



3rd QUARTER 2014 EARNINGS RESULTS

Fran Shammo
Chief Financial Officer

October 21, 2014



“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: the ability to realize the expected benefits of our transaction with Vodafone in the timeframe expected or at all; 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/about/investors.



CONSOLIDATED **3Q '14 Overview**

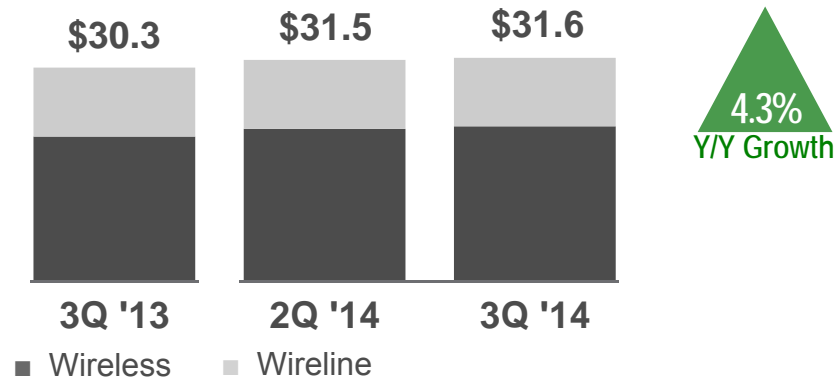
- Revenue growth and cost efficiency driving consistent financial performance
- Double-digit earnings growth in 10 of last 11 quarters
- Strong quarter of high-quality wireless connection base growth and profitability
- FiOS driving consistent growth in consumer market
- Strong free cash flow generation

Consistent performance – strong operating and financial results

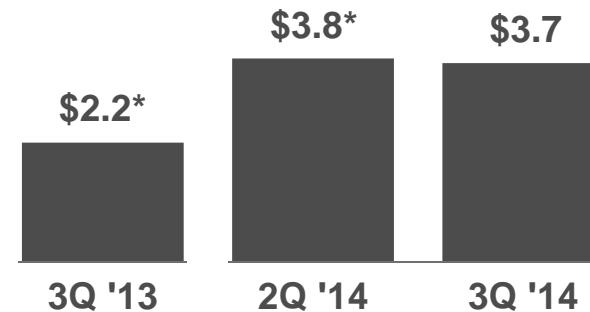


CONSOLIDATED 3Q '14 Financial Summary

Total Revenue (\$B)

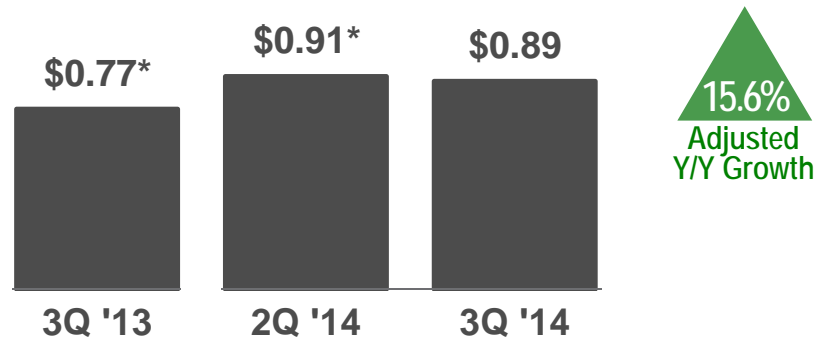


Net Income Attributable to Verizon (\$B)



* 3Q '13 and 2Q '14 are adjusted for non-operational items

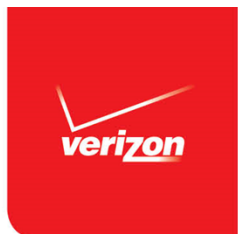
Earnings Per Share



* 3Q '13 and 2Q '14 are adjusted for non-operational items

- 3Q '14 Total revenue growth of 4.9% Y/Y excluding divested public sector business
- 3Q '14 EBITDA of \$11.1B; EBITDA margin of 35.0%
- Continued double-digit growth in adjusted EPS

Strong revenue growth and profitability



CONSOLIDATED Cash Flow Summary

<i>(\$ in billions)</i>	1Q '14	2Q '14	3Q '14	2014 YTD
Cash flow from operations	\$7.1	\$7.7	\$8.4	\$23.2
Capital expenditures	\$4.2	\$4.3	\$4.1	\$12.6
Free cash flow	\$3.0	\$3.3	\$4.2	\$10.5
Total debt	\$109.8	\$110.0	\$109.2	\$109.2
Net debt to adjusted EBITDA	2.5x	2.4x	2.3x	2.3x

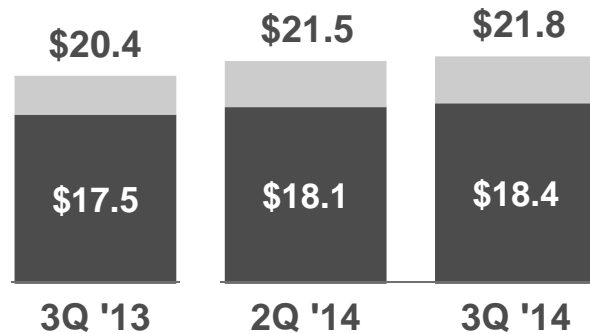
Note: Amounts may not add due to rounding.

Sequential growth in free cash flow during 2014



WIRELESS Revenue & Profitability

Total Revenue (\$B)

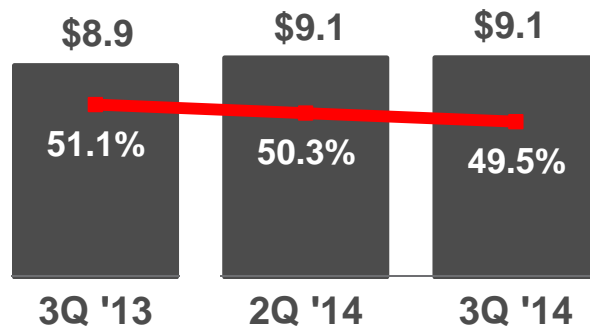


■ Service Revenue ■ Other Revenue

7.0%
Y/Y Growth

- Service revenue growth of 4.8% Y/Y in 3Q '14
- Exceptional quarter of 4G LTE device adoption
- 3Q '14 EBITDA service margin of 49.5%; YTD EBITDA service margin of 50.7%, up 30 bps Y/Y

Segment EBITDA (\$B)



■ EBITDA Service Margin %

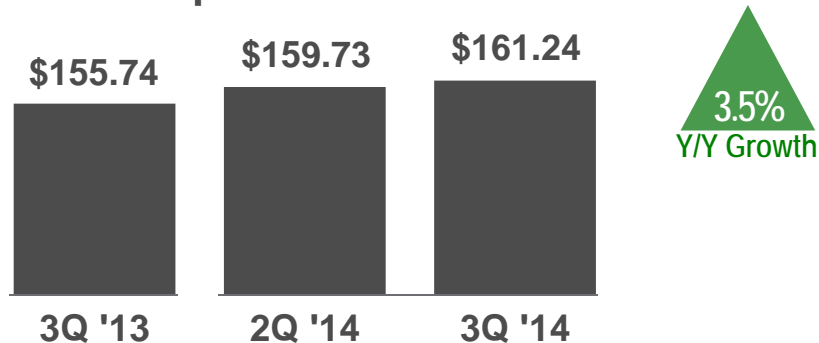
1.7%
Y/Y Growth

Successful execution creates strong momentum into 2015



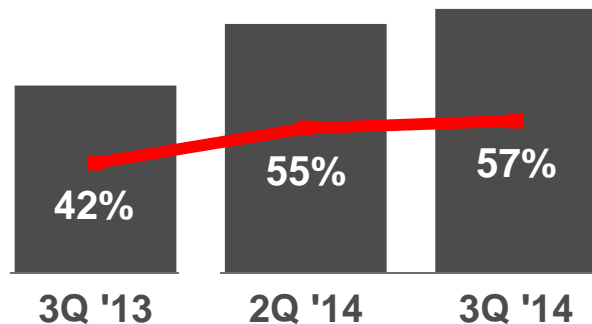
WIRELESS ARPA

Retail Postpaid ARPA



- 35.4M retail postpaid accounts
- 2.82 connections per account, up 3.7% Y/Y
- 57% of postpaid accounts on More Everything Plans
- Monthly average usage per More Everything account up by nearly 50% Y/Y

More Everything Accounts



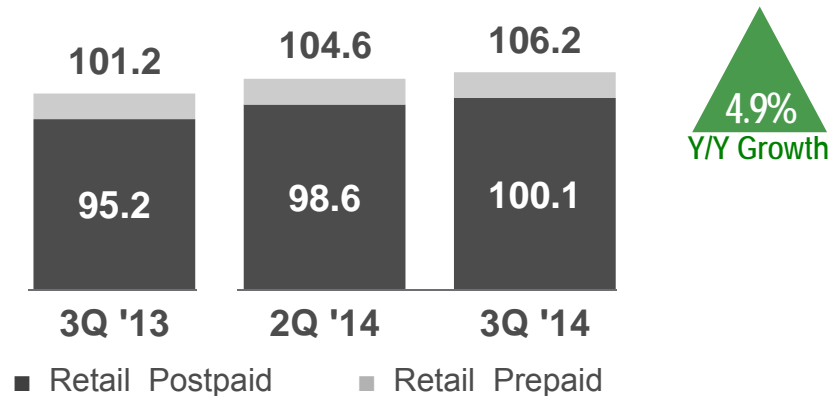
■ More Everything % of postpaid accounts

Monetization of higher usage driving ARPA growth



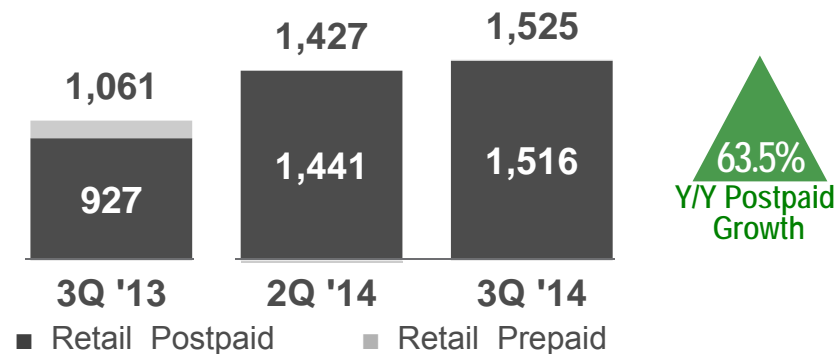
WIRELESS Connections / Net Adds / Churn

Retail Connections (M)



- 4.5M retail postpaid gross adds in 3Q '14, up 22.6% Y/Y
- 1.5M retail postpaid net adds in 3Q '14*
- Retail postpaid churn of 1.00% in 3Q '14
- 2.3M 4G LTE retail postpaid net adds in 3Q '14* including:
 - 1.2M smartphones
 - 1.1M tablets
- 7.2% of retail postpaid base upgraded in 3Q '14
 - 90% were smartphones

Retail Net Adds* (000)



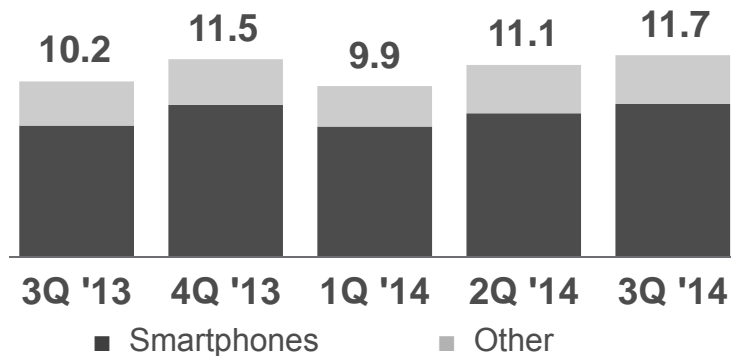
* Excludes acquisitions and adjustments

Over 100M high-quality retail postpaid connections

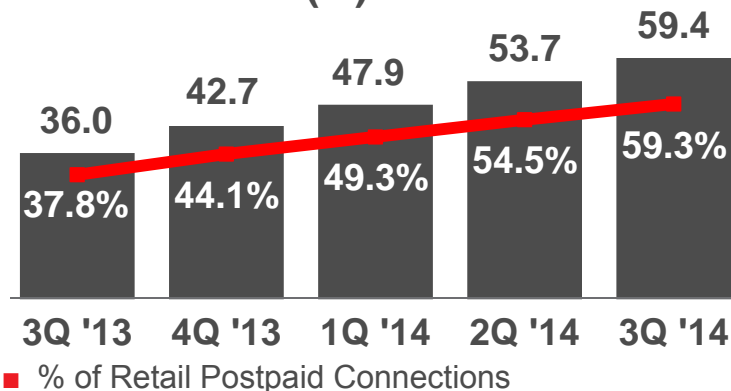


WIRELESS Devices / 4G LTE

Retail Postpaid Device Activations (M)



4G LTE Devices (M)



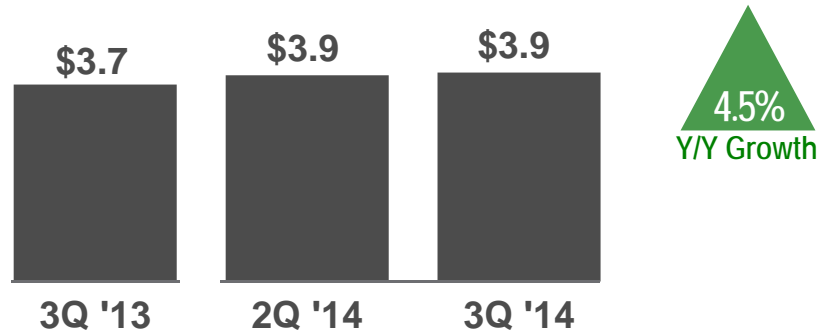
- Retail postpaid device activations up 14.9% Y/Y
- 8.9M smartphones activated in 3Q '14
- Smartphone penetration of 77%, up from 67% a year ago
- Industry leading in 4G LTE connections
 - 10.2M 4G LTE device activations in 3Q '14
- About 79% of total data traffic currently on 4G LTE network

4G device adoption driving increased usage on LTE network



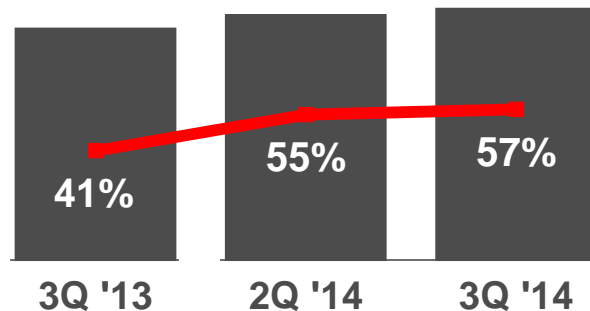
WIRELINE Mass Markets

Consumer Revenue (\$B)



- 9th consecutive quarter of over 4% consumer revenue growth Y/Y
- FiOS now 76% of consumer revenue
 - FiOS consumer revenue growth of 12.3% Y/Y

Consumer FiOS Internet Subscribers



■ Quantum subscribers % of consumer FiOS Internet subscribers

- FiOS Internet subscribers
 - 6.5M subscribers, 162K net adds
 - 40.6% penetration
- FiOS Video subscribers
 - 5.5M subscribers, 114K net adds
 - 35.5% penetration

FiOS continues to drive consumer growth



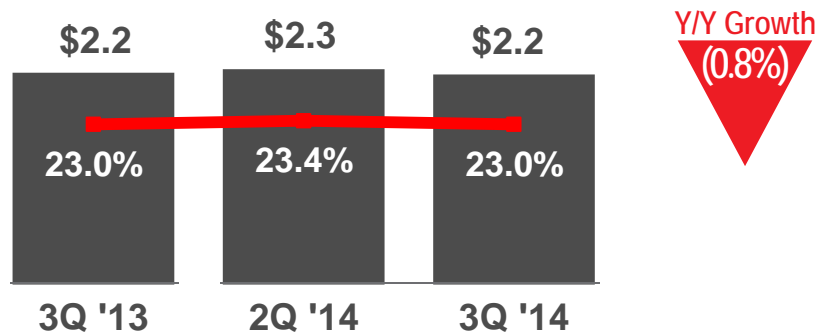
WIRELINE Revenue & Profitability

Total Revenue (\$B)



- Total FiOS revenue grew 13.4% Y/Y
- Global Enterprise revenue down 4.4% Y/Y
 - Strategic services revenue up 1.0% Y/Y

Segment EBITDA (\$B)



■ EBITDA Margin %

- Global Wholesale revenue down 4.8% Y/Y
- 3Q '14 EBITDA margin of 23.0%; YTD EBITDA margin of 23.0%, up 60 bps Y/Y

Continued progress on EBITDA margins YTD



CONSOLIDATED **Summary**

- Continued investment in network and platforms
- Delivered high-quality, double-digit earnings growth
- Growth in valuable wireless retail postpaid connections
- Scaled our FiOS platform
- Increased dividend

Strong execution driving shareholder value creation



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