



4th QUARTER 2013 EARNINGS RESULTS

Fran Shammo
Chief Financial Officer

January 21, 2014



“Safe Harbor” Statement and Legends

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FORWARD-LOOKING STATEMENTS

In this communication we have made forward-looking statements. These statements are based on our estimates and assumptions and are subject to risks and uncertainties. Forward-looking statements include the information concerning our possible or assumed future results of operations. Forward-looking statements also include those preceded or followed by the words “anticipates,” “believes,” “estimates,” “hopes” or similar expressions. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. The following important factors, along with those discussed in our filings with the Securities and Exchange Commission (the “SEC”), could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements: the ability to realize the expected benefits of our proposed transaction with Vodafone in the timeframe expected or at all; the ability to complete the Vodafone transaction in the timeframe expected or at all and the costs that could be required to do so; failure to obtain applicable regulatory or shareholder approvals in connection with the Vodafone transaction in a timely manner or at all; failure to satisfy other closing conditions to the Vodafone transaction or events giving rise to termination of the transaction agreement; an adverse change in the ratings afforded our debt securities by nationally accredited ratings organizations or adverse conditions in the credit markets affecting the cost, including interest rates, and/or availability of further financing; significantly increased levels of indebtedness as a result of the Vodafone transaction; changes in tax laws or treaties, or in their interpretation; adverse conditions in the U.S. and international economies; material adverse changes in labor matters, including labor negotiations, and any resulting financial and/or operational impact; material changes in technology or technology substitution; disruption of our key suppliers’ provisioning of products or services; changes in the regulatory environment in which we operate, including any increase in restrictions on our ability to operate our networks; breaches of network or information technology security, natural disasters, terrorist attacks or acts of war or significant litigation and any resulting financial impact not covered by insurance; the effects of competition in the markets in which we operate; changes in accounting assumptions that regulatory agencies, including the SEC, may require or that result from changes in the accounting rules or their application, which could result in an impact on earnings; significant increases in benefit plan costs or lower investment returns on plan assets; and the inability to implement our business strategies.

As required by SEC rules, we have provided a reconciliation of the non-GAAP financial measures included in this presentation to the most directly comparable GAAP measures in materials on our website at www.verizon.com/investor.



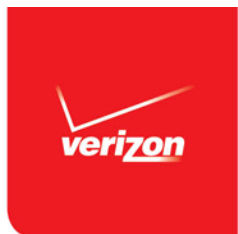
“Safe Harbor” Statement and Legends

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ADDITIONAL INFORMATION AND WHERE TO FIND IT

Verizon Communications Inc. has filed with the SEC a registration statement on Form S-4 containing a prospectus with respect to the Verizon securities to be offered in the proposed transaction with Vodafone (the “prospectus”). Verizon also filed with the SEC a proxy statement with respect to the special meeting of the Verizon shareholders to be held in connection with the proposed transaction (the “proxy statement”). The registration statement on Form S-4 was declared effective by the SEC on December 10, 2013. Verizon mailed the prospectus to certain Vodafone shareholders and the proxy statement to Verizon shareholders on or about December 11, 2013. **VODAFONE SHAREHOLDERS ARE URGED TO READ CAREFULLY THE PROSPECTUS AND VERIZON SHAREHOLDERS ARE URGED TO READ CAREFULLY THE PROXY STATEMENT, EACH TOGETHER WITH OTHER RELEVANT DOCUMENTS FILED OR TO BE FILED WITH THE SEC, IN THEIR ENTIRETY BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION AND RELATED MATTERS.** Investors and shareholders can obtain free copies of the prospectus, the proxy statement and other documents filed with the SEC by the parties through the website maintained by the SEC at www.sec.gov. In addition, investors and shareholders can obtain free copies of the prospectus, the proxy statement and other documents filed with the SEC by Verizon by contacting Verizon’s Assistant Corporate Secretary, Verizon Communications Inc., 140 West Street, 29th Floor, New York, New York 10007. These materials are also available on Verizon’s website at www.verizon.com/investor.



CONSOLIDATED Earnings & Profitability Summary

	4Q '13		2013	
	EBITDA Margin	EPS	EBITDA Margin	EPS
Reported	52.3%	\$1.76	40.3%	\$4.00
Less:				
Pension remeasurement	19.3%	\$1.29	5.2%	\$1.35
Net gain on sale of spectrum	—	—	0.2%	\$0.02
Add:				
Purchase transactions costs	—	\$0.19	—	\$0.20
Adjusted	33.0%	\$0.66	34.9%	\$2.84

Note: Results above are adjusted for non-operational items. Amounts may not add due to rounding.

Strong margin and earnings per share



CONSOLIDATED **Overview**

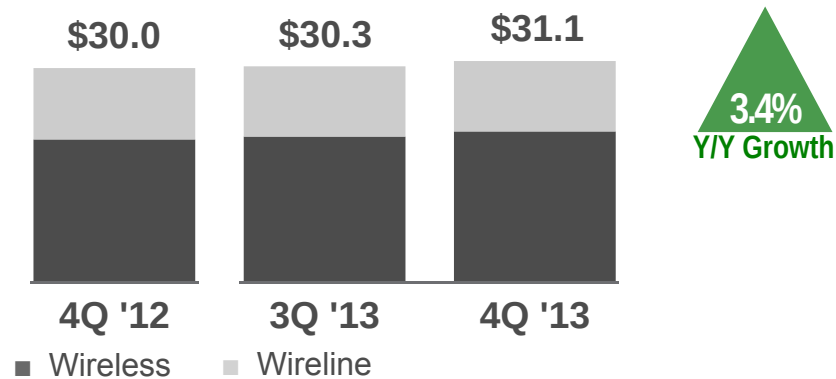
- Double-digit growth in operating income and earnings per share for past four quarters
- Consolidated revenue growth in each quarter of 2013
- Continued growth in high-quality wireless retail base, service revenue and profitability
- Strong growth in consumer revenue throughout 2013
- Continued growth in enterprise strategic services
- Strong growth in free cash flow with a focus on disciplined investment

Delivered on our 2013 commitments



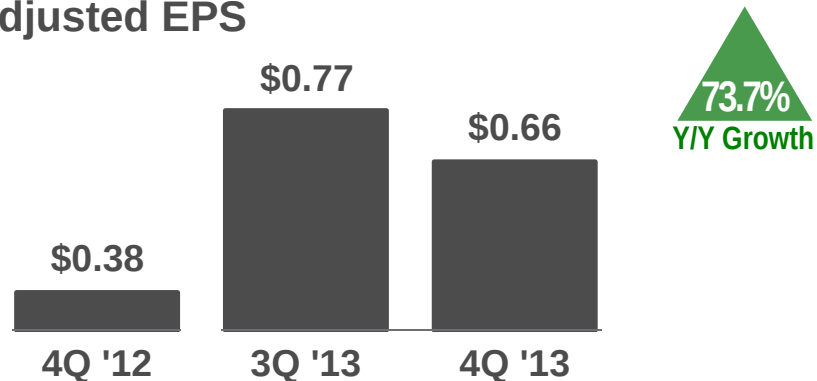
CONSOLIDATED 4Q '13 Financial Summary

Total Revenue (\$B)



- Continued revenue growth across all strategic areas Y/Y
 - 84% of revenues are in strategic areas
- Strong cost management controls
 - 2013 adjusted EBITDA margin of 34.9%, highest in 8 years

Adjusted EPS



- 2013 adjusted EPS of \$2.84, up 26.8% Y/Y; reported EPS of \$4.00
- 4Q '13 adjusted EPS of \$0.66, up 73.7% Y/Y; reported EPS of \$1.76

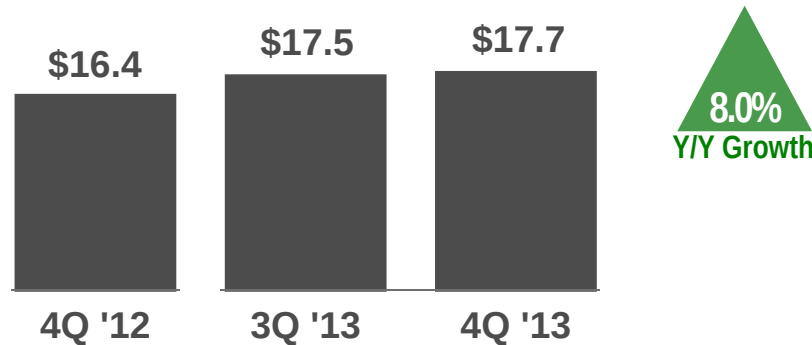
Note: With the exception of revenues, results above are adjusted for non-operational items.

Consistent execution drives strong results



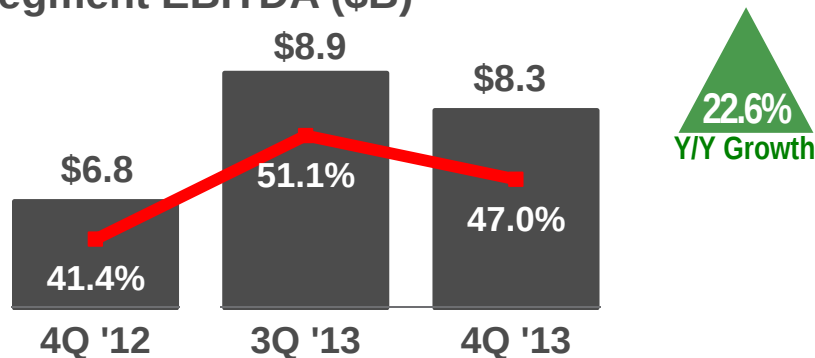
WIRELESS Revenue & Profitability

Service Revenue (\$B)



- Strong 2013 service revenue growth of 8.3% Y/Y
– 7.7% in 2012
- 5th consecutive quarter of at least 8% service revenue growth Y/Y

Segment EBITDA (\$B)



■ EBITDA Service Margin %

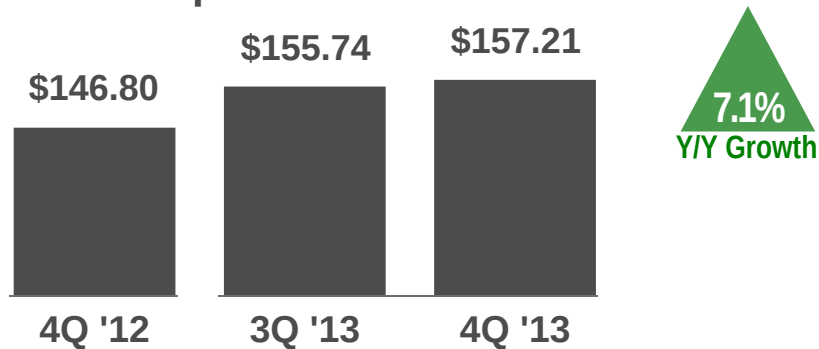
- Total revenue growth of 5.7% Y/Y
- EBITDA growth of 22.6% Y/Y
- 2013 EBITDA service margin expands to 49.5%, up 290 bps Y/Y

Balanced growth in revenue and profitability



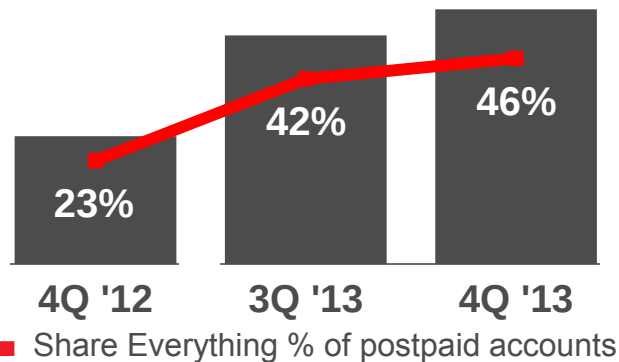
WIRELESS ARPA

Retail Postpaid ARPA



- Retail postpaid ARPA of \$157.21, up 7.1% Y/Y
 - 46% of postpaid accounts on Share Everything Plans; almost double from 4Q '12
 - Smartphone penetration of 70%, up from 58% a year ago
- 35.1M retail postpaid accounts
 - 2.76 connections per account

Share Everything Accounts

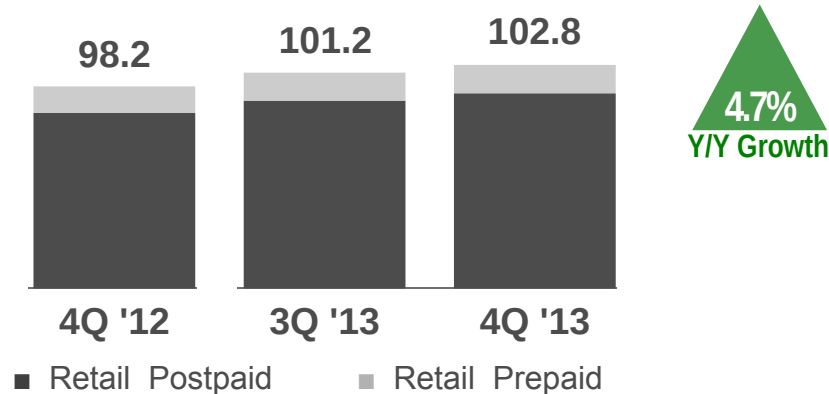


Share Everything Plans drive connections and usage growth



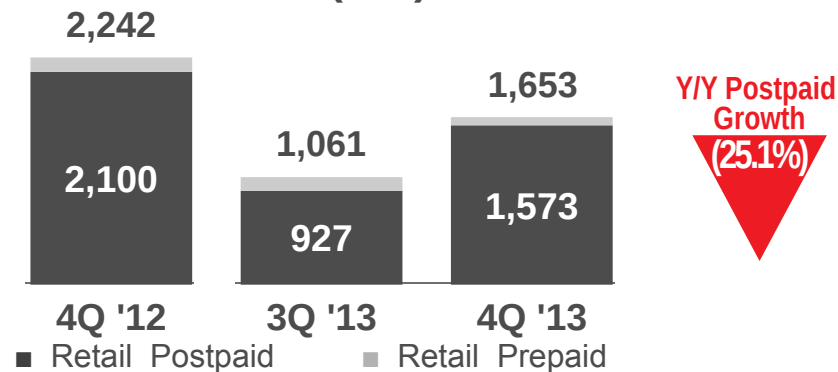
WIRELESS Connections / Net Adds / Churn

Retail Connections (M)



- 1,573K retail postpaid net adds in 4Q '13 including 824K phones*
- 7.4% of retail postpaid base upgraded in 4Q '13
- Retail postpaid tablet net adds of 625K in 4Q '13, tablet base now at 3.6M
- Retail postpaid churn of 0.96% in 4Q '13

Retail Net Adds* (000)



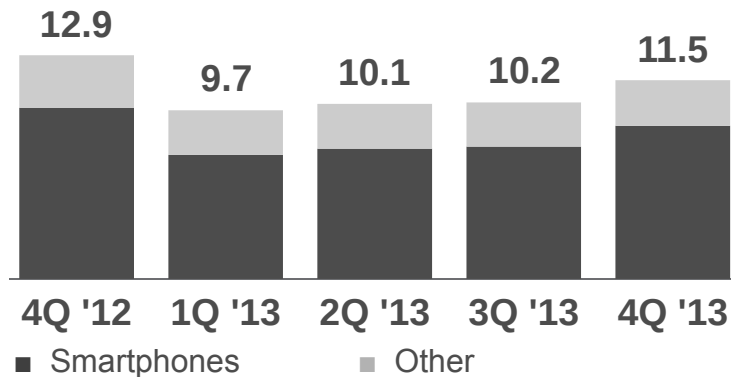
* Excludes acquisitions and adjustments

Postpaid base grows on quality net adds



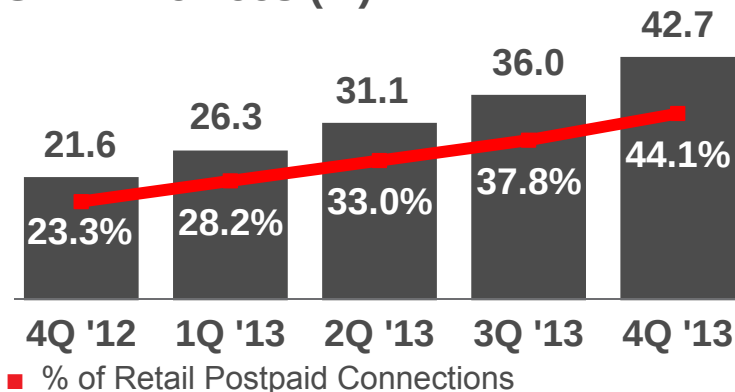
WIRELESS Devices / 4G LTE

Retail Postpaid Device Activations (M)



- 87% of device activations in 4Q '13 were phones
 - 8.8M smartphones activated in 4Q '13
- 9.0M 4G LTE device activations in 4Q '13
- Verizon Wireless 4G LTE network:
 - Deploying AWS spectrum
 - 69% of total data traffic currently on 4G LTE network
 - Industry leading in 4G LTE smartphone connections

4G LTE Devices (M)

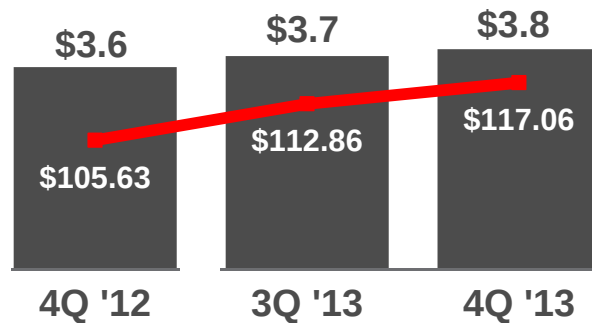


Largest and most reliable 4G LTE network



WIRELINE Mass Markets

Consumer Revenue (\$B)

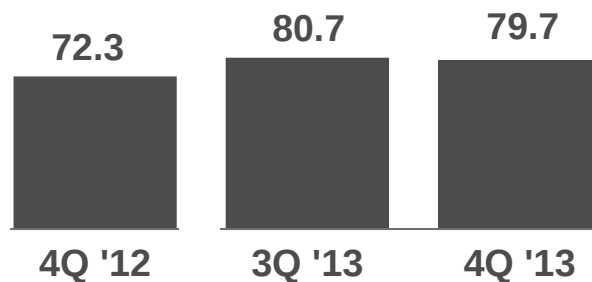


■ Consumer ARPU

10.8%
Y/Y ARPU
Growth

- 6.4% consumer revenue growth Y/Y; 6th consecutive quarter of over 4% growth Y/Y
- FiOS now 73% of consumer revenue
 - 11% Y/Y growth in triple play customers
- FiOS Internet subscribers
 - 6.1M subscribers, 126K net adds
 - 39.5% penetration
- FiOS Video subscribers
 - 5.3M subscribers, 92K net adds
 - 35.0% penetration
- Completed 330K migrations in 2013, 30K above target

Copper Migrations (K)



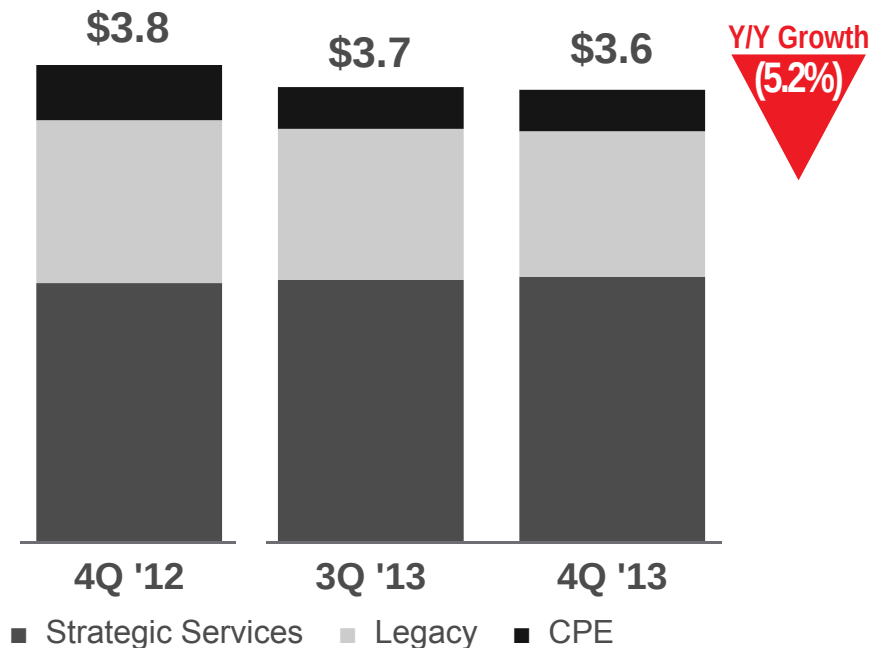
10.2%
Y/Y Growth

FiOS driving strong consumer growth



WIRELINE Global Enterprise

Global Enterprise Revenue (\$B)



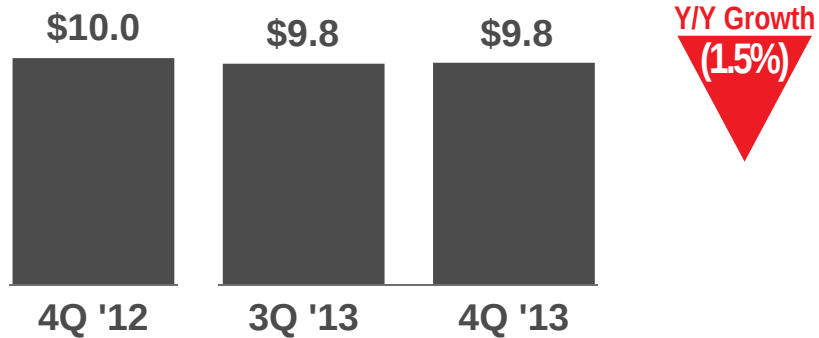
- Revenue profile improving
 - Strategic services now 59% of Global Enterprise revenue
- Strategic services revenue growth of 2.3% Y/Y
 - Higher growth in data centers, cloud, and security
- CPE revenue down 25% Y/Y

Strategic services growing



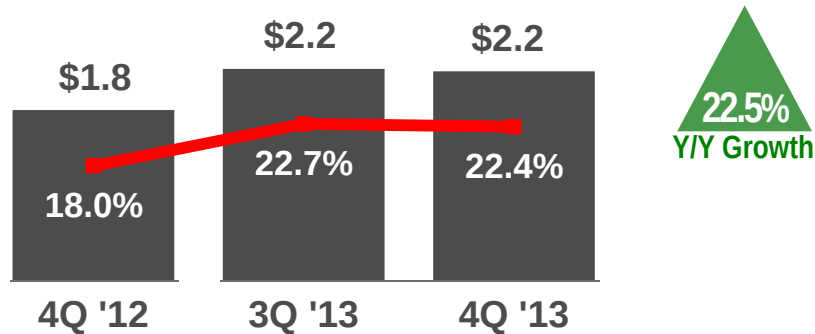
WIRELINE Revenue & Profitability

Total Revenue (\$B)



- FiOS revenue grew 15.6% Y/Y
- Enterprise strategic services revenue up 2.3% Y/Y
- Total revenue of \$39.2B in 2013, down 1.4% Y/Y
- EBITDA margin of 22.2% in 2013

Segment EBITDA (\$B)



■ EBITDA Margin %

Focus on improving long-term profitability



CONSOLIDATED Cash Flow

Cash Flow Summary (\$B)

	2012	2013
Cash flow from operations	\$31.5	\$38.8
Capital expenditures	\$16.2	\$16.6
Free cash flow	\$15.3	\$22.2
Total Debt	\$52.0	\$93.6
Net Debt to Adjusted EBITDA	1.3x	1.0x

- 2013 cash flow of \$38.8B, up 23.3% Y/Y
- 2013 Capex/Revenue of 13.8%
- 2013 free cash flow of \$22.2B, up 45.1% Y/Y

Strong free cash flow growth and improved capital efficiency



CONSOLIDATED **2014 Priorities**

- Continue to invest in network and platforms
- Build on strong momentum
- Focus on profitable growth
- Generate strong earnings and cash flows
- Improve return on invested capital

Capitalize on strategic investments



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