

consolidated statements of income

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 9/30/06	3 Mos. Ended 9/30/05	% Change	9 Mos. Ended 9/30/06	9 Mos. Ended 9/30/05	% Change
Operating Revenues	\$ 23,254	\$ 18,486	25.8	\$ 67,990	\$ 54,221	25.4
Operating Expenses						
Cost of services and sales	8,982	6,361	41.2	26,349	18,390	43.3
Selling, general & administrative expense	6,720	5,195	29.4	19,587	15,382	27.3
Depreciation and amortization expense	3,628	3,433	5.7	10,947	10,219	7.1
Sales of businesses, net	—	—	*	—	(530)	(100.0)
Total Operating Expenses	19,330	14,989	29.0	56,883	43,461	30.9
Operating Income	3,924	3,497	12.2	11,107	10,760	3.2
Equity in earnings of unconsolidated businesses	288	182	58.2	616	553	11.4
Other income and (expense), net	101	88	14.8	264	290	(9.0)
Interest expense	(572)	(525)	9.0	(1,798)	(1,601)	12.3
Minority interest	(1,088)	(748)	45.5	(2,942)	(2,069)	42.2
Income Before Provision for Income Taxes, Discontinued Operations and Cumulative Effect of Accounting Change	2,653	2,494	6.4	7,247	7,933	(8.6)
Provision for income taxes	(855)	(702)	21.8	(2,421)	(2,386)	1.5
Income Before Discontinued Operations and Cumulative Effect of Accounting Change	1,798	1,792	0.3	4,826	5,547	(13.0)
Income from discontinued operations, net of tax ⁽¹⁾	124	77	61.0	381	192	98.4
Cumulative effect of accounting change, net of tax	—	—	*	(42)	—	*
Net Income	\$ 1,922	\$ 1,869	2.8	\$ 5,165	\$ 5,739	(10.0)
Basic Earnings per Common Share⁽³⁾						
Income before discontinued operations and cumulative effect of accounting change	\$.62	\$.65	(4.6)	\$ 1.66	\$ 2.00	(17.0)
Income from discontinued operations, net of tax	.04	.03	33.3	.13	.07	85.7
Cumulative effect of accounting change, net of tax	—	—	*	(.01)	—	*
Net income	\$.66	\$.68	(2.9)	\$ 1.77	\$ 2.07	(14.5)
Weighted average number of common shares (in millions)	2,907	2,765		2,911	2,767	
Diluted Earnings per Common Share⁽²⁾⁽³⁾						
Income before discontinued operations and cumulative effect of accounting change	\$.62	\$.64	(3.1)	\$ 1.65	\$ 1.98	(16.7)
Income from discontinued operations, net of tax	.04	.03	33.3	.13	.07	85.7
Cumulative effect of accounting change, net of tax	—	—	*	(.01)	—	*
Net income	\$.66	\$.67	(1.5)	\$ 1.76	\$ 2.05	(14.1)
Weighted average number of common shares — assuming dilution (in millions)	2,923	2,817		2,945	2,818	

Footnotes:

(1) Discontinued Operations includes our interests in Telecomunicaciones de Puerto Rico, Inc. and Verizon Dominicana, C. por A.

(2) Diluted Earnings per Share includes (i) income related to share dilution (exchangeable equity interests and zero coupon convertible debt) of \$4 million and \$31 million for the third quarter and year-to-date 2006, respectively, and \$15 million and \$43 million for the third quarter and year-to-date 2005, respectively, and (ii) the dilutive effect of shares issuable under our stock-based compensation plans, exchangeable equity interests and zero coupon convertible debt, which represent the only potential dilution. The zero coupon debt was retired on May 15, 2006. The exchangeable equity interest was converted on August 15, 2006 by issuing 29.5 million Verizon shares.

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

* Not meaningful

consolidated statements of income before special items

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 9/30/06	3 Mos. Ended 9/30/05	% Change	9 Mos. Ended 9/30/06	9 Mos. Ended 9/30/05	% Change
Operating Revenues⁽¹⁾						
Wireline	\$ 12,797	\$ 9,445	35.5	\$ 38,061	\$ 28,257	34.7
Domestic Wireless	9,869	8,351	18.2	27,944	23,615	18.3
Information Services	804	857	(6.2)	2,443	2,608	(6.3)
Other	(216)	(167)	29.3	(458)	(461)	(0.7)
Total Operating Revenues	23,254	18,486	25.8	67,990	54,019	25.9
Operating Expenses⁽¹⁾						
Cost of services and sales	8,976	6,361	41.1	26,343	18,317	43.8
Selling, general & administrative expense	6,624	5,134	29.0	18,969	15,270	24.2
Depreciation and amortization expense	3,628	3,433	5.7	10,947	10,219	7.1
Total Operating Expenses	19,228	14,928	28.8	56,259	43,806	28.4
Operating Income	4,026	3,558	13.2	11,731	10,213	14.9
Operating income impact of operations sold ⁽¹⁾	—	—	*	—	78	(100.0)
Equity in earnings of unconsolidated businesses	288	182	58.2	616	553	11.4
Other income and (expense), net	101	98	3.1	264	300	(12.0)
Interest expense	(572)	(525)	9.0	(1,772)	(1,601)	10.7
Minority interest	(1,088)	(748)	45.5	(2,942)	(2,069)	42.2
Income Before Provision for Income Taxes and Discontinued Operations	2,755	2,565	7.4	7,897	7,474	5.7
Provision for income taxes	(893)	(794)	12.5	(2,665)	(2,294)	16.2
Income Before Discontinued Operations	1,862	1,771	5.1	5,232	5,180	1.0
Income from discontinued operations, net of tax ⁽²⁾	124	77	61.0	381	192	98.4
Net Income Before Special Items	\$ 1,986	\$ 1,848	7.5	\$ 5,613	\$ 5,372	4.5
Basic Earnings per Common Share⁽⁴⁾						
Income before discontinued operations	\$.64	\$.64	*	\$ 1.80	\$ 1.87	(3.7)
Income from discontinued operations, net of tax	.04	.03	33.3	.13	.07	85.7
Net income	\$.68	\$.67	1.5	\$ 1.93	\$ 1.94	(0.5)
Weighted average number of common shares (in millions)	2,907	2,765		2,911	2,767	
Diluted Adjusted Earnings per Common Share⁽³⁾⁽⁴⁾						
Income before discontinued operations	\$.64	\$.63	1.6	\$ 1.79	\$ 1.85	(3.2)
Income from discontinued operations, net of tax	.04	.03	33.3	.13	.07	85.7
Net income	\$.68	\$.66	3.0	\$ 1.92	\$ 1.92	*
Weighted average number of common shares — assuming dilution (in millions)	2,923	2,817		2,945	2,818	

Footnotes:

(1) Reclassifications of prior period amounts have been made, where appropriate, to reflect comparable operating results excluding primarily Wireline access lines sold, as follows:

Revenues	\$ —	\$ —		\$ —	\$ 202	
Expenses	\$ —	\$ —		\$ —	\$ 124	

(2) Discontinued Operations includes our interests in Telecomunicaciones de Puerto Rico, Inc. and Verizon Dominicana, C. por A.

(3) Diluted Earnings per Share includes (i) income related to share dilution (exchangeable equity interests and zero coupon convertible debt) of \$4 million and \$31 million for the third quarter and year-to-date 2006, respectively, and \$15 million and \$43 million for the third quarter and year-to-date 2005, respectively, and (ii) the dilutive effect of shares issuable under our stock-based compensation plans, exchangeable equity interests and zero coupon convertible debt, which represent the only potential dilution. The zero coupon debt was retired on May 15, 2006. The exchangeable equity interest was converted on August 15, 2006 by issuing 29.5 million Verizon shares.

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

* Not meaningful

consolidated statements of income – reconciliations

Third Quarter 2006 and 2005

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 9/30/06 Reported (GAAP)	Special and Non-Recurring Items				3 Mos. Ended 9/30/06 Before Special Items
		Merger Integration Costs	Verizon Center Relocation, Net	Severance Pension and Benefits Charges		
Operating Revenues	\$ 23,254	\$ —	\$ —	\$ —	\$ 23,254	
Operating Expenses						
Cost of services and sales	8,982	(6)	—	—	8,976	
Selling, general & administrative expense	6,720	(19)	(48)	(29)	6,624	
Depreciation and amortization expense	3,628	—	—	—	3,628	
Total Operating Expenses	19,330	(25)	(48)	(29)	19,228	
Operating Income	3,924	25	48	29	4,026	
Equity in earnings of unconsolidated businesses	288	—	—	—	288	
Other income and (expense), net	101	—	—	—	101	
Interest expense	(572)	—	—	—	(572)	
Minority interest	(1,088)	—	—	—	(1,088)	
Income Before Provision for Income Taxes and Discontinued Operations	2,653	25	48	29	2,755	
Provision for income taxes	(855)	(9)	(17)	(12)	(893)	
Income Before Discontinued Operations	1,798	16	31	17	1,862	
Income from discontinued operations, net of tax	124	—	—	—	124	
Net Income	\$ 1,922	\$ 16	\$ 31	\$ 17	\$ 1,986	
Basic Earnings per Common Share⁽¹⁾						
Income before discontinued operations	\$.62	\$.01	\$.01	\$.01	\$.64	
Income from discontinued operations, net of tax	.04	—	—	—	.04	
Net income	\$.66	\$.01	\$.01	\$.01	\$.68	
Diluted Earnings per Common Share⁽¹⁾						
Income before discontinued operations	\$.62	\$.01	\$.01	\$.01	\$.64	
Income from discontinued operations, net of tax	.04	—	—	—	.04	
Net income	\$.66	\$.01	\$.01	\$.01	\$.68	

Unaudited	3 Mos. Ended 9/30/05 Reported (GAAP)	Special and Non-Recurring Items				3 Mos. Ended 9/30/05 Before Special Items
		Verizon Center Relocation, Net	Lease Impairment and Other Special Items	Tax Benefits	Tax on Repatriated Earnings	
Operating Revenues	\$ 18,486	\$ —	\$ —	\$ —	\$ 18,486	
Operating Expenses						
Cost of services and sales	6,361	—	—	—	6,361	
Selling, general & administrative expense	5,195	64	(125)	—	5,134	
Depreciation and amortization expense	3,433	—	—	—	3,433	
Sales of businesses, net	—	—	—	—	—	
Total Operating Expenses	14,989	64	(125)	—	14,928	
Operating Income	3,497	(64)	125	—	3,558	
Equity in earnings of unconsolidated businesses	182	—	—	—	182	
Other income and (expense), net	88	—	10	—	98	
Interest expense	(525)	—	—	—	(525)	
Minority interest	(748)	—	—	—	(748)	
Income Before Provision for Income Taxes and Discontinued Operations	2,494	(64)	135	—	2,565	
Provision for income taxes	(702)	27	(4)	(94)	(794)	
Income Before Discontinued Operations	1,792	(37)	131	(94)	1,771	
Income from discontinued operations, net of tax	77	—	—	—	77	
Net Income	\$ 1,869	\$ (37)	\$ 131	\$ (94)	\$ 1,848	
Basic Earnings per Common Share⁽¹⁾						
Income before discontinued operations	\$.65	\$ (.01)	\$.05	\$ (.03)	\$.64	
Income from discontinued operations, net of tax	.03	—	—	—	.03	
Net income	\$.68	\$ (.01)	\$.05	\$ (.03)	\$.67	
Diluted Earnings per Common Share⁽¹⁾						
Income before discontinued operations	\$.64	\$ (.01)	\$.05	\$ (.03)	\$.63	
Income from discontinued operations, net of tax	.03	—	—	—	.03	
Net income	\$.67	\$ (.01)	\$.05	\$ (.03)	\$.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 included in this Quarterly Bulletin.

consolidated statements of income – reconciliations

Third Quarter Year-to-Date 2006 and 2005

(dollars in millions, except per share amounts)

Unaudited	Special and Non-Recurring Items							9 Mos. Ended 9/30/06 Before Special Items
	9 Mos. Ended 9/30/06 Reported (GAAP)	Extinguishment of Debt	Impact of Accounting for Share Based Payments	Merger Integration Costs	Verizon Center Relocation, Net	Severance, Pension and Benefits Charges		
Operating Revenues	\$ 67,990	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 67,990
Operating Expenses								
Cost of services and sales	26,349	—	—	(6)	—	—	—	26,343
Selling, general & administrative expense	19,587	—	—	(151)	(138)	(329)	—	18,969
Depreciation and amortization expense	10,947	—	—	—	—	—	—	10,947
Total Operating Expenses	56,883	—	—	(157)	(138)	(329)	—	56,259
Operating Income	11,107	—	—	157	138	329	—	11,731
Equity in earnings of unconsolidated businesses	616	—	—	—	—	—	—	616
Other income and (expense), net	264	—	—	—	—	—	—	264
Interest expense	(1,796)	26	—	—	—	—	—	(1,772)
Minority interest	(2,942)	—	—	—	—	—	—	(2,942)
Income Before Provision for Income Taxes, Discontinued Operations and Cumulative Effect of Accounting Change	7,247	26	—	157	138	329	—	7,897
Provision for income taxes	(2,421)	(10)	—	(58)	(50)	(126)	—	(2,665)
Income Before Discontinued Operations and Cumulative Effect of Accounting Change	4,826	16	—	99	88	203	—	5,232
Income from discontinued operations, net of tax	381	—	—	—	—	—	—	381
Cumulative effect of accounting change, net of tax	(42)	—	42	—	—	—	—	—
Net Income	\$ 5,165	\$ 16	\$ 42	\$ 99	\$ 88	\$ 203	\$ —	\$ 5,613
Basic Earnings per Common Share⁽¹⁾								
Income before discontinued operations and cumulative effect of accounting change	\$ 1.66	\$.01	\$ —	\$.03	\$.03	\$.07	\$ —	\$ 1.80
Income from discontinued operations, net of tax	.13	—	—	—	—	—	—	.13
Cumulative effect of accounting change, net of tax	(.01)	—	.01	—	—	—	—	—
Net income	\$ 1.77	\$.01	\$.01	\$.03	\$.03	\$.07	\$ —	\$ 1.93
Diluted Earnings per Common Share⁽¹⁾								
Income before discontinued operations and cumulative effect of accounting change	\$ 1.65	\$.01	\$ —	\$.03	\$.03	\$.07	\$ —	\$ 1.79
Income from discontinued operations, net of tax	.13	—	—	—	—	—	—	.13
Cumulative effect of accounting change, net of tax	(.01)	—	.01	—	—	—	—	—
Net income	\$ 1.76	\$.01	\$.01	\$.03	\$.03	\$.07	\$ —	\$ 1.92

Unaudited	Special and Non-Recurring Items							9 Mos. Ended 9/30/05 Before Special Items
	9 Mos. Ended 9/30/05 Reported (GAAP)	Sales of Businesses, Net	Impact of Operations Sold	Verizon Center Relocation, Net	Lease Impairment and Other Special Items	Tax Benefits	Tax on Repatriated Earnings	
Operating Revenues	\$ 54,221	\$ —	\$ (202)	\$ —	\$ —	\$ —	\$ —	\$ 54,019
Operating Expenses								
Cost of services and sales	18,390	—	(73)	—	—	—	—	18,317
Selling, general & administrative expense	15,382	—	(51)	64	(125)	—	—	15,270
Depreciation and amortization expense	10,219	—	—	—	—	—	—	10,219
Sales of businesses, net	(530)	530	—	—	—	—	—	—
Total Operating Expenses	43,461	530	(124)	64	(125)	—	—	43,806
Operating Income	10,760	(530)	(78)	(64)	125	—	—	10,213
Operating income impact of operations sold	—	—	78	—	—	—	—	78
Equity in earnings of unconsolidated businesses	553	—	—	—	—	—	—	553
Other income and (expense), net	290	—	—	—	10	—	—	300
Interest expense	(1,601)	—	—	—	—	—	—	(1,601)
Minority interest	(2,069)	—	—	—	—	—	—	(2,069)
Income Before Provision for Income Taxes and Discontinued Operations	7,933	(530)	—	(64)	135	—	—	7,474
Provision for income taxes	(2,386)	194	—	27	(4)	(336)	211	(2,294)
Income Before Discontinued Operations	5,547	(336)	—	(37)	131	(336)	211	5,180
Income from discontinued operations, net of tax	192	—	—	—	—	—	—	192
Net Income	\$ 5,739	\$ (336)	\$ —	\$ (37)	\$ 131	\$ (336)	\$ 211	\$ 5,372
Basic Earnings per Common Share⁽¹⁾								
Income before discontinued operations	\$ 2.00	\$ (.12)	\$ —	\$ (.01)	\$.05	\$ (.12)	\$.08	\$ 1.87
Income from discontinued operations, net of tax	.07	—	—	—	—	—	—	.07
Net income	\$ 2.07	\$ (.12)	\$ —	\$ (.01)	\$.05	\$ (.12)	\$.08	\$ 1.94
Diluted Earnings per Common Share⁽¹⁾								
Income before discontinued operations	\$ 1.98	\$ (.12)	\$ —	\$ (.01)	\$.05	\$ (.12)	\$.07	\$ 1.85
Income from discontinued operations, net of tax	.07	—	—	—	—	—	—	.07
Net income	\$ 2.05	\$ (.12)	\$ —	\$ (.01)	\$.05	\$ (.12)	\$.07	\$ 1.92

Footnote:

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

Note: See www.verizon.com/investor for a reconciliation of other non-GAAP measures included in this Quarterly Bulletin.

selected financial and operating statistics

Unaudited	(dollars in millions, except per share amounts)	
	9/30/06	9/30/05
Debt to debt and shareowners' equity ratio-end of period	47.4%	49.7%
Book value per common share	\$ 15.85	\$ 14.19
Common shares outstanding (in millions)		
End of period	2,920	2,765
Total employees ⁽¹⁾	249,965	215,035

Unaudited	3 Mos. Ended	3 Mos. Ended	9 Mos. Ended	9 Mos. Ended
	9/30/06	9/30/05	9/30/06	9/30/05
Capital expenditures (including capitalized software)				
Wireline	\$ 2,334	\$ 2,172	\$ 7,344	\$ 6,216
Domestic Wireless	1,623	1,623	4,801	4,962
Information Services	14	20	40	53
Other	36	10	133	132
Total	\$ 4,007	\$ 3,825	\$ 12,318	\$ 11,363
Cash dividends declared per common share	\$.405	\$.405	\$ 1.215	\$ 1.215

Footnote:

(1) Prior period has been reclassified to reflect comparable amounts.

consolidated balance sheets

(dollars in millions)

Unaudited	9/30/06	12/31/05	\$ Change
Assets			
Current assets			
Cash and cash equivalents	\$ 1,846	\$ 776	\$ 1,070
Short-term investments	1,589	2,498	(909)
Accounts receivable, net	10,834	8,784	2,050
Inventories	1,650	1,714	(64)
Assets held for sale	3,597	3,336	261
Prepaid expenses and other	2,099	2,168	(69)
Total current assets	21,615	19,276	2,339
Plant, property and equipment	201,967	188,278	13,689
Less accumulated depreciation	120,565	115,125	5,440
	81,402	73,153	8,249
Investments in unconsolidated businesses	4,478	4,604	(126)
Wireless licenses	48,318	47,781	537
Goodwill	5,709	392	5,317
Other intangible assets, net	5,220	4,193	1,027
Other assets	18,937	18,731	206
Total Assets	\$ 185,679	\$ 168,130	\$ 17,549
Liabilities and Shareowners' Investment			
Current liabilities			
Debt maturing within one year	\$ 11,529	\$ 6,688	\$ 4,841
Accounts payable and accrued liabilities	14,501	12,066	2,435
Liabilities related to assets held for sale	2,065	1,865	200
Other	7,218	5,551	1,667
Total current liabilities	35,313	26,170	9,143
Long-term debt	30,154	31,569	(1,415)
Employee benefit obligations	20,231	18,198	2,033
Deferred income taxes	21,905	22,715	(810)
Other liabilities	4,274	3,363	911
Minority interest	27,523	26,435	1,088
Shareowners' investment			
Common stock	297	277	20
Contributed capital	31,423	25,369	6,054
Reinvested earnings	17,471	15,905	1,566
Accumulated other comprehensive loss	(1,516)	(1,783)	267
Common stock in treasury, at cost	(1,575)	(353)	(1,222)
Deferred compensation — employee stock ownership plans and other	179	265	(86)
Total shareowners' investment	46,279	39,680	6,599
Total Liabilities and Shareowners' Investment	\$ 185,679	\$ 168,130	\$ 17,549

condensed consolidated statements of cash flows

(dollars in millions)

Unaudited	9 Mos. Ended 9/30/06	9 Mos. Ended 9/30/05	\$ Change
Cash Flows From Operating Activities			
Net Income	\$ 5,165	\$ 5,739	\$ (574)
Adjustments to reconcile net income to net cash provided by operating activities — continuing operations:			
Depreciation and amortization expense	10,947	10,219	728
Sales of businesses, net	—	(530)	530
Employee retirement benefits	1,500	1,231	269
Deferred income taxes	(540)	(945)	405
Provision for uncollectible accounts	916	982	(66)
Equity in earnings of unconsolidated businesses	(616)	(553)	(63)
Cumulative effect of accounting change, net of tax	42	—	42
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	(1,601)	(1,916)	315
Other, net	2,123	773	1,350
Net cash provided by operating activities — continuing operations	17,936	15,000	2,936
Net cash provided by operating activities — discontinued operations	315	275	40
Net cash provided by operating activities	18,251	15,275	2,976
Cash Flows From Investing Activities			
Capital expenditures (including capitalized software)	(12,318)	(11,363)	(955)
Acquisitions, net of cash acquired, and investments	1,037	(4,630)	5,667
Proceeds from disposition of businesses	—	1,326	(1,326)
Net change in short-term investments	1,521	938	583
Other, net	576	293	283
Net cash used in investing activities — continuing operations	(9,184)	(13,436)	4,252
Net cash used in investing activities — discontinued operations	(138)	(189)	51
Net cash used in investing activities	(9,322)	(13,625)	4,303
Cash Flows From Financing Activities			
Proceeds from long-term borrowings	3,958	1,486	2,472
Repayments of long-term borrowings and capital lease obligations	(8,706)	(2,371)	(6,335)
Increase in short-term obligations, excluding current maturities	1,831	1,109	722
Dividends paid	(3,537)	(3,308)	(229)
Proceeds from sale of common stock	115	37	78
Purchase of common stock for treasury	(1,348)	(221)	(1,127)
Other, net	5	30	(25)
Net cash used in financing activities — continuing operations	(7,682)	(3,238)	(4,444)
Net cash used in financing activities — discontinued operations	(177)	(86)	(91)
Net cash used in financing activities	(7,859)	(3,324)	(4,535)
Increase (decrease) in cash and cash equivalents	1,070	(1,674)	2,744
Cash and cash equivalents, beginning of period	776	2,290	(1,514)
Cash and cash equivalents, end of period	\$ 1,846	\$ 616	\$ 1,230

wireline selected financial results

(dollars in millions)

Unaudited	3 Mos. Ended 9/30/06	3 Mos. Ended 9/30/05	% Change	9 Mos. Ended 9/30/06	9 Mos. Ended 9/30/05	% Change
Wireline Operating Revenues						
Verizon Telecom						
Mass Markets	\$ 5,640	\$ 5,145	9.6	\$ 17,014	\$ 15,376	10.7
Wholesale	2,104	2,284	(7.9)	6,262	6,807	(8.0)
Other	581	627	(7.3)	1,828	1,885	(3.0)
Verizon Business						
Enterprise Business	3,562	1,501	137.3	10,338	4,521	128.7
Wholesale	844	351	140.5	2,515	1,029	144.4
International and Other	795	—	**	2,318	—	**
Eliminations	(729)	(463)	57.5	(2,214)	(1,361)	62.7
Total Operating Revenues	\$ 12,797	\$ 9,445	35.5	\$ 38,061	\$ 28,257	34.7
Operating Expenses						
Cost of services and sales	6,205	3,932	57.8	18,326	11,633	57.5
Selling, general & administrative expense	3,093	2,016	53.4	9,142	6,288	45.4
Depreciation and amortization expense	2,376	2,197	8.1	7,164	6,582	8.8
Total Operating Expenses	\$ 11,674	8,145	43.3	\$ 34,632	\$ 24,503	41.3
Operating Income	\$ 1,123	\$ 1,300	(13.6)	\$ 3,429	\$ 3,754	(8.7)
Operating Income Margin	8.8%	13.8%		9.0%	13.3%	
Segment Income	\$ 393	\$ 537	(26.8)	\$ 1,200	\$ 1,500	(20.0)

** Not Meaningful

wireline selected operating statistics

Unaudited	9/30/06	9/30/05	% Change
Switched access lines in service* (000)			
Residence	28,523	31,629	(9.8)
Business	17,095	17,660	(3.2)
Public	355	400	(11.3)
Total	45,973	49,689	(7.5)
Wholesale voice connections** (000)	3,621	5,841	(38.0)
Broadband connections (000)	6,573	4,531	45.1

Unaudited	3 Mos. Ended 9/30/06	3 Mos. Ended 9/30/05	% Change	9 Mos. Ended 9/30/06	9 Mos. Ended 9/30/05	% Change
High capacity and digital data revenues (\$ in millions)***						
Data transport	\$ 3,814	\$ 1,943	96.3	\$ 11,092	\$ 5,690	94.9
Data solutions	278	219	26.9	752	608	23.7
Total revenues	\$ 4,092	\$ 2,162	89.3	\$ 11,844	\$ 6,298	88.1

Footnotes:

* Includes former MCI In-Franchise retail lines in 2006.

** Resale and UNE-P lines, including lines covered under commercial agreements. Wholesale voice connections in 2006 exclude in-region UNE-P lines purchased by former MCI entities as retail lines.

*** High capacity and digital data revenues for the nine months ended September 30, 2006 exclude approximately \$96 million, attributable to amounts earned by the former MCI prior to the completion of the merger with Verizon.

The segment financial results above are adjusted to exclude the effects of special and non-recurring items. The company's chief decision makers exclude 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.

verizon wireless selected financial results

(dollars in millions)

Unaudited	3 Mos. Ended 9/30/06	3 Mos. Ended 9/30/05	% Change	9 Mos. Ended 9/30/06	9 Mos. Ended 9/30/05	% Change
Revenues						
Service revenues	\$ 8,469	\$ 7,270	16.5	\$ 24,114	\$ 20,701	16.5
Equipment and other	1,400	1,081	29.5	3,830	2,914	31.4
Total Revenues	9,869	8,351	18.2	27,944	23,615	18.3
Operating Expenses						
Cost of services and sales	2,930	2,519	16.3	8,347	6,899	21.0
Selling, general & administrative expense	3,132	2,814	11.3	8,837	8,051	9.8
Depreciation and amortization expense	1,220	1,199	1.8	3,684	3,524	4.5
Total Operating Expenses	7,282	6,532	11.5	20,868	18,474	13.0
Operating Income	\$ 2,587	\$ 1,819	42.2	\$ 7,076	\$ 5,141	37.6
Operating Income Margin	26.2%	21.8%		25.3%	21.8%	
Segment Income	\$ 804	\$ 574	40.1	\$ 2,164	\$ 1,524	42.0

verizon wireless selected operating statistics

Unaudited	9/30/06	9/30/05	% Change			
Subscribers (000)	56,747	49,291	15.1			
Penetration	22.2%	19.9%				
Unaudited	3 Mos. Ended 9/30/06	3 Mos. Ended 9/30/05	% Change	9 Mos. Ended 9/30/06	9 Mos. Ended 9/30/05	% Change
Subscriber net adds in period ⁽¹⁾ (000)	1,912	1,918	(0.3)	5,410	5,475	(1.2)
Total churn rate, including prepaid	1.2%	1.3%		1.2%	1.3%	

Footnotes:

The segment financial results above are adjusted to exclude the effects of special and non-recurring items. The company's chief decision makers exclude 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.

(1) Includes acquisition of 17,000 and 7,000 subscribers in the first and second quarters of 2006 respectively; and 32,000, 4,000, and 11,000 subscribers in the first, second, and third quarters of 2005, respectively.

information services selected financial results

(dollars in millions)

Unaudited	3 Mos. Ended 9/30/06	3 Mos. Ended 9/30/05	% Change	9 Mos. Ended 9/30/06	9 Mos. Ended 9/30/05	% Change
Operating Revenues	\$ 804	\$ 857	(6.2)	\$ 2,443	\$ 2,608	(6.3)
Operating Expenses						
Cost of services and sales	131	141	(7.1)	420	444	(5.4)
Selling, general & administrative expense	278	252	10.3	812	826	(1.7)
Depreciation and amortization expense	22	23	(4.3)	67	69	(2.9)
Total Operating Expenses	431	416	3.6	1,299	1,339	(3.0)
Operating Income	\$ 373	\$ 441	(15.4)	\$ 1,144	\$ 1,269	(9.9)
Operating Income Margin	46.4%	51.5%		46.8%	48.7%	
Segment Income	\$ 249	\$ 279	(10.8)	\$ 728	\$ 798	(8.8)

Footnotes:

The segment financial results above are adjusted to exclude the effects of special and non-recurring items. The company's chief decision makers exclude 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.