Q4

Investor Quarterly 2009

VZ Fourth Quarter 2009

January 26, 2010

Verizon Reports Strong Wireless Customer and Data Growth in 4Q; Delivers Higher Operating Cash Flows
Results Include 4Q Costs for Steps to Transform Wireline, Strengthen Business

Q4 Fourth Quarter 2009 Highlights

Consolidated

- Continued cash flow growth in 4Q 2009: $31.6 billion in cash flow from operations in 2009, up $4.0 billion, or 14.5 percent, from 2008.
- A loss of 23 cents per share and adjusted earnings (non-GAAP) of 54 cents per share, compared with 4Q 2008 EPS of 43 cents and 61 cents, respectively.

Wireless

- 2.2 million total net customer additions, excluding acquisitions and adjustments, in 4Q 2009; 1.2 million retail net customer additions in quarter; 87.5 million retail customers, up 25 percent from year-end 2008; 91.2 million total customers, up 26.6 percent from year-end 2008.
- 22.5 percent increase in total revenues from 4Q 2008; continued low retail postpaid churn, 1.06 percent; data revenues up 45.9 percent; 27.3 percent operating income margin and 45.0 percent EBITDA margin on service revenues (non-GAAP).

Wireline

- 153,000 each of net FiOS Internet and FiOS TV customer additions in 4Q 2009; 3.4 million total FiOS Internet customers and 2.9 million total FiOS TV customers.
- 12.6 percent increase in consumer ARPU from 4Q 2008; total broadband and video revenues of $1.7 billion, up 25.5 percent from 4Q 2008.

NEW YORK—Verizon Communications Inc. (NYSE:VZ) today reported continued strong cash flow in the fourth quarter 2009, fueled by quarterly growth in strategic areas. Verizon Wireless added a net of 2.2 million total customers, including 1.2 million retail customers, and reported increased data revenue. Verizon's wireline operations posted customer and revenue gains in FiOS broadband services and increased sales of strategic business services.

In the fourth quarter, Verizon recorded a loss of 23 cents in diluted earnings per share (EPS), compared with EPS of 43 cents per share in the fourth quarter 2008. Contributing to the loss was a special item of $3.0 billion in pre-tax costs related to workforce reductions. On an adjusted basis (non-GAAP), fourth-quarter 2009 EPS was 54 cents, compared with 61 cents in the fourth quarter 2008.

On an annual basis, Verizon reported $1.29 in 2009 EPS, compared with $2.26 in 2008. On an adjusted basis, full-year 2009 EPS was $2.40, compared with 2008 EPS of $2.54.

Positioned to Deliver Long-Term Growth

"In last year's turbulent economy, we took significant steps to strengthen Verizon going forward," said Chairman and CEO Ivan Seidenberg. "We focused on expanding wireless data and set the stage to deploy a nationwide 4G network later this year. We also expanded the scale of FiOS and our global IP network. We saw growth in all these areas in 2009, and we expect continued growth in 2010 and beyond, with a goal of delivering long-term shareowner value."

In the fourth quarter, Verizon continued streamlining its wireline operations. The company also incurred costs in preparation for the spinoff of wireline access lines to Frontier Communications, a transaction that Seidenberg said was on track to close in the second quarter of 2010.

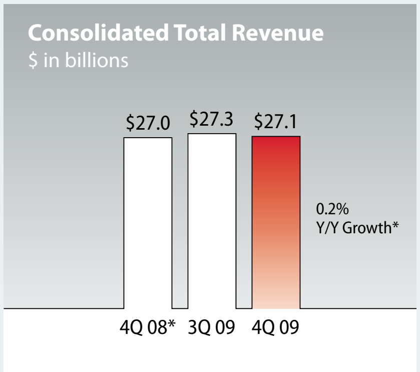
Seidenberg added: "Our fourth-quarter earnings reflect costs to re-size and simplify our wireline business. This transformation is realigning our wireline cost structure, improving productivity, and focusing resources on sales of FiOS and strategic business services. Verizon Wireless also underwent a successful transformation in 2009. Our customer base moved more toward data-centric devices and services, and we are successfully integrating Alltel operations and capturing merger synergies."

Revenue and Cash Flow Growth

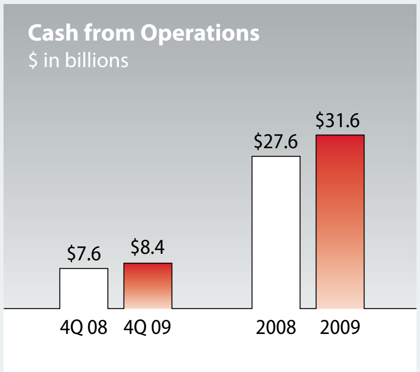
In the fourth quarter 2009, Verizon's total operating revenues grew 9.9 percent to $27.1 billion, compared with the fourth quarter 2008. This includes revenues from Alltel, which Verizon acquired in January 2009. On a pro forma basis (consolidating the operating results of Verizon and the former Alltel as though the acquisition had occurred on Jan. 1, 2008), fourth-quarter 2009 operating revenue growth was 0.2 percent, compared with the fourth quarter 2008.

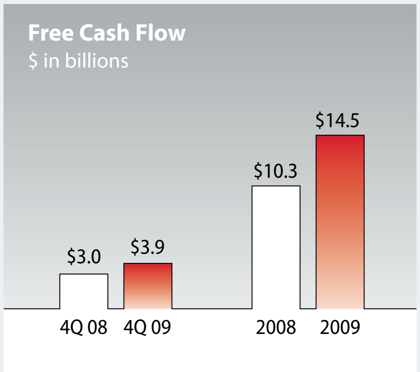
For 2009, annual operating revenues totaled $107.8 billion, an increase of 10.7 percent from 2008 on a reported basis and 1.5 percent on a pro forma basis.

Cash flow from operations totaled $31.6 billion in 2009, up 14.5 percent, or $4.0 billion, from 2008. Free cash flow (non-GAAP; cash flow from operations less capital expenditures) totaled $14.5 billion in 2009, up $4.2 billion from 2008. Verizon's capital expenditures were $17.0 billion in 2009, compared with $17.2 billion in 2008.



*Results shown are pro forma





Details of 4Q Adjustments

Adjusted earnings in the fourth quarter 2009 excluded 77 cents per share in special items: 66 cents for severance, pension and benefit charges in connection with workforce reductions in the fourth quarter and continuing into 2010; 2 cents for merger integration and acquisition costs primarily in connection with the Alltel transaction; and 9 cents for other charges, including costs related to the pending spinoff of non-strategic wireline access lines.

Adjusted earnings in the fourth quarter 2008 excluded 15 cents per share for severance, pension and benefit related charges; 1 cent per share for merger integration costs; and 1 cent per share for an other-than-temporary decline in investment values.

Verizon announced today that, in future quarterly earnings reports, the company will no longer adjust reported results for non-operational or special items. However, the company will continue to provide information to help investors understand reported results on a comparable basis with historical periods.

Wireless Customer Growth and Profitability Continue Strong

Verizon Wireless delivered sustained high margins and solid customer growth. In the fourth quarter 2009:

> Verizon Wireless continued to grow its high-quality retail (non-wholesale) customer base. The company added 1.2 million retail net customers in the quarter (almost all postpaid) and 4.6 million retail net customers in the full year, both excluding acquisitions and adjustments.

> Verizon Wireless has the most retail customers of any U.S. wireless provider. The company had 87.5 million retail customers at the end of the fourth quarter, an increase of 25.0 percent year over year and 5.7 percent on a pro forma basis.

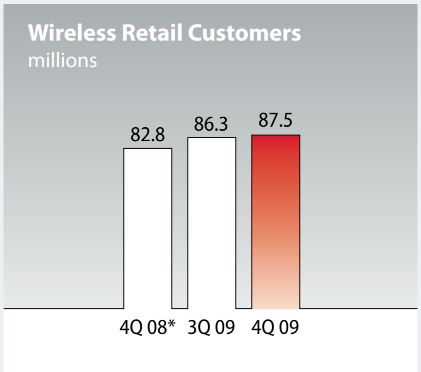
> The company also added 1.0 million reseller customers in the fourth quarter, bringing its total number of customers at the end of the quarter to 91.2 million, an increase of 26.6 percent year over year and 7.0 percent on a pro forma basis.

> Retail postpaid churn and total retail churn remained low, at 1.06 percent and 1.44 percent, respectively. Total churn was 1.42 percent.

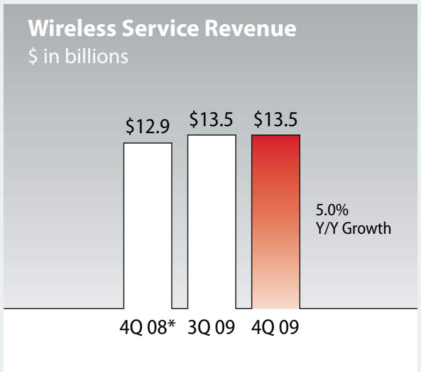
> Retail service revenues in the quarter totaled $13.2 billion, up 22.5 percent year over year and 5.2 percent on a pro forma basis. Service revenues in the fourth quarter were $13.5 billion, up 22.5 percent and 5.0 percent on a pro forma basis. Total revenues were $15.7 billion, up 22.5 percent year over year and 3.1 percent on a pro forma basis. Full-year revenues were $62.1 billion, up 25.9 percent and 6.1 percent on a pro forma basis.

> Retail service ARPU (average monthly service revenue per user) decreased 2.2 percent year over year and 0.6 percent on a pro forma basis to $50.75. Retail data ARPU increased to $16.24, up 16.1 percent year over year and 20.5 percent on a pro forma basis.

> Wireless operating income margin, adjusted for merger integration and acquisition costs, was 27.3 percent, a decrease of 2.4 percentage points year over year and 1.7 percentage points on a pro forma basis. Adjusted on the same basis, EBITDA (earnings before interest, taxes, depreciation and amortization) margin on service revenues (non-GAAP) was 45.0 percent, a decrease of 2.2 percentage points year over year and 2.5 percentage points on a pro forma basis.



*Results shown are pro forma



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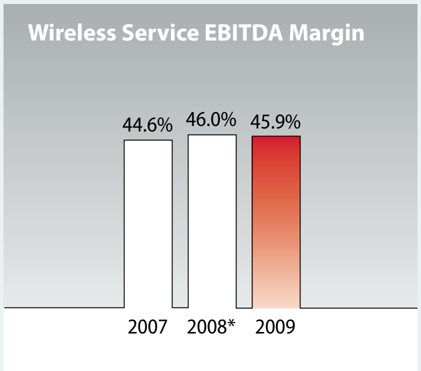


*Results shown are pro forma

Continued Growth in Consumer Broadband and Video

In wireline, Verizon posted another consecutive quarter of gains in the number of customers using fiber-optic-based FiOS Internet and FiOS TV services. In consumer markets served by Verizon's wireline network, increased revenues from broadband and video services again helped produce overall revenue growth, as well as ARPU growth. In the fourth quarter:

> Verizon added 153,000 net new FiOS Internet customers. The company served 3.4 million FiOS Internet customers by the end of the quarter, a 38.4 percent year-over-year increase.

> FiOS Internet penetration (customers as a percentage of potential customers) was 28.1 percent by the end of the fourth quarter, with the product available for sale to 12.2 million premises. This compares with a 24.9 percent penetration and 10.0 million premises open for sale at the end of the fourth quarter 2008.

> Verizon also added 153,000 net new FiOS TV customers and served 2.9 million FiOS TV customers by the end of the quarter, a 49.2 percent year-over-year increase.

> FiOS TV penetration was 24.5 percent by the end of the fourth quarter, with the product available for sale to 11.7 million premises. This compares with a 20.8 percent penetration and 9.2 million premises open for sale at the end of the fourth quarter 2008.

> Total broadband and video revenues were $1.7 billion, a 25.5 percent increase compared with the fourth quarter 2008. This contributed to an overall 1.2 percent revenue growth in consumer markets served by Verizon's wireline network.

> Revenue growth from broadband and video services boosted consumer ARPU to $77.06 in the fourth quarter 2009, a 12.6 percent year-over-year increase. FiOS ARPU is more than $140, driven primarily by triple-play bundles of voice, Internet and TV services.

> Triple-play customers increased from 1.6 million in fourth-quarter 2008 to 2.4 million in fourth-quarter 2009, a 47 percent increase.

> Worldwide sales of strategic business services — such as IP (Internet protocol), managed services, Ethernet and security solutions — generated $1.6 billion in revenue in the quarter, up 6.0 percent compared with the fourth quarter 2008. Revenue from IP data services alone increased 8.6 percent year over year.

2010 Expectations

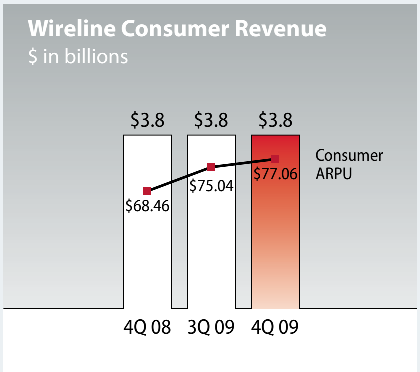
Regarding 2010, Verizon announced the following consolidated expectations:

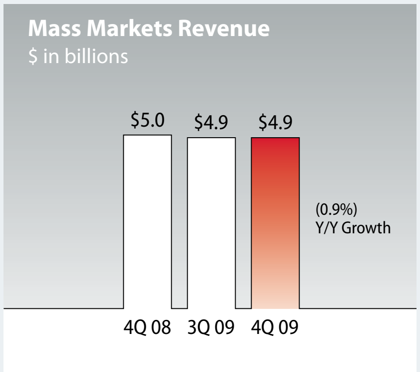
> Capital spending targeted in the range of $16.8 billion to $17.2 billion.

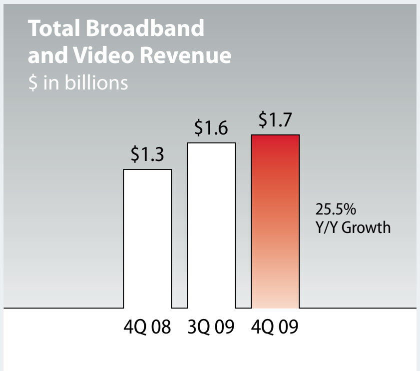
> Incremental pressure of approximately 4 cents to 6 cents on EPS due to non-cash pension and retiree benefit costs.

> An annual effective tax rate attributable to Verizon in the range of 33 percent to 35 percent.

> A year-end net debt-to-EBITDA ratio (non-GAAP, total debt less cash and cash equivalents, divided by EBITDA on a comparable basis to 2009) of 1.4 to 1.5.







Q4 Additional Highlights

Wireless

> At the end of 2009, retail customers (postpaid and prepaid) represented 96 percent of the company's base. Verizon Wireless is the nation's largest wireless provider based on total customers.

> Verizon Wireless continued to lead the industry in cost efficiency. Monthly cash expense per customer (non-GAAP) increased in the fourth quarter 2009 to $27.62 from $26.77 in the fourth quarter 2008 on a pro forma basis. For the full year, cash expense per customer was $27.49, unchanged from 2008 on a pro forma basis.

> Data revenues of $16.0 billion for the full year were up 31 percent over 2008 on a pro forma basis. In the fourth quarter, data revenues were 31.9 percent of all service revenues, up from 26.5 percent in the fourth quarter 2008 on a pro forma basis.

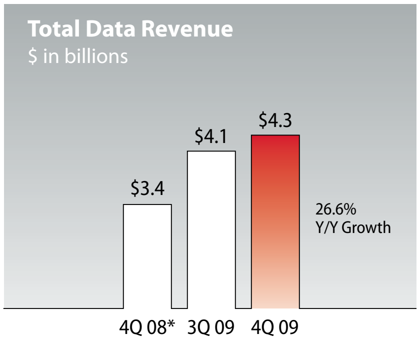
> Verizon Wireless continued to extend the reach of its broadband network, the nation's largest and most reliable 3G (third-generation) network. Verizon's 3G network provides more coverage than any other U.S. carrier and is available where more than 285 million people reside.

> In December, the company updated specifications for wireless devices that will run on its LTE 4G (Long Term Evolution, fourth generation) network, which ultimately will connect a full range of electronics and machines, and enable a new class of services, such as online gaming, media sharing and video entertainment. Verizon Wireless plans to launch its 4G network in 25 to 30 markets in 2010 and cover virtually all of its current nationwide 3G footprint by the end of 2013.

> As part of its strategic partnership with Google, Verizon Wireless introduced two Android-based devices in November: the DROID by Motorola and the DROID Eris by HTC. Other 3G smartphones launched during the fourth quarter include the BlackBerry Storm2 and BlackBerry Curve 8530, both with built-in Wi-Fi, and the Samsung Omnia II powered by Windows Mobile 6.5.

> During the fourth quarter, Verizon Wireless customers sent or received more than 162 billion text messages. Customers also sent more than 4 billion picture/video messages and completed more than 38 million music and video downloads.

Wireless



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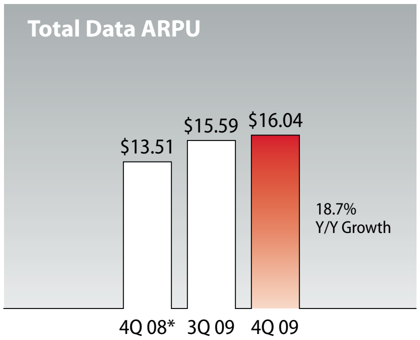

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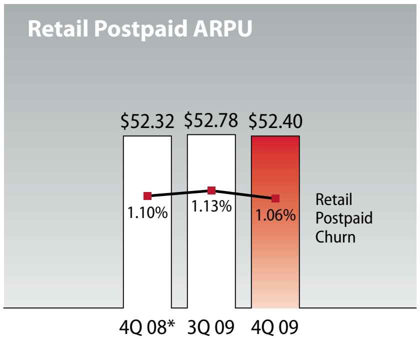

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Wireline

> Fourth-quarter operating revenues were $11.5 billion, a decline of 3.9 percent compared with the fourth quarter 2008. This is an improvement of 0.9 percentage points compared with the year-over-year revenue declines reported in the third quarter 2009.

> Broadband connections totaled 9.2 million at the end of the fourth quarter, a 6.3 percent year-over-year increase. This is a net increase of 46,000 from the third quarter 2009, as the increase in FiOS Internet connections more than offset a decrease in DSL-based High Speed Internet connections.

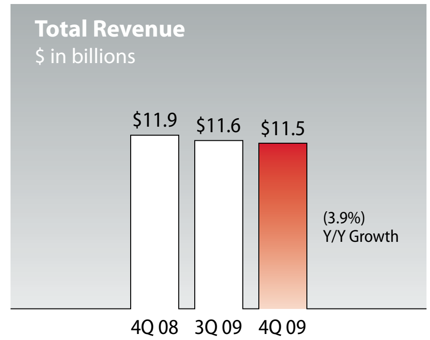
> As of the end of 2009, the FiOS network passed 15.4 million premises, or approximately 48 percent of total households in areas currently covered by Verizon's wireline network.

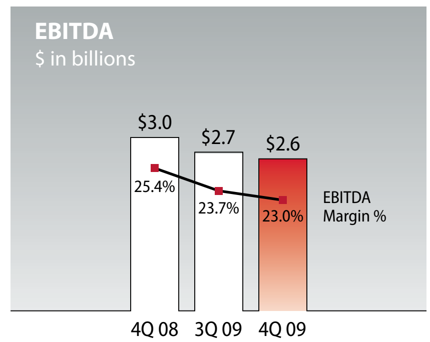
> New Verizon offerings for multinational corporate customers and government customers included IT consulting and managed services to help enterprises transition to cloud computing technologies; telehealth collaboration services; consulting services aimed at helping track and protect corporate data; a cloud-based application performance monitoring service; and solutions to prevent hacker threats to corporate applications. Additionally, Verizon announced a global strategic alliance with McAfee to provide integrated security solutions.

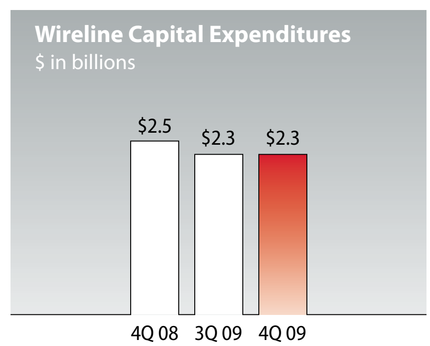
> Continuing to widen and deepen its global scope and capabilities, Verizon expanded its Virtual Private LAN service to Europe, Asia-Pacific and additional North American locations. The company also deployed the industry's first commercial 100G (gigabits per second) ultra-long-haul optical system for live traffic on its European optical core network; added a Japan landing to its Trans-Pacific Express submarine cable system; and installed 19 Private IP edge routers for a total of 753 edge routers in 212 sites throughout 59 countries.

> New agreements with large-business customers included Aon Corp.; Danfoss A/S; Expedia Inc.; and Nissan North America. Verizon also announced new agreements with U.S. government agencies, including the U.S. Army Reserve Command.

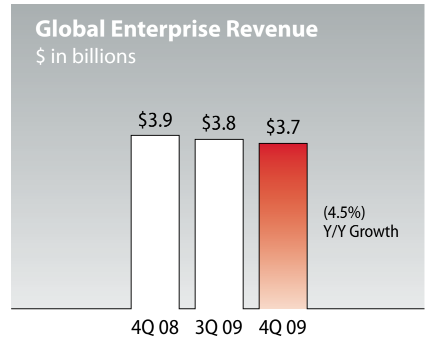
Wireline

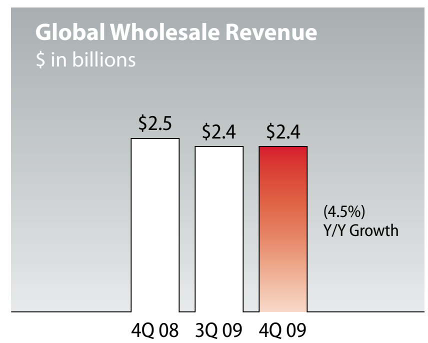






NOTE: Comparisons are year over year unless otherwise noted. See the accompanying schedules and www.verizon.com/investor for reconciliations to generally accepted accounting principles (GAAP) for non-GAAP financial measures cited in this news release. Reclassifications of prior-period amounts have been 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. Adjusted EPS is calculated based on net income attributable to Verizon before special items, which eliminates items of revenues, expenses, gains and losses primarily as a result of their non-operational or non-recurring nature.





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.

condensed consolidated statements of income

(dollars in millions, except per share amounts)

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

Footnotes:

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

* Not meaningful

condensed consolidated statements of income before special items

(dollars in millions, except per share amounts)

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

Footnotes:

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

Revenues	**$ —**	$ —	**$ —**	$ 258
Expenses	**$ —**	$ —	**$ —**	$ 214

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

condensed consolidated statements of income – reconciliations

Fourth Quarter 2009 and 2008

(dollars in millions, except per share amounts)

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

(dollars in millions, except per share amounts)

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

Footnote:

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

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

condensed consolidated statements of income – reconciliations

Fourth Quarter Year-to-Date 2009 and 2008

(dollars in millions, except per share amounts)

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

(dollars in millions, except per share amounts)

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

Footnote:

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

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

selected financial and operating statistics

(dollars in millions, except per share amounts)

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

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

Footnote:

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

condensed consolidated balance sheets

(dollars in millions)

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

The unaudited consolidated balance sheets are based on preliminary information.

condensed consolidated statements of cash flows

(dollars in millions)

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

verizon wireless — selected financial results

(dollars in millions)

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

verizon wireless — selected operating statistics

(numbers in thousands)

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

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

Footnotes:

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

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

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

Intersegment transactions have not been eliminated.

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

* Not meaningful

wireline — selected financial results

(dollars in millions)

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

wireline — selected operating statistics

(numbers in thousands)

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

Footnotes:

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

Intersegment transactions have not been eliminated.

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

Q4 News Items

Verizon's New 'Quad-Play' Bundle Offers Customers Wireless Calling With Home Phone, TV and Broadband in Money-Saving Combinations

Oct 19, 2009 Verizon customers in Northeast and Mid-Atlantic markets can save with new versatile service packages that combine wireless, TV, Internet and home phone services, creating the company's first fully integrated communications and entertainment bundles carried over its top-rated 3G wireless and reliable landline networks. The new bundles include Verizon's first "quad-play" of wireless calling, home phone, broadband Internet and TV services. The packages are available to customers who are served by Verizon's market-leading FiOS services or Verizon's fast, affordable High Speed Internet, and DIRECTV.

Verizon Business to Help Strengthen Network Security for NATO

Oct 19, 2009 Verizon Business will help the NATO Command, Control and Communications Agency (NC3A) strengthen NATO's network security with a package of networking and security services. Verizon Business through Verizon Cybertrust Security in Belgium will implement a highly resilient virtual private network for approximately 30 locations on the agency's existing network. The company will provide secure gateways to and from the Internet as well as the Public Key Infrastructure (PKI) encryption for users on the network.

Verizon's Broadband Internet Services Rank Highest in J.D. Power Customer Satisfaction Study

Oct 28, 2009 Verizon's consumer broadband services — Verizon FiOS Internet and Verizon High Speed Internet (HSI) — outperform all their competitors when it comes to overall customer satisfaction in the East, according to the J.D. Power and Associates "2009 Internet Service Provider (ISP) Residential Customer Satisfaction Study"℠ released Oct. 28. Verizon's advanced FiOS Internet and its digital-subscriber-line-based HSI service outscored 10 providers measured in the East region of the ISP study — including all cable providers — in overall satisfaction and four factors: performance and reliability, cost of service, offerings and promotions, and billing.

Global Telecom Companies Announce a Standards Based Solution for Voice and SMS Services Over LTE

Nov 04, 2009 AT&T, Orange, Telefonica, TeliaSonera, Verizon, Vodafone, Alcatel-Lucent, Ericsson, Nokia Siemens Networks, Nokia, Samsung Electronics Co. Ltd., and Sony Ericsson have defined the preferred way to ensure the smooth introduction and delivery of voice and SMS services on Long Term Evolution networks worldwide.

The above telecommunications industry leaders have jointly developed a technical profile for LTE voice and SMS services, also known as the One Voice initiative.

Verizon Communications Declares Quarterly Dividend

Dec 03, 2009 The Board of Directors of Verizon Communications Inc. (NYSE:VZ) today declared a quarterly dividend of 47.5 cents per outstanding share, unchanged from the previous quarter. The dividend is payable on Feb. 1, 2010, to Verizon Communications shareowners of record at the close of business on Jan. 8, 2010.

Verizon Deploys Commercial 100G Ultra-Long-Haul Optical System on Portion of Its Core European Network

Dec 14, 2009 Verizon became the first telecommunications carrier to successfully deploy a commercial 100G (gigabits per second) ultra-long-haul optical system for live traffic. This system was deployed on the company's European optical core network between Paris and Frankfurt. The accomplishment marks the first time for deployment of ultra-long-haul 100G using a single channel on a production network.

Verizon's $17 Billion Network Investment in 2009 Pays Off

Dec 29, 2009 Verizon continued to go the distance in 2009 with its secure, reliable global network, which is the essential foundation for the company's award-winning wireline and wireless products and services for consumer, business and wholesale customers. Verizon invested more than $17 billion this year in its leading wireless and wireline networks in the U.S. and internationally. The Verizon global IP network serves more than 2,700 cities in 159 countries, and its wireless network reaches approximately 289 million Americans.

Verizon Wireless Offers Simple, Affordable Convenience with New Unlimited Service Plans

Jan 15, 2010 New monthly service plans from Verizon Wireless make connecting to the nation's most reliable wireless network easier than ever. Beginning Jan. 18, customers may sign up for a new Nationwide Unlimited Talk plan that allows customers to call anyone in the United States for $69.99 monthly access or a Nationwide Unlimited Talk & Text plan to call and send text, picture and video messages to anyone in the country for $89.99 monthly access.

investor.verizon.com/stock

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Verizon Wireless and FiOS Growth Fuels Continued Strong Cash Flow at Verizon in 3Q

Review 3Q 2009 Financials

- Earnings Webcast
- Presentation (PDF, 195 KB)
- Quarterly Bulletin (PDF, 1.34 MB)
- Supplemental Schedule (Excel, 84 KB)
- Non-GAAP Reconciliation (Excel, 94 KB)
- 2007-3Q 2009 Financials (pre-Alltel) (Excel, 521 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.

Account Access
Available to all Verizon Communications registered shareowners, this secure online tool lets you view shares owned in your name.

Book Entry Ownership
This SEC-approved Direct Registration System lets you retain full ownership of your shares without having to hold a paper certificate.

Transfers
This service lets you download printable versions of frequently requested forms.

eTree Registration Form
In an effort to conserve natural resources, Verizon Communications is proud to offer shareholders an opportunity to be environmentally responsible. You can receive secure links to annual meeting materials, Direct Invest statements and 1099 dividend forms and access them online. This helps Verizon reduce the amount of materials we print and mail.

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