### Condensed Consolidated Statements of Income

(dollars in millions, except per share amounts)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9/30/12</td>
<td>9/30/11</td>
<td>9/30/12</td>
<td>9/30/11</td>
<td></td>
</tr>
<tr>
<td><strong>Operating Revenues</strong></td>
<td>$29,007</td>
<td>$27,913</td>
<td>$85,801</td>
<td>$82,439</td>
<td>3.9</td>
</tr>
<tr>
<td><strong>Operating Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of services and sales</td>
<td>10,991</td>
<td>11,398</td>
<td>33,206</td>
<td>33,785</td>
<td>(3.6)</td>
</tr>
<tr>
<td>Selling, general and administrative expense</td>
<td>8,366</td>
<td>7,689</td>
<td>23,943</td>
<td>22,346</td>
<td>8.8</td>
</tr>
<tr>
<td>Depreciation and amortization expense</td>
<td>4,167</td>
<td>4,179</td>
<td>12,323</td>
<td>12,316</td>
<td>(0.3)</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>23,524</td>
<td>23,266</td>
<td>69,472</td>
<td>68,447</td>
<td>1.1</td>
</tr>
<tr>
<td><strong>Operating Income</strong></td>
<td>5,483</td>
<td>4,647</td>
<td>16,329</td>
<td>13,992</td>
<td>18.0</td>
</tr>
<tr>
<td><strong>Equity in earnings of unconsolidated businesses</strong></td>
<td>62</td>
<td>125</td>
<td>237</td>
<td>347</td>
<td>(50.4)</td>
</tr>
<tr>
<td>Other income and (expense), net</td>
<td>10</td>
<td>24</td>
<td>63</td>
<td>70</td>
<td>8.8</td>
</tr>
<tr>
<td><strong>Interest expense</strong></td>
<td>(632)</td>
<td>(698)</td>
<td>(1,996)</td>
<td>(2,124)</td>
<td>(9.5)</td>
</tr>
<tr>
<td><strong>Income Before Provision for Income Taxes</strong></td>
<td>4,923</td>
<td>4,098</td>
<td>14,633</td>
<td>12,285</td>
<td>20.1</td>
</tr>
<tr>
<td>Provision for income taxes</td>
<td>(631)</td>
<td>(556)</td>
<td>(2,150)</td>
<td>(1,875)</td>
<td>13.5</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>$4,292</td>
<td>$3,542</td>
<td>$12,483</td>
<td>$10,410</td>
<td>21.2</td>
</tr>
</tbody>
</table>

Net income attributable to noncontrolling interest: $2,699 $2,163 24.8 $7,379 $5,983 23.3
Net income attributable to Verizon: 1,593 1,379 15.5 5,104 4,427 15.3
Net Income: $4,292 $3,542 21.2 $12,483 $10,410 19.9

**Basic Earnings per Common Share**
Net income attributable to Verizon: $.56 $.49 14.3 $1.79 $1.56 14.7

**Weighted average number of common shares (in millions)**
2,857 2,834 2,850 2,832

**Diluted Earnings per Common Share**
Net income attributable to Verizon: $.56 $.49 14.3 $1.79 $1.56 14.7

**Weighted average number of common shares-assuming dilution (in millions)**
2,866 2,839 2,859 2,838

**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

**Verizon Communications Inc.**

<table>
<thead>
<tr>
<th>Assets</th>
<th>9/30/12</th>
<th>12/31/11</th>
<th>$ Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$9,714</td>
<td>$13,362</td>
<td>$(3,648)</td>
</tr>
<tr>
<td>Short-term investments</td>
<td>593</td>
<td>592</td>
<td>1</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>12,030</td>
<td>11,776</td>
<td>254</td>
</tr>
<tr>
<td>Inventories</td>
<td>1,223</td>
<td>940</td>
<td>283</td>
</tr>
<tr>
<td>Prepaid expenses and other</td>
<td>4,103</td>
<td>4,269</td>
<td>$(166)</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>27,663</td>
<td>30,939</td>
<td>$(3,276)</td>
</tr>
<tr>
<td><strong>Plant, property and equipment</strong></td>
<td>216,995</td>
<td>215,626</td>
<td>1,369</td>
</tr>
<tr>
<td><strong>Less accumulated depreciation</strong></td>
<td>129,185</td>
<td>127,192</td>
<td>1,993</td>
</tr>
<tr>
<td><strong>Investments in unconsolidated businesses</strong></td>
<td>3,625</td>
<td>3,448</td>
<td>177</td>
</tr>
<tr>
<td><strong>Wireless licenses</strong></td>
<td>77,591</td>
<td>73,250</td>
<td>4,341</td>
</tr>
<tr>
<td><strong>Goodwill</strong></td>
<td>24,048</td>
<td>23,357</td>
<td>691</td>
</tr>
<tr>
<td><strong>Other intangible assets, net</strong></td>
<td>5,830</td>
<td>5,878</td>
<td>$(48)</td>
</tr>
<tr>
<td><strong>Other assets</strong></td>
<td>4,515</td>
<td>5,155</td>
<td>$(640)</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>$231,082</td>
<td>$230,461</td>
<td>$621</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Liabilities and Equity</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt maturing within one year</td>
<td>$6,335</td>
<td>$4,849</td>
<td>1,486</td>
</tr>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>16,003</td>
<td>14,689</td>
<td>1,314</td>
</tr>
<tr>
<td>Other</td>
<td>6,432</td>
<td>11,223</td>
<td>(4,791)</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>28,770</td>
<td>30,761</td>
<td>(1,991)</td>
</tr>
<tr>
<td><strong>Long-term debt</strong></td>
<td>46,467</td>
<td>50,303</td>
<td>(3,836)</td>
</tr>
<tr>
<td><strong>Employee benefit obligations</strong></td>
<td>30,904</td>
<td>32,957</td>
<td>(2,053)</td>
</tr>
<tr>
<td><strong>Deferred income taxes</strong></td>
<td>26,474</td>
<td>25,060</td>
<td>1,414</td>
</tr>
<tr>
<td><strong>Other liabilities</strong></td>
<td>5,839</td>
<td>5,472</td>
<td>367</td>
</tr>
<tr>
<td><strong>Equity</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Common stock</td>
<td>297</td>
<td>297</td>
<td>-</td>
</tr>
<tr>
<td>Contributed capital</td>
<td>37,959</td>
<td>37,919</td>
<td>40</td>
</tr>
<tr>
<td>Reinvested earnings</td>
<td>1,968</td>
<td>1,179</td>
<td>789</td>
</tr>
<tr>
<td>Accumulated other comprehensive income</td>
<td>1,257</td>
<td>1,269</td>
<td>$(12)</td>
</tr>
<tr>
<td>Common stock in treasury, at cost</td>
<td>(4,247)</td>
<td>(5,002)</td>
<td>755</td>
</tr>
<tr>
<td>Deferred compensation - employee stock ownership plans and other</td>
<td>411</td>
<td>308</td>
<td>103</td>
</tr>
<tr>
<td>Noncontrolling interest</td>
<td>54,983</td>
<td>49,938</td>
<td>5,045</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>92,628</td>
<td>85,908</td>
<td>6,720</td>
</tr>
<tr>
<td><strong>Total Liabilities and Equity</strong></td>
<td>$231,082</td>
<td>$230,461</td>
<td>$621</td>
</tr>
</tbody>
</table>

## Verizon - Selected Financial and Operating Statistics

Unaudited

<table>
<thead>
<tr>
<th></th>
<th>9/30/12</th>
<th>12/31/11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total debt (in millions)</td>
<td>$52,802</td>
<td>$55,152</td>
</tr>
<tr>
<td>Net debt (in millions)</td>
<td>$43,088</td>
<td>$41,790</td>
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<tr>
<td>Net debt / Adjusted EBITDA (1)</td>
<td>1.1x</td>
<td>1.2x</td>
</tr>
<tr>
<td>Common shares outstanding end of period (in millions)</td>
<td>2,854</td>
<td>2,834</td>
</tr>
<tr>
<td>Total employees</td>
<td>184,500</td>
<td>193,900</td>
</tr>
<tr>
<td>Quarterly cash dividends declared per common share</td>
<td>$0.515</td>
<td>$0.500</td>
</tr>
</tbody>
</table>

**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)

<table>
<thead>
<tr>
<th>Year</th>
<th>9 Mos. Ended</th>
<th>9 Mos. Ended</th>
<th>$ Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9/30/12</td>
<td>9/30/11</td>
<td></td>
</tr>
<tr>
<td><strong>Cash Flows From Operating Activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Income</td>
<td>$ 12,483</td>
<td>$ 10,410</td>
<td>$ 2,073</td>
</tr>
<tr>
<td>Adjustments to reconcile net income to net cash provided by operating activities:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization expense</td>
<td>12,323</td>
<td>12,316</td>
<td>7</td>
</tr>
<tr>
<td>Employee retirement benefits</td>
<td>1,126</td>
<td>1,428</td>
<td>(302)</td>
</tr>
<tr>
<td>Deferred income taxes</td>
<td>1,665</td>
<td>1,901</td>
<td>(236)</td>
</tr>
<tr>
<td>Provision for uncollectible accounts</td>
<td>709</td>
<td>754</td>
<td>(45)</td>
</tr>
<tr>
<td>Equity in earnings of unconsolidated businesses, net of dividends received</td>
<td>(197)</td>
<td>102</td>
<td>(299)</td>
</tr>
<tr>
<td>Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses</td>
<td>(197)</td>
<td>(2,553)</td>
<td>2,356</td>
</tr>
<tr>
<td>Other, net</td>
<td>(3,154)</td>
<td>(2,846)</td>
<td>308</td>
</tr>
<tr>
<td><strong>Net cash provided by operating activities</strong></td>
<td>$ 24,758</td>
<td>$ 21,512</td>
<td>$ 3,246</td>
</tr>
<tr>
<td><strong>Cash Flows From Investing Activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital expenditures (including capitalized software)</td>
<td>(11,315)</td>
<td>(12,546)</td>
<td>1,231</td>
</tr>
<tr>
<td>Acquisitions of investments and businesses, net of cash acquired</td>
<td>838</td>
<td>1,678</td>
<td>(840)</td>
</tr>
<tr>
<td>Acquisitions of wireless licenses, net</td>
<td>(3,816)</td>
<td>(176)</td>
<td>(3,640)</td>
</tr>
<tr>
<td>Net change in short-term investments</td>
<td>28</td>
<td>43</td>
<td>(15)</td>
</tr>
<tr>
<td>Other, net</td>
<td>516</td>
<td>945</td>
<td>(429)</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(15,425)</td>
<td>(13,412)</td>
<td>(2,013)</td>
</tr>
<tr>
<td><strong>Cash Flows From Financing Activities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proceeds from long-term borrowings</td>
<td>-</td>
<td>6,510</td>
<td>(6,510)</td>
</tr>
<tr>
<td>Repayments of long-term borrowings and capital lease obligations</td>
<td>(2,878)</td>
<td>(7,420)</td>
<td>4,542</td>
</tr>
<tr>
<td>Increase in short-term obligations, excluding current maturities</td>
<td>375</td>
<td>1,817</td>
<td>(1,442)</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>(3,887)</td>
<td>(4,139)</td>
<td>252</td>
</tr>
<tr>
<td>Proceeds from sale of common stock</td>
<td>278</td>
<td>139</td>
<td>139</td>
</tr>
<tr>
<td>Special distribution to noncontrolling interest</td>
<td>(4,500)</td>
<td>-</td>
<td>(4,500)</td>
</tr>
<tr>
<td>Other, net</td>
<td>(2,369)</td>
<td>(1,351)</td>
<td>(1,018)</td>
</tr>
<tr>
<td><strong>Net cash used in financing activities</strong></td>
<td>(12,981)</td>
<td>(4,444)</td>
<td>(8,537)</td>
</tr>
<tr>
<td><strong>Increase (decrease) in cash and cash equivalents</strong></td>
<td>(3,648)</td>
<td>3,656</td>
<td>(7,304)</td>
</tr>
<tr>
<td>Cash and cash equivalents, beginning of period</td>
<td>13,362</td>
<td>6,668</td>
<td>6,694</td>
</tr>
<tr>
<td>Cash and cash equivalents, end of period</td>
<td>$ 9,714</td>
<td>$ 10,324</td>
<td>$ (610)</td>
</tr>
</tbody>
</table>
Verizon Communications Inc.

Verizon Wireless – Selected Financial Results

(dollars in millions)

<table>
<thead>
<tr>
<th></th>
<th>3 Mos. Ended</th>
<th>9 Mos. Ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9/30/12</td>
<td>9/30/11</td>
</tr>
<tr>
<td></td>
<td>% Change</td>
<td>% Change</td>
</tr>
<tr>
<td>Retail service</td>
<td>$15,538</td>
<td>$14,405</td>
</tr>
<tr>
<td>Other service</td>
<td>616</td>
<td>628</td>
</tr>
<tr>
<td></td>
<td>(1.9)</td>
<td>(1.9)</td>
</tr>
<tr>
<td>Service</td>
<td>16,154</td>
<td>15,033</td>
</tr>
<tr>
<td></td>
<td>7.5</td>
<td>7.5</td>
</tr>
<tr>
<td>Equipment</td>
<td>1,858</td>
<td>1,800</td>
</tr>
<tr>
<td>Other</td>
<td>1,012</td>
<td>893</td>
</tr>
<tr>
<td></td>
<td>13.3</td>
<td>13.3</td>
</tr>
<tr>
<td>Total Operating Revenues</td>
<td>19,024</td>
<td>17,726</td>
</tr>
<tr>
<td></td>
<td>7.3</td>
<td>7.3</td>
</tr>
</tbody>
</table>

| Operating Expenses   | 3 Mos. Ended | 9 Mos. Ended |
|                      | 9/30/12      | 9/30/11      |
|                      | % Change     | % Change     |
| Cost of services and sales | 5,690        | 5,670        |
| Selling, general and administrative expense | 5,250        | 4,867        |
| Depreciation and amortization expense       | 2,037        | 2,040        |
|                      | (0.1)        | (0.1)        |
| Total Operating Expenses                        | 12,977       | 12,577       |
|                      | 3.2          | 3.2          |

| Operating Income     | 3 Mos. Ended | 9 Mos. Ended |
|                      | 9/30/12      | 9/30/11      |
|                      | % Change     | % Change     |
| Segment EBITDA       | $8,084       | $7,189       |
| Segment EBITDA Service Margin | 50.0%        | 47.8%        |

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.
<table>
<thead>
<tr>
<th>Connections ('000)</th>
<th>9/30/12</th>
<th>9/30/11</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail postpaid</td>
<td>90,354</td>
<td>86,175</td>
<td>4.8</td>
</tr>
<tr>
<td>Retail prepaid</td>
<td>5,545</td>
<td>4,533</td>
<td>22.3</td>
</tr>
<tr>
<td>Retail</td>
<td>95,899</td>
<td>90,708</td>
<td>5.7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Net Add Detail ('000)(1)</th>
<th>9/30/12</th>
<th>9/30/11</th>
<th>% Change</th>
<th>9/30/12</th>
<th>9/30/11</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail postpaid</td>
<td>1,535</td>
<td>882</td>
<td>74.0</td>
<td>2,924</td>
<td>3,045</td>
<td>(4.0)</td>
</tr>
<tr>
<td>Retail prepaid</td>
<td>228</td>
<td>86</td>
<td>*</td>
<td>751</td>
<td>120</td>
<td>*</td>
</tr>
<tr>
<td>Retail</td>
<td>1,763</td>
<td>968</td>
<td>82.1</td>
<td>3,675</td>
<td>3,165</td>
<td>16.1</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Account Statistics</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail postpaid accounts ('000)(2)</td>
<td>34,796</td>
<td>34,444</td>
<td>1.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail postpaid ARPA</td>
<td>$145.42</td>
<td>$136.57</td>
<td>6.5</td>
<td>$143.11</td>
<td>$133.44</td>
<td>7.2</td>
</tr>
<tr>
<td>Retail postpaid connections per account (2)</td>
<td>2.60</td>
<td>2.50</td>
<td>4.0</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Churn Detail</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail postpaid</td>
<td>0.91%</td>
<td>0.94%</td>
<td>0.90%</td>
<td>0.95%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail</td>
<td>1.18%</td>
<td>1.26%</td>
<td>1.18%</td>
<td>1.27%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Retail Postpaid Connection Statistics</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Smartphone postpaid % of phones sold</td>
<td>78.8%</td>
<td>59.6%</td>
<td>74.8%</td>
<td>59.7%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Smartphone postpaid phone base (2)</td>
<td>53.2%</td>
<td>39.2%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Internet postpaid base (2)</td>
<td>8.8%</td>
<td>7.8%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other Operating Statistics</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital expenditures (in millions)</td>
<td>$2,133</td>
<td>$1,784</td>
<td>19.6</td>
<td>$6,066</td>
<td>$7,186</td>
<td>(15.6)</td>
</tr>
</tbody>
</table>

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.

* Not meaningful
### Wireline – Selected Financial Results

(dollars in millions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>9/30/12</td>
<td>9/30/11</td>
<td></td>
<td>9/30/12</td>
<td>9/30/11</td>
<td></td>
</tr>
<tr>
<td><strong>Operating Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consumer retail</td>
<td>$3,555</td>
<td>$3,400</td>
<td>4.6</td>
<td>$10,474</td>
<td>$10,177</td>
<td>2.9</td>
</tr>
<tr>
<td>Small business</td>
<td>670</td>
<td>670</td>
<td>-</td>
<td>1,999</td>
<td>2,047</td>
<td>(2.3)</td>
</tr>
<tr>
<td>Mass Markets</td>
<td>4,225</td>
<td>4,070</td>
<td>3.8</td>
<td>12,473</td>
<td>12,224</td>
<td>2.0</td>
</tr>
<tr>
<td>Strategic services</td>
<td>2,010</td>
<td>1,926</td>
<td>4.4</td>
<td>5,962</td>
<td>5,591</td>
<td>6.6</td>
</tr>
<tr>
<td>Core</td>
<td>1,771</td>
<td>1,995</td>
<td>(11.2)</td>
<td>5,491</td>
<td>6,102</td>
<td>(10.0)</td>
</tr>
<tr>
<td>Global Enterprise</td>
<td>3,781</td>
<td>3,921</td>
<td>(3.6)</td>
<td>11,453</td>
<td>11,693</td>
<td>(2.1)</td>
</tr>
<tr>
<td>Global Wholesale</td>
<td>1,782</td>
<td>1,963</td>
<td>(9.2)</td>
<td>5,470</td>
<td>6,035</td>
<td>(9.4)</td>
</tr>
<tr>
<td>Other</td>
<td>126</td>
<td>195</td>
<td>(35.4)</td>
<td>394</td>
<td>591</td>
<td>(33.3)</td>
</tr>
<tr>
<td><strong>Total Operating Revenues</strong></td>
<td>9,914</td>
<td>10,149</td>
<td>(2.3)</td>
<td>29,790</td>
<td>30,543</td>
<td>(2.5)</td>
</tr>
</tbody>
</table>

| **Operating Expenses** |              |              |          |              |              |          |
| Cost of services and sales | 5,463 | 5,681 | (3.8) | 16,535 | 16,647 | (0.7) |
| Selling, general and administrative expense | 2,303 | 2,296 | 0.3 | 6,570 | 6,894 | (4.7) |
| Depreciation and amortization expense | 2,107 | 2,119 | (0.6) | 6,299 | 6,343 | (0.7) |
| **Total Operating Expenses** | 9,873 | 10,096 | (2.2) | 29,404 | 29,884 | (1.6) |

| **Operating Income** | $41 | $53 | (22.6) | $386 | $659 | (41.4) |
| **Operating Income Margin** | 0.4% | 0.5% | 1.3% | 2.2% |

| **Segment EBITDA** | $2,148 | $2,172 | (1.1) | $6,685 | $7,002 | (4.5) |
| **Segment EBITDA Margin** | 21.7% | 21.4% | 22.4% | 22.9% |

**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

<table>
<thead>
<tr>
<th>Connections ('000)</th>
<th>Unaudited</th>
<th>9/30/12</th>
<th>9/30/11</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>FiOS Video Subscribers</td>
<td>4,592</td>
<td>3,979</td>
<td>15.4</td>
<td></td>
</tr>
<tr>
<td>FiOS Internet Subscribers</td>
<td>5,280</td>
<td>4,616</td>
<td>14.4</td>
<td></td>
</tr>
<tr>
<td>FiOS Digital Voice residence connections</td>
<td>2,938</td>
<td>1,460</td>
<td>*</td>
<td></td>
</tr>
<tr>
<td>FiOS Digital connections</td>
<td>12,810</td>
<td>10,555</td>
<td>27.4</td>
<td></td>
</tr>
<tr>
<td>HSI</td>
<td>3,488</td>
<td>3,956</td>
<td>(11.8)</td>
<td></td>
</tr>
<tr>
<td>Total Broadband connections</td>
<td>8,768</td>
<td>8,572</td>
<td>2.3</td>
<td></td>
</tr>
<tr>
<td>Primary residence switched access connections</td>
<td>8,384</td>
<td>10,456</td>
<td>(19.8)</td>
<td></td>
</tr>
<tr>
<td>Primary residence connections</td>
<td>11,322</td>
<td>11,916</td>
<td>(5.0)</td>
<td></td>
</tr>
<tr>
<td>Total retail residence voice connections</td>
<td>12,005</td>
<td>12,809</td>
<td>(6.3)</td>
<td></td>
</tr>
<tr>
<td>Total voice connections</td>
<td>22,847</td>
<td>24,519</td>
<td>(6.8)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>FiOS Video Subscribers</td>
<td>119</td>
<td>131</td>
<td>(9.2)</td>
<td>419</td>
<td>507</td>
<td>(17.4)</td>
</tr>
<tr>
<td>FiOS Internet Subscribers</td>
<td>136</td>
<td>138</td>
<td>(1.4)</td>
<td>463</td>
<td>534</td>
<td>(13.3)</td>
</tr>
<tr>
<td>FiOS Digital Voice residence connections</td>
<td>290</td>
<td>265</td>
<td>9.4</td>
<td>1,054</td>
<td>643</td>
<td>63.9</td>
</tr>
<tr>
<td>FiOS Digital connections</td>
<td>545</td>
<td>534</td>
<td>2.1</td>
<td>1,936</td>
<td>1,684</td>
<td>15.0</td>
</tr>
<tr>
<td>HSI</td>
<td>(144)</td>
<td>(118)</td>
<td>22.0</td>
<td>(365)</td>
<td>(354)</td>
<td>3.1</td>
</tr>
<tr>
<td>Total Broadband connections</td>
<td>(8)</td>
<td>20</td>
<td>*</td>
<td>98</td>
<td>180</td>
<td>(45.6)</td>
</tr>
<tr>
<td>Primary residence switched access connections</td>
<td>(459)</td>
<td>(490)</td>
<td>(6.3)</td>
<td>(1,522)</td>
<td>(1,301)</td>
<td>17.0</td>
</tr>
<tr>
<td>Primary residence connections</td>
<td>(169)</td>
<td>(225)</td>
<td>(24.9)</td>
<td>(468)</td>
<td>(658)</td>
<td>(28.9)</td>
</tr>
<tr>
<td>Total retail residence voice connections</td>
<td>(217)</td>
<td>(278)</td>
<td>(21.9)</td>
<td>(621)</td>
<td>(807)</td>
<td>(23.0)</td>
</tr>
<tr>
<td>Total voice connections</td>
<td>(431)</td>
<td>(478)</td>
<td>(9.8)</td>
<td>(1,290)</td>
<td>(1,482)</td>
<td>(13.0)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Revenue and ARPU Statistics</th>
<th>3 Mos. Ended</th>
<th>9 Mos. Ended</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer ARPU</td>
<td>$ 103.86</td>
<td>$ 94.20</td>
<td>10.3</td>
</tr>
<tr>
<td>FiOS revenues (in millions)</td>
<td>$ 2,489</td>
<td>$ 2,109</td>
<td>18.0</td>
</tr>
<tr>
<td>Strategic services as a % of total Enterprise revenues</td>
<td>53.2%</td>
<td>49.1%</td>
<td>47.8%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Other Operating Statistics</th>
<th>3 Mos. Ended</th>
<th>9 Mos. Ended</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital expenditures (in millions)</td>
<td>$ 1,484</td>
<td>$ 1,617</td>
<td>(8.2)</td>
</tr>
<tr>
<td>Wireline employees ('000)</td>
<td>87.4</td>
<td>92.8</td>
<td></td>
</tr>
<tr>
<td>FiOS Video Open for Sale ('000)</td>
<td>13,957</td>
<td>13,023</td>
<td>7.2%</td>
</tr>
<tr>
<td>FiOS Video penetration</td>
<td>32.9%</td>
<td>30.6%</td>
<td></td>
</tr>
<tr>
<td>FiOS Internet Open for Sale ('000)</td>
<td>14,283</td>
<td>13,358</td>
<td>6.7%</td>
</tr>
<tr>
<td>FiOS Internet penetration</td>
<td>37.0%</td>
<td>34.6%</td>
<td></td>
</tr>
</tbody>
</table>

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