$ 3,121	$ 5,912	$ 6,335	$ 4,369	$ 10,888	**$ 7,961**
Accounts payable and accrued liabilities	14,486	14,689	13,231	13,973	16,003	16,182	14,030	**14,671**
Other	11,520	11,223	6,561	6,468	6,432	6,405	6,571	**6,559**
Total current liabilities	34,636	30,761	22,913	26,353	28,770	26,956	31,489	**29,191**
Long-term debt	46,285	50,303	48,476	46,479	46,467	47,618	41,993	**41,791**
Employee benefit obligations	27,705	32,957	32,164	31,909	30,904	34,346	34,048	**33,835**
Deferred income taxes	26,412	25,060	25,610	25,649	26,474	24,677	24,993	**25,696**
Other liabilities	5,479	5,472	5,337	5,254	5,839	6,092	6,075	**5,677**
Equity								
Common stock	297	297	297	297	297	297	297	**297**
Contributed capital	37,912	37,919	37,926	37,932	37,959	37,990	37,894	**37,895**
Reinvested earnings (Accumulated deficit)	4,619	1,179	1,444	1,845	1,968	(3,734)	(3,255)	**(2,483)**
Accumulated other comprehensive income	1,037	1,269	1,398	1,147	1,257	2,235	2,056	**1,994**
Common stock in treasury, at cost	(5,112)	(5,002)	(4,735)	(4,438)	(4,247)	(4,071)	(3,994)	**(3,974)**
Deferred compensation - employee stock ownership plans and other	298	308	341	367	411	440	312	**332**
Noncontrolling interests	48,464	49,938	51,750	53,278	54,983	52,376	54,278	**53,095**
Total Equity	87,515	85,908	88,421	90,428	92,628	85,533	87,588	**87,156**
Total Liabilities and Equity	$228,032	$230,461	$222,921	$226,072	$231,082	$225,222	$226,186	**$ 223,346**

Verizon - Selected Financial and Operating Statistics

Unaudited	9/30/11	12/31/11	3/31/12	6/30/12	9/30/12	12/31/12	3/31/13	**06/30/13**
Total debt ($M)	$ 54,915	$ 55,152	$ 51,597	$ 52,391	$ 52,802	$ 51,987	$ 52,881	**$ 49,752**
Net debt ($M)	$ 44,591	$ 41,790	$ 45,688	$ 42,390	$ 43,088	$ 48,894	$ 47,406	**$ 47,964**
Net debt / Adjusted EBITDA				1.2x	1.1x	1.3x	1.2x	**1.2x**
Common shares outstanding end of period (M)	2,831	2,834	2,841	2,849	2,854	2,859	2,861	**2,862**
Total employees	195,400	193,900	191,800	188,200	184,500	183,400	181,900	**180,900**
Cash dividends declared per common share	$ .5000	$ .5000	$ .5000	$ .5000	$ .5150	$ .5150	$ .5150	**$ .5150**

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

Verizon Communications Inc.

Condensed Consolidated Statements of Cash Flows

(dollars in millions)

Unaudited	12 Months Ended 12/31/11	12 Months Ended 12/31/12	**6 Months Ended 06/30/13**
Cash Flows From Operating Activities			
Net Income	$ 10,198	$ 10,557	**$ 10,053**
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	16,496	16,460	**8,269**
Employee retirement benefits	7,426	8,198	**354**
Deferred income taxes	(223)	(952)	**1,812**
Provision for uncollectible accounts	1,026	972	**507**
Equity in earnings of unconsolidated businesses, net of dividends received	36	77	**(95)**
Changes in current assets and liabilities, net of effects from acquisition/ disposition of businesses	(2,279)	(403)	**(1,660)**
Other, net	(2,900)	(3,423)	**(2,092)**
Net cash provided by operating activities	29,780	31,486	**17,148**
Cash Flows From Investing Activities			
Capital expenditures (including capitalized software)	(16,244)	(16,175)	**(7,616)**
Acquisitions of investments and businesses, net of cash acquired	(1,797)	(913)	**(76)**
Acquisitions of wireless licenses, net	(221)	(3,935)	**(264)**
Net change in short-term investments	35	27	**(21)**
Other, net	977	494	**142**
Net cash used in investing activities	(17,250)	(20,502)	**(7,835)**
Cash Flows From Financing Activities			
Proceeds from long-term borrowings	11,060	4,489	**499**
Repayments of long-term borrowings and capital lease obligations	(11,805)	(6,403)	**(2,330)**
Increase (decrease) in short-term obligations, excluding current maturities	1,928	(1,437)	**(432)**
Dividends paid	(5,555)	(5,230)	**(2,946)**
Proceeds from sale of common stock	241	315	**74**
Purchase of common stock for treasury	-	-	**(153)**
Special distribution to noncontrolling interests	-	(8,325)	**(3,150)**
Other, net	(1,705)	(4,662)	**(2,180)**
Net cash used in financing activities	(5,836)	(21,253)	**(10,618)**
Increase (decrease) in cash and cash equivalents	6,694	(10,269)	**(1,305)**
Cash and cash equivalents, beginning of period	6,668	13,362	**3,093**
Cash and cash equivalents, end of period	$ 13,362	$ 3,093	**$ 1,788**

Verizon Communications Inc.

Condensed Consolidated Statements of Cash Flows

(dollars in millions)

Unaudited	9 Months Ended 9/30/11	12 Months Ended 12/31/11	3 Months Ended 3/31/12	6 Months Ended 6/30/12	9 Months Ended 9/30/12	12 Months Ended 12/31/12	3 Months Ended 3/31/13	**6 Months Ended 06/30/13**
Cash Flows From Operating Activities								
Net Income	$10,410	$10,198	$ 3,906	$ 8,191	$ 12,483	$ 10,557	$ 4,855	**$ 10,053**
Adjustments to reconcile net income to net cash provided by operating activities:								
Depreciation and amortization expense	12,316	16,496	4,028	8,156	12,323	16,460	4,118	**8,269**
Employee retirement benefits	1,428	7,426	375	751	1,126	8,198	295	**354**
Deferred income taxes	1,901	(223)	656	1,237	1,665	(952)	878	**1,812**
Provision for uncollectible accounts	754	1,026	278	521	709	972	260	**507**
Equity in earnings of unconsolidated businesses, net of dividends received	102	36	(89)	(149)	(197)	77	14	**(95)**
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	(2,553)	(2,279)	(1,580)	(1,136)	(197)	(403)	(1,491)	**(1,660)**
Other, net	(2,846)	(2,900)	(1,617)	(2,300)	(3,154)	(3,423)	(1,398)	**(2,092)**
Net cash provided by operating activities	21,512	29,780	5,957	15,271	24,758	31,486	7,531	**17,148**
Cash Flows From Investing Activities								
Capital expenditures (including capitalized software)	(12,546)	(16,244)	(3,565)	(7,430)	(11,315)	(16,175)	(3,602)	**(7,616)**
Acquisitions of investments and businesses, net of cash acquired	(1,678)	(1,797)	(140)	(203)	(838)	(913)	(21)	**(76)**
Acquisitions of wireless licenses, net	(176)	(221)	(25)	(33)	(3,816)	(3,935)	(117)	**(264)**
Net change in short-term investments	43	35	16	21	28	27	18	**(21)**
Other, net	945	977	41	61	516	494	123	**142**
Net cash used in investing activities	(13,412)	(17,250)	(3,673)	(7,584)	(15,425)	(20,502)	(3,599)	**(7,835)**
Cash Flows From Financing Activities								
Proceeds from long-term borrowings	6,510	11,060	-	-	-	4,489	500	**499**
Repayments of long-term borrowings and capital lease obligations	(7,420)	(11,805)	(1,828)	(1,891)	(2,878)	(6,403)	(73)	**(2,330)**
Increase (decrease) in short-term obligations, excluding current maturities	1,817	1,928	(1,734)	(887)	375	(1,437)	581	**(432)**
Dividends paid	(4,139)	(5,555)	(1,291)	(2,587)	(3,887)	(5,230)	(1,472)	**(2,946)**
Proceeds from sale of common stock	139	241	69	210	278	315	56	**74**
Purchase of common stock for treasury	-	-	-	-	-	-	(153)	**(153)**
Special distribution to noncontrolling interests	-	-	(4,500)	(4,500)	(4,500)	(8,325)	-	**(3,150)**
Other, net	(1,351)	(1,705)	(453)	(1,393)	(2,369)	(4,662)	(989)	**(2,180)**
Net cash used in financing activities	(4,444)	(5,836)	(9,737)	(11,048)	(12,981)	(21,253)	(1,550)	**(10,618)**
Increase (decrease) in cash and cash equivalents	3,656	6,694	(7,453)	(3,361)	(3,648)	(10,269)	2,382	**(1,305)**
Cash and cash equivalents, beginning of period	6,668	6,668	13,362	13,362	13,362	13,362	3,093	**3,093**
Cash and cash equivalents, end of period	$10,324	$13,362	$ 5,909	$ 10,001	$ 9,714	$ 3,093	$ 5,475	**$ 1,788**

Wireless

Verizon Communications Inc.

Wireless – Selected Financial Results

(dollars in millions)

Unaudited	2011 3Q	2011 4Q	2012 1Q	2012 2Q	2012 3Q	2012 4Q	2013 1Q	**2013 2Q**
Operating Revenues								
Retail service	$14,405	$14,562	$14,886	$15,230	$15,538	$15,786	$16,169	**$ 16,422**
Other service	628	544	524	546	616	607	559	**656**
Service	15,033	15,106	15,410	15,776	16,154	16,393	16,728	**17,078**
Equipment	1,800	2,215	1,838	1,768	1,858	2,559	1,813	**1,953**
Other	893	933	1,025	1,033	1,012	1,042	982	**945**
Total Operating Revenues	17,726	18,254	18,273	18,577	19,024	19,994	19,523	**19,976**
Operating Expenses								
Cost of services and sales	5,670	6,707	5,910	5,558	5,690	7,332	5,651	**5,799**
Selling, general & administrative expense	4,867	5,167	5,228	5,295	5,250	5,877	5,448	**5,666**
Depreciation and amortization expense	2,040	2,045	1,918	2,011	2,037	1,994	2,006	**2,047**
Total Operating Expenses	12,577	13,919	13,056	12,864	12,977	15,203	13,105	**13,512**
Operating Income	$ 5,149	$ 4,335	$ 5,217	$ 5,713	$ 6,047	$ 4,791	$ 6,418	**$ 6,464**
Operating Income Margin	29.0%	23.7%	28.6%	30.8%	31.8%	24.0%	32.9%	**32.4%**
Segment EBITDA	$ 7,189	$ 6,380	$ 7,135	$ 7,724	$ 8,084	$ 6,785	$ 8,424	**$ 8,511**
Segment EBITDA Service Margin	47.8%	42.2%	46.3%	49.0%	50.0%	41.4%	50.4%	**49.8%**

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

Verizon Communications Inc.

Wireless – Selected Operating Statistics

Unaudited	2011 3Q	2011 4Q	2012 1Q	2012 2Q	2012 3Q	2012 4Q	2013 1Q	2013 2Q
Connections ('000)								
Retail postpaid	86,175	87,382	87,963	88,838	90,354	92,530	93,186	**94,271**
Retail prepaid	4,533	4,785	5,025	5,316	5,545	5,700	5,744	**5,853**
Retail	90,708	92,167	92,988	94,154	95,899	98,230	98,930	**100,124**
Net Add Detail ('000) (1)								
Retail postpaid	882	1,207	501	888	1,535	2,100	677	**941**
Retail prepaid	86	252	233	290	228	142	43	**97**
Retail	968	1,459	734	1,178	1,763	2,242	720	**1,038**
Account Statistics								
Retail postpaid accounts ('000)	34,444	34,561	34,569	34,646	34,796	35,057	34,943	**34,958**
Retail postpaid ARPA	$136.57	$137.69	$140.58	$143.32	$145.42	$146.80	$ 150.27	**152.50**
Retail postpaid connections per account	2.50	2.53	2.54	2.56	2.60	2.64	2.67	**2.70**
Churn Detail								
Retail postpaid	0.94%	0.94%	0.96%	0.84%	0.91%	0.95%	1.01%	**0.93%**
Retail	1.26%	1.23%	1.24%	1.11%	1.18%	1.24%	1.30%	**1.23%**
Retail Postpaid Connection Statistics								
Total Smartphone postpaid % of phones activated	58.3%	69.5%	71.1%	71.6%	77.3%	85.4%	84.3%	**84.4%**
Total Smartphone postpaid phone base	39.2%	43.5%	46.8%	49.7%	53.2%	58.1%	61.4%	**64.4%**
Total Internet postpaid base	7.8%	8.1%	8.3%	8.5%	8.8%	9.3%	9.6%	**9.9%**
Other Operating Statistics								
Capital expenditures ($M)	$ 1,784	$ 1,787	$ 1,885	$ 2,048	$ 2,133	$ 2,791	$ 1,992	**2,278**

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

Verizon Communications Inc.

Wireline – Selected Financial Results

(dollars in millions)

	2011		2012				**2013**	
Unaudited	3Q	4Q	1Q	2Q	3Q	4Q	1Q	**2Q**
Operating Revenues								
Consumer retail	$ 3,400	$ 3,429	$ 3,441	$ 3,478	$ 3,555	$ 3,569	$ 3,589	**$ 3,643**
Small business	670	684	662	667	670	660	651	**648**
Mass Markets	4,070	4,113	4,103	4,145	4,225	4,229	4,240	**4,291**
Strategic services	1,926	1,984	1,969	1,983	2,010	2,090	2,087	**2,079**
Core	1,995	1,945	1,883	1,837	1,771	1,756	1,666	**1,557**
Global Enterprise	3,921	3,929	3,852	3,820	3,781	3,846	3,753	**3,636**
Global Wholesale	1,963	1,938	1,861	1,827	1,782	1,770	1,727	**1,686**
Other	195	159	129	139	126	145	110	**121**
Total Operating Revenues	10,149	10,139	9,945	9,931	9,914	9,990	9,830	**9,734**
Operating Expenses								
Cost of services and sales	5,681	5,511	5,572	5,500	5,463	5,878	5,457	**5,407**
Selling, general & administrative expense	2,296	2,213	2,126	2,141	2,303	2,313	2,265	**2,168**
Depreciation and amortization expense	2,119	2,115	2,090	2,102	2,107	2,125	2,095	**2,085**
Total Operating Expenses	10,096	9,839	9,788	9,743	9,873	10,316	9,817	**9,660**
Operating Income (Loss)	$ 53	$ 300	$ 157	$ 188	$ 41	$ (326)	$ 13	**$ 74**
Operating Income Margin	0.5%	3.0%	1.6%	1.9%	0.4%	(3.3)%	0.1%	**0.8%**
Segment EBITDA	$ 2,172	$ 2,415	$ 2,247	$ 2,290	$ 2,148	$ 1,799	$ 2,108	**$ 2,159**
Segment EBITDA Margin	21.4%	23.8%	22.6%	23.1%	21.7%	18.0%	21.4%	**22.2%**

Footnotes:

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

Intersegment transactions have not been eliminated.

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

Verizon Communications Inc.

Wireline – Selected Operating Statistics

	2011		2012				2013	
Unaudited	3Q	4Q	1Q	2Q	3Q	4Q	1Q	**2Q**
Connections ('000)								
FiOS Video Subscribers	3,979	4,173	4,353	4,473	4,592	4,726	4,895	**5,035**
FiOS Internet Subscribers	4,616	4,817	5,010	5,144	5,280	5,424	5,612	**5,773**
FiOS Digital Voice residence connections	1,460	1,884	2,298	2,648	2,938	3,227	3,531	**3,817**
FiOS Digital connections	10,055	10,874	11,661	12,265	12,810	13,377	14,038	**14,625**
HSI	3,956	3,853	3,764	3,632	3,488	3,371	3,282	**3,166**
Total Broadband connections	8,572	8,670	8,774	8,776	8,768	8,795	8,894	**8,939**
Primary residence switched access connections	10,456	9,906	9,344	8,843	8,384	7,982	7,593	**7,200**
Primary residence connections	11,916	11,790	11,642	11,491	11,322	11,209	11,124	**11,017**
Total retail residence voice connections	12,809	12,626	12,421	12,222	12,005	11,849	11,725	**11,583**
Total voice connections	24,519	24,137	23,700	23,278	22,847	22,503	22,191	**21,828**
Net Add Detail ('000)								
FiOS Video Subscribers	131	194	180	120	119	134	169	**140**
FiOS Internet Subscribers	138	201	193	134	136	144	188	**161**
FiOS Digital Voice residence connections	265	424	414	350	290	289	304	**286**
FiOS Digital connections	534	819	787	604	545	567	661	**587**
HSI	(118)	(103)	(89)	(132)	(144)	(117)	(89)	**(116)**
Total Broadband connections	20	98	104	2	(8)	27	99	**45**
Primary residence switched access connections	(490)	(550)	(562)	(501)	(459)	(402)	(389)	**(393)**
Primary residence connections	(225)	(126)	(148)	(151)	(169)	(113)	(85)	**(107)**
Total retail residence voice connections	(278)	(183)	(205)	(199)	(217)	(156)	(124)	**(142)**
Total voice connections	(478)	(382)	(437)	(422)	(431)	(344)	(312)	**(363)**
Revenue & ARPU Statistics								
Consumer ARPU	$ 94.20	$ 96.43	$ 97.88	$100.26	$103.86	$105.63	$107.15	**$109.67**
FiOS revenues ($M)	$ 2,109	$ 2,216	$ 2,288	$ 2,380	$ 2,489	$ 2,565	$ 2,633	**$ 2,731**
Strategic services as a % of total Enterprise revenues	49.1%	50.5%	51.1%	51.9%	53.2%	54.3%	55.6%	**57.2%**
Other Operating Statistics								
Capital expenditures ($M)	$ 1,617	$ 1,632	$ 1,537	$ 1,596	$ 1,484	$ 1,725	$ 1,434	**$ 1,515**
Wireline employees (K)	92.8	91.8	90.8	88.6	87.4	86.4	85.2	**84.7**
FiOS Video Open for Sale (K)	13,023	13,250	13,460	13,721	13,957	14,200	14,374	**14,607**
FiOS Video penetration	30.6%	31.5%	32.3%	32.6%	32.9%	33.3%	34.1%	**34.5%**
FiOS Internet Open for Sale (K)	13,358	13,585	13,780	14,044	14,283	14,528	14,703	**14,943**
FiOS Internet penetration	34.6%	35.5%	36.4%	36.6%	37.0%	37.3%	38.2%	**38.6%**

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.

Non-GAAP Reconciliations

As of June 30, 2013

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 Income

Verizon Consolidated Adjusted Operating Income (Adjusted Operating Income) is a non-GAAP measure and does not purport to be an alternative to GAAP items as a measure of operating performance. Management believes that this measure is useful 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. Adjusted Operating Income is calculated by excluding from operating revenues and operating expenses items that are of a non-operational nature.

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 Adjusted EBITDA margin is calculated by dividing Consolidated Adjusted EBITDA by Consolidated 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 data 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 expenses to Wireless Segment Operating Income, 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 rather than Wireless total operating 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 expenses 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

Adjusted Earnings Per Common Share (Adjusted EPS) is a non-GAAP financial measure that management believes is useful to investors in evaluating our operating results and understanding our operating trends. Adjusted EPS is calculated by adding back the EPS impact of non-operational or non-recurring items to reported EPS.

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 twelve 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.

Definitions – Non-GAAP Measures

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.

Verizon Communications Inc.

Consolidated Reconciliations

(dollars in millions)

Unaudited	3 Months Ended 6/30/12	**3 Months Ended 6/30/13**
Consolidated Operating Revenues	$28,552	**$ 29,786**

(dollars in millions)

Unaudited	3 Months Ended 9/30/11	3 Months Ended 12/31/11	3 Months Ended 3/31/12	3 Months Ended 6/30/12	3 Months Ended 9/30/12	3 Months Ended 12/31/12	3 Months Ended 3/31/13	**3 Months Ended 6/30/13**
Adjusted EBITDA - Verizon								
Verizon Consolidated EBITDA								
Consolidated net income (loss)	$ 3,542	$ (212)	$ 3,906	$ 4,285	$ 4,292	$ (1,926)	$ 4,855	**$ 5,198**
Add/Subtract non-operating items:								
Provision (Benefit) for income taxes	556	(1,590)	726	793	631	(2,810)	864	**988**
Interest expense	698	703	685	679	632	575	537	**514**
Other (income) and expense, net	(24)	84	(19)	(34)	(10)	1,079	(39)	**(25)**
Equity in earnings of unconsolidated businesses	(125)	(97)	(103)	(72)	(62)	(87)	5	**(120)**
Operating Income (Loss)	4,647	(1,112)	5,195	5,651	5,483	(3,169)	6,222	**6,555**
Add: Depreciation and amortization expense	4,179	4,180	4,028	4,128	4,167	4,137	4,118	**4,151**
Consolidated EBITDA	$ 8,826	$ 3,068	$ 9,223	$ 9,779	$ 9,650	$ 968	$ 10,340	**$ 10,706**
Operating Income (Loss)	4,647	(1,112)	5,195	5,651	5,483	(3,169)	6,222	**6,555**
Add/Subtract other items (before tax):								
Severance, Pension & Benefit Charges/(Crec	329	5,625	-	-	-	7,186	-	**(237)**
Litigation Settlements	-	-	-	-	384	-	-	**-**
Other Non-Operational Costs	-	-	-	-	-	276	-	**-**
Adjusted Operating Income	4,976	4,513	5,195	5,651	5,867	4,293	6,222	**6,318**
Add: Depreciation and amortization expense	4,179	4,180	4,028	4,128	4,167	4,137	4,118	**4,151**
Consolidated Adjusted EBITDA	$ 9,155	$ 8,693	$ 9,223	$ 9,779	$ 10,034	$ 8,430	$ 10,340	**$ 10,469**
Consolidated Operating Income Margin				19.8%				**22.0%**
Consolidated Adjusted EBITDA Margin				34.2%				**35.1%**

(dollars in millions)

Unaudited	9/30/11	12/31/11	3/31/12	6/30/12	9/30/12	12/31/12	3/31/13	**6/30/13**
Net Debt to Adjusted EBITDA Ratio								
Verizon Net Debt								
Debt maturing within one year	$ 8,630	$ 4,849	$ 3,121	$ 5,912	$ 6,335	$ 4,369	$ 10,888	**$ 7,961**
Long-term debt	46,285	50,303	48,476	46,479	46,467	47,618	41,993	**41,791**
Total Debt	54,915	55,152	51,597	52,391	52,802	51,987	52,881	**49,752**
Less: Cash and cash equivalents	10,324	13,362	5,909	10,001	9,714	3,093	5,475	**1,788**
Net Debt	$44,591	$41,790	$45,688	$42,390	$ 43,088	$ 48,894	$ 47,406	**$ 47,964**
Net Debt to Adjusted EBITDA Ratio				1.2x	1.1x	1.3x	1.2x	**1.2x**

Earnings Per Share Reconciliations

Unaudited	3 Months Ended 6/30/12	6 Months Ended 6/30/12	**3 Months Ended 6/30/13**	**6 Months Ended 6/30/13**
Adjusted EPS - Verizon				
Reported EPS	$ 0.64	$ 1.23	**$ 0.78**	**$ 1.46**
Severance, Pension, and Benefit Charges	-	-	**(0.05)**	**(0.05)**
Adjusted EPS	$ 0.64	$ 1.23	**$ 0.73**	**$ 1.41**

Free Cash Flow Reconciliations

(dollars in millions)

Unaudited	6 Months Ended 6/30/12	**6 Months Ended 6/30/13**
Free Cash Flow - Verizon		
Verizon Free Cash Flow		
Net cash provided by operating activities	$ 15,271	**$ 17,148**
Less: Capital expenditures	7,430	**7,616**
Free Cash Flow	$ 7,841	**$ 9,532**

Verizon Communications Inc.

Wireless Reconciliations

(dollars in millions)

Unaudited	3 Months Ended 9/30/11	3 Months Ended 12/31/11	3 Months Ended 3/31/12	3 Months Ended 6/30/12	3 Months Ended 9/30/12	3 Months Ended 12/31/12	3 Months Ended 3/31/13	**3 Months Ended 6/30/13**
Wireless Segment EBITDA								
Operating Income	$ 5,149	$ 4,335	$ 5,217	$ 5,713	$ 6,047	$ 4,791	$ 6,418	**$ 6,464**
Add: Depreciation and amortization expense	2,040	2,045	1,918	2,011	2,037	1,994	2,006	**2,047**
Wireless Segment EBITDA	$ 7,189	$ 6,380	$ 7,135	$ 7,724	$ 8,084	$ 6,785	$ 8,424	**$ 8,511**
Wireless total operating revenues	$ 17,726	$ 18,254	$ 18,273	$ 18,577	$ 19,024	$ 19,994	$ 19,523	**$ 19,976**
Wireless service revenues	$ 15,033	$ 15,106	$ 15,410	$ 15,776	$ 16,154	$ 16,393	$ 16,728	**$ 17,078**
Wireless Operating Income Margin	29.0%	23.7%	28.6%	30.8%	31.8%	24.0%	32.9%	**32.4%**
Wireless Segment EBITDA Service Margin	47.8%	42.2%	46.3%	49.0%	50.0%	41.4%	50.4%	**49.8%**

Wireline Reconciliations

(dollars in millions)

Unaudited	3 Months Ended 9/30/11	3 Months Ended 12/31/11	3 Months Ended 3/31/12	3 Months Ended 6/30/12	3 Months Ended 9/30/12	3 Months Ended 12/31/12	3 Months Ended 3/31/13	**3 Months Ended 6/30/13**
Wireline Segment EBITDA								
Operating Income (Loss)	$ 53	$ 300	$ 157	$ 188	$ 41	$ (326)	$ 13	**$ 74**
Add: Depreciation and amortization expense	2,119	2,115	2,090	2,102	2,107	2,125	2,095	**2,085**
Wireline Segment EBITDA	$ 2,172	$ 2,415	$ 2,247	$ 2,290	$ 2,148	$ 1,799	$ 2,108	**$ 2,159**
Wireline total operating revenues	$ 10,149	$ 10,139	$ 9,945	$ 9,931	$ 9,914	$ 9,990	$ 9,830	**$ 9,734**
Wireline Operating Income Margin	0.5%	3.0%	1.6%	1.9%	0.4%	(3.3)%	0.1%	**0.8%**
Wireline Segment EBITDA Margin	21.4%	23.8%	22.6%	23.1%	21.7%	18.0%	21.4%	**22.2%**