

3rd Quarter 2010 Earnings Conference Call

October 22, 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, financial information shown excludes the results associated with the divested Wireless trust properties, the Frontier transaction and, where noted, other non-operational or one-time items. 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.

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3Q '10 Overview



- **EPS showing strong sequential improvement**
- **Accelerated Wireless revenue growth, higher postpaid ARPU, and industry-leading profitability**
- **Strong FiOS net adds; data & video each over 200K**
- **Stabilized Wireline profitability**
- **Strong cash flows with improving metrics**
- **Announced dividend increase**

Note: Results above are adjusted for non-operational/one-time items

Continued strong performance

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3Q' 10 Financial Summary



Earnings Summary

Earnings per share	\$0.31
Non-operational Items	
• Workforce reduction	(\$0.19)
• Access line spin-off costs	(\$0.04)
• Alltel integration costs	(\$0.02)
Total impact	(\$0.25)

- **Consolidated revenue of \$26.5B, up 2.1% Y/Y**
- **33.4% Consolidated adjusted EBITDA margin, up 130 bps Y/Y***
- **Strong cash flow**
 - \$8.3B cash flow from operations
 - \$4.2B free cash flow

* Adjusted for non-operational items

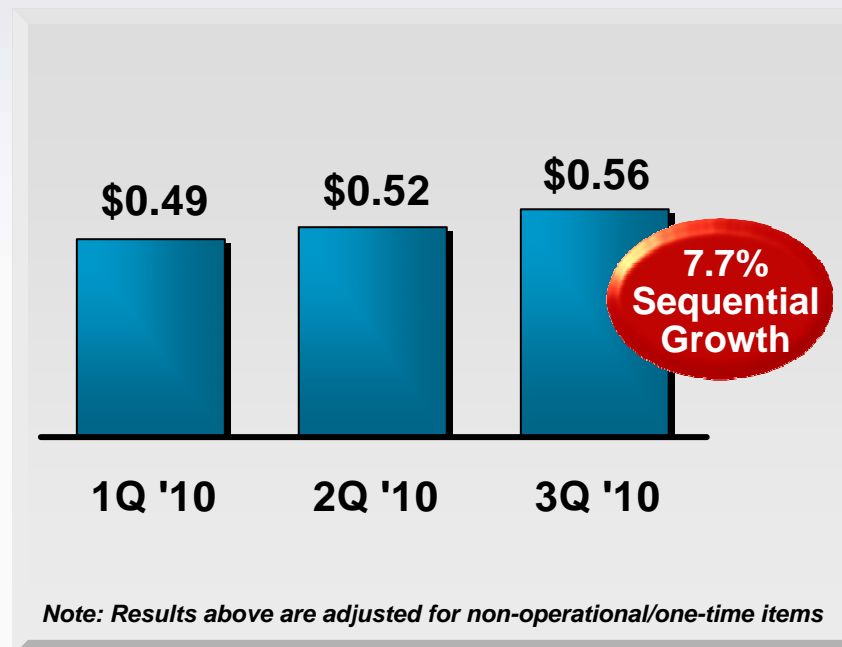
Solid earnings momentum

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Adjusted Earnings Per Share



	1Q '10	2Q '10	3Q '10
Reported EPS	\$0.14	(\$0.07)	\$0.31
Impact of divested operations	(\$0.07)	(\$0.06)	—
Non-operational/ one-time items	\$0.42	\$0.65	\$0.25
Adjusted EPS	\$0.49	\$0.52	\$0.56



Sequential earnings acceleration

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YTD Cash Flow Summary



Cash Flow Summary

	2009YTD	2010YTD
Cash from operations	\$23.1B	\$25.2B
Capital expenditures	\$12.4B	\$11.8B
Free cash flow	\$10.7B	\$13.4B
Dividends paid	\$3.9B	\$4.0B

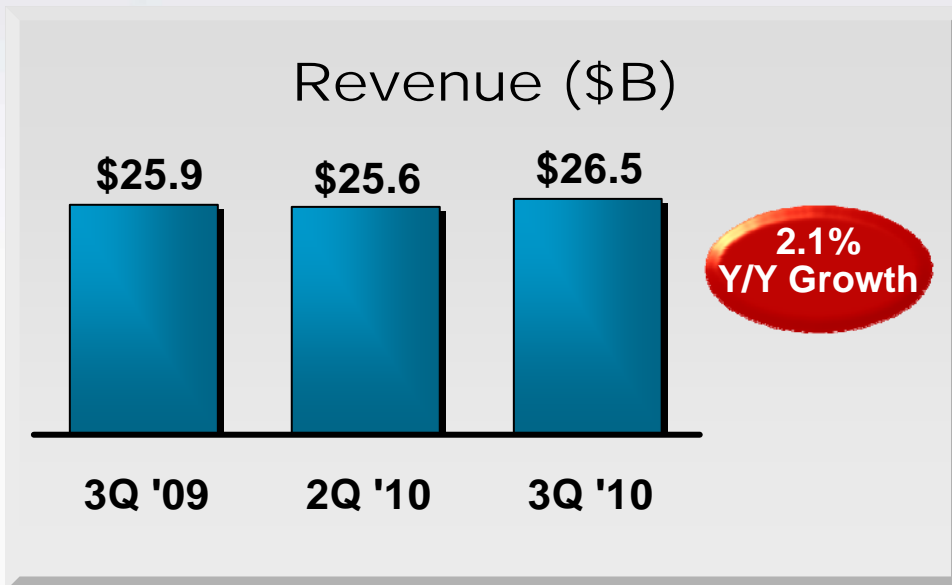
- Cash from operations reflects improving performance
- Capital expenditures down 4.9% Y/Y
- Free cash flow up 25.3% Y/Y
- Net debt reduced by \$12.5B YTD
- Net debt/Adjusted EBITDA improves to 1.4x*

* Adjusted for non-operational/one-time items

Growing cash flow, improving metrics

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Revenue



- Two-thirds of revenues are in higher growth areas
- Growth across all strategic areas Y/Y
 - Wireless service +7.7%
 - Wireless data +26.3%
 - FiOS +29.2%
 - Strategic enterprise +6.9%

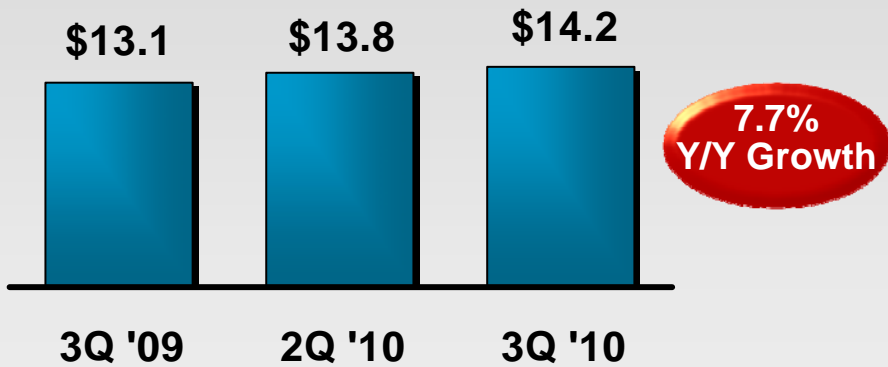
Note: Results above are adjusted for non-operational items

Competing well in all key markets

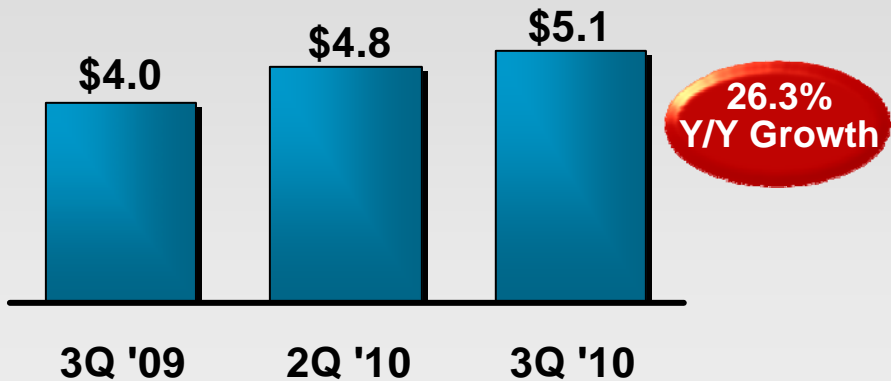
Revenue



Total Service Revenue (\$B)



Total Data Revenue (\$B)



- Data revenue up \$1.1B or 26.3% Y/Y
- 23% of retail postpaid base have smartphones
- 4G LTE launch on track
 - 38 major metropolitan areas
 - 62 airports
 - Covers more than 110M POPs by year end

Data driving revenue growth

WIRELESS

Connections



3Q '10	Base (M)	Net Adds (000)*
Retail postpaid	82.3	584
Retail prepaid	4.4	(137)
Retail	86.7	447
Reseller	6.5	550
Customers	93.2	997
Other connections	7.9	251
Total connections	101.1	1,248

- **Strong growth in traditional customers & other connections**
- **Retail postpaid remains key focus**
 - 88% of traditional customer base
 - 68% on family share plans

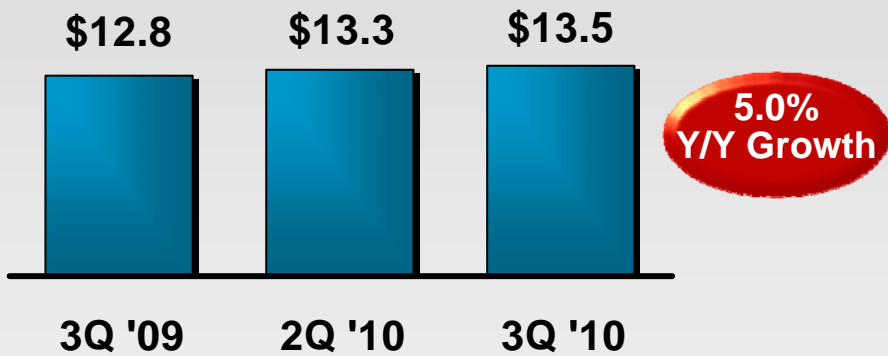
* Excludes acquisitions and adjustments

High quality customer base

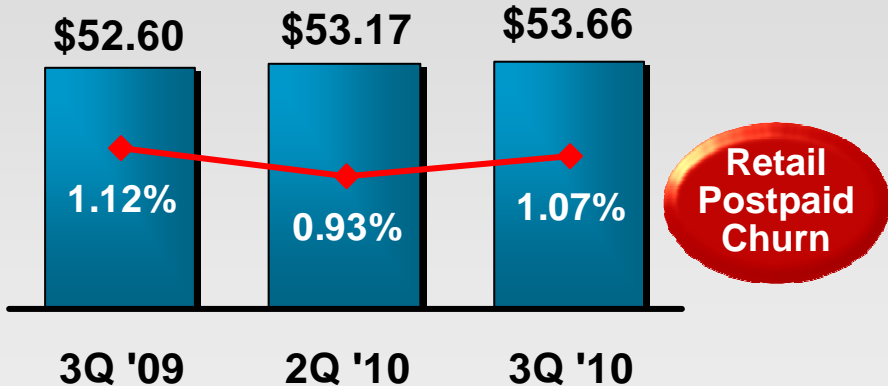
Retail Markets



Retail Service Revenue (\$B)



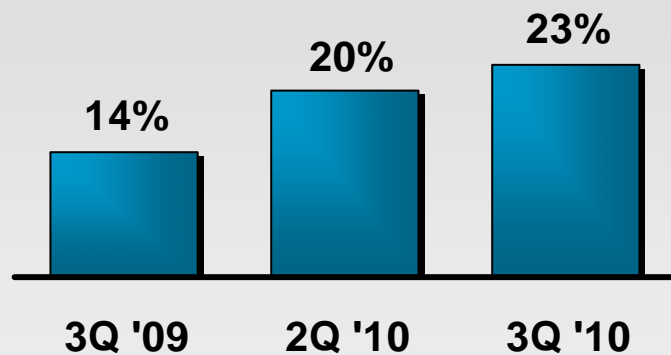
Retail Postpaid ARPU



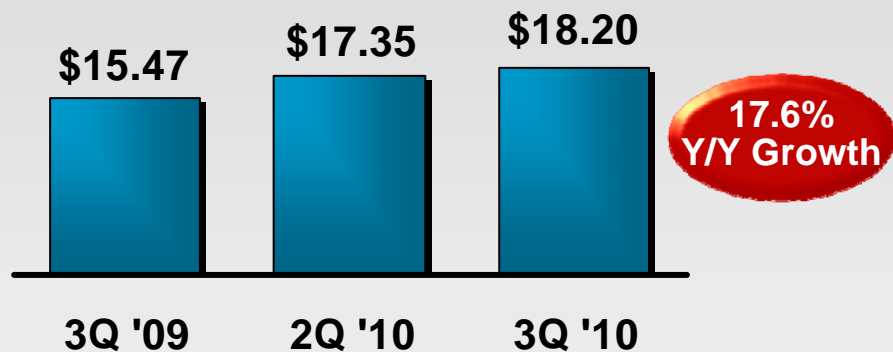
- Total service revenue up \$1.0B or 7.7% Y/Y
- Retail postpaid ARPU growth of 2.0% Y/Y
- 9.5% of postpaid base upgraded in 3Q

Strong focus on retail market

Smartphone Penetration



Total Data ARPU



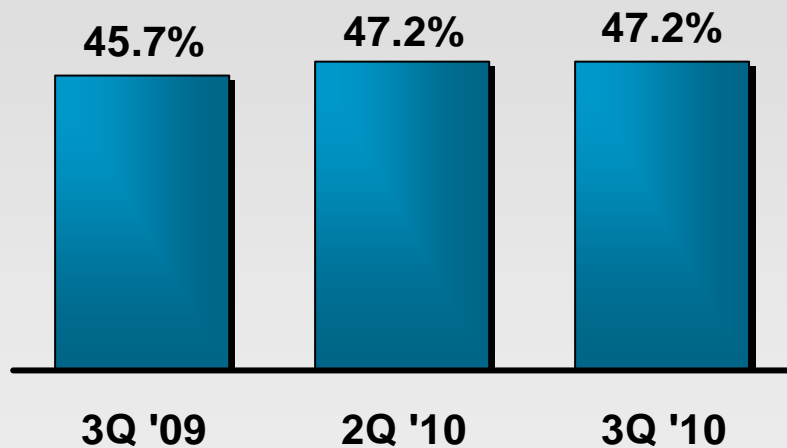
- **Accelerating smartphone penetration**
 - 23% of retail postpaid base have smartphones
 - 43% of direct device sales were smartphones
- ~60% of smartphone upgrades new to category
- **Web & email services revenue up 42.8%**
- **Messaging revenue up 10.8% Y/Y**

Growth fueled by smartphone penetration

Profitability



Service EBITDA Margin



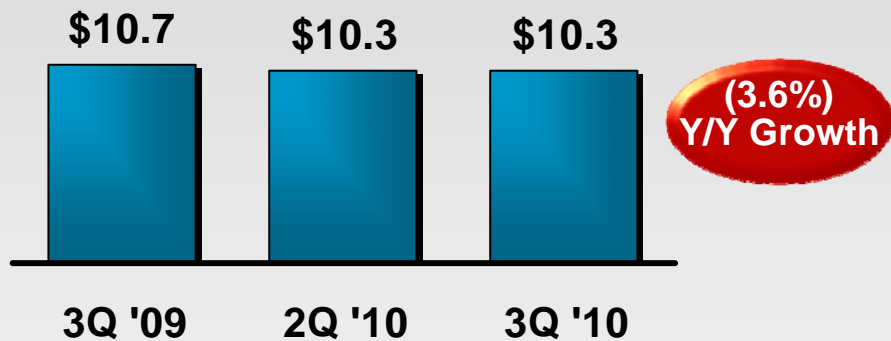
- **\$6.7B EBITDA, up 11.4% Y/Y**
- **Margin expansion driven by:**
 - Strong execution
 - Growing data revenues
 - Alltel synergy savings
- **Sustaining strong profitability and cash generation**

Strong execution & solid results

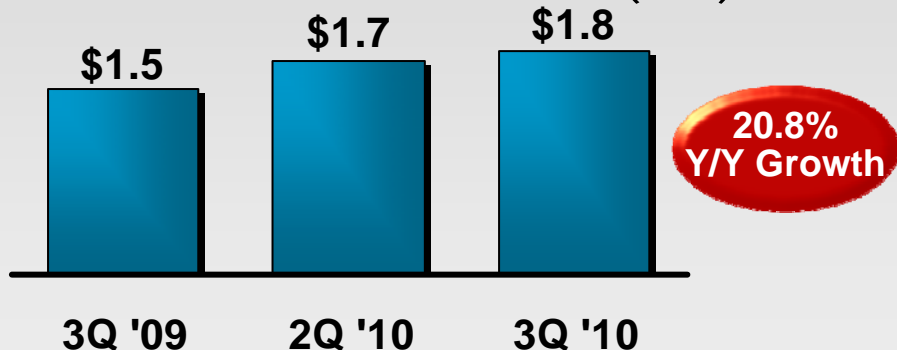
Revenue



Total Revenue (\$B)



Total Broadband & Video Revenue (\$B)



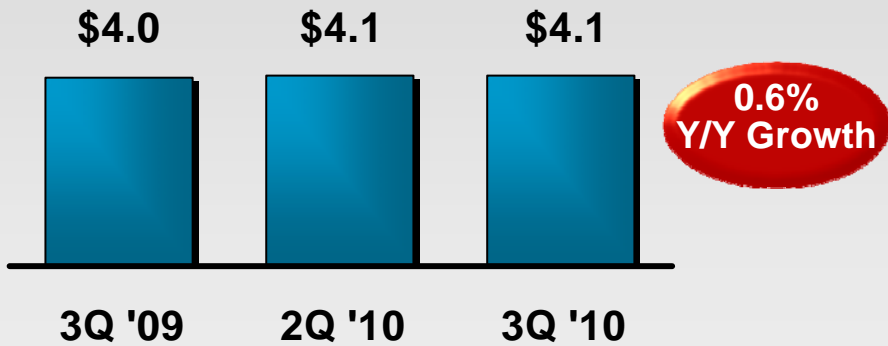
- **FiOS success continues**
 - 3rd quarter of sequential growth in data & video adds
 - FiOS revenues grew 29.2% Y/Y
 - \$146+ FiOS ARPU, up over 6% Y/Y
- 2nd quarter of sequential revenue improvement in **Global Enterprise**
- **Strategic enterprise services** revenue up 6.9% Y/Y
- **Global Wholesale** impacted by pricing changes

Wireline revenue stability

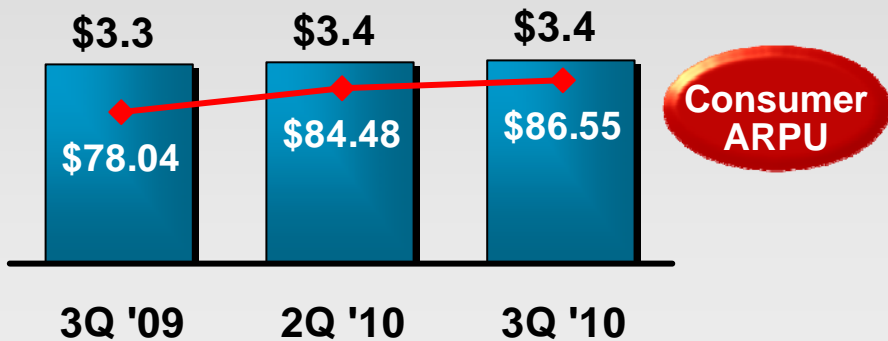
Mass Markets



Mass Markets Revenue (\$B)



Consumer Revenue (\$B)



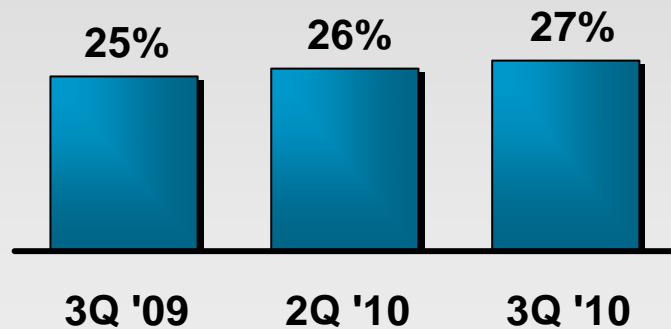
- **FiOS now 50% of consumer revenue**
- **FiOS TV subscribers**
 - 3.3M subscribers
 - 204K net adds
- **FiOS Internet subscribers**
 - 3.9M subscribers
 - 226K net adds

Broadband & video driving consumer growth

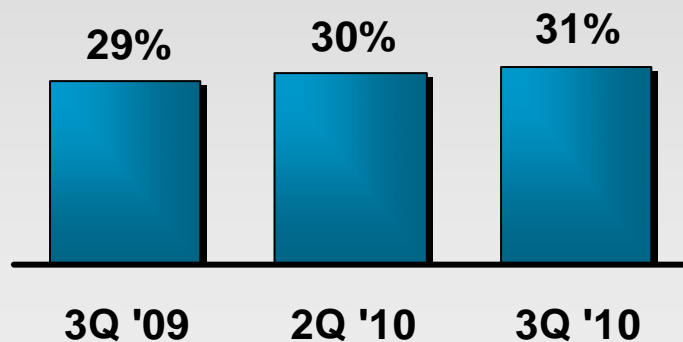
FiOS Penetration



FiOS TV Penetration



FiOS Internet Penetration



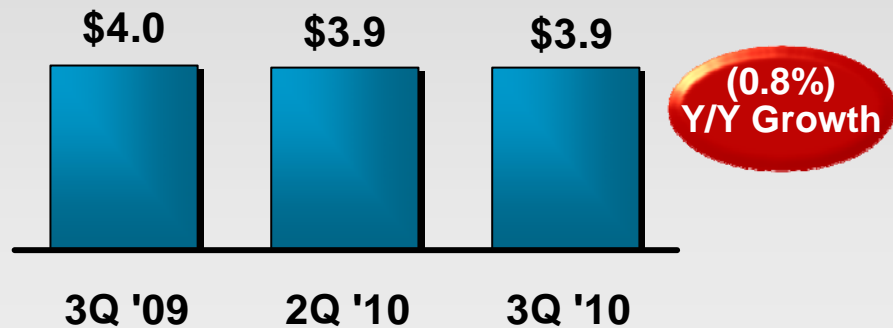
- ~60% of our footprint is covered by FiOS
- All markets had penetration gains
 - Mature markets over 40%
- Emphasis on selling into existing base
 - Aggressive MDU focus
 - “Worry Free Guarantee” offer

Competing well in FiOS markets

Enterprise & Wholesale Markets



Global Enterprise Revenue (\$B)



Global Wholesale Revenue (\$B)



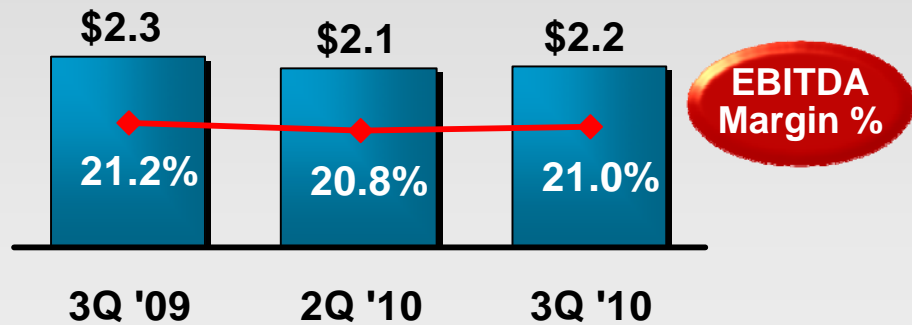
- Strategic enterprise services represent 43% of Global Enterprise revenue
- Strategic enterprise services growth of 6.9% Y/Y
- Wholesale revenues impacted by international price changes

Enterprise trends stable

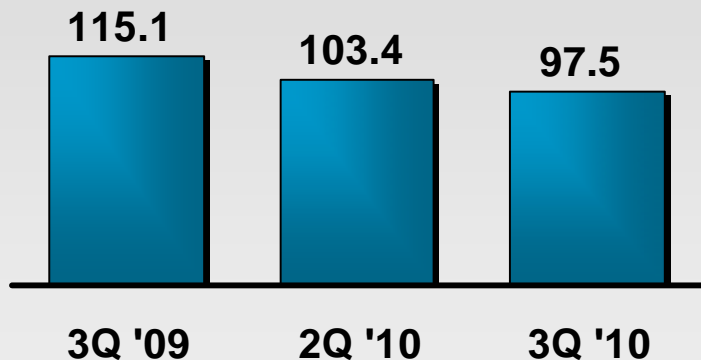
Profitability



Segment EBITDA (\$B)



Wireline Workforce (K)



- EBITDA margin improves sequentially
- Cost reduction initiatives on track
 - Total cash expenses down 3.3% or \$279M Y/Y
 - Reduced force by 17.6K Y/Y
 - 10.5K reduced in the past 2 quarters
 - Additional 2K–3K expected off payroll by year end

Improved cost structure driving margin expansion

Summary



- **Continued strong performance**
- **Solid Wireless results driven by higher revenue growth**
- **Improving FiOS performance**
- **Wireline margin improvement driven by cost reductions**
- **Strong cash flows with improving metrics**
- **4th consecutive annual dividend increase**
- **Solid earnings momentum**

Continued strong execution