Verizon Communications Inc.
Rating Agency Meetings
June 12 & 19, 2000
Agenda

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	Executive	Approximate time	Topics
TAB 1	**Bill Heitmann**	5 minutes	Opening Remarks Introduction of Senior Management Team
TAB 2	**Fred Salerno**	30 minutes	Verizon Overview Verizon Organization Overview Financial Policies Rating Agency Credit Ratios International Overview
TAB 3	**Larry Babbio**	30 minutes	Telecom Segment
TAB 4	**Denny Strigl**	30 minutes	Wireless Segment
TAB 5	**Larry Whitman**	30 minutes	Verizon Financials
TAB 6	**Fred Salerno**	5 minutes	Summary and Conclusion
	All	30 minutes	Questions and Answers (Asked during presentations)
	Bill Heitmann	5 minutes	Closing remarks
TAB 7			Verizon Senior Executive Biographies
TAB 8			Rating Agency Biographies

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William Heitmann
Senior Vice President and Treasurer

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OPENING REMARKS

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INTRODUCTION
OF SENIOR MANAGEMENT TEAM

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Fred Salerno
Vice Chairman and CFO

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Organization

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CHUCK LEE
CHAIRMAN & CO-CHIEF EXECUTIVE OFFICER

IVAN SEIDENBERG
PRESIDENT & CO-CHIEF EXECUTIVE OFICER

- TELECOM
  LARRY BABBIO
  PRESIDENT & VICE CHAIRMAN
- VERIZON WIRELESS
  DENNY STRIGL
  PRESIDENT & CEO
- INTERNATIONAL & INFORMATION SERVICES
  MIKE MASIN
  PRESIDENT & VICE CHAIRMAN
- CORPORATE FINANCE
  FRED SALERNO
  VICE CHAIRMAN & CFO

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Financial Priorities

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- Establish Verizon's Financial Targets
- Allocate Verizon's Capital Resources to Attain the Targets
- Acquire Verizon's Capital Resources in a Cost Effective Manner

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Establish Financial Targets

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- Revenue Growth
- Expense Containment
- EBITDA Growth
- EPS Growth

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Allocate Verizon's Capital Resources to Attain the Targets

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- Continue Investment in the Core Organic Business and Expansion of Organic Growth
  - Voice / Voice Enhanced
  - Data
  - LD

- Prudent Investment in Growth Businesses
  - DSL
  - Wireless Data
  - International

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Acquire Verizon's Capital Resources in a Cost Effective Manner

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- Internal Funds
- Rationalization of Assets
- Joint Ventures
- Debt
- Equity

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Key Credit Ratios

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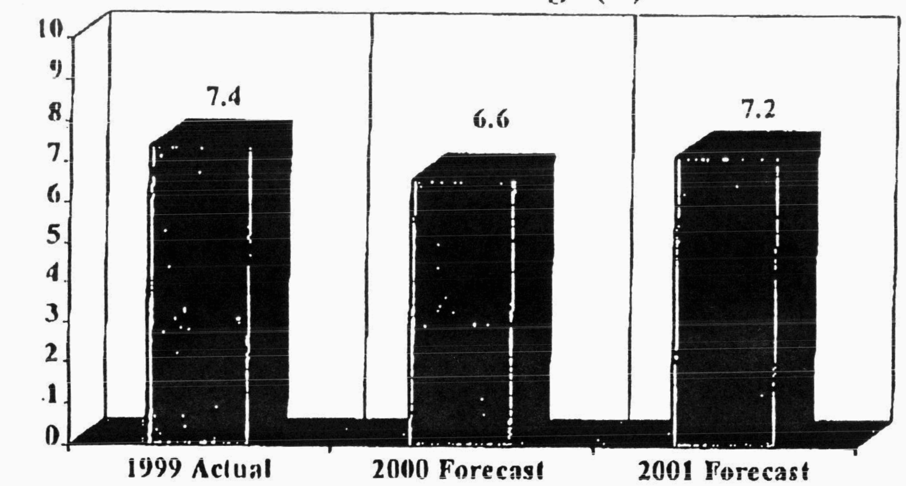
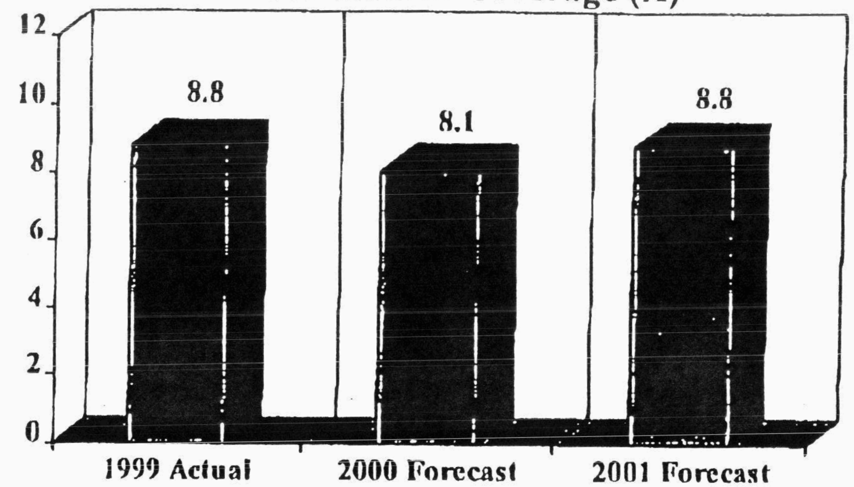
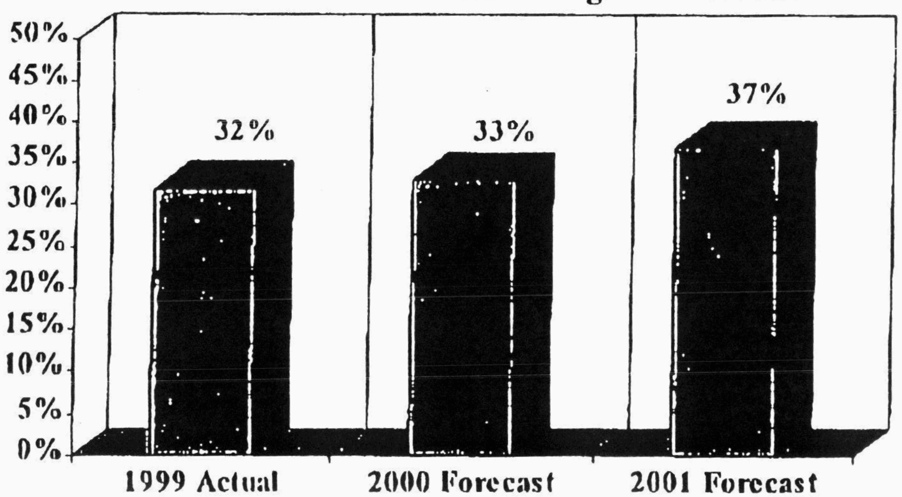
FFO Interest Coverage (X)



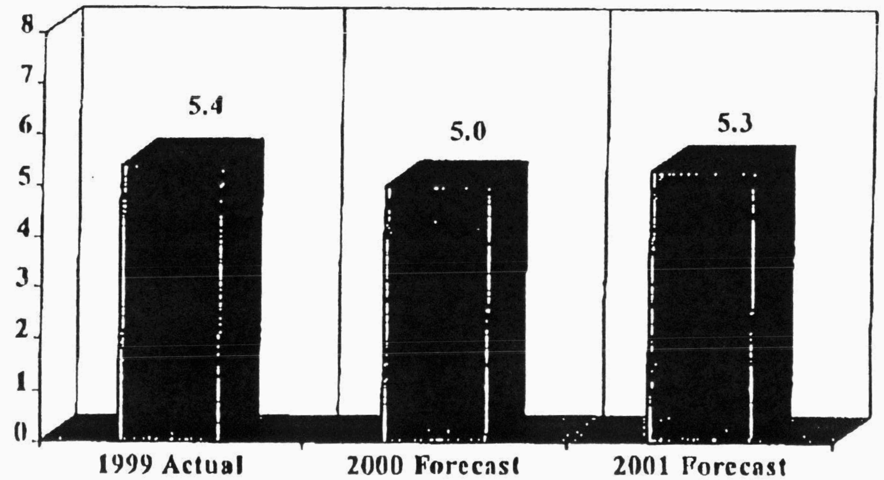
EBITDA Interest Coverage (X)



Net Cash Flow/Average Total Debt



Pre-Tax Interest Coverage (X)



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Key Credit Ratios

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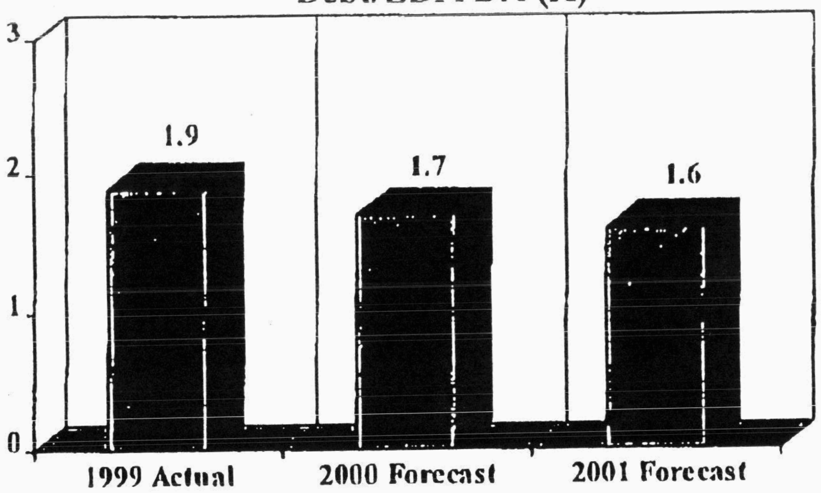
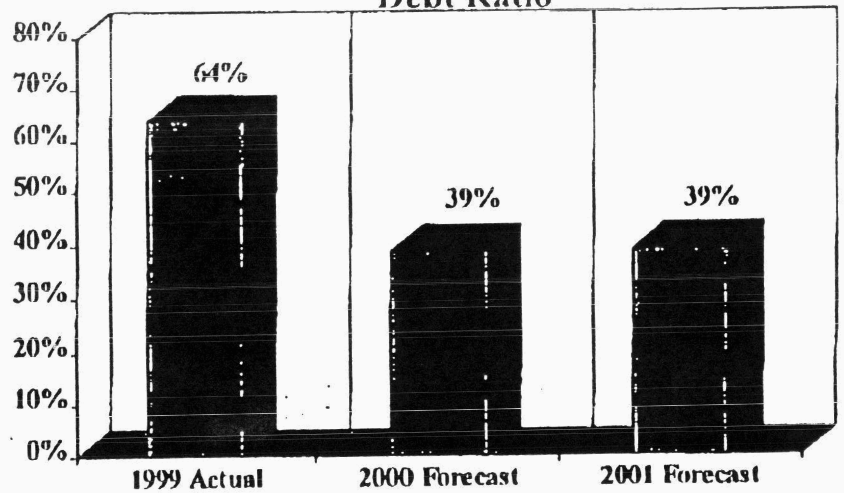
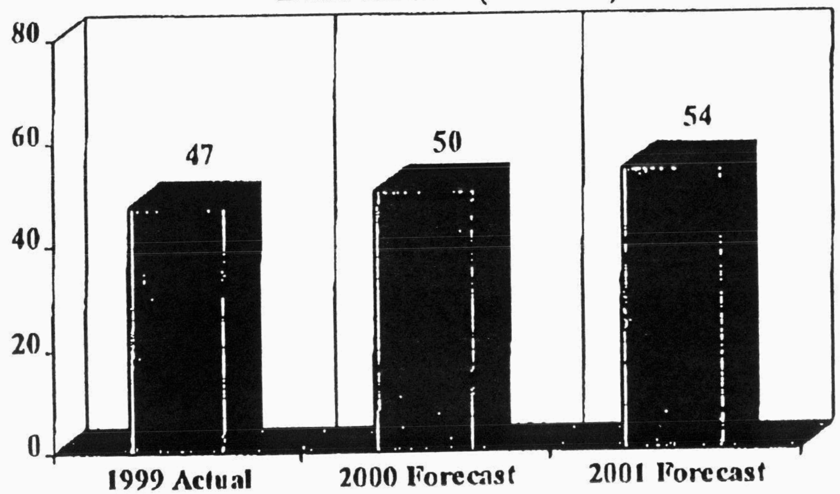
Debt/EBITDA (X)



Debt Ratio



Debt Levels (Billions)



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International Highlights

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- Presence in over 30 Countries
- Complimentary Portfolios Resulting from Merger
- High Growth Prospects in Stable & Developing Areas
- Significant Contribution to Net Income & Growth Drivers

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International Strategies

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- Establish Verizon as a leading Global Telecommunications provider.

- Establish a low cost/high quality global network services business (voice, data and IP) to support existing clients and to take advantage of new opportunities
  - increased emphasis on high growth data and wireless services

- Develop a world class suite of products and services (both wireless and wireline) reflecting the combined capabilities of our Domestic and International resources

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International Strategies

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- Expand market presence (data, wireless and wireline) in selected international markets

- Monitor and enhance the performance of our international investments and ongoing business strategies
  - -Maximize current operations and leverage key partner relationships such as FLAG and MFN

  - - Implement efficient financial structures to improve and support financial performance

  - -Seek to manage properties, where possible, to limit our operational risk

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International Strategies

International markets present opportunities for Verizon to build on our regional and international strengths, provide services to our multinational customers and contribute to the overall growth of the business

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International Highlights

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Americas

Investment	Country	Ownership	Key Stats	Accounting Treatment
Telus*	Canada	26.7%	4.4M access lines 1.3M wireless subs	Equity
QuébecTel*	Canada	50.1%	300K access lines 37K wireless subs	Consolidated
CANTV	Venezuela	27.4%	2.6M access lines 1.2M wireless subs	Equity
CTI	Argentina	58.0%	800K wireless subs	Consolidated

* Telus has entered into an agreement with QuébecTel, where Telus would purchase 70% of QuébecTel. The transaction is expected to be completed by 3Q00. Thereafter, Verizon would own 49.7% of Telus and approximately 30% of QuébecTel; the accounting treatment for Telus and QuébecTel would be Equity.

Data as of 12-31-99

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International Highlights

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Americas

Investment	Country	Ownership	Key Stats	Accounting Treatment
PRTC	Puerto Rico	40.0%	1.3M access lines 300K wireless subs	Equity
CODETEL	Dominican Republic	100%	700K access lines 300K wireless subs	Consolidated
Iusacell	Mexico	37.2% (after April 2000 equity offer)	71M POPS 1.3M wireless subs	Consolidated

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International Highlights

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Europe

Investment	Country	Ownership	Key Stats	Accounting Treatment
CWC**	United Kingdom	18.6%	Cable TV & Telephony provider	Equity
Omnitel	Italy	23.1%	58M POPS 10.4M wireless subs	Equity
GNC	Gibraltar	50%	22K access lines	Equity
Stet Hellas	Greece	20.0%	10.5M POPS 1.2M wireless subs	Equity

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** CWC is restructuring with NTL and Cable and Wireless, plc. The restructuring closed 5/30/00 and after closing Verizon owns 4.7% of Cable and Wireless, plc and 11.2% of NTL. Verizon accounts for C&W and NTL using the cost method.

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International Highlights

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Europe & Global

Investment	Country	Ownership	Key Stats	Accounting Treatment
EuroTel Praha	Czech Republic	24.5%	10.4M POPS 1.1M wireless subs	Equity
EuroTel Bratislava	Slovakia	24.5%	5.4M POPS 300K wireless subs	Equity
FLAG Telecom	(Global) Europe-Asia-Middle East	29.8%	17,500 miles of cable	Equity

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International Highlights

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Asia

Investment	Country	Ownership	Key Stats	Accounting Treatment
Taiwan Cellular	Taiwan	13.5%	20.7M POPS 3.1M wireless subs	Equity
Micronesian Telecom	Saipan	100%	25K access lines 3K wireless subs	Consolidated
Tu-KA	Japan	2%-5%	78M POPS 3.3M wireless subs	Cost
Excelcomindo	Indonesia	23.1%	199M POPS 400K wireless subs	Cost

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International Highlights

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Asia

Investment	Country	Ownership	Key Stats	Accounting Treatment
CSM	Indonesia	36.7%	200M POPS	Cost
TelecomAsia	Thailand	18.2% (13.8% after 2000 restructure)	1.4M lines connected 200M POPS	Cost
BayanTel	Philippines	19.4%	460K lines installed	Equity
TCNZ	New Zealand	24.9%	Telecom, cellular, data & internet provider	Cost

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International Highlights

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Canada

Telus Communications

- 26.7% Ownership
- 4.4 million access lines
- 1.3 million wireless subscribers
- CDMA wireless network
- Wireless: 6.7M POPs covered
- Entered into an agreement to acquire 70% of QuébecTel. At which time, Verizon would own 49.7% of Telus. The accounting method will not change
- Canada's second largest telecommunications company
- Offers local, long-distance and wireless services; high-speed data networks; advanced data, Internet and e-commerce solutions; and multimedia, advertising, mapping and information services
- Building a trans-Canada fiber optic network – *the largest project in Canadian telecommunications history – that will provide high-speed data and internet services to Canadian businesses*
- Equity Accounting

QuébecTel Group

- 50.1% Ownership
- 300K access lines
- 37K wireless subscribers
- 75K Internet subscribers
- Wireless: 0.6M POPs covered
- Owns and operates the second largest telecommunications system in Quebec
- Entered into an agreement in which Telus would purchase 70% of QuébecTel. At which time, Verizon would own the other 30% and would account for the investment under Equity Accounting
- Offers local, long-distance, wireless, as well as internet and data services
- Consolidated Accounting

All data as of 12-31-99

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International Highlights

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Latin America

CANTV (Venezuela)

- 27.4% Ownership
- 2.6M access lines
- 1.2M wireless subscribers
- Wireless: 16.7M POPs covered
- Full service telecommunications provider offering local, wireless and domestic and international long-distance service
- Also offers paging, public telephones, internet service, private networks, data transmission and directory services
- Equity Accounting

CTI (Argentina)

- 58.0% Ownership
- 800K wireless subscribers
- 29.7M POPs covered
- AMPS/CDMA wireless network
- Nation-wide coverage through GTE's purchase of two 40 MHz PCS licenses for Buenos Aires
- Consolidated Accounting

PRTC (Puerto Rico Telephone Company)

- 40.0% Ownership
- 1.3M access lines
- 300K wireless subscribers
- 200K paging customers
- Wireless: 3.8M POPs covered
- Largest provider of telecommunications services to consumers and businesses
- Provides local, long-distance, wireless, and internet access
- Equity Accounting

All data as of 12-31-99

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International Highlights

<u>CODETEL</u> (Dominican Republic)

- 100.0% Ownership
- 700K access lines
- 300K wireless subscribers
- 200K paging customers
- Wireless: 6.8M POPs covered
- Provides local, wireless, and national and international long-distance telephone service
- Consolidated Accounting

Mexico

<u>Grupo Iusacell</u>

- 37.2% Ownership
- 71M POPs covered
- 1.3M wireless subscribers
- Second largest wireless provider in Mexico
- Provides service in four of Mexico's nine regions
- AMPS/CDMA wireless network
- Also provides paging, satellite, long distance, mobile web access and data svcs
- Consolidated Accounting

United Kingdom

<u>Cable and Wireless Communications (CWC)</u>

- 18.6% Ownership
- Leading provider of cable TV and telecom services
- CWC restructuring with NTL and Cable & Wireless closed in May 2000
- Equity Accounting

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International Highlights

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Italy

Omnitel

- 23.1% Ownership
- 58M POPs covered
- 10.4M wireless subscribers
- Second largest wireless carrier in Europe
- GSM wireless network
- Holds a nation-wide cellular license
- Also provides SMS, mobile web access, and data services
- Equity Accounting

Gibraltar

GNC

- 50.0% Ownership
- Modern digital network and internet service
- 22K access lines in service
- Equity Accounting

Greece

Stet Hellas

- 20.0% Ownership
- 10.5M POPs covered
- 1.2M subscribers
- GSM wireless network
- Holds a nation-wide cellular license
- First to market with WAP services
- Wireless data leader
- Equity Accounting

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All data as of 12-31-99

International Highlights

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Czech Republic & Slovakia

EuroTel Praha (Czech Republic)

- 24.5% Ownership
- 10.4M POPs covered
- 1.1M subscribers
- GSM wireless network
- Leading provider of wireless voice and data services
- Provides digital voice, data, and mobile web access
- Nation-wide license
- Equity Accounting

EuroTel Bratislava (Slovakia)

- 24.5% Ownership
- 5.4M POPs covered
- 300K subscribers
- GSM wireless network
- A leading provider of wireless services to Slovak Republic offering both mobile telecommunications and managed data network services
- Provides digital voice, data, and mobile web access
- Nation-wide license
- Equity Accounting

Europe - Middle East – Asia

FLAG Telecom

- 29.8% Ownership
- Links to more than 75% of the world's population
- 17,500 miles of cable
- Equity Accounting

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International Highlights

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Asia

Taiwan Cellular Corp. (Taiwan)

- 13.5% Ownership
- 3.1M wireless subscribers
- 20.7M POPs covered
- GSM wireless network
- Second largest cellular company in Taiwan
- Dominates the wireless data market
- Poised to become the number one cellular carrier in Taiwan
- Equity Accounting

Micronesian Telecom (Saipan)

- 100.0% Ownership
- 25,025 access lines
- 3,015 wireless subscribers
- 1,392 internet subscribers
- Consolidated Accounting

Japan

Tu-Ka

- 2-5% Ownership
- 78M POPs covered
- Nearly 3.3M subscribers
- PDC wireless network on 1.9 GHz PHS (comparable to PCS)
- Cost Accounting

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All data as of 12-31-99

International Highlights

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Indonesia

Excelcomindo

- 23.1% Ownership
- 199M POPs covered
- 400K wireless subscribers
- GSM wireless network
- Holds a nation-wide cellular license
- Provides digital voice, data, fax, and pre-paid service
- Cost Accounting

CSM

- 36.7% Ownership
- 200M POPs covered
- Leading provider of satellite, voice, video and data service
- Cost Accounting

Thailand

TelecomAsia

- 18.2% Ownership (Reduced to 13.8% in 2000 after debt restructure.)
- Nearly 1.4M lines connected
- Local and national voice and data, cable TV, internet and wireless services
- 200M POPs covered

Philippines

Bayantel

- 19.4% Ownership
- Over 460K lines installed
- Local exchange, national and international long distance & cellular services
- Equity Accounting

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All data as of 12-31-99

International Highlights

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New Zealand

TCNZ

- 24.9% Ownership
- Major provider of telecom, cellular, data and internet services
- Markets – New Zealand and Australia
- 37.5% penetration of New Zealand Market
- Cost Accounting

Directories

- World's largest provider of directories and will publish directories in 15 countries outside the United States

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All data as of 12-31-99

Integration Priorities

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- Achieve a high-value product mix
- Make the customer the center of attention
  - Improve customer-facing operations
- Deploy efficient network
- Meet financial targets
  - Deliver revenue, expense and capital synergies
  - Streamline staff functions

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Financial Objectives
Long Term Growth

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Revenue growth	➡	About 5%
Cash Expense	➡	Less than 3%
Operating income growth	➡	7% - 8%

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Summary

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- Strong Growth Opportunities
  - LD, DSL, eCommerce, data, wholesale, new products
- Focused Capital Investment
  - Growth, new capabilities, reliability, productivity
- Merger Plans
  - Synergies, new business opportunities
- Proven ability to deliver

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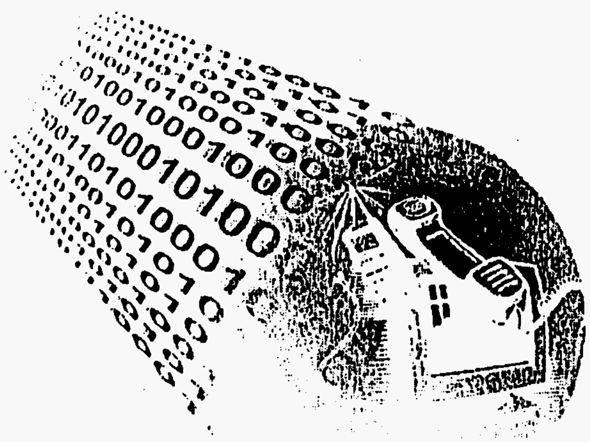
Larry Babbio

President
and
Vice Chairman



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Agenda

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- Telecom Group Profile
- Performance Highlights
- Business Model
- Efficiency Opportunities
- Capital Program
- Merger Activities
- Financial Targets

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Telecom Group
Profile

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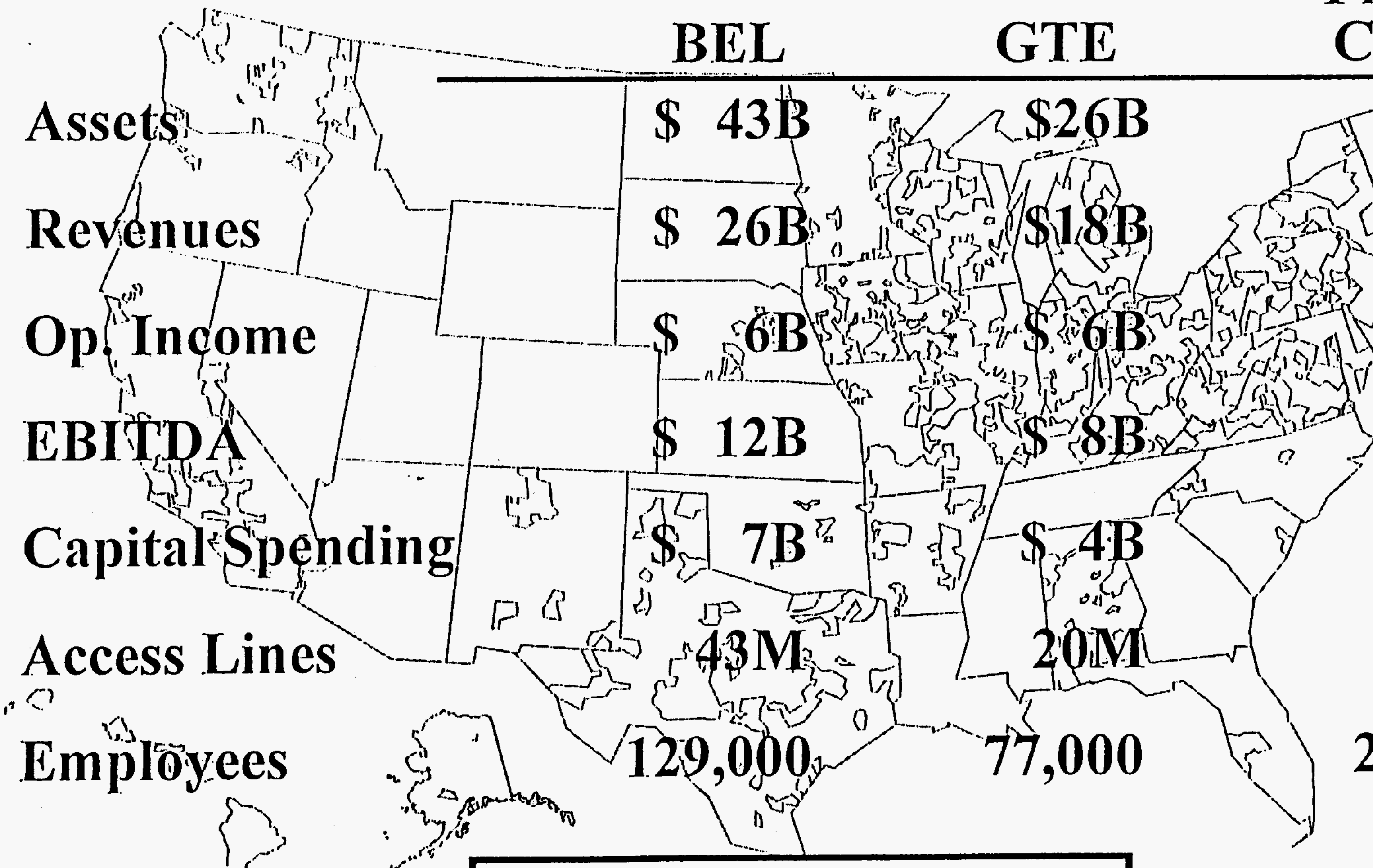

	BEL	GTE	1999 Pro-Forma Combined
Assets	$ 43B	$26B	$69B
Revenues	$ 26B	$18B	$44B
Op. Income	$ 6B	$ 6B	$12B
EBITDA	$ 12B	$ 8B	$20B
Capital Spending	$ 7B	$ 4B	$11B
Access Lines	43M	20M	63M
Employees	129,000	77,000	206,000

76 of Top 100 Markets

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1Q 2000 Performance Highlights

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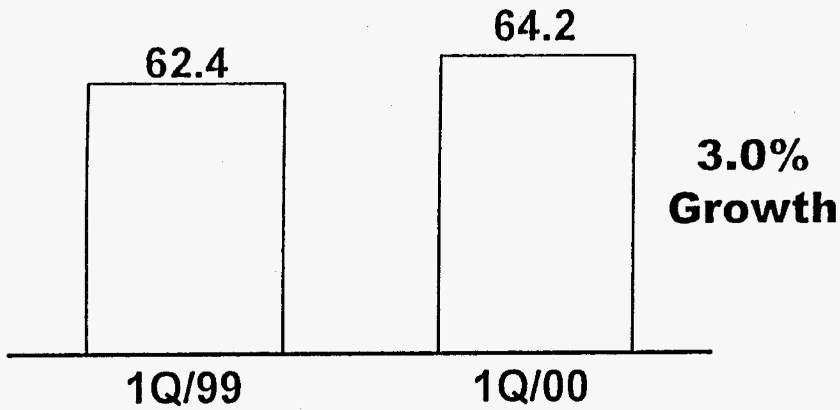
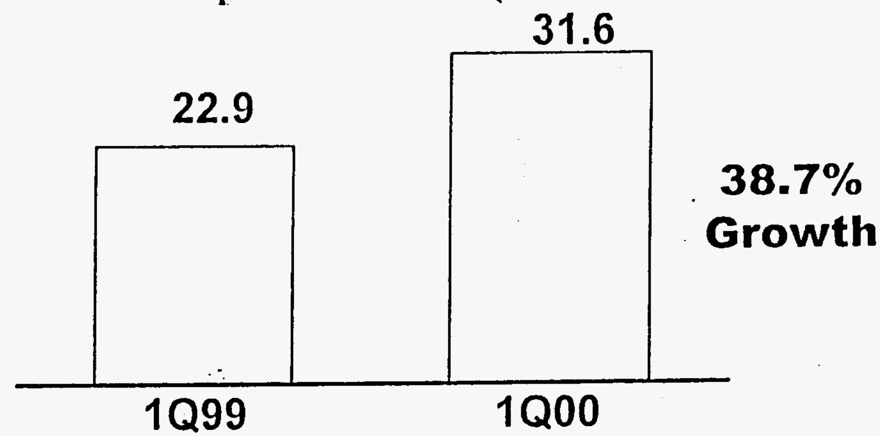
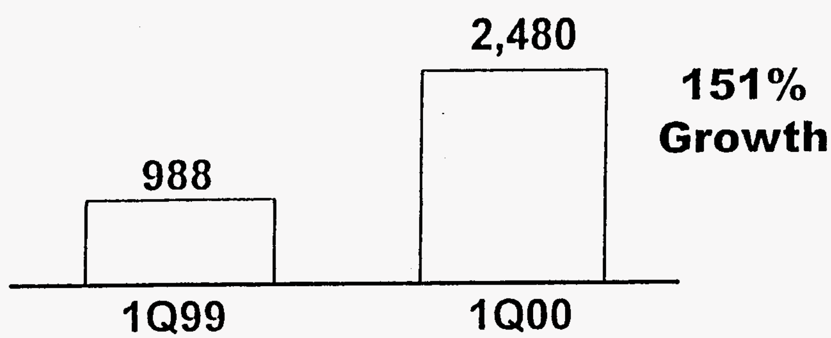
Access Lines (millions)



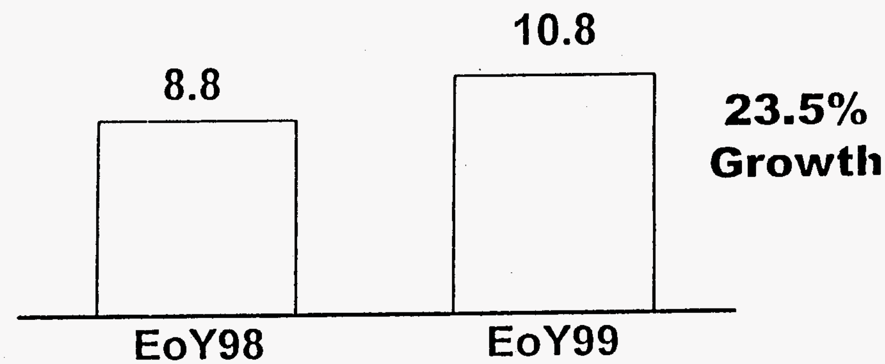
DS0 Equivalents (millions)



Wholesale Lines (thousands)



Caller ID Subscribers (millions)



Solid Demand for Services

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Model for Success

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- Achieve a high-value product mix
- Make the customer the center of attention
- Deploy efficient high-bandwidth network
- Focus on revenue growth and productivity
- Achieve financial targets

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NY Long Distance Status

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- $17 million of incremental revenue in 1st quarter
- Customers represent good cross-section of market
- ARPU in line with industry average
- Churn below industry trends
- International usage strong

428,000 residential customers in NY at 3/31/00
Nearly 4 million LD customers (combined) at 3/31/00

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Long Distance Filing Plans

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2000 Filings

- Massachusetts
- Pennsylvania
- New Jersey

2001 Filings

- Maryland
- Virginia

"Me too" filings

- Connecticut
- Maine, New Hampshire, Rhode Island, Vermont
- Delaware
- Wash. D.C., West Virginia

3 Part Strategy

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DSL Status

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- Strong demand on retail side
- Infrastructure deployment on plan
- Improvements in service delivery and provisioning

150,000 subscribers (combined) as of 3/31/00
(BEL 62,000 & GTE 88,000)

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Telecom Growth
Long Term Growth

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Growth Drivers

Data

Packaging and bundling

Winbacks

Wholesale

Long Distance

DSL

Internet

New Applications

Revenue growth	→	About 5%

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Efficiency Opportunities

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- Efficient capital deployment
- Productivity initiatives
- Synergy opportunities

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Technology Profile

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- 6,300 central offices
- 100% digital switches
- Nearly 7 million fiber conductor miles
- Approx. 250 ATM switches
- More than 10,000 data routers
- More than 15,000 SONET systems

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Capital Program

verizon

(Dollars in Billions)

	1998	1999	2000E	2001E
Voice	$6.4	$6.2	$6.1-6.3	$5.7-5.9
Data	**1.5**	**2.5**	**3.7-4.1**	**4.5-4.9**
Other	2.1	2.3	2.5	2.4
Total	**$10.0**	**$11.0**	**$12.3-12.9**	**$12.6-13.2**

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Synergy Opportunities

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- 3rd year BEL / NYN synergies
- Focus on BEL / GTE opportunity
- Disciplined review of opportunities

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Merger Activities

Telecom Organization Structure

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- Enterprise Solutions
  Marketing, National Non-Reg., Network Integration
- Retail Markets
  Consumer, General Business, Sales and Marketing
- Field Operations
  Installation, Repair, Construction and Maintenance
- Network Services
  Marketing, Operations, Engineering, Technology
- Advanced Services
  DSL, Long Distance, ISP, CLEC, eLEC

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Integration Priorities

verizon

- Achieve a high-value product mix
- Make the customer the center of attention
  - Improve customer-facing operations
- Deploy efficient network
- Meet financial targets
  - Deliver revenue, expense and capital synergies
  - Streamline staff functions

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Financial Objectives
Long Term Growth

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Revenue growth →	About 5%
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Operating income growth →	7% - 8%

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Summary

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- Strong Growth Opportunities
  - LD, DSL, eCommerce, data, wholesale, new products
- Focused Capital Investment
  - Growth, new capabilities, reliability, productivity
- Merger Plans
  - Synergies, new business opportunities
- Proven ability to deliver

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verizonwireless

Denny Strigl

President & CEO
Verizon Wireless

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Mission and Market Leadership

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- **Mission**
  - To be the leading provider of wireless communications services and the recognized market leader nationwide
- **Market Leadership**
  - Deliver the highest quality voice, data, messaging products
  - Ensure long-term growth through sustained market leadership, strategic partnerships, acquisitions
- **National Branding**

  Establish national branding and aggressively launch new national business and service offerings under common brand
- **Wireless Phone**

  The wireless phone will be the centerpiece of information and services for customers…anytime, anywhere.

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Ownership Structure

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- Ownership - Post Phase II Closing
  - BEL/GTE 55%
  - VOD 45%
- BEL/GTE Management and Operating Control
- Seven Member Board of Directors
  - Four Representatives from BEL/GTE
  - Three from Vodafone
- Financing Structure:
  - Debt Contribution
    - BEL/GTE $5.5 billion
    - VOD $4.5 billion
- Dividend Policy

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Organization Structure

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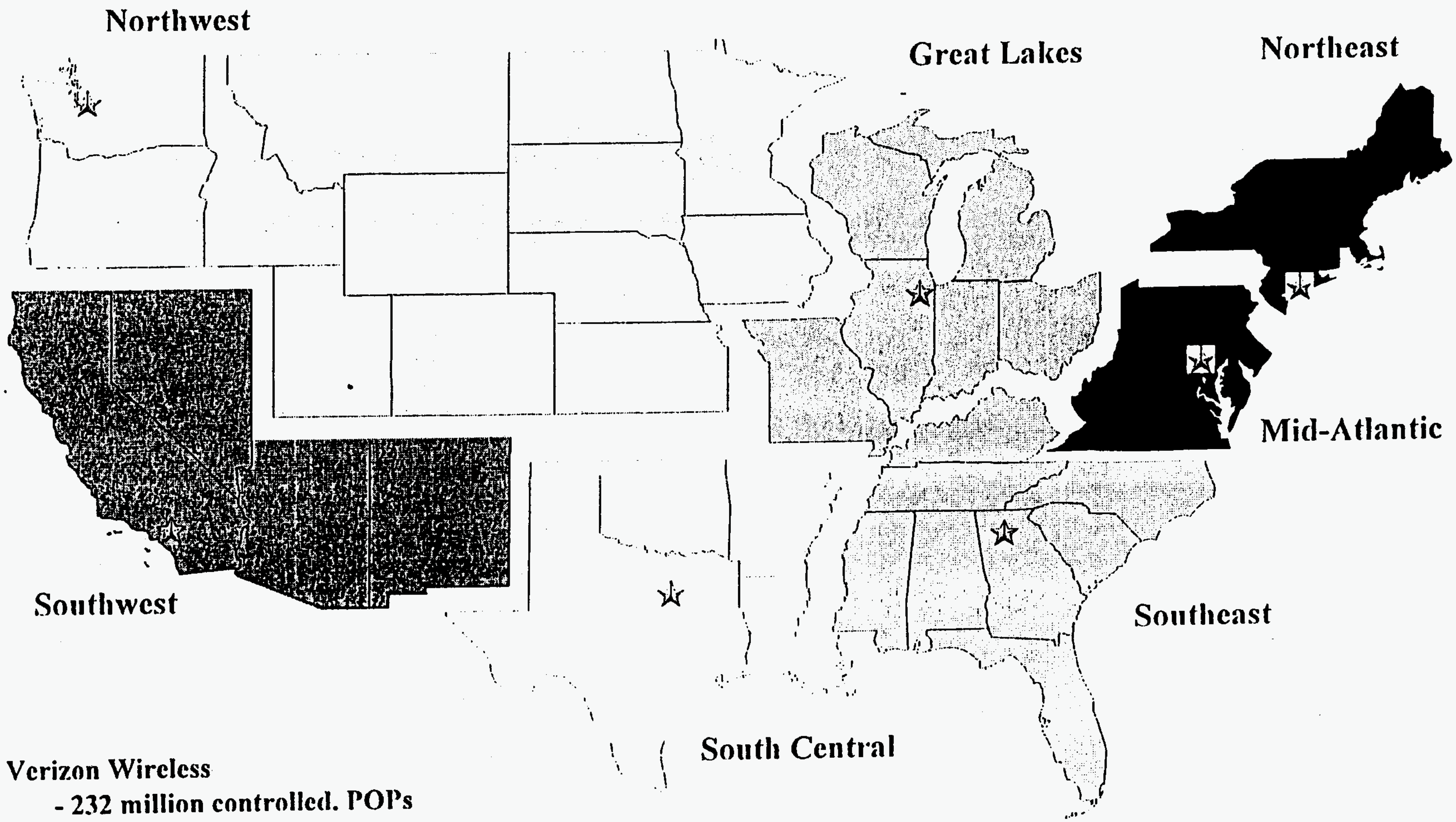
Seven Operating Areas



Verizon Wireless
- **232 million controlled. POPs**
- **about 25 million subs**

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U.S. Industry Growth Drivers

verizon wireless

- US market's robust demand for wireless services
- Voice migration to wireless
  - Prepaid Services
- Wireless data explosion
  - Analysts' Perception
  - Product Offerings
  - NTT DoCoMo
  - Industry Indicators
- Other trends: Location Services and Telemetry

70%+ Domestic Penetration by 2007

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Major Competitors

verizonwireless

Carrier	1Q'00 Subs (000)	Technology Employed	Controlled POPs (M) (4)	Net POPs (M) (5)
Verizon Wireless (1)	***25,000 (6)***	***CDMA***	***232***	***223***
SBC / BellSouth (2)	17,311	TDMA / GSM	179	167
AT&T Wireless	9,987	TDMA	121	268
Sprint PCS	6,555	CDMA	170	271
Nextel	5,056	ESMR	201	233
VoiceStream (3)	2,941	GSM	159	222

(1) Assumes completion of GTE Wireless merger with Verizon Wireless

(2) Assumes the combination of SBC & BellSouth is completed

(3) Assumes that VoiceStream (including Omnipoint & Aerial) has merged with Powertel

(4) Based on covered POPs

(5) Includes affiliates for AT&T Wireless and Nextel

(6) May require overlap adjustment

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Merger Status

verizonwireless

- **Phase I - Vodafone / AirTouch - Completed**

- **Phase II - GTE Wireless**
  - Resolve Overlap Properties
  - Obtain Remaining Regulatory Approvals
  - Integrate Operations

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Preliminary Targets

verizonwireless

	2000	2001
Operating Metrics:		
Revenue Growth	13.0%	15.0%
Subscriber Growth	16.0%	14.0%
Penetration	12.4%	14.0%
Churn	1.90%	1.85%
Financial Performance:		
ARPU	\$ 49	\$ 50
Cash Exp/Sub	\$ 25	\$ 25
COA	\$170	\$160
EBITDA	\$5.5 - \$6.0B	\$6.5 - \$7.0B
Cash Flow Margin	39-42%	39-42%

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2000 Strategic Priorities

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- Network Quality
- Nationwide Products and Services
- Distribution
- Customer Care
- Cost Management
- Transition Management

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2000 Strategic Priorities

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Network Quality

- Investment +$4.0 billion
  - Provide capacity
  - Facilitate implementation of new technology
  - Anticipate customer growth & demand
- Digital Migration
  - Today 75% of combined network is digital
  - Expand digital coverage to 100% by 2003

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2000 Strategic Priorities

verizon wireless

Network Quality

- CDMA Advantage
  - No fixed capacity
  - Backward and forward compatability between 2G and 3G networks
- Next Generation
  - Smooth migration to 3G-1X without requiring major incremental investment
- Spectrum Acquisition
  - Exploring options

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2000 Strategic Priorities

verizon wireless

Nationwide Products and Services - Products / Pricing

- Simplified, nationwide pricing - SingleRate
- Best "all-inclusive"
  - Eliminates Roaming
  - Premier Network
  - Competitive Price
- New Digital Phones: tri-mode & web-browsing

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2000 Strategic Priorities

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Nationwide Products and Services - Wireless Data / Internet Portal

- Wireless Data
  - Microbrowser
  - Dial-up
  - Quick Net Connection
- Verizon Wireless branded portal
  - Increase usage
  - Decrease churn
  - Increase revenue
- Integrated Content:
  - Location services, on-line transactions, unified messaging, comparison shopping
  - E-mail, schedule, contact management

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2000 Strategic Priorities

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Nationwide Products and Services - Prepaid / SMS / OnStar

- Nationwide prepaid plans
- Short Messaging Service (SMS)
  - Coast-to-coast
  - Two-way
  - Interactive applications
  - Revenue growth opportunity
- OnStar
  - Voice activated dialing product
  - Expands current in-vehicle services to include personal calling and Internet access
  - Forecasted national launch early 2001
  - Estimated 4 million subscribers within three years

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2000 Strategic Priorities

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Distribution

- 16,000 Agents and Retailers
- 1,100 Company-owned stores
- 8 Telemarketing centers
- Major distributors

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2000 Strategic Priorities

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Customer Care

- Consolidate Customer Care Center
- Virtual call routing
- Leverage and enhance best practices from partners
- Full range of contact options

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2000 Strategic Priorities

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Cost Management

- Leverage Size
  - Roaming Rates
  - Handset Costs
  - Network Infrastructure
  - IT Integration
- Over the Air Activation (OTA)
  - Updated roaming lists
  - More efficient customer care
  - Lowers customer fulfillment costs

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2000 Strategic Priorities

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Transition Management

- Brand Name Change
- IT Integration
- Employee Related Costs
- Real Estate

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Cornerstones of Success

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- Superior Network Quality
- Distribution & Direct Access to the Customer
- World Class Customer Care
- Value/Cost Structure

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Larry Whitman

Senior Vice President and Controller

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The New Verizon - 2000

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BEL
NI=$5.2B REV=$35.3B

\+

GTE
NI=$3.9B REV=$25.0B

\+

VODAFONE
NI=$(.4)B REV=$4.7B

\+

SYNERGIES
NI=$.2B REV=$.1B

\+

REG. CONCESSION
NI=$(.3)B REV=$(.2)B

=

VERIZON
NI=$8.6B REV=$64.9B

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Segment Definitions

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Segment	Major Enitities
Telecom:	
Core Operations	Operating Telephone Companies
Advanced Solutions	Long Distance, Data, Video, Internet
Other Non-Regulated	GTE Labs, Federal, Public Communications
Wireless	BAM, GTE Wireless, ATI/VOD, PrimeCo
International:	
Americas	Iusacell, Quebec, Telus, Codetel, CANTV, CTI
Europe	C&W, Omnitel, FLAG
Asia	TCNZ, PCC Taiwan
Directory:	
Domestic	Core Publishing
Electronic	SuperPages/BigYellow, Web Hosting
International	Dominion Directory, other International Directories
Other:	Headquarters, Leasing, Asset Management, Insurance

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On-Going Changes

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Telecom:	- Wireline Sales	GTE
Wireless:	- Overlap Properties	GTE, BEL
	- Non-Contributed	GTE, BEL
	- Int'l Wireless	GTE,BEL
	+ JV (VOD)	BEL
International:	+ Int'l Wireless	GTE, BEL
Directory:	No Change	
Corp & Other:	+ Non-Contributed	GTE, BEL
	- Genuity	GTE
	- Gov't Systems	GTE

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Major Highlights

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- Improving Financial Performance driven by:
  - Strong revenue growth in all segments
  - Robust wireless, long distance and ADSL growth
  - Funding growth businesses while continuing to meet our short term financial commitments
  - Telecom and Directory have minimal cash expense growth
  - Synergy benefits primarily in Telecom and Wireless segments
- Strong cash flow position
- Funding of capex and investment requirements with modest increases in financing requirements

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1999-2001 Revenue

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($ Millions)

	1999	2000	2001	Reported Yr/Yr % growth 00vs99	Reported Yr/Yr % growth 01vs00	On-Going Yr/Yr % growth 00vs99	On-Going Yr/Yr % growth 01vs00
Telecom	43,755	44,668	46,236	2.1%	3.5%	3.6%	4.8%
Domestic Wireless	7,682	14,257	17,811	85.6%	24.9%	13.3%	14.9%
International	1,955	2,326	2,664	19.0%	14.5%	19.0%	14.5%
Information Services	3,600	3,755	3,968	4.3%	5.7%	4.3%	5.7%
All Other	1,518	(75)	(143)	nm	-90.7%	nm	-76.5%
Total	**58,510**	**64,931**	**70,536**	**11.0%**	**8.6%**	**5.9%**	**8.4%**

Growth Driven By:

- Robust consumer demand and new product offerings (LD,wireless, data).
- Merger Synergies
- Wireless JV Co Impact
- Offset by Loss of Consolidated Genuity Revenues

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1999-2001 Cash Expense

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($ Millions)

	1999	2000	2001	Reported Yr/Yr % growth 00vs99	Reported Yr/Yr % growth 01vs00	On-Going Yr/Yr % growth 00vs99	On-Going Yr/Yr % growth 01vs00
Telecom	23,895	23,954	24,356	0.2%	1.7%	1.1%	2.8%
Domestic Wireless	5,184	9,060	11,265	74.8%	24.3%	7.3%	12.7%
International	1,339	1,553	1,632	16.0%	5.1%	16.0%	5.1%
Information Services	1,977	2,009	2,033	1.6%	1.2%	1.6%	1.2%
All Other	1,216	(806)	(1,897)	nm	-135.4%	-88.5%	-12.8%
Total	**33,612**	**35,770**	**37,389**	**6.4%**	**4.5%**	**1.1%**	**5.1%**

Cash Expense Driven By:

- Merger Synergies
- Continued Cost Containment in Telecom and Directory businesses
- Offset by Wireless JV Co Impact

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1999-2001 Income Statement - As Reported

($ Millions)

	1999	2000	2001	Reported Yr/Yr % growth 00vs99	Reported Yr/Yr % growth 01vs00	On-Going Yr/Yr % growth 00vs99	On-Going Yr/Yr % growth 01vs00
Revenue	58,510	64,931	70,536	11.0%	8.6%	5.9%	8.4%
Cash Expenses	33,612	35,770	37,389	6.4%	4.5%	1.1%	5.1%
EBITDA	24,898	29,161	33,147	17.1%	13.7%	12.3%	12.4%
Depreciation & Amortization	9,893	13,033	14,964	31.7%	14.8%	11.3%	6.9%
Interest Expense	2,616	3,404	3,558	30.1%	4.5%	26.1%	2.7%
Other (Income)/Expense	(562)	(762)	(410)	35.6%	-46.2%	nm	-55.9%
Income Taxes	4,741	4,928	5,378	3.9%	9.1%	11.1%	14.1%
Net Income	8,210	8,558	9,657	4.2%	12.8%	9.7%	16.2%
EPS	2.96	3.09	3.49	4.5%	13.0%	10.1%	16.4%
Cash EPS	2.96	3.24	3.67	9.5%	13.3%	9.4%	14.8%

Highlights:

- Earnings growth in line with guidance
- Goodwill at the JV Co dilutes earnings growth
- Synergies and other adjustments (eg. conforming accounting) offset Merger Concessions in 2000 and 2001

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2000-2001 Synergies

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($ Millions)

	2000	2001
Revenue	**320**	**750**
Expense	**510**	**1,030**
Capital	**360**	**610**

Synergy Drivers:

- Synergies are shown on a calendar year basis - by Year 2003 meet commitments
- Growth opportunities in wireless, long distance, and vertical services drive revenue synergies.
  - Synergies add between 1-2% in revenue annually
- Expense savings are captured throughout the business, primarily in Telecom and Wireless.
  - Synergies reduce cash expenses between 1-4% annually
- Capital savings are captured primarily in Wireless and Telecom segments related to the network, customer services, and in later years to information systems.
  - Synergies reduce capital expenditures between 2-4+% annually

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2000-2001 Regulatory Concessions

($ Millions)

	2000	2001
Separate Affiliate for Advanced Services	(106)	(147)
Out of Territory Competitive Entry	(13)	(59)
InterLata Services Pricing	(15)	(46)
State Concessions	(61)	(86)
Other	(83)	(51)
Net Income	(278)	(389)

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1999-2001 Cash Flow

($ Millions)

	1999	2000	2001	Yr/Yr % growth 00vs99	01vs00
Net Income	8,210	8,558	9,657	4.2%	12.8%
Depreciation	9,893	13,033	14,964	31.7%	14.8%
Income from unconsolidated subs-net	(239)	(318)	71	33.1%	-122.3%
Other	(902)	(2,109)	(3,756)	nm	78.1%
Total Cash From Operations	16,962	19,164	20,936	13.0%	9.2%
Capital Expenditures	(13,615)	(18,206)	(18,332)	33.7%	0.7%
Other	(3,764)	3,371	(537)	nm	nm
Total Cash From Investing Activities	(17,379)	(14,835)	(18,869)	-14.6%	27.2%
Dividend Paid	(4,233)	(4,225)	(4,223)	-0.2%	0.0%
Debt Proceeds	6,838	2,177	2,892	-68.2%	32.8%
Other	(847)	(3,581)	(968)	322.8%	-73.0%
Total Cash From Financing Activities	1,758	(5,629)	(2,299)	nm	-59.2%
Increase (Decrease) in Cash	1,341	(1,300)	(232)	nm	-82.2%
Free Cash Flow*	3,347	958	2,604	-71.4%	nm

* Cash from Operations less CapEx

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1999-2001 Balance Sheet

($ Millions)

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	1999	2000	2001	Yr/Yr % growth 00vs99	01vs00
Current Assets	20,039	19,334	20,565	-3.5%	6.4%
Net Plant, Property, & Equipment	62,195	70,370	73,801	13.1%	4.9%
Investments	17,106	21,348	23,042	24.8%	7.9%
Other Long Term Assets	13,769	61,116	62,683	343.9%	2.6%
Total Assets	113,109	172,168	180,091	52.2%	4.6%
Short Term Debt	15,070	11,268	11,173	-25.2%	-0.8%
Other Current Liabilities	14,750	14,857	13,983	0.7%	-5.9%
Long Term Debt	32,420	39,079	43,092	20.5%	10.3%
Other Long Term Liabilities	22,454	25,293	24,922	12.6%	-1.5%
Minority Interest	1,723	1,734	2,021	0.6%	16.6%
Total Equity	26,692	79,937	84,900	199.5%	6.2%
Total Liabilities and Equity	113,109	172,168	180,091	52.2%	4.6%

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Fred Salerno
Vice Chairman and CFO

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Summary

- Excellent Growth Prospects
- Strong Competitor Leader with a Proven Track Record
- Strong Financial Strategies
- Strong Credit Protection Measures
- Equity Opportunities

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