Verizon Communications Inc.

Condensed Consolidated Statements of Income

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 9/30/11	3 Mos. Ended 9/30/10	% Change	9 Mos. Ended 9/30/11	9 Mos. Ended 9/30/10	% Change
Operating Revenues	$ 27,913	$ 26,484	5.4	$ 82,439	$ 80,170	2.8
Operating Expenses						
Cost of services and sales	11,398	10,671	6.8	33,785	33,539	0.7
Selling, general & administrative expense	7,689	8,407	(8.5)	22,346	26,075	(14.3)
Depreciation and amortization expense	4,179	4,023	3.9	12,316	12,322	-
Total Operating Expenses	23,266	23,101	0.7	68,447	71,936	(4.9)
Operating Income	4,647	3,383	37.4	13,992	8,234	69.9
Equity in earnings of unconsolidated businesses	125	141	(11.3)	347	395	(12.2)
Other income and (expense), net	24	(51)	*	70	11	*
Interest expense	(698)	(597)	16.9	(2,124)	(1,956)	8.6
Income Before Provision for Income Taxes	4,098	2,876	42.5	12,285	6,684	83.8
Provision for income taxes	(556)	(178)	*	(1,875)	(1,115)	68.2
Net Income	$ 3,542	$ 2,698	31.3	$ 10,410	$ 5,569	86.9
Net income attributable to noncontrolling interest	$ 2,163	$ 2,039	6.1	$ 5,983	$ 5,659	5.7
Net income (loss) attributable to Verizon	1,379	659	*	4,427	(90)	*
Net Income	$ 3,542	$ 2,698	31.3	$ 10,410	$ 5,569	86.9
Basic Earnings (Loss) per Common Share						
Net income (loss) attributable to Verizon	$ .49	$ .23	*	$ 1.56	$ (.03)	*
Weighted average number of common shares (in millions)	*2,834*	*2,829*		*2,832*	*2,830*	
Diluted Earnings (Loss) per Common Share [(1)]						
Net income (loss) attributable to Verizon	$ .49	$ .23	*	$ 1.56	$ (.03)	*
Weighted average number of common shares-assuming dilution (in millions)	*2,839*	*2,830*		*2,838*	*2,830*	

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

Verizon Communications Inc.

Condensed Consolidated Balance Sheets

(dollars in millions)

Unaudited	9/30/11	12/31/10	$ Change
Assets			
Current assets			
Cash and cash equivalents	$ 10,324	$ 6,668	$ 3,656
Short-term investments	534	545	(11)
Accounts receivable, net	11,648	11,781	(133)
Inventories	1,153	1,131	22
Prepaid expenses and other	4,111	2,223	1,888
Total current assets	27,770	22,348	5,422
Plant, property and equipment	214,798	211,655	3,143
Less accumulated depreciation	125,955	123,944	2,011
	88,843	87,711	1,132
Investments in unconsolidated businesses	3,461	3,497	(36)
Wireless licenses	73,203	72,996	207
Goodwill	23,541	21,988	1,553
Other intangible assets, net	5,915	5,830	85
Other assets	5,299	5,635	(336)
Total Assets	$ 228,032	$ 220,005	$ 8,027
Liabilities and Equity			
Current liabilities			
Debt maturing within one year	$ 8,630	$ 7,542	$ 1,088
Accounts payable and accrued liabilities	14,486	15,702	(1,216)
Other	11,520	7,353	4,167
Total current liabilities	34,636	30,597	4,039
Long-term debt	46,285	45,252	1,033
Employee benefit obligations	27,705	28,164	(459)
Deferred income taxes	26,412	22,818	3,594
Other liabilities	5,479	6,262	(783)
Equity			
Common stock	297	297	-
Contributed capital	37,912	37,922	(10)
Reinvested earnings	4,619	4,368	251
Accumulated other comprehensive income	1,037	1,049	(12)
Common stock in treasury, at cost	(5,112)	(5,267)	155
Deferred compensation - employee stock ownership plans and other	298	200	98
Noncontrolling interest	48,464	48,343	121
Total equity	87,515	86,912	603
Total Liabilities and Equity	$ 228,032	$ 220,005	$ 8,027

Verizon - Selected Financial and Operating Statistics

Unaudited	9/30/11	12/31/10
Total debt (in millions)	$ 54,915	$ 52,794
Net debt (in millions)	$ 44,591	$ 46,126
Net debt / Adjusted EBITDA [(1)]	1.3x	1.3x
Common shares outstanding end of period (in millions)	2,831	2,827
Total employees	195,400	194,400
Cash dividends declared per common share	$ 0.5000	$ 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.

Verizon Communications Inc.

Condensed Consolidated Statements of Cash Flows

(dollars in millions)

Unaudited	9 Mos. Ended 9/30/11	9 Mos. Ended 9/30/10	$ Change
Cash Flows From Operating Activities			
Net Income	$ 10,410	$ 5,569	$ 4,841
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	12,316	12,322	(6)
Employee retirement benefits	1,428	5,710	(4,282)
Deferred income taxes	1,901	1,611	290
Provision for uncollectible accounts	754	922	(168)
Equity in earnings of unconsolidated businesses, net of dividends received	102	82	20
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	(2,553)	640	(3,193)
Other, net	(2,846)	(1,742)	(1,104)
Net cash provided by operating activities	21,512	25,114	(3,602)
Cash Flows From Investing Activities			
Capital expenditures (including capitalized software)	(12,546)	(11,744)	(802)
Acquisitions of licenses, investments and businesses, net of cash acquired	(1,854)	(1,027)	(827)
Proceeds from dispositions	-	2,594	(2,594)
Net change in short-term investments	43	(34)	77
Other, net	945	151	794
Net cash used in investing activities	(13,412)	(10,060)	(3,352)
Cash Flows From Financing Activities			
Proceeds from long-term borrowings	6,510	-	6,510
Repayments of long-term borrowings and capital lease obligations	(7,420)	(7,941)	521
Increase (decrease) in short-term obligations, excluding current maturities	1,817	(1,097)	2,914
Dividends paid	(4,139)	(4,034)	(105)
Proceeds from sale of common stock	139	-	139
Proceeds from access line spin-off	-	3,083	(3,083)
Other, net	(1,351)	(1,680)	329
Net cash used in financing activities	(4,444)	(11,669)	7,225
Increase in cash and cash equivalents	3,656	3,385	271
Cash and cash equivalents, beginning of period	6,668	2,009	4,659
Cash and cash equivalents, end of period	$ 10,324	$ 5,394	$ 4,930

Verizon Communications Inc.

Verizon Wireless – Selected Financial Results

(dollars in millions)

Unaudited	3 Mos. Ended 9/30/11	3 Mos. Ended 9/30/10	% Change	9 Mos. Ended 9/30/11	9 Mos. Ended 9/30/10	% Change
Operating Revenues						
Retail service	$ 14,405	$ 13,479	6.9	$ 42,098	$ 39,795	5.8
Other service	628	689	(8.9)	1,953	1,641	19.0
Service	15,033	14,168	6.1	44,051	41,436	6.3
Equipment	1,800	1,276	41.1	5,242	3,292	59.2
Other	893	806	10.8	2,607	2,531	3.0
Total Operating Revenues	17,726	16,250	9.1	51,900	47,259	9.8
Operating Expenses						
Cost of services and sales	5,670	5,017	13.0	17,379	14,428	20.5
Selling, general & administrative expense	4,867	4,543	7.1	14,412	13,486	6.9
Depreciation and amortization expense	2,040	1,836	11.1	5,917	5,475	8.1
Total Operating Expenses	12,577	11,396	10.4	37,708	33,389	12.9
Operating Income	$ 5,149	$ 4,854	6.1	$ 14,192	$ 13,870	2.3
Operating Income Margin	29.0%	29.9%		27.3%	29.3%	
Segment EBITDA	$ 7,189	$ 6,690	7.5	$ 20,109	$ 19,345	3.9
Segment EBITDA Service Margin	47.8%	47.2%		45.6%	46.7%	

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 Communications Inc.

Verizon Wireless – Selected Operating Statistics

Unaudited	9/30/11	9/30/10	% Change
Connections (000)			
Retail postpaid	86,175	82,257	4.8
Retail prepaid	4,533	4,477	1.3
Retail	90,708	86,734	4.6
Wholesale & other connections	16,987	14,361	18.3
Total connections	107,695	101,095	6.5

Unaudited	3 Mos. Ended 9/30/11	3 Mos. Ended 9/30/10	% Change	9 Mos. Ended 9/30/11	9 Mos. Ended 9/30/10	% Change
Net Add Detail [1] (000)						
Retail postpaid	882	584	51.0	3,045	1,657	83.8
Retail prepaid	86	(137)	*	120	(483)	*
Retail	968	447	*	3,165	1,174	*
Wholesale & other connections	367	801	(54.2)	2,154	3,202	(32.7)
Total connections	1,335	1,248	7.0	5,319	4,376	21.5
Churn Detail						
Retail postpaid	0.94%	1.07%		0.95%	1.02%	
Retail	1.26%	1.43%		1.27%	1.39%	
Revenue & ARPU Statistics						
Total data revenues (in millions)	$ 6,100	$ 5,062	20.5	$ 17,368	$ 14,282	21.6
Retail postpaid data ARPU	$ 22.22	$ 19.21	15.7	$ 21.34	$ 18.39	16.0
Total data as a % of service revenues	40.6%	35.7%		39.4%	34.5%	
Retail service ARPU	$ 53.21	$ 51.95	2.4	$ 52.53	$ 51.42	2.2
Retail postpaid ARPU	$ 54.89	$ 53.61	2.4	$ 54.18	$ 53.03	2.2
Retail Postpaid Connection Statistics						
Total Smartphone postpaid % of phones sold	59.6%	42.8%		59.7%	39.5%	
Total Smartphone postpaid phone base				39.2%	24.4%	
Total Internet postpaid base				7.8%	6.7%	
Other Operating Statistics						
Capital expenditures (in millions)	$ 1,784	$ 2,173	(17.9)	$ 7,186	$ 6,205	15.8

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

Verizon Communications Inc.

Wireline – Selected Financial Results

(dollars in millions)

Unaudited	3 Mos. Ended 9/30/11	3 Mos. Ended 9/30/10	% Change	9 Mos. Ended 9/30/11	9 Mos. Ended 9/30/10	% Change
Operating Revenues						
Consumer retail	$ 3,400	$ 3,364	1.1	$ 10,177	$ 10,034	1.4
Small business	670	709	(5.5)	2,047	2,137	(4.2)
Mass Markets	4,070	4,073	(0.1)	12,224	12,171	0.4
Strategic services	1,935	1,674	15.6	5,617	4,867	15.4
Other	1,986	2,167	(8.4)	6,076	6,572	(7.5)
Global Enterprise	3,921	3,841	2.1	11,693	11,439	2.2
Global Wholesale	1,963	2,157	(9.0)	6,035	6,648	(9.2)
Other	195	215	(9.3)	591	680	(13.1)
Total Operating Revenues	10,149	10,286	(1.3)	30,543	30,938	(1.3)
Operating Expenses						
Cost of services and sales	5,681	5,658	0.4	16,647	17,010	(2.1)
Selling, general & administrative expense	2,296	2,296	-	6,894	7,105	(3.0)
Depreciation and amortization expense	2,119	2,145	(1.2)	6,343	6,308	0.6
Total Operating Expenses	10,096	10,099	-	29,884	30,423	(1.8)
Operating Income	$ 53	$ 187	(71.7)	$ 659	$ 515	28.0
Operating Income Margin	0.5%	1.8%		2.2%	1.7%	
Segment EBITDA	$ 2,172	$ 2,332	(6.9)	$ 7,002	$ 6,823	2.6
Segment EBITDA Margin	21.4%	22.7%		22.9%	22.1%	

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.

Intersegment transactions have not been eliminated.

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

Verizon Communications Inc.

Wireline – Selected Operating Statistics

Unaudited	9/30/11	9/30/10	% Change
Connections (000)			
FiOS TV Subscribers	3,979	3,290	20.9
FiOS Internet Subscribers	4,616	3,885	18.8
FiOS Digital Voice residence connections	1,460	672	*
FiOS Digital connections	10,055	7,847	28.1
HSI and other	3,956	4,455	(11.2)
Total Broadband connections	8,572	8,340	2.8
Primary residence switched access connections	10,456	12,153	(14.0)
Primary residence connections	11,916	12,825	(7.1)
Total retail residence voice connections	12,809	13,919	(8.0)
Total voice connections	24,519	26,544	(7.6)

Unaudited	3 Mos. Ended 9/30/11	3 Mos. Ended 9/30/10	% Change	9 Mos. Ended 9/30/11	9 Mos. Ended 9/30/10	% Change
Net Add Detail (000)						
FiOS TV Subscribers	131	204	(35.8)	507	540	(6.1)
FiOS Internet Subscribers	138	226	(38.9)	534	599	(10.9)
FiOS Digital Voice residence connections	265	326	(18.7)	643	653	(1.5)
FiOS Digital connections	534	756	(29.4)	1,684	1,792	(6.0)
HSI and other	(118)	(165)	(28.5)	(354)	(419)	(15.5)
Total Broadband connections	20	61	(67.2)	180	180	-
Primary residence switched access connections	(490)	(586)	(16.4)	(1,301)	(1,490)	(12.7)
Primary residence connections	(225)	(260)	(13.5)	(658)	(837)	(21.4)
Total retail residence voice connections	(278)	(333)	(16.5)	(807)	(1,046)	(22.8)
Total voice connections	(478)	(594)	(19.5)	(1,482)	(1,779)	(16.7)
Revenue & ARPU Statistics						
Consumer ARPU	$ 94.20	$ 86.55	8.8	$ 92.34	$ 84.18	9.7
FiOS revenues (in millions)	$ 2,109	$ 1,780	18.5	$ 6,077	$ 5,029	20.8
Strategic services as a % of total Enterprise revenues	49.4%	43.6%		48.0%	42.5%	
Other Operating Statistics						
Capital expenditures (in millions)	$ 1,617	$ 1,751	(7.7)	$ 4,767	$ 5,098	(6.5)
Wireline employees (000)				92.8	97.5	
FiOS Internet Open for Sale (000)				13,358	12,525	
FiOS Internet penetration				34.6%	31.0%	
FiOS Video Open for Sale (000)				13,023	12,077	
FiOS Video penetration				30.6%	27.2%	

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

* Not meaningful