

consolidated statements of income

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 12/31/07	3 Mos. Ended 12/31/06	% Change	12 Mos. Ended 12/31/07	12 Mos. Ended 12/31/06	% Change
Operating Revenues	\$ 23,840	\$ 22,606	5.5	\$ 93,469	\$ 88,182	6.0
Operating Expenses						
Cost of services and sales	9,796	9,152	7.0	37,547	35,309	6.3
Selling, general & administrative expense	6,955	6,345	9.6	25,967	24,955	4.1
Depreciation and amortization expense	3,666	3,665	*	14,377	14,545	(1.2)
Total Operating Expenses	20,417	19,162	6.5	77,891	74,809	4.1
Operating Income	3,423	3,444	(0.6)	15,578	13,373	16.5
Equity in earnings of unconsolidated businesses	93	157	(40.8)	585	773	(24.3)
Other income and (expense), net	87	132	(34.1)	211	395	(46.6)
Interest expense	(439)	(551)	(20.3)	(1,829)	(2,349)	(22.1)
Minority interest	(1,333)	(1,098)	21.4	(5,053)	(4,038)	25.1
Income Before Provision for Income Taxes, Discontinued Operations, Extraordinary Item and Cumulative Effect of Accounting Change	1,831	2,084	(12.1)	9,492	8,154	16.4
Provision for income taxes	(759)	(694)	9.4	(3,982)	(2,674)	48.9
Income Before Discontinued Operations, Extraordinary Item and Cumulative Effect of Accounting Change	1,072	1,390	(22.9)	5,510	5,480	0.5
Income from discontinued operations, net of tax ⁽¹⁾	—	(358)	(100.0)	142	759	(81.3)
Extraordinary item, net of tax	—	—	*	(131)	—	*
Cumulative effect of accounting change, net of tax	—	—	*	—	(42)	(100.0)
Net Income	\$ 1,072	\$ 1,032	3.9	\$ 5,521	\$ 6,197	(10.9)
Basic Earnings per Common Share⁽²⁾						
Income before discontinued operations, extraordinary item and cumulative effect of accounting change	\$.37	\$.48	(22.9)	\$ 1.90	\$ 1.88	1.1
Income from discontinued operations, net of tax	—	(.12)	(100.0)	.05	.26	(80.8)
Extraordinary item, net of tax	—	—	*	(.05)	—	*
Cumulative effect of accounting change, net of tax	—	—	*	—	(.01)	(100.0)
Net income	\$.37	\$.35	5.7	\$ 1.91	\$ 2.13	(10.3)
Weighted average number of common shares (in millions)	2,886	2,916		2,898	2,912	
Diluted Earnings per Common Share⁽²⁾⁽³⁾						
Income before discontinued operations, extraordinary item and cumulative effect of accounting change	\$.37	\$.48	(22.9)	\$ 1.90	\$ 1.88	1.1
Income from discontinued operations, net of tax	—	(.12)	(100.0)	.05	.26	(80.8)
Extraordinary item, net of tax	—	—	*	(.05)	—	*
Cumulative effect of accounting change, net of tax	—	—	*	—	(.01)	(100.0)
Net income	\$.37	\$.35	5.7	\$ 1.90	\$ 2.12	(10.4)
Weighted average number of common shares-assuming dilution (in millions)	2,891	2,919		2,902	2,938	

Footnotes:

(1) Discontinued Operations includes Verizon Information Services, as well as our interests in Verizon Dominicana, C. por A. and Telecomunicaciones de Puerto Rico, Inc. The dispositions of these non-strategic businesses were completed on November 17, 2006, December 1, 2006 and March 30, 2007, respectively. Discontinued operations in the fourth quarter of 2006 includes a loss on the sale of Verizon Dominicana of \$541 million, net of tax. Discontinued Operations in 2007 includes a gain on the sale of Telecomunicaciones de Puerto Rico, Inc. (TELPRI) of \$70 million, net of tax.

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

(3) Diluted Earnings per Share includes (i) income related to share dilution (exchangeable equity interests and zero coupon convertible debt) of \$31 million for the year-to-date 2006, 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.

* Not meaningful

consolidated statements of income before special items

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 12/31/07	3 Mos. Ended 12/31/06	% Change	12 Mos. Ended 12/31/07	12 Mos. Ended 12/31/06	% Change
Operating Revenues⁽¹⁾						
Wireline	\$ 12,540	\$ 12,719	(1.4)	\$ 50,316	\$ 50,728	(0.8)
Domestic Wireless	11,443	10,099	13.3	43,882	38,043	15.3
Other	(143)	(235)	(39.1)	(729)	(693)	5.2
Total Operating Revenues	23,840	22,583	5.6	93,469	88,078	6.1
Operating Expenses⁽¹⁾						
Cost of services and sales	9,780	9,117	7.3	37,515	35,213	6.5
Selling, general & administrative expense	6,067	6,148	(1.3)	24,850	24,121	3.0
Depreciation and amortization expense	3,666	3,665	*	14,377	14,545	(1.2)
Total Operating Expenses	19,513	18,930	3.1	76,742	73,879	3.9
Operating Income	4,327	3,653	18.5	16,727	14,199	17.8
Operating income impact of operations sold ⁽¹⁾	—	3	(100.0)	—	15	(100.0)
Equity in earnings of unconsolidated businesses	93	157	(40.8)	585	773	(24.3)
Other income and (expense), net	87	132	(34.1)	211	395	(46.6)
Interest expense	(439)	(551)	(20.3)	(1,829)	(2,323)	(21.3)
Minority interest	(1,333)	(1,098)	21.4	(5,053)	(4,038)	25.1
Income Before Provision for Income Taxes and Discontinued Operations	2,735	2,296	19.1	10,641	9,021	18.0
Provision for income taxes	(953)	(774)	23.1	(3,787)	(3,000)	26.2
Income Before Discontinued Operations	1,782	1,522	17.1	6,854	6,021	13.8
Income from discontinued operations, net of tax ⁽²⁾	—	284	(100.0)	72	1,398	(94.8)
Net Income Before Special Items	\$ 1,782	\$ 1,806	(1.3)	\$ 6,926	\$ 7,419	(6.6)
Basic Adjusted Earnings per Common Share⁽³⁾						
Income before discontinued operations	\$.62	\$.52	19.2	\$ 2.37	\$ 2.07	14.5
Income from discontinued operations, net of tax	—	.10	(100.0)	.02	.48	(95.8)
Net income	\$.62	\$.62	*	\$ 2.39	\$ 2.55	(6.3)
Weighted average number of common shares (in millions)	2,886	2,916		2,898	2,912	
Diluted Adjusted Earnings per Common Share⁽³⁾⁽⁴⁾						
Income before discontinued operations	\$.62	\$.52	19.2	\$ 2.36	\$ 2.06	14.6
Income from discontinued operations, net of tax	—	.10	(100.0)	.02	.48	(95.8)
Net income	\$.62	\$.62	*	\$ 2.39	\$ 2.54	(5.9)
Weighted average number of common shares-assuming dilution (in millions)	2,891	2,919		2,902	2,938	

Footnotes:

(1) Reclassifications of prior period amounts have been made, where appropriate, to reflect comparable operating results, including the sale of selected non-strategic assets of the Wireline segment during the first quarter of 2007 as follows:

Revenues	\$ —	\$ 23	\$ —	\$ 104
Expenses	\$ —	\$ 20	\$ —	\$ 89

(2) Discontinued Operations includes Verizon Information Services, as well as our interests in Verizon Dominicana, C. por A. and Telecomunicaciones de Puerto Rico, Inc. The dispositions of these non-strategic businesses were completed on November 17, 2006, December 1, 2006 and March 30, 2007, respectively. Discontinued operations in the fourth quarter of 2006 includes a loss on the sale of Verizon Dominicana of \$541 million, net of tax. Discontinued Operations in 2007 includes a gain on the sale of Telecomunicaciones de Puerto Rico, Inc. (TELPRI) of \$70 million, net of tax.

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

(4) Diluted Earnings per Share includes (i) income related to share dilution (exchangeable equity interests and zero coupon convertible debt) of \$31 million for the year-to-date 2006, 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.

* Not meaningful

consolidated statements of income – reconciliations

Fourth Quarter 2007 and 2006

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 12/31/07 Reported (GAAP)	Special and Non-Recurring Items					3 Mos. Ended 12/31/07 Before Special Items
		Merger Integration Costs	Access Line Spin-Off Related Charges	Taxes on Foreign Distributions	Severance and Other Related Charges		
Operating Revenues	\$ 23,840	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 23,840
Operating Expenses							
Cost of services and sales	9,796	(16)	—	—	—	—	9,780
Selling, general & administrative expense	6,955	(76)	(38)	(2)	(772)	(607)	6,067
Depreciation and amortization expense	3,666	—	—	—	—	—	3,666
Total Operating Expenses	20,417	(92)	(38)	(2)	(772)		19,513
Operating Income	3,423	92	38	2	772		4,327
Equity in earnings of unconsolidated businesses	93	—	—	—	—	—	93
Other income and (expense), net	87	—	—	—	—	—	87
Interest expense	(439)	—	—	—	—	—	(439)
Minority interest	(1,333)	—	—	—	—	—	(1,333)
Income Before Provision for Income Taxes and Discontinued Operations	1,831	92	38	2	772		2,735
Provision for income taxes	(759)	(34)	(2)	137	(295)		(953)
Income Before Discontinued Operations	1,072	58	36	139	477		1,782
Income from discontinued operations, net of tax	—	—	—	—	—	—	—
Net Income	\$ 1,072	\$ 58	\$ 36	\$ 139	\$ 477		\$ 1,782
Basic Earnings per Common Share⁽¹⁾							
Income before discontinued operations	\$.37	\$.02	\$.01	\$.05	\$.17		\$.62
Income from discontinued operations, net of tax	—	—	—	—	—	—	—
Net income	\$.37	\$.02	\$.01	\$.05	\$.17		\$.62
Diluted Earnings per Common Share⁽¹⁾							
Income before discontinued operations	\$.37	\$.02	\$.01	\$.05	\$.16		\$.62
Income from discontinued operations, net of tax	—	—	—	—	—	—	—
Net income	\$.37	\$.02	\$.01	\$.05	\$.16		\$.62

(dollars in millions, except per share amounts)

Unaudited	3 Mos. Ended 12/31/06 Reported (GAAP)	Special and Non-Recurring Items						3 Mos. Ended 12/31/06 Before Special Items
		Merger Integration Costs	Verizon Center Relocation, Net	Severance, Pension and Benefit Charges	Loss on Sale of Verizon Dominicana	Idearc Spin-off Related Charges	Impact of Operations Sold	
Operating Revenues	\$ 22,606	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (23)	\$ 22,583
Operating Expenses								
Cost of services and sales	9,152	(19)	—	—	—	—	(16)	9,117
Selling, general & administrative expense	6,345	(56)	(46)	(91)	—	—	(4)	6,148
Depreciation and amortization expense	3,665	—	—	—	—	—	—	3,665
Total Operating Expenses	19,162	(75)	(46)	(91)	—	—	(20)	18,930
Operating Income	3,444	75	46	91	—	—	(3)	3,653
Operating income impact of operations sold	—	—	—	—	—	—	3	3
Equity in earnings of unconsolidated businesses	157	—	—	—	—	—	—	157
Other income and (expense), net	132	—	—	—	—	—	—	132
Interest expense	(551)	—	—	—	—	—	—	(551)
Minority interest	(1,098)	—	—	—	—	—	—	(1,098)
Income Before Provision for Income Taxes and Discontinued Operations	2,084	75	46	91	—	—	—	2,296
Provision for income taxes	(694)	(28)	(16)	(36)	—	—	—	(774)
Income Before Discontinued Operations	1,390	47	30	55	—	—	—	1,522
Income from discontinued operations, net of tax	(358)	—	—	—	541	101	—	284
Net Income	\$ 1,032	\$ 47	\$ 30	\$ 55	\$ 541	\$ 101	\$ —	\$ 1,806
Basic Earnings per Common Share⁽¹⁾								
Income before discontinued operations	\$.48	\$.02	\$.01	\$.02	\$ —	\$ —	\$ —	\$.52
Income from discontinued operations, net of tax	(.12)	—	—	—	.19	.03	—	.10
Net income	\$.35	\$.02	\$.01	\$.02	\$.19	\$.03	\$ —	\$.62
Diluted Earnings per Common Share⁽¹⁾								
Income before discontinued operations	\$.48	\$.02	\$.01	\$.02	\$ —	\$ —	\$ —	\$.52
Income from discontinued operations, net of tax	(.12)	—	—	—	.19	.03	—	.10
Net income	\$.35	\$.02	\$.01	\$.02	\$.19	\$.03	\$ —	\$.62

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

Fourth Quarter Year-to-Date 2007 and 2006

(dollars in millions, except per share amounts)

Unaudited	12 Mos. Ended 12/31/07 Reported (GAAP)	Special and Non-Recurring Items						12 Mos. Ended 12/31/07 Before Special Items
		Merger Integration Costs	Sale of Puerto Rico, Net	Loss on CANTV	Access Line Spin-Off Related Charges	Taxes on Foreign Distributions	Severance and Other Related Charges	
Operating Revenues	\$ 93,469	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 93,469
Operating Expenses								
Cost of services and sales	37,547	(32)	—	—	—	—	—	37,515
Selling, general & administrative expense	25,967	(146)	(100)	—	(84)	(15)	(772)	24,850
Depreciation and amortization expense	14,377	—	—	—	—	—	—	14,377
Total Operating Expenses	77,891	(178)	(100)	—	(84)	(15)	(772)	76,742
Operating Income	15,578	178	100	—	84	15	772	16,727
Equity in earnings of unconsolidated businesses	585	—	—	—	—	—	—	585
Other income and (expense), net	211	—	—	—	—	—	—	211
Interest expense	(1,829)	—	—	—	—	—	—	(1,829)
Minority interest	(5,053)	—	—	—	—	—	—	(5,053)
Income Before Provision for Income Taxes, Discontinued Operations and Extraordinary Item	9,492	178	100	—	84	15	772	10,641
Provision for income taxes	(3,982)	(66)	(35)	—	(4)	595	(295)	(3,787)
Income Before Discontinued Operations and Extraordinary Item	5,510	112	65	—	80	610	477	6,854
Income from discontinued operations, net of tax	142	—	(70)	—	—	—	—	72
Extraordinary item, net of tax	(131)	—	—	131	—	—	—	—
Net Income	\$ 5,521	\$ 112	\$ (5)	\$ 131	\$ 80	\$ 610	\$ 477	\$ 6,926
Basic Earnings per Common Share⁽¹⁾								
Income before discontinued operations and extraordinary item	\$ 1.90	\$.04	\$.02	\$ —	\$.03	\$.21	\$.17	\$ 2.37
Income from discontinued operations, net of tax	.05	—	(.02)	—	—	—	—	.02
Extraordinary item, net of tax	(.05)	—	—	.05	—	—	—	—
Net income	\$ 1.91	\$.04	\$ —	\$.05	\$.03	\$.21	\$.17	\$ 2.39
Diluted Earnings per Common Share⁽¹⁾								
Income before discontinued operations and extraordinary item	\$ 1.90	\$.04	\$.02	\$ —	\$.03	\$.21	\$.16	\$ 2.36
Income from discontinued operations, net of tax	.05	—	(.02)	—	—	—	—	.02
Extraordinary item, net of tax	(.05)	—	—	.05	—	—	—	—
Net income	\$ 1.90	\$.04	\$ —	\$.05	\$.03	\$.21	\$.16	\$ 2.39

(dollars in millions, except per share amounts)

Unaudited	12 Mos. Ended 12/31/06 Reported (GAAP)	Special and Non-Recurring Items								12 Mos. Ended 12/31/06 Before Special Items
		Extinguishment of Debt	Impact of Accounting for Share Based Payments	Merger Integration Costs	Verizon Center Relocation, Net	Severance, Pension and Benefits Charges	Loss on Sale of Verizon Dominicana	Idearc Spin-off Related Charges	Impact of Operations Sold	
Operating Revenues	\$ 88,182	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (104)	\$ 88,078
Operating Expenses										
Cost of services and sales	35,309	—	—	(25)	—	—	—	—	(71)	35,213
Selling, general & administrative expense	24,955	—	—	(207)	(184)	(425)	—	—	(18)	24,121
Depreciation and amortization expense	14,545	—	—	—	—	—	—	—	—	14,545
Total Operating Expenses	74,809	—	—	(232)	(184)	(425)	—	—	(89)	73,879
Operating Income	13,373	—	—	232	184	425	—	—	(15)	14,199
Operating income impact of operations sold	—	—	—	—	—	—	—	—	15	15
Equity in earnings of unconsolidated businesses	773	—	—	—	—	—	—	—	—	773
Other income and (expense), net	395	—	—	—	—	—	—	—	—	395
Interest expense	(2,349)	26	—	—	—	—	—	—	—	(2,323)
Minority interest	(4,038)	—	—	—	—	—	—	—	—	(4,038)
Income Before Provision for Income Taxes, Discontinued Operations and Cumulative Effect of Accounting Change	8,154	26	—	232	184	425	—	—	—	9,021
Provision for income taxes	(2,674)	(10)	—	(86)	(66)	(164)	—	—	—	(3,000)
Income Before Discontinued Operations and Cumulative Effect of Accounting Change	5,480	16	—	146	118	261	—	—	—	6,021
Income from discontinued operations, net of tax	759	—	—	—	—	(3)	541	101	—	1,398
Cumulative effect of accounting change, net of tax	(42)	—	42	—	—	—	—	—	—	—
Net Income	\$ 6,197	\$ 16	\$ 42	\$ 146	\$ 118	\$ 258	\$ 541	\$ 101	\$ —	\$ 7,419
Basic Earnings per Common Share⁽¹⁾										
Income before discontinued operations and cumulative effect of accounting change	\$ 1.88	\$.01	\$ —	\$.05	\$.04	\$.09	\$ —	\$ —	\$ —	\$ 2.07
Income from discontinued operations, net of tax	.26	—	—	—	—	—	.19	.03	—	.48
Cumulative effect of accounting change, net of tax	(.01)	—	.01	—	—	—	—	—	—	—
Net income	\$ 2.13	\$.01	\$.01	\$.05	\$.04	\$.09	\$.19	\$.03	\$ —	\$ 2.55
Diluted Earnings per Common Share⁽¹⁾										
Income before discontinued operations and cumulative effect of accounting change	\$ 1.88	\$.01	\$ —	\$.05	\$.04	\$.09	\$ —	\$ —	\$ —	\$ 2.06
Income from discontinued operations, net of tax	.26	—	—	—	—	—	.18	.03	—	.48
Cumulative effect of accounting change, net of tax	(.01)	—	.01	—	—	—	—	—	—	—
Net income	\$ 2.12	\$.01	\$.01	\$.05	\$.04	\$.09	\$.18	\$.03	\$ —	\$ 2.54

Footnote:

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

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

selected financial and operating statistics

(dollars in millions, except per share amounts)

Unaudited	12/31/07	12/31/06
Debt to debt and shareowners' equity ratio-end of period	38.1%	42.8%
Book value per common share	\$ 17.58	\$ 16.67
Common shares outstanding (in millions)		
End of period	2,877	2,912
Total employees ⁽¹⁾	234,971	237,681

Unaudited	3 Mos. Ended 12/31/07	3 Mos. Ended 12/31/06	12 Mos. Ended 12/31/07	12 Mos. Ended 12/31/06
Capital expenditures (including capitalized software)				
Wireline	\$ 3,083	\$ 2,915	\$ 10,956	\$ 10,259
Domestic Wireless	1,600	1,817	6,503	6,618
Other	63	91	79	224
Total	\$ 4,746	\$ 4,823	\$ 17,538	\$ 17,101
Cash dividends declared per common share	\$ 0.430	\$ 0.405	\$ 1.670	\$ 1.620

Footnote:

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

consolidated balance sheets

(dollars in millions)

Unaudited	12/31/07	12/31/06	\$ Change
Assets			
Current assets			
Cash and cash equivalents	\$ 1,153	\$ 3,219	\$ (2,066)
Short-term investments	2,244	2,434	(190)
Accounts receivable, net	11,736	10,891	845
Inventories	1,729	1,514	215
Assets held for sale	—	2,592	(2,592)
Prepaid expenses and other	1,836	1,888	(52)
Total current assets	18,698	22,538	(3,840)
Plant, property and equipment	213,994	204,109	9,885
Less accumulated depreciation	128,700	121,753	6,947
	85,294	82,356	2,938
Investments in unconsolidated businesses	3,372	4,868	(1,496)
Wireless licenses	50,796	50,959	(163)
Goodwill	5,245	5,655	(410)
Other intangible assets, net	4,988	5,140	(152)
Other assets	18,566	17,288	1,278
Total Assets	\$ 186,959	\$ 188,804	\$ (1,845)
Liabilities and Shareowners' Investment			
Current liabilities			
Debt maturing within one year	\$ 2,954	\$ 7,715	\$ (4,761)
Accounts payable and accrued liabilities	14,462	14,320	142
Liabilities related to assets held for sale	—	2,154	(2,154)
Other	7,325	8,091	(766)
Total current liabilities	24,741	32,280	(7,539)
Long-term debt	28,203	28,646	(443)
Employee benefit obligations	29,960	30,779	(819)
Deferred income taxes	14,784	16,270	(1,486)
Other liabilities	6,402	3,957	2,445
Minority interest	32,288	28,337	3,951
Shareowners' investment			
Common stock	297	297	—
Contributed capital	40,316	40,124	192
Reinvested earnings	17,884	17,324	560
Accumulated other comprehensive loss	(4,506)	(7,530)	3,024
Common stock in treasury, at cost	(3,489)	(1,871)	(1,618)
Deferred compensation—employee stock ownership plans and other	79	191	(112)
Total shareowners' investment	50,581	48,535	2,046
Total Liabilities and Shareowners' Investment	\$ 186,959	\$ 188,804	\$ (1,845)

The unaudited consolidated balance sheets are based on preliminary information.

condensed consolidated statements of cash flows

(dollars in millions)

Unaudited	12 Mos. Ended 12/31/07	12 Mos. Ended 12/31/06	\$ Change
Cash Flows From Operating Activities			
Net Income	\$ 5,521	\$ 6,197	\$ (676)
Adjustments to reconcile net income to net cash provided by operating activities—continuing operations:			
Depreciation and amortization expense	14,377	14,545	(168)
Loss on sale of discontinued operations	—	541	(541)
Employee retirement benefits	1,720	1,923	(203)
Deferred income taxes	408	(252)	660
Provision for uncollectible accounts	1,047	1,034	13
Equity in earnings of unconsolidated businesses, net of dividends received	1,986	(731)	2,717
Extraordinary item, net of tax	131	—	131
Cumulative effect of accounting change, net of tax	—	42	(42)
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	(2,893)	(1,635)	(1,258)
Other, net	4,012	1,366	2,646
Net cash provided by operating activities—continuing operations	26,309	23,030	3,279
Net cash provided by operating activities— discontinued operations	(570)	1,076	(1,646)
Net cash provided by operating activities	25,739	24,106	1,633
Cash Flows From Investing Activities			
Capital expenditures (including capitalized software)	(17,538)	(17,101)	(437)
Acquisitions, net of cash acquired, and investments	(763)	(1,422)	659
Net change in short-term investments	169	290	(121)
Other, net	1,267	811	456
Net cash used in investing activities—continuing operations	(16,865)	(17,422)	557
Net cash provided by investing activities—discontinued operations	757	1,806	(1,049)
Net cash used in investing activities	(16,108)	(15,616)	(492)
Cash Flows From Financing Activities			
Proceeds from long-term borrowings	3,402	3,983	(581)
Repayments of long-term borrowings and capital lease obligations	(5,503)	(11,233)	5,730
Increase (decrease) in short-term obligations, excluding current maturities	(3,252)	7,944	(11,196)
Dividends paid	(4,773)	(4,719)	(54)
Proceeds from sale of common stock	1,274	174	1,100
Purchase of common stock for treasury	(2,843)	(1,700)	(1,143)
Other, net	(2)	(201)	199
Net cash used in financing activities—continuing operations	(11,697)	(5,752)	(5,945)
Net cash used in financing activities—discontinued operations	—	(279)	279
Net cash used in financing activities	(11,697)	(6,031)	(5,666)
Increase (decrease) in cash and cash equivalents	(2,066)	2,459	(4,525)
Cash and cash equivalents, beginning of period	3,219	760	2,459
Cash and cash equivalents, end of period	\$ 1,153	\$ 3,219	\$ (2,066)

wireline selected financial results

(dollars in millions)

Unaudited	3 Mos. Ended 12/31/07	3 Mos. Ended 12/31/06	% Change	12 Mos. Ended 12/31/07	12 Mos. Ended 12/31/06	% Change
Wireline Operating Revenues						
Verizon Telecom						
Mass Markets	\$ 5,427	\$ 5,462	(0.6)	\$ 21,978	\$ 22,234	(1.2)
Wholesale	2,010	2,064	(2.6)	8,086	8,336	(3.0)
Other	430	571	(24.7)	1,862	2,368	(21.4)
Verizon Business						
Enterprise Business	3,720	3,714	0.2	14,677	14,296	2.7
Wholesale	815	840	(3.0)	3,345	3,281	2.0
International and Other	838	792	5.8	3,214	3,101	3.6
Eliminations	(700)	(724)	(3.3)	(2,846)	(2,888)	(1.5)
Total Operating Revenues	12,540	12,719	(1.4)	50,316	50,728	(0.8)
Operating Expenses						
Cost of services and sales	6,461	6,276	2.9	25,220	24,767	1.8
Selling, general & administrative expense	2,506	2,883	(13.1)	11,236	11,820	(4.9)
Depreciation and amortization expense	2,351	2,426	(3.1)	9,184	9,590	(4.2)
Total Operating Expenses	11,318	11,585	(2.3)	45,640	46,177	(1.2)
Operating Income	\$ 1,222	\$ 1,134	7.8	\$ 4,676	\$ 4,551	2.7
Operating Income Margin	9.7%	8.9%		9.3%	9.0%	
Segment Income	\$ 455	\$ 433	5.1	\$ 1,506	\$ 1,625	(7.3)

wireline selected operating statistics

Unaudited	12/31/07	12/31/06	% Change
Switched access lines in service (000)			
Residence	24,838	27,797	(10.6)
Business	16,304	16,938	(3.7)
Public	299	344	(13.1)
Total	41,441	45,079	(8.1)
Wholesale voice connections* (000)	2,923	3,474	(15.9)
Broadband connections (000)	8,235	6,982	17.9

(dollars in millions)

Unaudited	3 Mos. Ended 12/31/07	3 Mos. Ended 12/31/06	% Change	12 Mos. Ended 12/31/07	12 Mos. Ended 12/31/06	% Change
High capacity and digital data revenues						
Data transport	\$ 4,350	\$ 3,881	12.1	\$ 16,691	\$ 14,973	11.5
Data solutions	415	343	21.0	1,376	1,095	25.7
Total revenues	\$ 4,765	\$ 4,224	12.8	\$ 18,067	\$ 16,068	12.4

Footnote:

*Resale and UNE-P lines, including lines covered under commercial agreements.

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 12/31/07	3 Mos. Ended 12/31/06	% Change	12 Mos. Ended 12/31/07	12 Mos. Ended 12/31/06	% Change
Revenues						
Service revenues	\$ 9,874	\$ 8,682	13.7	\$ 38,016	\$ 32,796	15.9
Equipment and other	1,569	1,417	10.7	5,866	5,247	11.8
Total Revenues	11,443	10,099	13.3	43,882	38,043	15.3
Operating Expenses						
Cost of services and sales	3,613	3,144	14.9	13,456	11,491	17.1
Selling, general & administrative expense	3,521	3,202	10.0	13,477	12,039	11.9
Depreciation and amortization expense	1,306	1,229	6.3	5,154	4,913	4.9
Total Operating Expenses	8,440	7,575	11.4	32,087	28,443	12.8
Operating Income	\$ 3,003	\$ 2,524	19.0	\$ 11,795	\$ 9,600	22.9
Operating Income Margin	26.2%	25.0%		26.9%	25.2%	
Segment Income	\$ 990	\$ 812	21.9	\$ 3,794	\$ 2,976	27.5

verizon wireless selected operating statistics

Unaudited	12/31/07	12/31/06	% Change			
Total Customers (000)	65,707	59,052	11.3			
Retail Customers (000)	63,735	56,812	12.2			
Unaudited	3 Mos. Ended 12/31/07	3 Mos. Ended 12/31/06	% Change	12 Mos. Ended 12/31/07	12 Mos. Ended 12/31/06	% Change
Total Customer net adds in period ⁽¹⁾ (000)	2,008	2,305	(12.9)	6,655	7,715	(13.7)
Retail Customer net adds in period ⁽²⁾ (000)	1,895	2,250	(15.8)	6,923	7,776	(11.0)
Total churn rate	1.20%	1.14%		1.21%	1.17%	
Retail churn rate	1.21%	1.10%		1.14%	1.09%	

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 acquisitions and adjustments of 7,000, —, 2,000 and — customers in the first, second, third and fourth quarters of 2007 and 17,000, 7,000, —, and — customers in the first, second, third and fourth quarters of 2006, respectively.

(2) Includes acquisitions and adjustments of 7,000, —, 2,000 and — customers in the first, second, third and fourth quarters of 2007, and 17,000, 83,000, —, and — customers in the first, second, third and fourth quarters of 2006, respectively. The second quarter 2006 acquisition and adjustment of 83,000 customers includes 76,000 reseller customers which were already included in the total customer base.