

VERIZON COMMUNICATIONS INC  
Form 10-Q  
April 26, 2012  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**Washington, D.C. 20549**  
**FORM 10-Q**

(Mark one)  
 QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended March 31, 2012  
OR  
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_  
Commission file number: 1-8606

**Verizon Communications Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction)

**23-2259884**  
(I.R.S. Employer Identification No.)

of incorporation or organization)

**140 West Street New**  
**York, New York**  
(Address of principal executive offices)

**10007**  
(Zip Code)

**Registrant's telephone number, including area code: (212) 395-1000**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject

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to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  Yes  No

At March 30, 2012, 2,841,032,606 shares of the registrant's common stock were outstanding, after deducting 126,577,513 shares held in treasury.

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**Table of Contents****Part I - Financial Information****Item 1. Financial Statements****Condensed Consolidated Statements of Income**

Verizon Communications Inc. and Subsidiaries

	<b>Three Months Ended</b>	
(dollars in millions, except per share amounts) (unaudited)	<b>2012</b>	<b>March 31, 2011</b>
<b>Operating Revenues</b>	\$ 28,242	\$ 26,990
<b>Operating Expenses</b>		
Cost of services and sales (exclusive of items shown below)	11,319	11,229
Selling, general and administrative expense	7,700	7,284
Depreciation and amortization expense	4,028	4,024
<b>Total Operating Expenses</b>	23,047	22,537
<b>Operating Income</b>	5,195	4,453
Equity in earnings of unconsolidated businesses	103	101
Other income and (expense), net	19	36
Interest expense	(685)	(709)
<b>Income Before Provision For Income Taxes</b>	4,632	3,881
Provision for income taxes	(726)	(617)
<b>Net Income</b>	\$ 3,906	\$ 3,264
Net income attributable to noncontrolling interest	\$ 2,220	\$ 1,825
Net income attributable to Verizon	1,686	1,439
<b>Net Income</b>	\$ 3,906	\$ 3,264
<b>Basic Earnings Per Common Share</b>		
Net income attributable to Verizon	\$ .59	\$ .51
Weighted-average shares outstanding (in millions)	2,842	2,830
<b>Diluted Earnings Per Common Share</b>		
Net income attributable to Verizon	\$ .59	\$ .51
Weighted-average shares outstanding (in millions)	2,849	2,834
Dividends declared per common share	\$ 0.5000	\$ 0.4875

See Notes to Condensed Consolidated Financial Statements

**Table of Contents****Condensed Consolidated Statements of Comprehensive Income**

Verizon Communications Inc. and Subsidiaries

	<b>Three Months Ended</b>	
(dollars in millions) (unaudited)	<b>2012</b>	<b>March 31, 2011</b>
<b>Net Income</b>	\$ 3,906	\$ 3,264
<b>Other comprehensive income, net of taxes</b>		
Foreign currency translation adjustments	104	214
Unrealized gain on cash flow hedges	8	31
Unrealized gain on marketable securities	23	
Defined benefit pension and postretirement plans	(6)	(1)
Other comprehensive income attributable to Verizon	129	244
Other comprehensive income (loss) attributable to noncontrolling interest	3	(2)
<b>Total Comprehensive Income</b>	<b>\$ 4,038</b>	<b>\$ 3,506</b>
Comprehensive income attributable to noncontrolling interest	\$ 2,223	\$ 1,823
Comprehensive income attributable to Verizon	1,815	1,683
<b>Total Comprehensive Income</b>	<b>\$ 4,038</b>	<b>\$ 3,506</b>

See Notes to Condensed Consolidated Financial Statements

**Table of Contents****Condensed Consolidated Balance Sheets**

Verizon Communications Inc. and Subsidiaries

(dollars in millions, except per share amounts) (unaudited)	At March 31, 2012	At December 31, 2011
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 5,909	\$ 13,362
Short-term investments	623	592
Accounts receivable, net of allowances of \$737 and \$802	11,234	11,776
Inventories	1,063	940
Prepaid expenses and other	4,683	4,269
Total current assets	23,512	30,939
Plant, property and equipment	218,250	215,626
Less accumulated depreciation	130,064	127,192
	88,186	88,434
Investments in unconsolidated businesses	3,566	3,448
Wireless licenses	73,294	73,250
Goodwill	23,465	23,357
Other intangible assets, net	5,744	5,878
Other assets	5,154	5,155
Total assets	\$ 222,921	\$ 230,461
<b>Liabilities and Equity</b>		
Current liabilities		
Debt maturing within one year	\$ 3,121	\$ 4,849
Accounts payable and accrued liabilities	13,231	14,689
Other	6,561	11,223
Total current liabilities	22,913	30,761
Long-term debt	48,476	50,303
Employee benefit obligations	32,164	32,957
Deferred income taxes	25,610	25,060
Other liabilities	5,337	5,472
Equity		
Series preferred stock (\$.10 par value; none issued)		
Common stock (\$.10 par value; 2,967,610,119 shares issued in both periods)	297	297
Contributed capital	37,926	37,919
Reinvested earnings	1,444	1,179

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Accumulated other comprehensive income	1,398	1,269
Common stock in treasury, at cost	(4,735)	(5,002)
Deferred compensation employee stock ownership plans and other	341	308
Noncontrolling interest	51,750	49,938
Total equity	88,421	85,908
Total liabilities and equity	\$ 222,921	\$ 230,461

See Notes to Condensed Consolidated Financial Statements

**Table of Contents****Condensed Consolidated Statements of Cash Flows**

Verizon Communications Inc. and Subsidiaries

	<b>Three Months Ended</b>	
	<b>2012</b>	<b>March 31, 2011</b>
(dollars in millions) (unaudited)		
<b>Cash Flows from Operating Activities</b>		
Net Income	\$ 3,906	\$ 3,264
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	4,028	4,024
Employee retirement benefits	375	373
Deferred income taxes	656	790
Provision for uncollectible accounts	278	270
Equity in earnings of unconsolidated businesses, net of dividends received	(89)	(86)
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	(1,580)	(2,070)
Other, net	(1,617)	(1,530)
Net cash provided by operating activities	5,957	5,035
<b>Cash Flows from Investing Activities</b>		
Capital expenditures (including capitalized software)	(3,565)	(4,363)
Acquisitions of licenses, investments and businesses, net of cash acquired	(165)	(104)
Net change in short-term investments	16	24
Other, net	41	68
Net cash used in investing activities	(3,673)	(4,375)
<b>Cash Flows from Financing Activities</b>		
Proceeds from long-term borrowings		6,440
Repayments of long-term borrowings and capital lease obligations	(1,828)	(552)
Increase (decrease) in short-term obligations, excluding current maturities	(1,734)	2,384
Dividends paid	(1,291)	(1,379)
Proceeds from sale of common stock	69	70
Special distribution to noncontrolling interest	(4,500)	
Other, net	(453)	(284)
Net cash provided by (used in) financing activities	(9,737)	6,679
Increase (decrease) in cash and cash equivalents	(7,453)	7,339
Cash and cash equivalents, beginning of period	13,362	6,668