Verizon Delaware LLC

Condensed Financial Statements
Three Months Ended March 31, 2009 and 2008

Verizon Delaware LLC

CONDENSED STATEMENTS OF INCOME

(Dollars in Thousands) (Unaudited)	Three Months Ended March 31, 2009	2008
Operating Revenues		
(including $21,267 and $17,300 from affiliates)	**$ 86,057**	$ 88,550
Operating Expenses		
(including $25,170 and $24,314 to affiliates)		
Cost of services and sales (exclusive of items shown below)	**31,746**	33,075
Selling, general and administrative expense	**20,138**	19,612
Depreciation and amortization expense	**18,234**	17,347
Total Operating Expenses	**70,118**	70,034
Operating Income	**15,939**	18,516
Other income and (expense), net		
(including $--- and $45 from affiliates)	**(8)**	159
Interest expense		
(including $(695) and $(1,642) to affiliates)	**(1,513)**	(2,382)
Income Before Provision for Income Taxes	**14,418**	16,293
Provision for income taxes	**(5,303)**	(6,548)
Net Income	**$ 9,115**	$ 9,745

See Notes to Condensed Financial Statements

Verizon Delaware LLC

CONDENSED BALANCE SHEETS

(Dollars in Thousands) (Unaudited)	At March 31, 2009	At December 31, 2008
Assets		
Current assets		
Short-term investments	**$ 298**	$ 1,163
Accounts receivable:		
Trade and other, net of allowances for uncollectible of $1,645 and $1,886	**35,018**	39,446
Affiliates	**52,174**	10,913
Materials and supplies	**2,841**	3,073
Prepaid expenses	**1,463**	3,181
Deferred income tax	**2,492**	2,379
Deferred charges and other	**4,941**	5,723
Total current assets	**99,227**	65,878
Plant, property and equipment	**1,561,195**	1,546,591
Less accumulated depreciation	**957,296**	941,432
	603,899	605,159
Intangible assets, net	**936**	835
Prepaid pension asset	**47,474**	47,487
Other assets	**7,026**	6,615
Total assets	**$ 758,562**	$ 725,974
Liabilities and Member's Investment		
Current liabilities		
Debt maturing within one year:		
Note payable to affiliate	**$ 180,369**	$ 148,693
Accounts payable and accrued liabilities:		
Affiliates	**63,249**	29,997
Other	**24,376**	18,602
Other current liabilities	**17,437**	17,615
Total current liabilities	**285,431**	214,907
Long-term debt		
Note payable to affiliate	**---**	40,000
Other	**49,549**	49,552
	49,549	89,552
Employee benefit obligations	**92,357**	92,197
Deferred credits and other liabilities		
Deferred income taxes	**64,641**	60,486
Unamortized investment tax credits	**996**	1,012
Other	**10,062**	10,409
	75,699	71,907
Member's investment		
Member share ($25 par value per share)	**118,442**	118,442
Authorized shares: 5,262,280		
Outstanding shares: 4,737,686		
Contributed capital	**18,189**	18,189
Reinvested earnings	**118,895**	120,780
Total member's investment	**255,526**	257,411
Total liabilities and member's investment	**$ 758,562**	$ 725,974

See Notes to Condensed Financial Statements

Verizon Delaware LLC

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in Thousands) (Unaudited)	Three Months Ended March 31, 2009	2008
Net Cash Provided by Operating Activities	**$ 34,723**	$ 42,693
Cash Flows from Investing Activities		
Capital expenditures (including capitalized software)	**(16,691)**	(23,506)
Net change in short-term investments	**919**	1,582
Other, net	**134**	---
Net cash used in investing activities	**(15,638)**	(21,924)
Cash Flows from Financing Activities		
Proceeds from long-term note payable to affiliate	**---**	40,000
Principal repayments of borrowings and capital lease obligations	**---**	(40,044)
Change in short-term note payable to affiliate	**(8,324)**	(20,760)
Dividends paid	**(11,000)**	---
Net change in outstanding checks drawn on controlled disbursement accounts	**239**	35
Net cash used in financing activities	**(19,085)**	(20,769)
Net change in cash	**---**	---
Cash, beginning of period	**---**	---
Cash, end of period	**$ ---**	$ ---

See Notes to Condensed Financial Statements

NOTES TO CONDENSED FINANCIAL STATEMENTS (Unaudited)

1. Basis of Presentation and Recent Accounting Pronouncements

Verizon Delaware LLC (Verizon Delaware 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. The results for the interim periods are not necessarily indicative of results for the full year. The balance sheet at December 31, 2008 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, 2008 audited financial statements.

In April 2009, the Financial Accounting Standards Board (FASB) issued Staff Position (FSP) FAS No. 107-1 and APB 28-1, *Interim Disclosures about Fair Value of Financial Instruments* (FSP FAS 107-1 and APB 28-1), which amends Statement of Financial Accounting Standards (SFAS) No. 107, *Disclosures about Fair Value of Financial Instruments*, to require disclosures about the fair value of financial instruments for interim reporting periods, as well as annual reporting periods. FSP FAS 107-1 and APB 28-1 are effective for all interim and annual reporting periods ending after June 15, 2009 and shall be applied prospectively. We do not expect that the adoption of FSP FAS 107-1 and APB 28-1 will have a significant impact on our condensed financial statements.

2. Member's Investment

(Dollars in Thousands)	Common Stock	Contributed Capital	Reinvested Earnings
Balance at December 31, 2008	$ 118,442	$ 18,189	$ 120,780
Net Income	---	---	9,115
Dividends	---	---	(11,000)
Balance at March 31, 2009	$ 118,442	$ 18,189	$ 118,895

Net income and comprehensive income were the same for the three months ended March 31, 2009 and 2008, respectively.

3. 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, including environmental 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.

4. Subsequent Event

On May 1, 2009, we declared a dividend in the amount of $11 million to our parent, Verizon.