



INVESTOR QUARTERLY **FOURTH QUARTER 2010**

January 25, 2011

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VERIZON REPORTS STRONG 4Q AND YEAR-END 2010 RESULTS, HIGHLIGHTED BY CASH FLOW, WIRELESS AND FIOS GROWTH

Gains Reported in 4Q Wireless and Wireline Margins; Solid Results Across Verizon Wireless, Consumer Wireline and Global Business



Fourth Quarter 2010 Highlights

Consolidated

- › 93 cents in diluted earnings per share (EPS), including 39 cents per share in net non-operational gains, compared with 22 cents in EPS (as adjusted) in 4Q 2009, including 28 cents per share in non-operational charges.
- › Continued cash flow growth in quarter, contributing to \$33.4 billion in cash flow from operations in 2010 and \$16.9 billion in free cash flow (non-GAAP).

Wireless

- › 7.7 percent increase in service revenues from 4Q 2009; data revenues up 25.5 percent; 30.1 percent operating income margin and 47.5 percent Segment EBITDA margin on service revenues (non-GAAP).
- › 955,000 total net customer additions, excluding acquisitions and adjustments, in 4Q 2010; includes 872,000 retail postpaid net customer additions in the quarter; continued low retail postpaid churn of 1.01 percent.
- › 102.2 million total connections, includes 94.1 million total customers.

Wireline

- › 197,000 net FiOS Internet and 182,000 net FiOS TV customer additions; 4.1 million total FiOS Internet customers and 3.5 million total FiOS TV customers.
- › 10.7 percent increase in consumer ARPU from 4Q 2009; FiOS revenues now represent approximately 53 percent of total consumer revenues.
- › 7.5 percent increase in strategic enterprise revenues, which now represent approximately 44 percent of total global enterprise revenues.

NEW YORK — Continued strong cash flow and growth in Verizon Wireless, FiOS and strategic enterprise services highlighted fourth-quarter and year-end 2010 earnings reported today by Verizon Communications Inc. (NYSE, NASDAQ: VZ)

The company reported 93 cents in EPS in fourth-quarter 2010, compared with 22 cents per share (as adjusted) in fourth-quarter 2009. Fourth-quarter 2010 results included 39 cents per share in net non-operational gains: 50 cents per share primarily from the annual actuarial valuation of Verizon's pension assets, partially offset by 6 cents per share for severance and other related charges, and 5 cents per share for Alltel merger integration costs. Fourth-quarter 2009 results included 28 cents per share in non-operational charges.

On an annual basis, Verizon reported 90 cents in 2010 EPS, compared with \$1.72 (as adjusted) in 2009.

Improved Earnings and Solid Momentum

"Verizon ended 2010 with strong results, driven by solid execution across all our businesses," said Verizon Chairman and CEO Ivan Seidenberg. "The fourth quarter capped a strong second half of the year, resulting in improved earnings, solid momentum and an even stronger balance sheet. Verizon Wireless produced another quarter of impressive growth, with record-high profitability, as we continue to drive higher smartphone adoption and data use. Following another solid quarter in our wireline businesses, we are optimistic about opportunities to continue to expand wireline margins."

Strong Cash Flow Growth in 2010

Cash flow from operations totaled \$33.4 billion in 2010, compared with \$31.4 billion in 2009. Capital expenditures totaled \$16.5 billion in 2010, down \$400 million from 2009. For 2010, free cash flow (non-GAAP; cash flow from operations less capital expenditures) totaled \$16.9 billion, a 16.4 percent year-over-year increase.

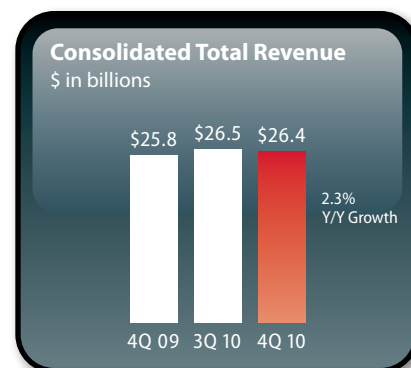
On a consolidated basis, Verizon's total operating revenues were \$26.4 billion in fourth-quarter 2010, a decrease of 2.6 percent compared with fourth-quarter 2009. Last year's results included revenues from operations that have since been divested.

On a comparable basis (non-GAAP), fourth-quarter 2010 total operating revenues increased \$592 million, or 2.3 percent, compared with fourth-quarter 2009.

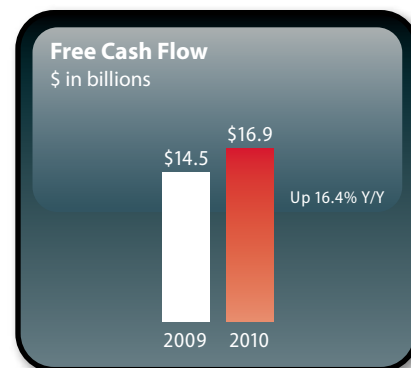
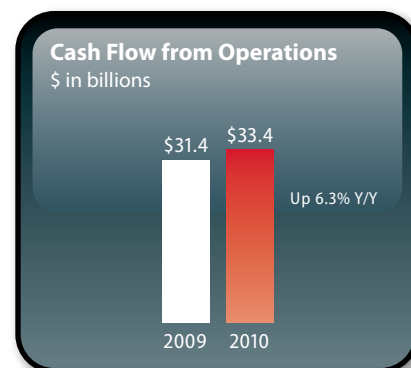
Wireless Delivers Continued Strong Growth and Profitability

Verizon Wireless delivered strong growth in revenues, strong retail postpaid ARPU (average monthly service revenue per user), and growth in traditional customers and other connections. Wireless service EBITDA margin was a record high. In the fourth quarter of 2010:

> Verizon Wireless added 872,000 retail postpaid customers, and 803,000 total retail customers, which includes a decrease of 69,000 retail prepaid customers. These additions exclude acquisitions and adjustments.



Note: Results above are adjusted for non-operational items

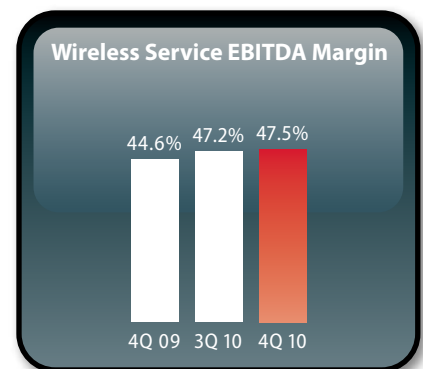
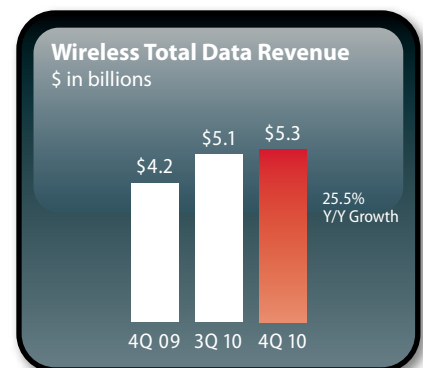
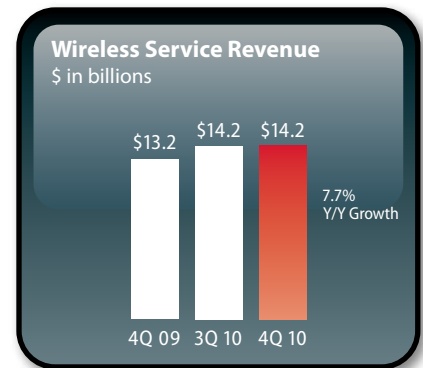


- > At the end of the fourth quarter, the company had 87.5 million retail customers, which represented 93 percent of the company’s wireless customers.
- > The company also added 152,000 reseller customers in the fourth quarter.
- > The company had a total of 94.1 million customers at the end of the fourth quarter. In addition, the company had 8.1 million other connections — such as machine-to-machine and telematics. This was an increase of 186,000 net other connections in the quarter, and brought the number of total wireless connections to 102.2 million at year-end 2010.
- > At year-end 2010, 26 percent of Verizon Wireless’ retail postpaid customer base had smartphone devices, up from 15 percent at year-end 2009. In fourth-quarter 2010, more than 75 percent of Verizon Wireless’ postpaid net adds were smartphones.
- > Retail postpaid churn remained low at 1.01 percent. Total retail and total customer churn levels were 1.37 and 1.34 percent, respectively. All churn levels improved year over year and sequentially.
- > Retail service revenues in the quarter totaled \$13.5 billion, up 5.1 percent year over year. Retail data revenues were \$5.0 billion, up 22.8 percent year over year. Service revenues in the fourth quarter were \$14.2 billion, up 7.7 percent year over year. Total revenues were \$16.1 billion, up 5.7 percent year over year. For full-year 2010, service revenues were \$55.6 billion, up 6.9 percent over full-year 2009; total revenues were \$63.4 billion, up 5.1 percent year over year.
- > Retail postpaid ARPU grew 2.5 percent over the fourth-quarter 2009, to \$53.50. Retail postpaid data ARPU increased to \$19.97, up 19.3 percent year over year. In addition, retail service ARPU grew 2.4 percent over fourth-quarter 2009, to \$51.84.
- > Wireless operating income margin was 30.1 percent, an increase of 340 basis points year over year. Segment EBITDA margin on service revenues (non-GAAP) was 47.5 percent, up 290 basis points over fourth-quarter 2009. For full-year 2010, operating income margin was 29.5 percent, up 190 basis points over full-year 2009; segment EBITDA margin on service revenues was 46.9 percent, up 140 basis points.

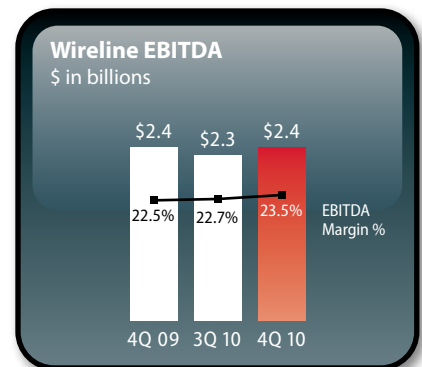
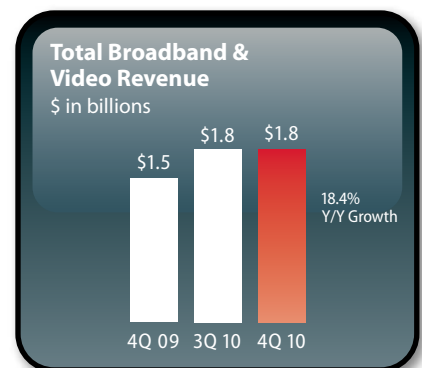
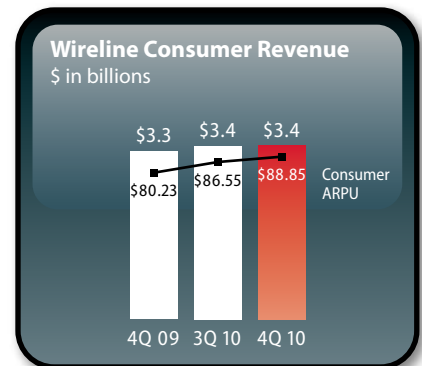
Continued Growth for FiOS and Strategic Enterprise Services

In wireline businesses, Verizon continued to add customers served by its FiOS fiber-optic network in the U.S., and revenues continued to increase for strategic enterprise services worldwide. In the fourth quarter of 2010:

- > Verizon added 197,000 net new FiOS Internet customers and 182,000 net new FiOS TV customers. By year-end, Verizon had 4.1 million FiOS Internet and 3.5 million FiOS TV customers.
- > FiOS Internet penetration (customers as a percentage of potential customers) was 31.9 percent by the end of the quarter, with the product available for sale to 12.8 million premises. This compares with 28.3 percent and 11.6 million, respectively, at year-end 2009.
- > FiOS TV penetration was 28.0 percent by the end of the quarter, with the product available for sale to 12.4 million premises. This compares with 24.7 percent and 11.1 million, respectively, at year-end 2009.



- > FiOS revenues generated approximately 53 percent of consumer wireline revenues in fourth-quarter 2010, compared with approximately 50 percent in third-quarter 2010.
- > Total wireline broadband and video revenues — including FiOS Internet, FiOS TV and HSI (DSL-based high-speed Internet) — were \$1.8 billion in the quarter, up 18.4 percent from fourth-quarter 2009.
- > Consumer revenues grew 1.6 percent compared with fourth-quarter 2009. Consumer ARPU for wireline services was \$88.85 in fourth-quarter 2010, up 10.7 percent compared with fourth-quarter 2009. ARPU for FiOS customers is more than \$146.
- > Global enterprise revenues totaled \$4.0 billion in the quarter, up 1.3 percent compared with fourth-quarter 2009. Sales of strategic enterprise services — such as security and IT solutions, as well as strategic networking — increased 7.5 percent compared with fourth-quarter 2009 and now represent approximately 44 percent of global enterprise revenues.
- > Segment EBITDA margin (non-GAAP) was 23.5 percent, compared with 22.7 percent in third-quarter 2010 and 22.5 percent in fourth-quarter 2009, as adjusted.





Additional Highlights

Wireless

> At Verizon Wireless, monthly cash expense per customer (non-GAAP) decreased in the fourth quarter 2010 to \$26.59 from \$27.72 in the fourth quarter 2009. For the full year, cash expense per customer was \$26.80, down 2.7 percent from \$27.55 in 2009.

> In the fourth quarter, total data revenues were 37.1 percent of all service revenues, up from 31.8 percent in the fourth quarter 2009.

> Verizon Wireless continued to invest in its 3G (third-generation) broadband network, the nation's largest and most reliable 3G network. Verizon's 3G network provides more coverage than any other U.S. carrier and is available where more than 290 million people reside.

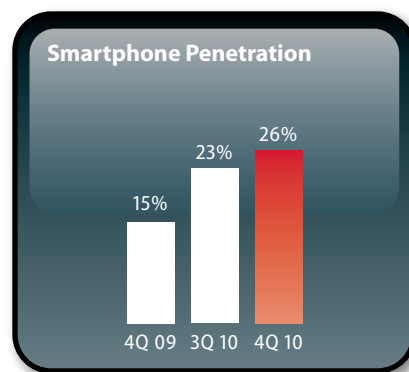
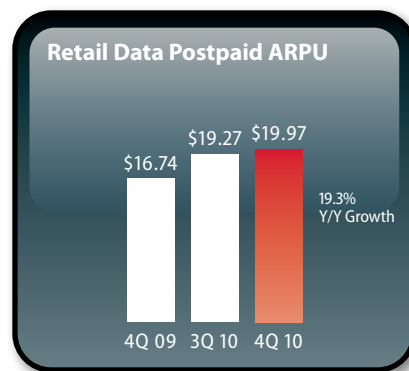
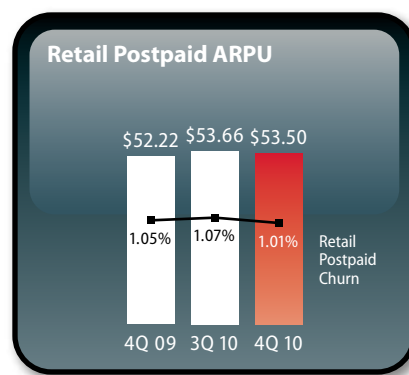
> In December, Verizon Wireless launched its 4G LTE (fourth-generation Long Term Evolution) Mobile Broadband network, the fastest and most advanced 4G network in the U.S., in 38 major metropolitan areas covering one-third of all Americans and in more than 60 commercial airports. With Verizon Wireless' 4G LTE network, laptop users experience average data throughput speeds of up to 10 times faster than when on the company's 3G network. Verizon Wireless announced earlier this month that it would expand its 4G LTE network to an additional 140 markets by the end of 2011.

> Concurrent with the launch of its 4G LTE Mobile Broadband network, Verizon Wireless introduced two 4G LTE USB modems: the LG VL600 and the Pantech UML290, which are also compatible with the company's 3G network. Verizon Wireless unveiled 10 new 4G LTE consumer devices at the International Consumer Electronics Show earlier this month, including smartphones, tablets, mobile hot spot devices and notebooks that will be available in the first half of this year.

> On Jan. 11, Verizon Wireless announced the iPhone 4 will be available to customers beginning in February.

> During the fourth quarter, Verizon Wireless customers sent or received more than 180 billion text messages. Customers also sent nearly 4.5 billion picture/video messages and completed more than 20 million music and video downloads from Verizon Wireless.

Wireless



Wireline

- > Fourth-quarter 2010 operating revenues were \$10.3 billion, a decline of 2.8 percent compared with fourth-quarter 2009. Fourth-quarter 2010 cash operating expenses (non-GAAP) were \$7.9 billion, a decline of 3.9 percent compared with fourth-quarter 2009.
- > Broadband connections totaled 8.4 million at the end of the fourth quarter 2010, a 2.8 percent year-over-year increase. This is a net increase of 52,000 from the third quarter 2010, as the increase in FiOS Internet connections more than offset a decrease in HSI connections.
- > As of year-end 2010, the FiOS network passed 15.6 million premises, or approximately 60 percent of Verizon's domestic wireline footprint following the close of the Frontier transaction on July 1, 2010.
- > The wireline workforce totaled 92,300 at year-end 2010, a decline of about 16,000 year over year, primarily as a result of incentive offers that have led to voluntary separations.
- > During the quarter, Verizon continued to deploy secure global IT and communications solutions that enable better business outcomes for multinational enterprise, medium-sized and government customers wherever and whenever they operate. These solutions included additional capabilities that support the company's "everything-as-a-service" cloud strategy, as well as a platform for developing enterprise mobility applications and new unified communications professional services. Additionally, top industry analysts recognized Verizon leadership in a number of key areas, including for managed security services in the North America, Europe and Asia-Pacific regions.
- > Verizon expanded its global network infrastructure during the quarter as it continued to broaden its global scope and capabilities. The company installed 16 additional Private IP edge routers for a total of 814 edge routers in 233 sites throughout 61 countries; implemented the first production

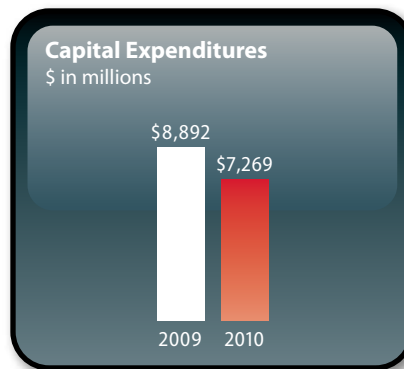
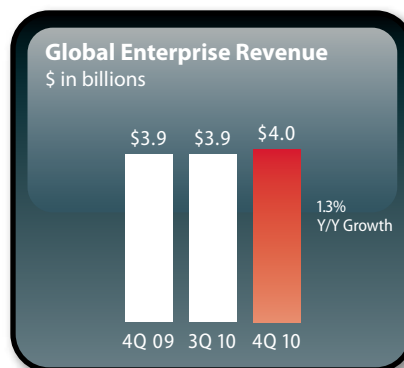
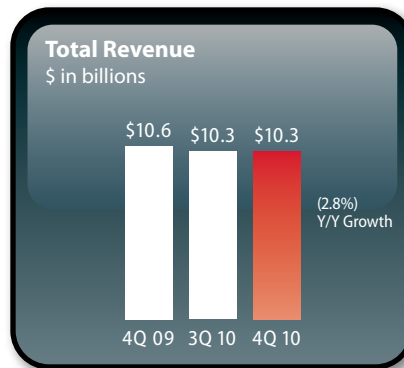
deployment of a true 100G (gigabit-per-second) transmission system on the Verizon backbone network; launched its packet optical transport platform initiative for Private IP and Ethernet services in the Asia-Pacific, Europe and Latin America regions; and installed 22 new nodes in the Switched Ethernet Service network in support of a fiber-to-the-cell-site initiative in the U.S.

> Multinational corporations, including Carlsberg and National Grid, completed new agreements, expanding their relationships with Verizon for a wide range of advanced communications and IT solutions. Verizon also continued to win new government business, including an award from the U.S. General Services Administration to provide secure on-demand cloud computing service.

NOTE: Effective with the fourth quarter 2010, Verizon changed its method of accounting for pension and post-employment benefits. Accordingly, all prior periods have been adjusted for this change, which primarily affected Verizon Consolidated and the Wireline segment. Reclassifications of prior period amounts have been made, where appropriate, to reflect comparable operating results for the divestiture of overlapping wireless properties in 105 operating markets in 24 states during the first half of 2010; the wireless deferred revenue adjustment that was disclosed in Verizon's Form 10-Q for the period ended June 30, 2010; and the spinoff to Frontier of local exchange and related landline assets in 14 states, effective on July 1, 2010. 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 document.

NOTE: This document 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.

Wireline



Condensed Consolidated Statements of Income — As Adjusted

(dollars in millions, except per share amounts)

| Unaudited | 3 Mos. Ended 12/31/10 | 3 Mos. Ended 12/31/09 | % Change | 12 Mos. Ended 12/31/10 | 12 Mos. Ended 12/31/09 | % Change |
|---|--------------------------|--------------------------|----------|---------------------------|---------------------------|----------|
| Operating Revenues | \$ 26,395 | \$ 27,091 | (2.6) | \$ 106,565 | \$ 107,808 | (1.2) |
| Operating Expenses | | | | | | |
| Cost of services and sales | 10,610 | 12,585 | (15.7) | 44,149 | 44,579 | (1.0) |
| Selling, general & administrative expense | 5,291 | 7,311 | (27.6) | 31,366 | 30,717 | 2.1 |
| Depreciation and amortization expense | 4,083 | 4,242 | (3.7) | 16,405 | 16,534 | (0.8) |
| Total Operating Expenses | 19,984 | 24,138 | (17.2) | 91,920 | 91,830 | 0.1 |
| Operating Income | 6,411 | 2,953 | * | 14,645 | 15,978 | (8.3) |
| Equity in earnings of unconsolidated businesses | 113 | 131 | (13.7) | 508 | 553 | (8.1) |
| Other income and (expense), net | 43 | 13 | * | 54 | 91 | (40.7) |
| Interest expense | (567) | (686) | (17.3) | (2,523) | (3,102) | (18.7) |
| Income Before Provision for Income Taxes | 6,000 | 2,411 | * | 12,684 | 13,520 | (6.2) |
| Provision for income taxes | (1,352) | (40) | * | (2,467) | (1,919) | 28.6 |
| Net Income | \$ 4,648 | \$ 2,371 | 96.0 | \$ 10,217 | \$ 11,601 | (11.9) |
| Net income attributable to noncontrolling interest | \$ 2,009 | \$ 1,754 | 14.5 | \$ 7,668 | \$ 6,707 | 14.3 |
| Net income attributable to Verizon | 2,639 | 617 | * | 2,549 | 4,894 | (47.9) |
| Net Income | \$ 4,648 | \$ 2,371 | 96.0 | \$ 10,217 | \$ 11,601 | (11.9) |
| Basic Earnings per Common Share | | | | | | |
| Net income attributable to Verizon | \$.93 | \$.22 | * | \$.90 | \$ 1.72 | (47.7) |
| Weighted average number of common shares (in millions) | 2,829 | 2,841 | | 2,830 | 2,841 | |
| Diluted Earnings per Common Share⁽¹⁾ | | | | | | |
| Net income attributable to Verizon | \$.93 | \$.22 | * | \$.90 | \$ 1.72 | (47.7) |
| Weighted average number of common shares — assuming dilution (in millions) | 2,831 | 2,841 | | 2,833 | 2,841 | |

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

* Not meaningful

Condensed Consolidated Balance Sheets — As Adjusted

| Unaudited | 12/31/10 | 12/31/09 | (dollars in millions) \$ Change |
|---|-------------------|-------------------|------------------------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 6,668 | \$ 2,009 | \$ 4,659 |
| Short-term investments | 548 | 490 | 58 |
| Accounts receivable, net | 11,781 | 12,573 | (792) |
| Inventories | 1,131 | 1,426 | (295) |
| Prepaid expenses and other | 2,220 | 5,247 | (3,027) |
| Total current assets | <u>22,348</u> | <u>21,745</u> | <u>603</u> |
| Plant, property and equipment | 211,655 | 229,743 | (18,088) |
| Less accumulated depreciation | 123,944 | 137,758 | (13,814) |
| | <u>87,711</u> | <u>91,985</u> | <u>(4,274)</u> |
| Investments in unconsolidated businesses | 3,497 | 3,535 | (38) |
| Wireless licenses | 72,996 | 72,067 | 929 |
| Goodwill | 21,988 | 22,472 | (484) |
| Other intangible assets, net | 5,830 | 6,764 | (934) |
| Other assets | 5,635 | 8,339 | (2,704) |
| Total Assets | \$ 220,005 | \$ 226,907 | \$ (6,902) |
| Liabilities and Equity | | | |
| Current liabilities | | | |
| Debt maturing within one year | \$ 7,542 | \$ 7,205 | \$ 337 |
| Accounts payable and accrued liabilities | 15,702 | 15,223 | 479 |
| Other | 7,353 | 6,708 | 645 |
| Total current liabilities | <u>30,597</u> | <u>29,136</u> | <u>1,461</u> |
| Long-term debt | 45,252 | 55,051 | (9,799) |
| Employee benefit obligations | 28,164 | 32,622 | (4,458) |
| Deferred income taxes | 22,818 | 19,190 | 3,628 |
| Other liabilities | 6,262 | 6,765 | (503) |
| Equity | | | |
| Common stock | 297 | 297 | - |
| Contributed capital | 37,922 | 40,108 | (2,186) |
| Reinvested earnings | 4,368 | 7,260 | (2,892) |
| Accumulated other comprehensive income (loss) | 1,049 | (1,372) | 2,421 |
| Common stock in treasury, at cost | (5,267) | (5,000) | (267) |
| Deferred compensation — employee stock ownership plans and other | 200 | 89 | 111 |
| Noncontrolling interest | 48,343 | 42,761 | 5,582 |
| Total equity | <u>86,912</u> | <u>84,143</u> | <u>2,769</u> |
| Total Liabilities and Equity | \$ 220,005 | \$ 226,907 | \$ (6,902) |

The unaudited condensed consolidated balance sheets are based on preliminary information.

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

Condensed Consolidated Statements of Cash Flows — As Adjusted

| Unaudited | 12 Mos. Ended 12/31/10 | 12 Mos. Ended 12/31/09 | (dollars in millions) \$ Change |
|---|---------------------------|---------------------------|------------------------------------|
| Cash Flows From Operating Activities | | | |
| Net Income | \$ 10,217 | \$ 11,601 | \$ (1,384) |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization expense | 16,405 | 16,534 | (129) |
| Employee retirement benefits | 3,988 | 2,964 | 1,024 |
| Deferred income taxes | 3,233 | 2,093 | 1,140 |
| Provision for uncollectible accounts | 1,246 | 1,306 | (60) |
| Equity in earnings of unconsolidated businesses, net of dividends received | 2 | 389 | (387) |
| Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses | 202 | (2,511) | 2,713 |
| Other, net | (1,930) | (986) | (944) |
| Net cash provided by operating activities | <u>33,363</u> | <u>31,390</u> | <u>1,973</u> |
| Cash Flows From Investing Activities | | | |
| Capital expenditures (including capitalized software) | (16,458) | (16,872) | 414 |
| Acquisitions of licenses, investments and businesses, net of cash acquired | (1,438) | (5,958) | 4,520 |
| Proceeds from dispositions | 2,594 | — | 2,594 |
| Net change in short-term investments | (3) | 84 | (87) |
| Other, net | 251 | (410) | 661 |
| Net cash used in investing activities | <u>(15,054)</u> | <u>(23,156)</u> | <u>8,102</u> |
| Cash Flows From Financing Activities | | | |
| Proceeds from long-term borrowings | — | 12,040 | (12,040) |
| Repayments of long-term borrowings and capital lease obligations | (8,136) | (19,260) | 11,124 |
| Decrease in short-term obligations, excluding current maturities | (1,097) | (1,652) | 555 |
| Dividends paid | (5,412) | (5,271) | (141) |
| Proceeds from access line spin-off | 3,083 | — | 3,083 |
| Other, net | (2,088) | (1,864) | (224) |
| Net cash used in financing activities | <u>(13,650)</u> | <u>(16,007)</u> | <u>2,357</u> |
| Increase (decrease) in cash and cash equivalents | 4,659 | (7,773) | 12,432 |
| Cash and cash equivalents, beginning of period | 2,009 | 9,782 | (7,773) |
| Cash and cash equivalents, end of period | \$ 6,668 | \$ 2,009 | \$ 4,659 |

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

Selected Financial and Operating Statistics — As Adjusted

| As of | 12/31/10 | 12/31/09 |
|---|-----------------|----------|
| Unaudited | | |
| Debt to debt and Verizon's equity ratio, end of period ⁽¹⁾ | 57.8% | 60.1% |
| Book value per common share ⁽¹⁾ | \$ 13.64 | \$ 14.59 |
| Common shares outstanding (in millions) end of period | 2,827 | 2,836 |
| Total employees | 194,400 | 222,927 |

(dollars in millions, except per share amounts)

| Unaudited | 3 Mos. Ended 12/31/10 | 3 Mos. Ended 12/31/09 | 12 Mos. Ended 12/31/10 | 12 Mos. Ended 12/31/09 |
|---|--------------------------|--------------------------|---------------------------|---------------------------|
| Capital expenditures (including capitalized software) | | | | |
| Domestic Wireless | \$ 2,233 | \$ 2,018 | \$ 8,438 | \$ 7,152 |
| Wireline | 2,171 | 2,278 | 7,269 | 8,892 |
| Other | 310 | 257 | 751 | 828 |
| Total | \$ 4,714 | \$ 4,553 | \$ 16,458 | \$ 16,872 |
| Cash dividends declared per common share | \$ 0.4875 | \$ 0.4750 | \$ 1.9250 | \$ 1.8700 |

Footnote:

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

Verizon Wireless — Selected Financial Results

| (dollars in millions) | | | | | | |
|---|--------------------------|--------------------------|----------|---------------------------|---------------------------|----------|
| Unaudited | 3 Mos. Ended 12/31/10 | 3 Mos. Ended 12/31/09 | % Change | 12 Mos. Ended 12/31/10 | 12 Mos. Ended 12/31/09 | % Change |
| Revenues | | | | | | |
| Service revenues | \$ 14,193 | \$ 13,183 | 7.7 | \$ 55,629 | \$ 52,046 | 6.9 |
| Equipment and other | 1,955 | 2,092 | (6.5) | 7,778 | 8,279 | (6.1) |
| Total Revenues | 16,148 | 15,275 | 5.7 | 63,407 | 60,325 | 5.1 |
| Operating Expenses | | | | | | |
| Cost of services and sales | 4,817 | 5,144 | (6.4) | 19,245 | 19,348 | (0.5) |
| Selling, general & administrative expense | 4,596 | 4,253 | 8.1 | 18,082 | 17,309 | 4.5 |
| Depreciation and amortization expense | 1,881 | 1,796 | 4.7 | 7,356 | 7,030 | 4.6 |
| Total Operating Expenses | 11,294 | 11,193 | 0.9 | 44,683 | 43,687 | 2.3 |
| Operating Income | \$ 4,854 | \$ 4,082 | 18.9 | \$ 18,724 | \$ 16,638 | 12.5 |
| Operating Income Margin | 30.1% | 26.7% | | 29.5% | 27.6% | |

Verizon Wireless — Selected Operating Statistics

| (numbers in thousands) | | | | | | |
|---|--------------------------|--------------------------|----------|---------------------------|---------------------------|----------|
| Unaudited | 12/31/10 | 12/31/09 | % Change | | | |
| Total Customers | 94,135 | 89,172 | 5.6 | | | |
| Retail Customers | 87,535 | 85,445 | 2.4 | | | |
| (numbers in thousands) | | | | | | |
| Unaudited | 3 Mos. Ended 12/31/10 | 3 Mos. Ended 12/31/09 | % Change | 12 Mos. Ended 12/31/10 | 12 Mos. Ended 12/31/09 | % Change |
| Total Customer net adds in period ⁽¹⁾ | 955 | 2,161 | (55.8) | 4,839 | 5,656 | (14.4) |
| Retail Customer net adds in period ⁽¹⁾ | 803 | 1,157 | (30.6) | 1,977 | 4,369 | (54.7) |
| Total churn rate | 1.34% | 1.39% | | 1.33% | 1.41% | |
| Retail churn rate | 1.37% | 1.40% | | 1.38% | 1.41% | |

Footnotes:

(1) Customer net additions exclude acquisitions and adjustments.

The segment financial results and metrics above are adjusted to exclude the effects of non-recurring or non-operational items, as the Company's chief operating decision maker excludes these items in assessing business unit performance.

Intersegment transactions have not been eliminated.

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

Wireline — Selected Financial Results — As Adjusted

| | (dollars in millions) | | | | | |
|---|--------------------------|--------------------------|----------|---------------------------|---------------------------|----------|
| Unaudited | 3 Mos. Ended 12/31/10 | 3 Mos. Ended 12/31/09 | % Change | 12 Mos. Ended 12/31/10 | 12 Mos. Ended 12/31/09 | % Change |
| Operating Revenues | | | | | | |
| Mass Markets | \$ 4,085 | \$ 4,047 | 0.9 | \$ 16,256 | \$ 16,115 | 0.9 |
| Global Enterprise | 3,964 | 3,913 | 1.3 | 15,669 | 15,667 | * |
| Global Wholesale | 2,011 | 2,288 | (12.1) | 8,393 | 9,155 | (8.3) |
| Other | 229 | 333 | (31.2) | 909 | 1,514 | (40.0) |
| Total Operating Revenues | 10,289 | 10,581 | (2.8) | 41,227 | 42,451 | (2.9) |
| Operating Expenses | | | | | | |
| Cost of services and sales | 5,608 | 5,728 | (2.1) | 22,618 | 22,693 | (0.3) |
| Selling, general & administrative expense | 2,267 | 2,468 | (8.1) | 9,372 | 9,947 | (5.8) |
| Depreciation and amortization expense | 2,161 | 2,126 | 1.6 | 8,469 | 8,238 | 2.8 |
| Total Operating Expenses | 10,036 | 10,322 | (2.8) | 40,459 | 40,878 | (1.0) |
| Operating Income | \$ 253 | \$ 259 | (2.3) | \$ 768 | \$ 1,573 | (51.2) |
| Operating Income Margin | 2.5% | 2.4% | | 1.9% | 3.7% | |

Wireline — Selected Operating Statistics

| | (numbers in thousands) | | |
|--|------------------------|----------|----------|
| Unaudited | 12/31/10 | 12/31/09 | % Change |
| Switched access lines in service | | | |
| Total Residence (includes Primary residence) | 14,135 | 15,618 | (9.5) |
| Primary residence | 12,574 | 13,662 | (8.0) |
| Business | | | |
| Public | 11,755 | 12,540 | (6.3) |
| Total | 111 | 165 | (32.7) |
| Broadband connections | | | |
| FiOS Internet Subscribers | 26,001 | 28,323 | (8.2) |
| FiOS TV Subscribers | 8,392 | 8,160 | 2.8 |
| | 4,082 | 3,286 | 24.2 |
| | 3,472 | 2,750 | 26.3 |

Footnotes:

The segment financial results and metrics above are adjusted to exclude the effects of non-operational items, as the Company's chief operating decision maker excludes these items in assessing business unit performance.

Intersegment transactions have not been eliminated.

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

* Not meaningful



News Items

Verizon Field Trial of 10/10 Gigabit-per-Second XG PON2 Technology Demonstrates Blistering-Fast Two-Way Speed Over Existing FiOS Network Fiber

Oct 26, 2010 Verizon has successfully completed the world's first field trial of an advanced fiber-optic transmission technology known as XG-PON2 and capable of delivering a 10 Gbps (gigabits per second) broadband connection both downstream and upstream.

Conducted at a customer's business in Taunton, Mass., the trial used the same optical fiber that provides that business with its existing FiOS network connection and services and employed a pre-standard XG-PON2 technology. The upstream speeds achieved in the test were eight times faster than those provided by the standard GPON, or gigabit passive optical network, technology.

Verizon Takes FiOS Anywhere With the Launch Of Flex View – On-Demand Programming Anytime, Anywhere

Nov 10, 2010 Verizon continues to pioneer the future of TV with the introduction of Flex View, giving FiOS TV customers anywhere, anytime access to on-demand video entertainment. Flex View enhances FiOS TV Video on Demand to let customers take video programming outside of the home and view it on various portable devices, including a growing number of compatible smartphones, tablets and laptops. The new feature is now available to most FiOS subscribers and will be in all FiOS markets by the end of the month.

Verizon to Deploy Industry-Leading 100G Ethernet on Selected Route of Its European Long-Haul Backbone

Nov 11, 2010 In another technology milestone, Verizon will establish before the end of the year the first standards-based, multivendor 100 gigabit (100G) Ethernet link for the IP backbone on a portion of the company's European long-haul network. This breakthrough next-generation technology means Verizon will take the next step in advancing 100G technology by enabling 100G Ethernet connections between routers on its IP network.

New Verizon FiOS Internet 150/35 Mbps Offer Launches Consumers Into Broadband's Fastest Lane

Nov 22, 2010 Verizon is launching 150/35 megabits per second (Mbps) Internet service — the fastest mass-market broadband service in the nation — over the company's all-fiber-optic FiOS network. The company has begun to roll out the ultra-high-speed service to the majority of the more than 12.5 million homes that the FiOS network passes, and will make the service available to Verizon FiOS small-business customers by the end of the year.

Verizon Wireless Launches the World's Largest 4G LTE Wireless Network on Dec. 5

Dec 01, 2010 Verizon Wireless announced it is turning on the world's first large-scale 4G LTE network on Sunday, Dec. 5. Verizon Wireless' 4G LTE Mobile Broadband network will be the fastest and most advanced 4G network in America. Business users will be the first to take advantage of the 4G LTE network with speeds up to 10 times faster than the company's 3G network.

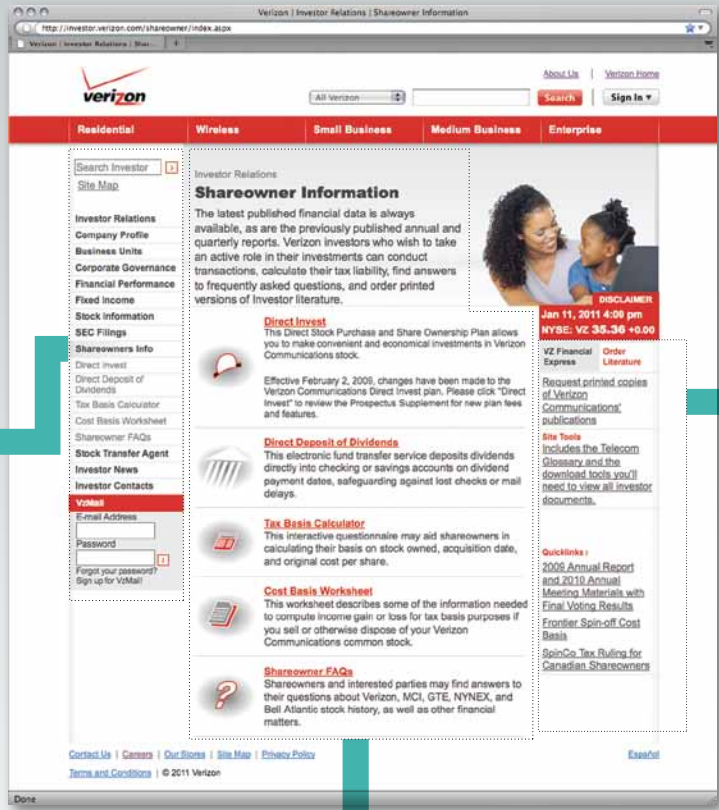
Verizon Wireless Unveils Suite Of 4G LTE Smartphones, Tablets, A MiFi, Hotspot And Notebooks

Jan 6, 2011 At a news conference at the 2011 Consumer Electronics Show (CES) today, Verizon Wireless announced a suite of 10 forthcoming 4G LTE devices — including smartphones from HTC, LG, Motorola and Samsung; tablets from Motorola and Samsung; a MiFi from Novatel Wireless and a mobile hotspot from Samsung; and two notebooks from HP — which will transform the wireless experience and offer consumers new ways to connect and share their lives at blazingly fast speeds.

Verizon Wireless & Apple Team Up to Deliver iPhone 4 on Verizon

Jan 11, 2011 Verizon Wireless and Apple® announced that the iPhone® 4 will be available on the Verizon Wireless network beginning on Thursday, February 10. Qualified Verizon Wireless customers will be given the exclusive opportunity to pre-order iPhone 4 online on February 3, ahead of general availability.

iPhone 4 is the most innovative phone in the world, featuring Apple's stunning Retina™ display, the highest resolution display ever built into a phone resulting in super crisp text, images and video, and FaceTime®, which makes video calling a reality. iPhone 4 on Verizon Wireless will also include new Personal Hotspot capabilities allowing customers to use iPhone 4 to connect up to five Wi-Fi enabled devices.



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Shareowner Information

The latest published financial data is always available, as are the previously published annual and quarterly reports. Verizon investors who wish to take an active role in their investments can conduct transactions, calculate their tax liability, find answers to frequently asked questions, and order printed versions of Investor literature.

Direct Invest
This Direct Stock Purchase and Share Ownership Plan allows you to make convenient and economical investments in Verizon Communications stock.
Effective February 2, 2009, changes have been made to the Verizon Communications Direct Invest plan. Please click "Direct Invest" to review the Prospectus Supplement for new plan fees and features.

Direct Deposit of Dividends
This electronic fund transfer service deposits dividends directly into checking or savings accounts on dividend payment dates, safeguarding against lost checks or mail delays.

Tax Basis Calculator
This interactive questionnaire may aid shareowners in calculating their basis on stock owned, acquisition date, and original cost per share.

Cost Basis Worksheet
This worksheet describes some of the information needed to compute income gain or loss for tax basis purposes if you sell or otherwise dispose of your Verizon Communications common stock.

Shareowner FAQs
Shareowners and interested parties may find answers to their questions about Verizon, MCI, GTE, NYNEX, and Bell Atlantic stock history, as well as other financial matters.

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