3rd Quarter 2015 Earnings Results

Fran Shammo
Chief Financial Officer

October 20, 2015
“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, as applicable. 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
3Q ’15 Overview

Strong earnings growth and free cash flow generation

High-quality connections growth and profitability in Wireless

Improved fios customer growth in Wireline

Positioning business for future growth

Returning value to shareholders
Total revenue growth excluding AOL of 3.1% Y/Y in 3Q ’15

3Q ’15 EBITDA of $11.9B, up 7.5% Y/Y*

3Q ’15 EBITDA margin of 35.8%, up 80 bps Y/Y*

* 3Q ’15 is adjusted for a non-operational item

Delivered strong financial performance in 3Q
# Consolidated Cash Flow Summary

<table>
<thead>
<tr>
<th>($ in billions)</th>
<th>1Q’15</th>
<th>2Q’15</th>
<th>3Q’15</th>
<th>2015 YTD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flow from operations</td>
<td>$10.2</td>
<td>$8.7</td>
<td>$9.5</td>
<td>$28.4</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>$3.7</td>
<td>$4.5</td>
<td>$4.4</td>
<td>$12.5</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>$6.5</td>
<td>$4.2</td>
<td>$5.1</td>
<td>$15.9</td>
</tr>
<tr>
<td>Dividends paid</td>
<td>$2.2</td>
<td>$2.1</td>
<td>$2.1</td>
<td>$6.4</td>
</tr>
<tr>
<td>Total debt</td>
<td>$113.4</td>
<td>$113.7</td>
<td>$112.3</td>
<td>$112.3</td>
</tr>
<tr>
<td>Net debt to adjusted EBITDA</td>
<td>2.5x</td>
<td>2.5x</td>
<td>2.4x</td>
<td>2.4x</td>
</tr>
</tbody>
</table>

*Note: Amounts may not add due to rounding.*

**Strong cash generation and consistent investment**
Wireless
Revenue & Profitability

Service revenue plus installment billings up 1.2% Y/Y in 3Q ’15

3Q ’15 phone activations on installment plans were about 58%; 22% of postpaid phone base on installment

3Q ’15 EBITDA margin on total revenue up 160 bps Y/Y

Profitable growth driven by high-quality connections
Retail postpaid connections growth of 4.9% Y/Y in 3Q ’15

1.3M retail postpaid net adds in 3Q ’15*

- 889K new 4G LTE smartphones
- 430K total phone net adds
- Retail postpaid churn of 0.93% in 3Q ’15

4G LTE devices up 35% Y/Y

* Excludes acquisitions and adjustments

Strong quarter of quality growth and customer retention
Wireless Devices / 4G LTE

Smartphone penetration of 82%, up from 77% a year ago

Industry leading 4G LTE connections
  • Added 4.0M 4G LTE devices in 3Q ’15
  • About 90% of smartphones are 4G LTE

About 89% of total data traffic currently on 4G LTE network

4G device adoption driving increased usage
fios now 79% of consumer revenue
  - fios consumer revenue growth of 7.1% Y/Y in 3Q ’15
fios Internet subscribers
  - 114K net adds
  - 6.9M subscribers, 41.7% penetration
fios Video subscribers
  - 42K net adds
  - 5.8M subscribers, 35.6% penetration

fios continues to be the driver of consumer revenue growth
Wireline
Revenue & Profitability

Total fios revenue grew 7.5% Y/Y in 3Q ’15

Global Enterprise revenue down 4.9% Y/Y in 3Q ’15

Global Wholesale revenue down 5.1% Y/Y in 3Q ’15

Stable revenues and margin expansion
Summary

High-value customer growth

Strong financial and operating results

Free cash flow generation

Consistent investment in networks and platforms

Developing future revenue opportunities in mobile video and IoT

9th consecutive year of quarterly dividend increase

Execution of fundamentals while investing for the future
3rd Quarter 2015
Earnings Results

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