Global Forum — Paris

Ubiquitous Infrastructure in Europe, the Americas, Asia and Emerging Markets

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Kathryn C. Brown
Senior Vice President
Verizon

Telecom Transition in the U.S.

From:

- Wireline
- Narrowband
- Voice-centric
- Circuit-switched
- Copper infrastructure
- Proprietary architecture
- Traditional Regulation
- Government in charge

To:

- Mobile and Converged
- Broadband
- Video-centric
- Packetized
- Optical Infrastructure
- Open architecture
- Market-based policy
- Consumer in charge

U.S. Wireline Voice Declines, Wireless Grows

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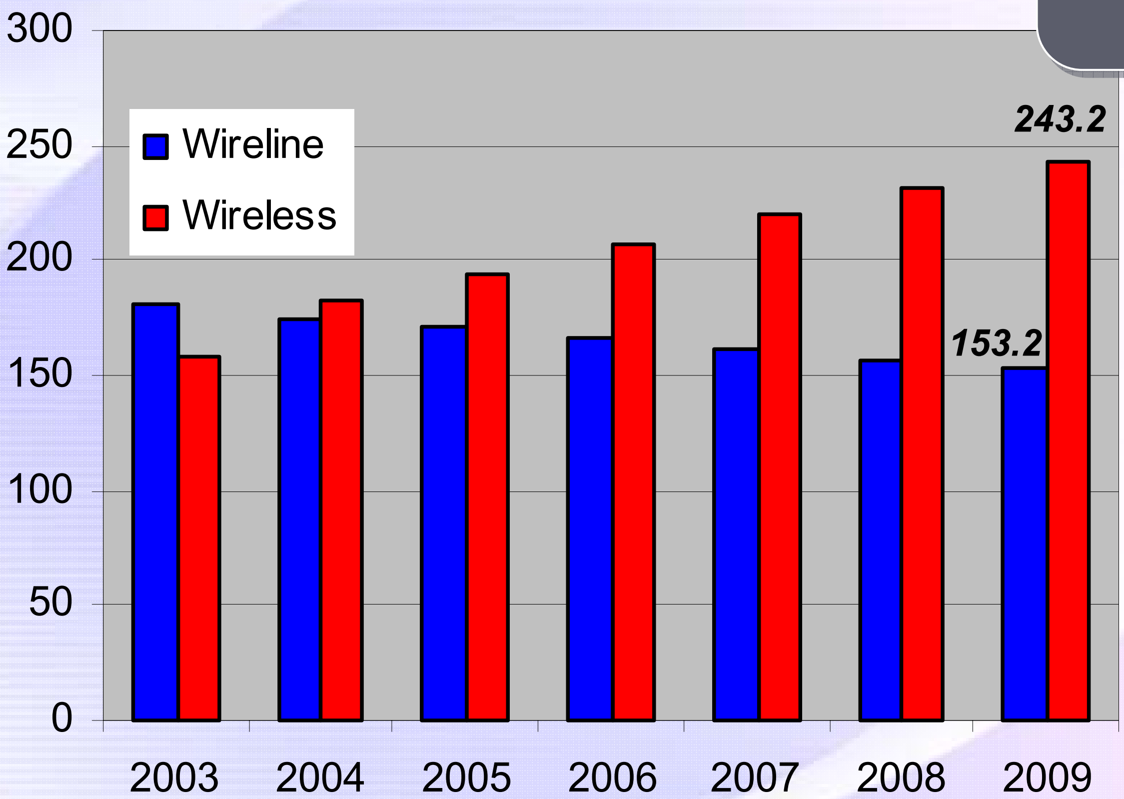
U.S. Wireline and Wireless Subscribers, 2003-2009 (millions)



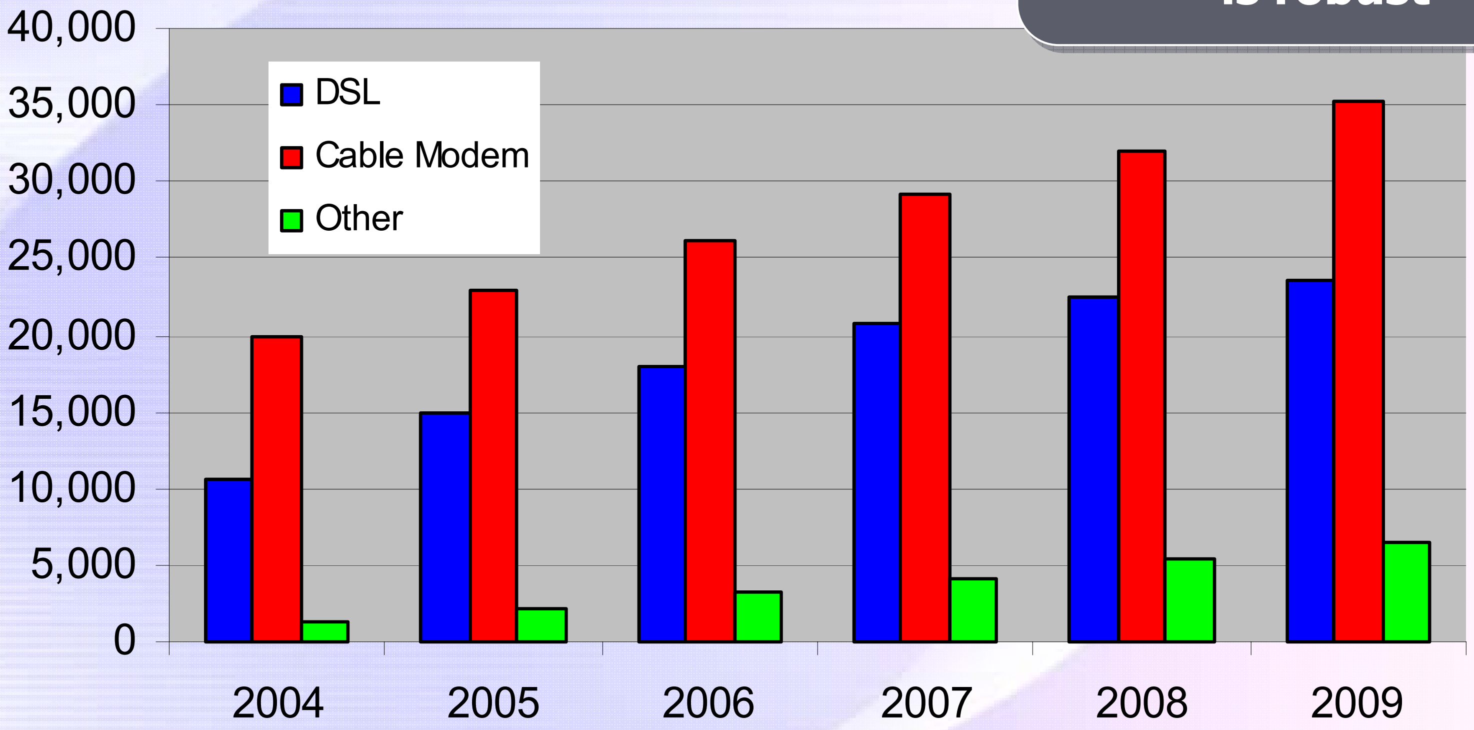
Wireless subscribers will exceed wireline by 58% in 2009

Source: Instat March 2006

Rapid Growth in U.S. Broadband

U.S. Homes Connected, 2004-2009 (thousands)

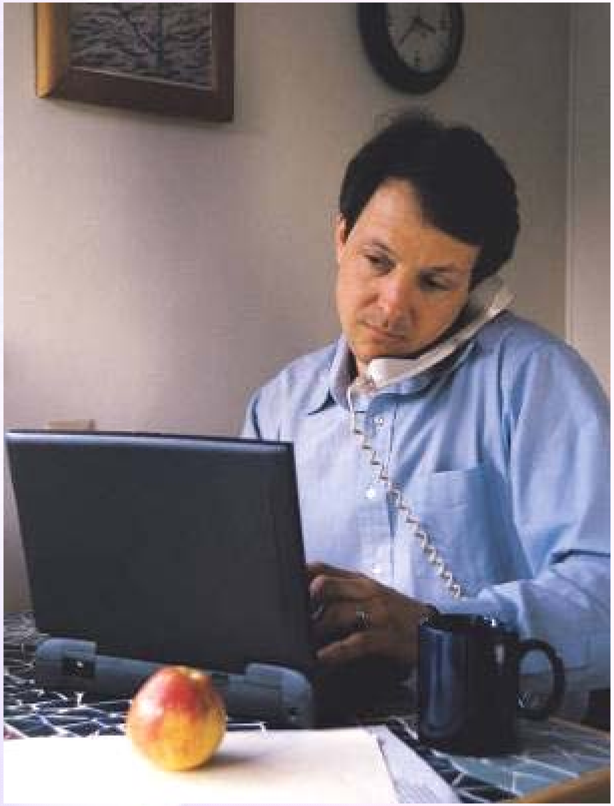
Broadband growth in each technology is robust



Source: Instat March 2006

Verizon is Boosting Bandwidth & Services to the Home

- Building fiber-to-the-home network in parts of 18 states
- Deploying in approximately 400 communities across the U.S.
- Recently announced 50 megabit service in some states and offering television service in 7 states
- 3 millions homes/businesses passed by YE 2005 with fiber technology
- On target to pass another 3 million this year



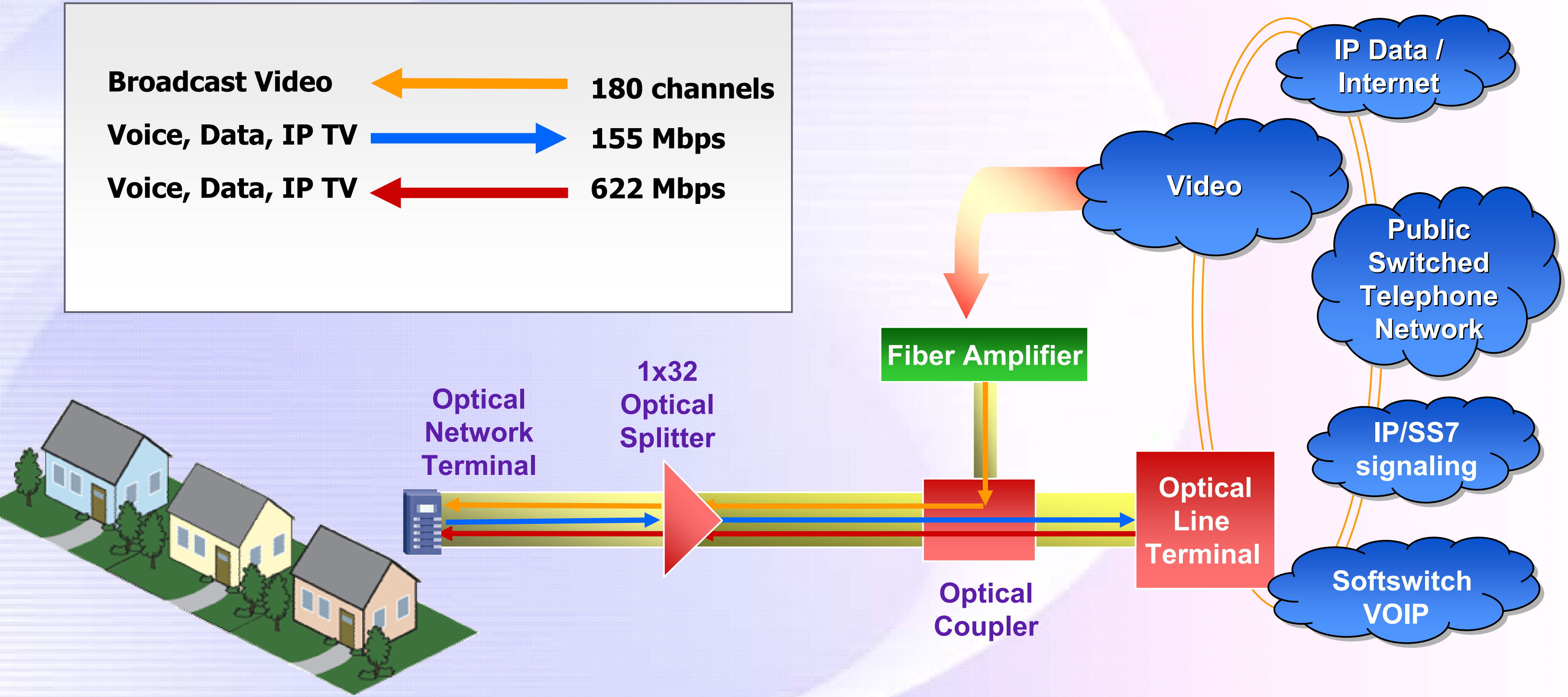
Verizon is Boosting Bandwidth & Services to the Home

- Current plans:
  - 18 million homes passed by 2009
  - Total investment: $22B
  - 100 megabit connections
- Verizon opportunity:
  - 33M households & 3.6M businesses
  - $50B voice/data/video market (U.S.)

Verizon FiOS TV Network

Verizon is Building Highest Capacity Network to the Home in the U.S.

Broadcast Video	←	**180 channels**
Voice, Data, IP TV	→	**155 Mbps**
Voice, Data, IP TV	←	**622 Mbps**



FTTH Deployment Increasing

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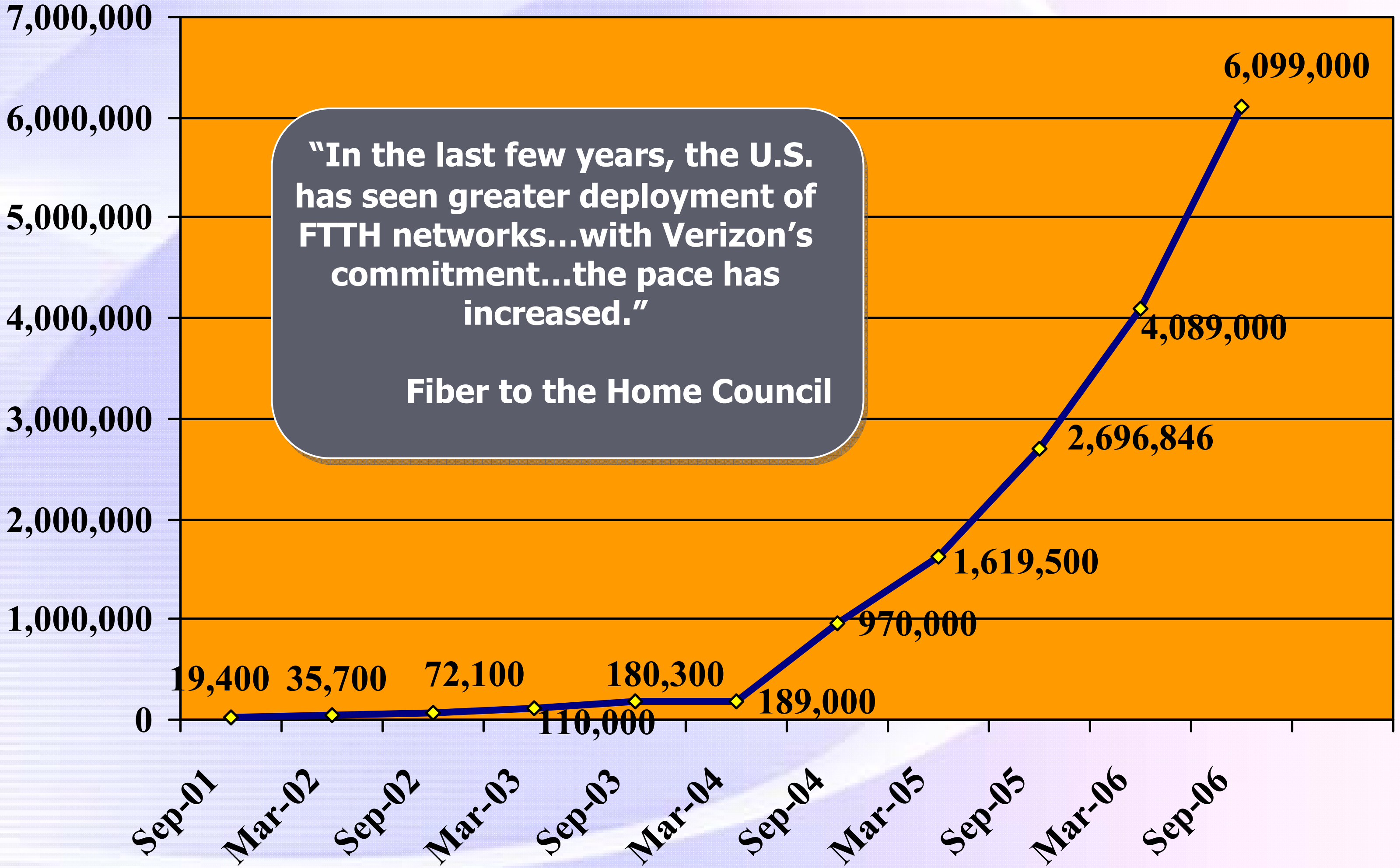
FTTH Homes Passed in North America

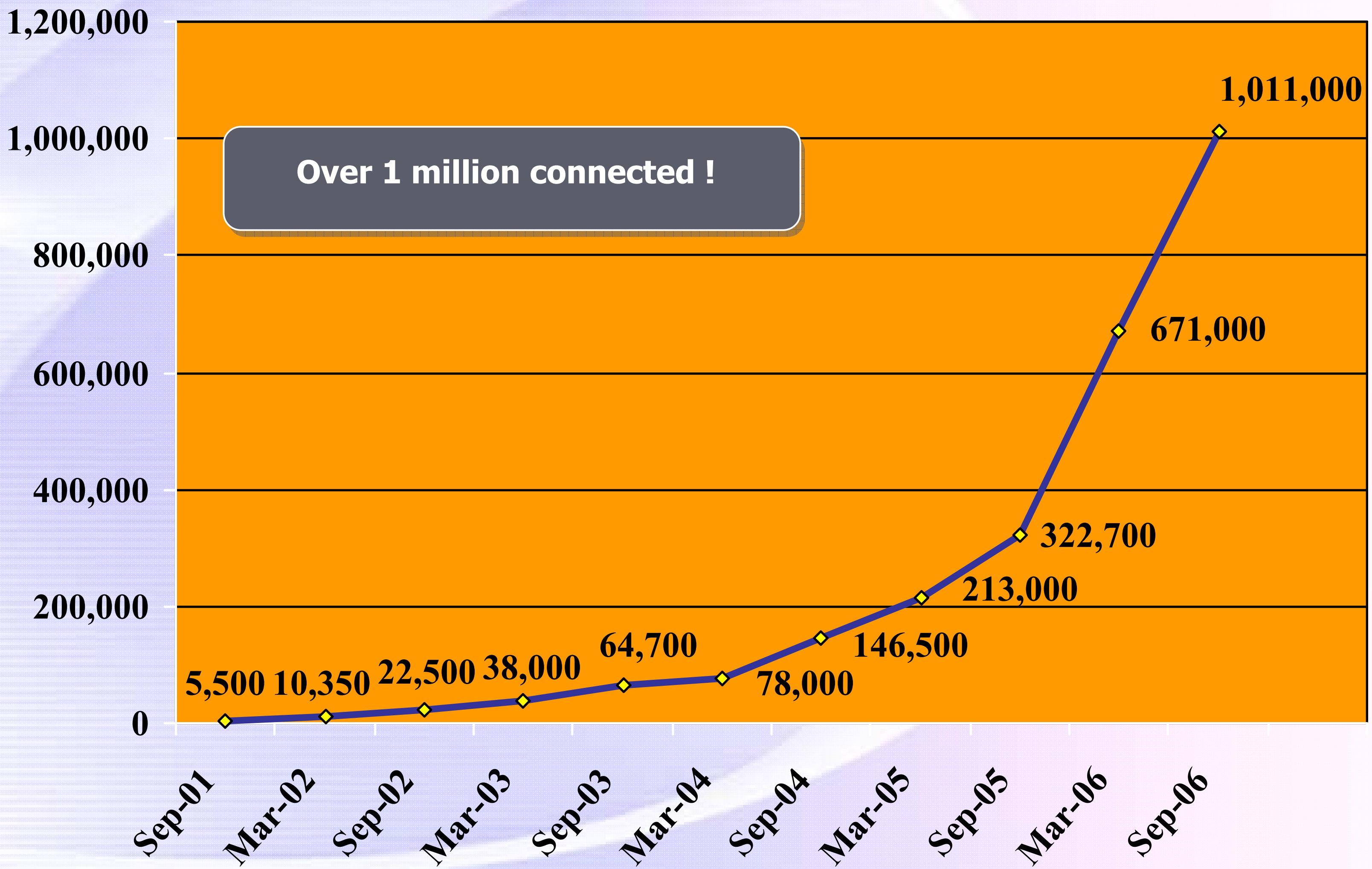


Source: RVA Render & Associates, LLC 2006

FTTH Deployment Increasing

verizon

FTTH Homes Connected in North America



Source: RVA Render & Associates, LLC 2006

Verizon FiOS Pricing & Packaging

Basic Service: 24 channels @ $12.95

- Analog or Digital
- Local Broadcast Stations
- Weather Channels
- Compelling local content
- 47 music channels
- Access to more than 2,000 On Demand titles with STB
- Access to over 20 HDTV channels with STB

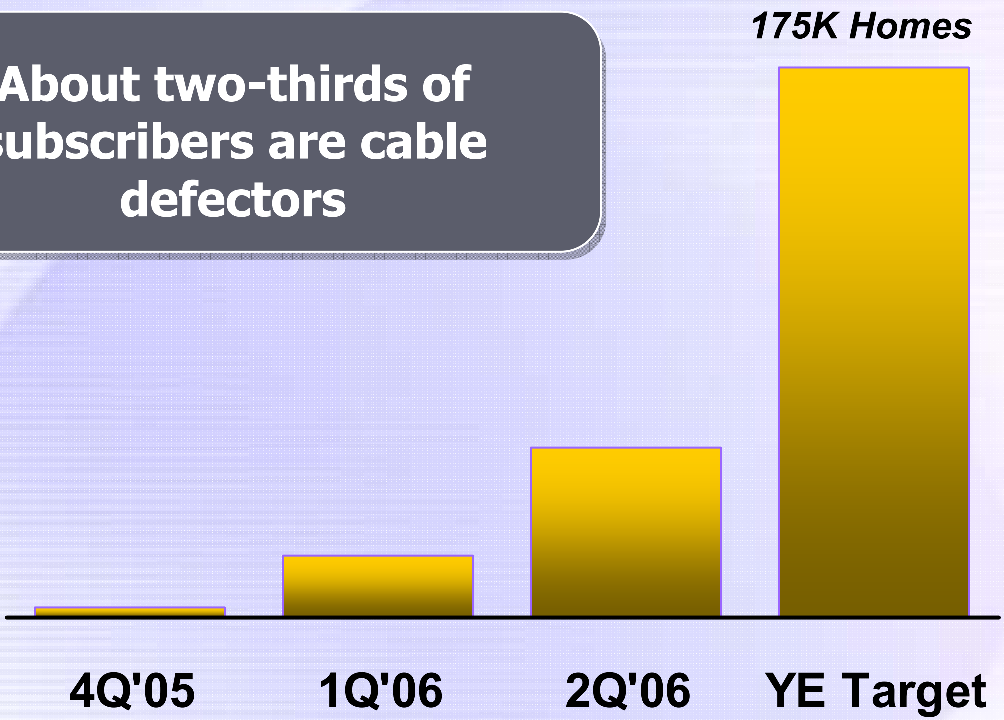
Expanded Basic: >180 channels @ $39.95

- 100% digital line-up
- 24 basic channels
- 100 + additional video channels
- 47 music channels
- Access to more than 2,000 On Demand titles with STB
- Access to over 20 HDTV channels with STB

Strong FiOS TV Results

Verizon FiOS TV Subscribers

About two-thirds of subscribers are cable defectors

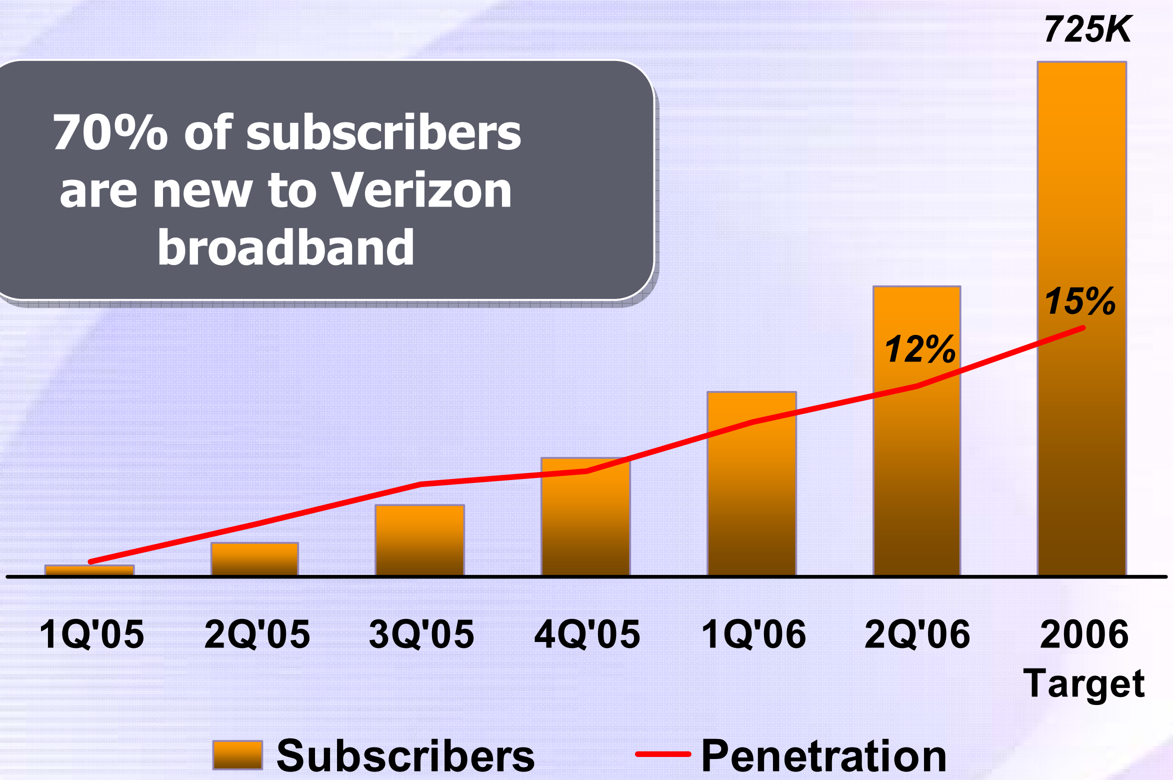


- Monthly Churn < 1.5%
- 99.4% subscribe to Premier Tier
- 60% have HD and/or DVR
- 37% subscribe to movie or sports package
- 12% of gross sales have included Home Media DVR

Strong FiOS Internet Results

Verizon FiOS Internet Subscribers & Penetration

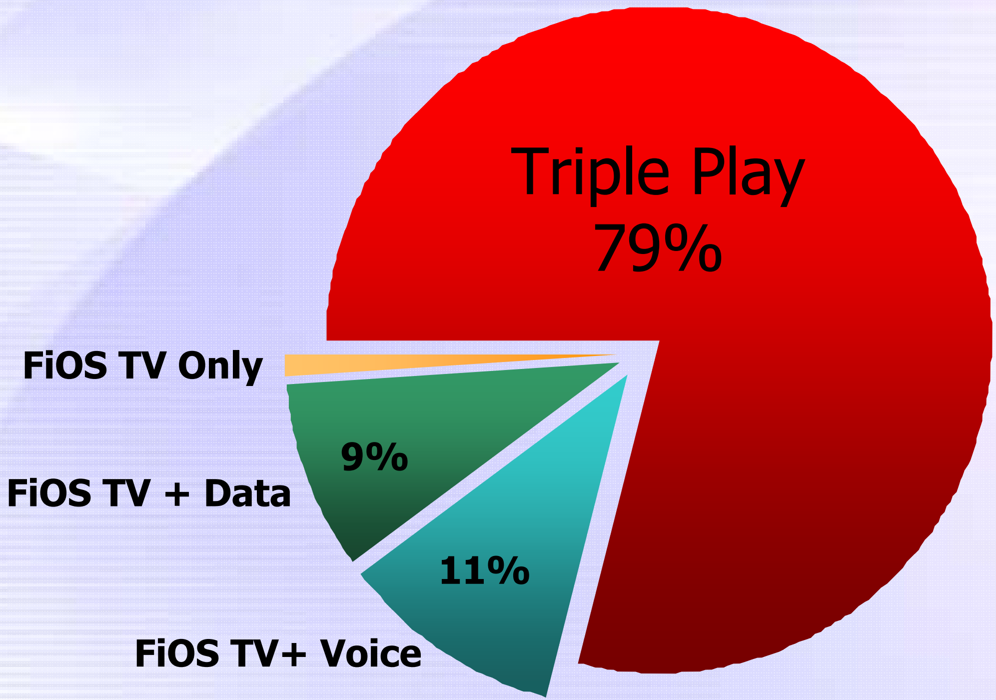
70% of subscribers are new to Verizon broadband



- Average penetration in wire centers open for sales
  - 6 months = 8%
  - 9 months = 12%
  - 12 months = 15%
- Monthly churn < 1.5%
- 5 mbps: $39.95 per month
- 15 mbps: $44.95 per month
  - 50 mbps service in NY, Mass., Rhode Island

Strong FiOS TV Results

Verizon FiOS TV Customer Base



- 99% of FiOS base has 2nd product
- Bundled line churn is 50% lower than voice-only lines
- 56% of FiOS TV sales include FiOS Internet

Challenges

- Privacy
- Broadband availability and access
  - Rural, disabled, seniors
- Evolve and reform regulatory role
  - Recognize platform competition by refraining from anticipatory regulatory model
  - Markets—not functions—need to be defined to encourage competition
- Ease of Use/Seamlessness
  - Bundling is important and making software/hardware "consumer friendly"

Challenges, cont.

- DRM/copyright models that work for the consumer—commercial models, not government mandates
- Consumer safety online, especially safety of children
- Key challenge is to stimulate innovation, choice for consumers and innovators