

4th Quarter 2009 Earnings Conference Call

January 26, 2010



“Safe Harbor” Statement



NOTE: This presentation contains statements about expected future events and financial results that are forward-looking and subject to risks and uncertainties. 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 could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements: the effects of adverse conditions in the U.S. and international economies; the effects of competition in our markets; materially adverse changes in labor matters, including workforce levels and labor negotiations, and any resulting financial and/or operational impact, in the markets served by us or by companies in which we have substantial investments; the effect of material changes in available technology; any disruption of our suppliers' provisioning of critical products or services; significant increases in benefit plan costs or lower investment returns on plan assets; the impact of natural or man-made disasters or existing or future litigation and any resulting financial impact not covered by insurance; technology substitution; an adverse change in the ratings afforded our debt securities by nationally accredited ratings organizations or adverse conditions in the credit markets impacting the cost, including interest rates, and/or availability of financing; any changes in the regulatory environments in which we operate, including any loss of or inability to renew wireless licenses, and the final results of federal and state regulatory proceedings and judicial review of those results; the timing, scope and financial impact of our deployment of fiber-to-the-premises broadband technology; changes in our 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; our ability to complete acquisitions and dispositions; our ability to successfully integrate Alltel Corporation into Verizon Wireless's business and achieve anticipated benefits of the acquisition; and the inability to implement our business strategies.

Throughout this presentation, results shown are adjusted for special items. Results reflect the reclassifications of revenues, expenses and operating income in the Wireline segment following the completion, on March 31, 2008, of the spin-off of our local exchange and related business assets in Maine, New Hampshire and Vermont. Reconciliations to generally accepted accounting principles (GAAP) for non-GAAP financial measures included in this presentation can be found on our website at www.verizon.com/investor.

4Q'09 Highlights



- **Strong cash flow growth & disciplined capital spending**
- **Progress in all strategic growth areas**
 - Wireless net adds of 2.2M; data revenues up 26.6%*
 - FiOS revenues up 46.7%
 - Enterprise Strategic Services revenues up 6.0%
- **Focus on cost structure**
- **Successfully integrating Alltel**
- **Growth impacted by continued economic pressures**

** Results shown are pro forma*

Disciplined execution in challenging environment

CONSOLIDATED

Earnings Summary



Earnings per Share

	4Q '09	2009
Reported EPS	(\$0.23)	\$1.29
Adjustments:		
• Workforce reduction	\$0.66	\$0.88
• Merger integration	\$0.02	\$0.13
• Other	\$0.09	\$0.10
Adjusted EPS	\$0.54	\$2.40

Adjusted EPS

- **\$2.40 in 2009, down 5.5%**
- **Incremental 11 cents of non-cash pension & retiree benefits expense**
- **Cyclical & secular impacts**

Reported EPS

- **Severance & pension related**
- **Merger integration work**
- **Other non-operational costs**

Continued economic pressures

CONSOLIDATED

Cash Flow Summary



Cash Summary

	4Q '09	2009
Cash from operations	\$8.4B	\$31.6B
Y/Y change	+10.8%	+14.5%
Capital expenditures	\$4.6B	\$17.0B
Y/Y change	(1.4%)	(1.1%)
Free cash flow	\$3.9B	\$14.5B
Y/Y change	+30.1%	+40.7%

Note: Amounts may not add due to rounding

- Free cash flow up 40.7%
- Disciplined capital program
 - Capex/revenue 15.8%, 120 bps improvement*
- Strong balance sheet and credit ratings
- Net debt reduced by \$4.4B or 6.8% since January '09

* Calculation combines Alltel capex for 2008

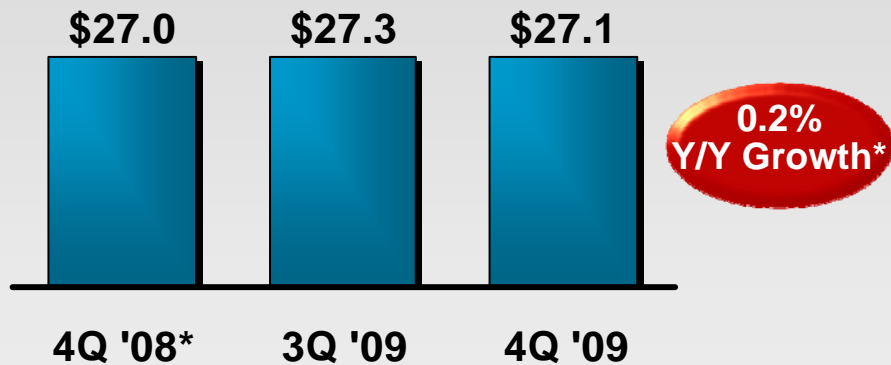
Strong cash flow growth

CONSOLIDATED

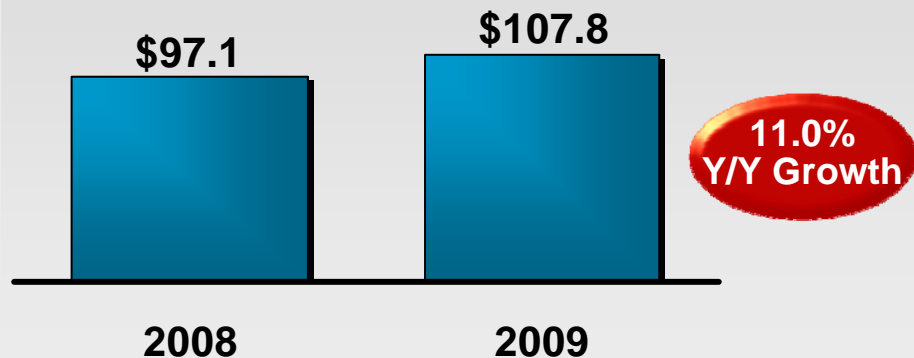
Revenue



Quarterly Revenue (\$B)



Annual Revenue (\$B)



2009 Annual Growth Rates

- **Wireless service*** +7.6%
- **Wireless data*** +31.0%
- **Consumer** +1.6%
- **FiOS** +56.5%
- **IP services** +9.7%

- **Global Enterprise** (5.0%)
- **Global Wholesale** (7.0%)

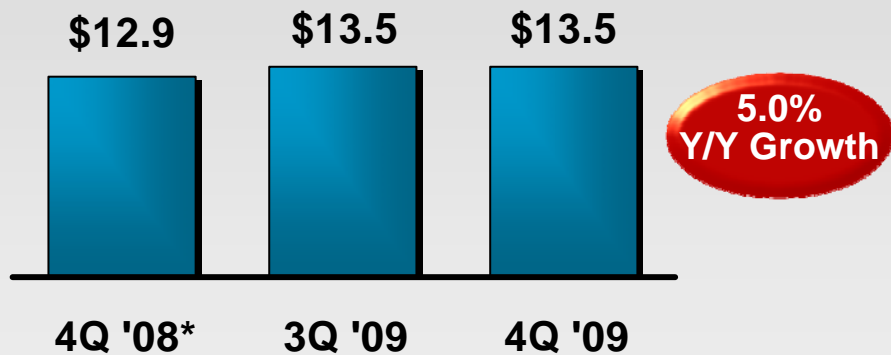
* Results shown are pro forma

Continued cyclical impacts

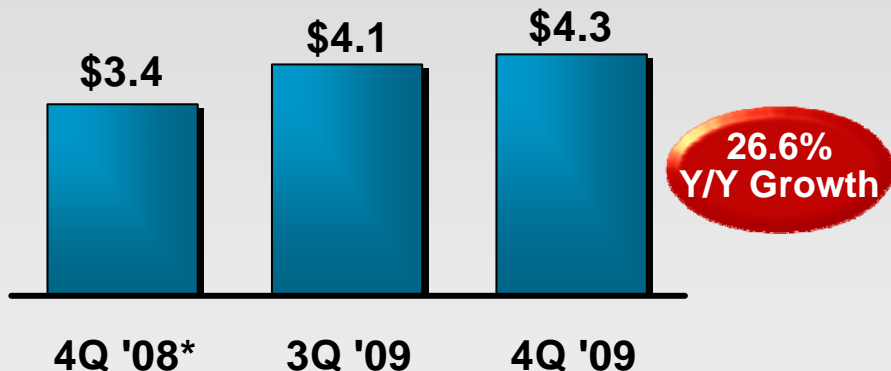
Revenue & Subscribers



Service Revenue (\$B)



Total Data Revenue (\$B)



- 3.1% growth* in 4Q total revenue
- Data grows to 31.9% of service revenue
- 91.2M total customers
- Strong subscriber gains**
 - Gross adds up 12%*
 - 1.2M retail net adds
 - 1.0M reseller net adds

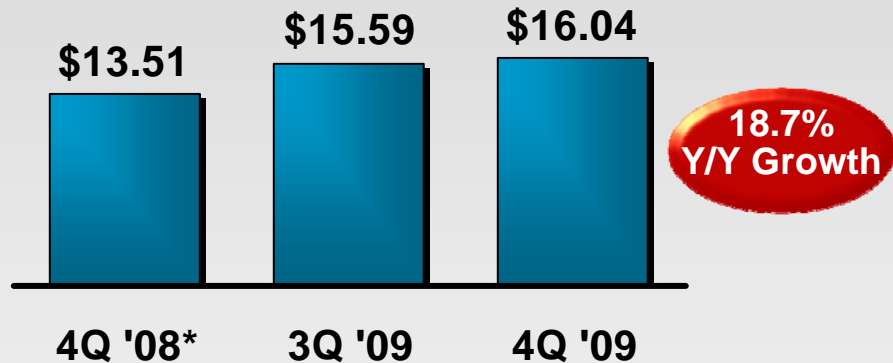
* Results shown are pro forma
 ** Excludes acquisitions and adjustments

Data driving revenue growth

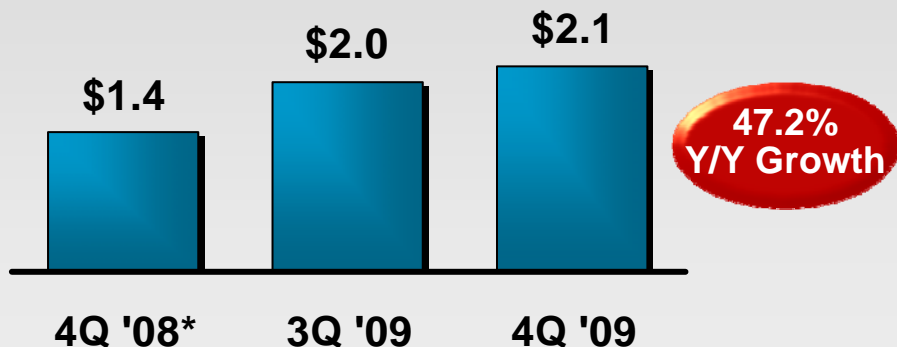
Data Revenue



Total Data ARPU



Web & Email Services Revenue (\$B)



- 60% of data revenue from non-messaging services
- 26% of retail postpaid base have 3G devices
 - 15% have smartphones
 - 11% have multimedia devices
- Robust roadmap of new and enhanced devices in 2010
- Data plans now required on all 3G phones
- LTE deployment on track

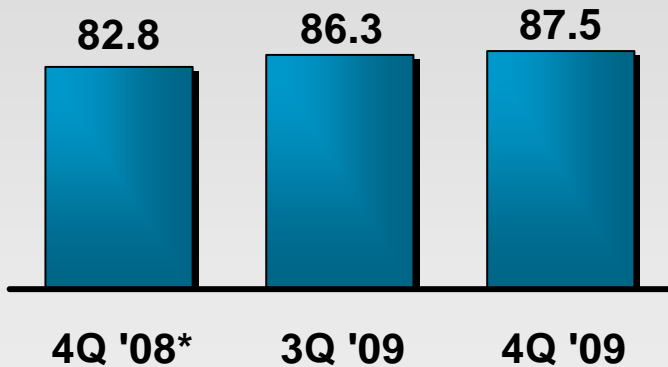
* Results shown are pro forma

Expanding data penetration

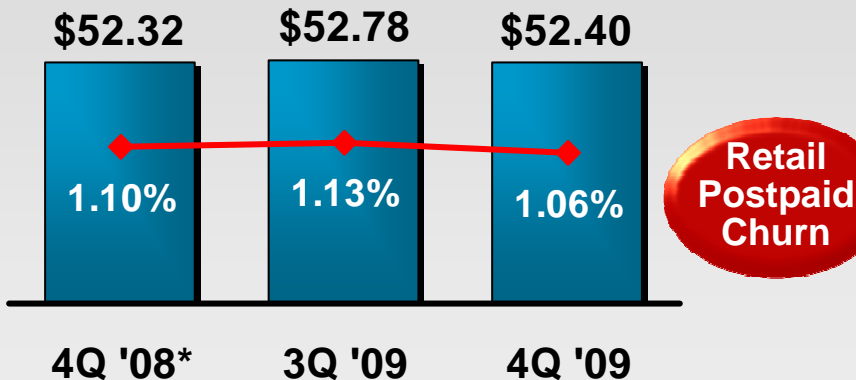
Retail Market



Retail Customers (M)



Retail Postpaid ARPU



- **5.2% growth*** in 4Q retail service revenue
- **Subscriber growth****
 - 1.2M retail net adds
 - 1.1M retail postpaid net adds
- **Average revenue per user**
 - Retail ARPU down 0.6%*
 - Postpaid ARPU up 0.2%*

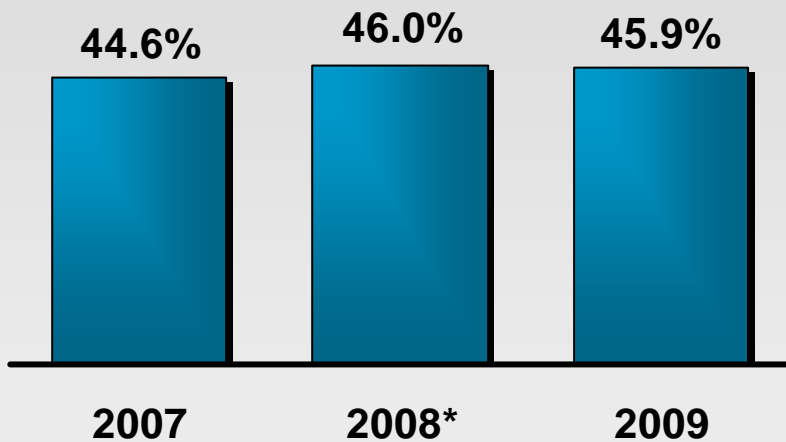
* Results shown are pro forma
** Excludes acquisitions and adjustments

Continued leadership in customer satisfaction

Profitability



Service EBITDA Margin



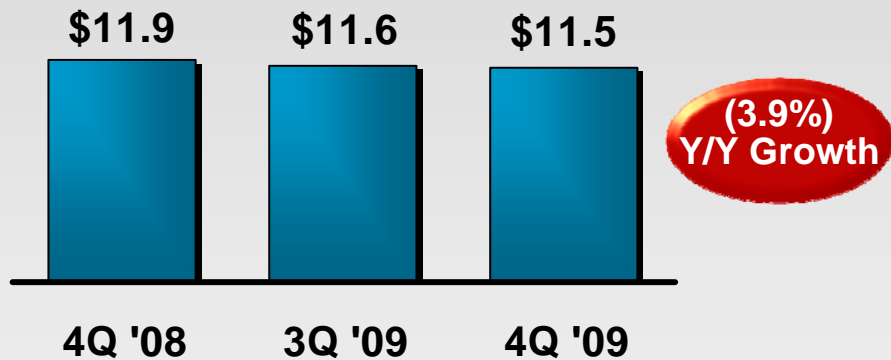
- Maintaining strong EBITDA service margins
- Higher subsidies & upgrades
- Achieving synergy savings
- Additional efficiency opportunities
 - Price plan simplification
 - Increased self-service
 - Inventory management

* Results shown are pro forma

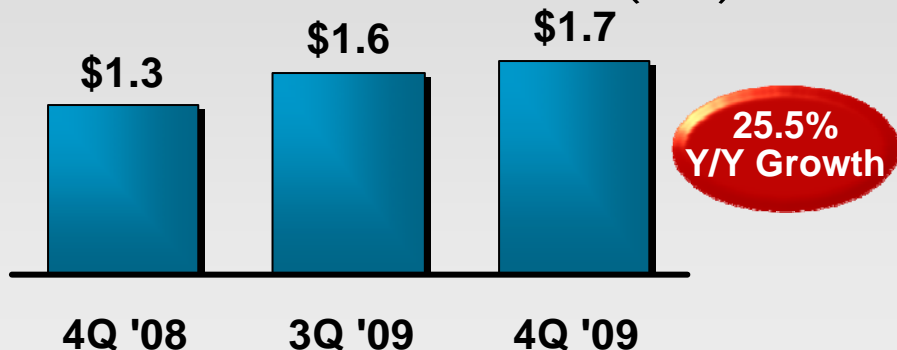
Sustaining strong profitability and cash generation

Revenue & Subscribers

Total Revenue (\$B)



Total Broadband & Video Revenue (\$B)



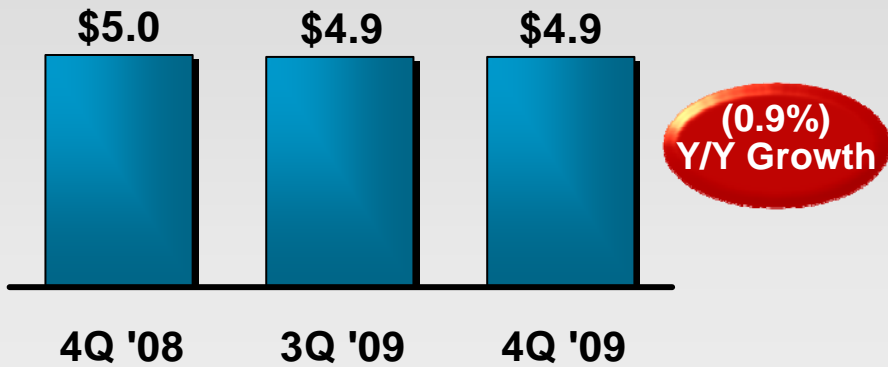
- Broadband & video driving consumer revenue growth
- FiOS gaining scale
 - 15.4M homes passed
 - 2.9M TV subscribers; 25% penetration
 - 3.4M Internet subscribers; 28% penetration
- Economic pressure impacting business markets

Continued cyclical and secular pressures

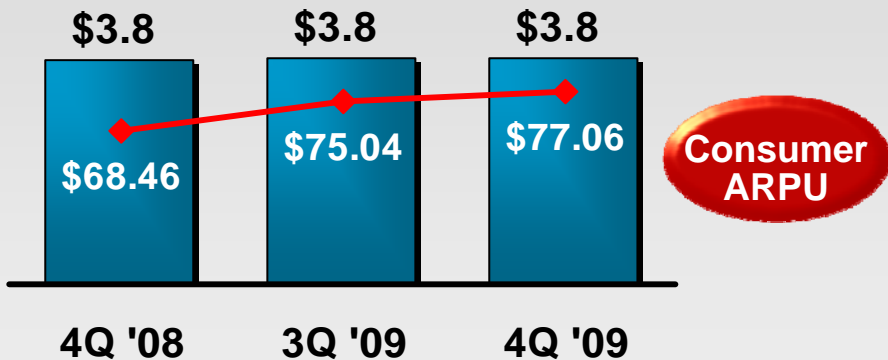


Mass Markets

Mass Markets Revenue (\$B)



Consumer Revenue (\$B)



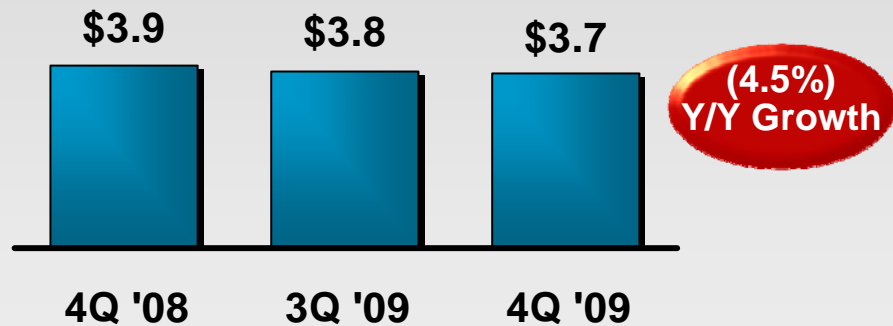
- 1.2% growth in consumer revenue
- 12.6% increase in consumer ARPU
- \$140+ FiOS ARPU
- FiOS TV subscribers
 - 153K net adds in 4Q
 - 943K net adds in 2009
- FiOS Internet subscribers
 - 153K net adds in 4Q
 - 952K net adds in 2009

Strong FiOS revenue growth

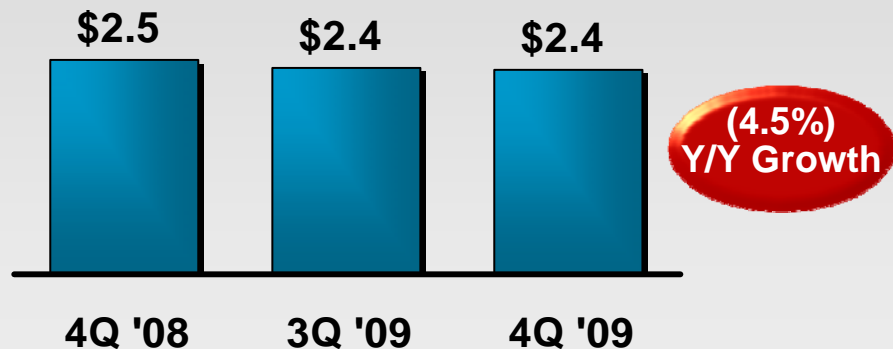
Enterprise & Wholesale Markets



Global Enterprise Revenue (\$B)



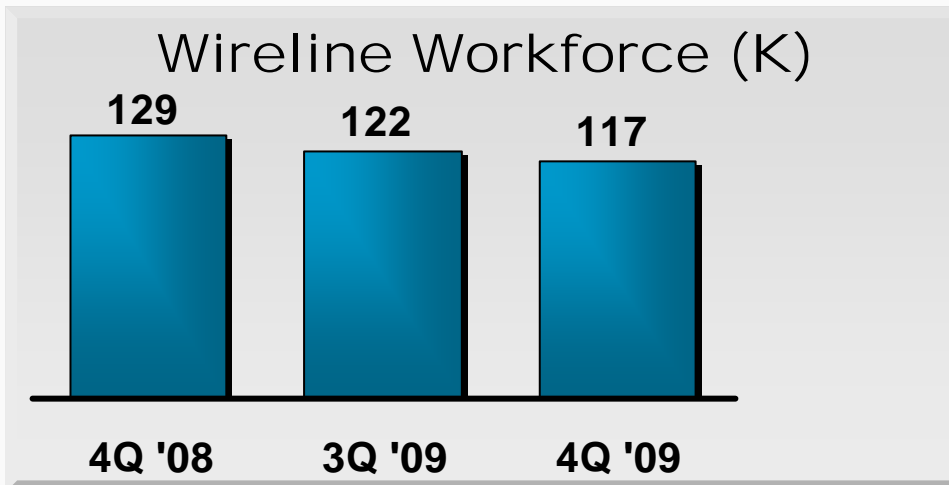
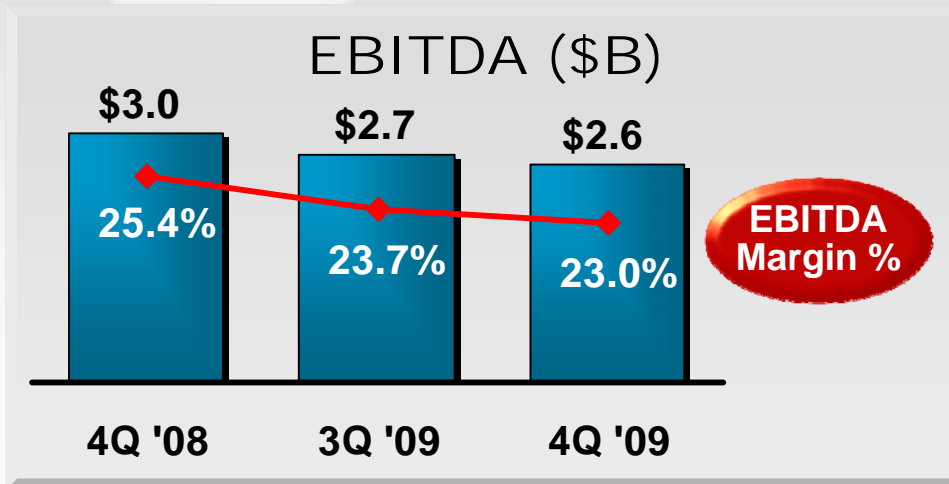
Global Wholesale Revenue (\$B)



- **Continued cyclical impacts**
 - Cumulative unemployment
 - Delayed purchase decisions
- **6.0% growth in Strategic Services revenue**
- **Increasing Private IP activations**
- **Growth opportunities**
 - Managed & Professional Services
 - Computing-as-a-Service

Positioned for economic recovery

Profitability



- **Key drivers**
 - Cyclical & secular pressures
 - Incremental pension/retiree expense
 - Higher content costs
- **Cost reduction opportunities**
 - Headcount
 - Operating simplification
- **Disciplined capital spending**

Strong focus on cost reductions

2010 Focus Areas



Wireless

- **Grow market share**
- **Expand data penetration & revenue**
- **Balance growth and profitability**
- **Commercialize LTE**

Wireline

- **Drive FiOS penetration & ARPU**
- **Grow Strategic Services revenue**
- **Achieve cost reductions**
- **Benefit from economic recovery**

- **Strong cash flow & disciplined capital program**
- **Improved credit metrics**
- **Strong dividend**
- **Complete strategic transactions**

Focused on creating shareholder value