

FINAL TRANSCRIPT

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VZ - Verizon at Barclays Capital Communications, Media and Technology Conference

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May. 26. 2010 / 2:15PM, VZ - Verizon at Barclays Capital Communications, Media and Technology Conference

CORPORATE PARTICIPANTS

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Verizon Communications - EVP, President and CEO Verizon Wireless

CONFERENCE CALL PARTICIPANTS

James Ratcliffe

PRESENTATION

James Ratcliffe

So I think we will get started. We are pleased to have with us this morning Lowell McAdam, who is President and CEO of Verizon Wireless, a position he has held since 2006. Between 2000 and 2006 he was EVP and COO of the Verizon Wireless, and prior to that he was CEO of PrimeCo, a Bell Atlantic Vodafone joint venture. And he has also held positions at AirTouch and PacBell. So Lowell is going to start with a few slides and then we are going to move into some Q&A.

Lowell McAdam - *Verizon Communications - EVP, President and CEO Verizon Wireless*

Good morning everybody. I guess we have to start out with our obligatory Safe Harbor here. I wish I had a dollar for every time you all have seen one of these statements. So here is what I would like to just cover for a few minutes before we get to the Q&A, these particular four topics.

If you talk about first quarter, I think I would term the quarter, or characterize it as responsible execution. If you're not familiar with our numbers, we did about 1.2 million roughly reseller and connections, as I will call them.

That was a very conscious tactical decision for us to take advantage of the current economic environment. And while we are moving towards the 4G strategy it was not changing our overall postpay strategy. That is still the main thrust for the business, but we saw an opportunity here to gain some significant revenue. And you can see our service revenue was up very nicely year-over-year, and a lot of that had to do with that reseller approach.

On the postpay side we had just over 400,000 net adds. I will talk more about our postpay strategy here in a few minutes. We delivered, and continued to deliver, the strongest margin in the wireless industry.

We are very focused on our upgrades. If you are familiar with our base we don't have the smartphone base of many others. We are very much a family share orientation. So that gave us lots of opportunity to sell higher data bundles in the smartphone mix.

So focusing on the upgrade has really helped our churn performance as you see here. It has driven this 26% data revenue improvement year-over-year. So it sets us up well because we've got clearly the strongest data network in the industry, and we are taking advantage of that.

On the Droid franchise, I am sure we will talk more about that in the Q&A, but that I think is really hitting its stride now. We have been working with Google very closely for a year to year and a half. You know we launched our first Droid device in November. It is one of the fastest smartphones to meet -- to reach 1 million net adds.

And I think now our general drumbeat with them has been established. We had the Droid and the Droid Eris in November. We just launched the Incredible. I will say more words about that. Later this month we launched the LG Ally, which is another Droid platform.



May. 26. 2010 / 2:15PM, VZ - Verizon at Barclays Capital Communications, Media and Technology Conference

And we -- what we do is from a quarterly basis we sit down, we go through all the devices that are available from all the different manufacturers. We look at the applications that are coming out. We kind of match the two of them together. We've got a roadmap now laid out for over the next 12 months of which devices and which apps.

So because we are now approaching 50,000 apps available on Droid, I think we've got a nice drumbeat that takes advantage of our 3G superiority and moving into 4G.

The Incredible, if you have used that phone it truly lives up to its name. I have a lot of people come up to me and say, why this is the first phone that I really love. Frankly, we are having a hard time keeping up with the demand on it. Some of that is that demand is frankly better than we had expected. And I know you're aware of some of the component shortages. But Samsung provides the screen for those, and we expect that they will -- they are ramping up their production. We expect that we will be able to meet demand here within the next 30 to 60 days.

But it is a very high-class problem. And as I say, we've got other devices coming right behind it, so the portfolio is going to be quite strong as we go through the summer and into the back-to-school period.

So let's shift gears here for a second and talk about LTE. I think most of you are aware that we have test markets up in Boston and Seattle. We also have a market up in Erie, Pennsylvania because we wanted to test some of the rural applications. We have really officially stopped our technology trial and are now moving into precommercial launch. We have said that we will launch 20 to 30 markets and about 100 million POPs at the end of this year, and really make a big splash at CES in January. And we are making very good progress here.

This chart shows the 700 C-Block, which I think you are all aware of. It is a 10 by 10 or 20 megahertz spectrum depth. I will tell you in my career in wireless I have never had the opportunity to have this kind of spectrum and be able to use it. Like virtually every other carrier you have to piece together different frequencies and different bands to cover the US, and this is a huge opportunity for us.

I know there is a lot of discussion going on about speeds now, and if I was in your shoes, I would be pretty confused by it all, just be honest about it. But it really boils down to just physics. And if you look at a 5 by 5 competitor, which most of the other guys are that bought A or B or piece things together, their speeds are going to be about half of what ours will be using the 700 C. So I will talk a little bit more about that in a second.

We are seeing in our trials what we had expected -- very, very strong building -- in-building penetration, which sets us up for a very good machine-to-machine communications. If you see here the high-end spectrum that is typical at Clearwire. You can see that if you set that as a benchmark of about 1 times building penetration, you can see that the PCS spectrum, which we have some, but Sprint's foundational spectrum is there. That is about 1.3. And as you move through cellular to 700, you are about 3.5 times that base performance in the building.

So with our infrastructure of cell sites that is built mostly on the 850 and a little bit on the 1900, depending on the market spectrums, when you overlay 700 and that becomes your foundation for your products going forward, you are really in a premier position for in-building penetration.

As we have done our field trials the capital efficiency is proving out as we had expected. There are lots of things in a lab environment that we are testing in the real world, and this is one of them. So the cost to deliver a megabyte for us is going to be a half to one-third of what it costs on 3G. So there is some great opportunity for a reduction in capacity need and throughput as we raise up video applications and other applications.

So throughput, as I say, lots of discussion about that. We have said somewhere in the 8 to 12 range. What we are seeing in the field is very encouraging. Vodafone as an example has, I think it is going to be more like 15 megabits of throughput. So just to put it in perspective we believed the theoretical limit in the lab was going to be about 70 megabytes of throughput. We are



May. 26. 2010 / 2:15PM, VZ - Verizon at Barclays Capital Communications, Media and Technology Conference

doing a lot of testing with a lot of different companies. As one example, with Samsung test labs in Korea we are seeing 120 of throughput.

So just to put that in perspective in that lab environment, which I'm not trying to say is what will happen in the field, but in the lab environment we are able to download a full-motion high-definition video, I think it was one of the X-Men movies. It took 57 seconds to send it from the server down to the handset. So the throughput is really going to be dramatic.

So we are showing this slide in the 7 plus range. I expect it to be significantly better than that. We are also working with areas technical companies on -- I don't want to really call it compression techniques, because it is mostly software improvements -- but being able to send high-definition video instead of at the 10 megabit level down at the 2 to 3 megabit level. So we think that we can do some compression techniques as well as increase the size of the pipe, which really makes video a very strong application.

Now the other chart here is around latency. We are seeing in the operating environment out in these field trials about a 30 millisecond delay on the network, which really opens up all the video gaming that we think is a great opportunity as well. So these two charts are really here just to show you that there is a whole new set of applications out there that we think will bode well for the business.

So I mentioned the initial launch, what we plan on doing, the overall -- we haven't gone through the full detail, but we do expect to have this be rolled out very similar to what we have done with 3G services, which means from the time we start until virtually the whole country is covered it is about a three-year period.

Now, you know, you may or may not know last week or the week before we announced that we are going to work with the rural carriers to use our 700 spectrum in places that we would not have gotten to until year three or year four or year five, and allow them to use our spectrum, use our devices based on C-Block, and have a roaming agreement with us so that they can have access to our 200 or 300 million POPs that we cover over time. So I think this will accelerate the deployment and will really establish the C-Block as the main frequencies for US on broadband.

Just one comment at the bottom. There is also a lot of discussion about, well, LTE will only be PC cards and dongles over the first year or so. That won't be true. If you come to the CES I think it would be very surprised at the number and variety of devices that we will be able to bring to the table. And if -- some people are very surprised by that. If you think about those, Sprint has already launched an Evo phone based on WiMAX, and LTE is already deployed more broadly than that. And with more countries coming there is going to be a real opportunity here to bring smartphones and tablets and those sorts of things to market. So that is where we are focused.

We are also making investments on an overall ecosystem for LTE. Any time you do a transition from one technology to another this is one of the things you need to be thinking about. So if you start at kind of two o'clock on this chart here, we have launched the innovation center in Waltham, Massachusetts. We have a venture forum that is underwriting and providing funding to some of the startup companies. It gives them a chance to go in and actually see the equipment, test their devices back and forth, see how the application works.

We also have the VDC or the Verizon developer community. We have established, I guess, what they call a sandbox in the Silicon Valley, where they can go test their software and their applications, and work with us to make sure we have good interfaces with the rest of our backroom infrastructure.

The joint innovation lab, you have heard me speak about before, but that is our joint venture with Softbank and China Mobile and Vodafone, very focused initially on widgets, but then moving into broader applications, and even devices that will work on 3G and 4G. But it brings us the 2 billion customers that we have jointly with the four of us, so lots of opportunity here to leverage these innovations across more platforms.



May. 26. 2010 / 2:15PM, VZ - Verizon at Barclays Capital Communications, Media and Technology Conference

Open development, we announced in, I think it was November of '07. And we continue to add lots of machine-to-machine devices and applications. Mostly focused on the things that you are familiar with. Medical, so lots of healthcare, security, appliances, consumer electronics, transportation, smart grids, those sorts of things. And I think this overall ecosystem helps drive not only 3G applications, but moving quickly to 4G.

Then finally our service delivery platform. That is what we call our joint venture with QUALCOMM, our investment in nPhase. So the goal here is to bring the end-to-end solution to the customer. So we start with QUALCOMM chipsets, whether it be 1X all the way to 3G and all the way to 4G. We have the software kits that support the customer all the way through managed services, from nPhase and then the network from Verizon Wireless. So we can bring someone who has an idea, bring them all the way to market through this kind of an ecosystem.

So I think if you wrap this all up, we feel very good about our current performance in the marketplace. We see the kinds of devices coming from the Android platform and from others. We are not turning our back on RIM and Microsoft and others. But we see good sustained performance, good profitability, as well as good growth. And then we see on a very near term the transition to 4G, which will open up tremendous revenue streams, as well as some cost efficiencies and new applications for the customer.

So we think we are in a good position. We are delivering strong performance and that is good for our investors. So why don't I stop there, James, and we will move into the straight Q&A piece, if that is all right.

QUESTIONS AND ANSWERS

James Ratcliffe

Sounds good. So to look at the first quarter, we saw, and you touched on this a little bit in your presentation, a slowdown in postpaid trends pretty much across the industry sequentially and year-on-year. I think a lot of us are wondering is this part of an ongoing trend that you would be expecting to see postpaid just continuing to slow, while prepaid grows at a higher rate, or was there more of a blip in an overall trend?

Lowell McAdam - Verizon Communications - EVP, President and CEO Verizon Wireless

Well, I am not sure it is either of those, is what I would say. I don't think it is a long-term slowing, because if you look at the kinds of applications that I talked about with 4G and you look at the types of devices that were coming -- that we have today and the Incredible what we see coming, I think you will see an improvement as the economy improves.

If you look back fourth-quarter we had a very strong fourth-quarter with the launch of the Droid, the original Motorola Droid. And we didn't have any major launches in first-quarter. Well, now we are seeing, and I am not announcing any second-quarter numbers here today, but the Incredible has really done well for us. I could probably sell twice the number that I have at this point.

So I think you will see that pickup. And I think frankly the applications and the devices will have a lot to do with it.

James Ratcliffe

On the postpaid side when you look at what is really driving customer selection of a provider? How has the mix changed among handsets, plan pricing, network quality? I know they all figure in there. And clearly you're doing well in that space without the iPhone.



May. 26. 2010 / 2:15PM, VZ - Verizon at Barclays Capital Communications, Media and Technology Conference

Lowell McAdam - Verizon Communications - EVP, President and CEO Verizon Wireless

Well, I think you hit the three things that are the keys. I will say that I think if you look back four or five years the network was the key. That was really the only key. Others would come in and they would play a little bit of the low price game. I think what has strengthened prices being so critical is the economy.

Now the iPhone has clearly been a game changer in the industry. So I would say now it is almost equal, because of the economy, between price, the network and the device. As the economy improves I think the device and the network will probably drive more.

Now what do you have to have? Well, what we need to be able to do is bring the coolest application. And I think LTE with the video piece, that is a game changer. I think the game -- being able to do gaming -- cross-country gaming. And with that sort of millisecond delay you'll be able to do that. So I think those two will become more important as we move into 4G, and that is why I like our position.

James Ratcliffe

Talk about any trends you're seeing in port-in versus port-out of where they are going prepaid, postpaid among your competitors?

Lowell McAdam - Verizon Communications - EVP, President and CEO Verizon Wireless

Well, so I think your question is a little bit, do the all-you-can-eat guys hurt a company like Verizon? Not in a big way. But I also am not going to sit here and say that as the all-you-can-eat guys do better that we don't lose some of the secondary lines. We do see some of that.

I think the other factor is that Sprint is getting more healthy, and I don't think that is a bad thing. When you have a company that is as wounded as Sprint has been over the last couple of years they do a lot of desperate things that aren't necessarily good for the overall industry.

So I think you're seeing a stabilizing. When we launch a new device the port ratios obviously improve. And when somebody else does, you feel that a little bit as well. But overall we continue to be net port positive. We continue to be in, I think, a very strong position, and even without the iPhone. Who knows how that will change over time.

James Ratcliffe

You cut your voice pricing for the unlimited package in January, I guess, from \$99 to \$69. And at the time you said you thought that would have both positive subscriber, and of course to some degree uncertain ARPU impact, given the trends. Can you give us any color on how that has developed thus far?

Lowell McAdam - Verizon Communications - EVP, President and CEO Verizon Wireless

I think -- our theory is that people will pay a premium for the quality of the Verizon Wireless network. They probably aren't going to pay 3X or 4X for that. So we need to be within a reasonable striking distance.

What we expected, and what we saw was we didn't have a huge base of those \$99 unlimited, and we expected -- so we didn't expect we would see a huge dilution there. But we obviously had a huge base in the \$49 and \$59 range, and those customers would say, well, I don't want to have to think about it anymore. I am just going to up move up to \$69 and do an all-you-can-eat

May. 26. 2010 / 2:15PM, VZ - Verizon at Barclays Capital Communications, Media and Technology Conference

bundle. And we have seen exactly that. And it has been part of the reason why we have seen overall the ARPU accretion that we have.

James Ratcliffe

You mentioned the unlimited prepay guys earlier. That is a space that you participate in really just as a network provider. And you know it is like Straight Talk and the like. So you haven't had to involve the Verizon brand in that space. How do you think about continuing that strategy versus actually purchasing it in a more direct way?

Lowell McAdam - Verizon Communications - EVP, President and CEO Verizon Wireless

We are not -- it is something we continue to look at, but we are not enamored with multiple brand strategies, and certainly not enamored with taking the Verizon Wireless brand down into that all-you-can-eat space.

You can tell from my discussion here earlier this morning we are all about the new applications, the higher bandwidth, the things that will not only provide the high-end consumer, but the enterprise customer is going to be interested in it.

We have a program where all the senior executives have to adopt one of the big companies, and I have five big ones. Like General Motors is a good example. Every time I meet with them and I show them the decks that you see here, their eyes light up and their only question is, can you do it faster, and when can we start developing product together.

So I think that is where I want my team focused is how do we get that high-end consumer, get that enterprise business. And I am -- but I am not going to turn my back on the all-you-can-eat, but I'm going to do it opportunistically. I can do that through a reseller a lot more effectively than I can diverting resources from Verizon Wireless management go after that segment.

By the way, they have very good ARPUs. I don't know, Ron, whether we have said what that is, so I am told I am not saying it either. So -- but they have good ARPUs. They have good margin. And I don't have to spend a ton of time on it. So it works out well.

James Ratcliffe

So margin-wise from the reseller space versus the postpaid space are they reasonably comparable or --?

Lowell McAdam - Verizon Communications - EVP, President and CEO Verizon Wireless

Yes, depending on the reseller arrangement they are good or better. Yes.

James Ratcliffe

If you look at prepaid, on the -- the InPulse and like the Verizon branded prepaid products, being there is a premium to this point, and 1Q clearly you saw some not very [special] performance, does that change how you approach like the random price point side?

May. 26. 2010 / 2:15PM, VZ - Verizon at Barclays Capital Communications, Media and Technology Conference

Lowell McAdam - Verizon Communications - EVP, President and CEO Verizon Wireless

No, the way I think about it, the reseller all-you-can-eat channel that I use is the same as the prepaid Verizon branded product. That doesn't mean I'm not going to go out and do some things with the prepaid side. We have experimented with lots of things over time, but our strategy there has never changed. We are only going to do the top highest value prepaid customers.

But right now I have to tell you the NPV on the reseller customer that we get is higher than the NPV on a prepaid customer for us. So that approach still feels right to us.

James Ratcliffe

Let's move on to LTE, and clearly a major focus for Verizon and the industry beyond that going forward. As you start to roll out these test markets have you seen in terms of network performance, in terms of the network footprint you're going to need has that been as expected or has there been surprises one way or the other?

Lowell McAdam - Verizon Communications - EVP, President and CEO Verizon Wireless

The footprint is about as we had expected. But that is more of a factor of when you build networks -- both Seattle and Boston are 850 networks. So when you build the kind of towers spacing and the tower density, and then you put a superior frequency on it, you actually perform really well. So that is all about what we had expected.

What has surprised us is that we thought that the early field trials and unloaded cell sites would probably be in the mid-20 kind of throughput, and it is actually in the consistently 45 to 50. So that has actually surprised us a little bit.

Now we will see. We are in the process of loading up those networks to see what they do. And we are going to be bringing friendly users, enterprises onto those networks. And we will load them up again and see how it holds up. But so far they are performing from an overall throughput better than we had thought.

James Ratcliffe

And in terms of the backhaul side of things, if you do get more capacity than you originally expected from the [interface] side do you have the --?

Lowell McAdam - Verizon Communications - EVP, President and CEO Verizon Wireless

Well, we are putting Ethernet in, and at this point that is performing -- Ethernet is a pretty well-known technology, so we're getting about what we expected on the Ethernet backhaul. That is a very positive -- I know some of the investor questions are, gosh, if you load up your network with 3G smartphones are we going to have to put a lot more capacity in?

Well, we are already doing -- the backhaul is the biggest piece for that. So we are already putting that backhaul in for 4G, so it is actually nice problem because we are leveraging that asset a lot quicker than we would have.

James Ratcliffe

One of the concerns among investors about the wireless industry is that we move toward 4G in particular. And similarly if we are seeing these really exponential growth trends in volume on 3G data, will the industry really be able to monetize this? And do you think that LTE could be the triggering event that -- moving beyond the \$30 for unlimited data model that we have seen thus far?

May. 26. 2010 / 2:15PM, VZ - Verizon at Barclays Capital Communications, Media and Technology Conference

Lowell McAdam - Verizon Communications - EVP, President and CEO Verizon Wireless

So that gets to what is your philosophy around pricing for 4G. It is becoming clear in my mind what we need to do. Because at the same time you're doing 4G, you're doing machine-to-machine, and machine-to-machine isn't only a 4G technology. But it works nicely, because you have got the 700 and you've got LTE coming at the same time that machine-to-machine comes up.

So the model to me going forward is I expect that people will have realistically four or five or six devices that they have to connect to the network, and it may be as many as 20. And so I think you're much more into the mode of instead of a device and a price plan, you are into let me buy a bucket of megabytes and I will use them any way I want.

And voice almost becomes irrelevant because we expect by 2012 the voice that we sell on LTE will all be VoIP. So is just another set of 0s and 1s. So you buy a bucket of megabytes, you just -- you pay a little bit to activate and plug-in, whether it is your healthcare monitor or your car or whatever it is, and you are off.

So I don't -- I think this whole concern about unlimited megabytes on a smartphone naturally goes away here as we bring the new devices and the new applications to the market.

James Ratcliffe

If we are currently on 3G and as we move toward 4G, how do you think about wireless data as a complement or substitute to wireline data products?

Lowell McAdam - Verizon Communications - EVP, President and CEO Verizon Wireless

This has kind of been the case my whole career, as we -- I started on the wireline side. And you remember, you were just doing twisted-pair modems, and then you sent to DSL or ISDN and you moved out.

Wireless realistically will always be somewhat behind the wireline side, especially as you move to technologies like FiOS. You are not going to be able to keep up with FiOS on the airwaves. But between compression -- I hate to use that term -- but software techniques to get better throughput and the LTE opportunity, boy, you sure take an awful lot of those applications and you put them on the wireless, there is no doubt efficiently you will be able to do Internet access.

I'm pretty confident and becoming more confident you will be able to do a lot more of video on demand kinds of things and videoconferencing.

There will be some limits. Some of the peer-to-peer applications I think will be difficult. But some of you may know my background, I am an engineer, and I believe that eventually technology will figure it out if the market is there for it. So I am pretty optimistic that we will take a big chunk of that [best] business.

James Ratcliffe

Recently you essentially are required to start [bringing] midrange new customers on -- not smartphones -- whatever the terminology (multiple speakers).

Lowell McAdam - Verizon Communications - EVP, President and CEO Verizon Wireless

We call them multimedia phones.

May. 26. 2010 / 2:15PM, VZ - Verizon at Barclays Capital Communications, Media and Technology Conference

James Ratcliffe

The QWERTY sliders essentially to start taking a data plan of some sort. Can you talk about the impact that has had on both ARPU and on gross adds?

Lowell McAdam - Verizon Communications - EVP, President and CEO Verizon Wireless

So here is what we were trying to do. I think you needed -- we needed to segment our phones -- the classic marketing good, better, best view -- and we needed to make it clearer for customers what the capabilities were and what sort of services they would want to be to have a good satisfactory experience.

I didn't want to sell a \$400 subsidy device that had all this capability and it looked good on their hip, but they really didn't use it, and therefore I didn't get any revenue for it. So I really needed to better match the cost of acquisition to the revenue associated with it.

Now there were customers in the beginning that said, boy, I would really like to have that higher-end platform, but I don't want to pay \$30 or I don't even want to pay \$10. I think we have now got our salesforce comfortable and they are getting the customers comfortable with saying, boy, here is all the qualities and all the services that you can use on that device. You are going to really want this. You're not going to want a surprise data bill because you went off and surfed the Internet for a while.

But if you don't want that then we've got a high-quality phone that is what we call the feature phone category that can do what you want.

In the beginning I'll just say we didn't have as many of the feature -- high-quality feature phones as I would have liked to have had, so that caused a little bit of angst. But now we don't hear about it anymore, and customers aren't getting surprise bills, and we've got a much better match of our subsidy to our revenue. So I am absolutely convinced it was the right strategy and we will stay on it.

James Ratcliffe

You talked a lot about the capabilities of the C-Block and what it brings to the table. What are your views on the need for individual additional spectrum, both at Verizon Wireless and for the industry in general, and specifically thoughts around the D-block?

Lowell McAdam - Verizon Communications - EVP, President and CEO Verizon Wireless

There is a lot you said there, so I am ready to take a couple of bites at this. So obviously I am pleased with our spectrum position. I think the industry as a whole needs to be focused on efficiency. As we have said, probably for the last 10 years, there is spectrum out there. It may not be in the right hands to have the most efficient use. So I think we need to make sure we are putting as much effort on efficiency as we are on new spectrum.

Now having said that, if you look at the population trends, you look at the fact that an old -- a RIM BlackBerry would use 100 to 150 megabytes and a Droid is using 500 plus, eventually you going to have to have more spectrum. So I salute Chairman Genachowski's declaration that he is going to go find the spectrum. I think we need it. And I think if we deliver on the efficiency side it is the right thing.

Now the D-block, we have been strong supporters of public safety having that. To be honest, I am disappointed if we miss that opportunity. Because first responders need that kind of spectrum in order to do their jobs, and it is a great block of spectrum

May. 26. 2010 / 2:15PM, VZ - Verizon at Barclays Capital Communications, Media and Technology Conference

for them to be able to use. So I think we will miss an opportunity if we don't get that to them. But it sounds like Capitol Hill will have to take some action there if that is going to happen.

James Ratcliffe

Talking about a few strategic issues. There's clearly a lot of discussion among investors, media and the like about the Verizon Vodafone relationship. But from your point of view, from a Verizon Wireless perspective, do you run your business differently due to its JV status than you would if it is wholly owned, one way or the other?

Lowell McAdam - Verizon Communications - EVP, President and CEO Verizon Wireless

I spent most of my career in JVs, so I don't find them cumbersome, to be honest. But how do we -- we leverage the heck out of the Vodafone relationship from an operating perspective. Vittorio and I talk monthly at least. His team is active around a bunch of different initiatives that we have. As I said, we do JIL together. So I like the fact that we can compare notes on operational issues. And I get to see trends around the world more quickly, because we are sharing things back and forth.

So we are a great asset. Verizon Wireless is a great asset. So it is not surprising to me that it gets talked about who is going to be in and who is going to be out and over what term.

I think the dividend is -- there is too much made of the dividend. Verizon with operational control gets to decide what to do with the money. When John Killian knocks on the door and says, I need you to send a dividend to Verizon, we will send a dividend to Verizon, and \$0.45 will go to -- on the dollar will go to Vodafone.

So it certainly doesn't impact us from an operational perspective, and I don't get too worked up over it. It is something the parents will work out.

James Ratcliffe

Now clearly you mentioned Chairman Genachowski and the wireless report last week, which seems both from my take to show a tremendous amount of competition in the industry, but yet didn't include the magical effective competition phrase. So thoughts around that?

And also in the absence of regulatory restrictions do you think you are at scale or would it make sense for Verizon Wireless to grow?

Lowell McAdam - Verizon Communications - EVP, President and CEO Verizon Wireless

I am always going to grow. I can tell you that.

James Ratcliffe

You would grow not just organically.

Lowell McAdam - Verizon Communications - EVP, President and CEO Verizon Wireless

Yes, that is sort of your DNA if you're in this business. Back to the report, I have to say I'm disappointed in the report. The Chairman has made a very clear statement since he was nominated that it will be fact-based.

May. 26. 2010 / 2:15PM, VZ - Verizon at Barclays Capital Communications, Media and Technology Conference

And CTIA -- for the any of the investors that would like to take a look at what CTIA published on the real facts -- I am one of the few people, I worked in Europe for a while, I worked in Japan. I was on a Board in Japan in wireless and then Korea. There is no place that is more competitive in the world than the United States is.

So to hold back on that I fear is a little bit of the philosophy that big business is bad. I think we've got to be very careful about an ideological report versus a fact-based report. So I am hoping we can get back to the fact-based side.

Now we do work with the Chairman's office on net neutrality. And we worked with him when we announced that we were going to license or sublicense a partner, I guess is the right word, with the rural carriers. So there is lots of opportunity for us to work together.

But we need to make darn sure that we are not putting filters on that says just because you're a big and wireless, you are bad. Because if you're not big, you're not making the kind of investments that we are making in LTE and 4G, which no one would challenge is anything but great for consumers.

James Ratcliffe

Related to that on Title II, I mean, it clearly been focused on wireline broadband and the reclassification. You are already operating under a full-bore Title II on the wireless side, but do these discussions around wireline broadband have any impact on your thoughts on LTE and (inaudible)?

Lowell McAdam - Verizon Communications - EVP, President and CEO Verizon Wireless

I'll just say that I think the whole Title II discussion is very concerning, because you can be the smartest person in the world, and when you're looking at a very dynamic, competitive industry and you try to somehow codify it or regulate it, the best you're going to do is take a Polaroid snapshot of a high-definition movie. And you're just not going to -- it may be perfectly right today, but it won't be right tomorrow.

I think this flirting with Title II, especially in the light of there has not been any -- no wireless carrier has ever done anything that you would call bad behavior in manipulating the network the way the FCC is concerned about protecting. So we are fixing a problem that doesn't exist. And I think it could be very dangerous to the overall health of the industry.

You have heard the phrase, but I really believe it, it has been one of the biggest growth engines for the economy over the last 10 or 15 years. And why we think it needs to be tweaked, I'm not quite sure.

So we're very concerned about it. It is not impacting our LTE plans. We are going to go out and deliver the things that we talked about next year. But in the long run I think it could dramatically impact investment if the FCC is not careful.

James Ratcliffe

I think we have probably time for one or two questions -- or not. Okay, great.

Lowell McAdam - Verizon Communications - EVP, President and CEO Verizon Wireless

All right, James. Thank you very much.

May. 26. 2010 / 2:15PM, VZ - Verizon at Barclays Capital Communications, Media and Technology Conference

James Ratcliffe

Thank you very much. I appreciate it.

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