

1st Quarter 2016 Earnings Results

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Chief Financial Officer

April 21, 2016

verizon^v

“Safe Harbor” Statement

NOTE: In this presentation 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: adverse conditions in the U.S. and international economies; the effects of competition in the markets in which we operate; 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; our high level of indebtedness; 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; material adverse changes in labor matters, including labor negotiations, and any resulting financial and/or operational impact; significant increases in benefit plan costs or lower investment returns on plan assets; changes in tax laws or treaties, or in their interpretation; 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; 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/about/investors.

Consolidated Earnings Summary

	1Q '16
Reported EPS	\$1.06
Add: Pension remeasurement	\$0.02
Less: Gain on spectrum license transaction	\$0.02
Adjusted EPS*	\$1.06

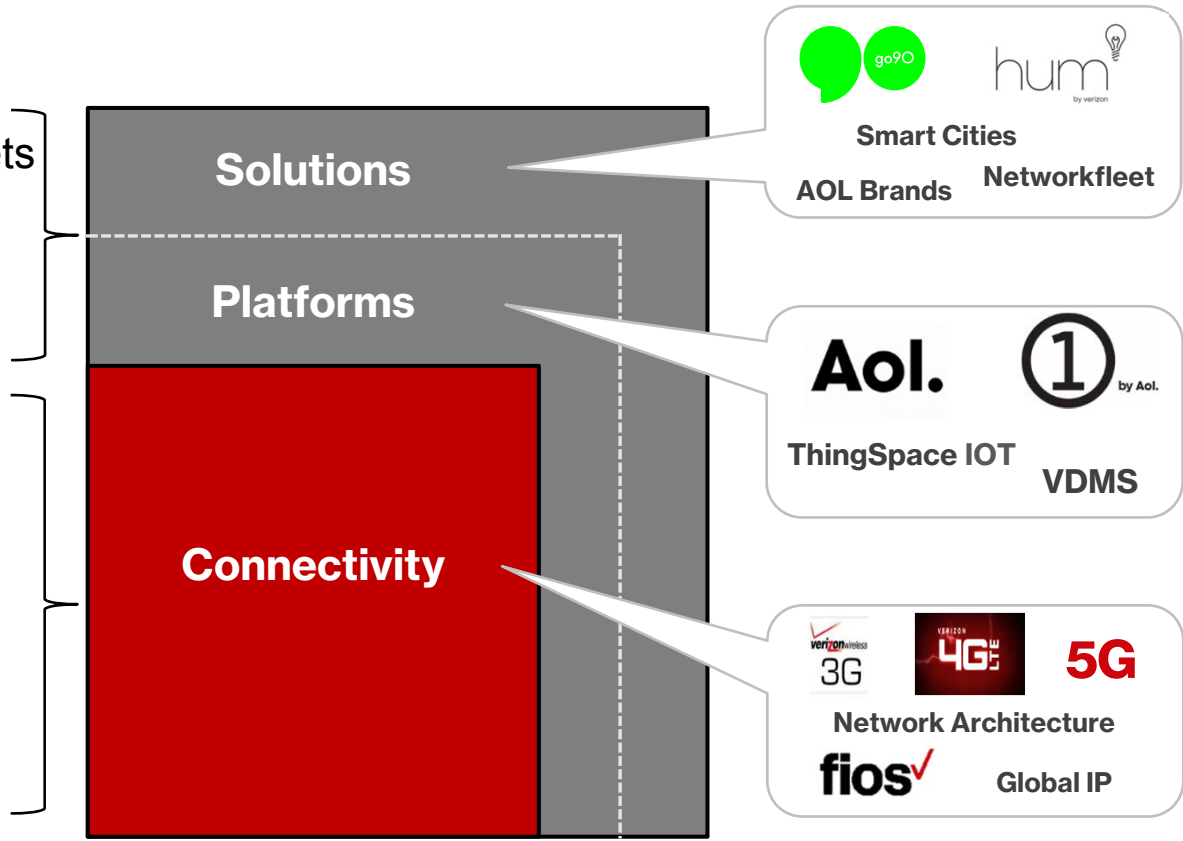
* Adjusted for non-operational items

Note: Amounts may not add due to rounding

Strong earnings performance

Strategy for Growth

- 1. Identify high growth markets
 - 2. Invest and execute
 - 3. Achieve market leadership
-
- 1. Protect & Grow
 - 2. Drive profitability
 - 3. Create financial flexibility



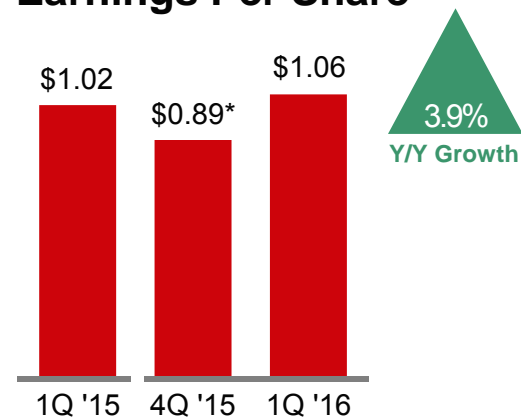
Consolidated Operating & Financial Summary

Total revenue excluding AOL
down 1.5% Y/Y in 1Q '16

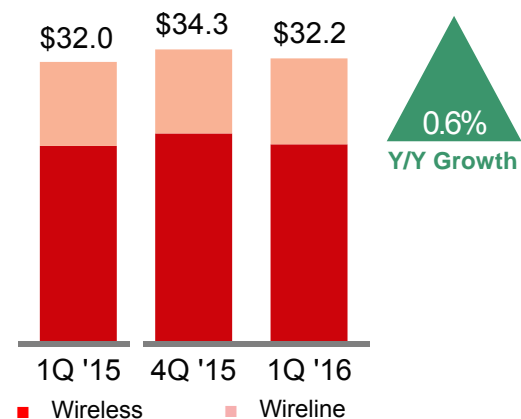
1Q '16 EBITDA of \$12.0B

1Q '16 EBITDA margin of 37.2%,
down 20 bps Y/Y

Earnings Per Share



Total Revenue (\$B)



* Adjusted for non-operational items

Solid financial performance in 1Q

Consolidated Cash Flow Summary

<i>(\$ in billions)</i>	1Q '15	1Q '16
Cash flow from operations	\$10.2*	\$7.4
Capital expenditures	\$3.7	\$3.4
Free cash flow	\$6.5	\$4.0
Dividends paid	\$2.2	\$2.3
Total debt	\$112.9	\$109.9
Net debt to adjusted EBITDA	2.5x	2.2x

* Includes \$2.4B from the tower transaction
Note: Amounts may not add due to rounding

Strong cash generation and consistent investment

Wireless Connections / Net Adds / Churn

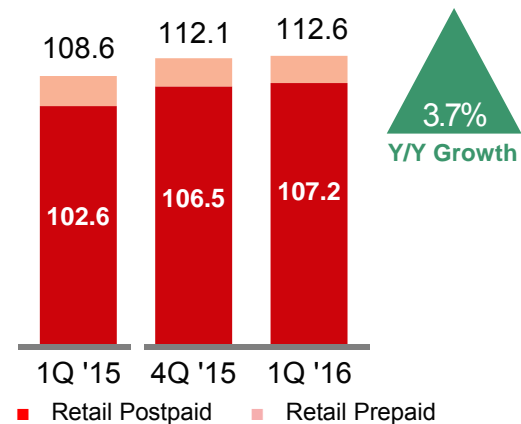
Retail postpaid connections growth of 4.4% Y/Y in 1Q '16

640K retail postpaid net adds in 1Q '16*

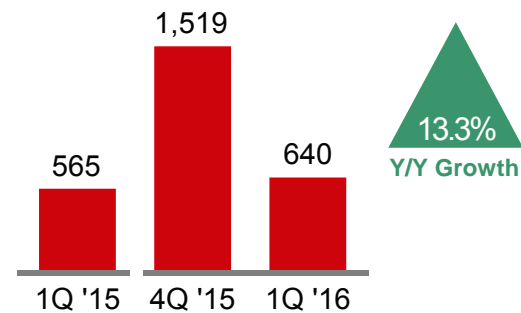
- 452K new 4G LTE smartphones
- Retail postpaid churn of 0.96%

* Excludes acquisitions and adjustments

Retail Connections (M)



Retail Postpaid Net Adds* (000)



Strong quarter of customer retention

Wireless Devices / 4G LTE

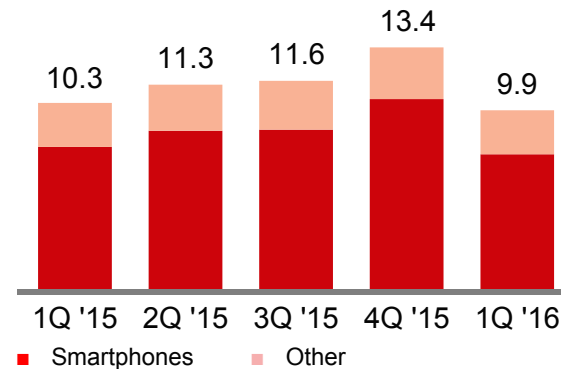
Smartphone penetration of 85%, up from 80% a year ago

Added 2.5M 4G LTE devices in 1Q '16

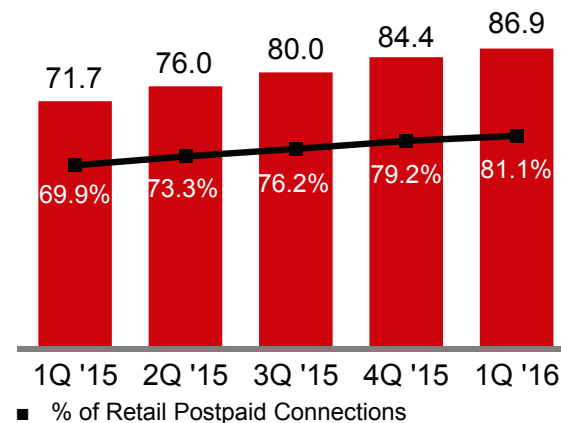
- About 95% of smartphones are 4G LTE

4G LTE devices up 21% Y/Y in 1Q '16

Retail Postpaid Device Activations (M)



4G LTE Devices (M)



4G device adoption driving increased data and video usage

Wireless Profitability & Revenue

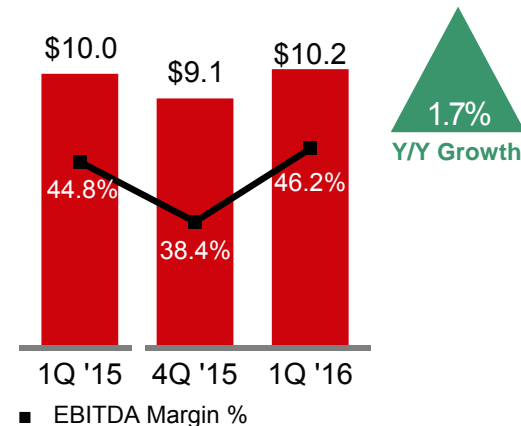
1Q '16 EBITDA margin on total revenue of 46.2% up 140 bps Y/Y

Service revenue plus installment billings up 1.6% Y/Y in 1Q '16

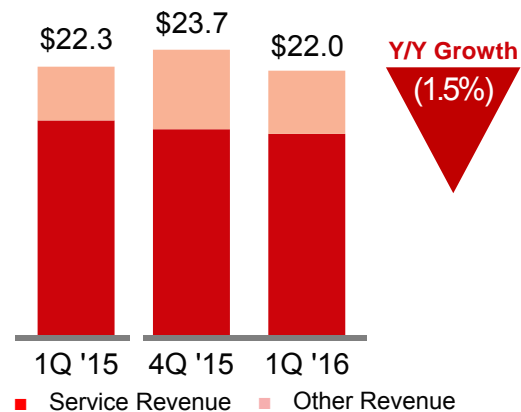
48% of postpaid phone base on unsubsidized pricing

1Q '16 phone activations on installment plans were 68%; 33% of postpaid phone base on installment

Segment EBITDA (\$B)



Total Revenue (\$B)



Profitable growth driven by high-quality customer base

Wireline Mass Markets

Consumer revenue grew 0.8% Y/Y
in 1Q '16

Fios now 81% of consumer revenue

- Fios consumer revenue growth of 4.7% Y/Y in 1Q '16

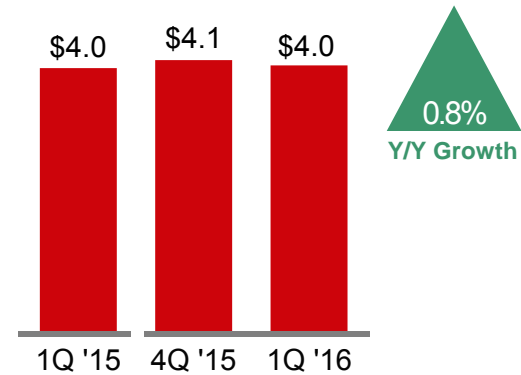
Fios Internet subscribers

- 98K net adds

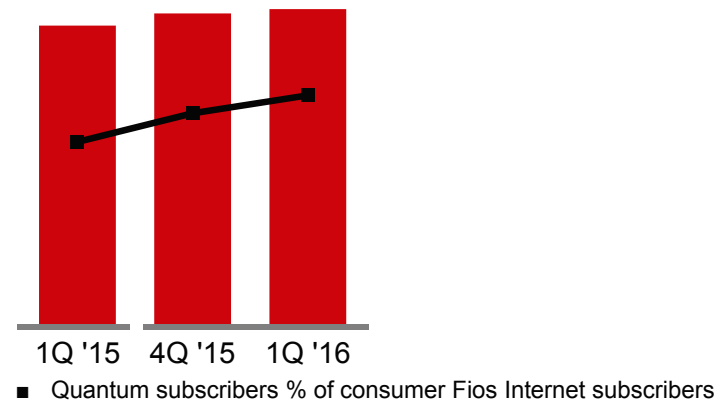
Fios Video subscribers

- 36K net adds

Consumer Revenue (\$B)



Consumer Fios Internet Subscribers



Fios continues to be the driver of consumer revenue growth

Wireline Profitability & Revenue

1Q '16 EBITDA of \$2.2B, up 1.2% Y/Y

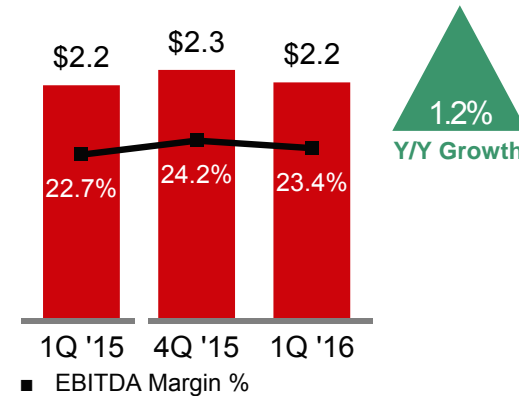
1Q '16 EBITDA margin of 23.4%

Total Fios revenue grew 5.0% Y/Y in 1Q '16

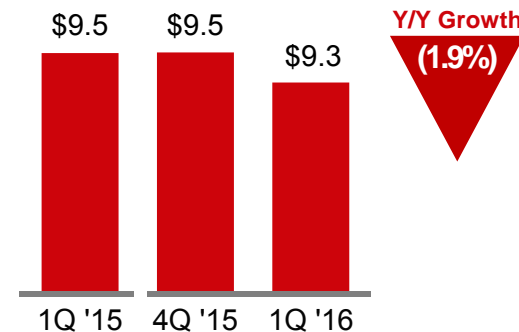
Global Enterprise revenue down 3.1% Y/Y in 1Q '16

Global Wholesale revenue down 4.0% Y/Y in 1Q '16

Segment EBITDA (\$B)



Total Revenue (\$B)



Expanded margins in 1Q '16

Wireline – Post Frontier Revenue & Margin

“Preliminary Historical Financials”

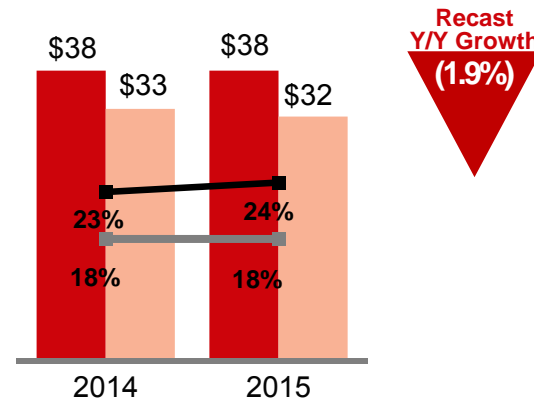
Recast historical results associated with Florida, Texas and California will be included in Corporate & Other in future filings

1Q '16 recast EBITDA margin of 19%, up approximately 200 bps Y/Y

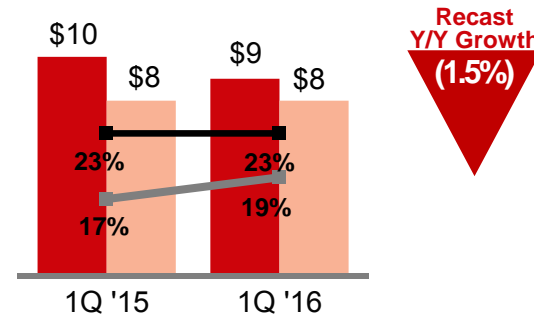
Opportunity to increase Fios penetration

Cost structure improvement in progress

Total Revenue (\$B)
Full Year



First Quarter



■ Reported ■ Recast ■ Reported Segment EBITDA Margin
■ Recast Segment EBITDA Margin

Transaction closed on April 1, 2016

Consolidated **Liability Management**

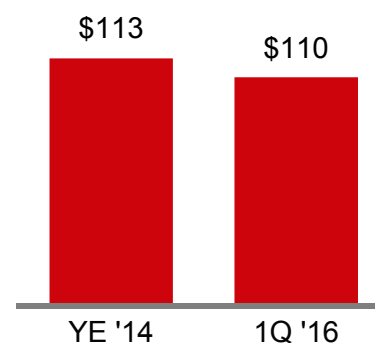
Frontier transaction generated gross cash proceeds of \$9.9B

Proceeds and cash generation utilized to reduce debt

- Higher cost debt targeted
- Range of maturities through 2043
- Completed tender offers and early redemptions of ~\$10.7B in April 2016

Taxes on Frontier sale payable in 2H'16

Total Debt (\$B)



On target to return to pre-Vodafone credit rating profile

Summary & 2016 Priorities

Deliver solid operating and financial performance

Consistently invest in networks and platforms

Focus on new revenue streams

Generate strong cash flow

Improve cost and capital efficiency

Return value to shareholders

Confident in ability to execute while building for the future

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