

Condensed Consolidated Statements of Income

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 6/30/11	3 Mos. Ended 6/30/10	% Change	6 Mos. Ended 6/30/11	6 Mos. Ended 6/30/10	% Change
Operating Revenues	\$ 27,536	\$ 26,773	2.8	\$ 54,526	\$ 53,686	1.6
Operating Expenses						
Cost of services and sales	11,158	12,216	(8.7)	22,387	22,868	(2.1)
Selling, general & administrative expense	7,373	9,970	(26.0)	14,657	17,668	(17.0)
Depreciation and amortization expense	4,113	4,177	(1.5)	8,137	8,299	(2.0)
Total Operating Expenses	<u>22,644</u>	<u>26,363</u>	(14.1)	<u>45,181</u>	<u>48,835</u>	(7.5)
Operating Income	4,892	410	*	9,345	4,851	92.6
Equity in earnings of unconsolidated businesses	121	121	-	222	254	(12.6)
Other income and (expense), net	10	16	(37.5)	46	62	(25.8)
Interest expense	(717)	(679)	5.6	(1,426)	(1,359)	4.9
Income (Loss) Before (Provision) Benefit for Income Taxes	4,306	(132)	*	8,187	3,808	*
(Provision) benefit for income taxes	(702)	685	*	(1,319)	(937)	40.8
Net Income	<u>\$ 3,604</u>	<u>\$ 553</u>	*	<u>\$ 6,868</u>	<u>\$ 2,871</u>	*
Net income attributable to noncontrolling interest	\$ 1,995	\$ 1,745	14.3	\$ 3,820	\$ 3,620	5.5
Net income (loss) attributable to Verizon	1,609	(1,192)	*	3,048	(749)	*
Net Income	<u>\$ 3,604</u>	<u>\$ 553</u>	*	<u>\$ 6,868</u>	<u>\$ 2,871</u>	*
Basic Earnings (Loss) per Common Share						
Net income (loss) attributable to Verizon	\$.57	\$ (.42)	*	\$ 1.08	\$ (.26)	*
Weighted average number of common shares (in millions)	2,832	2,827		2,831	2,831	
Diluted Earnings (Loss) per Common Share ⁽¹⁾						
Net income (loss) attributable to Verizon	\$.57	\$ (.42)	*	\$ 1.07	\$ (.26)	*
Weighted average number of common shares-assuming dilution (in millions)	2,838	2,827		2,837	2,831	

Footnotes:

(1) If there is a net loss, diluted EPS is the same as basic EPS. Diluted Earnings per Share includes the dilutive effect of shares issuable under our stock-based compensation plans.

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

* Not meaningful

Condensed Consolidated Balance Sheets

(dollars in millions)

Unaudited	6/30/11	12/31/10	\$ Change
Assets			
Current assets			
Cash and cash equivalents	\$ 6,240	\$ 6,668	\$ (428)
Short-term investments	588	545	43
Accounts receivable, net	11,483	11,781	(298)
Inventories	1,270	1,131	139
Prepaid expenses and other	2,891	2,223	668
Total current assets	22,472	22,348	124
Plant, property and equipment	212,949	211,655	1,294
Less accumulated depreciation	123,552	123,944	(392)
	89,397	87,711	1,686
Investments in unconsolidated businesses	3,908	3,497	411
Wireless licenses	73,151	72,996	155
Goodwill	23,480	21,988	1,492
Other intangible assets, net	5,945	5,830	115
Other assets	5,403	5,635	(232)
Total Assets	\$ 223,756	\$ 220,005	\$ 3,751
Liabilities and Equity			
Current liabilities			
Debt maturing within one year	\$ 6,055	\$ 7,542	\$ (1,487)
Accounts payable and accrued liabilities	14,238	15,702	(1,464)
Other	7,081	7,353	(272)
Total current liabilities	27,374	30,597	(3,223)
Long-term debt	47,927	45,252	2,675
Employee benefit obligations	27,589	28,164	(575)
Deferred income taxes	24,603	22,818	1,785
Other liabilities	5,551	6,262	(711)
Equity			
Common stock	297	297	-
Contributed capital	37,914	37,922	(8)
Reinvested earnings	4,656	4,368	288
Accumulated other comprehensive income	1,354	1,049	305
Common stock in treasury, at cost	(5,132)	(5,267)	135
Deferred compensation - employee stock ownership plans and other	259	200	59
Noncontrolling interest	51,364	48,343	3,021
Total equity	90,712	86,912	3,800
Total Liabilities and Equity	\$ 223,756	\$ 220,005	\$ 3,751

Verizon - Selected Financial and Operating Statistics

Unaudited	6/30/11	12/31/10
Total debt (in millions)	\$ 53,982	\$ 52,794
Net debt (in millions)	\$ 47,742	\$ 46,126
Net debt / Adjusted EBITDA ⁽¹⁾	1.4x	1.3x
Common shares outstanding end of period (in millions)	2,831	2,827
Total employees	195,900	194,400
Cash dividends declared per common share	\$ 0.4875	\$ 0.4875

Footnotes:

(1) The adjusted EBITDA excludes the effects of non-recurring or 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 6/30/11	6 Mos. Ended 6/30/10	\$ Change
Cash Flows From Operating Activities			
Net Income	\$ 6,868	\$ 2,871	\$ 3,997
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	8,137	8,299	(162)
Employee retirement benefits	726	3,988	(3,262)
Deferred income taxes	1,501	775	726
Provision for uncollectible accounts	498	680	(182)
Equity in earnings of unconsolidated businesses, net of dividends received	(195)	(227)	32
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	(2,361)	1,502	(3,863)
Other, net	(2,382)	(1,081)	(1,301)
Net cash provided by operating activities	12,792	16,807	(4,015)
Cash Flows From Investing Activities			
Capital expenditures (including capitalized software)	(8,918)	(7,619)	(1,299)
Acquisitions of licenses, investments and businesses, net of cash acquired	(1,668)	(538)	(1,130)
Proceeds from dispositions	-	2,594	(2,594)
Net change in short-term investments	47	(17)	64
Other, net	667	37	630
Net cash used in investing activities	(9,872)	(5,543)	(4,329)
Cash Flows From Financing Activities			
Proceeds from long-term borrowings	6,440	-	6,440
Repayments of long-term borrowings and capital lease obligations	(7,356)	(4,594)	(2,762)
Increase (decrease) in short-term obligations, excluding current maturities	1,012	(97)	1,109
Dividends paid	(2,759)	(2,690)	(69)
Proceeds from sale of common stock	122	-	122
Other, net	(807)	(1,131)	324
Net cash used in financing activities	(3,348)	(8,512)	5,164
Increase (decrease) in cash and cash equivalents	(428)	2,752	(3,180)
Cash and cash equivalents, beginning of period	6,668	2,009	4,659
Cash and cash equivalents, end of period	\$ 6,240	\$ 4,761	\$ 1,479

Verizon Wireless – Selected Financial Results

(dollars in millions)

Unaudited	3 Mos. Ended 6/30/11	3 Mos. Ended 6/30/10	% Change	6 Mos. Ended 6/30/11	6 Mos. Ended 6/30/10	% Change
Revenues						
Retail service	\$ 14,019	\$ 13,282	5.5	\$ 27,693	\$ 26,316	5.2
Other service	688	520	32.3	1,325	952	39.2
Service	14,707	13,802	6.6	29,018	27,268	6.4
Equipment	1,753	1,024	71.2	3,442	2,016	70.7
Other	833	871	(4.4)	1,714	1,725	(0.6)
Total Revenues	17,293	15,697	10.2	34,174	31,009	10.2
Operating Expenses						
Cost of services and sales	5,829	4,736	23.1	11,709	9,411	24.4
Selling, general & administrative expense	4,794	4,451	7.7	9,545	8,943	6.7
Depreciation and amortization expense	1,978	1,827	8.3	3,877	3,639	6.5
Total Operating Expenses	12,601	11,014	14.4	25,131	21,993	14.3
Operating Income	\$ 4,692	\$ 4,683	0.2	\$ 9,043	\$ 9,016	0.3
Operating Income Margin	27.1%	29.8%		26.5%	29.1%	
Segment EBITDA	\$ 6,670	\$ 6,510	2.5	\$ 12,920	\$ 12,655	2.1
Segment EBITDA Service Margin	45.4%	47.2%		44.5%	46.4%	

Footnotes:

The segment financial results and metrics above are adjusted to exclude the effects of non-recurring or 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	6/30/11	6/30/10	% Change
Connections (000)			
Retail postpaid	85,290	81,573	4.6
Retail prepaid	4,445	4,603	(3.4)
Retail	89,735	86,176	4.1
Wholesale & other connections	16,557	13,560	22.1
Total connections	106,292	99,736	6.6

Unaudited	3 Mos. Ended 6/30/11	3 Mos. Ended 6/30/10	% Change	6 Mos. Ended 6/30/11	6 Mos. Ended 6/30/10	% Change
Net Add Detail ⁽¹⁾ (000)						
Retail postpaid	1,257	661	90.2	2,163	1,073	*
Retail prepaid	61	(200)	*	34	(346)	*
Retail	1,318	461	*	2,197	727	*
Wholesale & other connections	890	1,161	(23.3)	1,787	2,401	(25.6)
Total connections	2,208	1,622	36.1	3,984	3,128	27.4

Churn Detail					
Retail postpaid	0.89%	0.93%		0.95%	0.99%
Retail	1.22%	1.31%		1.28%	1.36%

Revenue & ARPU Statistics

Total data revenues (in millions)	\$	5,810	\$	4,756	22.2	\$	11,268	\$	9,220	22.2
Retail postpaid data ARPU	\$	21.26	\$	18.45	15.2	\$	20.89	\$	17.97	16.2
Total data as a % of service revenues		39.5%		34.5%			38.8%		33.8%	
Retail service ARPU	\$	52.49	\$	51.53	1.9	\$	52.18	\$	51.16	2.0
Retail postpaid ARPU	\$	54.12	\$	53.12	1.9	\$	53.82	\$	52.74	2.0

Retail Postpaid Connection Statistics

Total Smartphone postpaid % of phones sold	59.5%	39.5%		59.7%	37.6%
Total Smartphone postpaid phone base	35.9%	21.3%		35.9%	21.3%
Total Internet postpaid base	7.5%	6.5%		7.5%	6.5%

Other Operating Statistics

Capital expenditures (in millions)	\$	2,667	\$	2,262	17.9	\$	5,402	\$	4,032	34.0
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Footnotes:

(1) Connection net additions exclude acquisitions and adjustments.

The segment financial results and metrics above are adjusted to exclude the effects of non-recurring or 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.

* Not meaningful

Wireline – Selected Financial Results

(dollars in millions)

Unaudited	3 Mos. Ended 6/30/11	3 Mos. Ended 6/30/10	% Change	6 Mos. Ended 6/30/11	6 Mos. Ended 6/30/10	% Change
Operating Revenues						
Consumer retail	\$ 3,394	\$ 3,350	1.3	\$ 6,777	\$ 6,670	1.6
Small business	682	720	(5.3)	1,377	1,428	(3.6)
Mass Markets	4,076	4,070	0.1	8,154	8,098	0.7
Strategic services	1,908	1,620	17.8	3,682	3,193	15.3
Other	2,048	2,199	(6.9)	4,090	4,405	(7.2)
Global Enterprise	3,956	3,819	3.6	7,772	7,598	2.3
Global Wholesale	2,030	2,192	(7.4)	4,072	4,491	(9.3)
Other	185	196	(5.6)	396	465	(14.8)
Total Operating Revenues	10,247	10,277	(0.3)	20,394	20,652	(1.2)
Operating Expenses						
Cost of services and sales	5,504	5,611	(1.9)	10,966	11,352	(3.4)
Selling, general & administrative expense	2,308	2,359	(2.2)	4,598	4,809	(4.4)
Depreciation and amortization expense	2,117	2,100	0.8	4,224	4,163	1.5
Total Operating Expenses	9,929	10,070	(1.4)	19,788	20,324	(2.6)
Operating Income	\$ 318	\$ 207	53.6	\$ 606	\$ 328	84.8
Operating Income Margin	3.1%	2.0%		3.0%	1.6%	
Segment EBITDA	\$ 2,435	\$ 2,307	5.5	\$ 4,830	\$ 4,491	7.5
Segment EBITDA Margin	23.8%	22.4%		23.7%	21.7%	

Footnotes:

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

Intersegment transactions have not been eliminated.

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

Wireline – Selected Operating Statistics

Unaudited	6/30/11	6/30/10	% Change
Connections (000)			
FiOS TV Subscribers	3,848	3,086	24.7
FiOS Internet Subscribers	4,478	3,659	22.4
FiOS Digital Voice residence connections	1,195	346	*
FiOS Digital connections	9,521	7,091	34.3
HSI and other	4,074	4,620	(11.8)
Total Broadband connections	8,552	8,279	3.3
Primary residence switched access connections	10,946	12,739	(14.1)
Primary residence connections	12,141	13,085	(7.2)
Total retail residence voice connections	13,087	14,252	(8.2)
Total voice connections	24,997	27,138	(7.9)

Unaudited	3 Mos. Ended 6/30/11	3 Mos. Ended 6/30/10	% Change	6 Mos. Ended 6/30/11	6 Mos. Ended 6/30/10	% Change
Net Add Detail (000)						
FiOS TV Subscribers	184	172	7.0	376	336	11.9
FiOS Internet Subscribers	189	193	(2.1)	396	373	6.2
FiOS Digital Voice residence connections	218	253	(13.8)	378	327	15.6
FiOS Digital connections	591	618	(4.4)	1,150	1,036	11.0
HSI and other	(127)	(155)	(18.1)	(236)	(254)	(7.1)
Total Broadband connections	62	38	63.2	160	119	34.5
Primary residence switched access connections	(413)	(519)	(20.4)	(811)	(904)	(10.3)
Primary residence connections	(195)	(266)	(26.7)	(433)	(577)	(25.0)
Total retail residence voice connections	(240)	(335)	(28.4)	(529)	(713)	(25.8)
Total voice connections	(457)	(581)	(21.3)	(1,004)	(1,185)	(15.3)

Revenue & ARPU Statistics

Consumer ARPU	\$ 92.44	\$ 84.48	9.4	\$ 91.41	\$ 83.12	10.0
FiOS revenues (in millions)	\$ 2,027	\$ 1,680	20.7	\$ 3,968	\$ 3,249	22.1
Strategic services as a % of total Enterprise revenues	48.2%	42.4%		47.4%	42.0%	

Other Operating Statistics

Capital expenditures (in millions)	\$ 1,685	\$ 1,781	(5.4)	\$ 3,150	\$ 3,347	(5.9)
Wireline employees (000)				93.2	103.4	
FiOS Internet Open for Sale (000)				13,202	12,258	
FiOS Internet penetration				33.9%	29.9%	
FiOS Video Open for Sale (000)				12,870	11,802	
FiOS Video penetration				29.9%	26.1%	

Footnotes:

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

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* Not meaningful