



3rd Quarter 2006 Earnings Conference Call

October 30, 2006

"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: materially adverse changes in economic and industry conditions and 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; material changes in available technology; technology substitution; an adverse change in the ratings afforded our debt securities by nationally accredited ratings organizations; the final results of federal and state regulatory proceedings concerning our provision of retail and wholesale services and judicial review of those results; the effects of competition in our markets; the timing, scope and financial impacts of our deployment of fiber-to-the-premises broadband technology; the ability of Verizon Wireless to continue to obtain sufficient spectrum resources; 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; the timing of the closings of the sales of our Latin American and Caribbean properties; and the extent and timing of our ability to obtain revenue enhancements and cost savings following our business combination with MCI, Inc.

This presentation includes certain non-GAAP financial measures as defined under SEC rules. As required by those rules we have provided a reconciliation of those measures to the most directly comparable GAAP measure in materials on our website at www.verizon.com/investor.

3Q '06

Overview



Sustainable Growth

- ↑ 2.0M retail net customer adds
- ↑ 18.2% revenue growth
- ↑ ARPU accretion

Wireless

New Customer Relationships

- ↑ 522K FiOS data customers
- ↑ 118K FiOS video customers
- ↑ 448K broadband net adds

Telecom

Gaining Market Share

- ↑ 1.7% sequential revenue growth
- ↑ 25% Y/Y growth in strategic services revenue
- ↑ Major contract wins and renewals

Business

Creating long-term growth

3Q '06

Consolidated Results



	<u>3Q '06¹</u>	<u>Y/Y Change</u>	
		<u>Adjusted¹</u>	<u>Pro forma¹</u>
Total Revenue	\$23.3B	+25.8%	+3.6%
Cash Expenses	\$15.6B	+35.7%	+4.4%
Operating Income	\$4.0B	+13.2%	+6.6%
Operating Income Margin	17.3%	(190)bps	+50bps

Earnings per Share of \$0.68¹

¹ Excludes special items

Revenue and margin growth

YTD 3Q '06

Cash Flow



	<u>YTD 3Q '06</u>	<u>Y/Y Change</u>
Cash Flow from Operations	\$17.9B	+\$2.9B
Capital Expenditures	\$12.3B	+\$1.0B
Debt	\$41.7B	+\$3.0B
Net Cash Flow/Debt	53.6%	+160bps

Strong & sustainable cash flow

Wireline Financial Results



	<u>3Q '06¹</u>	<u>Y/Y Change</u>		<u>Sequential Change²</u>
		<u>Adjusted¹</u>	<u>Pro forma¹</u>	
Revenue	\$12.8B	+35.5%	(4.7%)	+0.1%
Cash Expense	\$9.3B	+56.3%	(1.3%)	+1.7%
Operating Income	\$1.1B	+(13.6%)	(26.0%)	(8.4%)
Operating Income Margin	8.8%	(500)bps	(250)bps	(80bps)
Capital Expenditures	\$2.3B	+\$162M	N/A	(\$258M)

¹ Excludes special items, excluding capital expenditures

² Sequential change based on pro forma results, except for capital expenditures

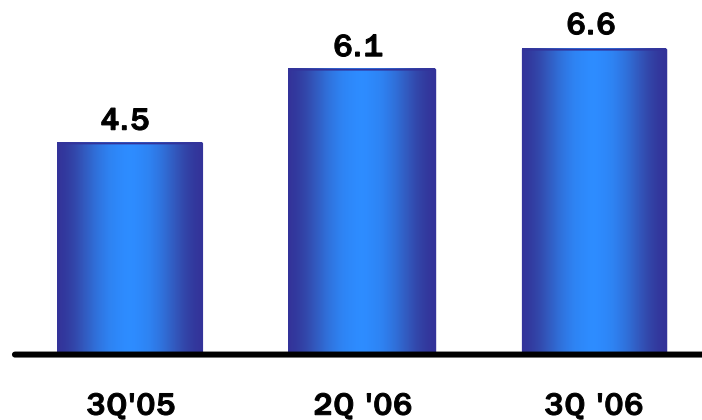
Results on target

Wireline

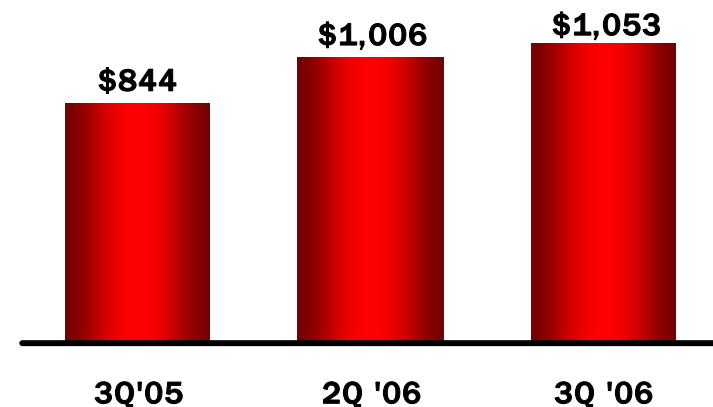
Data Services Growth



Broadband Subscribers
(M)



Strategic Services Revenue*
(\$M)



- **\$4.1B in data revenue up 6.3% on a proforma basis**
- **Data 32% of wireline revenue**

* Private IP, IP VPN, Security, Managed Network Data, Hosting, Ethernet and Ring Services; excludes Dial-up (proforma basis)

Revenue mix continues to shift to data

Telecom Revenue Summary



	3Q '06 ¹	Y/Y Change		Sequential Change ²
		Adjusted ¹	Pro forma	
Consumer Retail	\$3.7B	(3.3%)	(3.3%)	+0.5%
Small/Medium Business	\$1.3B	(1.2%)	(1.2%)	(2.3%)
MM fMCI	\$0.6B	NM	(24.4%)	(6.0%)
Total Mass Markets	\$5.6B	9.6%	(5.8%)	(0.9%)
Wholesale Services	\$2.1B	(7.9%)	(1.2%)	+0.3%
Other	\$0.6B	(7.3%)	(24.7%)	(5.8%)
Total Telecom	\$8.3B	+3.3%	(6.3%)	(1.0%)

¹ Excludes special items

² Sequential change based on pro forma results

Key drivers improving

Telecom

Customer Growth



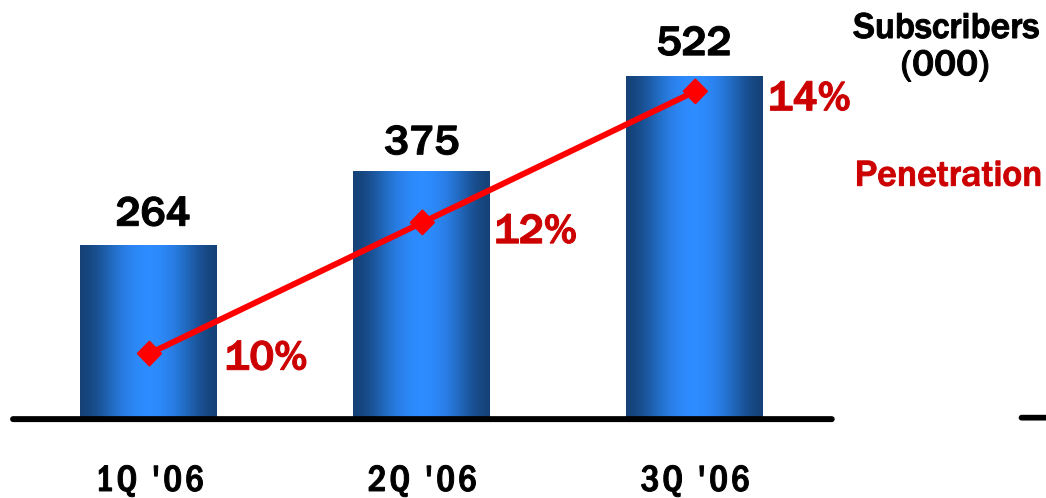
	<u>3Q '06</u>	<u>Y/Y Change</u>	<u>Sequential Change</u>
Consumer Retail			
Voice Primary Lines^{fVZ}	23.1M	(5.6%)	(419)
Broadband	5.8M	+1.9M	+412
Video	0.6M	+0.3M	+127
Primary Consumer Units	29.5M	3.1%	+120
Additional Lines	2.7M	(16.4%)	(139)
Consumer RGU's	32.2M	1.1%	(19)
Total Access Lines	46.0M	(7.5%)	(977)

Expanding customer relationships

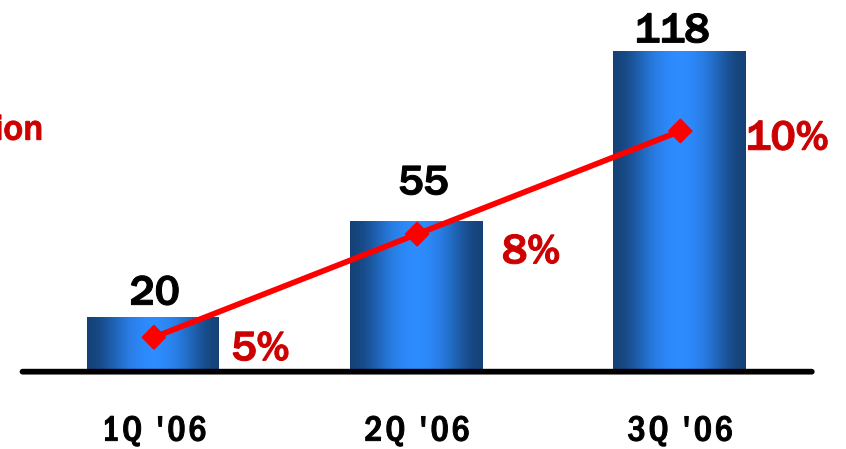
Telecom FiOS Customers



Data



Video



2.6M

3.1M

3.8M

Homes Open
for Sale

413K

692K

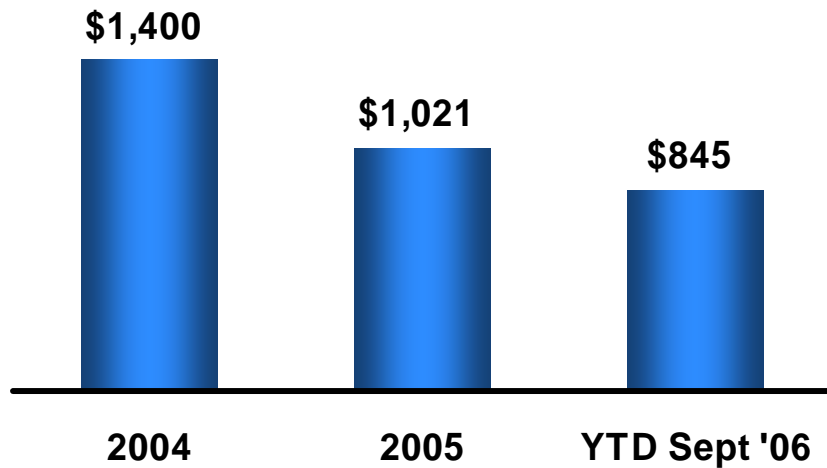
1.2M

Accelerating customer growth

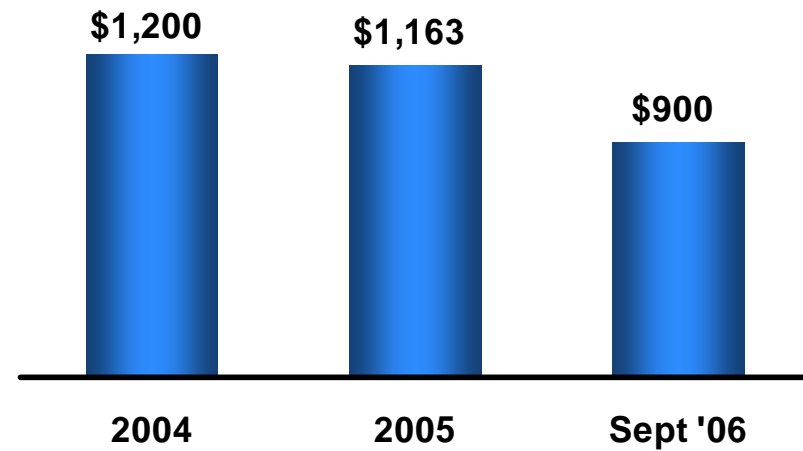
FiOS Cost to Pass and Connect



Gross CapEX Cost per Premises Passed



Gross CapEX Cost per Premises Connected



■ 5.3M premises passed

Deployment on target

Business

Revenue Summary



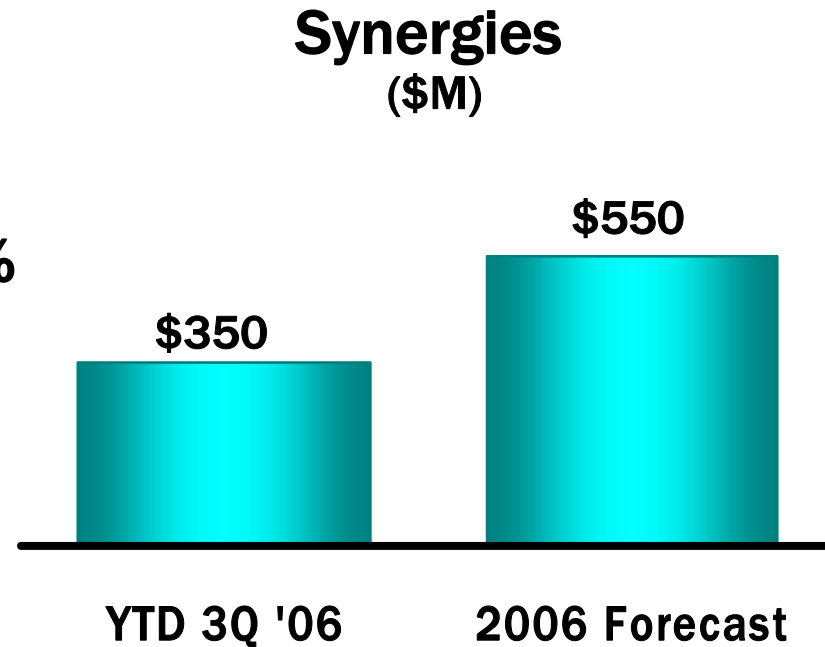
	<u>3Q '06</u>	<u>Y/Y Change¹</u>	<u>Sequential Change¹</u>
Enterprise Business	\$3.6B	+0.6%	+3.0%
Wholesale Services	\$0.8B	(10.6%)	(1.1%)
International and Other	\$0.8B	Flat	(1.1%)
Total Revenues	\$5.2B	(1.5%)	+1.7%

¹ Sequential and Y/Y change based on pro forma results

Improving trends



- Force reductions on track
- Traffic growth up 40%-45%
- System integration on schedule



Successful integration

Wireless Financial Results



	<u>3Q '06</u>	<u>Y/Y Change</u>	<u>Sequential Change</u>
Total Revenue	\$9.9B	+18.2%	+6.6%
EBITDA	\$3.8B	+26.1%	+6.8%
EBITDA Margin	45.0%	+350bps	+60bps
Operating Income Margin	26.2%	+440bps	+60bps
Cash Exp per Customer	\$27.85	(\$1.47)	+\$0.19
Capital Expenditures	\$1.6B	Flat	+\$26M

Profitable growth

Wireless Revenue Summary



	<u>3Q '06</u>	<u>Y/Y Change</u>	<u>Sequential Change</u>
Total Revenue	\$9.9B	+18.2%	+6.6%
Service Revenue	\$8.5B	+16.5%	+5.4%
Service ARPU	\$50.59	+\$0.46	+\$0.88
Retail Service ARPU	\$51.21	+\$0.60	+\$0.87
Data Revenue	\$1.2B	+95.3%	+15.7%
Data ARPU	\$7.16	+\$2.93	+\$0.76
Data % of Service Revenue	14.1%	+570bps	+120bps

ARPU expansion

Wireless

Quality Customer Growth



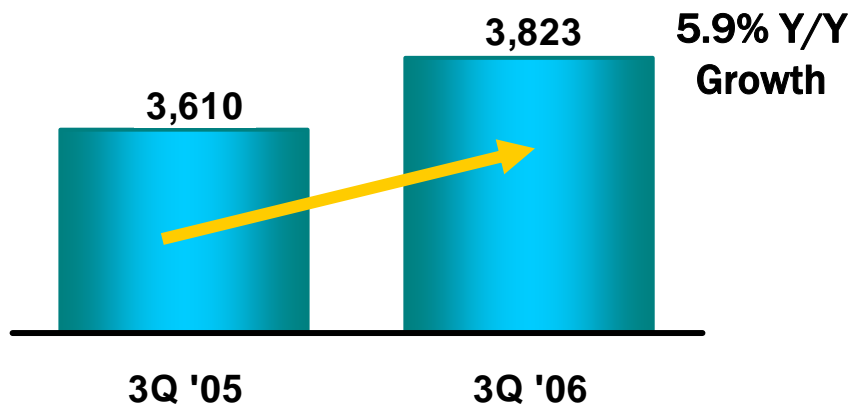
	<u>3Q '06</u>	<u>Y/Y Change</u>	<u>Sequential Change</u>
Total Customers	56.7M	+7.5M	+1.9M
Total Customer Churn	1.24%	(5)bps	11bps
Retail Customers	54.6M	+7.4M	+2.0M
Retail Churn	1.15%	(10)bps	10bps
Retail Post-paid as a % of Total Customers	92.7%	+5bps	+19bps
Retail Post-paid Churn	0.95%	(13)bps	8bps

Industry-leading retail growth

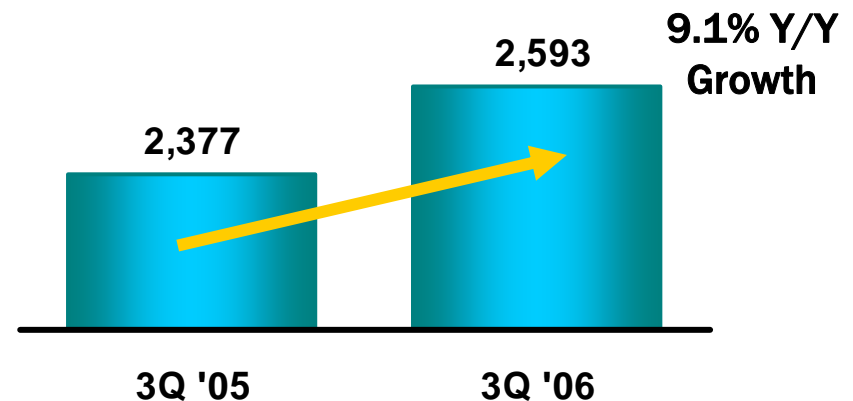
Wireless Quality Distribution



Retail Gross Adds (000)



Retail Direct Gross Adds (000)



- Increased direct store productivity
- Increased indirect distribution

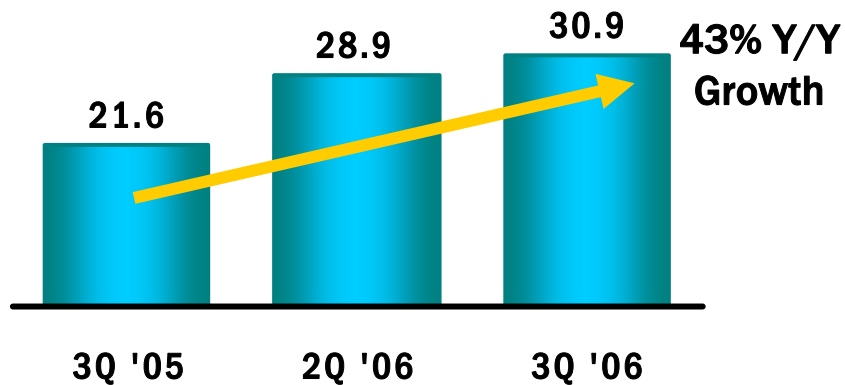
Diverse, growing distribution model

Wireless

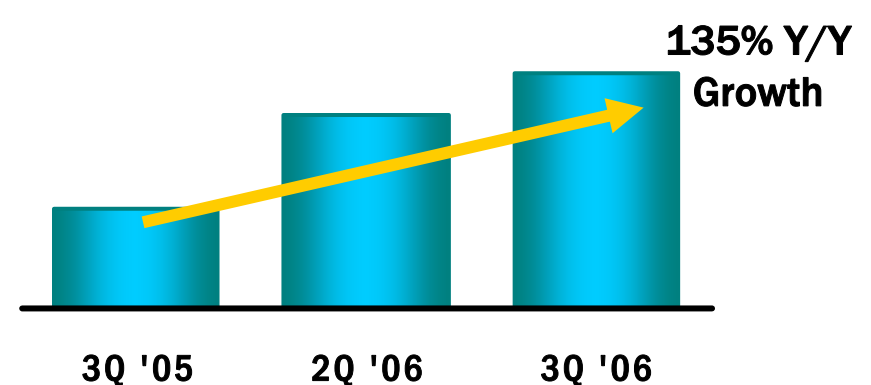
Data Services Growing



Data Customers
(M)



Business Application Data Revenue
(\$M)



- More than one-third of data revenue is from business applications
- More than 55% of Y/Y growth in data revenue is from services other than messaging
- Industry leading, exclusive Data Devices

Creating new opportunities

3Q'06

Summary



- **Gaining market share**
- **Organic growth ramping-up**
- **Cost-savings increasing**
- **Share buy-back continuing**
- **Asset dispositions proceeding**

Creating long-term growth