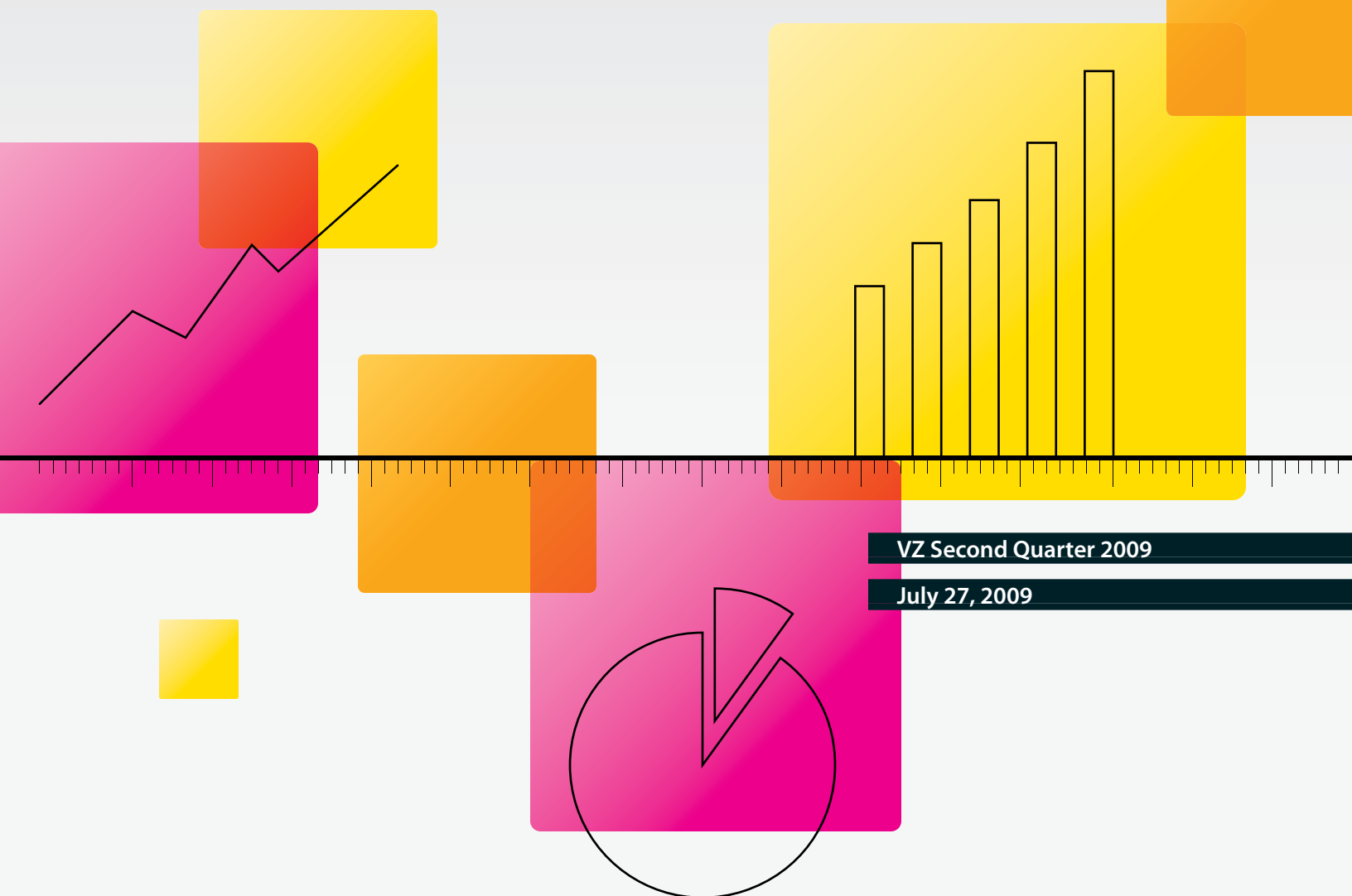




Q2

Investor Quarterly 2009



VZ Second Quarter 2009

July 27, 2009

| | |
|---|-------|
| Earnings Release | 3–9 |
| Financial Statements | |
| Condensed Consolidated Statements of Income | 10–11 |
| Reconciliations | 12–13 |
| Selected Financial and Operating Statistics | 14 |
| Condensed Consolidated Balance Sheets | 15 |
| Condensed Consolidated Statements of Cash Flows | 16 |
| Verizon Wireless Results | 17 |
| Wireline Results | 18 |
| News Items | 19 |
| verizon.com/investor | 20 |



Verizon Reports Revenue Growth and Continued Improvement in Cash Flow in 2Q

**Consumer Sales Remain Strong as Verizon Adds High Volumes of New FiOS TV
and Internet Customers, and More Than 1.1 Million Wireless Customers**



2nd Quarter 2009 Highlights

Consolidated Earnings

- > 52 cents in EPS and 63 cents in adjusted EPS (non-GAAP), compared with 2Q 2008 EPS of 66 cents and 67 cents, respectively.

Wireless

- > 87.7 million total customers, up 27.7 percent; 85.2 million retail customers, up 27.8 percent; 1.1 million net customer additions, excluding acquisitions and adjustments, all retail.
- > 27.7 percent increase in total revenues; industry-leading retail postpaid churn, 1.01 percent; data revenues up 52.6 percent; 28.8 percent operating income margin and 46.3 percent EBITDA margin on service revenues (non-GAAP).
- > Integration of Alltel operations on schedule.

Wireline

- > 300,000 net new FiOS TV customers and a record 303,000 net new FiOS Internet customers, for a total of 2.5 million FiOS TV customers and 3.1 million FiOS Internet customers.
- > 13.7 percent increase in consumer ARPU.
- > 3.0 percent increase in strategic business services revenues.

NEW YORK—Verizon Communications Inc. (NYSE:VZ) reported today that consumer demand for the company’s wireless, broadband and video products in the second quarter 2009 showed resilience despite the U.S. recession, as the company added a high number of new FiOS customers and posted another strong quarter of wireless growth. Verizon continued to generate improved cash flow and, in the midst of a challenging environment for business sales, the company continued to grow consolidated revenues.

Verizon reported diluted earnings per share (EPS) of 52 cents in the second quarter 2009, compared with 66 cents per share in the second quarter 2008. On an adjusted basis (non-GAAP), second-quarter 2009 earnings were 63 cents per share, compared with second-quarter 2008 earnings of 67 cents per share.

Verizon’s total operating revenues grew 11.3 percent to \$26.9 billion, compared with the second quarter 2008, including revenues from Alltel Corporation, which was acquired in January 2009. On a pro forma basis (determined by consolidating the operating results of Verizon and the former Alltel as though the acquisition had occurred on Jan. 1, 2008), operating revenue growth was 1.9 percent.

Cash flows from operations totaled \$14.1 billion for the first six months of 2009, up 11.9 percent, or \$1.5 billion, over the same period last year. With capital expenditures totaling \$8.1 billion in the first half of 2009, free cash flow (cash flows from operations minus capital expenditures) totaled \$6.0 billion, up \$1.8 billion from the first half of 2008.

New Levels of FiOS Success

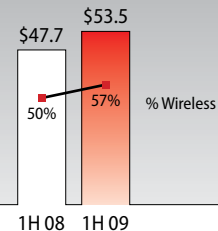
“Verizon posted continued strong wireless revenue growth and new levels of sales success with FiOS in the second quarter,” said Verizon Chairman and CEO Ivan Seidenberg. “This resilience in consumer demand for our wireless, broadband and video products has again produced overall revenue growth despite cyclical impacts, especially in business markets. Verizon’s continued strong cash flow reflects the exceptional focus and disciplined execution across our business.”

Continued Strong, Profitable Wireless Growth

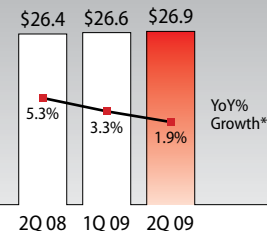
Verizon Wireless delivered sustained high margins and solid net customer additions. In the second quarter 2009:

- > Wireless retail (non-wholesale) gross customer additions were up 26.0 percent over the second quarter of 2008. On a pro forma basis, retail gross customer additions were down slightly, by 0.6 percent, due in part to fewer additions in the business market.
- > Verizon Wireless had 87.7 million customers at the end of the quarter, an increase of 27.7 percent year over year and 7.9 percent on a pro forma basis. Verizon Wireless is the largest wireless company in the U.S. in terms of total customers and revenues.

Consolidated Total Revenue
\$ in billions

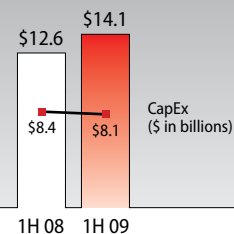


Consolidated Pro Forma Revenue*
\$ in billions

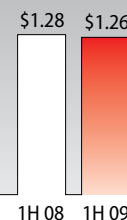


*Note: Results shown are pro forma

Cash Flow from Operations
\$ in billions



Adjusted Earnings Per Share

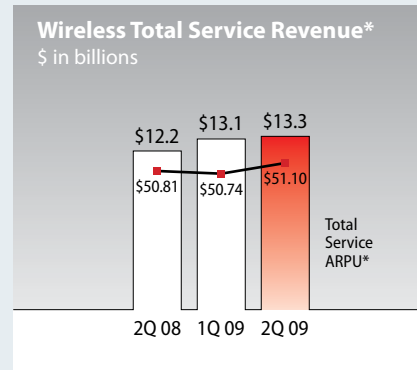


- > The company also has the most retail customers of any U.S. wireless provider and continued to grow its high-quality base, adding a net of 1.1 million retail customers in the quarter, for a total of 85.2 million retail customers.
- > Verizon Wireless continued to lead the industry in customer loyalty, as measured by total churn and retail post-paid churn. Both improved over the first quarter 2009, to 1.37 percent and 1.01 percent, respectively.
- > Revenues totaled \$15.5 billion, up 27.7 percent year over year and up 7.6 percent on a pro forma basis. Service revenues were \$13.3 billion, up 27.2 percent year over year and up 9.0 percent on a pro forma basis, as demand continued to grow for data services. Data revenue grew to \$3.9 billion, up 52.6 percent and up 33.2 percent on a pro forma basis.
- > Service ARPU (average monthly service revenue per user) decreased 0.8 percent year over year to \$51.10. On a pro forma basis, service ARPU was up 0.6 percent. Total data ARPU was \$14.96, up 18.9 percent year over year and up 22.8 percent on a pro forma basis.
- > Wireless operating income margin, adjusted for acquisition-related charges and integration costs, was 28.8 percent, up 20 basis points year over year and up 70 basis points on a pro forma basis. Adjusted on the same basis, EBITDA (earnings before interest, taxes, depreciation and amortization) margin on service revenues was 46.3 percent, an increase of 70 basis points year over year and 10 basis points on a pro forma basis.
- > The integration of Alltel operations remains on schedule, with nearly half of the customers acquired in the Alltel merger converted to the Verizon Wireless billing system as of mid-July.

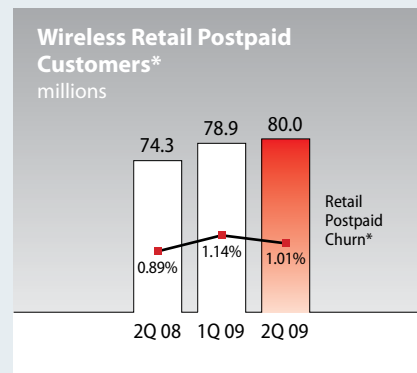
Wireline Highlighted by Growth in Consumer Markets

Verizon’s Wireline segment reported continued strong growth in the number of new customers of fiber-optic-based FiOS Internet and FiOS TV services, and continued increased revenues from enterprise strategic services. In the second quarter:

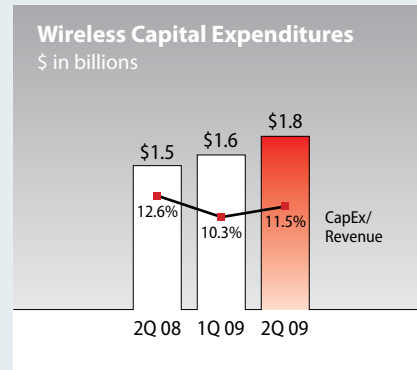
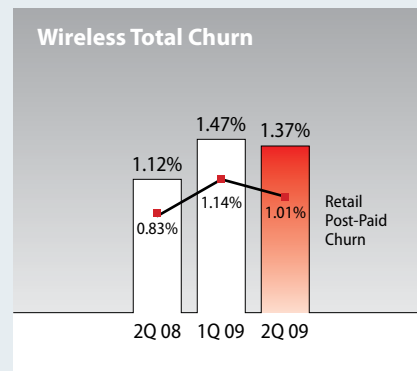
- > Verizon added 303,000 net new FiOS Internet customers, a record number for the second consecutive quarter. By the end of the second quarter, the company had 3.1 million FiOS Internet customers, an increase of 56.1 percent compared with June 30, 2008.
- > FiOS Internet sales penetration (sales as a percentage of potential customers) increased to 28.1 percent, compared with 23.5 percent at June 30, 2008. FiOS Internet was available for sale to 11.0 million premises by the end of the quarter.
- > Verizon added 300,000 net new FiOS TV customers. The company had 2.5 million FiOS TV customers by the end of the quarter, an increase of 82.1 percent compared with June 30, 2008.



*Note: Results shown are pro forma



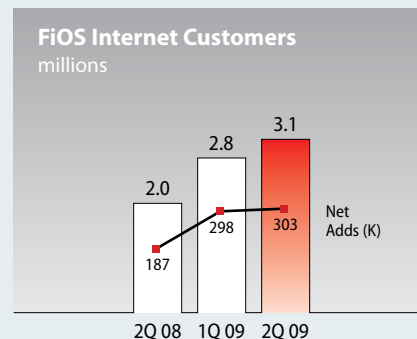
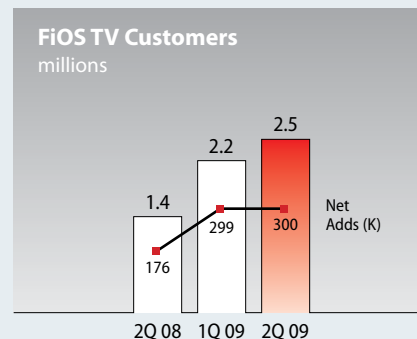
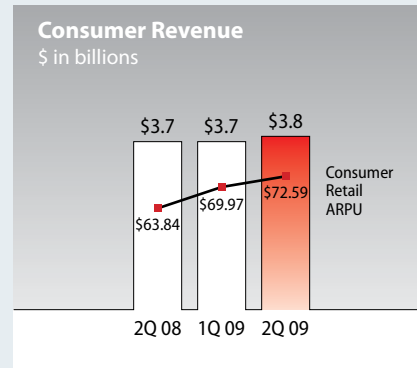
*Note: Results shown are pro forma



- > FiOS TV sales penetration increased to 24.6 percent, compared with 19.7 percent as of June 30, 2008. FiOS TV service was available for sale to 10.3 million premises by the end of the quarter.
- > Consumer broadband and video revenues in wireline mass markets (which include both consumer and small-business customers) totaled more than \$1.3 billion in the second quarter 2009—representing growth of 31.5 percent compared with the second quarter 2008. This increase contributed to 2.0 percent revenue growth in consumer markets served by Verizon’s wireline network.
- > Revenue growth from broadband and video services boosted consumer ARPU to \$72.59 in the second quarter 2009, a 13.7 percent increase year over year. FiOS ARPU remained strong at more than \$135.
- > Sales of strategic business services—such as IP (Internet protocol), managed services, Ethernet and security solutions—generated \$1.5 billion in revenue in the quarter, up 3.0 percent from the second quarter 2008.

Details of Earnings Adjustments

Adjusted earnings in the second quarter 2009 excluded 11 cents per share in special items: 9 cents in severance, pension and benefit charges in connection with pension settlements related to previously announced force reductions, and 2 cents for merger integration costs and acquisition-related charges primarily in connection with the Alltel acquisition. Second-quarter 2008 adjusted earnings excluded 1 cent in merger integration costs in connection with the acquisition of MCI in 2006.





Additional Highlights

Wireless

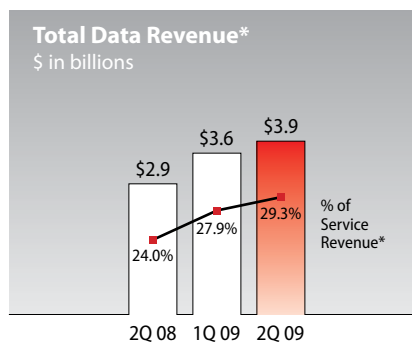
- > At the end of the second quarter 2009, retail customers (postpaid and prepaid) represented 97 percent of the company's customer base.
- > Verizon Wireless continued to lead the industry in cost efficiency. Monthly cash expense per customer (non-GAAP) increased slightly in the second quarter 2009 to \$27.42, from \$27.35 in the comparable period in 2008 on a pro forma basis.
- > In the second quarter, data revenues grew to 29.3 percent of all service revenues, up from 24.0 percent in the second quarter 2008 on a pro forma basis.
- > Verizon Wireless continued to extend the reach of its broadband network, the nation's largest and most reliable 3G (third generation) network, which now covers approximately 284 million people.
- > Verizon Wireless is on schedule to offer the first commercial LTE-based service in the U.S. in 2010, having released an initial set of technical specifications for devices to run on its LTE 4G (Long Term Evolution, fourth generation) network in April and hosted a Web conference for device developers in May. On Tuesday,

July 28, Verizon Wireless will host a Verizon Developer Community conference and webcast to facilitate application development for use on the Verizon Wireless 3G and 4G networks.

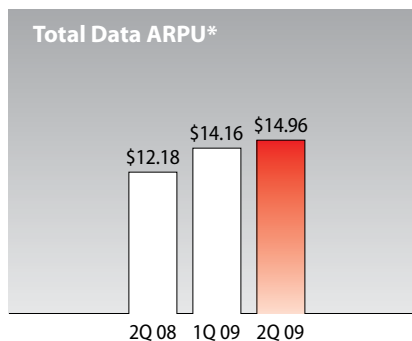
> Verizon Wireless introduced the MiFi 2200 Intelligent Mobile Hotspot and the HP Mini 1151NR Netbook during the second quarter. The MiFi 2200 lets customers create a personal Wi-Fi cloud to share access to the Verizon Wireless high-speed 3G network with up to five Wi-Fi enabled devices, such as notebooks, netbooks and gaming devices. With the HP Mini Netbook, customers can access the Internet, use e-mail and browse the Web in the U.S. and more than 175 destinations worldwide. Earlier this month, Verizon Wireless launched the highly anticipated global BlackBerry Tour, the latest in the company's portfolio of 3G smartphones.

> During the second quarter, Verizon Wireless customers sent or received nearly 146 billion text messages. Customers also sent more than 2.5 billion picture/video messages and completed 40 million music and video downloads during the quarter.

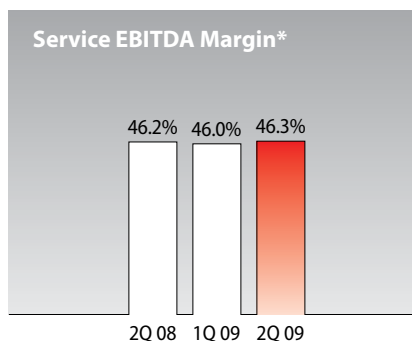
Wireless



*Note: results shown are pro forma



*Note: results shown are pro forma



*Note: Results shown are pro forma

Wireline

> Wireline’s total second-quarter operating revenues were \$11.5 billion, a decline of 5.2 percent compared with the second quarter 2008. A 0.2 percent increase in mass market revenues was offset by declines in global enterprise, global wholesale and other services.

> Broadband connections totaled 9.1 million in the second quarter, a 9.4 percent increase year over year and a net increase of 186,000 from the first quarter 2009. This includes a decrease of 117,000 DSL-based Verizon High Speed Internet connections from the first quarter, which was more than offset by the 303,000 increase in FiOS Internet customers.

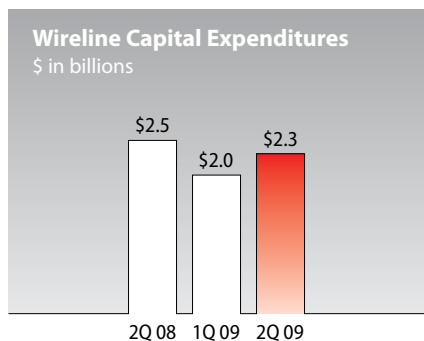
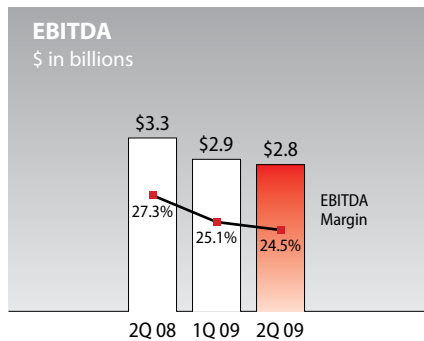
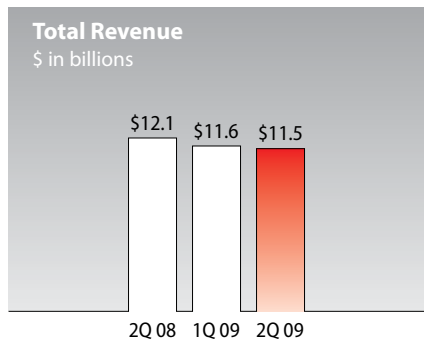
> Over the past year, Verizon has added more than 1.1 million FiOS TV customers and expanded the availability of FiOS “triple-play” bundles of voice, Internet and TV services by approximately 46 percent. By the end of the second quarter, FiOS triple-play bundles were available to 10.3 million premises of the approximately 32 million households in Verizon’s wireline network footprint, compared with 7.0 million premises at the end of the second quarter 2008.

> Verizon’s FiOS network passed an additional 650,000 premises in the second quarter. As of the end of the quarter, the FiOS network passed 13.8 million premises, or approximately 43 percent of households in Verizon’s wireline network footprint.

> Verizon Business, which serves large-business and government customers worldwide, enhanced its IP-based strategic services, rolling out a “cloud-based” Computing as a Service solution and managed remote backup and restore services, as well as cloud-based network-management, monitoring and reporting tools. The company also added new global professional consulting services aimed at optimizing application performance and securing corporate data, and unveiled integrated IP service packages designed specifically for mid-market customers.

> During the quarter, Verizon installed 26 Private IP edge switches for a total of 705 across 59 countries. It also expanded its global mesh networks, completed 1,488 miles of ultra-long-haul network in Europe, expanded remote access services to India and had suppliers begin laying cable for the 15,000-kilometer (9,000-mile) Europe India Gateway submarine cable.

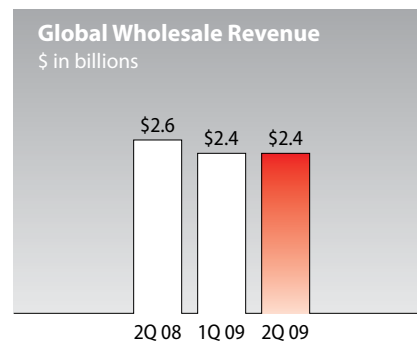
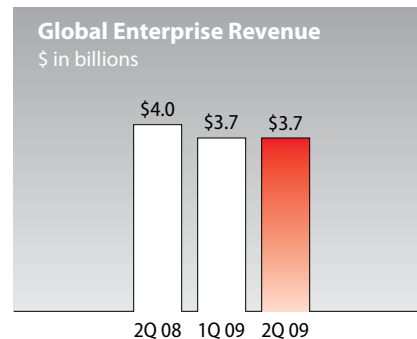
Wireline



➤ New agreements with multinational customers included The Bank of New York Mellon and Siemens Enterprise Communications. Verizon Business also signed new contracts with several U.S. government agencies, including an agreement with the U.S. Department of Health and Human Services valued at up to \$245 million.

Notes: Comparisons are year over year unless otherwise noted. See the accompanying schedules and www.verizon.com/investor for reconciliations to generally accepted accounting principles (GAAP) for non-GAAP financial measures cited in this news release. Reclassifications of prior-period amounts have been made in accordance

with the adoption of the accounting standard on noncontrolling interests in consolidated financial statements and, where appropriate, to reflect comparable operating results for the spinoff 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. Unless stated otherwise, segment results shown are adjusted for special items.



NOTE: This news release contains statements about expected future events and financial results that are forward-looking and subject to risks and uncertainties. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. The following important factors could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements: the effects of adverse conditions in the U.S. and international economies; the effects of competition in our markets; materially adverse changes in labor matters, including workforce levels and labor negotiations, and any resulting financial and/or operational impact, in the markets served by us or by companies in which we have substantial investments; the effect of material changes in available technology; any disruption of our suppliers' provisioning of critical products or services; significant increases in benefit plan costs or lower investment returns on plan assets; the impact of natural or man-made disasters or existing or future litigation and any resulting financial impact not covered by insurance; technology substitution; an adverse change in the ratings afforded our debt securities by nationally accredited ratings organizations or adverse conditions in the credit markets impacting the cost, including interest rates, and/or availability of financing; any changes in the regulatory environments in which we operate, including any loss of or inability to renew wireless licenses, and the final results of federal and state regulatory proceedings and judicial review of those results; the timing, scope and financial impact of our deployment of fiber-to-the-premises broadband technology; changes in our accounting assumptions that regulatory agencies, including the SEC, may require or that result from changes in the accounting rules or their application, which could result in an impact on earnings; our ability to complete acquisitions and dispositions; our ability to successfully integrate Alltel Corporation into Verizon Wireless' business and achieve anticipated benefits of the acquisition; and the inability to implement our business strategies.

condensed consolidated statements of income

(dollars in millions, except per share amounts)

| Unaudited | 3 Mos. Ended 6/30/09 | 3 Mos. Ended 6/30/08 | % Change | 6 Mos. Ended 6/30/09 | 6 Mos. Ended 6/30/08 | % Change |
|---|-------------------------|-------------------------|----------|-------------------------|-------------------------|----------|
| Operating Revenues | \$ 26,861 | \$ 24,124 | 11.3 | \$ 53,452 | \$ 47,957 | 11.5 |
| Operating Expenses | | | | | | |
| Cost of services and sales | 10,481 | 9,466 | 10.7 | 20,789 | 18,983 | 9.5 |
| Selling, general & administrative expense | 7,871 | 6,528 | 20.6 | 15,432 | 12,929 | 19.4 |
| Depreciation and amortization expense | 4,091 | 3,584 | 14.1 | 8,119 | 7,166 | 13.3 |
| Total Operating Expenses | 22,443 | 19,578 | 14.6 | 44,340 | 39,078 | 13.5 |
| Operating Income | 4,418 | 4,546 | (2.8) | 9,112 | 8,879 | 2.6 |
| Equity in earnings of unconsolidated businesses | 128 | 150 | (14.7) | 256 | 247 | 3.6 |
| Other income and (expense), net | 11 | 92 | (88.0) | 64 | 115 | (44.3) |
| Interest expense | (787) | (403) | 95.3 | (1,712) | (862) | 98.6 |
| Income Before Provision for Income Taxes | 3,770 | 4,385 | (14.0) | 7,720 | 8,379 | (7.9) |
| Provision for income taxes | (610) | (981) | (37.8) | (1,350) | (1,926) | (29.9) |
| Net income | \$ 3,160 | \$ 3,404 | (7.2) | \$ 6,370 | \$ 6,453 | (1.3) |
| Net income attributable to noncontrolling interest | 1,677 | 1,522 | 10.2 | 3,242 | 2,929 | 10.7 |
| Net income attributable to Verizon | 1,483 | 1,882 | (21.2) | 3,128 | 3,524 | (11.2) |
| Net Income | \$ 3,160 | \$ 3,404 | (7.2) | \$ 6,370 | \$ 6,453 | (1.3) |
| Basic Earnings per Common Share | | | | | | |
| Net income attributable to Verizon | \$.52 | \$.66 | (21.2) | \$ 1.10 | \$ 1.23 | (10.6) |
| Weighted average number of common shares (in millions) | 2,841 | 2,850 | | 2,841 | 2,856 | |
| Diluted Earnings per Common Share⁽¹⁾ | | | | | | |
| Net income attributable to Verizon | \$.52 | \$.66 | (21.2) | \$ 1.10 | \$ 1.23 | (10.6) |
| Weighted average number of common shares — assuming dilution (in millions) | 2,841 | 2,851 | | 2,841 | 2,858 | |

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.

condensed consolidated statements of income before special items

(dollars in millions, except per share amounts)

| Unaudited | 3 Mos. Ended 6/30/09 | 3 Mos. Ended 6/30/08 | % Change | 6 Mos. Ended 6/30/09 | 6 Mos. Ended 6/30/08 | % Change |
|---|-------------------------|-------------------------|--------------|-------------------------|-------------------------|-------------|
| Operating Revenues⁽¹⁾ | | | | | | |
| Domestic Wireless | \$ 15,480 | \$ 12,118 | 27.7 | \$ 30,602 | \$ 23,787 | 28.7 |
| Wireline | 11,488 | 12,113 | (5.2) | 23,055 | 24,139 | (4.5) |
| Other | (107) | (107) | * | (205) | (227) | (9.7) |
| Total Operating Revenues | 26,861 | 24,124 | 11.3 | 53,452 | 47,699 | 12.1 |
| Operating Expenses⁽¹⁾ | | | | | | |
| Cost of services and sales | 10,457 | 9,458 | 10.6 | 20,704 | 18,853 | 9.8 |
| Selling, general & administrative expense | 7,389 | 6,500 | 13.7 | 14,810 | 12,737 | 16.3 |
| Depreciation and amortization expense | 4,000 | 3,584 | 11.6 | 7,983 | 7,106 | 12.3 |
| Total Operating Expenses | 21,846 | 19,542 | 11.8 | 43,497 | 38,696 | 12.4 |
| Operating Income | 5,015 | 4,582 | 9.5 | 9,955 | 9,003 | 10.6 |
| Operating income impact of divested operations ⁽¹⁾ | — | — | — | — | 44 | (100.0) |
| Equity in earnings of unconsolidated businesses | 128 | 150 | (14.7) | 256 | 247 | 3.6 |
| Other income and (expense), net | 11 | 92 | (88.0) | 66 | 115 | (42.6) |
| Interest expense | (740) | (403) | 83.6 | (1,457) | (862) | 69.0 |
| Income Before Provision for Income Taxes | 4,414 | 4,421 | (0.2) | 8,820 | 8,547 | 3.2 |
| Provision for income taxes | (905) | (995) | (9.0) | (1,822) | (1,973) | (7.7) |
| Net Income Before Special Items | \$ 3,509 | \$ 3,426 | 2.4 | \$ 6,998 | \$ 6,574 | 6.4 |
| Net income attributable to noncontrolling interest | 1,713 | 1,522 | 12.5 | 3,411 | 2,929 | 16.5 |
| Net income attributable to Verizon | 1,796 | 1,904 | (5.7) | 3,587 | 3,645 | (1.6) |
| Net Income Before Special Items | \$ 3,509 | \$ 3,426 | 2.4 | \$ 6,998 | \$ 6,574 | 6.4 |
| Basic Adjusted Earnings per Common Share | | | | | | |
| Net income attributable to Verizon | \$.63 | \$.67 | (6.0) | \$ 1.26 | \$ 1.28 | (1.6) |
| Weighted average number of common shares (in millions) | 2,841 | 2,850 | | 2,841 | 2,856 | |
| Diluted Adjusted Earnings per Common Share⁽²⁾ | | | | | | |
| Net income attributable to Verizon | \$.63 | \$.67 | (6.0) | \$ 1.26 | \$ 1.28 | (1.6) |
| Weighted average number of common shares — assuming dilution (in millions) | 2,841 | 2,851 | | 2,841 | 2,858 | |

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.

* Not meaningful

condensed consolidated statements of income – reconciliations

Second Quarter 2009 and 2008

(dollars in millions, except per share amounts)

| Unaudited | 3 Mos. Ended 6/30/09 Reported (GAAP) | Special and Non-Recurring Items | | | 3 Mos. Ended 6/30/09 Before Special Items |
|--|---|---------------------------------|-----------------------------------|---|--|
| | | Merger Integration Costs | Acquisition Related Charges | Severance, Pension and Benefit Charges | |
| Operating Revenues | \$ 26,861 | \$ — | \$ — | \$ — | \$ 26,861 |
| Operating Expenses | | | | | |
| Cost of services and sales | 10,481 | (24) | — | — | 10,457 |
| Selling, general & administrative expense | 7,871 | (66) | — | (416) | 7,389 |
| Depreciation and amortization expense | 4,091 | (91) | — | — | 4,000 |
| Total Operating Expenses | 22,443 | (181) | — | (416) | 21,846 |
| Operating Income | 4,418 | 181 | — | 416 | 5,015 |
| Equity in earnings of unconsolidated businesses | 128 | — | — | — | 128 |
| Other income and (expense), net | 11 | — | — | — | 11 |
| Interest expense | (787) | — | 47 | — | (740) |
| Income Before Provision for Income Taxes | 3,770 | 181 | 47 | 416 | 4,414 |
| Provision for income taxes | (610) | (91) | (41) | (163) | (905) |
| Net income | \$ 3,160 | \$ 90 | \$ 6 | \$ 253 | \$ 3,509 |
| Net income attributable to noncontrolling interest | 1,677 | 38 | (2) | — | 1,713 |
| Net income attributable to Verizon | 1,483 | 52 | 8 | 253 | 1,796 |
| Net income | \$ 3,160 | \$ 90 | \$ 6 | \$ 253 | \$ 3,509 |
| Basic Earnings per Common Share⁽¹⁾ | | | | | |
| Net income attributable to Verizon | \$.52 | \$.02 | \$ — | \$.09 | \$.63 |
| Diluted Earnings per Common Share⁽¹⁾ | | | | | |
| Net income attributable to Verizon | \$.52 | \$.02 | \$ — | \$.09 | \$.63 |

(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) |
| Income Before Provision for Income Taxes | 4,385 | | 36 | 4,421 |
| Provision for income taxes | (981) | | (14) | (995) |
| Net income | \$ 3,404 | | \$ 22 | \$ 3,426 |
| Net income attributable to noncontrolling interest | 1,522 | | — | 1,522 |
| Net income attributable to Verizon | 1,882 | | 22 | 1,904 |
| Net income | \$ 3,404 | | \$ 22 | \$ 3,426 |
| Basic Earnings per Common Share⁽¹⁾ | | | | |
| Net income attributable to Verizon | \$.66 | | \$.01 | \$.67 |
| Diluted Earnings per Common Share⁽¹⁾ | | | | |
| Net income attributable to Verizon | \$.66 | | \$.01 | \$.67 |

Footnote:

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

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

condensed consolidated statements of income – reconciliations

Second Quarter Year-to-Date 2009 and 2008

(dollars in millions, except per share amounts)

| Unaudited | 6 Mos. Ended 6/30/09 Reported (GAAP) | Special and Non-Recurring Items | | | 6 Mos. Ended 6/30/09 Before Special Items |
|--|---|---------------------------------|-----------------------------------|---|--|
| | | Merger Integration Costs | Acquisition Related Charges | Severance, Pension and Benefit Charges | |
| Operating Revenues | \$ 53,452 | \$ — | \$ — | \$ — | \$ 53,452 |
| Operating Expenses | | | | | |
| Cost of services and sales | 20,789 | (85) | — | — | 20,704 |
| Selling, general & administrative expense | 15,432 | (118) | (88) | (416) | 14,810 |
| Depreciation and amortization expense | 8,119 | (136) | — | — | 7,983 |
| Total Operating Expenses | 44,340 | (339) | (88) | (416) | 43,497 |
| Operating Income | 9,112 | 339 | 88 | 416 | 9,955 |
| Equity in earnings of unconsolidated businesses | 256 | — | — | — | 256 |
| Other income and (expense), net | 64 | — | 2 | — | 66 |
| Interest expense | (1,712) | — | 255 | — | (1,457) |
| Income Before Provision for Income Taxes | 7,720 | 339 | 345 | 416 | 8,820 |
| Provision for income taxes | (1,350) | (155) | (154) | (163) | (1,822) |
| Net income | \$ 6,370 | \$ 184 | \$ 191 | \$ 253 | \$ 6,998 |
| Net income attributable to noncontrolling interest | 3,242 | 82 | 87 | — | 3,411 |
| Net income attributable to Verizon | 3,128 | 102 | 104 | 253 | 3,587 |
| Net income | \$ 6,370 | \$ 184 | \$ 191 | \$ 253 | \$ 6,998 |
| Basic Earnings per Common Share⁽¹⁾ | | | | | |
| Net income attributable to Verizon | \$ 1.10 | \$.03 | \$.04 | \$.09 | \$ 1.26 |
| Diluted Earnings per Common Share⁽¹⁾ | | | | | |
| Net income attributable to Verizon | \$ 1.10 | \$.03 | \$.04 | \$.09 | \$ 1.26 |

(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) |
| Income Before Provision for Income Taxes | 8,379 | 65 | 103 | — | 8,547 |
| Provision for income taxes | (1,926) | (25) | (22) | — | (1,973) |
| Net income | \$ 6,453 | \$ 40 | \$ 81 | \$ — | \$ 6,574 |
| Net income attributable to noncontrolling interest | 2,929 | — | — | — | 2,929 |
| Net income attributable to Verizon | 3,524 | 40 | 81 | — | 3,645 |
| Net income | \$ 6,453 | \$ 40 | \$ 81 | \$ — | \$ 6,574 |
| Basic Earnings per Common Share⁽¹⁾ | | | | | |
| Net income attributable to Verizon | \$ 1.23 | \$.01 | \$.03 | \$ — | \$ 1.28 |
| Diluted Earnings per Common Share⁽¹⁾ | | | | | |
| Net income attributable to Verizon | \$ 1.23 | \$.01 | \$.03 | \$ — | \$ 1.28 |

Footnote:

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

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

selected financial and operating statistics

(dollars in millions, except per share amounts)

| Unaudited | 6/30/09 | 6/30/08 |
|--|-----------------|----------|
| Debt to debt and Verizon's equity ratio-end of period ⁽¹⁾ | 60.3% | 45.9% |
| Book value per common share ⁽¹⁾ | \$ 15.02 | \$ 17.87 |
| Common shares outstanding (in millions) End of period | 2,841 | 2,848 |
| Total employees | 235,326 | 228,633 |

| Unaudited | 3 Mos. Ended 6/30/09 | 3 Mos. Ended 6/30/08 | 6 Mos. Ended 6/30/09 | 6 Mos. Ended 6/30/08 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| Capital expenditures (including capitalized software) | | | | |
| Domestic Wireless | \$ 1,783 | \$ 1,528 | \$ 3,334 | \$ 3,250 |
| Wireline | 2,338 | 2,456 | 4,341 | 4,835 |
| Other | 266 | 193 | 419 | 312 |
| Total | \$ 4,387 | \$ 4,177 | \$ 8,094 | \$ 8,397 |
| Cash dividends declared per common share | \$ 0.46 | \$ 0.43 | \$ 0.92 | \$ 0.86 |

Footnote:

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

condensed consolidated balance sheets

(dollars in millions)

| Unaudited | 6/30/09 | 12/31/08 | \$ Change |
|---|-------------------|-------------------|------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 820 | \$ 9,782 | \$ (8,962) |
| Short-term investments | 360 | 509 | (149) |
| Accounts receivable, net | 12,170 | 11,703 | 467 |
| Inventories | 2,775 | 2,092 | 683 |
| Prepaid expenses and other | 5,339 | 1,989 | 3,350 |
| Total current assets | 21,464 | 26,075 | (4,611) |
| Plant, property and equipment | 224,150 | 215,605 | 8,545 |
| Less accumulated depreciation | 133,848 | 129,059 | 4,789 |
| | 90,302 | 86,546 | 3,756 |
| Investments in unconsolidated businesses | 3,513 | 3,393 | 120 |
| Wireless licenses | 71,708 | 61,974 | 9,734 |
| Goodwill | 22,189 | 6,035 | 16,154 |
| Other intangible assets, net | 7,232 | 5,199 | 2,033 |
| Other investments | — | 4,781 | (4,781) |
| Other assets | 8,591 | 8,349 | 242 |
| Total Assets | \$ 224,999 | \$ 202,352 | \$ 22,647 |
| Liabilities and Equity | | | |
| Current liabilities | | | |
| Debt maturing within one year | \$ 5,440 | \$ 4,993 | \$ 447 |
| Accounts payable and accrued liabilities | 14,685 | 13,814 | 871 |
| Other | 6,243 | 7,099 | (856) |
| Total current liabilities | 26,368 | 25,906 | 462 |
| Long-term debt | 59,469 | 46,959 | 12,510 |
| Employee benefit obligations | 32,162 | 32,512 | (350) |
| Deferred income taxes | 17,737 | 11,769 | 5,968 |
| Other liabilities | 6,442 | 6,301 | 141 |
| Equity | | | |
| Common stock | 297 | 297 | — |
| Contributed capital | 40,102 | 40,291 | (189) |
| Reinvested earnings | 19,765 | 19,250 | 515 |
| Accumulated other comprehensive loss | (12,742) | (13,372) | 630 |
| Common stock in treasury, at cost | (4,836) | (4,839) | 3 |
| Deferred compensation — employee stock ownership plans and other | 86 | 79 | 7 |
| Noncontrolling interest | 40,149 | 37,199 | 2,950 |
| Total equity | 82,821 | 78,905 | 3,916 |
| Total Liabilities and Equity | \$ 224,999 | \$ 202,352 | \$ 22,647 |

The unaudited consolidated balance sheets are based on preliminary information.

condensed consolidated statements of cash flows

| Unaudited | 6 Mos. Ended 6/30/09 | 6 Mos. Ended 6/30/08 | (dollars in millions) \$ Change |
|--|-------------------------|-------------------------|------------------------------------|
| Cash Flows From Operating Activities | | | |
| Net income | \$ 6,370 | \$ 6,453 | \$ (83) |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization expense | 8,119 | 7,166 | 953 |
| Employee retirement benefits | 1,420 | 808 | 612 |
| Deferred income taxes | 1,296 | 1,774 | (478) |
| Provision for uncollectible accounts | 643 | 494 | 149 |
| Equity in earnings of unconsolidated businesses, net of dividends received | 173 | 507 | (334) |
| Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses | (2,070) | (2,309) | 239 |
| Other, net | (1,814) | (2,258) | 444 |
| Net cash provided by operating activities | <u>14,137</u> | <u>12,635</u> | <u>1,502</u> |
| Cash Flows From Investing Activities | | | |
| Capital expenditures (including capitalized software) | (8,094) | (8,397) | 303 |
| Acquisitions of licenses, investments and businesses, net of cash acquired | (5,367) | (14,493) | 9,126 |
| Net change in short-term investments | 119 | 736 | (617) |
| Other, net | 64 | (114) | 178 |
| Net cash used in investing activities | <u>(13,278)</u> | <u>(22,268)</u> | <u>8,990</u> |
| Cash Flows From Financing Activities | | | |
| Proceeds from long-term borrowings | 12,040 | 8,144 | 3,896 |
| Repayments of long-term borrowings and capital lease obligations | (18,173) | (1,849) | (16,324) |
| Increase (decrease) in short-term obligations, excluding current maturities | (103) | 6,929 | (7,032) |
| Dividends paid | (2,614) | (2,464) | (150) |
| Proceeds from sale of common stock | — | 15 | (15) |
| Purchase of common stock for treasury | — | (1,117) | 1,117 |
| Other, net | (971) | (596) | (375) |
| Net cash provided by (used in) financing activities | <u>(9,821)</u> | <u>9,062</u> | <u>(18,883)</u> |
| Decrease in cash and cash equivalents | (8,962) | (571) | (8,391) |
| Cash and cash equivalents, beginning of period | 9,782 | 1,153 | 8,629 |
| Cash and cash equivalents, end of period | \$ 820 | \$ 582 | \$ 238 |

verizon wireless — selected financial results

| (dollars in millions) | | | | | | |
|---|-------------------------|-------------------------|----------|-------------------------|-------------------------|----------|
| Unaudited | 3 Mos. Ended 6/30/09 | 3 Mos. Ended 6/30/08 | % Change | 6 Mos. Ended 6/30/09 | 6 Mos. Ended 6/30/08 | % Change |
| Revenues | | | | | | |
| Service revenues | \$ 13,349 | \$ 10,492 | 27.2 | \$ 26,424 | \$ 20,637 | 28.0 |
| Equipment and other | 2,131 | 1,626 | 31.1 | 4,178 | 3,150 | 32.6 |
| Total Revenues | 15,480 | 12,118 | 27.7 | 30,602 | 23,787 | 28.7 |
| Operating Expenses | | | | | | |
| Cost of services and sales | 4,825 | 3,744 | 28.9 | 9,485 | 7,329 | 29.4 |
| Selling, general & administrative expense | 4,469 | 3,588 | 24.6 | 8,911 | 7,117 | 25.2 |
| Depreciation and amortization expense | 1,727 | 1,323 | 30.5 | 3,476 | 2,623 | 32.5 |
| Total Operating Expenses | 11,021 | 8,655 | 27.3 | 21,872 | 17,069 | 28.1 |
| Operating Income | \$ 4,459 | \$ 3,463 | 28.8 | \$ 8,730 | \$ 6,718 | 29.9 |
| Operating Income Margin | 28.8% | 28.6% | | 28.5% | 28.2% | |

verizon wireless — selected operating statistics

| (numbers in thousands) | | | |
|------------------------|---------|---------|----------|
| Unaudited | 6/30/09 | 6/30/08 | % Change |
| Total Customers | 87,694 | 68,681 | 27.7 |
| Retail Customers | 85,240 | 66,680 | 27.8 |

| Unaudited | 3 Mos. Ended 6/30/09 | 3 Mos. Ended 6/30/08 | % Change | 6 Mos. Ended 6/30/09 | 6 Mos. Ended 6/30/08 | % Change |
|---|-------------------------|-------------------------|----------|-------------------------|-------------------------|----------|
| Total Customer net adds in period ⁽¹⁾ | 1,142 | 1,503 | (24.0) | 15,638 | 2,974 | * |
| Retail Customer net adds in period ⁽²⁾ | 1,145 | 1,494 | (23.4) | 15,219 | 2,945 | * |
| Total churn rate | 1.37% | 1.12% | | 1.42% | 1.16% | |
| Retail churn rate | 1.36% | 1.11% | | 1.41% | 1.15% | |

Footnotes:

(1) Includes acquisitions and adjustments of 46 customers in second quarter of 2008; and 13,219 customers in the first quarter of 2009.

(2) Includes acquisitions and adjustments of 46 customers in second quarter of 2008; and 12,813 customers in the first quarter of 2009.

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

wireline — selected financial results

| Unaudited | (dollars in millions) | | | | | |
|--|-------------------------|-------------------------|----------|-------------------------|-------------------------|----------|
| | 3 Mos. Ended 6/30/09 | 3 Mos. Ended 6/30/08 | % Change | 6 Mos. Ended 6/30/09 | 6 Mos. Ended 6/30/08 | % Change |
| Wireline Operating Revenues⁽¹⁾ | | | | | | |
| Mass Markets | \$ 4,959 | \$ 4,947 | 0.2 | \$ 9,883 | \$ 9,839 | 0.4 |
| Global Enterprise | 3,704 | 3,972 | (6.7) | 7,447 | 7,848 | (5.1) |
| Global Wholesale | 2,409 | 2,605 | (7.5) | 4,798 | 5,237 | (8.4) |
| Other | 416 | 589 | (29.4) | 927 | 1,215 | (23.7) |
| Total Operating Revenues | 11,488 | 12,113 | (5.2) | 23,055 | 24,139 | (4.5) |
| Operating Expenses⁽¹⁾ | | | | | | |
| Cost of services and sales | 5,947 | 5,997 | (0.8) | 11,842 | 12,078 | (2.0) |
| Selling, general & administrative expense | 2,726 | 2,808 | (2.9) | 5,492 | 5,504 | (0.2) |
| Depreciation and amortization expense | 2,260 | 2,245 | 0.7 | 4,475 | 4,454 | 0.5 |
| Total Operating Expenses | 10,933 | 11,050 | (1.1) | 21,809 | 22,036 | (1.0) |
| Operating Income | \$ 555 | \$ 1,063 | (47.8) | \$ 1,246 | \$ 2,103 | (40.8) |
| Operating Income Margin | 4.8% | 8.8% | | 5.4% | 8.7% | |

wireline — selected operating statistics

| Unaudited | (numbers in thousands) | | |
|--|------------------------|---------|----------|
| | 6/30/09 | 6/30/08 | % Change |
| Switched access lines in service | | | |
| Total Residence (includes Primary residence) | 19,655 | 22,416 | (12.3) |
| Primary residence | 17,165 | 19,113 | (10.2) |
| Business | 14,444 | 15,395 | (6.2) |
| Public | 214 | 273 | (21.6) |
| Total | 34,313 | 38,084 | (9.9) |
| Broadband connections | 9,111 | 8,330 | 9.4 |
| FIOS Internet Subscribers | 3,082 | 1,974 | 56.1 |
| FIOS TV Subscribers | 2,517 | 1,382 | 82.1 |

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.

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



News Items

Verizon's Seidenberg: Wireless Industry Innovation Can Help Put Economy Back on Path to Growth and Prosperity

Apr 01, 2009 A new business model is emerging that will make the next 25 years of wireless industry growth and innovation every bit as dynamic as the first 25 years — an outcome that can be hugely beneficial to the U.S. economy, according to Ivan Seidenberg, chairman and CEO of Verizon Communications Inc. (NYSE:VZ).

In an address to the CTIA wireless conference, Seidenberg said that Verizon, from its position as the nation's largest wireless provider, sees the industry on the verge of a tipping point that will unleash the growth potential of next-generation wireless technology. "I do not mean to minimize the challenges we face — as an industry or a country — as we try to get our economy going again," Seidenberg said. "But wireless innovation has been a foundation of our country's prosperity for the last 25 years, and I'm confident that this great and vibrant industry will continue to be a leader as we put our economy back on the path to growth."

Verizon Expands Advanced, Remote DVR Management Service to More FiOS TV Customers

Apr 20, 2009 More on-the-go FiOS TV subscribers can now remotely manage their Verizon digital video recorders (DVRs) as Verizon expands its free remote-control capability to a larger range of wireless handsets — plus offers Web-based remote DVR management service to all FiOS TV DVR customers. The service allows customers to remotely review, change or add recording requests, delete recorded programs, browse and search TV and video-on-demand listings, set parental controls, and more.

The company is also providing a new wireless application to FiOS TV Home Media DVR customers that will allow them to use any cell phone to remotely access their DVRs. To access this application, these customers must subscribe to a data plan from Verizon Wireless or any other wireless service provider.

Verizon to Divest Wireline Businesses in 14 States

May 13, 2009 In a move that will further accelerate the company's focus on wireless, broadband and global IP, Verizon Communications Inc. (NYSE:VZ) announced plans to divest its local wireline operations serving residential and small-business customers in predominantly rural areas in 14 states and that these operations will be acquired by Frontier Communications (NYSE:FTR).

The transaction is expected to return a total value of \$8.6 billion to Verizon and its shareholders, as Verizon continues to transform its growth profile and asset base around the fastest-growing parts of its business: wireless, fiber-based wireline (FiOS) and global IP (Internet protocol) networks.

Verizon Business Completes 100G Trial With U.K. Research and Education Network

May 27, 2009 Verizon Business has completed a successful trial of 100G (gigabits per second) optical service with JANET, the United Kingdom's National Research and Education Network. The field trial, completed in April, is the latest in a series of successful trials conducted by Verizon, which is aggressively working with major equipment suppliers toward 100G commercial deployment. Typical optical carrier network speeds are 10G and 40G.

Using a 103-kilometer section of the Verizon global network between London and Reading, the trial with JANET demonstrated that 10G, 40G and 100G optical signals can be carried simultaneously without signal impact. This means current networks can be upgraded to the higher bandwidth without modification to the physical network, providing a faster, more economical implementation.

Verizon Business Unveils Best-in-Class Cloud-Based 'Computing as a Service' Solution

Jun 03, 2009 Verizon Business introduced the industry's most comprehensive on-demand, "cloud-based" Computing as a Service (CaaS) solution designed to meet the stringent security and performance requirements of enterprise customers. Verizon CaaS is helping businesses and government agencies take advantage of cloud (IP-based) computing to more efficiently and securely manage IT resources — server, network and storage — to meet day-to-day business demands.

Verizon Communications Declares Quarterly Dividend

Jun 04, 2009 The Board of Directors of Verizon Communications Inc. (NYSE:VZ) declared a quarterly dividend of 46 cents per outstanding share, unchanged from the previous quarter. The dividend is payable on Aug. 3, to Verizon Communications shareowners of record at the close of business on July 10.

In 2008, the company paid dividends totaling \$5.0 billion. Verizon has approximately 2.4 million shareowners and approximately 2.8 billion shares of common stock outstanding.

Verizon Business to Provide Voice, Data Services to U.S. Department of Health and Human Services

Jul 07, 2009 Verizon Business will provide the U.S. Department of Health and Human Services with a comprehensive set of voice, data, collaboration and professional services under a new agreement through the Washington Interagency Telecommunications System contract.

Under the agreement, valued at as much as \$245 million if all options are exercised, Verizon Business will provide HHS with voice and data services, dedicated voice mail systems, and audio, video and Web conferencing. Verizon Business professional services experts will assist the department with conference room design and systems setup.

Search Investor

[Site Map](#)

Investor Relations

Company Profile

Business Units

Corporate Governance

Financial Performance

Fixed Income ←

Schedule of Outstanding Debt

OTC Financials

Debt Ratings

Stock Information

SEC Filings

Shareowners Info

Stock Transfer Agent

Investor News

Investor Contacts

VzMail Profile

E-mail Address

Password

Forgot your password?
[Sign up for VzMail!](#)



VZ Financial Express | **Order Literature**

[Verizon Communications Reports Revenue, Earnings and Cash Flow Growth in 1Q 2009](#)

Review Q1 2009 Financials

- [Earnings Webcast](#)
- [Presentation](#) (PDF 217 KB)
- [Quarterly Bulletin](#) (PDF 1.36 MB)
- [Supplemental Schedule](#) (Excel, 76 KB)
- [Non-GAAP Reconciliation](#) (Excel 88 KB)
- [2007-1Q 2009 Financials](#) (pre-Alltel) (Excel, 615 KB)
- [Historical Pro Forma Financials](#) for the Alltel acquisition (Excel, 79 KB)

Site Tools

[Includes the Telecom Glossary and the download tools you'll need to view all investor documents.](#)

Schedule of Outstanding Debt

Verizon's most current schedule of outstanding debentures and notes, calculated with a variety of line items not included in the SEC filings.

OTC Financials

Verizon's Operating Telephone Companies financials not requiring filing with the SEC, i.e., Verizon California, Inc., Verizon Delaware, Inc., Verizon Florida, Inc., Verizon Hawaii, Inc., Verizon Maryland, Inc., Verizon New England, Inc., Verizon New Jersey, Inc., Verizon New York, Inc., Verizon North, Inc., Verizon Northwest, Inc., Verizon Pennsylvania, Inc., Verizon South, Inc., GTE Southwest, Inc., Verizon Virginia, Inc., Verizon Washington, DC, Inc., and Verizon West Virginia, Inc.

Debt Ratings

Current ratings as assigned by the three major credit rating agencies, Moody's, Standard and Poors and Fitch, on the outstanding notes and debentures of Verizon Communications.

Investor Quarterly is a publication of the Investor Relations staff.

Ronald Lataille, Senior Vice President
908.559.1855
ronald.h.lataille@verizon.com

Kevin Tarrant, Executive Director
908.559.6029
kevin.r.tarrant@verizon.com

David Janazzo, Executive Director
908.559.1067
david.janazzo@verizon.com

John Adams, Manager
908.559.6033
john.d.adams@verizon.com

Written correspondence should be directed to:

Verizon Communications
Investor Relations
One Verizon Way
Basking Ridge, NJ 07920

Voice Mailbox 212.395.1525 | **Office Fax** 908.630.2651

verizon.com/investor

