

Verizon Communications Inc.
Condensed Consolidated Statements of Income

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 12/31/09	3 Mos. Ended 12/31/08	% Change	12 Mos. Ended 12/31/09	12 Mos. Ended 12/31/08	% Change
Operating Revenues	\$ 27,091	\$ 24,645	9.9	\$ 107,808	\$ 97,354	10.7
Operating Expenses						
Cost of services and sales	12,514	9,976	25.4	44,299	39,007	13.6
Selling, general & administrative expense	9,407	7,090	32.7	32,950	26,898	22.5
Depreciation and amortization expense	4,241	3,747	13.2	16,532	14,565	13.5
Total Operating Expenses	<u>26,162</u>	<u>20,813</u>	25.7	<u>93,781</u>	<u>80,470</u>	16.5
Operating Income	929	3,832	(75.8)	14,027	16,884	(16.9)
Equity in earnings of unconsolidated businesses	131	109	20.2	553	567	(2.5)
Other income and (expense), net	13	62	(79.0)	90	282	(68.1)
Interest expense	(686)	(517)	32.7	(3,102)	(1,819)	70.5
Income Before Provision for Income Taxes	387	3,486	(88.9)	11,568	15,914	(27.3)
Income tax (provision)/benefit	714	(555)	*	(1,210)	(3,331)	(63.7)
Net income	<u>\$ 1,101</u>	<u>\$ 2,931</u>	(62.4)	<u>\$ 10,358</u>	<u>\$ 12,583</u>	(17.7)
Net income attributable to noncontrolling interest	1,754	1,696	3.4	6,707	6,155	9.0
Net income (loss) attributable to Verizon	(653)	1,235	*	3,651	6,428	(43.2)
Net Income	<u>\$ 1,101</u>	<u>\$ 2,931</u>	(62.4)	<u>\$ 10,358</u>	<u>\$ 12,583</u>	(17.7)
Basic Earnings per Common Share						
Net income attributable to Verizon	\$ (.23)	\$.43	*	\$ 1.29	\$ 2.26	(42.9)
Weighted average number of common shares (in millions)	2,841	2,841		2,841	2,849	
Diluted Earnings per Common Share ⁽¹⁾						
Net income attributable to Verizon	\$ (.23)	\$.43	*	\$ 1.29	\$ 2.26	(42.9)
Weighted average number of common shares-assuming dilution (in millions)	2,841	2,841		2,841	2,850	

Footnotes:

(1) Diluted Earnings per Share includes the dilutive effect of shares issuable under our stock-based compensation plans, which represents the only potential dilution.

* Not meaningful

Verizon Communications Inc.
Condensed Consolidated Statements of Income Before Special Items

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 12/31/09	3 Mos. Ended 12/31/08	% Change	12 Mos. Ended 12/31/09	12 Mos. Ended 12/31/08	% Change
Operating Revenues ⁽¹⁾						
Domestic Wireless	\$ 15,732	\$ 12,846	22.5	\$ 62,131	\$ 49,332	25.9
Wireline	11,456	11,917	(3.9)	46,080	48,214	(4.4)
Other	(97)	(118)	(17.8)	(403)	(450)	(10.4)
Total Operating Revenues	<u>27,091</u>	<u>24,645</u>	9.9	<u>107,808</u>	<u>97,096</u>	11.0
Operating Expenses ⁽¹⁾						
Cost of services and sales	11,004	9,905	11.1	42,622	38,801	9.8
Selling, general & administrative expense	7,341	6,417	14.4	29,491	25,723	14.6
Depreciation and amortization expense	4,156	3,747	10.9	16,215	14,505	11.8
Total Operating Expenses	<u>22,501</u>	<u>20,069</u>	12.1	<u>88,328</u>	<u>79,029</u>	11.8
Operating Income	4,590	4,576	0.3	19,480	18,067	7.8
Operating income impact of divested operations ⁽¹⁾	-	-	-	-	44	(100.0)
Equity in earnings of unconsolidated businesses	131	109	20.2	553	567	(2.5)
Other income and (expense), net	13	110	(88.2)	92	330	(72.1)
Interest expense	(686)	(517)	32.7	(2,847)	(1,819)	56.5
Income Before Provision for Income Taxes	4,048	4,278	(5.4)	17,278	17,189	0.5
Provision for income taxes	(712)	(855)	(16.7)	(3,367)	(3,797)	(11.3)
Net Income Before Special Items	<u>\$ 3,336</u>	<u>\$ 3,423</u>	(2.5)	<u>\$ 13,911</u>	<u>\$ 13,392</u>	3.9
Net income attributable to noncontrolling interest	1,810	1,698	6.6	7,106	6,157	15.4
Net income attributable to Verizon	1,526	1,725	(11.5)	6,805	7,235	(5.9)
Net Income Before Special Items	<u>\$ 3,336</u>	<u>\$ 3,423</u>	(2.5)	<u>\$ 13,911</u>	<u>\$ 13,392</u>	3.9
Basic Adjusted Earnings per Common Share						
Net income attributable to Verizon	\$.54	\$.61	(11.5)	\$ 2.40	\$ 2.54	(5.5)
Weighted average number of common shares (in millions)	2,841	2,841		2,841	2,849	
Diluted Adjusted Earnings per Common Share ⁽²⁾						
Net income attributable to Verizon	\$.54	\$.61	(11.5)	\$ 2.40	\$ 2.54	(5.5)
Weighted average number of common shares-assuming dilution (in millions)	2,841	2,841		2,841	2,850	

Footnotes:

(1) Reclassifications of prior period amounts have been made, where appropriate, to reflect comparable operating results for the spin-off of the wireline segment's non-strategic local exchange and related business assets in Maine, New Hampshire and Vermont in the first quarter of 2008. Reclassifications were determined using specific information where available and allocations where data is not maintained on a state-specific basis within the Company's books and records as follows:

Revenues	\$ -	\$ -	\$ -	\$ 258
Expenses	\$ -	\$ -	\$ -	\$ 214

(2) Diluted Earnings per Share includes the dilutive effect of shares issuable under our stock-based compensation plans, which represents the only potential dilution.

Verizon Communications Inc.
Condensed Consolidated Statements of Income - Reconciliations

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 12/31/09 Reported (GAAP)	Special and Non-Recurring Items			3 Mos. Ended 12/31/09 Before Special Items
		Merger Integration and Acquisition Costs	Severance, Pension and Benefit Charges	Access Line Spin- Off and Other Charges	
Operating Revenues	\$ 27,091	\$ -	\$ -	\$ -	\$ 27,091
Operating Expenses					
Cost of services and sales	12,514	(31)	(1,444)	(35)	11,004
Selling, general & administrative expense	9,407	(134)	(1,576)	(356)	7,341
Depreciation and amortization expense	4,241	(85)	-	-	4,156
Total Operating Expenses	26,162	(250)	(3,020)	(391)	22,501
Operating Income	929	250	3,020	391	4,590
Equity in earnings of unconsolidated businesses	131	-	-	-	131
Other income and (expense), net	13	-	-	-	13
Interest expense	(686)	-	-	-	(686)
Income Before Provision for Income Taxes	387	250	3,020	391	4,048
Income tax (provision)/benefit	714	(123)	(1,158)	(145)	(712)
Net income	\$ 1,101	\$ 127	\$ 1,862	\$ 246	\$ 3,336
Net income attributable to noncontrolling interest	1,754	56	-	-	1,810
Net income (loss) attributable to Verizon	(653)	71	1,862	246	1,526
Net income	\$ 1,101	\$ 127	\$ 1,862	\$ 246	\$ 3,336
Basic Earnings per Common Share ⁽¹⁾					
Net income attributable to Verizon	\$ (.23)	\$.02	\$.66	\$.09	\$.54
Diluted Earnings per Common Share ⁽¹⁾					
Net income attributable to Verizon	\$ (.23)	\$.02	\$.66	\$.09	\$.54

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 12/31/08 Reported (GAAP)	Special and Non-Recurring Items			3 Mos. Ended 12/31/08 Before Special Items
		Merger Integration Costs	Severance, Pension and Benefit Charges	Investment- Related Charges	
Operating Revenues	\$ 24,645	\$ -	\$ -	\$ -	\$ 24,645
Operating Expenses					
Cost of services and sales	9,976	(6)	(65)	-	9,905
Selling, general & administrative expense	7,090	(53)	(620)	-	6,417
Depreciation and amortization expense	3,747	-	-	-	3,747
Total Operating Expenses	20,813	(59)	(685)	-	20,069
Operating Income	3,832	59	685	-	4,576
Equity in earnings of unconsolidated businesses	109	-	-	-	109
Other income and (expense), net	62	-	-	48	110
Interest expense	(517)	-	-	-	(517)
Income Before Provision for Income Taxes	3,486	59	685	48	4,278
Provision for income taxes	(555)	(22)	(261)	(17)	(855)
Net income	\$ 2,931	\$ 37	\$ 424	\$ 31	\$ 3,423
Net income attributable to noncontrolling interest	1,696	2	-	-	1,698
Net income attributable to Verizon	1,235	35	424	31	1,725
Net income	\$ 2,931	\$ 37	\$ 424	\$ 31	\$ 3,423
Basic Earnings per Common Share ⁽¹⁾					
Net income attributable to Verizon	\$.43	\$.01	\$.15	\$.01	\$.61
Diluted Earnings per Common Share ⁽¹⁾					
Net income attributable to Verizon	\$.43	\$.01	\$.15	\$.01	\$.61

Footnote:

(1) EPS totals may not add due to rounding.

Note: See www.verizon.com/investor for a reconciliation of other non-GAAP measures.

Verizon Communications Inc.
Condensed Consolidated Statements of Income - Reconciliations

(dollars in millions, except per share amounts)

Unaudited	12 Mos. Ended 12/31/09 Reported (GAAP)	Special and Non-Recurring Items			12 Mos. Ended 12/31/09 Before Special Items
		Merger Integration and Acquisition Costs	Severance, Pension and Benefit Charges	Access Line Spin- Off and Other Charges	
Operating Revenues	\$ 107,808	\$ -	\$ -	\$ -	\$ 107,808
Operating Expenses					
Cost of services and sales	44,299	(195)	(1,444)	(38)	42,622
Selling, general & administrative expense	32,950	(442)	(2,602)	(415)	29,491
Depreciation and amortization expense	16,532	(317)	-	-	16,215
Total Operating Expenses	93,781	(954)	(4,046)	(453)	88,328
Operating Income	14,027	954	4,046	453	19,480
Equity in earnings of unconsolidated businesses	553	-	-	-	553
Other income and (expense), net	90	2	-	-	92
Interest expense	(3,102)	255	-	-	(2,847)
Income Before Provision for Income Taxes	11,568	1,211	4,046	453	17,278
Provision for income taxes	(1,210)	(432)	(1,559)	(166)	(3,367)
Net income	\$ 10,358	\$ 779	\$ 2,487	\$ 287	\$ 13,911
Net income attributable to noncontrolling interest	6,707	399	-	-	7,106
Net income attributable to Verizon	3,651	380	2,487	287	6,805
Net income	\$ 10,358	\$ 779	\$ 2,487	\$ 287	\$ 13,911
Basic Earnings per Common Share ⁽¹⁾					
Net income attributable to Verizon	\$ 1.29	\$.13	\$.88	\$.10	\$ 2.40
Diluted Earnings per Common Share ⁽¹⁾					
Net income attributable to Verizon	\$ 1.29	\$.13	\$.88	\$.10	\$ 2.40

(dollars in millions, except per share amounts)

Unaudited	12 Mos. Ended 12/31/08 Reported (GAAP)	Special and Non-Recurring Items					12 Mos. Ended 12/31/08 Before Special Items
		Merger Integration Costs	Access Line Spin- Off Related Charges	Investment- Related Charges	Severance, Pension and Benefit Charges	Impact of Divested Operations	
Operating Revenues	\$ 97,354	\$ -	\$ -	\$ -	\$ -	\$ (258)	\$ 97,096
Operating Expenses							
Cost of services and sales	39,007	(24)	(16)	-	(65)	(101)	38,801
Selling, general & administrative expense	26,898	(150)	(87)	-	(885)	(53)	25,723
Depreciation and amortization expense	14,565	-	-	-	-	(60)	14,505
Total Operating Expenses	80,470	(174)	(103)	-	(950)	(214)	79,029
Operating Income	16,884	174	103	-	950	(44)	18,067
Operating income impact of divested operations	-	-	-	-	-	44	44
Equity in earnings of unconsolidated businesses	567	-	-	-	-	-	567
Other income and (expense), net	282	-	-	48	-	-	330
Interest expense	(1,819)	-	-	-	-	-	(1,819)
Income Before Provision for Income Taxes	15,914	174	103	48	950	-	17,189
Provision for income taxes	(3,331)	(65)	(22)	(17)	(362)	-	(3,797)
Net income	\$ 12,583	\$ 109	\$ 81	\$ 31	\$ 588	\$ -	\$ 13,392
Net income attributable to noncontrolling interest	6,155	2	-	-	-	-	6,157
Net income attributable to Verizon	6,428	107	81	31	588	-	7,235
Net income	\$ 12,583	\$ 109	\$ 81	\$ 31	\$ 588	\$ -	\$ 13,392
Basic Earnings per Common Share ⁽¹⁾							
Net income attributable to Verizon	\$ 2.26	\$.03	\$.03	\$.01	\$.21	\$ -	\$ 2.54
Diluted Earnings per Common Share ⁽¹⁾							
Net income attributable to Verizon	\$ 2.26	\$.03	\$.03	\$.01	\$.21	\$ -	\$ 2.54

Footnote:

(1) EPS totals may not add due to rounding.

Note: See www.verizon.com/investor for a reconciliation of other non-GAAP measures.

Verizon Communications Inc.
Selected Financial and Operating Statistics

(dollars in millions, except per share amounts)

Unaudited	12/31/09	12/31/08
Debt to debt and Verizon's equity ratio-end of period ⁽¹⁾	59.9%	55.5%
Book value per common share ⁽¹⁾	\$ 14.67	\$ 14.68
Common shares outstanding (in millions)		
End of period	2,836	2,841
Total employees	222,927	223,880

Unaudited	3 Mos. Ended 12/31/09	3 Mos. Ended 12/31/08	12 Mos. Ended 12/31/09	12 Mos. Ended 12/31/08
Capital expenditures (including capitalized software)				
Domestic Wireless	\$ 2,018	\$ 1,787	\$ 7,152	\$ 6,510
Wireline	2,278	2,479	8,892	9,797
Other	301	397	1,003	931
Total	<u>\$ 4,597</u>	<u>\$ 4,663</u>	<u>\$ 17,047</u>	<u>\$ 17,238</u>
Cash dividends declared per common share	\$ 0.475	\$ 0.460	\$ 1.870	\$ 1.780

Footnote:

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

Verizon Communications Inc.
Condensed Consolidated Balance Sheets

(dollars in millions)

Unaudited	12/31/09	12/31/08	\$ Change
Assets			
Current assets			
Cash and cash equivalents	\$ 2,009	\$ 9,782	\$ (7,773)
Short-term investments	490	509	(19)
Accounts receivable, net	12,573	11,703	870
Inventories	2,289	2,092	197
Prepaid expenses and other	5,247	1,989	3,258
Total current assets	<u>22,608</u>	<u>26,075</u>	<u>(3,467)</u>
Plant, property and equipment	228,518	215,605	12,913
Less accumulated depreciation	<u>137,052</u>	<u>129,059</u>	<u>7,993</u>
	91,466	86,546	4,920
Investments in unconsolidated businesses	3,535	3,393	142
Wireless licenses	72,067	61,974	10,093
Goodwill	22,472	6,035	16,437
Other intangible assets, net	6,764	5,199	1,565
Other investments	-	4,781	(4,781)
Other assets	8,339	8,349	(10)
Total Assets	\$ 227,251	\$ 202,352	\$ 24,899
Liabilities and Equity			
Current liabilities			
Debt maturing within one year	\$ 7,205	\$ 4,993	\$ 2,212
Accounts payable and accrued liabilities	15,223	13,814	1,409
Other	6,708	7,099	(391)
Total current liabilities	<u>29,136</u>	<u>25,906</u>	<u>3,230</u>
Long-term debt	55,051	46,959	8,092
Employee benefit obligations	32,622	32,512	110
Deferred income taxes	19,310	11,769	7,541
Other liabilities	6,765	6,301	464
Equity			
Common stock	297	297	-
Contributed capital	40,108	40,291	(183)
Reinvested earnings	17,592	19,250	(1,658)
Accumulated other comprehensive loss	(11,479)	(13,372)	1,893
Common stock in treasury, at cost	(5,000)	(4,839)	(161)
Deferred compensation - employee stock ownership plans and other	88	79	9
Noncontrolling interest	42,761	37,199	5,562
Total equity	<u>84,367</u>	<u>78,905</u>	<u>5,462</u>
Total Liabilities and Equity	\$ 227,251	\$ 202,352	\$ 24,899

The unaudited consolidated balance sheets are based on preliminary information.

Verizon Communications Inc.
Condensed Consolidated Statements of Cash Flows

(dollars in millions)

Unaudited	12 Mos. Ended 12/31/09	12 Mos. Ended 12/31/08	\$ Change
Cash Flows From Operating Activities			
Net income	\$ 10,358	\$ 12,583	\$ (2,225)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	16,532	14,565	1,967
Employee retirement benefits	5,095	1,955	3,140
Deferred income taxes	1,384	2,183	(799)
Provision for uncollectible accounts	1,306	1,085	221
Equity in earnings of unconsolidated businesses, net of dividends received	389	212	177
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	(2,511)	(3,033)	522
Other, net	(988)	(1,993)	1,005
Net cash provided by operating activities	<u>31,565</u>	<u>27,557</u>	<u>4,008</u>
Cash Flows From Investing Activities			
Capital expenditures (including capitalized software)	(17,047)	(17,238)	191
Acquisitions of licenses, investments and businesses, net of cash acquired	(5,958)	(15,904)	9,946
Net change in short-term investments	84	1,677	(1,593)
Other, net	(410)	(114)	(296)
Net cash used in investing activities	<u>(23,331)</u>	<u>(31,579)</u>	<u>8,248</u>
Cash Flows From Financing Activities			
Proceeds from long-term borrowings	12,040	21,598	(9,558)
Repayments of long-term borrowings and capital lease obligations	(19,260)	(4,146)	(15,114)
Increase (decrease) in short-term obligations, excluding current maturities	(1,652)	2,389	(4,041)
Dividends paid	(5,271)	(4,994)	(277)
Proceeds from sale of common stock	-	16	(16)
Purchase of common stock for treasury	-	(1,368)	1,368
Other, net	(1,864)	(844)	(1,020)
Net cash provided by (used in) financing activities	<u>(16,007)</u>	<u>12,651</u>	<u>(28,658)</u>
Increase (decrease) in cash and cash equivalents	(7,773)	8,629	(16,402)
Cash and cash equivalents, beginning of period	9,782	1,153	8,629
Cash and cash equivalents, end of period	\$ 2,009	\$ 9,782	\$ (7,773)

Verizon Communications Inc.
Verizon Wireless – Selected Financial Results

(dollars in millions)

Unaudited	3 Mos. Ended 12/31/09	3 Mos. Ended 12/31/08	% Change	12 Mos. Ended 12/31/09	12 Mos. Ended 12/31/08	% Change
Revenues						
Service revenues	\$ 13,548	\$ 11,063	22.5	\$ 53,497	\$ 42,635	25.5
Equipment and other	2,184	1,783	22.5	8,634	6,697	28.9
Total Revenues	15,732	12,846	22.5	62,131	49,332	25.9
Operating Expenses						
Cost of services and sales	5,239	4,153	26.1	19,749	15,660	26.1
Selling, general & administrative expense	4,396	3,467	26.8	17,847	14,273	25.0
Depreciation and amortization expense	1,796	1,416	26.8	7,030	5,405	30.1
Total Operating Expenses	11,431	9,036	26.5	44,626	35,338	26.3
Operating Income	\$ 4,301	\$ 3,810	12.9	\$ 17,505	\$ 13,994	25.1
Operating Income Margin	27.3%	29.7%		28.2%	28.4%	

Verizon Communications Inc.
Verizon Wireless – Selected Operating Statistics

(numbers in thousands)

Unaudited	12/31/09	12/31/08	% Change
Total Customers	91,249	72,056	26.6
Retail Customers	87,523	70,021	25.0

Unaudited	3 Mos. Ended 12/31/09	3 Mos. Ended 12/31/08	% Change	12 Mos. Ended 12/31/09	12 Mos. Ended 12/31/08	% Change
Total Customer net adds in period ⁽¹⁾	2,236	1,248	79.2	19,193	6,349	*
Retail Customer net adds in period ⁽²⁾	1,232	1,214	1.5	17,502	6,286	*
Total churn rate	1.42%	1.35%		1.44%	1.25%	
Retail churn rate	1.44%	1.34%		1.44%	1.24%	

Footnotes:

(1) Includes acquisitions and adjustments of 46, 646 and (122) customers in the second, third and fourth quarter of 2008, respectively; and 13,219, 1, 79 and 20 customers in the first, second, third and fourth quarter of 2009, respectively.

(2) Includes acquisitions and adjustments of 46, 627 and (139) customers in the second, third and fourth quarter of 2008, respectively; and 12,813, 1, 81 and 20 customers in the first, second, third and fourth quarter of 2009, respectively.

The segment financial results above are adjusted to exclude the effects of special and non-recurring items. The company's chief decision maker excludes these items in assessing business unit performance, primarily due to their non-operational nature.

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		% Change	12 Mos. Ended		% Change
	12/31/09	12/31/08		12/31/09	12/31/08	
Wireline Operating Revenues						
Mass Markets	\$ 4,925	\$ 4,969	(0.9)	\$ 19,755	\$ 19,799	(0.2)
Global Enterprise	3,744	3,921	(4.5)	14,988	15,779	(5.0)
Global Wholesale	2,413	2,528	(4.5)	9,637	10,360	(7.0)
Other	374	499	(25.1)	1,700	2,276	(25.3)
Total Operating Revenues	11,456	11,917	(3.9)	46,080	48,214	(4.4)
Operating Expenses						
Cost of services and sales	6,094	6,041	0.9	24,144	24,274	(0.5)
Selling, general & administrative expense	2,726	2,854	(4.5)	10,833	11,047	(1.9)
Depreciation and amortization expense	2,345	2,309	1.6	9,122	9,031	1.0
Total Operating Expenses	11,165	11,204	(0.3)	44,099	44,352	(0.6)
Operating Income	\$ 291	\$ 713	(59.2)	\$ 1,981	\$ 3,862	(48.7)
Operating Income Margin	2.5%	6.0%		4.3%	8.0%	

Verizon Communications Inc.
Wireline – Selected Operating Statistics

(numbers in thousands)

Unaudited	12/31/09	12/31/08	% Change
Switched access lines in service			
Total Residence (includes Primary residence)	18,373	20,956	(12.3)
Primary residence	16,231	18,083	(10.2)
Business	14,008	14,966	(6.4)
Public	180	239	(24.7)
Total	32,561	36,161	(10.0)
Broadband connections	9,220	8,673	6.3
FiOS Internet Subscribers	3,433	2,481	38.4
FiOS TV Subscribers	2,861	1,918	49.2

Footnotes:

The segment financial results above are adjusted to exclude the effects of special and non-recurring items. The company's chief decision maker excludes these items in assessing business unit performance, primarily due to their non-operational nature.

Intersegment transactions have not been eliminated.

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