

condensed consolidated statements of income

(dollars in millions, except per share amounts)

| Unaudited | 3 Mos. Ended 9/30/09 | 3 Mos. Ended 9/30/08 | % Change | 9 Mos. Ended 9/30/09 | 9 Mos. Ended 9/30/08 | % Change |
|---|-------------------------|-------------------------|----------|-------------------------|-------------------------|----------|
| Operating Revenues | \$ 27,265 | \$ 24,752 | 10.2 | \$ 80,717 | \$ 72,709 | 11.0 |
| Operating Expenses | | | | | | |
| Cost of services and sales | 10,996 | 10,048 | 9.4 | 31,785 | 29,031 | 9.5 |
| Selling, general & administrative expense | 8,111 | 6,879 | 17.9 | 23,543 | 19,808 | 18.9 |
| Depreciation and amortization expense | 4,172 | 3,652 | 14.2 | 12,291 | 10,818 | 13.6 |
| Total Operating Expenses | 23,279 | 20,579 | 13.1 | 67,619 | 59,657 | 13.3 |
| Operating Income | 3,986 | 4,173 | (4.5) | 13,098 | 13,052 | 0.4 |
| Equity in earnings of unconsolidated businesses | 166 | 211 | (21.3) | 422 | 458 | (7.9) |
| Other income and (expense), net | 13 | 105 | (87.6) | 77 | 220 | (65.0) |
| Interest expense | (704) | (440) | 60.0 | (2,416) | (1,302) | 85.6 |
| Income Before Provision for Income Taxes | 3,461 | 4,049 | (14.5) | 11,181 | 12,428 | (10.0) |
| Provision for income taxes | (574) | (850) | (32.5) | (1,924) | (2,776) | (30.7) |
| Net income | \$ 2,887 | \$ 3,199 | (9.8) | \$ 9,257 | \$ 9,652 | (4.1) |
| Net income attributable to noncontrolling interest | 1,711 | 1,530 | 11.8 | 4,953 | 4,459 | 11.1 |
| Net income attributable to Verizon | 1,176 | 1,669 | (29.5) | 4,304 | 5,193 | (17.1) |
| Net Income | \$ 2,887 | \$ 3,199 | (9.8) | \$ 9,257 | \$ 9,652 | (4.1) |
| Basic Earnings per Common Share | | | | | | |
| Net income attributable to Verizon | \$.41 | \$.59 | (30.5) | \$ 1.51 | \$ 1.82 | (17.0) |
| Weighted average number of common shares (in millions) | 2,841 | 2,844 | | 2,841 | 2,852 | |
| Diluted Earnings per Common Share⁽¹⁾ | | | | | | |
| Net income attributable to Verizon | \$.41 | \$.59 | (30.5) | \$ 1.51 | \$ 1.82 | (17.0) |
| Weighted average number of common shares — assuming dilution (in millions) | 2,841 | 2,845 | | 2,841 | 2,854 | |

Footnotes:

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

condensed consolidated statements of income before special items

(dollars in millions, except per share amounts)

| Unaudited | 3 Mos. Ended 9/30/09 | 3 Mos. Ended 9/30/08 | % Change | 9 Mos. Ended 9/30/09 | 9 Mos. Ended 9/30/08 | % Change |
|---|-------------------------|-------------------------|-------------|-------------------------|-------------------------|-------------|
| Operating Revenues⁽¹⁾ | | | | | | |
| Domestic Wireless | \$ 15,797 | \$ 12,699 | 24.4 | \$ 46,399 | \$ 36,486 | 27.2 |
| Wireline | 11,569 | 12,158 | (4.8) | 34,624 | 36,297 | (4.6) |
| Other | (101) | (105) | (3.8) | (306) | (332) | (7.8) |
| Total Operating Revenues | 27,265 | 24,752 | 10.2 | 80,717 | 72,451 | 11.4 |
| Operating Expenses⁽¹⁾ | | | | | | |
| Cost of services and sales | 10,914 | 10,043 | 8.7 | 31,618 | 28,896 | 9.4 |
| Selling, general & administrative expense | 7,340 | 6,569 | 11.7 | 22,150 | 19,306 | 14.7 |
| Depreciation and amortization expense | 4,076 | 3,652 | 11.6 | 12,059 | 10,758 | 12.1 |
| Total Operating Expenses | 22,330 | 20,264 | 10.2 | 65,827 | 58,960 | 11.6 |
| Operating Income | 4,935 | 4,488 | 10.0 | 14,890 | 13,491 | 10.4 |
| Operating income impact of divested operations ⁽¹⁾ | — | — | — | — | 44 | (100.0) |
| Equity in earnings of unconsolidated businesses | 166 | 211 | (21.3) | 422 | 458 | (7.9) |
| Other income and (expense), net | 13 | 105 | (87.6) | 79 | 220 | (64.1) |
| Interest expense | (704) | (440) | 60.0 | (2,161) | (1,302) | 66.0 |
| Income Before Provision for Income Taxes | 4,410 | 4,364 | 1.1 | 13,230 | 12,911 | 2.5 |
| Provision for income taxes | (833) | (969) | (14.0) | (2,655) | (2,942) | (9.8) |
| Net Income Before Special Items | \$ 3,577 | \$ 3,395 | 5.4 | \$ 10,575 | \$ 9,969 | 6.1 |
| Net income attributable to noncontrolling interest | 1,885 | 1,530 | 23.2 | 5,296 | 4,459 | 18.8 |
| Net income attributable to Verizon | 1,692 | 1,865 | (9.3) | 5,279 | 5,510 | (4.2) |
| Net Income Before Special Items | \$ 3,577 | \$ 3,395 | 5.4 | \$ 10,575 | \$ 9,969 | 6.1 |
| Basic Adjusted Earnings per Common Share | | | | | | |
| Net income attributable to Verizon | \$.60 | \$.66 | (9.1) | \$ 1.86 | \$ 1.93 | (3.6) |
| Weighted average number of common shares (in millions) | 2,841 | 2,844 | | 2,841 | 2,852 | |
| Diluted Adjusted Earnings per Common Share⁽²⁾ | | | | | | |
| Net income attributable to Verizon | \$.60 | \$.66 | (9.1) | \$ 1.86 | \$ 1.93 | (3.6) |
| Weighted average number of common shares — assuming dilution (in millions) | 2,841 | 2,845 | | 2,841 | 2,854 | |

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

Third Quarter 2009 and 2008

(dollars in millions, except per share amounts)

| Unaudited | 3 Mos. Ended 9/30/09 Reported (GAAP) | Special and Non-Recurring Items | | | 3 Mos. Ended 9/30/09 Before Special Items |
|--|---|---|---|---|--|
| | | Merger Integration and Acquisition Costs | Severance, Pension and Benefit Charges | Access Line Spin-Off Related Charges | |
| Operating Revenues | \$ 27,265 | \$ — | \$ — | \$ — | \$ 27,265 |
| Operating Expenses | | | | | |
| Cost of services and sales | 10,996 | (79) | — | (3) | 10,914 |
| Selling, general & administrative expense | 8,111 | (102) | (610) | (59) | 7,340 |
| Depreciation and amortization expense | 4,172 | (96) | — | — | 4,076 |
| Total Operating Expenses | 23,279 | (277) | (610) | (62) | 22,330 |
| Operating Income | 3,986 | 277 | 610 | 62 | 4,935 |
| Equity in earnings of unconsolidated businesses | 166 | — | — | — | 166 |
| Other income and (expense), net | 13 | — | — | — | 13 |
| Interest expense | (704) | — | — | — | (704) |
| Income Before Provision for Income Taxes | 3,461 | 277 | 610 | 62 | 4,410 |
| Provision for income taxes | (574) | — | (238) | (21) | (833) |
| Net income | \$ 2,887 | \$ 277 | \$ 372 | \$ 41 | \$ 3,577 |
| Net income attributable to noncontrolling interest | 1,711 | 174 | — | — | 1,885 |
| Net income attributable to Verizon | 1,176 | 103 | 372 | 41 | 1,692 |
| Net income | \$ 2,887 | \$ 277 | \$ 372 | \$ 41 | \$ 3,577 |
| Basic Earnings per Common Share⁽¹⁾ | | | | | |
| Net income attributable to Verizon | \$.41 | \$.04 | \$.13 | \$.02 | \$.60 |
| Diluted Earnings per Common Share⁽¹⁾ | | | | | |
| Net income attributable to Verizon | \$.41 | \$.04 | \$.13 | \$.02 | \$.60 |

(dollars in millions, except per share amounts)

| Unaudited | 3 Mos. Ended 9/30/08 Reported (GAAP) | Special and Non-Recurring Items | | | 3 Mos. Ended 9/30/08 Before Special Items |
|--|---|---------------------------------|---|--|--|
| | | Merger Integration Costs | Severance, Pension and Benefit Charges | | |
| Operating Revenues | \$ 24,752 | \$ — | \$ — | | \$ 24,752 |
| Operating Expenses | | | | | |
| Cost of services and sales | 10,048 | (5) | — | | 10,043 |
| Selling, general & administrative expense | 6,879 | (45) | (265) | | 6,569 |
| Depreciation and amortization expense | 3,652 | — | — | | 3,652 |
| Total Operating Expenses | 20,579 | (50) | (265) | | 20,264 |
| Operating Income | 4,173 | 50 | 265 | | 4,488 |
| Equity in earnings of unconsolidated businesses | 211 | — | — | | 211 |
| Other income and (expense), net | 105 | — | — | | 105 |
| Interest expense | (440) | — | — | | (440) |
| Income Before Provision for Income Taxes | 4,049 | 50 | 265 | | 4,364 |
| Provision for income taxes | (850) | (18) | (101) | | (969) |
| Net income | \$ 3,199 | \$ 32 | \$ 164 | | \$ 3,395 |
| Net income attributable to noncontrolling interest | 1,530 | — | — | | 1,530 |
| Net income attributable to Verizon | 1,669 | 32 | 164 | | 1,865 |
| Net income | \$ 3,199 | \$ 32 | \$ 164 | | \$ 3,395 |
| Basic Earnings per Common Share⁽¹⁾ | | | | | |
| Net income attributable to Verizon | \$.59 | \$.01 | \$.06 | | \$.66 |
| Diluted Earnings per Common Share⁽¹⁾ | | | | | |
| Net income attributable to Verizon | \$.59 | \$.01 | \$.06 | | \$.66 |

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

Third Quarter Year-to-Date 2009 and 2008

(dollars in millions, except per share amounts)

| Unaudited | 9 Mos. Ended 9/30/09 Reported (GAAP) | Special and Non-Recurring Items | | | 9 Mos. Ended 9/30/09 Before Special Items |
|--|---|---|---|---|--|
| | | Merger Integration and Acquisition Costs | Severance, Pension and Benefit Charges | Access Line Spin-Off Related Charges | |
| Operating Revenues | \$ 80,717 | \$ — | \$ — | \$ — | \$ 80,717 |
| Operating Expenses | | | | | |
| Cost of services and sales | 31,785 | (164) | — | (3) | 31,618 |
| Selling, general & administrative expense | 23,543 | (308) | (1,026) | (59) | 22,150 |
| Depreciation and amortization expense | 12,291 | (232) | — | — | 12,059 |
| Total Operating Expenses | 67,619 | (704) | (1,026) | (62) | 65,827 |
| Operating Income | 13,098 | 704 | 1,026 | 62 | 14,890 |
| Equity in earnings of unconsolidated businesses | 422 | — | — | — | 422 |
| Other income and (expense), net | 77 | 2 | — | — | 79 |
| Interest expense | (2,416) | 255 | — | — | (2,161) |
| Income Before Provision for Income Taxes | 11,181 | 961 | 1,026 | 62 | 13,230 |
| Provision for income taxes | (1,924) | (309) | (401) | (21) | (2,655) |
| Net income | \$ 9,257 | \$ 652 | \$ 625 | \$ 41 | \$ 10,575 |
| Net income attributable to noncontrolling interest | 4,953 | 343 | — | — | 5,296 |
| Net income attributable to Verizon | 4,304 | 309 | 625 | 41 | 5,279 |
| Net income | \$ 9,257 | \$ 652 | \$ 625 | \$ 41 | \$ 10,575 |
| Basic Earnings per Common Share⁽¹⁾ | | | | | |
| Net income attributable to Verizon | \$ 1.51 | \$.11 | \$.22 | \$.02 | \$ 1.86 |
| Diluted Earnings per Common Share⁽¹⁾ | | | | | |
| Net income attributable to Verizon | \$ 1.51 | \$.11 | \$.22 | \$.02 | \$ 1.86 |

(dollars in millions, except per share amounts)

| Unaudited | 9 Mos. Ended 9/30/08 Reported (GAAP) | Special and Non-Recurring Items | | | | 9 Mos. Ended 9/30/08 Before Special Items |
|--|---|---------------------------------|---|-------------------------------------|---|--|
| | | Merger Integration Costs | Access Line Spin-Off Related Charges | Impact of Divested Operations | Severance, Pension and Benefit Charges | |
| Operating Revenues | \$ 72,709 | \$ — | \$ — | \$ (258) | \$ — | \$ 72,451 |
| Operating Expenses | | | | | | |
| Cost of services and sales | 29,031 | (18) | (16) | (101) | — | 28,896 |
| Selling, general & administrative expense | 19,808 | (97) | (87) | (53) | (265) | 19,306 |
| Depreciation and amortization expense | 10,818 | — | — | (60) | — | 10,758 |
| Total Operating Expenses | 59,657 | (115) | (103) | (214) | (265) | 58,960 |
| Operating Income | 13,052 | 115 | 103 | (44) | 265 | 13,491 |
| Operating income impact of divested operations | — | — | — | 44 | — | 44 |
| Equity in earnings of unconsolidated businesses | 458 | — | — | — | — | 458 |
| Other income and (expense), net | 220 | — | — | — | — | 220 |
| Interest expense | (1,302) | — | — | — | — | (1,302) |
| Income Before Provision for Income Taxes | 12,428 | 115 | 103 | — | 265 | 12,911 |
| Provision for income taxes | (2,776) | (43) | (22) | — | (101) | (2,942) |
| Net income | \$ 9,652 | \$ 72 | \$ 81 | \$ — | \$ 164 | \$ 9,969 |
| Net income attributable to noncontrolling interest | 4,459 | — | — | — | — | 4,459 |
| Net income attributable to Verizon | 5,193 | 72 | 81 | — | 164 | 5,510 |
| Net income | \$ 9,652 | \$ 72 | \$ 81 | \$ — | \$ 164 | \$ 9,969 |
| Basic Earnings per Common Share⁽¹⁾ | | | | | | |
| Net income attributable to Verizon | \$ 1.82 | \$.02 | \$.03 | \$ — | \$.06 | \$ 1.93 |
| Diluted Earnings per Common Share⁽¹⁾ | | | | | | |
| Net income attributable to Verizon | \$ 1.82 | \$.02 | \$.03 | \$ — | \$.06 | \$ 1.93 |

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 | 9/30/09 | 9/30/08 |
|--|-----------------|----------|
| Debt to debt and Verizon's equity ratio-end of period ⁽¹⁾ | 59.3% | 46.8% |
| Book value per common share ⁽¹⁾ | \$ 15.20 | \$ 17.95 |
| Common shares outstanding (in millions) | | |
| End of period | 2,841 | 2,840 |
| Total employees | 230,340 | 228,315 |

| Unaudited | 3 Mos. Ended 9/30/09 | 3 Mos. Ended 9/30/08 | 9 Mos. Ended 9/30/09 | 9 Mos. Ended 9/30/08 |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| Capital expenditures (including capitalized software) | | | | |
| Domestic Wireless | \$ 1,800 | \$ 1,473 | \$ 5,134 | \$ 4,723 |
| Wireline | 2,273 | 2,483 | 6,614 | 7,318 |
| Other | 283 | 222 | 702 | 534 |
| Total | \$ 4,356 | \$ 4,178 | \$ 12,450 | \$ 12,575 |
| Cash dividends declared per common share | \$ 0.475 | \$ 0.460 | \$ 1.395 | \$ 1.320 |

Footnote:

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

condensed consolidated balance sheets

| Unaudited | 9/30/09 | 12/31/08 | (dollars in millions) \$ Change |
|--|-------------------|-------------------|------------------------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 1,216 | \$ 9,782 | \$ (8,566) |
| Short-term investments | 474 | 509 | (35) |
| Accounts receivable, net | 12,489 | 11,703 | 786 |
| Inventories | 2,554 | 2,092 | 462 |
| Prepaid expenses and other | 5,290 | 1,989 | 3,301 |
| Total current assets | 22,023 | 26,075 | (4,052) |
| Plant, property and equipment | 226,470 | 215,605 | 10,865 |
| Less accumulated depreciation | 135,636 | 129,059 | 6,577 |
| | 90,834 | 86,546 | 4,288 |
| Investments in unconsolidated businesses | 3,808 | 3,393 | 415 |
| Wireless licenses | 71,899 | 61,974 | 9,925 |
| Goodwill | 22,190 | 6,035 | 16,155 |
| Other intangible assets, net | 6,948 | 5,199 | 1,749 |
| Other investments | — | 4,781 | (4,781) |
| Other assets | 8,702 | 8,349 | 353 |
| Total Assets | \$ 226,404 | \$ 202,352 | \$ 24,052 |
| Liabilities and Equity | | | |
| Current liabilities | | | |
| Debt maturing within one year | \$ 5,443 | \$ 4,993 | \$ 450 |
| Accounts payable and accrued liabilities | 14,643 | 13,814 | 829 |
| Other | 7,219 | 7,099 | 120 |
| Total current liabilities | 27,305 | 25,906 | 1,399 |
| Long-term debt | 57,374 | 46,959 | 10,415 |
| Employee benefit obligations | 31,881 | 32,512 | (631) |
| Deferred income taxes | 18,652 | 11,769 | 6,883 |
| Other liabilities | 6,610 | 6,301 | 309 |
| Equity | | | |
| Common stock | 297 | 297 | — |
| Contributed capital | 40,100 | 40,291 | (191) |
| Reinvested earnings | 19,591 | 19,250 | 341 |
| Accumulated other comprehensive loss | (12,058) | (13,372) | 1,314 |
| Common stock in treasury, at cost | (4,834) | (4,839) | 5 |
| Deferred compensation— | | | |
| employee stock ownership plans and other | 90 | 79 | 11 |
| Noncontrolling interest | 41,396 | 37,199 | 4,197 |
| Total equity | 84,582 | 78,905 | 5,677 |
| Total Liabilities and Equity | \$ 226,404 | \$ 202,352 | \$ 24,052 |

The unaudited consolidated balance sheets are based on preliminary information.

condensed consolidated statements of cash flows

| | (dollars in millions) | | |
|--|-------------------------|-------------------------|----------------|
| Unaudited | 9 Mos. Ended 9/30/09 | 9 Mos. Ended 9/30/08 | \$ Change |
| Cash Flows From Operating Activities | | | |
| Net income | \$ 9,257 | \$ 9,652 | \$ (395) |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation and amortization expense | 12,291 | 10,818 | 1,473 |
| Employee retirement benefits | 2,533 | 1,232 | 1,301 |
| Deferred income taxes | 2,672 | 2,240 | 432 |
| Provision for uncollectible accounts | 917 | 724 | 193 |
| Equity in earnings of unconsolidated businesses, net of dividends received | 21 | 303 | (282) |
| Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses | (2,337) | (2,458) | 121 |
| Other, net | (2,236) | (2,577) | 341 |
| Net cash provided by operating activities | 23,118 | 19,934 | 3,184 |
| Cash Flows From Investing Activities | | | |
| Capital expenditures (including capitalized software) | (12,450) | (12,575) | 125 |
| Acquisitions of licenses, investments and businesses, net of cash acquired | (5,627) | (15,978) | 10,351 |
| Net change in short-term investments | 78 | 1,238 | (1,160) |
| Other, net | 51 | (567) | 618 |
| Net cash used in investing activities | (17,948) | (27,882) | 9,934 |
| Cash Flows From Financing Activities | | | |
| Proceeds from long-term borrowings | 12,040 | 12,552 | (512) |
| Repayments of long-term borrowings and capital lease obligations | (18,966) | (3,398) | (15,568) |
| Increase (decrease) in short-term obligations, excluding current maturities | (1,454) | 4,132 | (5,586) |
| Dividends paid | (3,920) | (3,687) | (233) |
| Proceeds from sale of common stock | — | 16 | (16) |
| Purchase of common stock for treasury | — | (1,369) | 1,369 |
| Other, net | (1,436) | (755) | (681) |
| Net cash provided by (used in) financing activities | (13,736) | 7,491 | (21,227) |
| Decrease in cash and cash equivalents | (8,566) | (457) | (8,109) |
| Cash and cash equivalents, beginning of period | 9,782 | 1,153 | 8,629 |
| Cash and cash equivalents, end of period | \$ 1,216 | \$ 696 | \$ 520 |

verizon wireless — selected financial results

| (dollars in millions) | | | | | | |
|---|-------------------------|-------------------------|-------------|-------------------------|-------------------------|-------------|
| Unaudited | 3 Mos. Ended 9/30/09 | 3 Mos. Ended 9/30/08 | % Change | 9 Mos. Ended 9/30/09 | 9 Mos. Ended 9/30/08 | % Change |
| Revenues | | | | | | |
| Service revenues | \$ 13,525 | \$ 10,935 | 23.7 | \$ 39,949 | \$ 31,572 | 26.5 |
| Equipment and other | 2,272 | 1,764 | 28.8 | 6,450 | 4,914 | 31.3 |
| Total Revenues | 15,797 | 12,699 | 24.4 | 46,399 | 36,486 | 27.2 |
| Operating Expenses | | | | | | |
| Cost of services and sales | 5,025 | 4,178 | 20.3 | 14,510 | 11,507 | 26.1 |
| Selling, general & administrative expense | 4,540 | 3,689 | 23.1 | 13,451 | 10,806 | 24.5 |
| Depreciation and amortization expense | 1,758 | 1,366 | 28.7 | 5,234 | 3,989 | 31.2 |
| Total Operating Expenses | 11,323 | 9,233 | 22.6 | 33,195 | 26,302 | 26.2 |
| Operating Income | \$ 4,474 | \$ 3,466 | 29.1 | \$ 13,204 | \$ 10,184 | 29.7 |
| Operating Income Margin | 28.3% | 27.3% | | 28.5% | 27.9% | |

verizon wireless — selected operating statistics

| (numbers in thousands) | | | |
|------------------------|---------|---------|----------|
| Unaudited | 9/30/09 | 9/30/08 | % Change |
| Total Customers | 89,013 | 70,808 | 25.7 |
| Retail Customers | 86,291 | 68,807 | 25.4 |

| Unaudited | 3 Mos. Ended 9/30/09 | 3 Mos. Ended 9/30/08 | % Change | 9 Mos. Ended 9/30/09 | 9 Mos. Ended 9/30/08 | % Change |
|---|-------------------------|-------------------------|----------|-------------------------|-------------------------|----------|
| Total Customer net adds in period ⁽¹⁾ | 1,319 | 2,127 | (38.0) | 16,957 | 5,101 | * |
| Retail Customer net adds in period ⁽²⁾ | 1,051 | 2,127 | (50.6) | 16,270 | 5,072 | * |
| Total churn rate | 1.49% | 1.33% | | 1.44% | 1.21% | |
| Retail churn rate | 1.49% | 1.32% | | 1.44% | 1.20% | |

Footnotes:

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

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

| Unaudited | (dollars in millions) | | | | | |
|---|-------------------------|-------------------------|---------------|-------------------------|-------------------------|---------------|
| | 3 Mos. Ended 9/30/09 | 3 Mos. Ended 9/30/08 | % Change | 9 Mos. Ended 9/30/09 | 9 Mos. Ended 9/30/08 | % Change |
| Wireline Operating Revenues | | | | | | |
| Mass Markets | \$ 4,947 | \$ 4,991 | (0.9) | \$ 14,830 | \$ 14,830 | — |
| Global Enterprise | 3,797 | 4,010 | (5.3) | 11,244 | 11,858 | (5.2) |
| Global Wholesale | 2,426 | 2,595 | (6.5) | 7,224 | 7,832 | (7.8) |
| Other | 399 | 562 | (29.0) | 1,326 | 1,777 | (25.4) |
| Total Operating Revenues | 11,569 | 12,158 | (4.8) | 34,624 | 36,297 | (4.6) |
| Operating Expenses | | | | | | |
| Cost of services and sales | 6,208 | 6,155 | 0.9 | 18,050 | 18,233 | (1.0) |
| Selling, general & administrative expense | 2,615 | 2,689 | (2.8) | 8,107 | 8,193 | (1.0) |
| Depreciation and amortization expense | 2,302 | 2,268 | 1.5 | 6,777 | 6,722 | 0.8 |
| Total Operating Expenses | 11,125 | 11,112 | 0.1 | 32,934 | 33,148 | (0.6) |
| Operating Income | \$ 444 | \$ 1,046 | (57.6) | \$ 1,690 | \$ 3,149 | (46.3) |
| Operating Income Margin | 3.8% | 8.6% | | 4.9% | 8.7% | |

wireline — selected operating statistics

| Unaudited | (numbers in thousands) | | |
|--|------------------------|---------|----------|
| | 9/30/09 | 9/30/08 | % Change |
| Switched access lines in service | | | |
| Total Residence (includes Primary residence) | 18,960 | 21,626 | (12.3) |
| Primary residence | 16,692 | 18,543 | (10.0) |
| Business | 14,213 | 15,192 | (6.4) |
| Public | 196 | 254 | (22.8) |
| Total | 33,369 | 37,072 | (10.0) |
| Broadband connections | 9,174 | 8,459 | 8.5 |
| FIOS Internet Subscribers | 3,280 | 2,199 | 49.2 |
| FIOS TV Subscribers | 2,708 | 1,615 | 67.7 |

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.