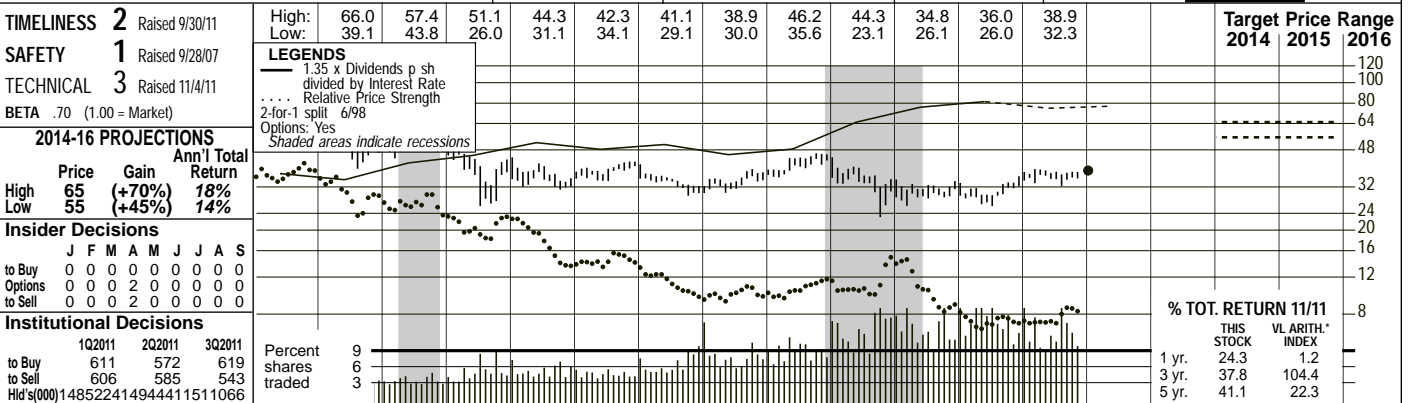


# VERIZON NYSE-VZ

RECENT PRICE **38.26** P/E RATIO **16.2** (Trailing: 17.6; Median: 14.0) RELATIVE P/E RATIO **1.17** DIV'D YLD **5.2%** VALUE LINE



| 1995 <sup>E</sup> | 1996   | 1997 <sup>F</sup> | 1998   | 1999   | 2000 <sup>G</sup> | 2001   | 2002   | 2003   | 2004   | 2005   | 2006 <sup>H</sup> | 2007   | 2008   | 2009   | 2010   | 2011          | 2012          | © VALUE LINE PUB. LLC    | 14-16         |
|-------------------|--------|-------------------|--------|--------|-------------------|--------|--------|--------|--------|--------|-------------------|--------|--------|--------|--------|---------------|---------------|--------------------------|---------------|
| 15.34             | 14.94  | 19.61             | 20.32  | 21.39  | 23.93             | 24.73  | 24.63  | 24.46  | 25.73  | 25.59  | 30.29             | 32.56  | 34.27  | 38.02  | 37.68  | <b>39.20</b>  | <b>40.90</b>  | Revenues per sh          | <b>43.80</b>  |
| 4.94              | 4.95   | 5.97              | 6.50   | 6.99   | 7.53              | 8.11   | 7.93   | 7.55   | 7.64   | 7.24   | 7.07              | 7.40   | 7.65   | 8.12   | 8.01   | <b>7.70</b>   | <b>7.90</b>   | "Cash Flow" per sh       | <b>9.00</b>   |
| 1.94              | 1.98   | 2.48              | 2.72   | 3.01   | 2.92              | 3.00   | 3.05   | 2.62   | 2.59   | 2.56   | 2.54              | 2.34   | 2.54   | 2.40   | 2.21   | <b>2.20</b>   | <b>2.55</b>   | Earnings per sh (A)      | <b>3.40</b>   |
| 1.40              | 1.43   | 1.49              | 1.54   | 1.54   | 1.54              | 1.54   | 1.54   | 1.54   | 1.54   | 1.62   | 1.62              | 1.65   | 1.78   | 1.87   | 1.93   | <b>1.96</b>   | <b>2.00</b>   | Div'ds Decl'd per sh (B) | <b>2.12</b>   |
| 3.05              | 2.92   | 4.95              | 4.79   | 5.59   | 6.52              | 6.39   | 4.36   | 4.29   | 4.79   | 5.24   | 5.88              | 6.11   | 6.07   | 6.01   | 5.82   | <b>6.00</b>   | <b>6.00</b>   | Cap'l Spending per sh    | <b>6.05</b>   |
| 7.63              | 8.48   | 8.24              | 8.39   | 10.24  | 12.79             | 11.98  | 11.88  | 12.08  | 13.56  | 13.56  | 16.68             | 17.62  | 14.68  | 14.67  | 13.64  | <b>16.00</b>  | <b>17.00</b>  | Book Value per sh        | <b>19.00</b>  |
| 875.53            | 875.63 | 1553.0            | 1553.3 | 1550.7 | 2703.6            | 2717.2 | 2745.8 | 2769.4 | 2770.0 | 2926.8 | 2909.9            | 2871.0 | 2840.6 | 2835.7 | 2828.1 | <b>2827.0</b> | <b>2826.0</b> | Common Shs Outst'g (C)   | <b>2820.0</b> |
| 14.8              | 15.8   | 14.9              | 17.7   | 20.1   | 18.1              | 17.3   | 13.0   | 13.7   | 14.8   | 13.2   | 13.4              | 17.6   | 13.7   | 12.7   | 13.8   | <b>12.7</b>   | <b>13.8</b>   | Avg Ann'l P/E Ratio      | <b>17.5</b>   |
| .99               | .99    | .86               | .92    | 1.15   | 1.18              | .89    | .71    | .78    | .78    | .70    | .72               | .93    | .82    | .85    | .88    | <b>.85</b>    | <b>.88</b>    | Relative P/E Ratio       | <b>1.15</b>   |
| 4.9%              | 4.6%   | 4.0%              | 3.2%   | 2.5%   | 2.9%              | 3.0%   | 3.9%   | 4.3%   | 4.0%   | 4.8%   | 4.8%              | 4.0%   | 5.1%   | 6.1%   | 6.3%   | <b>6.1%</b>   | <b>6.3%</b>   | Avg Ann'l Div'd Yield    | <b>3.5%</b>   |

| CAPITAL STRUCTURE as of 9/30/11                     |  | 2001   | 2002   | 2003   | 2004   | 2005   | 2006 <sup>H</sup> | 2007   | 2008   | 2009   | 2010   | 2011          | 2012          | © VALUE LINE PUB. LLC      | 14-16         |
|---|--|--------|--------|--------|--------|--------|-------------------|--------|--------|--------|--------|---------------|---------------|----------------------------|---------------|
| Total Debt \$54915 mill. Due in 5 Yrs \$24100 mill. |  | 67190  | 67625  | 67752  | 71283  | 74910  | 88144             | 93469  | 97354  | 107808 | 106565 | <b>110800</b> | <b>115575</b> | Revenues (\$mill)          | <b>123500</b> |
| LT Debt \$46285 mill. LT Interest \$1750 mill.      |  | 8391.0 | 8361.0 | 7282.0 | 7261.0 | 7151.0 | 6021.0            | 6854.0 | 7235.0 | 6805.0 | 6256.6 | <b>6220</b>   | <b>7065</b>   | Net Profit (\$mill)        | <b>9590</b>   |
| Incl. \$321.0 mill. capitalized leases.             |  | 39.8%  | 30.5%  | 31.4%  | 28.2%  | 30.9%  | 33.3%             | 35.6%  | 34.4%  | 33.1%  | 19.5%  | <b>35.0%</b>  | <b>35.0%</b>  | Income Tax Rate            | <b>35.0%</b>  |
| (Total interest coverage: 7.1x)                     |  | 12.5%  | 12.4%  | 10.7%  | 10.2%  | 9.5%   | 6.8%              | 7.3%   | 7.4%   | 6.3%   | 5.9%   | <b>5.6%</b>   | <b>6.1%</b>   | Net Profit Margin          | <b>7.8%</b>   |
| Leases, Uncapitalized Annual rentals \$1898 mill.   |  | 45.5%  | 44.1%  | 40.5%  | 36.3%  | 32.4%  | 27.1%             | 25.4%  | 37.3%  | 39.5%  | 34.2%  | <b>33.5%</b>  | <b>31.5%</b>  | Long-Term Debt Ratio (D)   | <b>28.0%</b>  |
| Pension Assets-12/10 \$25814 mill.                  |  | 32.4%  | 32.1%  | 34.4%  | 38.2%  | 40.4%  | 46.0%             | 45.5%  | 33.1%  | 29.8%  | 29.2%  | <b>37.0%</b>  | <b>37.0%</b>  | Common Equity Ratio        | <b>37.0%</b>  |
| Oblig. \$29217 mill.                                |  | 100345 | 101548 | 97227  | 98287  | 98303  | 105518            | 111072 | 125864 | 139418 | 132164 | <b>142000</b> | <b>142900</b> | Total Capital (\$mill) (D) | <b>140000</b> |
| Pfd Stock None                                      |  | 74419  | 74496  | 75316  | 74124  | 75305  | 82356             | 85294  | 86546  | 91466  | 87711  | <b>89700</b>  | <b>92000</b>  | Net Plant (\$mill)         | <b>97500</b>  |
| Common Stock 2,831,090,656 shs.                     |  | 10.8%  | 10.9%  | 10.1%  | 10.1%  | 10.1%  | 7.9%              | 8.8%   | 8.3%   | 7.2%   | 7.6%   | <b>8.0%</b>   | <b>8.0%</b>   | Return on Total Cap'l      | <b>8.0%</b>   |
| MARKET CAP: \$108 billion (Large Cap)               |  | 25.8%  | 25.6%  | 21.8%  | 19.3%  | 18.0%  | 12.4%             | 13.6%  | 17.3%  | 16.4%  | 16.2%  | <b>10.0%</b>  | <b>11.0%</b>  | Return on Shr. Equity      | <b>12.0%</b>  |
| CURRENT POSITION                                    |  | 25.8%  | 25.6%  | 21.8%  | 19.3%  | 18.0%  | 12.4%             | 13.6%  | 17.3%  | 16.4%  | 16.2%  | <b>10.0%</b>  | <b>11.0%</b>  | Return on Com Equity       | <b>12.0%</b>  |
| 2009  |  | 13.0%  | 12.8%  | 9.1%   | 8.0%   | 6.9%   | 2.7%              | 4.1%   | 5.4%   | 3.7%   | 2.2%   | <b>2.0%</b>   | <b>3.0%</b>   | Retained to Com Eq         | <b>4.0%</b>   |
| 2010  |  | 50%    | 50%    | 58%    | 59%    | 62%    | 78%               | 70%    | 69%    | 77%    | 87%    | <b>89%</b>    | <b>80%</b>    | All Div'ds to Net Prof     | <b>62%</b>    |
| 9/30/11   |  |        |        |        |        |        |                   |        |        |        |        |               |               |                            |               |

| Cal-endar | Mar.31       | Jun.30       | Sep.30       | Dec.31       | Full Year     |
|-----------|--------------|--------------|--------------|--------------|---------------|
| 2008      | 23833        | 24124        | 24752        | 24645        | 97354         |
| 2009      | 26591        | 26861        | 27265        | 27091        | 107808        |
| 2010      | 26913        | 26773        | 26484        | 26395        | 106565        |
| 2011      | 26990        | 27536        | 27913        | <b>28361</b> | <b>110800</b> |
| 2012      | <b>28325</b> | <b>28700</b> | <b>29150</b> | <b>29400</b> | <b>115575</b> |

| Cal-endar | Mar.31     | Jun.30     | Sep.30     | Dec.31     | Full Year   |
|-----------|------------|------------|------------|------------|-------------|
| 2008      | .61        | .67        | .66        | .60        | 2.54        |
| 2009      | .63        | .63        | .60        | .54        | 2.40        |
| 2010      | .56        | .55        | .56        | .54        | 2.21        |
| 2011      | .51        | .57        | .56        | <b>.56</b> | <b>2.20</b> |
| 2012      | <b>.59</b> | <b>.65</b> | <b>.66</b> | <b>.65</b> | <b>2.55</b> |

| Cal-endar | Mar.31 | Jun.30 | Sep.30 | Dec.31 | Full Year |
|-----------|--------|--------|--------|--------|-----------|
| 2007      | .405   | .405   | .405   | .43    | 1.65      |
| 2008      | .43    | .43    | .46    | .46    | 1.78      |
| 2009      | .46    | .46    | .475   | .475   | 1.87      |
| 2010      | .475   | .475   | .4875  | .4875  | 1.93      |
| 2011      | .4875  | .4875  | .4875  | .50    |           |

**Verizon certainly has been busy on the acquisition trail.** In late August, VZ completed the purchase of CloudSwitch, an innovative provider of cloud software technology, in a transaction that will simplify Verizon's move to the enterprise cloud and help boost industry adoption. The company is in the midst of merging CloudSwitch with its Terremark subsidiary (acquired earlier this year), which should further accelerate VZ's global cloud strategy by enhancing its hybrid cloud and cloud-to-cloud capabilities. Then, in early December, Verizon Wireless agreed to acquire 20 MHz of AWS spectrum covering 259 million POPs for \$3.6 billion from Spectrum Co., a joint venture between cable MSOs Comcast, Time Warner Cable, and Bright House. The deal escalates VZ's spectrum position to 111 MHz in the top 100 markets versus AT&T at a 100 MHz now, and it stipulates that the cable MSOs also agree to resell Verizon's mobile service to their own customers. This acquisition will alleviate a potential capacity crunch, as exponential data usage growth drives wireless economics. **Meanwhile, the company seems**

**poised for a flat earnings comparison this year.** VZ posted third-quarter share net of \$0.56, on par with the year-ago figure, on a solid 5.4% top-line improvement. Verizon Wireless continued to be the driving force behind much of the revenue advance, thanks to increased smartphone penetration and an uptick in retail post paid ARPU (average monthly service revenue per user), which offered a counterbalance to a modest drop in wireline revenue. A broadened FiOS spectrum will likely cure this ailment, but that will take some time. Yet, the bottom line continued to feel the effects of the capital layouts necessary to drive iPhone subscriber growth (subsidiarization of this product is pricey) as well as a \$250 million (\$0.05 a share) negative impact in the interim due to storm-related repair costs and a two-week strike affecting the Wireline division. **This stock's Timeliness rank has moved up a notch and is now pegged to outperform the year-ahead market.** Yet, at the current price, appreciation aspirations 3 to 5 years hence are subpar vis-a-vis the Value Line median. *Kenneth A. Nugent December 23, 2011*

(A) Based on average shares out thru '97, then diluted. Excl. n/r gains (losses): '95, \$0.18; '96, \$0.16; '97, \$0.90; '98, \$0.86; '99, \$0.36; '00, \$1.40; '01, (\$2.86); '02, (\$1.56); '03, (\$1.51); '04, \$0.08; '06, (\$0.42). Next earnings report due late January. (B) Div'd paid in early Feb., May, Aug. & Nov. (C) Div'd reinv. plan avail. (D) In mill. adj. for split. (E) Incl. fin. sub. from '88. (F) Cell. ops. in revs. before 7/95, then equity income. (G) '97 data NYNEX pro forma. (H) '06 MCI pro forma.

Company's Financial Strength A+  
 Stock's Price Stability 100  
 Price Growth Persistence 30  
 Earnings Predictability 100

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