

NPV of Synergy / Integration

<u>Item</u>	<u>(\$M)</u>	<u>(\$M)</u>
Enterprise Solutions Group (ESG) Revenues (net COS and related Capital)		
Small-Medium Business (SMB) Revenues (net COS and related Capital)		
Wireless Revenues (net COS)		
IT - Systems Upgrade (expense and capital)		
IT - Hardware Upgrade (expense and capital)		
IT - Savings (expense and capital)		
Network - Benchmark Capex Catch-up		
Network - PL to On-Net Capex Carrying Charges		
Network - Transport/Vendor/LD Savings		
Network - Avoided Capital (Enterprise Advance (EA), Global Network Services (GNS), etc.)		
Wholesale Operations Savings		
Headcount Reductions (Including Severance & Other Integration)		
Total		

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
1	MCI Acquisition - Savings to Verizon (2006-2009)															
2																
3	<u>Item</u>	<u>Total Verizon</u>	<u>Errata</u>	<u>4-21 Filing</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>Notes</u>							
4	(\$'s in millions, nominal)															
5										VZ Factor	(Referenced rows are added together)					
6	Enterprise Solutions Group (ESG) Revenues (net COS)								SynDisplay2! Row 16 + Row 6)*\$J6							
7	Small-Medium Business(SMB) Revenues (net COS)								SynDisplay2! Row 19 + Row 9)*\$J7							
8	Wireless Revenues (net COS)								SynDisplay2! Row 21 + Row 11)							
9	Success-Based Capital Carrying Charges								See Below (row 50 + 120)							
10																
11	IT - Systems Upgrade (expense and capital)															
12	IT - Hardware Upgrade (expense and capital)															
13	IT - Savings (expense and capital)															
14																
15	Network - Benchmark Capex Catch-up															
16	Network - Private Line to On-Net Capex Carrying Charges								See Below							
17	Network - Transport/Vendor/Long Distance Savings								SynDisplay2! Row 48 + Row 50	SynDisplay2! Row 50						
18	Network - Avoided Capital (Enterprise Advance (EA), Global Network Services (GNS), etc.)								<- See Below (Row 96)	SynDisplay2! Row 48						
19									Total Transport/Vendor/Long Distance Savings							
20	Wholesale Operations Savings															
21																
22	Headcount reductions								See Below							
23																
24	Severance & Other Integration								See Below							
25																
26	Total															
27																
28	Success-Based Capital Carrying Charges - Calculation:															
29		ESG GTM							Synergy! Row 387							
30		SMB							Synergy! Row 389							
31		Total														
32																
33																
34		% ESG GTM to Total														
35		% SMB to Total														
36		% success-based Capital							Synergy! Row 468							
37																
38		ESG GTM & SMB s-b Capital														
39																

	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
40																
41				cap add												
42				PP&E												
43				Depr exp												
44				Depr Res												
45				Net PP&E												
46																
47			Rate of Return	8.68%												
48			Net-to-Gross Multiplier													
49																
50																
51																
52																
53																
54	Network - Private Line to On-Net Capex Carrying Charges Calculation:															
55																
56				cap add					SynDisplay2! Row 55							
57				PP&E												
58				Depr exp												
59				Depr Res												
60				Net PP&E												
61																
62			Rate of Return	8.68%												
63			Net-to-Gross Multiplier													
64																
65																
66																
67																
68																
69																
70																
71	Headcount / Non-wage Synergy:															
72		2006	2007	2008	2009				Synergy_G&ASavings! Row 11 * 100%							
73	Enterprise Markets															
74	Mass Markets (Retail)															
75	International & Wholesale															
76	Network															
77	Information Technology															
78	Telecom SG&A															
79	Corporate SG&A															
80	Other SG&A															
81	Total															
82	(see 100% and 20% factors at WA WUTC Synergy Calc 8-5.xls, Sheet "WAHeads")															
83																
84																
85	Severance / Other Integration:															
86		2006	2007	2008	2009				Synergy_G&ASavings! Row 15 * 100%							
87	Enterprise Markets															
88	Mass Markets (Retail)															
89	International & Wholesale															
90	Network															
91	Information Technology															
92	Telecom SG&A															
93	Corporate SG&A															
94	Other SG&A															
95	Total															
96	Enterprise Advance (EA) & Global Network Services (GNS) - Avoided Investment - Capex Carrying Charges Calculation:															
97																
98				cap add					SynDisplay2! Row 58 + 59							
99				PP&E												
100				Depr exp												
101				Depr Res												
102				Net PP&E												
103																
104			Rate of Return	8.68%												
105			Net-to-Gross Multiplier													
106																
107																
108																
109	Wireless Success-based Capital - Capex Carrying Charges Calculation:															
110																
111				cap add					SynDisplay2! Row 58 + 59							
112				PP&E												
113				Depr exp												
114				Depr Res												
115				Net PP&E												
116																
117			Rate of Return	8.68%												
118			Net-to-Gross Multiplier													
119																
120																

	A	B	C	D	E	F	G	H	I	J	K	L	M
1	MCI Acquisition - Savings to Verizon WA (2006-2009)												
2				- not for inclusion in testimony - back-up only -									
3	<u>Item</u>	Total Verizon WA		2006	2007	2008	2009						
4	(\$'s in millions, nominal)												
5													
6	ESG Revenues (net COS)												
7	SMB Revenues (net COS)								Combined capital carrying charges:	2006	2007	2008	2009
8	Success-Based Capital Carrying Charges								Success-based Capital (ESG only)				
9									Depr/Pre-Tax COC on Cap Spend				
10	IT - Systems Upgrade (expense and capital)								Prop. Plnt & Equipmt				
11	IT - Hardware Upgrade (expense and capital)								Depreciation Expense				
12	IT - Savings (expense and capital)								Depreciation Reserve				
13									Net P P & E				
14	Network - Benchmark Capex Catch-up												
15	Network - Private Line to On-Net Capex Carrying Charges								ESG % Regulated				
16	Network - Transport/Vendor/Long Distance Savings								SMB % Regulated				
17	Network - Avoided Capital (EA, GNS, etc.)												
18													
19	Wholesale Operations Savings												
20													
21	Headcount reductions												
22													
23	Severance & Other Integration												
24													
25	Transactions Costs (Allocated)												
26													
27	Total												
28													
29													
30													
31									Do Not Incorporate into Declaration				
32									Transaction Cost Allocation:				
33									VZ	VZ-WA	Intra Reg		
34													
35													
36													
37													
38													
39													
40													
41													
42													

Annual Synergies For Intrastate Regulated Services

<u>Item</u>	2006	2007	2008	2009
(\$'s in millions, nominal)	<u>VZ- WA</u>	<u>VZ- WA</u>	<u>VZ- WA</u>	<u>VZ- WA</u>
ESG Revenues (net COS)				
SMB Revenues (net COS)				
Success-Based Capital Carrying Charges				
Sub-total Revenue Synergies				
Network - Private Line to On-Net Capex Carrying Charges				
Network - Transport/Vendor/Long Distance Savings				
Headcount reductions				
Severance & Other Integration				
Transaction Costs (Allocated)				
Sub-Total Expense Synergies				
Total				

Verizon Washington Net Present Value Calculation

<u>Item</u>		<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	
(\$'s in millions)	Year =	1	2	3	4	
Net Revenue Synergies to Intrastate Services						
Discount Rate	8.68%					<u>2006</u> <u>2007</u> <u>2008</u> <u>2009</u>
Net Present Value (NPV)						Calc. >
Net Expense Synergies to Intrastate Services						
Discount Rate	8.68%					<u>2006</u> <u>2007</u> <u>2008</u> <u>2009</u>
Net Present Value (NPV)						

REDACTED