

condensed consolidated statements of income

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 6/30/08	3 Mos. Ended 6/30/07	% Change	6 Mos. Ended 6/30/08	6 Mos. Ended 6/30/07	% Change
Operating Revenues	\$ 24,124	\$ 23,273	3.7	\$ 47,957	\$ 45,857	4.6
Operating Expenses						
Cost of services and sales	9,466	9,231	2.5	18,983	18,143	4.6
Selling, general & administrative expense	6,528	6,320	3.3	12,929	12,663	2.1
Depreciation and amortization expense	3,584	3,573	0.3	7,166	7,106	0.8
Total Operating Expenses	19,578	19,124	2.4	39,078	37,912	3.1
Operating Income	4,546	4,149	9.6	8,879	7,945	11.8
Equity in earnings of unconsolidated businesses	150	185	(18.9)	247	345	(28.4)
Other income and (expense), net	92	27	*	115	75	53.3
Interest expense	(403)	(455)	(11.4)	(862)	(940)	(8.3)
Minority interest	(1,522)	(1,268)	20.0	(2,929)	(2,422)	20.9
Income Before Provision for Income Taxes, Discontinued Operations and Extraordinary Item	2,863	2,638	8.5	5,450	5,003	8.9
Provision for income taxes	(981)	(955)	2.7	(1,926)	(1,836)	4.9
Income Before Discontinued Operations and Extraordinary Item	1,882	1,683	11.8	3,524	3,167	11.3
Income from discontinued operations, net of tax ⁽¹⁾	—	—	*	—	142	(100.0)
Extraordinary item, net of tax	—	—	*	—	(131)	(100.0)
Net Income	\$ 1,882	\$ 1,683	11.8	\$ 3,524	\$ 3,178	10.9
Basic Earnings per Common Share⁽²⁾						
Income before discontinued operations and extraordinary item	\$.66	\$.58	13.8	\$ 1.23	\$ 1.09	12.8
Income from discontinued operations, net of tax	—	—	*	—	.05	(100.0)
Extraordinary item, net of tax	—	—	*	—	(.05)	(100.0)
Net income	\$.66	\$.58	13.8	\$ 1.23	\$ 1.09	12.8
Weighted average number of common shares (in millions)	2,850	2,903		2,856	2,906	
Diluted Earnings per Common Share⁽²⁾⁽³⁾						
Income before discontinued operations and extraordinary item	\$.66	\$.58	13.8	\$ 1.23	\$ 1.09	12.8
Income from discontinued operations, net of tax	—	—	*	—	.05	(100.0)
Extraordinary item, net of tax	—	—	*	—	(.05)	(100.0)
Net income	\$.66	\$.58	13.8	\$ 1.23	\$ 1.09	12.8
Weighted average number of common shares— assuming dilution (in millions)	2,851	2,907		2,858	2,909	

Footnotes:

(1) Discontinued operations includes a gain on the sale of Telecomunicaciones de Puerto Rico, Inc. (TELPRI) of \$70 million, net of tax. The disposition of this non-strategic business was completed on March 30, 2007.

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

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

* Not meaningful

condensed consolidated statements of income before special items

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 6/30/08	3 Mos. Ended 6/30/07	% Change	6 Mos. Ended 6/30/08	6 Mos. Ended 6/30/07	% Change
Operating Revenues⁽¹⁾						
Wireline	\$ 12,113	\$ 12,330	(1.8)	\$ 24,139	\$ 24,508	(1.5)
Domestic Wireless	12,118	10,843	11.8	23,787	21,150	12.5
Other	(107)	(173)	(38.2)	(227)	(347)	(34.6)
Total Operating Revenues	24,124	23,000	4.9	47,699	45,311	5.3
Operating Expenses⁽¹⁾						
Cost of services and sales	9,458	9,120	3.7	18,853	17,925	5.2
Selling, general & administrative expense	6,500	6,241	4.1	12,737	12,420	2.6
Depreciation and amortization expense	3,584	3,509	2.1	7,106	6,978	1.8
Total Operating Expenses	19,542	18,870	3.6	38,696	37,323	3.7
Operating Income	4,582	4,130	10.9	9,003	7,988	12.7
Operating income impact of divested operations ⁽¹⁾	—	46	(100.0)	44	98	(55.1)
Equity in earnings of unconsolidated businesses	150	185	(18.9)	247	345	(28.4)
Other income and (expense), net	92	27	*	115	75	53.3
Interest expense	(403)	(455)	(11.4)	(862)	(940)	(8.3)
Minority interest	(1,522)	(1,268)	20.0	(2,929)	(2,422)	20.9
Income Before Provision for Income Taxes and Discontinued Operations	2,899	2,665	8.8	5,618	5,144	9.2
Provision for income taxes	(995)	(965)	3.1	(1,973)	(1,886)	4.6
Income Before Discontinued Operations	1,904	1,700	12.0	3,645	3,258	11.9
Income from discontinued operations, net of tax	—	—	*	—	72	(100.0)
Net Income Before Special Items	\$ 1,904	\$ 1,700	12.0	\$ 3,645	\$ 3,330	9.5
Basic Adjusted Earnings per Common Share⁽²⁾						
Income before discontinued operations	\$.67	\$.59	13.6	\$ 1.28	\$ 1.12	14.3
Income from discontinued operations, net of tax	—	—	*	—	.02	(100.0)
Net income	\$.67	\$.59	13.6	\$ 1.28	\$ 1.15	11.3
Weighted average number of common shares (in millions)	2,850	2,903		2,856	2,906	
Diluted Adjusted Earnings per Common Share⁽²⁾⁽³⁾						
Income before discontinued operations	\$.67	\$.58	15.5	\$ 1.28	\$ 1.12	14.3
Income from discontinued operations, net of tax	—	—	*	—	.02	(100.0)
Net income	\$.67	\$.58	15.5	\$ 1.28	\$ 1.14	12.3
Weighted average number of common shares — assuming dilution (in millions)	2,851	2,907		2,858	2,909	

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	\$ —	\$ 273	\$ 258	\$ 546
Expenses	\$ —	\$ 227	\$ 214	\$ 448

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

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

* Not meaningful

condensed consolidated statements of income – reconciliations

Second Quarter 2008 and 2007

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 6/30/08 Reported (GAAP)	Special and Non-Recurring Items		3 Mos. Ended 6/30/08 Before Special Items
		Merger Integration Costs		
Operating Revenues	\$ 24,124	\$ —		\$ 24,124
Operating Expenses				
Cost of services and sales	9,466	(8)		9,458
Selling, general & administrative expense	6,528	(28)		6,500
Depreciation and amortization expense	3,584	—		3,584
Total Operating Expenses	19,578	(36)		19,542
Operating Income	4,546	36		4,582
Equity in earnings of unconsolidated businesses	150	—		150
Other income and (expense), net	92	—		92
Interest expense	(403)	—		(403)
Minority interest	(1,522)	—		(1,522)
Income Before Provision for Income Taxes	2,863	36		2,899
Provision for income taxes	(981)	(14)		(995)
Net Income	\$ 1,882	\$ 22		\$ 1,904
Basic Earnings per Common Share⁽¹⁾				
Net income	\$.66	\$.01		\$.67
Diluted Earnings per Common Share⁽¹⁾				
Net income	\$.66	\$.01		\$.67

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 6/30/07 Reported (GAAP)	Special and Non-Recurring Items		3 Mos. Ended 6/30/07 Before Special Items
		Merger Integration Costs	Impact of Divested Operations	
Operating Revenues	\$ 23,273	\$ —	\$ (273)	\$ 23,000
Operating Expenses				
Cost of services and sales	9,231	(2)	(109)	9,120
Selling, general & administrative expense	6,320	(25)	(54)	6,241
Depreciation and amortization expense	3,573	—	(64)	3,509
Total Operating Expenses	19,124	(27)	(227)	18,870
Operating Income	4,149	27	(46)	4,130
Operating income impact of divested operations	—	—	46	46
Equity in earnings of unconsolidated businesses	185	—	—	185
Other income and (expense), net	27	—	—	27
Interest expense	(455)	—	—	(455)
Minority interest	(1,268)	—	—	(1,268)
Income Before Provision for Income Taxes	2,638	27	—	2,665
Provision for income taxes	(955)	(10)	—	(965)
Net Income	\$ 1,683	\$ 17	\$ —	\$ 1,700
Basic Earnings per Common Share⁽¹⁾				
Net income	\$.58	\$.01	\$ —	\$.59
Diluted Earnings per Common Share⁽¹⁾				
Net income	\$.58	\$.01	\$ —	\$.58

Footnote:

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

Note: See www.verizon.com/investor for a reconciliation of other non-GAAP measures included in this *Quarterly Bulletin*.

condensed consolidated statements of income – reconciliations

Second Quarter Year-to-Date 2008 and 2007

(dollars in millions, except per share amounts)

Unaudited	6 Mos. Ended 6/30/08 Reported (GAAP)	Special and Non-Recurring Items			6 Mos. Ended 6/30/08 Before Special Items
		Merger Integration Costs	Access Line Spin-Off Related Charges	Impact of Divested Operations	
Operating Revenues	\$ 47,957	\$ —	\$ —	\$ (258)	\$ 47,699
Operating Expenses					
Cost of services and sales	18,983	(13)	(16)	(101)	18,853
Selling, general & administrative expense	12,929	(52)	(87)	(53)	12,737
Depreciation and amortization expense	7,166	—	—	(60)	7,106
Total Operating Expenses	39,078	(65)	(103)	(214)	38,696
Operating Income	8,879	65	103	(44)	9,003
Operating income impact of divested operations	—	—	—	44	44
Equity in earnings of unconsolidated businesses	247	—	—	—	247
Other income and (expense), net	115	—	—	—	115
Interest expense	(862)	—	—	—	(862)
Minority interest	(2,929)	—	—	—	(2,929)
Income Before Provision for Income Taxes	5,450	65	103	—	5,618
Provision for income taxes	(1,926)	(25)	(22)	—	(1,973)
Net Income	\$ 3,524	\$ 40	\$ 81	\$ —	\$ 3,645
Basic Earnings per Common Share⁽¹⁾					
Net income	\$ 1.23	\$.01	\$.03	\$ —	\$ 1.28
Diluted Earnings per Common Share⁽¹⁾					
Net income	\$ 1.23	\$.01	\$.03	\$ —	\$ 1.28

(dollars in millions, except per share amounts)

Unaudited	6 Mos. Ended 6/30/07 Reported (GAAP)	Special and Non—Recurring Items				6 Mos. Ended 6/30/07 Before Special Items
		Merger Integration Costs	Sale of Puerto Rico, Net	Loss on CANTV	Impact of Divested Operations	
Operating Revenues	\$ 45,857	\$ —	\$ —	\$ —	\$ (546)	\$ 45,311
Operating Expenses						
Cost of services and sales	18,143	(4)	—	—	(214)	17,925
Selling, general & administrative expense	12,663	(37)	(100)	—	(106)	12,420
Depreciation and amortization expense	7,106	—	—	—	(128)	6,978
Total Operating Expenses	37,912	(41)	(100)	—	(448)	37,323
Operating Income	7,945	41	100	—	(98)	7,988
Operating income impact of divested operations	—	—	—	—	98	98
Equity in earnings of unconsolidated businesses	345	—	—	—	—	345
Other income and (expense), net	75	—	—	—	—	75
Interest expense	(940)	—	—	—	—	(940)
Minority interest	(2,422)	—	—	—	—	(2,422)
Income Before Provision for Income Taxes, Discontinued Operations and Extraordinary Item	5,003	41	100	—	—	5,144
Provision for income taxes	(1,836)	(15)	(35)	—	—	(1,886)
Income Before Discontinued Operations and Extraordinary Item	3,167	26	65	—	—	3,258
Income from discontinued operations, net of tax	142	—	(70)	—	—	72
Extraordinary item, net of tax	(131)	—	—	131	—	—
Net Income	\$ 3,178	\$ 26	\$ (5)	\$ 131	\$ —	\$ 3,330
Basic Earnings per Common Share⁽¹⁾						
Income before discontinued operations and extraordinary item	\$ 1.09	\$.01	\$.02	\$ —	\$ —	\$ 1.12
Income from discontinued operations, net of tax	.05	—	(.02)	—	—	.02
Extraordinary item, net of tax	(.05)	—	—	.05	—	—
Net income	\$ 1.09	\$.01	\$ —	\$.05	\$ —	\$ 1.15
Diluted Earnings per Common Share⁽¹⁾						
Income before discontinued operations and extraordinary item	\$ 1.09	\$.01	\$.02	\$ —	\$ —	\$ 1.12
Income from discontinued operations, net of tax	.05	—	(.02)	—	—	.02
Extraordinary item, net of tax	(.05)	—	—	.05	—	—
Net income	\$ 1.09	\$.01	\$ —	\$.05	\$ —	\$ 1.14

Footnote:

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

Note: See www.verizon.com/investor for a reconciliation of other non-GAAP measures included in this *Quarterly Bulletin*.

selected financial and operating statistics

(dollars in millions, except per share amounts)

Unaudited	6/30/08	6/30/07
Debt to debt and shareowners' equity ratio-end of period	45.9%	39.5%
Book value per common share	\$ 17.87	\$ 17.17
Common shares outstanding (in millions) End of period	2,848	2,903
Total employees ⁽¹⁾	228,633	235,879

Unaudited	3 Mos. Ended 6/30/08	3 Mos. Ended 6/30/07	6 Mos. Ended 6/30/08	6 Mos. Ended 6/30/07
Capital expenditures (including capitalized software)				
Wireline	\$ 2,456	\$ 2,681	\$ 4,835	\$ 5,120
Domestic Wireless	1,528	1,667	3,250	3,388
Other	193	4	312	7
Total	\$ 4,177	\$ 4,352	\$ 8,397	\$ 8,515
Cash dividends declared per common share	\$ 0.430	\$ 0.405	\$ 0.860	\$ 0.810

Footnote:

(1) Prior period has been reclassified to reflect comparable amounts.

condensed consolidated balance sheets

(dollars in millions)

Unaudited	6/30/08	12/31/07	\$ Change
Assets			
Current assets			
Cash and cash equivalents	\$ 582	\$ 1,153	\$ (571)
Short-term investments	1,492	2,244	(752)
Accounts receivable, net	11,584	11,736	(152)
Inventories	2,216	1,729	487
Prepaid expenses and other	2,122	1,836	286
Total current assets	17,996	18,698	(702)
Plant, property and equipment	212,605	213,994	(1,389)
Less accumulated depreciation	127,450	128,700	(1,250)
	85,155	85,294	(139)
Investments in unconsolidated businesses	3,175	3,372	(197)
Wireless licenses	60,423	50,796	9,627
Goodwill	5,218	5,245	(27)
Other intangible assets, net	4,974	4,988	(14)
Other investments	4,761	—	4,761
Other assets	18,944	18,566	378
Total Assets	\$ 200,646	\$ 186,959	\$ 13,687
Liabilities and Shareowners' Investment			
Current liabilities			
Debt maturing within one year	\$ 9,331	\$ 2,954	\$ 6,377
Accounts payable and accrued liabilities	13,299	14,462	(1,163)
Other	7,270	7,325	(55)
Total current liabilities	29,900	24,741	5,159
Long-term debt	33,778	28,203	5,575
Employee benefit obligations	29,246	29,960	(714)
Deferred income taxes	16,346	14,784	1,562
Other liabilities	5,856	6,402	(546)
Minority interest	34,633	32,288	2,345
Shareowners' investment			
Common stock	297	297	—
Contributed capital	40,291	40,316	(25)
Reinvested earnings	18,958	17,884	1,074
Accumulated other comprehensive loss	(4,150)	(4,506)	356
Common stock in treasury, at cost	(4,591)	(3,489)	(1,102)
Deferred compensation — employee stock ownership plans and other	82	79	3
Total shareowners' investment	50,887	50,581	306
Total Liabilities and Shareowners' Investment	\$ 200,646	\$ 186,959	\$ 13,687

The unaudited consolidated balance sheets are based on preliminary information.

condensed consolidated statements of cash flows

(dollars in millions)

Unaudited	6 Mos. Ended 6/30/08	6 Mos. Ended 6/30/07	\$ Change
Cash Flows From Operating Activities			
Net income	\$ 3,524	\$ 3,178	\$ 346
Adjustments to reconcile net income to net cash provided by operating activities — continuing operations:			
Depreciation and amortization expense	7,166	7,106	60
Employee retirement benefits	808	862	(54)
Deferred income taxes	1,774	332	1,442
Provision for uncollectible accounts	494	498	(4)
Equity in earnings of unconsolidated businesses, net of dividends received	507	(128)	635
Extraordinary item, net of tax	—	131	(131)
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	(2,309)	(2,001)	(308)
Other, net	88	1,584	(1,496)
Net cash provided by operating activities — continuing operations	12,052	11,562	490
Net cash used in operating activities — discontinued operations	—	(570)	570
Net cash provided by operating activities	12,052	10,992	1,060
Cash Flows From Investing Activities			
Capital expenditures (including capitalized software)	(8,397)	(8,515)	118
Acquisitions of businesses and licenses, net of cash acquired, and investments	(14,493)	(629)	(13,864)
Net change in short-term investments	736	748	(12)
Other, net	(114)	762	(876)
Net cash used in investing activities — continuing operations	(22,268)	(7,634)	(14,634)
Net cash provided by investing activities — discontinued operations	—	757	(757)
Net cash used in investing activities	(22,268)	(6,877)	(15,391)
Cash Flows From Financing Activities			
Proceeds from long-term borrowings	8,144	3,402	4,742
Repayments of long-term borrowings and capital lease obligations	(1,849)	(4,811)	2,962
Increase (decrease) in short-term obligations, excluding current maturities	6,929	(2,497)	9,426
Dividends paid	(2,464)	(2,343)	(121)
Proceeds from sale of common stock	15	553	(538)
Purchase of common stock for treasury	(1,117)	(952)	(165)
Other, net	(13)	(30)	17
Net cash provided by (used in) financing activities — continuing operations	9,645	(6,678)	16,323
Net cash provided by (used in) financing activities — discontinued operations	—	—	—
Net cash provided by (used in) financing activities	9,645	(6,678)	16,323
Decrease in cash and cash equivalents	(571)	(2,563)	1,992
Cash and cash equivalents, beginning of period	1,153	3,219	(2,066)
Cash and cash equivalents, end of period	\$ 582	\$ 656	\$ (74)

wireline selected financial results

(dollars in millions)						
Unaudited	3 Mos. Ended 6/30/08	3 Mos. Ended 6/30/07	% Change	6 Mos. Ended 6/30/08	6 Mos. Ended 6/30/07	% Change
Wireline Operating Revenues						
Verizon Telecom						
Mass Markets	\$ 5,247	\$ 5,367	(2.2)	\$ 10,471	\$ 10,703	(2.2)
Wholesale	1,895	1,956	(3.1)	3,807	3,875	(1.8)
Other	357	429	(16.8)	729	873	(16.5)
Verizon Business						
Enterprise Business	3,613	3,638	(0.7)	7,149	7,176	(0.4)
Wholesale	846	844	0.2	1,680	1,694	(0.8)
International and Other	859	789	8.9	1,703	1,587	7.3
Eliminations	(704)	(693)	1.6	(1,400)	(1,400)	—
Total Operating Revenues	12,113	12,330	(1.8)	24,139	24,508	(1.5)
Operating Expenses						
Cost of services and sales	5,997	5,986	0.2	12,078	11,908	1.4
Selling, general & administrative expense	2,808	3,051	(8.0)	5,504	6,021	(8.6)
Depreciation and amortization expense	2,245	2,206	1.8	4,454	4,409	1.0
Total Operating Expenses	11,050	11,243	(1.7)	22,036	22,338	(1.4)
Operating Income	\$ 1,063	\$ 1,087	(2.2)	\$ 2,103	\$ 2,170	(3.1)
Operating Income Margin	8.8%	8.8%		8.7%	8.9%	

wireline — selected operating statistics

Unaudited	6/30/08	6/30/07	% Change
Switched access lines in service (000)			
Residence	22,446	25,346	(11.4)
Business	15,545	16,171	(3.9)
Public	273	315	(13.3)
Total	38,264	41,832	(8.5)
Wholesale voice connections (000)	2,577	3,064	(15.9)
Broadband connections (000)	8,330	7,471	11.5

(dollars in millions)						
Unaudited	3 Mos. Ended 6/30/08	3 Mos. Ended 6/30/07	% Change	6 Mos. Ended 6/30/08	6 Mos. Ended 6/30/07	% Change
High capacity and digital data revenues	\$ 5,063	\$ 4,361	16.1	\$ 9,862	\$ 8,534	15.6

Footnotes:

The segment financial results above are adjusted to exclude the effects of special and non-recurring items. The company's chief decision makers exclude 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.

verizon wireless selected financial results

(dollars in millions)

Unaudited	3 Mos. Ended 6/30/08	3 Mos. Ended 6/30/07	% Change	6 Mos. Ended 6/30/08	6 Mos. Ended 6/30/07	% Change
Revenues						
Service revenues	\$ 10,492	\$ 9,402	11.6	\$ 20,637	\$ 18,393	12.2
Equipment and other	1,626	1,441	12.8	3,150	2,757	14.3
Total Revenues	12,118	10,843	11.8	23,787	21,150	12.5
Operating Expenses						
Cost of services and sales	3,744	3,270	14.5	7,329	6,292	16.5
Selling, general & administrative expense	3,588	3,271	9.7	7,117	6,571	8.3
Depreciation and amortization expense	1,323	1,293	2.3	2,623	2,549	2.9
Total Operating Expenses	8,655	7,834	10.5	17,069	15,412	10.8
Operating Income	\$ 3,463	\$ 3,009	15.1	\$ 6,718	\$ 5,738	17.1
Operating Income Margin	28.6%	27.8%		28.2%	27.1%	

verizon wireless — selected operating statistics

Unaudited	6/30/08	6/30/07	% Change
Total Customers (000)	68,681	62,054	10.7
Retail Customers (000)	66,680	60,080	11.0

Unaudited	3 Mos. Ended 6/30/08	3 Mos. Ended 6/30/07	% Change	6 Mos. Ended 6/30/08	6 Mos. Ended 6/30/07	% Change
Total Customer net adds in period ⁽¹⁾ (000)	1,503	1,338	12.3	2,974	3,002	(0.9)
Retail Customer net adds in period ⁽¹⁾ (000)	1,494	1,622	(7.9)	2,945	3,268	(9.9)
Total churn rate	1.12%	1.26%		1.16%	1.19%	
Retail churn rate	1.11%	1.08%		1.15%	1.08%	

Footnotes:

The segment financial results above are adjusted to exclude the effects of special and non-recurring items. The company's chief decision makers exclude 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.

(1) Includes acquisitions and adjustments of 7,000 customers in the first quarter of 2007 and 46,000 in the second quarter of 2008.