(audio in progress) analyst here at Citi. We’re continuing with our 2016 IMT conference keynotes by welcoming Marni Walden, Executive Vice President and President of Product Innovation and New Businesses. She was named to that role in February of 2015 and is responsible for developing Verizon’s growing emerging businesses. That includes the Internet of Things, digital media, in addition to overseeing the Company’s strategy, development and planning group. Thank you for joining us this morning.

Marni Walden - Verizon Communications Inc. - EVP & President, Product Innovation & New Businesses

Good morning. Thank you very much.

Michael Rollins - Citi - Analyst

Well, I guess to jump right into something that you’ve been very focused on, which is the millennial opportunity and the management team and yourself have talked a lot about the future purchasing power of millennials and what that will mean to your business. At the same time, the management team’s implied that no major acquisitions or divestitures are needed to pursue this transformation. So can you help us with a thumbnail sketch of how to think about what Verizon is going to look like over the next 3 to 5 years and how that evolution is going to take place?

Marni Walden - Verizon Communications Inc. - EVP & President, Product Innovation & New Businesses

Yes, so maybe if I start trying to just simplify the business a bit. We think about it in sort of three layers, if you will. So first is connectivity, which we’ve been doing for many, many years and we’re very proud of the networks that we’ve built and the differentiation we have. So connectivity is very important.

The second layer is really platforms and when we think about platforms, it’s things like our digital media content network, it’s AOL ad tech. It’s ThingSpace, which is the latest platform that we just announced for IoT and then at the top of that is services. And so services -- we have some out in the market, like go90, which I’m sure we’ll talk about; hum, which is part of our telematics business; and other services that you will continue to hear us talk about. So that’s really the way we think about our business. And so as we evolve, we take those assets in mind and then we think about what are the platforms, what products can we build on top of platforms? What are the incremental ways that we can get revenue from our base and grow our base? And then, particularly, in the services space, how can we really expand that?

It’s also led us to getting into different kinds of businesses like the AOL acquisition that we did in the media co business, which we are now -- we’ve done a number of acquisitions, smaller ones, if you will, but really growing that media co business and it helps to diversify revenue away from the core, but still leveraging that same three-tier strategy that we’ve had.
Michael Rollins - Citi - Analyst

So as you think about the future, is it still predominately connectivity with these other things complementing what you do, or should investors think about these new product areas as the beginning of seismic strategic shifts for the Company?

Marni Walden - Verizon Communications Inc. - EVP & President, Product Innovation & New Businesses

I think connectivity is always going to matter, but we think it's extremely important that we build services above the connectivity layer and that's why we like to talk about the platform and then the things that we can build on top of the platform and services. For example, many of the things that we're doing today in services, go90 is an example of that, can be viewed and entertained on any network. We believe it's great when it's on Verizon's network, but it can be above the network. So connectivity will always be an important part of our business, but as we look for incremental revenue, you'll see that we think very broadly about monetizing above the connectivity layer.

Michael Rollins - Citi - Analyst

So, if we stick with that for a few minutes, you have evolved over the last few years this VDMS platform that I think some are less familiar with. I think people are more familiar with the go90 launch. Can you provide a foundation of understanding of what you've done with VDMS, what you're doing with AOL and then how that leads into what you're doing with the go90 strategy?

Marni Walden - Verizon Communications Inc. - EVP & President, Product Innovation & New Businesses

Sure, so I think if you look back over the last year plus, we've been assembling a number of assets. So it started out with EdgeCast and UpLink, which formed our digital media business and I'll talk about that in just a moment. We also did the Intel Media acquisition and then as we broadly looked across the Verizon asset portfolio, and I like to talk about this as we had a bunch of oil in the ground, but we didn't have the rig to pull it out, if you will, so we had really rich data analytics, but again didn't have a way to leverage those.

So putting all of those assets together, we started to form what we internally call media co. Intel Media, and this is what led to go90, was -- originally our intent was to have that accelerate IPTV for our FiOS business, which we will still do, but we also saw an opportunity with go90. So as we assembled all of those assets together, we realized that we needed a capability in ad tech and that's what led us to the AOL acquisition.

If I could just maybe briefly talk about how media co works and to try and simplify that business for everyone. We talk about it as a flywheel. So what needs to happen is you need to bring audience to the platform. You then need to distribute that content and then you need to monetize that through ad tech and that's how the flywheel spins. So to start with how we have assets aligned there, so first bringing audience to the platform. We have our owned and operated content, which are things like Engadget, TechCrunch, Huff Post.

Go90 is one of those ways, so it's a component of the bigger picture. So go90 brings audience to the platform. It certainly is a mobile video strategy, but it's not a stand-alone. It's really meant to drive that flywheel. Then distribution happens through the content delivery network, which is what was Verizon Digital Media Service and the acquisitions we've made. So that ingests the content, it distributes it efficiently to any screen size. We can dynamically place ads that are targeted into that and then through AOL's ad tech, we monetize that so it's really an advertising revenue stream and that's what makes that flywheel spin. And so we've assembled all of those assets to make that business. Also, the rich data analytics that we have from our Verizon Wireless asset we are able to put into that to help monetize.

Go90, if I could just maybe talk about that for a minute, there's really three ways we can monetize go90. The first is what I just talked about, which is through advertising and that's the largest portion of that and what's great about that is that is an incremental revenue source for Verizon that we've not been playing in. So that's when we talk about what will the future be, we think we have a great opportunity in the advertising space.

The second way we can monetize go90 is through data utilization when it's on the Verizon network, but I'd just remind everyone that is not exclusive to the Verizon network because it can work across any of the carriers and also on WiFi, which gives us an opportunity to monetize WiFi that we've
never had before. And then the third way to monetize go90, which we have not released any products on this as of yet, but we do have aspirations
to do that is through subscription. And that subscription could be a monthly reoccurring subscription or it could be to borrow a best practice, a
pay-per-view kind of thing that we might do if we've got some really rich piece of ad content that makes sense.

Michael Rollins - Citi - Analyst

So as we try to think about the revenue opportunity from the media strategy, is it more of a wholesale strategy where go90 is an example of the
capability and your future lies more with hosting go90-like services with your inventory of ads, the ability to maybe put custom mobile ads in a
neat way for customers to digest or is it more the retail side where go90 and other products that could come out in the future are really going to
drive the media revenue for the Company?

Marni Walden - Verizon Communications Inc. - EVP & President, Product Innovation & New Businesses

Yes, today, I would say it's more of a retail strategy, but I would not eliminate the possibility to go to the other side as well because I think there is
an opportunity with all of the products that we develop to do licensing models and wholesale models. So today, the majority is retail, but I think
there's opportunities for further monetization to do a licensing or wholesale model.

Michael Rollins - Citi - Analyst

So one of the comments in an interview recently that Tim Armstrong had mentioned about the media business was his aspiration to go from 700
million eyeballs to 1 million. How important is that and how do you go about getting to that larger audience?

Marni Walden - Verizon Communications Inc. - EVP & President, Product Innovation & New Businesses

Yes, scale is incredibly important, so that's why bringing go90 -- and I always describe go90 in the media co or AOL flywheel because it's bringing
audience to that platform. So it's incredibly important that we continue to bring more people to the platform so that we can make the flywheel
spin. I'll give you an example. I used to run the marketing organization for Verizon and AOL was one of the best places that we could put advertising
because it was very effective. The ad tech was best in class. There just wasn't enough inventory for us to purchase. And so -- and that's because we
didn't -- there wasn't enough eyeballs coming. So as Tim scales that, it becomes very, very important and what's great about it is the ad tech that
they have is best-in-class, so it's very effective from an advertiser's perspective.

Michael Rollins - Citi - Analyst

So as you think about that scale as well, how important or beneficial could a Yahoo be for your media strategy?

Marni Walden - Verizon Communications Inc. - EVP & President, Product Innovation & New Businesses

First, I'm not going to comment on Yahoo at all, but what I want to say -- there's all kinds of players that we would look at partnering with to bring
scale to the platform. We've got go90 today. We're expanding Huffington Post. We've got the other owned and operated content. We've got other
partnerships that we are thinking through. So bringing eyeballs to the platform is important and there's not one company in particular that we're
thinking about today.

Michael Rollins - Citi - Analyst

And as we're thinking just about the retail strategy a little bit more, are there some metrics that you can share with us on go90 to think about how
it's going, maybe how it's affecting traffic on your network and meeting that goal of trying to monetize network traffic on Verizon.
Marni Walden - Verizon Communications Inc. - EVP & President, Product Innovation & New Businesses

So I'm not going to comment -- we're not going to comment on specific numbers today. What I would say is we're very optimistic with what we've seen so far. You can go into the App Store and see how many downloads, so that's not a secret to anybody in the room who knows how to get into a play store, an iOS store so they could go take a look at that. But downloads are not what's important to us. Obviously, we want as many subscribers on the platform as we possibly can, but it's really about engagement metrics. So the two things that we think most about are how often you come back to the player and then, when you're there, how long -- what's the duration of time you're spending inside the player and so that's -- those are the two metrics that we're looking at. We're very pleased.

Our content that we have on the -- we've learned a lot by the way -- but we've got certain original content that's really taking off and that's where we're seeing some really great engagement and I can talk about content models or cost models or whatever if we want to get into that, but very pleased with how the original series are really attracting consumers back to the platform.

We also -- while I won't give numbers on this, we are pleased that while we're doing very well on Verizon, we're also doing well across other carriers, so we see that it attracts millennials across the spectrum.

Michael Rollins - Citi - Analyst

So -- and as we think about the usage of video, one of the things that Verizon with go90 I think made a point of is going after more of that webisode market and the shorter form content. When you look at the mobile traffic today on your network, can you discern how much is video and within that, what the behavior is between short-form viewing and long-form viewing?

Marni Walden - Verizon Communications Inc. - EVP & President, Product Innovation & New Businesses

Yes, the majority of the growth on our network is video. If you look at what's happening, that's been occurring over the last several years, and nothing has changed since then. The majority is shorter form. Although, in go90, one of the things that we do see longer viewing is of sports, football games, soccer games, concerts, but the majority of the viewing is more short form, but video growth continues to accelerate across the network.

Michael Rollins - Citi - Analyst

One of the questions that arises is to be successful in video, do you need linear scale to drive over-the-top scale? And this gets into the way that you're procuring content in your content cost models. Can you give us a flavor of how you are approaching this strategy?

Marni Walden - Verizon Communications Inc. - EVP & President, Product Innovation & New Businesses

Yes, so my team does content for the entire Company, so we have all of the deals that we do in FiOS and then we do all of the deals, obviously, for go90. Our go90 strategy was very, very different than what we do from a linear perspective and in most cases, there is not linkage between those two content deals. So it was very separate and deliberate with that in mind. So the traditional licensing of content and signing up for a pure cost is not the approach we took and we knew that wouldn't be successful. So we really -- while we did do a couple of licensing deals, the majority of what we've done inside of go90 and the platform is either a viewership-based model or a shared revenue model, which really makes a big difference in terms of overall profitability when you look long term at the platform.

The other thing that was really important was we demanded that we own the inventory, the ad inventory, because that, as I've mentioned, is the largest source of revenue that comes from the player. So very important that we got that done. The other thing -- and I've talked about this publicly in many forums -- is in building the go90 product, we built it with a focus group essentially, hundreds of millennials, I would say more -- it actually
skewed a little bit younger, so 15 to 25. We built the prototype, we put it in front of them, they play with it, we get feedback, we'd change it and we're still doing that today to continue to improve it.

But in the content piece, we did a lot of work on what was important from a content standpoint and so we knew the best of live needed to happen, so that's very mobile-centric. So getting the best sports content, the best music content, cultural events. Emerging content was really key. So this is the deal that we did with an Awesomeness TV, which has proved to be spot on. It's actually the shows that are getting the most traction and viral momentum. Some on demand and then we continue to work on originals.

But what the millennials told us is that, no, when we asked them, what are your top 10 pieces of content, if you will, that have to be on the platform, no one ever said a network and -- even though we have great relationships with our network friends on the FiOS side, on go90, we had no interest in putting a whole network or a whole bundle. It was more about individual shows, unique originals and making sure that we were catering to that group.

We'll announce -- we haven't announced this publicly yet, but we will later this week. We've got two new deals that we just signed with Warner Music and Sony. Warner will have an exclusive window on music and then Sony is doing original series for us, so we're excited about that, but again just more momentum onto go90.

Michael Rollins - Citi - Analyst

And speaking of content more broadly, you shook up the industry a little bit with the Custom TV bundles this year. Is there more disruption to come for the way that you are trying to sell content to your FiOS customers? Or are you hitting the limit of what's sort of underneath these traditional agreements?

Marni Walden - Verizon Communications Inc. - EVP & President, Product Innovation & New Businesses

Yes, so our Custom TV -- really that was designed to reach an audience that we weren't getting today. So there's been so much written about skinny bundles and a la carte and all of that, but this was really about how do we get to an individual that's sitting in a FiOS market that's never going to buy the big packages and ultimately they are weighing not whether they do the traditional bundle, do they do the traditional bundle or just go purely over the top and so skinny -- the skinny bundle or our Custom TV package was really about trying to get to that customer.

And so it is disruptive, but we believe that you're not -- no one is going to win if they cut the cord and you don't go and get that customer in those markets. So I think there's more disruption to come. Obviously, it's written about every single day and what we want to do is we want to have a place for those customers to land, whether they want the full package, they want Custom TV or they want to do something that's over the top like go90.

Michael Rollins - Citi - Analyst

And while we're finishing out some of the key strategies under your group, can we talk about the Internet of Things and how that's progressing and how investors should track your progress on that?

Marni Walden - Verizon Communications Inc. - EVP & President, Product Innovation & New Businesses

Yes, so this is probably -- I can't wait to read the end of the week comments because I think Internet of Things will have 52 different meanings after we get through this week. But, look, we've been at this for a long time. People tend to think about it as being new. It certainly is in its infancy in many ways, but I'll go back to that three-layer strategy that we talked about. So connectivity, we've been doing that for cars and things for a long time. Platforms, the platform we launched in fourth quarter of last year called ThingSpace is all about the idea that application providers can come
and write applications, they can get device provisioning, security, data analytics and have services on top of that and in exchange, we get a rev share.

So there is a -- I think this is a very broad category, but let me talk about where we are focused. So first, we have our entire Verizon telematics business, which really is IoT, and in that space, we have three key business lines or product lines, if you will. The first is traditional OEM, so that’s the work that we do with Mercedes and Toyota. In some cases, we just have the connectivity part of that business. In some cases, we have connectivity and some platform work and then in the case of a Mercedes, we have all three of those. And what’s really important about that is when you get all three, the value is significantly different than if you are just doing connectivity, so that’s why we talk about the platform in moving up. Also with Mercedes, there are cases where we just to the platform and the application because it’s a global business for us and so connectivity happens from somewhere else where we partner. So that’s one part of our telematics business.

The second part of our telematics business is aftermarket and this started with our relationship with State Farm, but this was usage-based insurance. The idea around that is you plug the receptor underneath the steering wheel. It measures your driving habits and how good or bad of a driver you are and then your insurance rates reflect upon that. Just -- all disclosure, most people in America drive worse than they think they do, so that’s a model you always need to think about.

But we also then took that product, that State Farm product and said we could do a direct-to-consumer model with this because there’s millions of cars on the road that don’t have connectivity. And so our direct-to-consumer offer, hum, we released in the fourth quarter. We’ve got a bunch of product evolution that’s happening on top of that and some really good momentum, so we think that’s got a ton of potential. Again, thinking about that three-tier strategy. We do connectivity, we do the platform, we do the services and go direct to consumer and that really helps that business grow.

And then the third part of our telematics line is our fleet business and so network fleet, we do asset tracking, fuel management, idle time, maintenance. We can even integrate into timesheet systems and we do fleet management for small, medium and large, lots of Department of Transportation, small companies, midsize companies with our fleet business. So that is one portion of IoT that we’re really excited about, and we think has tremendous growth opportunity.

And then in just the general IoT space, we’ve been very focused on smart cities. We’ve got a number of pilots out there, one with Savannah, Georgia. Others that we will begin to talk about this year as we get further into that. Where we’re doing things on the East Coast, like traffic management and safety and then on the West Coast, we’ve been more focused with agriculture and smart water management, so we’ve got a trial that we’ve been talking about with Hahn vineyards, which I think will be very successful. So a lot going on in that space.

In the healthcare space, I would say it’s more -- our work today is more around track and trace with pharmaceuticals, so we’re doing some things there. So it’s a very, very broad category. On a consumer front, you’ll see us do things around connected home and some other things with tracking the things you care about as an individual consumer, but very, very broad.

From a does it matter kind of perspective, we are proud of the revenue numbers that we’ve delivered. So through third quarter, it was $0.5 billion, which we think is meaningful and we’ll continue to grow that business and we think it’s got a ton of potential, but I think it’s got a long runway, but really important that we get into that services space, whether it’s -- we own the service, an application or we partner through rev share, which is an opportunity for us as well.

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**Michael Rollins - Citi - Analyst**

If we shift a little bit to the connectivity side, and just talk about the competitiveness of the wireless industry, how would you rate what’s going on in the industry right now?
Marni Walden - Verizon Communications Inc. - EVP & President, Product Innovation & New Businesses

So I've been in -- most of my career, I was in wireless and it's interesting to think back, as we've all been doing over the last 20 years, there's been crazy years all along the way. So I think the business has always been crazy competitive and we like that because we think we always do pretty well in that space. And so I have confidence that John and his team will continue to win. What I think about in the role that I am in is how do we make sure as the market's going through different seasons, how do we continue to drive revenue from the base that we have and that's thinking about things like go90 or some of the IoT things that we talked about. We've got a very large loyal base and there's tons of opportunity for us to continue to drive revenue from that.

There's also other things that we can do to drive revenue where it's not the consumer paying. We're leveraging the base of consumers, but we can get money somewhere else in the food chain. And so I know we've talked a little bit about sponsored data being a new model. That's a great way for a consumer to benefit. There is a value exchange that they get, but someone else is paying for that data transmission and the consumer benefits, but Verizon is still getting value from the base of customers that they have.

Michael Rollins - Citi - Analyst

Sponsored data is something that we've heard about before and I think it's been something that Verizon and others have been trying to push now for at least a year or two in a more significant way. Given the open Internet order, are you confident in the ability to pursue a sponsored data model and will we see some progress this year on that?

Marni Walden - Verizon Communications Inc. - EVP & President, Product Innovation & New Businesses

So for Verizon, we really haven't been out commercially in any way until the fourth quarter, so we're doing a small trial and you'll see us get much more active in that space through 2016. We absolutely believe that we can operate within the rules of the open Internet policies.

Just a little bit about a structure. So for us, we've set up a structure where the go90 platform, for example, could buy data from the wireless team and any other company that came in could do that exact same thing at a market price that works for everyone. So -- and as I said, we believe that the consumer benefits from that and I don't think that's been talked about as much as potentially it should have been.

Michael Rollins - Citi - Analyst

So in terms of the competitiveness, Verizon has been using some additional price promotions over the last 6 to 12 months, recently introduced an offer to encourage switching from other carriers to Verizon, a bit more than maybe in the past. What's causing that? Is it the converging network quality in urban markets as some of your competitors have invested or are there other factors that you feel are driving the competitive landscape?

Marni Walden - Verizon Communications Inc. - EVP & President, Product Innovation & New Businesses

Yes, again, I'd probably leave this more for John and his team to talk about, but I think one of the changes that you see that's happened in the wireless model is that equipment subsidies, that was the traditional model and that model has changed. And so typically where you would see a few years ago or a year ago even, buy a phone, get one free or just free devices has changed -- you see some of this changing to some of the cash offers. So I think it's a little bit of moving the buckets, if you will. So I think that all carriers are having to think about how do you do that when equipment typically was a promotion, especially around a holiday period of giftgiving.

So again, I can remember times when there were all kinds of crazy offers with giving away service for years and all that kind of stuff that people or that companies were doing and what I would tell you is that I think Verizon, through all of that, through all the crazy times, has continued to be a leader in the market and we would expect that our network quality -- you talked about video. If video matters then Verizon network matters and we believe that will continue to be true. And then we'll work to differentiate, as we always have, on trying to give the best customer experience...
across every touch point we have and we fall down sometimes, but we work every day to try and make that better, starting with our network quality.

Michael Rollins - Citi - Analyst

T-Mobile this morning pre-released how they did on units in the fourth quarter. Would you like to share with us a glimpse of maybe how Verizon did during the fourth quarter?

Marni Walden - Verizon Communications Inc. - EVP & President, Product Innovation & New Businesses

I'd love to, but there is a man named Fran Shammo that wants to say it first on the 21st of January, so he's probably watching, so, Fran, I'll leave that to you on the 21st.

Michael Rollins - Citi - Analyst

Fair enough. So when we think about your positioning in the mobile market, one of the questions that comes to mind is given all this focus on media, can you use that to try to grab more share without having to be as promotional on price or do you sort of have to keep up with the other guys in addition to media? How should investors think about that balance?

Marni Walden - Verizon Communications Inc. - EVP & President, Product Innovation & New Businesses

Yes, so I think there's sort of two sides to this. So I absolutely believe that all of the things that we are doing around content and unique offers to consumers can benefit Verizon. And I think that's because of the quality of the network. Remember, though, if you think about go90, go90 is available across all carriers, and we like that because the main driver of revenue is advertising and so that's very, very important, but there is some content inside go90 that is exclusive to Verizon and so I think that will always help drive people back to Verizon, but I think the bigger piece is the quality of the network because if you care about your video stream and you care about the quality of that, then we believe that Verizon will have an advantage. But there are ways to use that content again to help Verizon, but we also balance that with advertising is a new frontier for us. It's an incremental revenue opportunity. We believe it can be a very large business for us and so that is the primary focus of go90 today.

Michael Rollins - Citi - Analyst

You've had experience with the quad play in a couple forms in your Verizon Wireless and FiOS markets where you try to sell them together. You've also tried to sell cable within your wireless stores. What were your learnings on the relevance of the quad play for the customer and is this an eventual direction that the US market needs to go down?

Marni Walden - Verizon Communications Inc. - EVP & President, Product Innovation & New Businesses

Yes, so quad plays, obviously, as you mentioned, we've got our FiOS footprint and we can do quad plays today. The selling it in our stores across the country was the joint venture that we did with some of the cable partners around the country. And at the end of the day, there was never a product that brought great value to the consumer. What the consumer wanted was a discount at the bottom of the bill and that's not to say that there'll never be a product that makes sense, but at the end of the day, quad plays equal discounts and -- we could certainly go do that today. We could do that in our FiOS footprint. We could figure out how to partner to do that in places, but that's really not our intent and our direction.

And then I think the other thing to think about from a quad play standpoint as you think about a millennial audience, will a millennial audience have quad plays? Would they even want that? We haven't talked a lot about that, but I have an 11-year-old son and he's amazed that there is
something that hangs on the wall that actually you can communicate with that doesn't have a send button. So it's fascinating at this point for him, but -- so I think quad plays for us -- we still believe that it's a discount strategy for a consumer.

The other thing is that we did a lot of research with quad plays and combining services and there was also a lot of feedback and a tremendous amount of research that what consumers want to do when they get a quad play, if the bill gets too large, they start to strip services. So I think there is unit churn that can happen from that too. So we haven't figured out the perfect product lineup for a quad play. Doesn't mean we won't continue to look at it, but just discounting our services is not where we want to be today.

**Michael Rollins - Citi - Analyst**

Can you talk about the efforts that Verizon has made to streamline the wireline -- or maybe we'll just call it the non-wireless business? You are in the process of selling some assets to Frontier. There were press reports last night about a possible sale of the data center portfolio. How should investors think about the future for the non-wireless businesses within your portfolio?

**Marni Walden - Verizon Communications Inc. - EVP & President, Product Innovation & New Businesses**

Yes, so I'm not going to comment on the data center rumors that are out there, but I think for us when we -- Lowell and Fran and a number of people have talked about the divestitures -- when you looked at Texas, Florida and California, there was really no way for us to get scale. The investment that was needed didn't make sense, and so what we said was we were really going to focus on the Washington to Boston corridor, huge population center, a place that we can invest. We can get a return and really focus our energy there.

The other thing that's really important -- and by the way, we still believe that there is growth in FiOS and the TV business. That's the reason for Custom TV because we think we can get incremental growth from that. We have multi-dwelling units, which we can add more services. But the other important piece of the corridor and of the fiber business is that fiber is critical as well to the next step in wireless. So if you think about 5G, access to fiber is really important and where would you want to have fiber. The Northeast corridor is a pretty good place to have that, so that's important.

I think just maybe a brief answer to how do we think about it, that's still a strategic asset for us that still has growth potential. The other places that we are divesting to Frontier, we didn't have the scale, and as we think about where we're going to invest and all the things we want to do, it made sense to concentrate wireline there, and then to think more about the other strategies that we have.

**Michael Rollins - Citi - Analyst**

One of the interesting data points this year that I found was when AT&T cited the disadvantage they had for programming. They compared their U-verse business, which is similar in size to your FiOS business in terms of customers, and they mentioned that they had a $17 a month discount per customer to what DTV was paying for content, which for Verizon -- if you sort of apply that math -- it's like $1 billion or 270 basis points of revenue. How do you think about the scale of the Northeast business relative to the companies that you are competing against? And do you get to a point where you do need to scale up or scale out just given the nature of competition?

**Marni Walden - Verizon Communications Inc. - EVP & President, Product Innovation & New Businesses**

Yes, I think today it's more about being disruptive and pushing the models and I think we've been pretty successful at that so far. I talked about our go90 strategy, which is viewership models and revenue shares and we'll continue to do that in go90, but we've also started to introduce that into FiOS and there are -- we've got great partnerships where we're working to make some of that happen, but again you'll see us do things like Custom TV to get incremental customers and try and address those markets. So more to come, but we're not afraid to be disruptive when we need to be.
Michael Rollins - Citi - Analyst

We have mics roaming around. If there are any questions, please raise your hand and we'll try to get to them. One other question that comes to mind is when the management teams talk about being innovative and disruptive within the Company, are there things that you can do that can really enhance the cost structure, whether it's the service model in wireless, the operating model in wireline? Are there things that investors should look out for that you can really innovate the way that you do business? Of course, you've been doing a lot over a lot of years to do that, but going forward, how should we think about that?

Marni Walden - Verizon Communications Inc. - EVP & President, Product Innovation & New Businesses

Yes, I think what Lowell has taught us and Fran as well is that there is always more places you can be efficient and even all of the work that we've done over the years, there's always more to do. I'll give you the wireless group just reorganized into -- we used to have four areas and 21 regions and we organized into markets and you were able to remove some redundancy in positions, you were able to be more effective in getting information to the field and so we ran that business that way for however -- 15, 20 years, whatever it was, and yet again we just found another way to be more efficient and get even closer to the customer.

In my organization, it formed right after the Vodafone transaction and one of the key purposes at the time, other than trying to solve for what we're going to look like in 10 years, was all about how do you take and leverage the assets across the business and bring them together. So one example would be we had five different teams working on video kinds of things. We had the FiOS team, we had a mobile team, we had some people doing some stuff in enterprise, and so bringing those assets together and often times it means that you reduce heads, but you also become much more efficient and you can leverage a platform across the entire organization.

So I've been doing this 20 plus years and every day, you see something that's not as efficient as it could be and they're not always tiny things, they are big things. So we believe that we have a lot more opportunity to continue to be more cost-effective and efficient across our operations, across how we deploy products and how we also run our network and we think that's a -- continues to be an advantage we have. We deliver a best-in-class network, but we do it at a much better cost too.

Michael Rollins - Citi - Analyst

One other theme that the team has talked about is the idea of global. Can you talk about how you are looking to expand the platforms and the services and what are the most compelling to take global right now?

Marni Walden - Verizon Communications Inc. - EVP & President, Product Innovation & New Businesses

Yes, so depending on where you are in the country, you think about us in different ways, but that's why I started off talking about the three-tier strategy. Connectivity will always be important to us and we have that in many different ways. We do have global assets with our enterprise business. We've got our FiOS assets for wireline, then we've got our national wireless. But our platforms that we're building and the services that we're building can work globally and that's extremely important. So the example that I used earlier is our Mercedes partnership. We do connectivity in the US, but we don't do connectivity in the other parts the world. We do platforms and services. All of the business that Tim runs is a global business. In fact, much of it is growing faster globally than it is domestically. We believe that will continue to be true.

So that is a global business, so -- and we think about IoT, the work we've done around ThingSpace. ThingSpace is meant to be a global platform. We've got partnerships for connectivity that can happen outside of the US, but the platform and the services can work globally. So we absolutely believe that you have to have a global strategy. Connectivity will matter where we have it, but our platforms and services will work globally and we think that's critical to the long-term success of the Company.
Michael Rollins - Citi - Analyst

And one other question, as you think about just new business opportunities and verticals, as you look at public safety, are you getting involved on the evaluation of FirstNet, not just from a network and capacity opportunity for the Company, but maybe as an opportunity to identify a vertical and take the platforms and services that you created with IoT and kind of look at that as another part of a strategy to expand your target market for revenue?

Marni Walden - Verizon Communications Inc. - EVP & President, Product Innovation & New Businesses

Yes, I think FirstNet has an RFP coming out, so I think it’s premature for us to comment on this time, so I think I saw somebody with a FirstNet badge walking around in the audience, so maybe they would be a good one to talk to, so --.

Michael Rollins - Citi - Analyst

Any last thoughts in terms of if we’re sitting here a year from now just some of the things that Verizon should deliver on in 2016?

Marni Walden - Verizon Communications Inc. - EVP & President, Product Innovation & New Businesses

Yes, so what I would say is that our core businesses are still very, very strong. We believe that we continue to grow those businesses and that our three-tier strategy will ultimately deliver value above the network connectivity layer and you’ll continue to see us be bold and disruptive in the places we need to while we make sure that we invest wisely and return shareholder value.

Michael Rollins - Citi - Analyst

Thanks for joining us and for your insights today. Thank you.

Marni Walden - Verizon Communications Inc. - EVP & President, Product Innovation & New Businesses

Thanks, Michael. I really appreciate it. Thank you.