

## condensed consolidated statements of income

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 12/31/08	3 Mos. Ended 12/31/07	% Change	12 Mos. Ended 12/31/08	12 Mos. Ended 12/31/07	% Change
<b>Operating Revenues</b>	<b>\$ 24,645</b>	\$ 23,840	3.4	<b>\$ 97,354</b>	\$ 93,469	4.2
<b>Operating Expenses</b>						
Cost of services and sales	<b>9,976</b>	9,796	1.8	<b>39,007</b>	37,547	3.9
Selling, general & administrative expense	<b>7,090</b>	6,955	1.9	<b>26,898</b>	25,967	3.6
Depreciation and amortization expense	<b>3,747</b>	3,666	2.2	<b>14,565</b>	14,377	1.3
<b>Total Operating Expenses</b>	<b>20,813</b>	20,417	1.9	<b>80,470</b>	77,891	3.3
<b>Operating Income</b>	<b>3,832</b>	3,423	11.9	<b>16,884</b>	15,578	8.4
Equity in earnings of unconsolidated businesses	<b>109</b>	93	17.2	<b>567</b>	585	(3.1)
Other income and (expense), net	<b>62</b>	87	(28.7)	<b>282</b>	211	33.6
Interest expense	<b>(517)</b>	(439)	17.8	<b>(1,819)</b>	(1,829)	(0.5)
Minority interest	<b>(1,696)</b>	(1,333)	27.2	<b>(6,155)</b>	(5,053)	21.8
<b>Income Before Provision for Income Taxes, Discontinued Operations and Extraordinary Item</b>	<b>1,790</b>	1,831	(2.2)	<b>9,759</b>	9,492	2.8
Provision for income taxes	<b>(555)</b>	(759)	(26.9)	<b>(3,331)</b>	(3,982)	(16.3)
<b>Income Before Discontinued Operations and Extraordinary Item</b>	<b>1,235</b>	1,072	15.2	<b>6,428</b>	5,510	16.7
Income from discontinued operations, net of tax <sup>(1)</sup>	—	—	*	—	142	(100.0)
Extraordinary item, net of tax	—	—	*	—	(131)	(100.0)
<b>Net Income</b>	<b>\$ 1,235</b>	\$ 1,072	15.2	<b>\$ 6,428</b>	\$ 5,521	16.4
<b>Basic Earnings per Common Share<sup>(2)</sup></b>						
Income before discontinued operations and extraordinary item	<b>\$ .43</b>	\$ .37	16.2	<b>\$ 2.26</b>	\$ 1.90	18.9
Income from discontinued operations, net of tax	—	—	*	—	.05	(100.0)
Extraordinary item, net of tax	—	—	*	—	(.05)	(100.0)
Net income	<b>\$ .43</b>	\$ .37	16.2	<b>\$ 2.26</b>	\$ 1.91	18.3
Weighted average number of common shares (in millions)	<b>2,841</b>	2,886		<b>2,849</b>	2,898	
<b>Diluted Earnings per Common Share<sup>(2)(3)</sup></b>						
Income before discontinued operations and extraordinary item	<b>\$ .43</b>	\$ .37	16.2	<b>\$ 2.26</b>	\$ 1.90	18.9
Income from discontinued operations, net of tax	—	—	*	—	.05	(100.0)
Extraordinary item, net of tax	—	—	*	—	(.05)	(100.0)
Net income	<b>\$ .43</b>	\$ .37	16.2	<b>\$ 2.26</b>	\$ 1.90	18.9
Weighted average number of common shares — assuming dilution (in millions)	<b>2,841</b>	2,891		<b>2,850</b>	2,902	

**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 12/31/08	3 Mos. Ended 12/31/07	% Change	12 Mos. Ended 12/31/08	12 Mos. Ended 12/31/07	% Change
<b>Operating Revenues<sup>(1)</sup></b>						
Wireline	\$ 11,917	\$ 12,249	(2.7)	\$ 48,214	\$ 49,129	(1.9)
Domestic Wireless	12,846	11,443	12.3	49,332	43,882	12.4
Other	(118)	(121)	(2.5)	(450)	(636)	(29.2)
<b>Total Operating Revenues</b>	<b>24,645</b>	<b>23,571</b>	<b>4.6</b>	<b>97,096</b>	<b>92,375</b>	<b>5.1</b>
<b>Operating Expenses<sup>(1)</sup></b>						
Cost of services and sales	9,905	9,676	2.4	38,801	37,090	4.6
Selling, general & administrative expense	6,417	5,999	7.0	25,723	24,620	4.5
Depreciation and amortization expense	3,747	3,602	4.0	14,505	14,120	2.7
<b>Total Operating Expenses</b>	<b>20,069</b>	<b>19,277</b>	<b>4.1</b>	<b>79,029</b>	<b>75,830</b>	<b>4.2</b>
<b>Operating Income</b>	<b>4,576</b>	<b>4,294</b>	<b>6.6</b>	<b>18,067</b>	<b>16,545</b>	<b>9.2</b>
Operating income impact of divested operations <sup>(1)</sup>	—	33	(100.0)	44	182	(75.8)
Equity in earnings of unconsolidated businesses	109	93	17.2	567	585	(3.1)
Other income and (expense), net	110	87	26.4	330	211	56.4
Interest expense	(517)	(439)	17.8	(1,819)	(1,829)	(0.5)
Minority interest	(1,698)	(1,333)	27.4	(6,157)	(5,053)	21.8
<b>Income Before Provision for Income Taxes and Discontinued Operations</b>	<b>2,580</b>	<b>2,735</b>	<b>(5.7)</b>	<b>11,032</b>	<b>10,641</b>	<b>3.7</b>
Provision for income taxes	(855)	(953)	(10.3)	(3,797)	(3,787)	0.3
<b>Income Before Discontinued Operations</b>	<b>1,725</b>	<b>1,782</b>	<b>(3.2)</b>	<b>7,235</b>	<b>6,854</b>	<b>5.6</b>
Income from discontinued operations, net of tax	—	—	*	—	72	(100.0)
<b>Net Income Before Special Items</b>	<b>\$ 1,725</b>	<b>\$ 1,782</b>	<b>(3.2)</b>	<b>\$ 7,235</b>	<b>\$ 6,926</b>	<b>4.5</b>
<b>Basic Adjusted Earnings per Common Share<sup>(2)</sup></b>						
Income before discontinued operations	\$ .61	\$ .62	(1.6)	\$ 2.54	\$ 2.37	7.2
Income from discontinued operations, net of tax	—	—	*	—	.02	(100.0)
Net income	\$ .61	\$ .62	(1.6)	\$ 2.54	\$ 2.39	6.3
Weighted average number of common shares (in millions)	2,841	2,886		2,849	2,898	
<b>Diluted Adjusted Earnings per Common Share<sup>(2)(3)</sup></b>						
Income before discontinued operations	\$ .61	\$ .62	(1.6)	\$ 2.54	\$ 2.36	7.6
Income from discontinued operations, net of tax	—	—	*	—	.02	(100.0)
Net income	\$ .61	\$ .62	(1.6)	\$ 2.54	\$ 2.39	6.3
Weighted average number of common shares-assuming dilution (in millions)	2,841	2,891		2,850	2,902	

**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	\$ —	\$ 269	\$ 258	\$ 1,094
Expenses	\$ —	\$ 236	\$ 214	\$ 912

(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

## Fourth Quarter 2008 and 2007

(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	
<b>Operating Revenues</b>	\$ 24,645	\$ —	\$ —	\$ —	\$ 24,645
<b>Operating Expenses</b>					
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
<b>Total Operating Expenses</b>	<b>20,813</b>	<b>(59)</b>	<b>(685)</b>	<b>—</b>	<b>20,069</b>
<b>Operating Income</b>	<b>3,832</b>	<b>59</b>	<b>685</b>	<b>—</b>	<b>4,576</b>
Equity in earnings of unconsolidated businesses	109	—	—	—	109
Other income and (expense), net	62	—	—	48	110
Interest expense	(517)	—	—	—	(517)
Minority interest	(1,696)	(2)	—	—	(1,698)
<b>Income Before Provision for Income Taxes</b>	<b>1,790</b>	<b>57</b>	<b>685</b>	<b>48</b>	<b>2,580</b>
Provision for income taxes	(555)	(22)	(261)	(17)	(855)
<b>Net Income</b>	<b>\$ 1,235</b>	<b>\$ 35</b>	<b>\$ 424</b>	<b>\$ 31</b>	<b>\$ 1,725</b>
<b>Basic Earnings per Common Share<sup>(1)</sup></b>					
Net income	\$ .43	\$ .01	\$ .15	\$ .01	\$ .61
<b>Diluted Earnings per Common Share<sup>(1)</sup></b>					
Net income	\$ .43	\$ .01	\$ .15	\$ .01	\$ .61

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 12/31/07 Reported (GAAP)	Special and Non-Recurring Items				3 Mos. Ended 12/31/07 Before Special Items
		Merger Integration Costs	Access Line Spin-Off Related Charges	International Taxes	Severance, Pension and Benefit Charges	
<b>Operating Revenues</b>	\$ 23,840	\$ —	\$ —	\$ —	\$ (269)	\$ 23,571
<b>Operating Expenses</b>						
Cost of services and sales	9,796	(16)	—	—	(104)	9,676
Selling, general & administrative expense	6,955	(76)	(38)	(2)	(772)	5,999
Depreciation and amortization expense	3,666	—	—	—	(64)	3,602
<b>Total Operating Expenses</b>	<b>20,417</b>	<b>(92)</b>	<b>(38)</b>	<b>(2)</b>	<b>(772)</b>	<b>19,277</b>
<b>Operating Income</b>	<b>3,423</b>	<b>92</b>	<b>38</b>	<b>2</b>	<b>772</b>	<b>4,294</b>
Operating income impact of divested operations	—	—	—	—	33	33
Equity in earnings of unconsolidated businesses	93	—	—	—	—	93
Other income and (expense), net	87	—	—	—	—	87
Interest expense	(439)	—	—	—	—	(439)
Minority interest	(1,333)	—	—	—	—	(1,333)
<b>Income Before Provision for Income Taxes</b>	<b>1,831</b>	<b>92</b>	<b>38</b>	<b>2</b>	<b>772</b>	<b>2,735</b>
Provision for income taxes	(759)	(34)	(2)	137	(295)	(953)
<b>Net Income</b>	<b>\$ 1,072</b>	<b>\$ 58</b>	<b>\$ 36</b>	<b>\$ 139</b>	<b>\$ 477</b>	<b>\$ 1,782</b>
<b>Basic Earnings per Common Share<sup>(1)</sup></b>						
Net income	\$ .37	\$ .02	\$ .01	\$ .05	\$ .17	\$ .62
<b>Diluted Earnings per Common Share<sup>(1)</sup></b>						
Net income	\$ .37	\$ .02	\$ .01	\$ .05	\$ .16	\$ .62

## Footnote:

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

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

## condensed consolidated statements of income – reconciliations

## Fourth Quarter Year-to-Date 2008 and 2007

(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	
<b>Operating Revenues</b>	\$ 97,354	\$ —	\$ —	\$ —	\$ —	\$ (258)	\$ 97,096
<b>Operating Expenses</b>							
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
<b>Total Operating Expenses</b>	<b>80,470</b>	<b>(174)</b>	<b>(103)</b>	<b>—</b>	<b>(950)</b>	<b>(214)</b>	<b>79,029</b>
<b>Operating Income</b>	<b>16,884</b>	<b>174</b>	<b>103</b>	<b>—</b>	<b>950</b>	<b>(44)</b>	<b>18,067</b>
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)
Minority interest	(6,155)	(2)	—	—	—	—	(6,157)
<b>Income Before Provision for Income Taxes</b>	<b>9,759</b>	<b>172</b>	<b>103</b>	<b>48</b>	<b>950</b>	<b>—</b>	<b>11,032</b>
Provision for income taxes	(3,331)	(65)	(22)	(17)	(362)	—	(3,797)
<b>Net Income</b>	<b>\$ 6,428</b>	<b>\$ 107</b>	<b>\$ 81</b>	<b>\$ 31</b>	<b>\$ 588</b>	<b>\$ —</b>	<b>\$ 7,235</b>
<b>Basic Earnings per Common Share<sup>(1)</sup></b>							
Net income	\$ 2.26	\$ .03	\$ .03	\$ .01	\$ .21	\$ —	\$ 2.54
<b>Diluted Earnings per Common Share<sup>(1)</sup></b>							
Net income	\$ 2.26	\$ .03	\$ .03	\$ .01	\$ .21	\$ —	\$ 2.54

(dollars in millions, except per share amounts)

Unaudited	12 Mos. Ended 12/31/07 Reported (GAAP)	Special and Non-Recurring Items					12 Mos. Ended 12/31/07 Before Special Items	
		Merger Integration Costs	Sale of Puerto Rico, Net	Loss on CANTV	Access Line Spin-Off Related Charges	International Taxes		Severance, Pension and Benefit Charges
<b>Operating Revenues</b>	\$ 93,469	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (1,094)	\$ 92,375
<b>Operating Expenses</b>								
Cost of services and sales	37,547	(32)	—	—	—	—	(425)	37,090
Selling, general & administrative expense	25,967	(146)	(100)	—	(84)	(15)	(772)	24,620
Depreciation and amortization expense	14,377	—	—	—	—	—	(257)	14,120
<b>Total Operating Expenses</b>	<b>77,891</b>	<b>(178)</b>	<b>(100)</b>	<b>—</b>	<b>(84)</b>	<b>(15)</b>	<b>(772)</b>	<b>75,830</b>
<b>Operating Income</b>	<b>15,578</b>	<b>178</b>	<b>100</b>	<b>—</b>	<b>84</b>	<b>15</b>	<b>772</b>	<b>16,545</b>
Operating income impact of divested operations	—	—	—	—	—	—	182	182
Equity in earnings of unconsolidated businesses	585	—	—	—	—	—	—	585
Other income and (expense), net	211	—	—	—	—	—	—	211
Interest expense	(1,829)	—	—	—	—	—	—	(1,829)
Minority interest	(5,053)	—	—	—	—	—	—	(5,053)
<b>Income Before Provision for Income Taxes, Discontinued Operations and Extraordinary Item</b>	<b>9,492</b>	<b>178</b>	<b>100</b>	<b>—</b>	<b>84</b>	<b>15</b>	<b>772</b>	<b>10,641</b>
Provision for income taxes	(3,982)	(66)	(35)	—	(4)	595	(295)	(3,787)
<b>Income Before Discontinued Operations and Extraordinary Item</b>	<b>5,510</b>	<b>112</b>	<b>65</b>	<b>—</b>	<b>80</b>	<b>610</b>	<b>477</b>	<b>6,854</b>
Income from discontinued operations, net of tax	142	—	(70)	—	—	—	—	72
Extraordinary item, net of tax	(131)	—	—	131	—	—	—	—
<b>Net Income</b>	<b>\$ 5,521</b>	<b>\$ 112</b>	<b>\$ (5)</b>	<b>\$ 131</b>	<b>\$ 80</b>	<b>\$ 610</b>	<b>\$ 477</b>	<b>\$ 6,926</b>
<b>Basic Earnings per Common Share<sup>(1)</sup></b>								
Income before discontinued operations and extraordinary item	\$ 1.90	\$ .04	\$ .02	\$ —	\$ .03	\$ .21	\$ .17	\$ 2.37
Income from discontinued operations, net of tax	.05	—	(.02)	—	—	—	—	.02
Extraordinary item, net of tax	(.05)	—	—	.05	—	—	—	—
Net income	\$ 1.91	\$ .04	\$ —	\$ .05	\$ .03	\$ .21	\$ .17	\$ 2.39
<b>Diluted Earnings per Common Share<sup>(1)</sup></b>								
Income before discontinued operations and extraordinary item	\$ 1.90	\$ .04	\$ .02	\$ —	\$ .03	\$ .21	\$ .16	\$ 2.36
Income from discontinued operations, net of tax	.05	—	(.02)	—	—	—	—	.02
Extraordinary item, net of tax	(.05)	—	—	.05	—	—	—	—
Net income	\$ 1.90	\$ .04	\$ —	\$ .05	\$ .03	\$ .21	\$ .16	\$ 2.39

**Footnote:**

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

Note: See [www.verizon.com/investor](http://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	12/31/08	12/31/07
Debt to debt and shareowners' equity ratio-end of period	<b>55.5%</b>	38.1%
Book value per common share	<b>\$ 14.68</b>	\$ 17.58
Common shares outstanding (in millions) End of period	<b>2,841</b>	2,877
Total employees <sup>(1)</sup>	<b>223,880</b>	232,417

Unaudited	3 Mos. Ended 12/31/08	3 Mos. Ended 12/31/07	12 Mos. Ended 12/31/08	12 Mos. Ended 12/31/07
Capital expenditures (including capitalized software)				
Wireline	<b>\$ 2,479</b>	\$ 3,083	<b>\$ 9,797</b>	\$ 10,956
Domestic Wireless	<b>1,787</b>	1,600	<b>6,510</b>	6,503
Other	<b>397</b>	63	<b>931</b>	79
Total	<b>\$ 4,663</b>	\$ 4,746	<b>\$ 17,238</b>	\$ 17,538
Cash dividends declared per common share	<b>\$ 0.460</b>	\$ 0.430	<b>\$ 1.780</b>	\$ 1.670

**Footnote:**

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

## condensed consolidated balance sheets

(dollars in millions)

Unaudited	12/31/08	12/31/07	\$ Change
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 9,782	\$ 1,153	\$ 8,629
Short-term investments	509	2,244	(1,735)
Accounts receivable, net	11,703	11,736	(33)
Inventories	2,092	1,729	363
Prepaid expenses and other	1,989	1,836	153
Total current assets	26,075	18,698	7,377
Plant, property and equipment	215,605	213,994	1,611
Less accumulated depreciation	129,059	128,700	359
	86,546	85,294	1,252
Investments in unconsolidated businesses	3,393	3,372	21
Wireless licenses	61,974	50,796	11,178
Goodwill	6,035	5,245	790
Other intangible assets, net	5,199	4,988	211
Other investments	4,781	—	4,781
Other assets	8,349	18,566	(10,217)
<b>Total Assets</b>	<b>\$ 202,352</b>	<b>\$ 186,959</b>	<b>\$ 15,393</b>
<b>Liabilities and Shareowners' Investment</b>			
Current liabilities			
Debt maturing within one year	\$ 4,993	\$ 2,954	\$ 2,039
Accounts payable and accrued liabilities	13,814	14,462	(648)
Other	7,099	7,325	(226)
Total current liabilities	25,906	24,741	1,165
Long-term debt	46,959	28,203	18,756
Employee benefit obligations	32,512	29,960	2,552
Deferred income taxes	11,769	14,784	(3,015)
Other liabilities	6,301	6,402	(101)
Minority interest	37,199	32,288	4,911
Shareowners' investment			
Common stock	297	297	—
Contributed capital	40,291	40,316	(25)
Reinvested earnings	19,250	17,884	1,366
Accumulated other comprehensive loss	(13,372)	(4,506)	(8,866)
Common stock in treasury, at cost	(4,839)	(3,489)	(1,350)
Deferred compensation— employee stock ownership plans and other	79	79	—
Total shareowners' investment	41,706	50,581	(8,875)
<b>Total Liabilities and Shareowners' Investment</b>	<b>\$ 202,352</b>	<b>\$ 186,959</b>	<b>\$ 15,393</b>

The unaudited consolidated balance sheets are based on preliminary information.

## condensed consolidated statements of cash flows

(dollars in millions)

Unaudited	12 Mos. Ended 12/31/08	12 Mos. Ended 12/31/07	\$ Change
<b>Cash Flows From Operating Activities</b>			
Net income	\$ 6,428	\$ 5,521	\$ 907
Adjustments to reconcile net income to net cash provided by operating activities — continuing operations:			
Depreciation and amortization expense	14,565	14,377	188
Employee retirement benefits	1,955	1,720	235
Deferred income taxes	2,183	408	1,775
Provision for uncollectible accounts	1,085	1,047	38
Equity in earnings of unconsolidated businesses, net of dividends received	212	1,986	(1,774)
Extraordinary item, net of tax	—	131	(131)
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	(3,033)	(2,893)	(140)
Other, net	3,225	4,012	(787)
Net cash provided by operating activities — continuing operations	26,620	26,309	311
Net cash used in operating activities — discontinued operations	—	(570)	570
Net cash provided by operating activities	26,620	25,739	881
<b>Cash Flows From Investing Activities</b>			
Capital expenditures (including capitalized software)	(17,238)	(17,538)	300
Acquisitions of licenses, investments and businesses, net of cash acquired	(15,904)	(763)	(15,141)
Net change in short-term investments	1,677	169	1,508
Other, net	(114)	1,267	(1,381)
Net cash used in investing activities — continuing operations	(31,579)	(16,865)	(14,714)
Net cash provided by investing activities — discontinued operations	—	757	(757)
Net cash used in investing activities	(31,579)	(16,108)	(15,471)
<b>Cash Flows From Financing Activities</b>			
Proceeds from long-term borrowings	21,598	3,402	18,196
Repayments of long-term borrowings and capital lease obligations	(4,146)	(5,503)	1,357
Increase (decrease) in short-term obligations, excluding current maturities	2,389	(3,252)	5,641
Dividends paid	(4,994)	(4,773)	(221)
Proceeds from sale of common stock	16	1,274	(1,258)
Purchase of common stock for treasury	(1,368)	(2,843)	1,475
Other, net	93	(2)	95
Net cash provided by (used in) financing activities — continuing operations	13,588	(11,697)	25,285
Net cash provided by (used in) financing activities — discontinued operations	—	—	—
Net cash provided by (used in) financing activities	13,588	(11,697)	25,285
<b>Increase (decrease) in cash and cash equivalents</b>	<b>8,629</b>	<b>(2,066)</b>	<b>10,695</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>1,153</b>	<b>3,219</b>	<b>(2,066)</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 9,782</b>	<b>\$ 1,153</b>	<b>\$ 8,629</b>

## wireline — selected financial results

(dollars in millions)						
Unaudited	3 Mos. Ended 12/31/08	3 Mos. Ended 12/31/07	% Change	12 Mos. Ended 12/31/08	12 Mos. Ended 12/31/07	% Change
<b>Wireline Operating Revenues<sup>(1)</sup></b>						
Verizon Telecom						
Mass Markets	\$ 5,226	\$ 5,257	(0.6)	\$ 20,974	\$ 21,289	(1.5)
Wholesale	1,882	1,932	(2.6)	7,571	7,774	(2.6)
Other	300	397	(24.4)	1,367	1,717	(20.4)
Verizon Business						
Enterprise Business	3,607	3,688	(2.2)	14,411	14,550	(1.0)
Wholesale	810	815	(0.6)	3,341	3,345	(0.1)
International and Other	800	838	(4.5)	3,374	3,214	5.0
Eliminations	(708)	(678)	4.4	(2,824)	(2,760)	2.3
<b>Total Operating Revenues</b>	<b>11,917</b>	<b>12,249</b>	<b>(2.7)</b>	<b>48,214</b>	<b>49,129</b>	<b>(1.9)</b>
<b>Operating Expenses<sup>(1)</sup></b>						
Cost of services and sales	6,041	6,188	(2.4)	24,274	24,181	0.4
Selling, general & administrative expense	2,854	2,584	10.4	11,047	11,527	(4.2)
Depreciation and amortization expense	2,309	2,288	0.9	9,031	8,927	1.2
<b>Total Operating Expenses</b>	<b>11,204</b>	<b>11,060</b>	<b>1.3</b>	<b>44,352</b>	<b>44,635</b>	<b>(0.6)</b>
<b>Operating Income</b>	<b>\$ 713</b>	<b>\$ 1,189</b>	<b>(40.0)</b>	<b>\$ 3,862</b>	<b>\$ 4,494</b>	<b>(14.1)</b>
<b>Operating Income Margin</b>	<b>6.0%</b>	<b>9.7%</b>		<b>8.0%</b>	<b>9.1%</b>	

## wireline — selected operating statistics

Unaudited	12/31/08	12/31/07	% Change
Switched access lines in service (000) <sup>(2)</sup>			
Residence	20,956	23,880	(12.2)
Business	14,966	15,713	(4.8)
Public	239	290	(17.6)
<b>Total</b>	<b>36,161</b>	<b>39,883</b>	<b>(9.3)</b>
Wholesale voice connections (000)	2,367	2,817	(16.0)
Broadband connections (000)	8,673	8,013	8.2

(dollars in millions)						
Unaudited	3 Mos. Ended 12/31/08	3 Mos. Ended 12/31/07	% Change	12 Mos. Ended 12/31/08	12 Mos. Ended 12/31/07	% Change
High capacity and digital data revenues <sup>(1)</sup>	\$ 5,200	\$ 4,691	10.9	\$ 20,280	\$ 17,779	14.1

**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.

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

(2) Prior period amounts adjusted to reflect current period reporting methodologies.



## verizon wireless — selected financial results

(dollars in millions)

Unaudited	3 Mos. Ended 12/31/08	3 Mos. Ended 12/31/07	% Change	12 Mos. Ended 12/31/08	12 Mos. Ended 12/31/07	% Change
<b>Revenues</b>						
Service revenues	\$ 11,063	\$ 9,874	12.0	\$ 42,635	\$ 38,016	12.2
Equipment and other	1,783	1,569	13.6	6,697	5,866	14.2
<b>Total Revenues</b>	<b>12,846</b>	11,443	12.3	<b>49,332</b>	43,882	12.4
<b>Operating Expenses</b>						
Cost of services and sales	4,153	3,613	14.9	15,660	13,456	16.4
Selling, general & administrative expense	3,467	3,521	(1.5)	14,273	13,477	5.9
Depreciation and amortization expense	1,416	1,306	8.4	5,405	5,154	4.9
<b>Total Operating Expenses</b>	<b>9,036</b>	8,440	7.1	<b>35,338</b>	32,087	10.1
<b>Operating Income</b>	<b>\$ 3,810</b>	\$ 3,003	26.9	<b>\$ 13,994</b>	\$ 11,795	18.6
<b>Operating Income Margin</b>	<b>29.7%</b>	26.2%		<b>28.4%</b>	26.9%	

## verizon wireless — selected operating statistics

Unaudited	12/31/08	12/31/07	% Change
Total Customers (000)	72,056	65,707	9.7
Retail Customers (000)	70,021	63,735	9.9

  

Unaudited	3 Mos. Ended 12/31/08	3 Mos. Ended 12/31/07	% Change	12 Mos. Ended 12/31/08	12 Mos. Ended 12/31/07	% Change
Total Customer net adds in period <sup>(1)</sup> (000)	1,248	2,008	(37.8)	6,349	6,655	(4.6)
Retail Customer net adds in period <sup>(2)</sup> (000)	1,214	1,895	(35.9)	6,286	6,923	(9.2)
Total churn rate	1.35%	1.20%		1.25%	1.21%	
Retail churn rate	1.34%	1.21%		1.24%	1.14%	

**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 9,000 customers for the year ended December 31, 2007, and (122,000) and 570,000 customers for the 3 and 12 months ended December 31, 2008.

(2) Includes acquisitions and adjustments of 9,000 customers for the year ended December 31, 2007 and (139,000) and 534,000 customers for the 3 and 12 months ended December 31, 2008.