



# 2nd Quarter 2008 Earnings Conference Call

July 28, 2008

# “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, including disruption of our suppliers' provisioning of critical products or services; the impact of natural or man-made disasters or litigation and any resulting financial impact not covered by insurance; technology substitution; an adverse change in the ratings afforded our debt securities by nationally accredited ratings organizations; 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 impact 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; and the ability to complete acquisitions and dispositions.**

Throughout this presentation, results shown are adjusted for special items. Results reflect the reclassifications of revenues, expenses and operating income in the Wireline segment following the completion, on March 31, 2008, of the spin-off of our local exchange and related business assets in Maine, New Hampshire and Vermont. Reconciliations to generally accepted accounting principles (GAAP) for non-GAAP financial measures included in this presentation can be found on our website at [www.verizon.com/investor](http://www.verizon.com/investor).

# 2Q '08 Headlines



**EPS from continuing ops. grow 15.5%, net income up 12.0%**

**Consolidated revenues grow 4.9%**

**Wireless total revenues up 11.8%**

**Broadband and video revenues of \$1.2B, up 45.4%**

**VZB strategic services revenue growth of 18.7%**

**Operating income margins increase 100 bps**

**Industry leading wireless margins and growing share**

**FiOS efficiency improves**

**Capital intensity improves**

**Cash flow from continuing ops. less capex up 20.0% YTD**

**Investments delivering new growth**

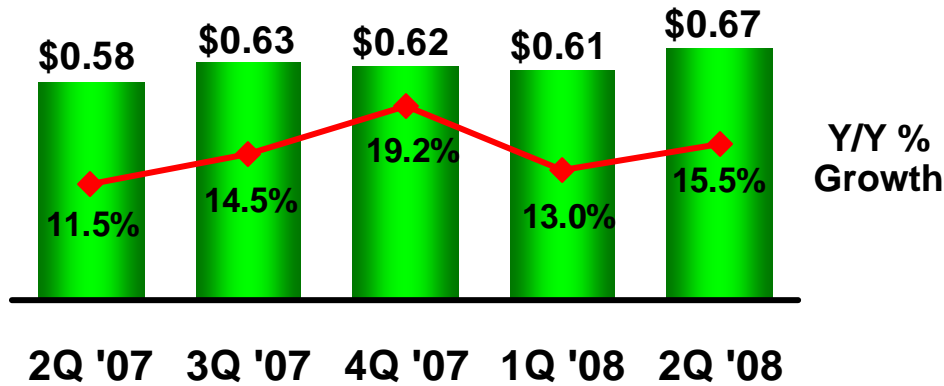
**Business plan on track**

Consolidated

# Revenue and Profitability



## EPS Growth

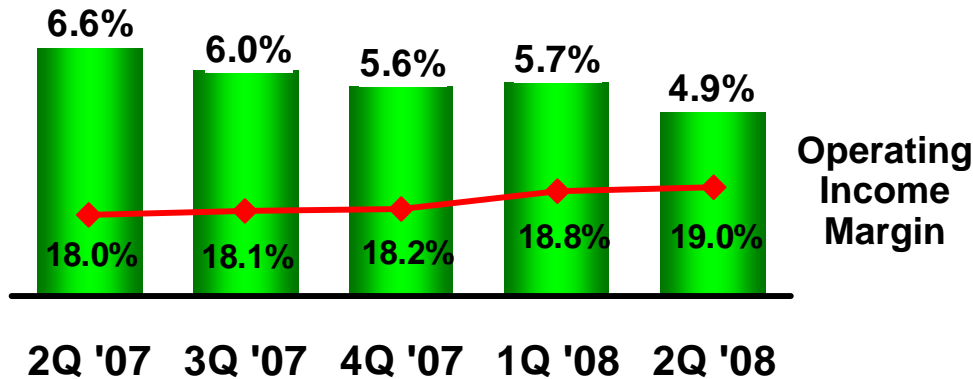


Double digit EPS growth

Revenues up \$1.1B

Operating income up 10.9%

## Revenue Growth



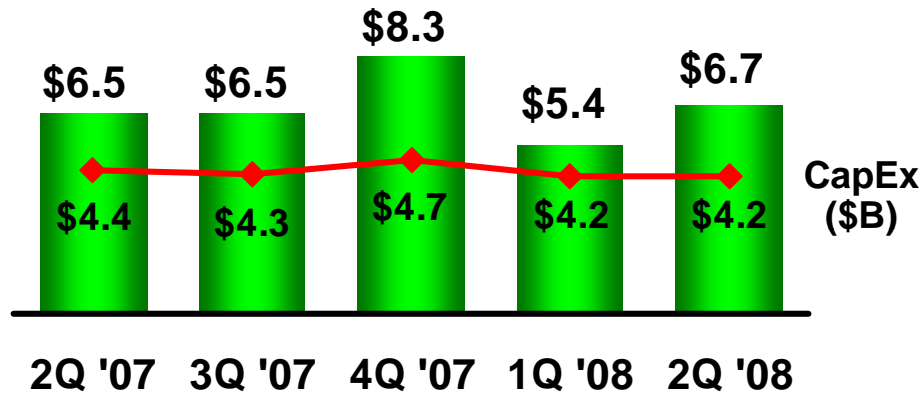
**Top and bottom line growth**

Consolidated

# Cash Flow & Balance Sheet



## Cash Flow From Continuing Operations (\$B)



**Strong cash flow generation**

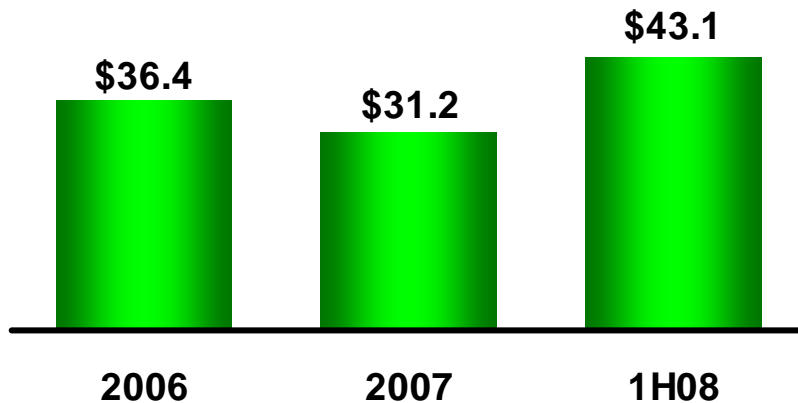
**Capital intensity improving**

Capex/revenue of 17.6% for 1H08 improves 120 bps

**Total net debt \$42.5B**

**Net debt/EBITDA 1.3x**

## Total Debt (\$B)



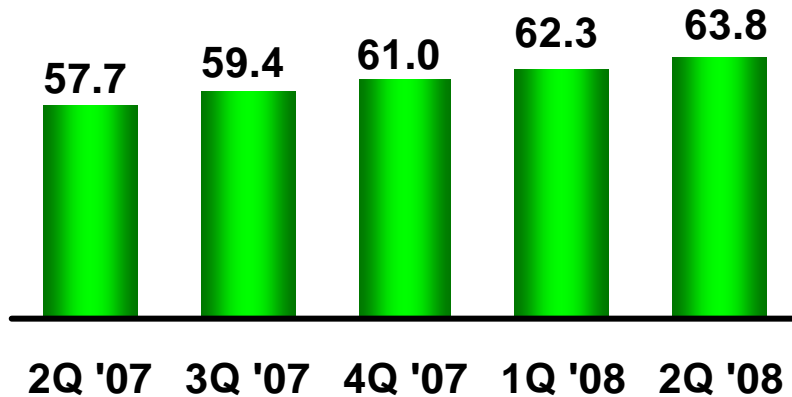
**Strong balance sheet & cash flows**

Wireless

# Customer Growth



## Retail Post-paid Customers (M)



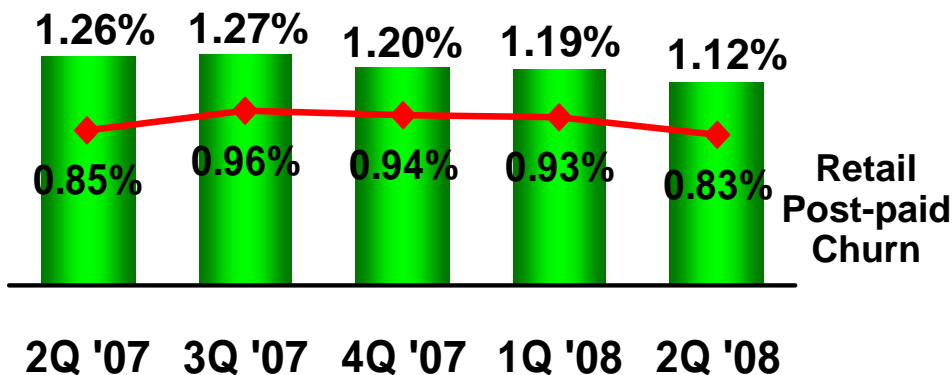
**68.7M total customers**

**Strong subscriber growth**

**1.5M total net adds**

**97.5% retail post-paid**

## Total Churn



**Continue to lead retail post-paid market**

**Industry-leading churn**

**Declines YoY**

**Improves to record level**

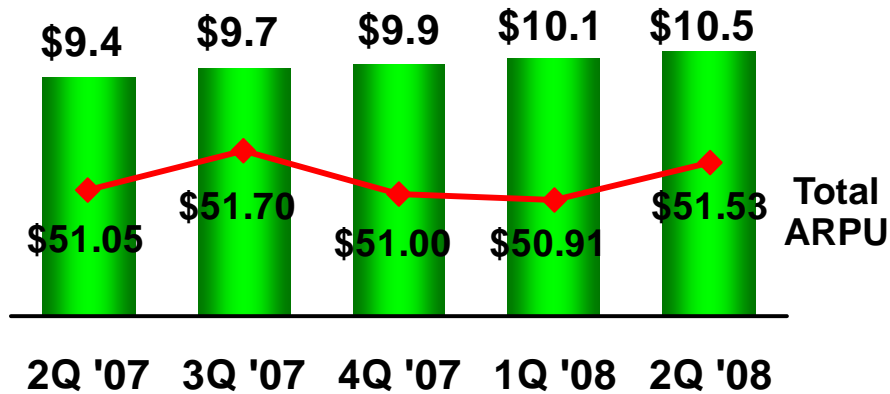
**Gaining share and record low churn**

## Wireless

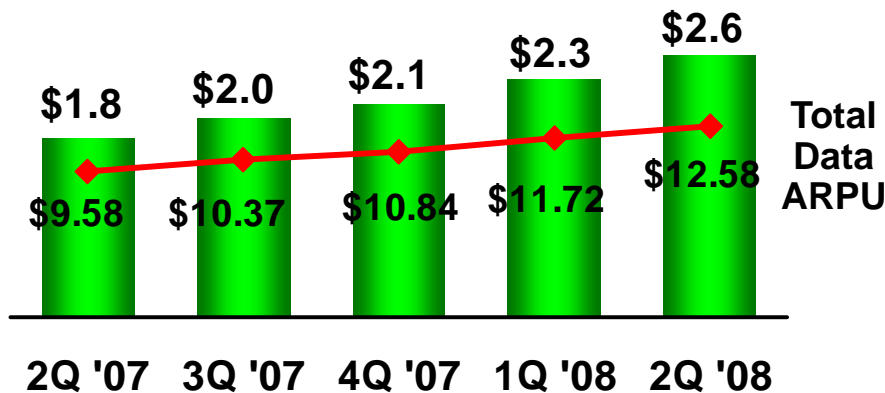
# Revenue Growth



### Total Service Revenue (\$B)



### Total Data Revenue (\$B)



**Service revenue up 11.6%**

**Growing data contribution**

**Data revenue up 45.3%**

**24.4% of service revenue**

**New devices and applications**

**Future growth opportunities**

**Alltel and Rural Cellular**

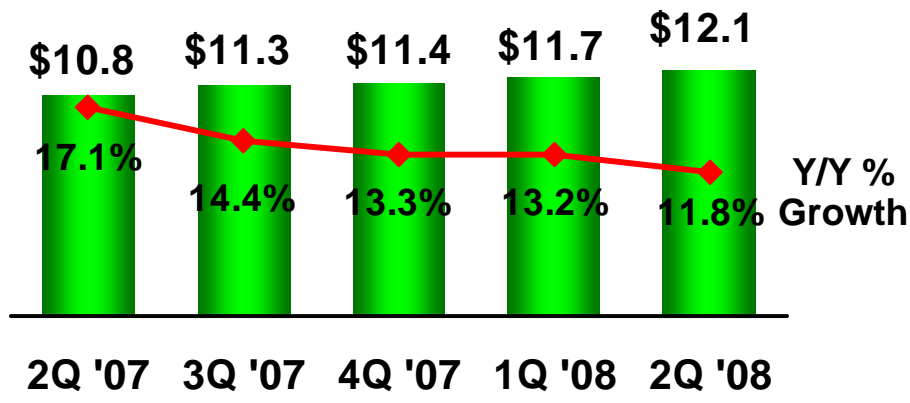
**Wireless/wireline convergence**

**Global enterprise mobility**

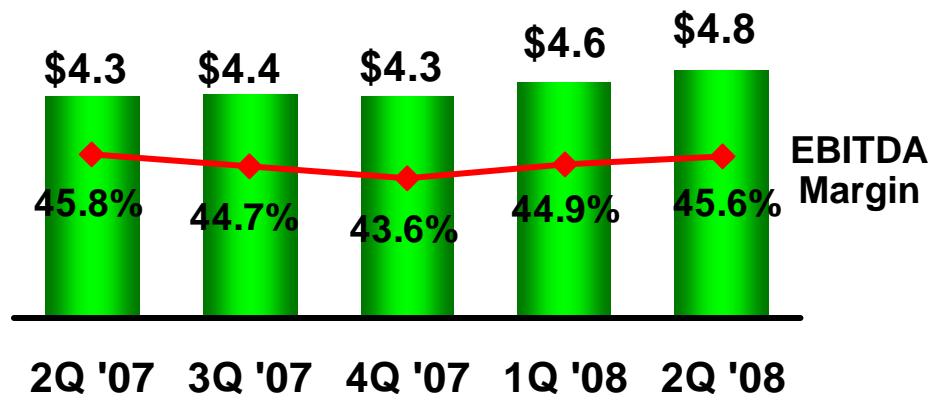
**ODI and LTE**

**Increasing demand for wireless data services**

## Total Revenue (\$B)



## EBITDA (\$B)



**Double-digit revenue growth**

**Generating substantial cash flow**

**EBITDA less capex \$6.1B YTD, up 24%**

**Industry-leading customer loyalty and profitability**

**Capital intensity improves**

**Capex/total revenue 13.7% YTD**

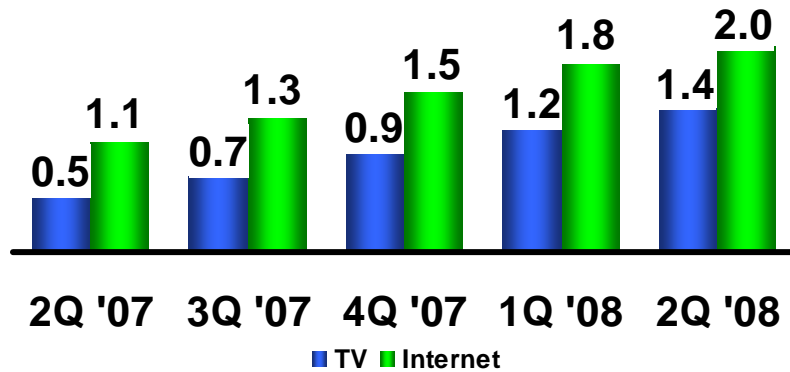
**Well positioned for growth**

**Balancing growth & profitability**

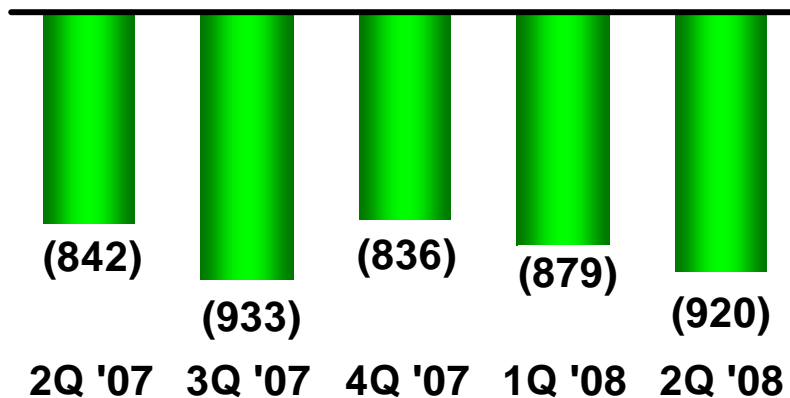
# Customer Growth



## FiOS Customers (M)



## Access Line Loss (000)



### Broadband and video growth

FiOS TV: 176K net adds, 20% penetration

FiOS Internet: 187K net adds, 24% penetration

DSL: (133K) net adds, 8.3M broadband customers

### FiOS opportunities

NYC launch

50/20 Mbps to entire footprint

100+ HD channels

### Triple play coverage growing

From 22% to 60%

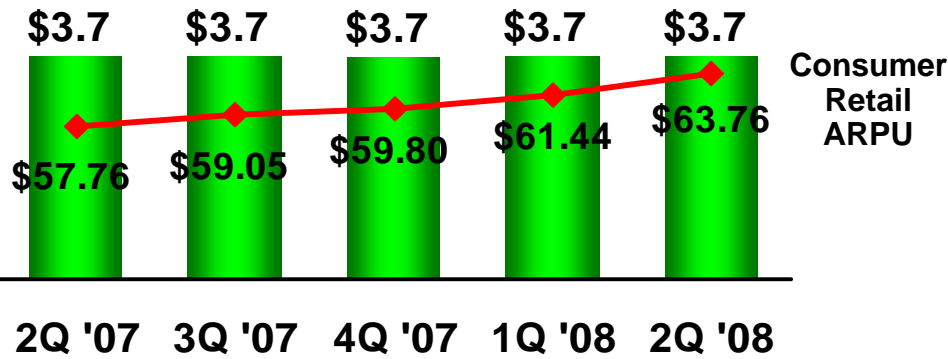
At least +250 bps to loss rate in 10 states, up to +800 bps

## FiOS penetration advances

# Consumer Revenue



## Consumer Revenue\* (\$B)

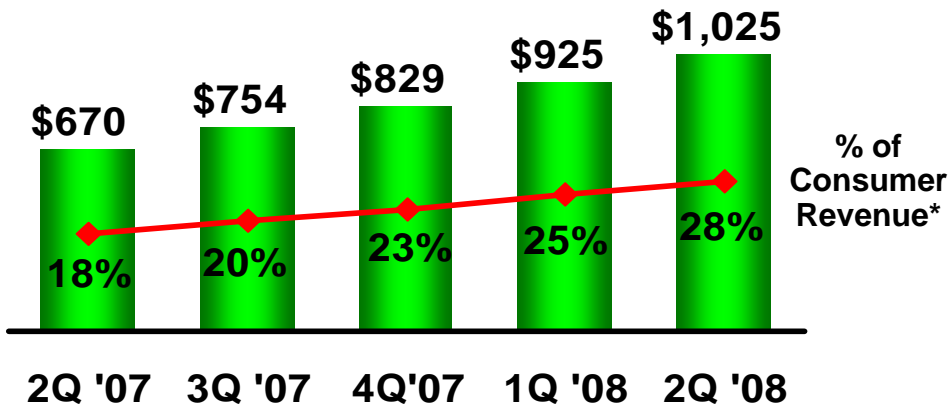


## Growth in revenue and ARPU

0.8% growth in consumer revenue

10.4% increase in consumer ARPU

## Broadband/Video Revenue (\$M)



## Broadband and video driving growth

Revenue up 53%

FiOS ARPU of \$130+

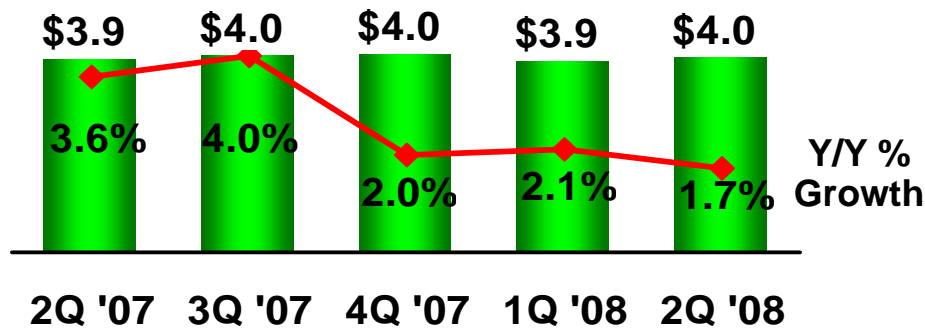
\* Legacy Verizon

**Broadband and video driving ARPU growth**

# VZ Business Revenue



## Global Enterprise Revenue\* (\$B)

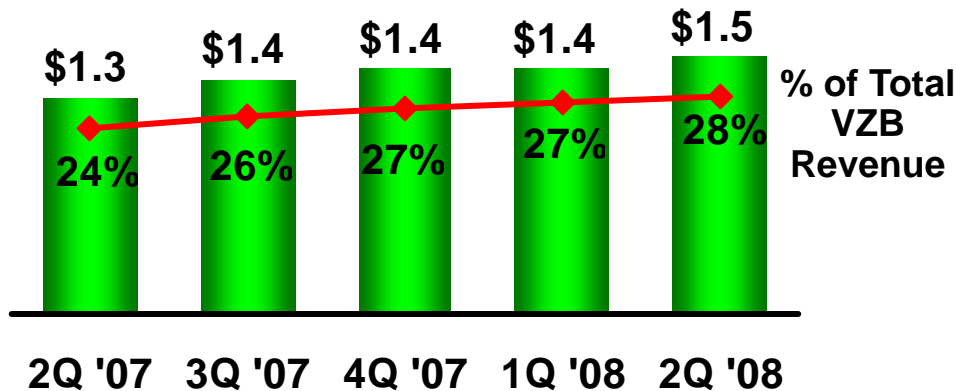


**Demand continues to be solid**

1.7% growth in global enterprise revenue

0.9% growth in total VZB revenue

## Strategic Services Revenue (\$B)



**Gains in strategic services**

Revenues up 18.7%

28% of total revenues

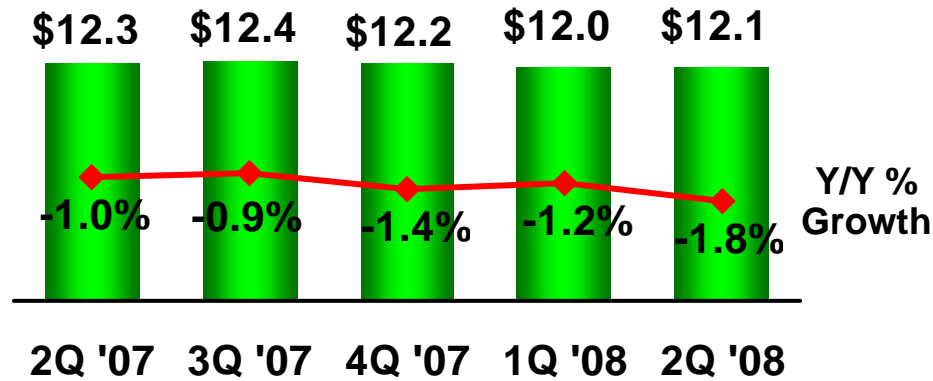
**Significant customer wins**

**Enterprise mobility**

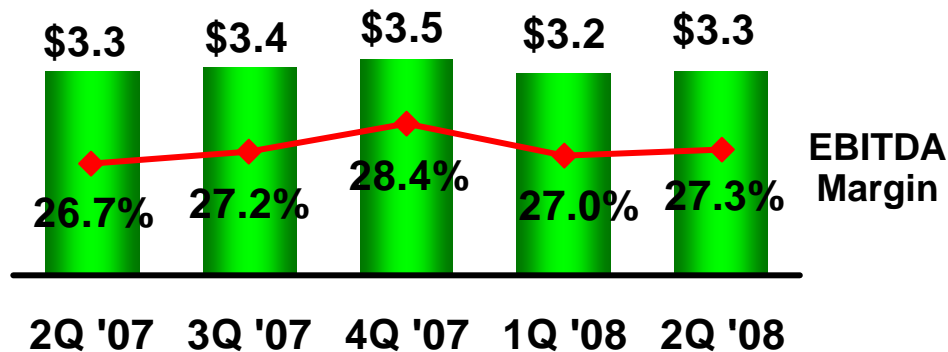
*\* Retail domestic & retail int'l*

**Platform for future growth**

## Total Revenue (\$B)



## EBITDA (\$B)



Growing demand for key strategic products

Continued momentum in revenue growth

Continued opportunities to reduce costs

Improvement in margin

Capex on target

**Focused on continued improvements**

# Summary



**Continued growth in all key strategic areas**

**Top line revenue growth**

**Steady progress in expanding margins**

**Solid earnings and cash flow momentum**

**Investments driving growth**

**Rural Cellular close imminent, Alltel by year-end**

**Second half outlook**

**Opportunities to increase shareholder value**