Condensed Financial Statements Three Months Ended March 31, 2010 and 2009

## CONDENSED STATEMENTS OF INCOME

	Three Months Ended March 31,		
(dollars in millions) (unaudited)	2010	2009	
Operating Revenues (including \$155 and \$152 from affiliates)	\$ 543	\$ 544	
Operating Expenses (including \$161 and \$177 to affiliates) Cost of services and sales (exclusive of items shown below) Selling, general and administrative expense Depreciation and amortization expense Total Operating Expenses	206 103 109 418	189 109 109 407	
Operating Income	125	137	
Interest expense	(18)	(16)	
Income Before Provision for Income Taxes	107	121	
Provision for income taxes	(53)	(45)	
Net Income	\$ 54	\$ 76	

### CONDENSED BALANCE SHEETS

Assets   Current assets   Accounts receivable:   Tade and other, net of allowances for uncollectibles of \$34 and \$36   \$311   \$297   \$AIII lates   \$45   \$58   \$195   \$297   \$28   \$297	(dollars in millions) (unaudited)	At March 31, 2010 At December 31, 2009	
Accounts receivable:	Assets		
Trade and other, net of allowances for uncollectibles of \$34 and \$36         \$311         \$297           Affiliates         45         58           Prepaid expenses         97         11           Deferred income taxes         27         28           Deferred charges and other         29         43           Total current assets         509         439           Plant, property and equipment         10,352         10,272           Less accumulated depreciation         6,660         6,799           Less accumulated depreciation         6         6           Intangible assets, net         6         6           Prepaid pension asset         203         204           Other assets         33         32           Total assets         8         4,243         \$4,174           Lasibilities and Shareowner's Investment           Current liabilities         \$184         \$286           Other         1         1         1           Accounts payable and accrued liabilities:         \$184         \$286           Other         111         120           Other current liabilities         112         138           Long-term debt         1,302 <t< td=""><td></td><td></td><td></td></t<>			
Affiliates         45         58           Prepaid expenses         97         11           Deferred income taxes         27         28           Deferred charges and other         29         45           Total current assets         509         439           Plant, properly and equipment         10,352         10,272           Less accumulated depreciation         6,866         6,799           Less accumulated depreciation         6,866         6,799           Intangible assets, net         6         6           Prepaid pension asset         203         204           Other assets         33         3           Total assets         8 4,243         \$ 4,174           Liabilities and Sharcowner's Investment         8         4,243         \$ 4,174           Liabilities and Sharcowner's Investment         8         8         4,174           Liabilities and Sharcowner's Investment         8         1,24         2,24           Loes payable to affiliates         \$ 184         \$ 2,86         2,86           Other         1         1         1         1         1         1         1         1         1         1         1         1         1	Accounts receivable:		
Affiliates         45         58           Prepaid expenses         97         11           Deferred income taxes         27         28           Deferred charges and other         29         45           Total current assets         509         439           Plant, properly and equipment         10,352         10,272           Less accumulated depreciation         6,866         6,799           Less accumulated depreciation         6,866         6,799           Intangible assets, net         6         6           Prepaid pension asset         203         204           Other assets         33         3           Total assets         8 4,243         \$ 4,174           Liabilities and Sharcowner's Investment         8         4,243         \$ 4,174           Liabilities and Sharcowner's Investment         8         8         4,174           Liabilities and Sharcowner's Investment         8         1,24         2,24           Loes payable to affiliates         \$ 184         \$ 2,86         2,86           Other         1         1         1         1         1         1         1         1         1         1         1         1         1	Trade and other, net of allowances for uncollectibles of \$34 and \$36	\$ 311	\$ 297
Deferred income taxes         27         28           Deferred charges and other         29         45           Total current assets         509         459           Plant, property and equipment         10,352         10,272           Less accumulated depreciation         6.860         6.79           Less accumulated depreciation         6.860         6.79           Prepaid pension asset         203         3.493           Other assets         33         3           Total assets         33         3           Total current liabilities         8         4.74           Debt maturing within one year:         8         1           Artiliates         1         1         1           Notes payable to affiliates         1         1         1           Other         1         1         1           Accounts payable and accrued liabilities:         1         1         1           Artiliates         1         1         1         1           Other         111         113         120         1         1         1         1         1         1         1         1         1         1         1         1         1 <td></td> <td></td> <td></td>			
Deferred income taxes         27         28           Deferred charges and other         29         45           Total current assets         509         439           Plant, property and equipment         10,352         10,272           Less accumulated depreciation         6,860         6,79           Intangible assets, net         6         6         6           Prepaid pension asset         203         204           Other assets         33         32           Total assets         \$4,243         \$4,174           Liabilities and Sharcowner's Investment           Current liabilities           Debt maturing within one year:         8         1         2         1         2         1         3         1         2         1         3         1         1         1         1         1         1 <td< td=""><td>Prepaid expenses</td><td>97</td><td>11</td></td<>	Prepaid expenses	97	11
Deferred charges and other		27	28
Plant, property and equipment		29	
Less accumulated depreciation         6,860         6,779           A,92         3,492         3,493           Intangible assets, net         6         6           Prepaid pension asset         203         204           Other assets         33         3           Total assets         \$ 4,243         \$ 4,174           Liabilities and Shareowner's Investment         Total assets         \$ 4,243         \$ 4,174           Liabilities and Shareowner's Investment         Total assets         \$ 184         \$ 286           Other         1         1         1         1         1         2         286         1         1         1         1         2         286         1         1         1         1         1         1         1         2         286         0         1         1         1         2         286         0         1         1         1         2         2         1         2         2         1         2         2         1         2         2         3         2         2         2         2         3         2         2         2         2         3         2         2         2         2 <th< td=""><td><u> </u></td><td>509</td><td></td></th<>	<u> </u>	509	
Less accumulated depreciation         6,860         6,779           Long ible assets, net         6         6           Prepaid pension asset         203         204           Other assets         33         32           Total assets         \$ 4,243         \$ 4,174           Liabilities and Shareowner's Investment         State of the s	Plant property and equipment	10 352	10 272
Intangible assets, net         6         6           Prepaid pension asset         203         204           Other assets         33         32           Total assets         \$4,243         \$4,174           Liabilities and Sharcowner's Investment           Current liabilities         S184         \$286           Other         1         1         1           Accounts payable to affiliates         \$184         \$286         0ther         1         1         1           Accounts payable and accrued liabilities:         122         138         0ther         1	Less accumulated depreciation		
Prepaid pension asset         203         204           Other assets         33         32           Total assets         \$ 4,243         \$ 4,174           Liabilities and Sharcowner's Investment           Current liabilities           Debt maturing within one year:           Notes payable to affiliates         \$ 184         \$ 286           Other         1         1         2           Accounts payable and accrued liabilities:         122         138           Other         111         120         138           Other current liabilities         114         113           Total current liabilities         532         658           Long-term debt         1,302         1,302           Employee benefit obligations         754         751           Deferred credits and other liabilities:         754         751           Deferred income taxes         478         340           Unamortized investment tax credits         6         6           Other         78         78           State owner's investment         874         874           Common stock (one share, without par value)         874         874           Contributed capital<	2000 decamanded depresention		
Prepaid pension asset         203         204           Other assets         33         32           Total assets         \$ 4,243         \$ 4,174           Liabilities and Sharcowner's Investment           Current liabilities           Debt maturing within one year:           Notes payable to affiliates         \$ 184         \$ 286           Other         1         1         2           Accounts payable and accrued liabilities:         122         138           Other         111         120         138           Other current liabilities         114         113           Total current liabilities         532         658           Long-term debt         1,302         1,302           Employee benefit obligations         754         751           Deferred credits and other liabilities:         754         751           Deferred income taxes         478         340           Unamortized investment tax credits         6         6           Other         78         78           State owner's investment         874         874           Common stock (one share, without par value)         874         874           Contributed capital<	Intengible eggets, not		
Other assets         33         32           Total assets         \$ 4,243         \$ 4,174           Liabilities and Sharcowner's Investment           Current liabilities           Debt maturing within one year:         Notes payable to affiliates         \$ 184         \$ 286         0ther         1         1         1         2         188         0ther         1         1         1         1         1         1         2         138         3         2         6         6         0         1         1         1         1         1         1         1         1         1         1         2         1         3         3         3         2         6         6         6         0         6         0         1	Proposid popular asset		
Total assets         \$ 4,243         \$ 4,174           Liabilities and Shareowner's Investment           Current liabilities           Debt maturing within one year:           Notes payable to affiliates         \$ 184         \$ 286           Other         1         1           Accounts payable and accrued liabilities:         122         138           Other         111         120           Other current liabilities         114         113           Total current liabilities         532         658           Long-term debt         1,302         1,302           Employee benefit obligations         754         751           Deferred credits and other liabilities:         754         751           Deferred income taxes         478         340           Unamortized investment tax credits         6         6         6           Other         78         78         78           Total common stock (one share, without par value)         874         874           Common stock (one share, without par value)         874         874           Contributed capital         105         105           Reinvested earnings         115			
Liabilities and Shareowner's Investment         Current liabilities         Debt maturing within one year:         Notes payable to affiliates       \$ 184       \$ 286         Other       1       1         Accounts payable and accrued liabilities:       122       138         Other       111       120         Other current liabilities       114       113         Total current liabilities       532       658         Long-term debt       1,302       1,302         Employee benefit obligations       754       751         Deferred credits and other liabilities:       2       478       340         Unamortized investment tax credits       6       6       6       6         Other       78       78       78         Shareowner's investment       2       424         Shareowner's investment       874       874         Contributed capital       105       105         Reinvested earnings       115       61         Accumulated other comprehensive loss       (1)       (1)         Total shareowner's investment       1,093       1,039			
Current liabilities         Debt maturing within one year:       \$ 184       \$ 286         Notes payable to affiliates       \$ 1       1         Other       1       1         Accounts payable and accrued liabilities:       122       138         Affiliates       122       138         Other       111       120         Other current liabilities       114       113         Total current liabilities       532       658         Long-term debt       1,302       1,302         Employee benefit obligations       754       751         Deferred credits and other liabilities:       340         Unamortized investment tax credits       6       6       6         Other       78       78       78         Other       78       78       78         Shareowner's investment       874       874         Contributed capital       105       105         Reinvested earnings       115       61         Accumulated other comprehensive loss       (1)       (1)         Total shareowner's investment       1,093       1,039	1 Otal assets	\$ 4,243	\$ 4,174
Debt maturing within one year:         \$ 184         \$ 286           Other Other         1         1           Accounts payable and accrued liabilities:         2         138           Affiliates         122         138           Other         111         120           Other current liabilities         114         113           Total current liabilities         532         658           Long-term debt         1,302         1,302           Employee benefit obligations         754         751           Deferred credits and other liabilities:         340         100           Unamortized investment tax credits         6         6         6           Other         78         78         78           Shareowner's investment         874         874           Contributed capital         105         105           Reinvested earnings         115         61           Accumulated other comprehensive loss         (1)         (1)           Total shareowner's investment         1,093         1,039			
Notes payable to affiliates         \$ 184         \$ 286           Other         1         1           Accounts payable and accrued liabilities:         318         122         138           Affiliates         111         120         111         120           Other current liabilities         114         113         113         113         114         113         113         113         114         113         113         113         114         113         114         113         114         113         114         113         114         113         114         113         114         113         113         114         113         113         113         114         113         113         114         113         113         113         113         114         113         114         113         114         113         114         113         114         113         114         113         114         113         114         113         114         113         113         114         114         113         114         114         114         114         114         114         114         114         114         114         114         114 <td></td> <td></td> <td></td>			
Other         1         1           Accounts payable and accrued liabilities:         32         138           Affiliates         111         120           Other         111         113           Other current liabilities         532         658           Long-term debt         1,302         1,302           Employee benefit obligations         754         751           Deferred credits and other liabilities:         874         340           Unamortized investment tax credits         6         6         6           Other         78         78         78           Shareowner's investment         874         874           Common stock (one share, without par value)         874         874           Contributed capital         105         105           Reinvested earnings         115         61           Accumulated other comprehensive loss         (1)         (1)           Total shareowner's investment         1,093         1,039			
Accounts payable and accrued liabilities:         Affiliates       122       138         Other       111       120         Other current liabilities       114       113         Total current liabilities       532       658         Long-term debt       1,302       1,302         Employee benefit obligations       754       751         Deferred credits and other liabilities:       340         Unamortized investment tax credits       6       6         Other       78       78         Shareowner's investment       562       424         Shareowner's investment       874       874         Contributed capital       105       105         Reinvested earnings       115       61         Accumulated other comprehensive loss       (1)       (1)         Total shareowner's investment       1,093       1,039		\$ 184	\$ 286
Affiliates       122       138         Other       111       120         Other current liabilities       114       113         Total current liabilities       532       658         Long-term debt       1,302       1,302         Employee benefit obligations       754       751         Deferred credits and other liabilities:       340         Unamortized investment tax credits       6       6         Other       78       78         Total shareowner's investment       874       874         Common stock (one share, without par value)       874       874         Contributed capital       105       105         Reinvested earnings       115       61         Accumulated other comprehensive loss       (1)       (1)         Total shareowner's investment       1,093       1,039	V 1V-	1	1
Other Other current liabilities         111 13         120           Other current liabilities         114 113           Total current liabilities         532 658           Long-term debt         1,302 754 751           Employee benefit obligations         754 751           Deferred credits and other liabilities:         340           Unamortized income taxes         478 340           Unamortized investment tax credits         6 6           Other         78 78           Shareowner's investment         78 78           Common stock (one share, without par value)         874 874           Contributed capital         105 105           Reinvested earnings         115 61           Accumulated other comprehensive loss         (1) (1)           Total shareowner's investment         1,093 1,039			
Other current liabilities         114         113           Total current liabilities         532         658           Long-term debt         1,302         1,302           Employee benefit obligations         754         751           Deferred credits and other liabilities:			
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Long-term debt       1,302       1,302         Employee benefit obligations       754       751         Deferred credits and other liabilities:			
Employee benefit obligations       754       751         Deferred credits and other liabilities:       340         Deferred income taxes       478       340         Unamortized investment tax credits       6       6         Other       78       78         Shareowner's investment       562       424         Common stock (one share, without par value)       874       874         Contributed capital       105       105         Reinvested earnings       115       61         Accumulated other comprehensive loss       (1)       (1)         Total shareowner's investment       1,093       1,039	Total current liabilities	532	658
Deferred credits and other liabilities:       478       340         Unamortized investment tax credits       6       6         Other       78       78         Shareowner's investment       562       424         Shareowner's investment       874       874         Contributed capital       105       105         Reinvested earnings       115       61         Accumulated other comprehensive loss       (1)       (1)         Total shareowner's investment       1,093       1,039	Long-term debt	1,302	1,302
Deferred credits and other liabilities:       478       340         Unamortized investment tax credits       6       6         Other       78       78         Shareowner's investment       562       424         Shareowner's investment       874       874         Contributed capital       105       105         Reinvested earnings       115       61         Accumulated other comprehensive loss       (1)       (1)         Total shareowner's investment       1,093       1,039	Employee benefit obligations	754	751
Unamortized investment tax credits         6         6           Other         78         78           562         424           Shareowner's investment         874         874           Common stock (one share, without par value)         874         874           Contributed capital         105         105           Reinvested earnings         115         61           Accumulated other comprehensive loss         (1)         (1)           Total shareowner's investment         1,093         1,039	Deferred credits and other liabilities:		
Other         78         78           562         424           Shareowner's investment         874         874           Common stock (one share, without par value)         874         874           Contributed capital         105         105           Reinvested earnings         115         61           Accumulated other comprehensive loss         (1)         (1)           Total shareowner's investment         1,093         1,039	Deferred income taxes	478	340
Shareowner's investment         562         424           Common stock (one share, without par value)         874         874           Contributed capital         105         105           Reinvested earnings         115         61           Accumulated other comprehensive loss         (1)         (1)           Total shareowner's investment         1,093         1,039	Unamortized investment tax credits	6	6
Shareowner's investment         874         874           Common stock (one share, without par value)         874         874           Contributed capital         105         105           Reinvested earnings         115         61           Accumulated other comprehensive loss         (1)         (1)           Total shareowner's investment         1,093         1,039	Other	78	78
Common stock (one share, without par value)       874       874         Contributed capital       105       105         Reinvested earnings       115       61         Accumulated other comprehensive loss       (1)       (1)         Total shareowner's investment       1,093       1,039		562	424
Common stock (one share, without par value)       874       874         Contributed capital       105       105         Reinvested earnings       115       61         Accumulated other comprehensive loss       (1)       (1)         Total shareowner's investment       1,093       1,039	Shareowner's investment		
Contributed capital         105           Reinvested earnings         115         61           Accumulated other comprehensive loss         (1)         (1)           Total shareowner's investment         1,093         1,039		874	874
Reinvested earnings11561Accumulated other comprehensive loss(1)(1)Total shareowner's investment1,0931,039			105
Accumulated other comprehensive loss (1) (1) Total shareowner's investment 1,093 1,039			
Total shareowner's investment 1,093 1,039		_	
	Total liabilities and shareowner's investment	\$ 4,243	\$ 4,174

### CONDENSED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,	
(dollars in millions) (unaudited)	2010	2009
Net Cash Provided by (Used in) Operating Activities	\$ 192	\$ (68)
Cash Flows from Investing Activities		
Capital expenditures (including capitalized software)	(91)	(117)
Net change in short-term investments		9
Net change in notes receivable from affiliate		206
Other, net	1	(1)
Net cash provided by (used in) investing activities	(90)	97
Cash Flows from Financing Activities		
Net change in short-term notes payable to affiliate	(102)	162
Dividends paid		(192)
Net change in outstanding checks drawn on controlled disbursement accounts		1
Net cash used in financing activities	(102)	(29)
Net change in cash		
Cash, beginning of period		
Cash, end of period	\$	\$

#### NOTES TO CONDENSED FINANCIAL STATEMENTS (Unaudited)

#### 1. Basis of Presentation and Recent Accounting Standard Updates

Verizon Virginia Inc. (Verizon Virginia or the Company) is a wholly owned subsidiary of Verizon Communications Inc. (Verizon). The accompanying unaudited condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim periods. These condensed financial statements reflect all adjustments that are necessary for a fair presentation of results of operations and financial position for the interim periods shown including normal recurring accruals and other items. We have evaluated subsequent events through May 28, 2010, the date these financial statements were issued. The results for the interim periods are not necessarily indicative of results for the full year. The balance sheet at December 31, 2009 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. For a more complete discussion of significant accounting policies and certain other information, you should refer to our December 31, 2009 audited financial statements.

#### Recent Accounting Standards

In September 2009, the accounting standard update regarding revenue recognition for multiple deliverable arrangements was issued. This update requires the use of the relative selling price method when allocating revenue in these types of arrangements. This method allows a vendor to use its best estimate of selling price if neither vendor specific objective evidence nor third party evidence of selling price exists when evaluating multiple deliverable arrangements. This standard update is effective January 1, 2011 and may be adopted prospectively for revenue arrangements entered into or materially modified after the date of adoption or retrospectively for all revenue arrangements for all periods presented. We are currently evaluating the impact that this standard update will have on our financial statements.

In September 2009, the accounting standard update regarding revenue recognition for arrangements that include software elements was issued. This update requires tangible products that contain software and non-software elements that work together to deliver the products' essential functionality to be evaluated under the accounting standard regarding multiple deliverable arrangements. This standard update is effective January 1, 2011 and may be adopted prospectively for revenue arrangements entered into or materially modified after the date of adoption or retrospectively for all revenue arrangements for all periods presented. We are currently evaluating the impact that this standard update will have on our financial statements.

#### 2. Shareowner's Investment

	Common	Contributed	Reinvested	Accumulated Other Comprehensive
(dollars in millions)	Stock	Capital	Earnings	Loss
Balance at December 31, 2009	\$ 874	\$ 105	\$ 61	\$ (1)
Net income			54	
Balance at March 31, 2010	\$ 874	\$ 105	\$ 115	\$ (1)

Net income and comprehensive income were the same for the three months ended March 31, 2010 and 2009, respectively.

#### 3. Debt

The fair value of our short-term and long-term debt, excluding capital leases, is determined based on market quotes for similar terms and maturities or future cash flows discounted at current rates. The fair value of our long-term and short-term debt, excluding capital leases, was approximately \$1,574 million and \$1,658 million at March 31, 2010 and December 31, 2009, respectively, as compared to the carrying value of approximately \$1,482 million and \$1,584 million at March 31, 2010 and December 31, 2009, respectively. The decrease in the carrying value of our long-term and short-term debt, excluding capital leases, was primarily due to a decrease in notes payable to affiliates.

#### 4. Commitments and Contingencies

Various legal actions and regulatory proceedings are pending to which we are a party and claims which, if asserted, may lead to other legal actions. We have established reserves for specific liabilities in connection with regulatory and legal matters that we currently deem to be probable and estimable. We do not expect that the ultimate resolution of pending regulatory and legal matters in future periods will have a material effect on our financial condition, but it could have a material effect on our results of operations.

From time to time, state regulatory decisions require us to assure customers that we will provide a level of service performance that falls within prescribed parameters. There are penalties associated with failing to meet those service parameters and we, from time to time, pay such penalties. We do not expect these penalties to have a material effect on our financial condition, but they could have a material effect on our results of operations.

#### 5. Other Items

Medicare Part D Subsidy

Under the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010, both of which became law in March 2010 (collectively the Health Care Act), beginning in 2013, Verizon and other companies that receive a subsidy under Medicare Part D to provide retiree prescription drug coverage will no longer receive a federal income tax deduction for the expenses incurred in connection with providing the subsidized coverage to the extent of the subsidy received. Because future anticipated retiree prescription drug plan liabilities and related subsidies are already reflected in our financial statements, this change requires us to reduce the value of the related tax benefits recognized in our financial statements in the period during which the Health Care Act was enacted. As a result, we recorded a one-time, non-cash income tax charge of \$14 million in the first quarter of 2010 to reflect the impact of this change.