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EDITED TRANSCRIPT

VZ - Verizon Communications Inc at Bank Of America Merrill Lynch
Media, Communications & Entertainment Conference

EVENT DATE/TIME: SEPTEMBER 09, 2015 / 3:00PM GMT



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PRESENTATION

David Barden - *BofA Merrill Lynch - Analyst*

Thanks, everyone, for joining. My name is David Barden, telecommunications analyst for Bank of America Merrill, based in New York. I'd like to join Jessica in welcoming you guys here to the first session for the conference. Thank you all for coming.

We're really pleased to have with us today the President of Operations for Verizon Communications, John Stratton. Thank you so much for joining us today. Appreciate it.

I thought that maybe we could start off this conversation a little bit with just looking backwards. Probably the biggest evolution in Verizon in recent memory was the consolidation of the Verizon Wireless business with the legacy Verizon operations. I think with that there's been a lot of managerial change, a lot of restructuring in the organization. And I think for some of the people in this audience this might be the first time they've had a chance to really meet you and hear what you have to say. So I think maybe a good starting point for the conversation would be to maybe talk about the Verizon organization today, your role in it, and what your chief priorities are to get done for Verizon in the next couple years.

John Stratton - *Verizon Communications Inc. - EVP & President of Operations*

Yes, great. Thanks, David, and good morning, everyone. Just a brief bit of administrative work. I reference the Safe Harbor statement on the screen so all of that applies of course to --

David Barden - *BofA Merrill Lynch - Analyst*

Forgot about that.

John Stratton - *Verizon Communications Inc. - EVP & President of Operations*

-- the statement. But, yes, we had made a fairly fundamental change in the structure of the organization that really followed, of course, the acquisition of Verizon Wireless shares from Vodafone, the 45% ownership stake from Vodafone.

And as we think about the business, and in our first 14 years or so as Verizon, there was real value that we gained from the -- essentially the separate operating model that we had for Wireless and Wireline. It allowed the Wireless business to evolve in its own pace to focus on building that business and even in some cases as it was cannibalizing the Wireline business to a certain extent. But that was well-supported by the structure we had.

Clearly we saw an opportunity with the close of the deal and the acquisition of outright ownership of Verizon Wireless, a chance to now move to the next phase of our evolution, and so that's just what we've done. We have looked to find not only cost synergies in centralizing certain functions and enabling a more tight integration of the businesses but also where can we find insights and opportunities to improve the overall operating results?

Just a practical matter, what I have in the Operations group are the Wireless and Wireline segments, so we have under the Wireline segment basically three market-facing businesses: the consumer business, which is where we have our consumer FiOS business and the legacy copper business; we



have the Verizon Enterprise Solutions business, which is our global business providing IP networking services, cybersecurity, managed services, cloud computing, etc.; and then lastly our wholesale group, which of course wholesales assets to carriers around the world. So that's the Wireline segment. Of course, the Wireless business I think people are very familiar with.

What we've done in the back office is to find value by creating a consolidation around things such as legal, human resources, finance. We've begun to move also other elements to create increased synergies, like supply chain management as an example. Earlier this year, I asked our head of supply chain to take responsibility for the network supply chain for the Wireline business. We've just recently in the last few weeks added to his responsibilities Wireless device supply chain management.

So deep subject matter expertise and opportunity for us to leverage the buying power of the business but also to improve our operating methods. So improvements in working capital levels as an example would be an outcome we'd expect from that consolidation. So we're just getting going. We're about six or seven months into this, but we still see a great opportunity ahead.

David Barden - *BofA Merrill Lynch - Analyst*

So you have a really interesting seat on top of one of the most effective broadband wireline organizations, FiOS, the biggest wireless organization in the US. It's an interesting conversation to have because there's been -- I think it's fair to say -- a lot of strategic upheaval in the US marketplace, a lot of consolidation primarily. And yet strategically if you look backwards at what Verizon has been doing, it's been mostly hiding off a lot of the broadband business.

In a lot of ways, what you are trying to do -- get smaller in broadband and focus more on the wireless business -- is kind of the opposite of what a lot of people in Europe may be might do or even here in this room investors might be thinking that the AT&T/DTv combination or that Charter/Time Warner Cable will get bigger in wireless. It seems like everyone is expecting bigger to be the future but Verizon has been getting skinnier. Can you kind of talk about the rationale, why that's the right strategy?

John Stratton - *Verizon Communications Inc. - EVP & President of Operations*

Yes, every company will have its own idea about where the markets are moving and as we observe the changes that are happening around us in the environment, but more importantly as we focus on our own portfolio, I wouldn't suggest that the wireline broadband product set is less essential to us today than it has been in years past in a material way, but what I would say is that we've looked at what we call sort of the peripheral assets in the business that were not really perfectly positioned for us to leverage them to their sort of optimum levels.

A great example of that is the Frontier Communications transaction that's underway right now that we hope to close by middle of next year. So these are good properties. The West, we call it the West regions, it's Florida isn't in the West, but it's Florida, Texas, and California. For us, the issue here was geographic adjacency. So when we look at those markets, they were kind of islands unto themselves.

They were nice businesses but there was still some meaningful investment to come in terms of a further upgrading of the copper plant for more fiber. They perform well, those businesses, but they were kind of an island and sort of hanging out on the edge. So for us it made sense to consider an alternative approach. The sale of those assets enables us now to direct our energies differently.

So as you look forward with Verizon, without question Wireless remains sort of at the center of our strategy, but we still have significant investment and value in the remaining FiOS markets. If you look at the Northeast corridor to the mid-Atlantic states, probably the richest telecommunications properties that you'll find anywhere and certainly in the US, great assets, highly valuable. Our enterprise business also continues to be important.

When we think about quad play, and you referenced that in your question, Dave, it's interesting to see the shifts, particularly in Western Europe as cable operators begin to crossover and acquire wireless assets and put those combinations together and it asks -- it begs the question, is that a winning strategy? One of the things that we've experienced in our own interactions with our former colleagues from Vodafone is that the way the European markets operate and are run and are managed and the outcomes there are very different and often very difficult to apply those lessons

to the US. The regulatory frameworks are very different, the nature of the competitive set very different. The maturity of some of the industries is in different stages in the two continents.

So we would not see a direct application of what's been done in Europe as necessarily viable in the United States. From our perspective, having owned wireless and wireline assets in a common footprint, obviously the Northeast and mid-Atlantic I referenced before, we spent a good amount of energy for several years trying to find that magical combination of triple play plus wireless to create an exceptional value for customers.

I would tell you that in our experience beyond sort of a bottom-of-the-bill discount, we did not see a compelling case -- we did not see the buyer as moving in one step to consolidate those services because they serve very different needs. It's -- I buy my wired fixed services for a place. The mobile business is really a person, an individual, and the incentives that we saw running across, they were just -- they were very elusive, so it's not at all clear to us that those combinations make sense.

We have our own ideas about video and the evolution of that industry, but in terms of the need to have a broad footprint of quad play assets, we don't see that as essential.

David Barden - BofA Merrill Lynch - Analyst

So that's a good segue to I think the topic of the day for Verizon, which is your unveiling of the Go90 video business. I know it was shown to the press last night. There will be more information forthcoming I think over the course of the day today.

John Stratton - Verizon Communications Inc. - EVP & President of Operations

Yes.

David Barden - BofA Merrill Lynch - Analyst

But could you talk a little bit about what it is that you hope to accomplish with this video strategy. I think that the gut reaction for a lot of investors will be, okay, here is another me-too alternative OTT video product from a telecom company which doesn't have a lot of experience here. What do you bring to the table and what do you hope you can accomplish?

John Stratton - Verizon Communications Inc. - EVP & President of Operations

Yes, this is -- we're very excited about the announcement that's sort of rolling the last couple of days and Marni Walden, who is my colleague at Verizon, has responsibility for product development and what we call emerging business opportunities. So a lot of the new acquisitions are under Marni's care. Later today, she is going to have a session at CTIA where she's going to provide a ton of detail on what precisely our product, which we call Go90 --

David Barden - BofA Merrill Lynch - Analyst

So we got the wrong guy?

John Stratton - Verizon Communications Inc. - EVP & President of Operations

You got the wrong guy, yes, yes. It's just --



David Barden - *BofA Merrill Lynch - Analyst*

Next year we're swapping.

John Stratton - *Verizon Communications Inc. - EVP & President of Operations*

Work that out, absolutely right. So maybe just a little bit of background on Go90 because we actually are very intrigued by the opportunity here. This is a product that's been conceived over an extended period of really seeking deep insights to where the markets going and particularly focused on the needs -- wants and needs of the next generation consumer, the Millennial generation, if you will. How is it that we expect that generation to interact with video content in the future?

What we recognized in the beginning, the problem that we're trying to solve, is effectively a broken value chain. If you look across the span of the industry, you see at every step a degree of frustration. For content owners, the studios, you see a reduction in audience size for sort of standard linear delivered TV products; for advertisers as those audiences began to disappear, a risk of an inability to effectively reach those audiences; and for consumers, the frustration that comes with how difficult it is in their chosen medium, i.e., mobile, the web, to find the content that they desire.

I think that this is being gradually acknowledged, if you will, recognized by the content owners, the industry at large. You see -- as, Dave, you referenced -- a number of direct-to-consumer initiatives from many of the content providers. It seems like every week there's another announcement either from an integrator or an aggregator or a freestanding offering by branded content owners. All of that's very interesting, but what we saw as an opportunity was to really change the experience in a fundamental way.

So today, when you look at any of the direct-to-consumer content or definitely the linear or broadcast stuff, it is very much a passive lean-back experience. You're consuming the content. We've really re-architected that experience in a fundamental way to make it what we hope will be a much more immersive and engaging experience for users. It really starts off with, one is the nature of the content. The first thing, is it attractive? Does it draw someone in? And the content that we have selected is either going to be incredibly familiar to people in this room in the audience probably or things that you may be haven't heard of before that are principally web-based multichannel offerings from what we call sort of emerging next-generation content providers.

So you'll see live sports, you'll see live concerts, there's some gaming, and then you'll see original content from AwesomenessTV, from VICE, from a series of others, and then even some episodic stuff that is particularly of interest in sort of this use case. But beyond the content itself is what you can do with it and we've described this as a social entertainment platform. The ability to take that content, to clip, cut, share, recommend, to engage with it amongst to the community that will be experiencing in Go90 but also the ability to then take it out to other social platforms and expand sort of your engagement through those means is really at the heart of this offering. So we think that this is pretty critical in terms of the appeal. We also think it will help create that network effect in the early stages to bring exposure to the platform and the product as we go.

David Barden - *BofA Merrill Lynch - Analyst*

So I mean it just feel like it's a new component to the revenue model both for Verizon and maybe even for the industry as we start to kind of bring ad-supported content through the carrier model to the consumer. I guess the big question is how big is this going to be how quickly? What will be a success when we are here next year or two years from now in terms of what Go90 brings to Verizon as a business?

John Stratton - *Verizon Communications Inc. - EVP & President of Operations*

Yes, well, you know, we haven't provided any specific guidance in terms of the projected revenues for Go90 as a standalone product in the next little bit --

David Barden - BofA Merrill Lynch - Analyst

This is the perfect venue, John.

John Stratton - Verizon Communications Inc. - EVP & President of Operations

And we will probably hold to that for the next hour or so. Just directionally, what I would tell you is Lowell McAdam, our Chairman, has tasked Marni Walden with the goal of standing up several multibillion -- \$3 billion, \$5 billion -- businesses in the next several years. So one of the things that we know is as a business, \$100 billion-plus in revenue, you need to move the needle. So we don't really want to spend a lot of time on hobbies. We want to make sure that the things that we do have some level of materiality.

The question of how do you get to those material revenue streams with a product like Go90, it's important to note that this product is the first instance of what we hope will be an expanding roster of services and products that we offer not only the consumer market but the B2B markets as well. If you look back over the last couple of years, you see the strategy comes into focus as you stitch together the different acquisitions that we've done in this space.

So beginning with the acquisitions of CDN technology, ad insertion technologies, the ability for us to develop our own protocols for formatting video for use on multiple screens, certainly the ad technology that was at the heart of our AOL acquisition, the Millennial Media acquisition we just recently announced, all of these technology enablers provide us with routes to market for critical capabilities as this business transforms itself from a broadcast to a one-to-one engagement model.

So in the case of Go90, we see opportunities to create value in many ways. One is -- one that I them appropriately very interested in, driving wireless consumption. How -- we know that video is the engine that drives the data consumption on our networks and that is our primary value creator in Verizon, so let's do a lot of that. Certainly opportunities for us to generate advertising revenue, and this is where the team at AOL under Tim Armstrong are bringing incredible value in terms of not only their technical savvy but their understanding of the markets.

So we see an evolving set of capabilities here. There are three or four different ways that Marni will describe to the world that allow for monetization, but think about it this way: Dave, I spent seven years or so as the Chief Marketing Officer for Verizon and so in that time even then, the world was shifting and audiences were fragmenting. So as an advertiser, my ability to reach the market and to move the market was becoming more complex as the traditional delivery, the audiences began to fragment, delivery methods between broadcast, cable and the web began to proliferate.

That problem is only that much more magnified today. As I think about one of the values we bring in the space in a marriage between our video proposition and our core Wireless business, this application will ride on the Verizon Wireless network and our ability to aggregate user insights and information in an opt-in way or at an aggregated level allows the advertiser not only to amass an audience but to have contextual relevance with the message that's delivered.

So from a CPM perspective, the ability to create increased value there is at the heart of what we believe is possible with Go90. Now this is all in front of us. There is an execution concept that needs to be worked here as well, but we're very, very excited by the potential.

David Barden - BofA Merrill Lynch - Analyst

So I imagine that not just from a -- monetizing it from a data consumption perspective, but the hope that it's a competitive differentiator and is relevant to share and flow share in the wireless market is probably also a part of the thinking. I imagine that there is a lot of debate right now around wireless competition and the status of wireless competition. I think there's one sense it maybe it's a downward spiral. There's another sense that maybe, yes, it's competitive but we started to reach a plateau and this is really the new normal. How would you describe at this juncture heading into the iPhone 6 launch and back-to-school and the holiday season what the status of wireless competition is in the US right now?

John Stratton - Verizon Communications Inc. - EVP & President of Operations

Yes, this has certainly been an active period. The last couple of years we've seen a lot of activity. The four primary carriers in the market have competed, I think, very, very effectively to drive the markets forward. But one of the things that I spend time with with some of our younger management team and leaders in the business is this is not anything that's extraordinarily new. The wireless industry has been a competitive industry for many, many years.

We have different waves of competition. You get to different cycles in the industry. It looks very familiar. That said, you have to keep your head up. You have to be attentive to the needs of the business in the moment. I don't think that -- there was some question is there some race to the bottom that's going on right now? Look, the same economic fundamentals that drive my business drive my competitors' businesses. So at some level that gates that kind of deterioration of the fundamentals.

I think this is a very healthy business. I think competition in this business stimulates usage, it stimulates interest, and it remains a very vital industry. So we see today, of course, and you referenced back-to-school and the pending iPhone launch. That is always a pretty active period and then we will see again in the holiday selling season as we get into the late fall into November, we'll see another wave of activity. But from a longer-term perspective, there's not anything that we see here that causes us great concern.

David Barden - BofA Merrill Lynch - Analyst

One of the big competitive moves I think you recently made was moving to a more all installment plan-based customer-facing pricing plan. That's happening at a moment when some of the more aggressive competitors are moving to more all-leasing plans. So could you kind of discuss a little bit about why move into installment plans is a good idea for Verizon and why maybe not moving to leasing plans is also a good idea for Verizon?

John Stratton - Verizon Communications Inc. - EVP & President of Operations

Yes, you know, you've got to be careful to never say never with any possible thing that could happen, but this move to installment -- we've been sort of the last guys to go there. One of the things that was driving our decision-making process here was really about what was it that the customer preferred? And so we kept sort of two railroads running in parallel for an extended period, I want to say 15, 18 months, where the customer could choose the proposition that they wanted.

They could go and buy on subsidy and have a higher service plan price or they could go on the what we call the device payment plan -- we used to call Edge, so EIP if you will, and those choices were maintained simultaneously for an extended period. What we found was that choice platform outlived its usefulness. The market was clearly moving to installment-based, if you will, alternative payment schemas. The level of friction and confusion, the weight of it all at the point-of-sale, it was a math exercise. At the point of service, it created a lot of sort of unnecessary friction and noise in the environment.

So we made the decision several months ago to then pivot to an all device payment approach. We've also simultaneously pretty substantially skinned up our pricing plan lineup, all with the same notion, which is to make it easier for our customers to understand the value proposition, to access the value, if you will, and for us to provide a great experience in the retail stores and, of course, downstream in service. So a pretty big shift, for sure, but we're feeling pretty good about where we are.

David Barden - BofA Merrill Lynch - Analyst

And so as we just think about kind of the second half unfolding with the iPhone 6s, but with probably unlikely to be driving as big an upgrade cycle as the iPhone 6 did and also with probably a more expansive posture on EIP, so it kind of feels like from a numbers standpoint in the second half that the pressure on margins that we saw last year that drove some of the worry will probably not recur this year. Is that a fair statement?



John Stratton - Verizon Communications Inc. - EVP & President of Operations

Yes, I'm not sure to what degree we've provided a precise guidance on fourth-quarter margins. But just staying with the theme of your question, there are so many factors that are hitting the financial statements of the business now. You have to consider the shift in the mix between what was a subsidy-based proposition. So I had very high cost of acquisition in 2014 Q4 versus a much more substantial mix of our device payment installment plan. So that will change that dynamic just on a unit-by-unit basis.

I'll leave it to Tim Cook to describe later what is in store for his September announcement, but if you follow the cycle, if they stay consistent with software hardware software hardware, then you might imagine those volumes would look similar to what we've seen in the past.

But I think as we go forward here, it raises even another question, which is this question about the upgrade cycle and how and in what way might be upgrade cycle for consumers change when they are buying under this model, that is installment versus previously when it was under subsidy? As we kind of work our way around the logic train of that, there are a number of different forces that will affect the customer. How will they feel? For example, when their monthly bill drops by a reasonable level as they have paid off the device, will they be less incented to go and put that bill back up again? Will they see the cost of the device more clearly and therefore would that be a governor to the upgrade?

In the end, when we look back historically at our upgrade cycles, 30, 31 months typically, we have a sense that from a standpoint of the core technologies, the features, the benefits, the capabilities of the device, that's still probably a pretty natural time for a customer to choose to do an upgrade. So a lot of different meeting parts here, Dave, to answer your question. No specific guidance on Q4 from me in this moment but we'll have to see how it plays out.

David Barden - BofA Merrill Lynch - Analyst

Another thing just on the operations side, I think that there's been a commitment from Verizon subsequent to divesting the FTR assets to be able to kind of maintain Wireline margins at a fairly constant historical level, which that -- by which that means that you'll be having to take costs out in advance of the divestiture. Should we be expecting Wireline margins will be drifting up into the close of the Frontier deal before going down, or what should we expect to see?

John Stratton - Verizon Communications Inc. - EVP & President of Operations

Yes, that's an important point and an area that we're incredibly focused on. Our CFO, Fran Shammo, made a comment I guess about a year ago, recognizing that the West properties, the properties we're moving to Frontier, were slightly more profitable than the core that sits on the Northeast and mid-Atlantic coast and so clearly for us to maintain constant margins on a percentage basis across the Wireline pre and post the transaction, that requires us to do some work here. That work is well underway. We have dedicated teams that are driving very hard to unlock those values, to unlock those savings. I've referenced some of them at the opening.

The change that we made to create the -- what we call the Wireline factory which Bob Mudge on our team is running for us. That is the integration of the engineering function, the construction function, all the network operations provides us a venue from which we can extract further value. We've already seen a very substantial improvement in the cost base in Bob's world specifically and importantly, while also improving the quality of delivery, so both in terms of intervals, what we call mean time to repair and failure rates, etc., all improving at a meaningful clip while we're improving productivity. So we have to just keep going there.

I've referenced the centralization of certain back-office functions enables us to unlock value. There are a series of other opportunities that we are pursuing. Now, in terms of your question about the arc in the ramp into those improved postures, I would temper your thinking on that in terms of improvement in the near term only because of the fact that it's important to note we're still running those three businesses and I add onto that the transition planning and management costs.



So all of the OSS separations, the network cleaving that we need to do to prepare for the sale are additional costs that I'm absorbing right now. So by no means does that take the pressure off the business. We'll continue to drive the cost base down and always working to buoy those bottom-line margins. But we have not moved off of our guidance in terms of the outcome at the end here.

David Barden - *BofA Merrill Lynch - Analyst*

I'll invite maybe the audience if there's questions that you guys want to fly for the next few minutes. If -- while we kind of move mics around out there, I guess one of the questions I would ask, just a theme that I think has emerged and is going to be relevant to some of the conversations we have year during the conference is wireless network architecture.

Verizon's premium that you charge in the market is a function of your ability to stay at a higher quality level than the market. It seems that increasingly that quality distinction is becoming a function of smaller and smaller cell site deployments. Could you talk a little bit about how, if at all, your network plan and your network budgeting are changing to accommodate the capacity needs of the consumer base?

John Stratton - *Verizon Communications Inc. - EVP & President of Operations*

Yes, it is a pretty material shift in the way that networks and the topology that we deploy to support them are developed and deployed. So you mentioned small cells, Dave, and you're right. We call this, of course, densification of the networks, and as we talk to our engineering teams, in order to ensure and enable just a terrific experience in terms of access to the networks but also latency and throughput and the like, getting the network closer to the ground becomes important in a physical sense. The ability for us to extract optimal value from our spectrum holdings through densification, you now have a couple of levers as you build your business to support the capacity demands in terms of spectrum, acquisition, macro technology delivery for a kind of base coverage, and then micro as you get closer and particularly in metro markets.

So a lot of energy now is being expended on those densification efforts. We are very aggressively building out the small cells. That build will continue for the next several years. The other thing that we think is important here is it sets us up very well for where we intend to go with fifth-generation or 5G network technology. It's very, very complementary. So it's a clear walk forward into 5G. It enables the underlying wireline topology to deliver the next-generation wireless services.

David Barden - *BofA Merrill Lynch - Analyst*

Does this mean that you need to spend more CapEx in Wireless or do you need to spend less in some parts of Wireless in order to facilitate this new initiative in small cells, or --?

John Stratton - *Verizon Communications Inc. - EVP & President of Operations*

Yes, it's not really a more or less, it's just different. So it's the how we manage the build around capacity and performance that's important. You mentioned this. This remains the bedrock of our brand. The quality and the reliability of the Verizon Wireless network we believe is the finest in the world and we think that's objectively true, but it doesn't happen easily. It's a continuous process at a very local level to ensure sort of maximum optimization of every sector.

The way it's accomplished is changing. Certainly the topology of our network looks very different today than it did just four or five years ago and in two or three years' time it will look different yet again as we have many, many thousands of small cells deployed around the US. So that change I think is what's powering the results.

I don't know if folks are aware, but we continue to see Verizon running the table as relates to third-party independent surveys of network quality, so RootMetrics most recently did 300 tests. We had five times the number of wins, if you will, as the next closest competitor and literally 200 times

the guys that were trailing. Six out of six J.D. Power regions ranked Verizon the number one network. So while the coverage at a sort of quantifiable level is becoming closer, the quality of the experience remains the hallmark of our brand.

David Barden - *BofA Merrill Lynch - Analyst*

Questions from the audience? So I guess kind of bringing it back to the Wireline side, I think one of the parts we didn't really talk about was on the enterprise side. I think that in the last conference call there were kind of conversations about how it looks like government spending is starting to flatten out. There is still some challenges in business spend. What is the strategy at Verizon for turning enterprise, which historically has been a good growth engine, back into its strategic growth position in the business?

John Stratton - *Verizon Communications Inc. - EVP & President of Operations*

Yes, that has been a challenging business for sure for us. What we see is in the breadth of the portfolio products and markets, remember, enterprise for us is our sole global business. So we are doing business in 150 countries around the world and the state of play in each of those countries is unique to itself. But what I would tell you is that the performance of the business overall is obviously the sum of the parts.

And as we look at the performance of the network business, this is really where all the pressure is in that side, so two flavors. One is just the continuing secular decline of the core copper network and we know that. We're dealing with that as we go forward. We see technology displacement to fiber, to ethernet solutions and the like. IP networking right now -- and I think this is more temporal, but we have seen for the last 18 months or so some pretty significant compression on the rate per bit, if you will, the retail rate per bit for IP networking.

So stabilizing the IP revenue stream and we're beginning to see sequential stabilization of that is essential because it's a big business. As we think about the growth parts of the portfolio -- cloud computing, managed cyber security, IP communications, etc. -- while those are achieving nice growth levels, they are not of a scale and size yet that their improvement is outrunning the decline in the core network. So for me the critical lever is the IP networking business. Stabilization there would allow ultimately us to see us come through the other end of this.

But in the meantime, important to note that we continue to improve the bottom line of that business. So aggressive work to restructure fundamental processes, just how work gets done to improve again the quality of the support we provide our Tier 1 enterprise and government customers but also the cost of providing it. So we have maintained a very disciplined focus on that side of the ledger and obviously that needs to continue.

David Barden - *BofA Merrill Lynch - Analyst*

All right, John, thank you so much. I think we've run out of time. I really appreciate you being here. Good luck with the rest of Go90 and the launch today and I look forward to staying in touch. Thank you so much.

John Stratton - *Verizon Communications Inc. - EVP & President of Operations*

Great. Thank you, David.

David Barden - *BofA Merrill Lynch - Analyst*

Thanks, John.



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