All right, good morning. Thanks for braving the weather this morning. I'm Tom Seitz; I'm the communication services analyst for Jefferies and I'd like to welcome you to the second day of our TMT conference.

Before we get started here, we're extremely excited to have Dan Mead, the President of probably the best wireless business in the world here as our guest. But there are a couple of ground rules. He is the President of Verizon Wireless, which I think, as we all know, is 55% owned by Verizon and 45% owned by Vodafone.

As a consequence of that, when there are discussions or non-discussions going on between the Board members, Dan, along with the CFO who comes from Vodafone, are excluded from those conversations. So we are going to have to talk specifically just about Verizon Wireless today.

There is -- I'm going to break that though because there is one rumor out there that I think if we could have addressed by Dan it would be -- I think it would be good. And that is there are rumors going around that Fran is taking French lessons, is that accurate?

Dan Mead - Verizon Wireless - President & CEO

Good morning, Tom (laughter). That is not accurate.

Tom Seitz - Jefferies & Company - Analyst

That is not accurate, okay. With that I will sit down and have a conversation with Dan. And then also up here will be -- you want to talk about the --?

Dan Mead - Verizon Wireless - President & CEO

This is our Safe Harbor statement; you are all familiar with this. You can reference our website for more detail, but these discussions are under the protection of Safe Harbor.

Tom Seitz - Jefferies & Company - Analyst

Yes, Dan, so, Verizon has consistently outperformed the industry. You have taken for the last several quarters more than 100% of the share net adds in the industry for postpaid. What are the key factors for sustaining that success in your view?
Dan Mead - Verizon Wireless - President & CEO

Well, there is probably a few things, Tom. We look at the total value proposition of what we provide and it starts with a foundation of a strong spectrum position. So you see us very active in spectrum and then building the best network; the network is the very foundation of the service that we provide. And then we wanted to make sure that on top of the spectrum and the network we have the right balance of the operating systems.

And the last several years we feel very good about our operating system position and then the devices that operate on those operating systems. We also work very hard in terms of our service delivery in a couple of ways. If you look at our 1,800 stores, a lot of the activity in our stores is around serving our customers and addressing their needs and their issues. And we take great pride in that and also in our call centers.

So we don't look at it as a single element, but we look at it as a compilation of a lot of different aspects that create the value that enables us to win in the market.

Tom Seitz - Jefferies & Company - Analyst

Is there any factor out there that worries you on whether or not you can sustain this performance? Is there a competitive dynamic on the horizon that you are looking at that gives you any pause? Or do you think that you can sustain this unbelievable performance for a good long while yet?

Dan Mead - Verizon Wireless - President & CEO

I feel very good that we are going to continue our momentum. We look at the trajectory of the business and, as we have stated and we reviewed in the first quarter, we are pleased about how the business is running in terms of growth, in terms of certainly customer growth, revenue growth and growth in EBITDA.

So when we see what we are able to add to the value propositions we still have a lot of opportunity to convert more basic customers to smart phones, we are adding a lot of breadth to what people do on their devices and we are seeing that help with the momentum as well. So, we are very encouraged, churn continues to improve and that is the customers voting to stay with us every day and that is an important measure for us.

Tom Seitz - Jefferies & Company - Analyst

It helps when the AV guy comes up and says Verizon was the only network that worked in my area post Sandy probably as well.

Dan Mead - Verizon Wireless - President & CEO

Well that was very kind of him to say that and I thank you for that. We appreciate it and we will work hard to do a good job for him.

Tom Seitz - Jefferies & Company - Analyst

So that is on the sales end. You’re also coming off a record setting quarter in terms of EBITDA margins better than 50%. And how long do you think you can sustain margins at that level and can they actually improve?

Dan Mead - Verizon Wireless - President & CEO

Well, as we provided guidance earlier in the year for the full year at 49% to 50% range, we are staying with that guidance. One of the important things -- I mentioned growth a few minutes ago and what that means, but it is conversion of that revenue growth to EBITDA.
So one of the things that we are very focused on is efficiency of operations -- simplicity, transformation of the revenue to profitable bottom-line growth. One of the ways we're really focused to do that is the way that we manage our cost structure to drive inefficiency out of the business, every aspect of the business -- our stores, our call center operations, all of our third-party costs, everything is fair game.

And one of the ways that we have done that and it has become a very important tool for us is around our Lean/Six Sigma program, so we call it Verizon Lean/Six Sigma. We put it in place last year; we have over 200 black belts within Verizon Wireless that are spread throughout the business working with the operation teams to drive efficiency.

So that part of the formula gives us very good outlook in terms of being able to hit and sustain those sort of margins. So we are very focused on that. We don't manage any single line item of the P&L to the exclusion of others; we manage the total P&L.

Tom Seitz - Jefferies & Company - Analyst
Can we dig into that just a little bit deeper? Can you give us one example of a process improvement that you were surprised resulted in additional cost savings or just any example of how you are continuing to drive cost out of the business?

Dan Mead - Verizon Wireless - President & CEO
Yes, probably the one that comes to mind the most is our Share Everything Plan. So when we put that in place we worked on that for about a year and a half before we put it into the market and we just put it in the market June 28 of last year.

That was not simply a price plan change, that was a way of business change -- to change the profile so we could encourage customers to be very clear and have a solid understanding of their bills and what they could do. But it was more of an encouragement with the data part of that plan to bring everything that you wanted on the Verizon Wireless LTE network into that account.

The byproduct of that was that simplicity drove a tremendous amount of cost out of the business because customers didn't call us any longer about how many minutes I'm using, how many text messages. And we have been able to see a very substantial reduction in our call-in rate which really is representing two issues -- it's representing greater customer satisfaction when customers don't have to call us and we immediately convert that to efficiencies.

We don't need the staffing levels; we don't need the infrastructure because the customers don't need to talk to us because we simplified things. So that is a very big example for us and an important statement in terms of what we are working to do for the value for our customers.

Tom Seitz - Jefferies & Company - Analyst
Very interesting. You have always been the network quality leader for as long as I can remember. That is probably -- in the past that was built on voice, today it is certainly related to data as well. But as we move to VoLTE are you at all concerned that the voice quality could in any way slip and harm that quality reputation that you have got?

Dan Mead - Verizon Wireless - President & CEO
No. We're going to make sure that we are the network quality leader. So maybe a little bit about our approach and philosophy. One of the things you have seen with us is a very consistent commitment and therefore very consistent investment in terms of our network. It starts with our spectrum.

So you have seen us working very hard and we're extremely pleased with our spectrum position and the balance we have and the capacity for growth that we have. So having that spectrum in place, but then the consistency of the investment.
You didn’t see us sawtooth our network investment over the last 12 years. You saw our commitment in our network reflected in our investment strategy. You also saw us being the innovation leader. So four or five years ago maybe some of you were asking why are we investing in LTE. This is a concept, it’s not a proven technology, the infrastructure is not in place. We felt it was the right thing to do and it was the right thing to do.

So now over 50% of our traffic is on LTE. We took a leadership position. We helped put the ecosystem together with all of the network element providers and then we got all of the OEMs to start integrating LTE into their devices and you have seen the results.

So those are some examples of our commitment to our network but how we convert that to a customer experience. So we are going to continue to be the network leader when we get into VoLTE and we are going to be commercializing VoLTE in 2014.

We're very pleased with the progress; we are going to make sure that it's an exceptional experience and actually it’s going to be a value added experience because of what it enables for high definition voice, video calling and we feel like we are in a strong leadership position there.

Of course you can’t have VoLTE without the LTE network and we are around 95% covered with LTE and we will be substantially completed later in the year. So we are pleased with that, so we have the foundation in place. And as we have been building out the network we have been building the VoLTE infrastructure concurrently.

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**Tom Seitz - Jefferies & Company - Analyst**

I think a lot of people think that VoLTE will require a much denser network, small cells and the like. Other carriers I think are talking a little bit more about that more publicly. Can you talk to us about what you are doing on the small cell side and the densification side?

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**Dan Mead - Verizon Wireless - President & CEO**

Sure, in terms of small cell, certainly the network is important and we are very pleased with our position in AWS. Back in 2008 we purchased AWS spectrum in the east and last year in August we were able to get the approval for the AWS purchase from all of the cable companies, which has made a really great spectrum for LTE expansion.

In terms of small cells, we are very engaged in that. We are going to have small cells deployed in our network later this year; we will be picking up the momentum next year. We think it's an important part of our network profile. We look at it as a complement to the core LTE infrastructure, the macro cells. But you are going to see us aggressive in that area and we are very aggressive now and you are going to see more.

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**Tom Seitz - Jefferies & Company - Analyst**

Okay. Maybe back to the growth outlook. I spend, I think combined between my FiOS bill and my wireless bill, I think more than my car payment. Is it at all a concern to you that in a world where ARPU growth becomes more and more important, even as for Verizon subs probably slow down a little bit, in a world where ARPU growth is so important do you think there is the capacity for consumers to continue to pay you more as they hook up more devices?

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**Dan Mead - Verizon Wireless - President & CEO**

So there is a couple of elements to that question. I think that there is very good capacity for more revenue growth for us. We are only at 61% of our phones in our base, our smartphones, that is where we ended the quarter. So we have a lot of basic phones in the lineup that we look at as a great opportunity to convert to smartphones which converts to very good revenue growth.
The other important element of this that we see gaining momentum right now is what customers can do with those smartphones on the Share Everything Plan. So with the data capabilities and the data bundles we are starting to see very good growth. We don't really look at ARPU anymore, we look at ARPA, average revenue per account, and we see good growth there.

And it is because of adding additional lines and additional services, more traditional wireless services, but it is doing things on the account that people didn't do even a year or two ago like starting to consume more video on the account. So we see a lot of growth momentum there.

There is also another element and this has been around for a while and we are active in this area too, calling party pays, if you will. And in terms of being the advertiser or the content provider paying so that consumers don't.

So there are a couple of different business models, nothing for us to announce today in terms of that. But just know that we are very active exploring those opportunities and looking at every way to bring value to our customers.

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**Tom Seitz - Jefferies & Company - Analyst**

So you are talking essentially the sort of Kindle model where at least when it came out it was a Sprint device and Amazon essentially paid for the delivery of the books to the device.

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**Dan Mead - Verizon Wireless - President & CEO**

I would say that that could be an early representation of the model. If you start to think about advertising and what else you could do with it, I think we see the possibility to expand far beyond those early days.

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**Tom Seitz - Jefferies & Company - Analyst**

How long do you think it will be before we get an announcement of a significant third-party pay model that investors can take a look at and say, yes, that definitely is another revenue growth channel?

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**Dan Mead - Verizon Wireless - President & CEO**

I am not good at forecasting those types of things, so I'm not going to give you a date. But I would say that with the activity that we see in the overall industry and certainly our activity I don't think it is going to be too long.

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**Tom Seitz - Jefferies & Company - Analyst**

Okay. Let me turn now to a topic that we at Jefferies have written a lot about and I'd love to get your thoughts on it. Recently Cisco and CTIA both have noted that mobile data traffic growth is slowing a little bit. And one of the things that they are attributing the slowdown to is the pervasiveness and willingness of customers to use WiFi.

How do you view WiFi at Verizon Wireless? Is it a complete substitute -- or I mean is it a complete complement to your network or do you at all worry that it might be a disruptive substitute at some point down the road?

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**Dan Mead - Verizon Wireless - President & CEO**

Okay, so, the way that I look at WiFi is that it is complementary to our LTE network, particularly in home or in certain venues, but not the quality of the experience that will ever replace the network that we have now.
So in the home certainly I think it works good to use WiFi. In stadiums we do a lot of work with that integration. But when we look at how we've built our LTE network and the experience we provide the customers, we don't see that the technology or the quality of service will ever disrupt that part of the network. So we don't think it is a big deal.

**Tom Seitz - Jefferies & Company - Analyst**

Not a big deal. But I guess the way I am looking at it is most -- at least most data applications that I can think of today are consumed -- you are looking at a Web page or you are reading an Internet site, they are nomadic as opposed to mobile. Are there -- do think that there are applications out there that will chew tons of bandwidth that will be required to be mobile all the time?

**Dan Mead - Verizon Wireless - President & CEO**

So I think that question will be answered by consumers in terms of how they want to consume their data. So here is what I see going on in our industry is that there are several elements coming together for mobile data consumption, in particular video.

So what you see is the LTE network for us and our Share Everything Plan brings two very important elements in terms of the ease-of-use, the quality of the experience, the speed. The third element is the devices with the smartphones and the tablets, those are really important.

So we have those three enablers in place and what we are seeing is the fourth element and the most important is the consumer desire to absorb video from their mobile devices either self-created or professionally created video. So we see that demand so we think that people who are possibly using their WiFi in the home, leave the home -- they are not going to want to have their experience interrupted.

That is one of the reasons that we created the joint venture with the MSOs when we put together the deal for the AWS, and also with our important FiOS business, so that we could create those solutions that will make a difference for consumers. But we see a tremendous amount of consumer desire to be using their devices. We are also seeing a tremendous growth in multitasking.

So your guess here -- how many of you are watching linear television and also on a device at the same time? It's around 70% is the national average now. So we are seeing that in-home experience now start to move out of home and we think we are going to be the beneficiary.

**Tom Seitz - Jefferies & Company - Analyst**

Yes, I think a cable announcement would be very -- how soon do you think before that partnership actually has a product out in the market? Can you (multiple speakers)?

**Dan Mead - Verizon Wireless - President & CEO**

So, we are getting started -- there is a very good product download to go. So if you are traveling across the country and you wanted to download a couple of movies you can do it through your LTE network, download those and take them with you. It's a product that we put in place with Comcast last year. We are doing a lot in FiOS with Redbox.

So we are at the very early stages of the value creation. But what you're going to see is a tremendous pipeline in terms of the value experience. The other thing that we have done so far for the benefit of our customers -- you have got to remember, it's only been since August that we had this deal approved.

But we have FiOS and the other MSOs represented in over 1,000 of our stores where we have separate sales areas where we can show the integration of the home services and the tablets and the smartphones and then the experience. We also have a front end that we have created for discovery and browsing called Viewdini that is available now and has been available through Verizon Wireless.
So we are bringing all of that together and I'm very encouraged. And I spend a lot of time personally involved in this because I think that video expansion in our business is going to be very important in the future.

Tom Seitz - Jefferies & Company - Analyst
And how should we expect the roll out of this to occur? Will it be -- will you wait until you have all of the cable partners ready to go or will there be a launch with one cable partner and then it will roll to the next and then the next?

Dan Mead - Verizon Wireless - President & CEO
So I think that what you will see is that all of our partners, and just to clarify our partners are FiOS and then the Comcast, Time Warner Cable, Bright House and Cox, you will see them probably stage. Where we want to get to is have some commonality of products, commonality of front ends.

Because with simplicity of customer experience, I keep coming back to that, it is one of the basic principles of our operation and we want to make sure we are very clear. And then we can get the power of advertising. So you are going to see a lot more coming on this. And I am very encouraged by what I see in the pipeline.

Tom Seitz - Jefferies & Company - Analyst
All right. So the flipside to the WiFi discussion is that potentially it could save you CapEx down the road. In other words, because lots of the video is being consumed in the home or in the office that cells near those areas won't have to be split as quickly as perhaps they did in 2G and 3G.

Is there almost a bull case to be made for the prevalence of WiFi out there? Are you seeing anything like that where there is so much traffic being taken by -- offload by WiFi in specific areas that it's relieving congestion in the network?

Dan Mead - Verizon Wireless - President & CEO
You know, Tom, I don't see that happening and I don't see that impacting our capital plans. I see us using WiFi on an opportunistic basis, dense venues where things happen for short periods of time, places where we use WiFi effectively in the Super Bowl and places like that. But I don't see it changing the trajectory for our capital plans.

Tom Seitz - Jefferies & Company - Analyst
Okay. You mentioned advertising earlier and you started a location-based advertising platform at the end of the year called Verizon Selects. I understand carriers are very reluctant to talk about privacy generally, particularly in the wake of a few years ago the NebuAd dust up. But can you talk about -- talk to us about the opportunity that location-based advertising and your customer data could present to Verizon Wireless over time?

Dan Mead - Verizon Wireless - President & CEO
So there is a couple of things, but a common founding principle in this that we are very strict on and that is maintaining the privacy and the integrity of our customer records. So when we look at opportunities in this area that is a founding principle that we won't waver from. So there are really two elements, Tom, that we have going on.

There is an anonymous macro data which we call precision market insight, which is general trends -- what is the makeup of people going to a certain venue, a sporting event or something like that. That information has value in that example to the arena provider. So that is one that is completely anonymous.
Then more specifically to your question, Verizon Selects, that is one where customers opt in. They want the information because they want targeted advertising, targeted information coming to them. And if you are a provider, if you are a retailer or something like that, that is very valuable to you to be able to get it to customers that want that information from you. And the customers opt into that sort of service.

So we are developing both of those. We have been working on it for a year or so now and we are starting to see some early stage encouragement in this. But there is going to be a lot more to come. We think this is going to be an important part of the business, you can go on our website and see our commitments to privacy similar to what I just mentioned. As I said, we are certainly going to maintain those principles. But more to come in those areas.

**Tom Seitz - Jefferies & Company - Analyst**

So, but it is safe to say that if we woke up tomorrow and the carriers and the edge players were treated equally with respect to how they use customer data that Verizon is in fact building the big data capability behind the scenes to take advantage of that?

**Dan Mead - Verizon Wireless - President & CEO**

Yes, we have a lot of capabilities. We are looking at it in those two sorts of approaches that I mentioned and we certainly have the capabilities to do a great job for our customers here.

**Tom Seitz - Jefferies & Company - Analyst**

Do you talk at all -- are there conversations with the legal and regulatory group about -- do you think there will be action in Washington over the next couple of years to clarify the rules between you and the edge players and perhaps clarify the regulatory and legal outlook to give you more opportunity in this area?

**Dan Mead - Verizon Wireless - President & CEO**

Well, we certainly see a lot of activity in Washington in a lot of fronts that impact our industry. We are very fortunate at Verizon; we have an outstanding team in Washington that is -- they are great advisors to me and the other leaders of our business.

So, we are certainly engaged in every important discussion down there around customer privacy, around making sure that we have a level playing field so that we can compete in areas and we will continue to do that.

So, as the last many years have been, I expect the next several years to be robust in this area. And we are going to work hard to make sure that our point of view is heard.

**Tom Seitz - Jefferies & Company - Analyst**

Okay. Staying on the Washington subject for a minute. You have probably put together the cleanest spectrum portfolio of any of the US carriers. Why don’t you just talk generally about your spectrum position and how you feel like you are set up over the next couple of years?

**Dan Mead - Verizon Wireless - President & CEO**

So our spectrum position has been focused over the years on 700 block, our LTE is built out on 700 C. The very start of the industry was the 850 and then we got into PCS many years ago, the auctions and the PCS holdings and then AWS. So if you think about our spectrum position, those are the four core anchors that position.
So we work very hard to make sure that we manage spectrum the best in the industry and that we are making sure that we are getting the spectrum that is important to our customers. So contiguous national spectrum is important to us. The propagation qualities of 700 and AWS we are very pleased with, so that was a natural as we were taking the lead for the LTE buildout. And that is what is going to give us our -- has provided the capacity for expansion for the next few years.

You also saw us looking at our spectrum holdings and so, we have some valuable spectrum that doesn't quite fit into that and you see that we have a pending transaction on 700 B licenses with a couple people in the industry. And we -- that is still under consideration for approval.

But what you see is that we are very aggressive in managing that asset. We are going to make sure that we continue to invest forward in the spectrum. We are very loud voice and proponents for a level playing field to compete for spectrum so the broadcast option is coming up, very important to us.

We want to make sure that we have the right to compete for that spectrum. But you will see us be very active in this area. We look deep into the future and make sure that we have the capacity to provide the service that our customers want.

Tom Seitz - Jefferies & Company - Analyst

Yes, you mentioned the broadcast auction -- potential auction. What do you make of the Justice Department weighing in and suggesting perhaps that it should be tilted perhaps to those who have less low band spectrum? I mean --.

Dan Mead - Verizon Wireless - President & CEO

I think -- I am concerned about it. I think the industry should be concerned about kind of picking winners and losers in something like that. We have been very vocal in a responsible way with everyone in Washington about the importance of a level playing field.

So we want to make sure that we have the opportunity to compete for that. We think that in terms of the broadcast spectrum, the only way that funds will be available for the broadcasters to get a return on it, and for the US Treasury to get something in the coffers is to make sure that everyone competes.

If you start eliminating companies that can pay for the spectrum, I don't think that anyone will be pleased with how that is monetized. And at least I wouldn't be pleased to not have a level playing field and having the opportunity to compete in a free market environment. So I am -- pretty strong opinions on that.

Tom Seitz - Jefferies & Company - Analyst

All right, so let's turn now to the subject of subsidies. Obviously there has been -- with the influx of the smartphone the ASP on the device has risen over the last couple years. There is a view out there that the pendulum is turning back a little bit now towards the favor of the carriers.

Do you -- where do you think ASPs are headed for devices? And do you think perhaps a little relief in subsidies is an opportunity for carriers in general, but you as one of -- as the largest US player?

Dan Mead - Verizon Wireless - President & CEO

So, subsidies is an important part of -- an important part of how we manage the business is to minimize those subsidies. But the most important thing is to have the right devices on the Verizon wireless network that consumers want. So one of the things that we are big proponents of in Verizon is to make sure that we have diversity of operating systems and diversity of device providers.
We don't think it's good, and I know it is not good for our business, if we were tipped in one way or another. So you have seen us do that in a very aggressive way. Also three or four operating systems I think is good for the industry overall and good for us.

So we work very hard to make sure that as we are gaining volume that we are minimizing subsidies. We work very hard to make sure that we don't have elements in the devices that are not important and don't create value for consumers. So this is a very active area for us.

One of the things that you saw though is subsidies have been increasing for us a little bit. As we added breadth to our product line that you also saw at the same time that the profitability -- the EBITDA continued to improve in our business. And it comes back to our conviction that you don't manage one line item and win; you've got to manage every aspect of the P&L and drive efficiency in every part of the business to make sure that we are driving that profitable growth.

So we will continue to manage subsidy, but we are going to manage that as -- and we are going to manage every other line item of our cost structure as aggressively.

Tom Seitz - Jefferies & Company - Analyst

Can you talk to us about running the wireless business, the two sort of substandard ecosystems today and your view on how they are progressing over the last couple of quarters? By that I mean Blackberry and Windows?

Dan Mead - Verizon Wireless - President & CEO

Okay, sure. So we have been encouraged by what we see with Windows. We certainly think that there is an opportunity for Windows Mobile 8 to continue to become more important. We think that with the Microsoft position on the PCs that there is a good opportunity there. I think that they have gotten good engagement from OEM manufacturers, they have got good diversity of manufacturers. This is hard work; this is hard to do and it takes time. But we think that there is an important opportunity in our industry for them.

In terms of a Blackberry, I saw a lot of folks here carrying Blackberry's this morning coming into this conference. We think that there is an important place for Blackberry, we have a lot of Blackberry customers on our network; there seems to be a hunger for the QWERTY keyboard.

So, as we are going through tests with that device and getting it ready we are hopeful that that will meet the needs of our customers that are -- that have been very loyal Blackberry users. So, it comes back to diversity of operating systems being good for the industry and good for Verizon Wireless, okay?

Tom Seitz - Jefferies & Company - Analyst

Let me turn now to the future. You referenced the fact that you have a pretty good runway before the ARPA tailwind with respect to smartphones runs its course for Verizon, probably at least a couple years. But when you look out beyond that horizon, what are sort of the applications that you think show the most promise? Is it telemedicine, is it telematics? Can you just talk to us about what excites you the most that you are seeing in the innovation labs?

Dan Mead - Verizon Wireless - President & CEO

So we -- those of you that don't know -- Tom, I don't know if you know. We have a couple of innovation centers; we have one in Waltham, Massachusetts and we have another one in downtown San Francisco where we bring thought leaders and innovators from every industry, every vertical, software providers together to help identify what those opportunities would be.
So some of the things that I see that are really exciting now -- I think about it by vertical. So telematics, Hughes Telematics is a company that we just purchased, Verizon parent purchased. We think that there is going to be a lot of growth there, there's going to be a lot of opportunity for us as a carrier for those services into the future as they grow in the OEMs.

And then aftermarket for telematics as well where you can come into the existing marketplace, the average vehicle in the United States, around 10 years old is the average. We think that there is a lot of opportunity to upgrade the telematics in those and you will see us doing that through our stores.

Home healthcare, home healthcare monitoring -- this is a very important growth area for us. We are getting things approved, devices approved, solutions approved through the FDA so that we can provide that. We think that that is going to be very important. I talked about it a few minutes ago, but the entertainment expansion and video expansion with all of the elements that I commented on is going to be an important growth area.

Home electronics, very important. So some of you may be aware of this, but we introduced an LTE only Samsung GALAXY camera on our network, for $5 a month you include that on your account, on your Share Everything account. And then you can -- it's very simple, you can set it up, take pictures automatically, upload it to your Verizon cloud and manage all of your services. That is just the beginning.

I think that you are going to see -- you are going to be using the LTE network to manage your life and to control everything in your home. So I see it in almost every vertical. And these are not concepts; these are things that are coming to market, some of them just getting into the market now, others really, really picking up.

So we are pleased with what we see, we think that the momentum is there. So one of the big elements of how we are going to sustain our revenue growth is how we are adding breadth to what consumers do on the network within the account and then the continued conversion of basic to smart. And then we are seeing very good growth in terms of tablets and getting those tablets on the Share Everything network for $10 a month. So we are working hard to make it convenient and easy and affordable for customers to do that.

Tom Seitz - Jefferies & Company - Analyst
Okay. Let's shift now to the competitive environment just for a little bit. Can you just give us your early reaction to any perceived impact from the installment plans that were recently put in place by T-Mobile? And maybe also comment on -- I think AT&T now has a $100 trade in offer for smart phones. Do see any of that changing the sort of current competitive dynamic that we are in?

Dan Mead - Verizon Wireless - President & CEO
It may change some things. During the fourth quarter, the holiday season we had an installment program that we put in place for our tablets, pretty successful. We got some good learnings from that. We certainly watch what others do in the industry. I don't know that that will vastly change things, we certain have the capability to make those changes if we need to. I don't know -- I don't see that immediately as something that we need to do.

There are many different levers that competitors can pull to try and drive the results that they want. We are focused on the core elements of the network and the devices and the right operating systems. But we don't have our head in the sand. So we want to make sure that we maintain our leadership position, we are going to do that. But I don't see that we would have to do anything that would disrupt the revenue and the growth trajectory that we are on.

Tom Seitz - Jefferies & Company - Analyst
Okay. Can you just address -- I know pre-paid has been much less of a focus for Verizon. But can you just update us on your thoughts on that segment of the market and any comments on the wholesale channel as well?
Dan Mead - Verizon Wireless - President & CEO

Yes. Actually pre-paid is very important to us, but the way that we look at it is maybe a little differently than others do. So we have two very good ways to sell pre-pay and both of them are very attractive for us economically.

So we sell retail pre-paid through our distribution, through our stores, other distribution points, thousands of points throughout the country. We also sell -- it's essentially all pre-paid through our reseller agreements, which is a very good business for us. So we have the capability to balance those channels to optimize them.

So when you look at the -- and I don't think we report actual numbers on all of those, but when you look at -- when we look at the aggregate of those we are very pleased with our position in the prepaid business. So we just have a couple of different ways to get at it that enable us to optimize our participation in that segment.

Tom Seitz - Jefferies & Company - Analyst

Okay. I think we have got time for a couple of questions. I think we are going to have microphones that will be distributed.

QUESTIONS AND ANSWERS

Jerry Dellis - Jefferies & Company - Analyst

Yes, it's Jerry Dellis from Jefferies. Just a question on convergent offers. In Europe we are seeing a real acceleration in the take-up of fixed mobile convergent offers. Some of them involve TV but some are just basic, fixed and mobile bundled together. What opportunities do you see to be working more closely with your parent company in that area?

Dan Mead - Verizon Wireless - President & CEO

Okay, so, I hopefully you were able to hear the question. What opportunities do we see for converged offers of fixed and mobile. We see a lot of opportunity and we have been doing a lot of work with our FiOS partners and also with our MSO partners in that.

So if you look at FiOS, we have been doing that for some period of time where we have -- in our FiOS franchise markets we have a couple hundred stores where we sell the services and FiOS will drive a lot of this, but there will be integrated bundles and offers. In terms of the MSOs, we are doing that as well.

Where I think the real opportunity comes though is in the product that will be used to enable the use and the experience across the networks. So I think that the broadband in the home either for linear delivery or over-the-top delivery or complete Internet access will be very important. But I also think that the integration with the LTE network is equally important.

So it is getting those solutions that will really drive it. So I see that as the greater opportunity versus discounting. I don't see that discounting really will drive anything. I think it has got to be us with our business partners creating the value proposition. But I think it is picking up momentum -- it's picking up momentum because of the changing usage patterns of the consumers.
Tom Seitz - Jefferies & Company - Analyst

Lowell, at the event held a couple weeks ago, hinted that there might actually be a product out in the market by the end of the year, you and one of the cable JVs. I mean is that -- you are actually going to work, do you think that is a time frame that is realistic for seeing an announcement in this area?

Dan Mead - Verizon Wireless - President & CEO

So we look at the fourth quarter as a very important time for us in the marketplace. So we have a very active pipeline. No announcements today.

Tom Seitz - Jefferies & Company - Analyst

Okay.

Dan Mead - Verizon Wireless - President & CEO

But we have a very active pipeline with FiOS and with our business partners. And getting the foundation in place is really important, so we have created integrated POS systems for a consistent simple experience in all of our stores. That is in place now. And the product pipeline is what is coming. So more to come on that, no announcements today, no demonstrations of (multiple speakers) the exciting things that we see.

Tom Seitz - Jefferies & Company - Analyst

Fair enough. But it will be national in scope because you've got cable partners across the United States, right?

Dan Mead - Verizon Wireless - President & CEO

Well, part of our strategy in the consortium -- the joint development agreement with the cable partners was national footprint. So when you think about Verizon Wireless, we are a scale company. With 100 million customers and now covering all 50 states, or soon to be, we are going to -- we need to take advantage of that scale.

So if you look at what we do in terms of consistency of distribution, consistency of advertising, consistency of brand, we want to have consistency of product solutions. That is how we get the engagement of all of our front line and all of our folks in a FiOS that are on the front lines and all of the people that work for the MSOs on the front lines that consistency of the national experience. So part of our underlying principle in this part of our business was to be able to get to national scale quickly in all of those areas.

Tom Seitz - Jefferies & Company - Analyst

Okay. Any other questions? Right back there.

Unidentified Audience Member

Thank you. My question on spectrum you were talking about before. I know with upcoming auctions they are hot obviously. But my question would be this, you look at the spectrum and they hold a certain portion aside for non-profits and charitable. But going forward are you able to more efficiently use the spectrum that you have or do you continually have to expand?
Dan Mead - Verizon Wireless - President & CEO

Okay. So the question was are we able to efficiently use the spectrum that we have or do we need to get more spectrum? It is actually both that we need to do. So as I mentioned, the quality of the spectrum, the contiguous spectrum is important to us, the makeup of that spectrum enables us to drive very strong network operating principles and to drive as much efficiency as possible.

The LTE spectrum is a good example of how we use the 700 C with the LTE technology to drive efficiency. That is about five times as efficient as our EV-DO 3G spectrum. So we did that. But with the demand that we see we always look out into the future years ahead because we think that spectrum availability is very key to us. But it’s not accumulation of any type of spectrum; it has got to be the right spectrum for what our customers need to do.

So we are very aggressive in spectrum but we work to be very thoughtful to make sure that we are acquiring the right spectrum, we are buying it at the right value and then we work very hard to start monetizing the spectrum when we get it. So the AWS spectrum that was just approved in August, we are going to have several thousand cell sites running on AWS later this year. We are putting that spectrum to work to monetize it.

Tom Seitz - Jefferies & Company - Analyst

One more back there.

Unidentified Audience Member

Good morning. I apologize, I rolled in a little bit late this morning because of the rain. I’m not sure if you had already addressed this topic. But I am just wondering what your thoughts are on the relationship with Vodafone, how do things change going forward, do you have any parameters and can you elaborate on that?

Tom Seitz - Jefferies & Company - Analyst

Yes, at the very beginning of the presentation we did make the comment that since Dan works for the partnership and he essentially reports to both sides, we don’t want to put him in the position of making one or the other mad. So sorry about that.

Dan Mead - Verizon Wireless - President & CEO

I will comment that over the last 12 years I’ve been very fortunate in all the years in wireless to have two great partners that have a tremendous interest and conviction in the US wireless market and have enabled us to make the right investments and do the right things to create customer value and the joint venture in turn has been delivering the results. So it has been a very constructive and strong management relationship, they have given us a lot of latitude to be successful.

Unidentified Audience Member

Can you elaborate on your small cell deployment, specifically the ease or difficulty of finding locations with power to build that out? Is that going to impact your rollout or is that a simple process? And then secondly, when you roll them out will the small cells have technology for all of your four blocks of spectrum and will it include WiFi as well? Thank you.
Dan Mead - Verizon Wireless - President & CEO

So the small cells will primarily be focused on LTE, that’s not to say that we won’t have other spectrum in there. But that is where our focus is now using the AWS network. In terms of rolling out small cells or macro cells, there is always a degree of difficulty and complexity in doing that, making sure that we have the backhaul, that we have the access that we are required, we have the emergency power.

So we look at it as in terms of small cell versus macro cell, the same sort of business issues, maybe a little bit more intense in one or the other. We don’t see any of that that will slow us down. We are going to be able to hit the build schedules that we have and, as I said, later this year we will start getting small cells on the network, you will see us pick up momentum as we go forward from there.

Tom Seitz - Jefferies & Company - Analyst

Okay, with that I think we have run out of time. Dan, thanks so much for a great discussion about your great business.

Dan Mead - Verizon Wireless - President & CEO

Well, thank you. Very good to be here.