WAHeads

	АВ	C D	Е	F	G	Н	I	J	K	
1										
2		Total		Perce	ntage		Head	ction		
3	Headcount Reduction	Reduction	1	Eli	Eli <u>Verizon</u>		Eli	Verizon	VZ Wash	
4										
5	Enterprise Markets									
6	Mass Markets/Commercial									
7	International & Wholesale									
8	Network									
9	Information Technology									
10										
11										
12										
13										
14										
15										
16										
17										
18										
19	% Total									
20	* - Accounting reports that *****% of ESG wages and salaries and related employee benefits are allocated to Washington.									
22				Avg S&W	Adjusted			VZ Wash		
23				Rate	S&W		VZ Wash	(\$ M)		
24										
25										
26										
27										
28	1									
29										
30										
31										
32										
33										
34	S&W Load Factor									
35	(Based on Verizon budgeting - inc	cludes miscella	neo	us expense	s, materials	s, tr	aining, and o	ther similar ite	ems)	
36										
37	**% factor in Adjusted S&W is an	adjustment for	the	estimate th	at **% of \$*	* ir	n labor will go	to capital.		

		,	WAG&ASavin	ae		
	А	В	C	D	Е	F
1	Project ELI					
2	Synergy Summary (\$M)					
3	Nondiscounted Cash Flows					
4	Nondiscounted Cash Flows					
5						
6		2006	2007	2008	2009	Notes
7	Enterprise Markets		2001	2000		110100
8	Synergy's					
9	Headcount					
10	Nonwage Costs					
11	Total Synergy's					
12	Integration Costs					
13	Severance					
14	Other Integration Costs					
15	Total Integration Costs					
16	Net Savings					
17	% HC Savings Achieved					
18						
19						
	International & Wholesale					
21	Synergy's					
22	Headcount					
23	Nonwage Costs					
24	Total Synergy's					
25 26	Integration Costs Severance					
27	Other Integration Costs					
28	Total Integration Costs					
29	Net Savings					
	Test Savings					< - Synergies ramp-up
						over time as company
30	% HC Savings Achieved					gains experience.
31	J					0
32	Total					
33	Synergy's					
34	Headcount					
35	Nonwage Costs					
36	Total Synergy's					
37	Integration Costs					
38	Severance					
39	Other Integration Costs					
40	Total Integration Costs					
41	Net Savings					
42	Notes					
_	Notes:					
44 45	- BLUE = Input - % HC Savings Achieved sparead	and Saver	ance accumen	I to be equal		
46	- 70 FIG Savings Achieved Sparead	anu Severa	ance assumed	i to be equal		
47	Factors:					
48	- Severance Factor		- Applied to	Headcount Sa	avinas	(9-months severance)
۳	23.01011001 00101		7 1221100 10		90	(* monare coverance)
49	- Nonwage Savings Factor		- Applied to	Headcount Sa	avinas	(incremental misc. factor)
	g- 3ago : 40.01					(1-time cost to re-org
50	- Other Integration Cost Factor		- Applied to	Severance		business)
						. ,

15

WASynDisplay

Α	В	С	D	Е	F	G	Н	I	J	K	L	М	N	0
1														
3	F					Washington								
4	+		(\$ Millions)		% VZ		% LEC	% Reg		2006	2007	2008	2009	<u>Notes</u>
5	1	Mkt	ESG - Financial Stabilization		<u> 70 VZ</u>		<u> 70 LLO</u>		<u> 70 140g</u>	2000	2001	2000	2003	<u>Notes</u>
6		Facing	ESG - Go To Market (National Input)	H										SynDisplay2! Row 6
7	╁	i domig	ESG - Go To Market											Syn Bispiay 2. Now 9
8			ESG - Baseline Adjustment											
9	T		SMB (National Input)											SynDisplay2! Row 9
10			SMB											
11			Wireless											
12			Total Revenue											
13			% Eli Base Case											
15	-													
10	+													***% Cost of Sales (inverse
														of EBITDA adj. by next gen.
16			ESG - Go To Market											technology)
17	T													752
	T													***% Cost of Sales - SMB
18			SMB											(inverse of EBITDA)
19														Ì
20			Cost of Sales											
21														
23	1		EBITDA											
24	L													
25	-		Success-based Capital											10 100
26	-		% Revenue											Synergy! Row 468
28			Depr/Pre-Tax COC on Cap Spend											
29			Prop, Plnt & Equipmt											
30			Depreciation Expense											
31			Depreciation Reserve											
32			Net P P & E											
33		Note 1	VZ share	Ц										
34		Note 2	See WA Synergy Calc ESG 8-2-05.xls	Ц										
35		Note 3	Annual Factors (see Sheet WASynergy)										
36		Note 4	VZ share	Ц										
37 33		Note 5	See WA Synergy Calc BSG.xls	Ц										
33	F		Ctuata sia Catturana Danata	H										
40 41	+	<u>IT</u>	Strategic Software Development	H										
41	+		Expense Capital	H										
42	L			Ы										
44			Hardware											
45			Expense											
46			Capital											
48			Synergy	H										
49	T		Expense											
~_		1									1	1	1	

WASynDisplay

Α	в с	D E	F	G	Н	I	J	K	L	M	N	0
50 52 33		Capital										
52		Synergy % Eli Revenue										
33		Symongy 70 Emiliar Simus										
50	NI I	D +: m + G :	1	I .								
56 57	<u>Ntwk</u>	Domestic Transport Savings										
		International Savings										0 . Diagla 01 Day 50
58		Vendor Savings (National Input)										SynDisplay2! Row 50
59		Vendor Savings										
60		LD Operations Savings										
62		Capital - Benchmark Spending										
63		(Benchmark + Eli Base) / Eli Rev										
63 65		Capital - PL to on-Net (Nat. Input)										SynDisplay2! Row 55
66		Capital - Private Line to on-Net	-									Symbispiay2: Now 55
66		· ·										
68		Capital - Avoided Procurement										
69		Capital - Avoided EA Build-out										
70		Capital - Avoided GSN Build-out										
71		Capital Carrying Charge										
72		Prop, Plnt & Equipmt										
73		Depreciation Expense										
74		Depr Reserve										
75		Net P P & E										
70												
79	Other	Wholesale Ops Savings										
80	<u> </u>	Headcount Savings		l l								
81		Headcount Severance										
82		Other Integration										
82 03		Outor integration										
		B										
86	<u>Total</u>	Revenue										
87		Net Expense										
88		EBITDA										
90		Net Capital										
3 2												

WASynDisplay

АВ	С	D	E F	G	Н	I	J	K	L	М	N	0
95 96												
95												See WASynergy cell B38
96				(applie	d where * is	noted)						
97												
98 99		ESG - Go To Market										
99												
100		SMB										
101												
102		Total Revenue										
103												
104												
105		ESG - Go To Market										
106												
107		SMB										
108												
109		Cost of Sales										
110												
111												
112		Success-based Capital										
113												
114												
115		Vendor Savings										
116												
117		Capital - Private Line to on-Net										
118												
119		Headcount Savings Headcount Severance										
120		Headcount Severance										
121		Other Integration										
122												
123		Revenue										
124		Net Expense										
125		EBITDA										
126												
127		Success-based Capital										
128		·										

WASynergy

	A	В	C	D	Е	F	G	Н
1	WA Synergy					'		
2	TV/A Gynergy							
3	Cost of Capital (%)							
4	Cost of Capital (K)	8.68%						
5	Cost of Capital (IV)	0.0070						
6	Book Depreciation		2004	2005	2006	2007	2008	2009
7	Book Depr Lives Average Years	0.0	2004	2000	2000	2001	2000	2000
8	Years:	% Mix						
9	rouis.	70 IVIIX						
10								
11								
12								
13								
14								
15	yr 1							
16	yr 2							
17	yr 3							
18	yr 4							
19	yr 5							
20	yr 6							
21	yr 7							
22	yr 8							
23	yr 9							
24	yr 10							
25	yr 11							
26								
27								
28								
29	Intrastate Regulated Factors:							
30		Source			2006	2007	2008	2009
31	ESG - Go To Market	WA Syner	gy Calc ES	G 8-2-05				
	SMB	WA Syner						
33		•						
	VZ WA - Washington Operations Fa	ctors:						
35	Regulated							
36	Intrastate				,	•	•	
	In Franchise							
38	Weighted							