

VERIZON COMMUNICATIONS INC  
Form 10-Q  
October 28, 2010  
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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 September 30, 2010

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  
of incorporation or organization)

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

**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**

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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 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 September 30, 2010, 2,826,782,631 shares of the registrant's common stock were outstanding, after deducting 140,827,488 shares held in treasury.

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Verizon Communications Inc. and Subsidiaries

(dollars in millions, except per share amounts) (unaudited)	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2010</b>	<b>2009</b>	<b>2010</b>	<b>2009</b>
<b>Operating Revenues</b>	\$ 26,484	\$ 27,265	\$ 80,170	\$ 80,717
<b>Operating Expenses</b>				
Cost of services and sales (exclusive of items shown below)	11,250	10,996	34,206	31,785
Selling, general and administrative expense	7,465	8,111	23,508	23,543
Depreciation and amortization expense	4,022	4,172	12,319	12,291
<b>Total Operating Expenses</b>	22,737	23,279	70,033	67,619
<b>Operating Income</b>	3,747	3,986	10,137	13,098
Equity in earnings of unconsolidated businesses	141	166	395	422
Other income and (expense), net	(50)	13	12	77
Interest expense	(597)	(704)	(1,956)	(2,416)
<b>Income Before Provision For Income Taxes</b>	3,241	3,461	8,588	11,181
Provision for income taxes	(321)	(574)	(1,837)	(1,924)
<b>Net Income</b>	\$ 2,920	\$ 2,887	\$ 6,751	\$ 9,257
Net income attributable to noncontrolling interest	\$ 2,039	\$ 1,711	\$ 5,659	\$ 4,953
Net income attributable to Verizon	881	1,176	1,092	4,304
<b>Net Income</b>	\$ 2,920	\$ 2,887	\$ 6,751	\$ 9,257
<b>Basic Earnings Per Common Share</b>				
Net income attributable to Verizon	\$ .31	\$ .41	\$ .39	\$ 1.51
Weighted-average shares outstanding (in millions)	2,829	2,841	2,830	2,841
<b>Diluted Earnings Per Common Share</b>				
Net income attributable to Verizon	\$ .31	\$ .41	\$ .39	\$ 1.51
Weighted-average shares outstanding (in millions)	2,830	2,841	2,833	2,841
Dividends declared per common share	\$ .4875	\$ .4750	\$ 1.4375	\$ 1.3950

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 September 30, 2010	At December 31, 2009
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 5,394	\$ 2,009
Short-term investments	581	490
Accounts receivable, net of allowances of \$881 and \$976	11,973	12,573
Inventories	1,010	1,426
Prepaid expenses and other	2,383	5,247
Total current assets	21,341	21,745
Plant, property and equipment	217,859	229,381
Less accumulated depreciation	130,429	137,052
	87,430	92,329
Investments in unconsolidated businesses	3,832	3,535
Wireless licenses	72,719	72,067
Goodwill	21,933	22,472
Other intangible assets, net	5,915	6,764
Other assets	7,682	8,339
<b>Total assets</b>	<b>\$ 220,852</b>	<b>\$ 227,251</b>
<b>Liabilities and Equity</b>		
Current liabilities		
Debt maturing within one year	\$ 5,810	\$ 7,205
Accounts payable and accrued liabilities	16,092	15,223
Other	6,865	6,708
Total current liabilities	28,767	29,136
Long-term debt	47,360	55,051
Employee benefit obligations	31,915	32,622
Deferred income taxes	21,772	19,310
Other liabilities	6,414	6,765
Equity		
Series preferred stock (\$.10 par value; none issued)	297	297

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Common stock (\$.10 par value; 2,967,610,119 shares issued in both periods)

Contributed capital	37,921	40,108
Reinvested earnings	14,621	17,592
Accumulated other comprehensive loss	(9,835)	(11,479)
Common stock in treasury, at cost	(5,276)	(5,000)
Deferred compensation employee stock ownership plans and other	189	88
Noncontrolling interest	46,707	42,761
<b>Total equity</b>	<b>84,624</b>	<b>84,367</b>
<b>Total liabilities and equity</b>	<b>\$ 220,852</b>	<b>\$ 227,251</b>

See Notes to Condensed Consolidated Financial Statements

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

Verizon Communications Inc. and Subsidiaries

(dollars in millions) (unaudited)	<b>Nine Months Ended September 30,</b>	
	<b>2010</b>	<b>2009</b>
<b>Cash Flows from Operating Activities</b>		
Net Income	\$ 6,751	\$ 9,257
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	12,319	12,291
Employee retirement benefits	3,909	2,533
Deferred income taxes	2,332	2,672
Provision for uncollectible accounts	922	917
Equity in earnings of unconsolidated businesses, net of dividends received	82	21
Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses	640	(2,337)
Other, net	(1,742)	(2,236)
Net cash provided by operating activities	25,213	23,118
<b>Cash Flows from Investing Activities</b>		
Capital expenditures (including capitalized software)	(11,843)	(12,450)
Acquisitions of licenses, investments and businesses, net of cash acquired	(1,027)	(5,627)
Proceeds from dispositions	2,594	
Net change in short-term investments	(34)	78
Other, net	151	51
Net cash used in investing activities	(10,159)	(17,948)
<b>Cash Flows from Financing Activities</b>		
Proceeds from long-term borrowings		12,040
Repayments of long-term borrowings and capital lease obligations	(7,941)	(18,966)
Decrease in short-term obligations, excluding current maturities	(1,097)	(1,454)
Dividends paid	(4,034)	(3,920)
Proceeds from access line spin-off	3,083	
Other, net	(1,680)	(1,436)
Net cash used in financing activities	(11,669)	(13,736)
Increase (decrease) in cash and cash equivalents	3,385	