

## Condensed Consolidated Statements of Income

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 9/30/10	3 Mos. Ended 9/30/09	% Change	9 Mos. Ended 9/30/10	9 Mos. Ended 9/30/09	% Change
<b>Operating Revenues</b>	<b>\$ 26,484</b>	\$ 27,265	(2.9)	<b>\$ 80,170</b>	\$ 80,717	(0.7)
<b>Operating Expenses</b>						
Cost of services and sales	<b>11,250</b>	10,996	2.3	<b>34,206</b>	31,785	7.6
Selling, general & administrative expense	<b>7,465</b>	8,111	(8.0)	<b>23,508</b>	23,543	(0.1)
Depreciation and amortization expense	<b>4,022</b>	4,172	(3.6)	<b>12,319</b>	12,291	0.2
<b>Total Operating Expenses</b>	<b>22,737</b>	23,279	(2.3)	<b>70,033</b>	67,619	3.6
<b>Operating Income</b>	<b>3,747</b>	3,986	(6.0)	<b>10,137</b>	13,098	(22.6)
Equity in earnings of unconsolidated businesses	<b>141</b>	166	(15.1)	<b>395</b>	422	(6.4)
Other income and (expense), net	<b>(50)</b>	13	*	<b>12</b>	77	(84.4)
Interest expense	<b>(597)</b>	(704)	(15.2)	<b>(1,956)</b>	(2,416)	(19.0)
<b>Income Before Provision for Income Taxes</b>	<b>3,241</b>	3,461	(6.4)	<b>8,588</b>	11,181	(23.2)
Provision for income taxes	<b>(321)</b>	(574)	(44.1)	<b>(1,837)</b>	(1,924)	(4.5)
<b>Net Income</b>	<b>\$ 2,920</b>	\$ 2,887	1.1	<b>\$ 6,751</b>	\$ 9,257	(27.1)
Net income attributable to noncontrolling interest	<b>2,039</b>	1,711	19.2	<b>5,659</b>	4,953	14.3
Net income attributable to Verizon	<b>881</b>	1,176	(25.1)	<b>1,092</b>	4,304	(74.6)
<b>Net Income</b>	<b>\$ 2,920</b>	\$ 2,887	1.1	<b>\$ 6,751</b>	\$ 9,257	(27.1)
<b>Basic Earnings per Common Share</b>						
Net income attributable to Verizon	<b>\$ .31</b>	\$ .41	(24.4)	<b>\$ .39</b>	\$ 1.51	(74.2)
Weighted average number of common shares (in millions)	<b>2,829</b>	2,841		<b>2,830</b>	2,841	
<b>Diluted Earnings per Common Share<sup>(1)</sup></b>						
Net income attributable to Verizon	<b>\$ .31</b>	\$ .41	(24.4)	<b>\$ .39</b>	\$ 1.51	(74.2)
Weighted average number of common shares— assuming dilution (in millions)	<b>2,830</b>	2,841		<b>2,833</b>	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.

\* Not meaningful

## Condensed Consolidated Balance Sheets

Unaudited	9/30/10	12/31/09	(dollars in millions) \$ Change
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 5,394	\$ 2,009	\$ 3,385
Short-term investments	581	490	91
Accounts receivable, net	11,973	12,573	(600)
Inventories	1,010	1,426	(416)
Prepaid expenses and other	2,383	5,247	(2,864)
Total current assets	<u>21,341</u>	<u>21,745</u>	<u>(404)</u>
Plant, property and equipment	217,859	229,381	(11,522)
Less accumulated depreciation	130,429	137,052	(6,623)
	<u>87,430</u>	<u>92,329</u>	<u>(4,899)</u>
Investments in unconsolidated businesses	3,832	3,535	297
Wireless licenses	72,719	72,067	652
Goodwill	21,933	22,472	(539)
Other intangible assets, net	5,915	6,764	(849)
Other assets	7,682	8,339	(657)
<b>Total Assets</b>	<b>\$ 220,852</b>	<b>\$ 227,251</b>	<b>\$ (6,399)</b>
<b>Liabilities and Equity</b>			
Current liabilities			
Debt maturing within one year	\$ 5,810	\$ 7,205	\$ (1,395)
Accounts payable and accrued liabilities	16,092	15,223	869
Other	6,865	6,708	157
Total current liabilities	<u>28,767</u>	<u>29,136</u>	<u>(369)</u>
Long-term debt	47,360	55,051	(7,691)
Employee benefit obligations	31,915	32,622	(707)
Deferred income taxes	21,772	19,310	2,462
Other liabilities	6,414	6,765	(351)
Equity			
Common stock	297	297	—
Contributed capital	37,921	40,108	(2,187)
Reinvested earnings	14,621	17,592	(2,971)
Accumulated other comprehensive loss	(9,835)	(11,479)	1,644
Common stock in treasury, at cost	(5,276)	(5,000)	(276)
Deferred compensation— employee stock ownership plans and other	189	88	101
Noncontrolling interest	46,707	42,761	3,946
Total equity	<u>84,624</u>	<u>84,367</u>	<u>257</u>
<b>Total Liabilities and Equity</b>	<b>\$ 220,852</b>	<b>\$ 227,251</b>	<b>\$ (6,399)</b>

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

## Condensed Consolidated Statements of Cash Flows

(dollars in millions)

Unaudited	9 Mos. Ended 9/30/10	9 Mos. Ended 9/30/09	\$ Change
<b>Cash Flows From Operating Activities</b>			
Net Income	\$ 6,751	\$ 9,257	\$ (2,506)
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization expense	12,319	12,291	28
Employee retirement benefits	3,909	2,533	1,376
Deferred income taxes	2,332	2,672	(340)
Provision for uncollectible accounts	922	917	5
Equity in earnings of unconsolidated businesses, net of dividends received	82	21	61
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	640	(2,337)	2,977
Other, net	(1,742)	(2,236)	494
Net cash provided by operating activities	<u>25,213</u>	<u>23,118</u>	<u>2,095</u>
<b>Cash Flows From Investing Activities</b>			
Capital expenditures (including capitalized software)	(11,843)	(12,450)	607
Acquisitions of licenses, investments and businesses, net of cash acquired	(1,027)	(5,627)	4,600
Proceeds from dispositions	2,594	—	2,594
Net change in short-term investments	(34)	78	(112)
Other, net	151	51	100
Net cash used in investing activities	<u>(10,159)</u>	<u>(17,948)</u>	<u>7,789</u>
<b>Cash Flows From Financing Activities</b>			
Proceeds from long-term borrowings	—	12,040	(12,040)
Repayments of long-term borrowings and capital lease obligations	(7,941)	(18,966)	11,025
Decrease in short-term obligations, excluding current maturities	(1,097)	(1,454)	357
Dividends paid	(4,034)	(3,920)	(114)
Proceeds from access line spin-off	3,083	—	3,083
Other, net	(1,680)	(1,436)	(244)
Net cash used in financing activities	<u>(11,669)</u>	<u>(13,736)</u>	<u>2,067</u>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>3,385</b>	<b>(8,566)</b>	<b>11,951</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>2,009</b>	<b>9,782</b>	<b>(7,773)</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 5,394</b>	<b>\$ 1,216</b>	<b>\$ 4,178</b>

## Selected Financial and Operating Statistics

As of	9/30/10	9/30/09
Unaudited		
Debt to debt and Verizon's equity ratio, end of period <sup>(1)</sup>	<b>58.4%</b>	59.3%
Book value per common share <sup>(1)</sup>	<b>\$ 13.41</b>	\$ 15.20
Common shares outstanding (in millions) end of period	<b>2,827</b>	2,841
Total employees	<b>195,100</b>	230,340

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 9/30/10	3 Mos. Ended 9/30/09	9 Mos. Ended 9/30/10	9 Mos. Ended 9/30/09
Capital expenditures (including capitalized software)				
Domestic Wireless	<b>\$ 2,173</b>	\$ 1,800	<b>\$ 6,205</b>	\$ 5,134
Wireline	<b>1,751</b>	2,273	<b>5,098</b>	6,614
Other	<b>234</b>	283	<b>540</b>	702
Total	<b>\$ 4,158</b>	\$ 4,356	<b>\$ 11,843</b>	\$ 12,450
Cash dividends declared per common share	<b>\$ 0.4875</b>	\$ 0.4750	<b>\$ 1.4375</b>	\$ 1.3950

**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 9/30/10	3 Mos. Ended 9/30/09	% Change	9 Mos. Ended 9/30/10	9 Mos. Ended 9/30/09	% Change
<b>Revenues</b>						
Service revenues	\$ 14,168	\$ 13,149	7.7	\$ 41,436	\$ 38,863	6.6
Equipment and other	2,082	2,182	(4.6)	5,823	6,187	(5.9)
<b>Total Revenues</b>	<b>16,250</b>	15,331	6.0	<b>47,259</b>	45,050	4.9
<b>Operating Expenses</b>						
Cost of services and sales	5,017	4,929	1.8	14,428	14,204	1.6
Selling, general & administrative expense	4,543	4,399	3.3	13,486	13,056	3.3
Depreciation and amortization expense	1,836	1,758	4.4	5,475	5,234	4.6
<b>Total Operating Expenses</b>	<b>11,396</b>	11,086	2.8	<b>33,389</b>	32,494	2.8
<b>Operating Income</b>	<b>\$ 4,854</b>	\$ 4,245	14.3	<b>\$ 13,870</b>	\$ 12,556	10.5
<b>Operating Income Margin</b>	<b>29.9%</b>	27.7%		<b>29.3%</b>	27.9%	

## Verizon Wireless — Selected Operating Statistics

(numbers in thousands)			
Unaudited	9/30/10	9/30/09	% Change
Total Customers	93,170	86,990	7.1
Retail Customers	86,734	84,268	2.9

  

(numbers in thousands)						
Unaudited	3 Mos. Ended 9/30/10	3 Mos. Ended 9/30/09	% Change	9 Mos. Ended 9/30/10	9 Mos. Ended 9/30/09	% Change
Total Customer net adds in period <sup>(1)</sup>	997	1,185	(15.9)	3,884	3,495	11.1
Retail Customer net adds in period <sup>(1)</sup>	447	916	(51.2)	1,174	3,212	(63.4)
Total churn rate	1.36%	1.46%		1.32%	1.42%	
Retail churn rate	1.43%	1.46%		1.39%	1.41%	

**Footnotes:**

(1) Customer net additions exclude acquisitions and adjustments.

The segment financial results and metrics above are adjusted to exclude the impact of divested operations, as well as 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, including the impact of divested operations.

## Wireline — Selected Financial Results

Unaudited	(dollars in millions)					
	3 Mos. Ended 9/30/10	3 Mos. Ended 9/30/09	% Change	9 Mos. Ended 9/30/10	9 Mos. Ended 9/30/09	% Change
<b>Wireline Operating Revenues</b>						
Mass Markets	\$ 4,073	\$ 4,047	0.6	\$ 12,171	\$ 12,068	0.9
Global Enterprise	3,926	3,958	(0.8)	11,705	11,754	(0.4)
Global Wholesale	2,072	2,307	(10.2)	6,382	6,867	(7.1)
Other	215	355	(39.4)	680	1,181	(42.4)
<b>Total Operating Revenues</b>	<b>10,286</b>	<b>10,667</b>	<b>(3.6)</b>	<b>30,938</b>	<b>31,870</b>	<b>(2.9)</b>
<b>Operating Expenses</b>						
Cost of services and sales	5,803	5,978	(2.9)	17,457	17,347	0.6
Selling, general & administrative expense	2,319	2,423	(4.3)	7,176	7,527	(4.7)
Depreciation and amortization expense	2,145	2,075	3.4	6,308	6,112	3.2
<b>Total Operating Expenses</b>	<b>10,267</b>	<b>10,476</b>	<b>(2.0)</b>	<b>30,941</b>	<b>30,986</b>	<b>(0.1)</b>
<b>Operating Income (Loss)</b>	<b>\$ 19</b>	<b>\$ 191</b>	<b>(90.1)</b>	<b>\$ (3)</b>	<b>\$ 884</b>	<b>*</b>
<b>Operating Income Margin</b>	<b>0.2%</b>	<b>1.8%</b>		<b>*</b>	<b>2.8%</b>	

## Wireline — Selected Operating Statistics

Unaudited	(numbers in thousands)		
	9/30/10	9/30/09	% Change
Switched access lines in service			
Total Residence (includes Primary residence)	14,465	16,105	(10.2)
Primary residence	12,825	14,030	(8.6)
Business			
Public	11,953	12,719	(6.0)
Total	126	179	(29.6)
Broadband connections			
FiOS Internet Subscribers	26,544	29,003	(8.5)
FiOS TV Subscribers	8,340	8,119	2.7
	3,885	3,136	23.9
	3,290	2,601	26.5

**Footnotes:**

The segment financial results and metrics above are adjusted to exclude the impact of divested operations, as well as 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, including the impact of divested operations.

\*Not meaningful