2nd Quarter 2011 Earnings Results

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Chief Financial Officer

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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 labor negotiations, and any resulting financial and/or operational impact; the effect of material changes in available technology; any disruption of our key suppliers’ provisioning of products or services; significant increases in benefit plan costs or lower investment returns on plan assets; the impact of natural disasters, terrorist attacks, breaches of network or information technology security 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 increase in restrictions on our ability to operate our networks; the timing, scope and financial impact of our deployment of 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; 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.
• Revenue Growth Accelerated
  – Strongest consolidated growth in 10 quarters
  – Strong customer & service revenue growth in Wireless
  – Continued improvement in Wireline

• Improved EBITDA Margin Profile
  – Wireless margin moves up to 45.4%
  – Wireline margin expansion for fifth consecutive quarter
  – Continued focus on cost management

• Strong Earnings Performance
Positive momentum continues

- Consolidated revenue of $27.5B, up 6.3% Y/Y
- Consolidated EBITDA margin at 32.7%
  - Up 130 bps sequentially
- Adjusted earnings per share up 11.8% Y/Y

Note: Results above are adjusted for non-operational items. Results for 2Q '11 include Terremark.
CONSOLIDATED
Cash Flow

Cash flow outlook remains very strong

- Cash flow up sequentially from revenue growth and margin improvement
- Targeting total 2011 capital expenditures in line with 2010
  - 2011 capital front-end loaded

<table>
<thead>
<tr>
<th>Cash Flow Summary ($B)</th>
<th>1Q ’11</th>
<th>2Q ’11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash from operations</td>
<td>$5.0</td>
<td>$7.8</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>$4.4</td>
<td>$4.5</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>$0.7</td>
<td>$3.2</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>$1.4</td>
<td>$1.4</td>
</tr>
</tbody>
</table>

Note: Amounts may not add due to rounding.

Cash flow outlook remains very strong
• 77% of revenues are in higher growth areas
  – Up 700 bps since 2Q ’09

• Growth across all strategic areas Y/Y
  – Wireless service +6.6%
  – Wireless data +22.2%
  – FiOS +20.7%
  – Strategic services +17.8%

Note: Results above are adjusted for non-operational items. Amounts may not add due to rounding. Results for 2Q ’11 include Terremark.

* Includes voice
Sustained strong top-line performance

- Total revenue growth of 10.2% Y/Y
- Service revenue growth of 6.6% driven by increased connections and ARPU
- Smartphones and Internet devices drove data revenue growth of 22.2%, up $1.1B Y/Y
- Retail postpaid data ARPU of $21.26, up 15.2% Y/Y
**WIRELESS**
Connections / Net Adds / Churn

- Strong growth in total connections, up 6.6% Y/Y
- Total net adds of 2.2M, up 36.1% Y/Y
- 1.3M retail postpaid net adds, highest since 4Q '08
- 9.0% of retail postpaid base upgraded in 2Q
- Industry-leading customer loyalty further improved
  - Postpaid churn of 0.89%, lowest in 3 years

**Retail Connections (M)**

<table>
<thead>
<tr>
<th></th>
<th>2Q '10</th>
<th>1Q '11</th>
<th>2Q '11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>86.2</td>
<td>88.4</td>
<td>89.7</td>
</tr>
<tr>
<td>Prepaid</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Postpaid</td>
<td></td>
<td></td>
<td></td>
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</tbody>
</table>

**Retail Net Adds* (000)**

<table>
<thead>
<tr>
<th></th>
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<th>1Q '11</th>
<th>2Q '11</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail</td>
<td>461</td>
<td>879</td>
<td>1,318</td>
</tr>
<tr>
<td>Prepaid</td>
<td>0.93%</td>
<td>1.01%</td>
<td>0.89%</td>
</tr>
</tbody>
</table>

* Excludes acquisitions and adjustments

Significant demand across all key product lines
Strong performance across phone category

- Retail postpaid phone ARPU increases 3.2% Y/Y
- Web and e-mail services revenue up 35.4% Y/Y
- Accelerating smartphone penetration
  - Up 1,500 bps Y/Y
  - 63% of smartphone sales new to category
- 2.3M iPhone 4 units activated
- 1.2M 4G LTE device sales

* Results for 2Q '09 exclude Alltel
**WIRELESS Profitability**

- **Revenue growth drivers**
  - Continued smartphone adoption
  - Increasing demand for Internet devices
- **Effective cost controls**
  - Subsidy management
  - Improved churn
  - Savings initiatives

**Service EBITDA Margin**

- **1Q ’11**: 43.7%
- **2Q ’11**: 45.4%

Up 170 bps

**Sustained industry-leading profitability**
WIRELINE
Revenue & Profitability

- Revenue trends continue to improve
  - Consumer revenue up 1.3% Y/Y
  - FiOS revenue grew 20.7% Y/Y
  - Global Enterprise up 3.6% Y/Y
  - Enterprise strategic services revenue up 17.8% Y/Y

- 5th consecutive quarter of EBITDA margin improvement

- Cost reduction initiatives on track
  - Total cash expenses down 2.0% or $158M Y/Y

- Terremark integration well underway

Note: Results for 2Q ’11 include Terremark.

EBITDA margin growth driven by improved revenue and cost trends
FiOS growth and improved line loss rates drive growth

- **Mass Markets Revenue ($B)**
  - 2Q '10: $4.1
  - 1Q '11: $4.1
  - 2Q '11: $4.1

- **Consumer Revenue ($B)**
  - 2Q '10: $3.4
  - 1Q '11: $3.4
  - 2Q '11: $3.4

- **Consumer ARPU**
  - 2Q '10: $84.48
  - 1Q '11: $90.55
  - 2Q '11: $92.44

- **FiOS now 57% of consumer revenue**
  - $146+ FiOS ARPU
  - 24% Y/Y growth in triple play customers

- **FiOS TV subscribers**
  - 3.8M subscribers, 184K net adds
  - 30% penetration

- **FiOS Internet subscribers**
  - 4.5M subscribers, 189K net adds
  - 34% penetration

- **Consumer ARPU now over $92**
  - 9.4% Y/Y growth
  - Line loss improving
• Strategic services 48% of Global Enterprise revenue

• Strategic services significantly outpaced decline in Core Services

• Global Wholesale pricing changes initiated in 2Q ’10
  – $111M Y/Y decline (29%) in international voice revenue
  – Y/Y decline (2.9%) excluding international voice revenue

Global Enterprise trends stable

Note: Results for 2Q ’11 include Terremark.
2H 2011 Focus Areas

• Continue to drive strong top line growth
  – Leverage strength of wireless network and device portfolio
  – Deepen FiOS penetration, enhance enterprise strategic services with cloud offerings, improving wholesale trends

• Improve margins and profitability
  – Continue to improve cost structure throughout the business

• Build sustainable earnings growth platform
  – Expand free cash flow
  – Strong balance sheet
  – Continue to enhance return on invested capital

Create shareholder value