

Verizon Communications Inc.
Condensed Consolidated Statements of Income

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 6/30/10	3 Mos. Ended 6/30/09	% Change	6 Mos. Ended 6/30/10	6 Mos. Ended 6/30/09	% Change
Operating Revenues	\$ 26,773	\$ 26,861	(0.3)	\$ 53,686	\$ 53,452	0.4
Operating Expenses						
Cost of services and sales	12,239	10,481	16.8	22,956	20,789	10.4
Selling, general & administrative expense	8,319	7,871	5.7	16,043	15,432	4.0
Depreciation and amortization expense	4,176	4,091	2.1	8,297	8,119	2.2
Total Operating Expenses	<u>24,734</u>	<u>22,443</u>	10.2	<u>47,296</u>	<u>44,340</u>	6.7
Operating Income	2,039	4,418	(53.8)	6,390	9,112	(29.9)
Equity in earnings of unconsolidated businesses	121	128	(5.5)	254	256	(0.8)
Other income and (expense), net	17	11	54.5	62	64	(3.1)
Interest expense	(679)	(787)	(13.7)	(1,359)	(1,712)	(20.6)
Income Before (Provision)Benefit for Income Taxes	1,498	3,770	(60.3)	5,347	7,720	(30.7)
(Provision) benefit for income taxes	49	(610)	*	(1,516)	(1,350)	12.3
Net Income	<u>\$ 1,547</u>	<u>\$ 3,160</u>	(51.0)	<u>\$ 3,831</u>	<u>\$ 6,370</u>	(39.9)
Net income attributable to noncontrolling interest	1,745	1,677	4.1	3,620	3,242	11.7
Net income (loss) attributable to Verizon	(198)	1,483	*	211	3,128	(93.3)
Net Income	<u>\$ 1,547</u>	<u>\$ 3,160</u>	(51.0)	<u>\$ 3,831</u>	<u>\$ 6,370</u>	(39.9)
Basic Earnings (Loss) per Common Share						
Net income (loss) attributable to Verizon	\$ (.07)	\$.52	*	\$.07	\$ 1.10	(93.6)
Weighted average number of common shares (in millions)	2,827	2,841		2,831	2,841	
Diluted Earnings (Loss) per Common Share ⁽¹⁾						
Net income (loss) attributable to Verizon	\$ (.07)	\$.52	*	\$.07	\$ 1.10	(93.6)
Weighted average number of common shares-assuming dilution (in millions)	2,827	2,841		2,833	2,841	

Footnotes:

(1) As there is a net loss for the quarter, diluted EPS is the same as basic EPS. Diluted Earnings per Share would have included the dilutive effect of shares issuable under our stock-based compensation plans of approximately 2 million shares.

* Not meaningful

Verizon Communications Inc.
Condensed Consolidated Balance Sheets

(dollars in millions)

Unaudited	6/30/10	12/31/09	\$ Change
Assets			
Current assets			
Cash and cash equivalents	\$ 4,761	\$ 2,009	\$ 2,752
Short-term investments	464	490	(26)
Accounts receivable, net	12,058	12,573	(515)
Inventories	985	1,426	(441)
Prepaid expenses and other	2,793	5,247	(2,454)
Total current assets	21,061	21,745	(684)
Plant, property and equipment	234,727	229,381	5,346
Less accumulated depreciation	142,626	137,052	5,574
	92,101	92,329	(228)
Investments in unconsolidated businesses	3,797	3,535	262
Wireless licenses	72,435	72,067	368
Goodwill	22,467	22,472	(5)
Other intangible assets, net	6,324	6,764	(440)
Other assets	8,066	8,339	(273)
Total Assets	\$ 226,251	\$ 227,251	\$ (1,000)
Liabilities and Equity			
Current liabilities			
Debt maturing within one year	\$ 7,874	\$ 7,205	\$ 669
Accounts payable and accrued liabilities	16,905	15,223	1,682
Other	7,055	6,708	347
Total current liabilities	31,834	29,136	2,698
Long-term debt	49,594	55,051	(5,457)
Employee benefit obligations	32,435	32,622	(187)
Deferred income taxes	21,324	19,310	2,014
Other liabilities	6,591	6,765	(174)
Equity			
Common stock	297	297	-
Contributed capital	40,108	40,108	-
Reinvested earnings	15,117	17,592	(2,475)
Accumulated other comprehensive loss	(11,140)	(11,479)	339
Common stock in treasury, at cost	(5,277)	(5,000)	(277)
Deferred compensation - employee stock ownership plans and other	149	88	61
Noncontrolling interest	45,219	42,761	2,458
Total equity	84,473	84,367	106
Total Liabilities and Equity	\$ 226,251	\$ 227,251	\$ (1,000)

The unaudited consolidated balance sheets are based on preliminary information.

Verizon Communications Inc.
Condensed Consolidated Statements of Cash Flows

(dollars in millions)

Unaudited	6 Mos. Ended 6/30/10	6 Mos. Ended 6/30/09	\$ Change
Cash Flows From Operating Activities			
Net Income	\$ 3,831	\$ 6,370	\$ (2,539)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	8,297	8,119	178
Employee retirement benefits	2,518	1,420	1,098
Deferred income taxes	1,354	1,296	58
Provision for uncollectible accounts	680	643	37
Equity in earnings of unconsolidated businesses, net of dividends received	(227)	173	(400)
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	1,502	(2,070)	3,572
Other, net	(1,082)	(1,814)	732
Net cash provided by operating activities	<u>16,873</u>	<u>14,137</u>	<u>2,736</u>
Cash Flows From Investing Activities			
Capital expenditures (including capitalized software)	(7,685)	(8,094)	409
Acquisitions of licenses, investments and businesses, net of cash acquired	(538)	(5,367)	4,829
Proceeds from dispositions	2,594	-	2,594
Net change in short-term investments	(17)	119	(136)
Other, net	37	64	(27)
Net cash used in investing activities	<u>(5,609)</u>	<u>(13,278)</u>	<u>7,669</u>
Cash Flows From Financing Activities			
Proceeds from long-term borrowings	-	12,040	(12,040)
Repayments of long-term borrowings and capital lease obligations	(4,594)	(18,173)	13,579
Increase in short-term obligations, excluding current maturities	(97)	(103)	6
Dividends paid	(2,690)	(2,614)	(76)
Other, net	(1,131)	(971)	(160)
Net cash used in financing activities	<u>(8,512)</u>	<u>(9,821)</u>	<u>1,309</u>
Increase (decrease) in cash and cash equivalents	2,752	(8,962)	11,714
Cash and cash equivalents, beginning of period	2,009	9,782	(7,773)
Cash and cash equivalents, end of period	\$ 4,761	\$ 820	\$ 3,941

Verizon Communications Inc.
Selected Financial and Operating Statistics

Unaudited	6/30/10	6/30/09
Debt to debt and Verizon's equity ratio-end of period ⁽¹⁾	59.4%	60.3%
Book value per common share ⁽¹⁾	\$ 13.89	\$ 15.02
Common shares outstanding (in millions) End of period	2,827	2,841
Total employees	210,800	235,326

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 6/30/10	3 Mos. Ended 6/30/09	6 Mos. Ended 6/30/10	6 Mos. Ended 6/30/09
Capital expenditures (including capitalized software)				
Domestic Wireless	\$ 2,262	\$ 1,783	\$ 4,032	\$ 3,334
Wireline	1,781	2,338	3,347	4,341
Other	186	266	306	419
Total	<u>\$ 4,229</u>	<u>\$ 4,387</u>	<u>\$ 7,685</u>	<u>\$ 8,094</u>
Cash dividends declared per common share	\$ 0.475	\$ 0.460	\$ 0.950	\$ 0.920

Footnote:

(1) Calculations are based on the equity position attributable to Verizon, which excludes noncontrolling interests.

Verizon Communications Inc.
Verizon Wireless – Selected Financial Results

(dollars in millions)

Unaudited	3 Mos. Ended 6/30/10	3 Mos. Ended 6/30/09	% Change	6 Mos. Ended 6/30/10	6 Mos. Ended 6/30/09	% Change
Revenues						
Service revenues	\$ 14,046	\$ 13,349	5.2	\$ 27,891	\$ 26,424	5.6
Equipment and other	1,960	2,131	(8.0)	3,898	4,178	(6.7)
Total Revenues	16,006	15,480	3.4	31,789	30,602	3.9
Operating Expenses						
Cost of services and sales	4,780	4,825	(0.9)	9,555	9,485	0.7
Selling, general & administrative expense	4,557	4,469	2.0	9,199	8,911	3.2
Depreciation and amortization expense	1,827	1,727	5.8	3,639	3,476	4.7
Total Operating Expenses	11,164	11,021	1.3	22,393	21,872	2.4
Operating Income	\$ 4,842	\$ 4,459	8.6	\$ 9,396	\$ 8,730	7.6
Operating Income Margin	30.3%	28.8%		29.6%	28.5%	

Verizon Communications Inc.
Verizon Wireless – Selected Operating Statistics

(numbers in thousands)

Unaudited	6/30/10	6/30/09	% Change
Total Customers	92,063	87,694	5.0
Retail Customers	86,176	85,240	1.1

(numbers in thousands)

Unaudited	3 Mos. Ended 6/30/10	3 Mos. Ended 6/30/09	% Change	6 Mos. Ended 6/30/10	6 Mos. Ended 6/30/09	% Change
Total Customer net adds in period ⁽¹⁾	1,351	1,142	18.3	2,903	2,419	20.0
Retail Customer net adds in period ⁽²⁾	454	1,145	(60.3)	742	2,406	(69.2)
Total churn rate	1.27%	1.37%		1.34%	1.42%	
Retail churn rate	1.33%	1.36%		1.39%	1.41%	

Footnotes:

(1) Includes acquisitions (other than Alltel Corp.) and adjustments of 1 customers in the second quarter of 2009; and 4 and 1 customers in the first and second quarter of 2010, respectively. Excludes the Alltel acquisition of 13,219 customers in the first quarter of 2009 and divestitures of 2,089 customers in the second quarter of 2010.

(2) Includes acquisitions (other than Alltel Corp.) and adjustments of 1 customers in the second quarter of 2009; and 4 customers in the first quarter of 2010. Excludes the Alltel acquisition of 12,813 customers in the first quarter 2009 and divestitures of 2,089 customers in the second quarter of 2010.

The segment financial results above are adjusted to exclude the effects of other 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 Financial Results

(dollars in millions)

Unaudited	3 Mos. Ended 6/30/10	3 Mos. Ended 6/30/09	% Change	6 Mos. Ended 6/30/10	6 Mos. Ended 6/30/09	% Change
Wireline Operating Revenues						
Mass Markets	\$ 4,619	\$ 4,628	(0.2)	\$ 9,204	\$ 9,218	(0.2)
Global Enterprise	4,036	4,010	0.6	8,029	8,060	(0.4)
Global Wholesale	2,232	2,434	(8.3)	4,579	4,850	(5.6)
Other	225	416	(45.9)	532	927	(42.6)
Total Operating Revenues	11,112	11,488	(3.3)	22,344	23,055	(3.1)
Operating Expenses						
Cost of services and sales	6,001	5,947	0.9	12,115	11,842	2.3
Selling, general & administrative expense	2,590	2,726	(5.0)	5,268	5,492	(4.1)
Depreciation and amortization expense	2,307	2,260	2.1	4,575	4,475	2.2
Total Operating Expenses	10,898	10,933	(0.3)	21,958	21,809	0.7
Operating Income	\$ 214	\$ 555	(61.4)	\$ 386	\$ 1,246	(69.0)
Operating Income Margin	1.9%	4.8%		1.7%	5.4%	

Verizon Communications Inc.
Wireline – Selected Operating Statistics

(numbers in thousands)

Unaudited	6/30/10	6/30/09	% Change
Switched access lines in service			
Total Residence (includes Primary residence)	17,405	19,655	(11.4)
Primary residence	15,488	17,165	(9.8)
Business			
Public	152	214	(29.0)
Total	31,150	34,313	(9.2)
Broadband connections			
FiOS Internet Subscribers	9,338	9,111	2.5
FiOS TV Subscribers	3,814	3,082	23.8
	3,203	2,517	27.3

Footnotes:

The segment financial results above are adjusted to exclude the effects of other 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.