Making Connections
Verizon Corporate Responsibility Report 2004
A Dow 30 company, Verizon Communications Inc. (NYSE:VZ) is one of the world’s leading providers of communications services. With a diverse work force of more than 208,000, Verizon has four business units: (1) Domestic Telecom serves customers based in 29 states with wireline telecommunications services, including broadband, nationwide long-distance and other services; (2) Verizon Wireless owns and operates the nation’s most reliable wireless network, serving 42.1 million voice and data customers across the United States; (3) Information Services operates directory publishing businesses and provides electronic commerce services; and (4) International includes wireline and wireless operations and investments, primarily in the Americas and Europe.
### Financial Statistics

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<thead>
<tr>
<th>2003 Operating Revenues</th>
<th>$67.8 billion</th>
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<tr>
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<td>Fortune 500 Rank</td>
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### Operating Statistics

(as of 9/30/04)

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<tr>
<th>Employees</th>
<th>208,240</th>
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<td></td>
<td>(103,000 union-represented)</td>
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<tr>
<td>U.S. Markets Served with Wireline Assets</td>
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<tr>
<td>U.S. Access Lines</td>
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<tr>
<td>DSL Lines in Service</td>
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<tr>
<td>U.S. Markets Served with Wireless Assets</td>
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</tr>
<tr>
<td>States with Wireless Presence</td>
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<tr>
<td>U.S. Wireless Customers</td>
<td>42.1 million</td>
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<tr>
<td>Nations with Verizon Presence</td>
<td>22</td>
</tr>
<tr>
<td>SuperPages.com</td>
<td>12 million unique visitors per month</td>
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Company profile statistics are updated quarterly at http://newscenter.verizon.com/kit/vcorp/factsheet.vtml.

To review detailed information on our financial performance, please visit http://investor.verizon.com.
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Making Connections
…Improving Communities
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By just about any measure, Verizon is one of the leading companies in the world. It’s safe to say that more than 100 million people connect using a Verizon network every day, whether at home, at work or on the go.

“Being responsible members of our communities makes us better at what we do.”
BY JUST ABOUT ANY MEASURE, Verizon is one of the leading companies in the world. We employ more than 208,000 people, invest upwards of $13 billion a year in technology, answer to 2.7 million shareowners and serve millions of customers in communities all over America and the world. It’s safe to say that more than 100 million people connect using a Verizon network every day, whether at home, at work or on the go.

Being a leader gives us an enormous opportunity—and responsibility—to have a positive impact on our communities.

We believe deeply in the power of communications to change people’s lives for the better. We are committed to bringing the benefits of our technology to as many places as we can, in a way that respects the rich diversity of our customers. But we also recognize that the expectations for being a responsible corporation are increasing. Stakeholders—from customers and investors to society at large—want to know that large corporations are accountable for their actions and transparent in reporting the economic, environmental and social impacts of their operations.

This Corporate Responsibility Report demonstrates our commitment to accountability and transparency.

We have examined the many ways Verizon affects the world in which we operate. We have looked at how we stack up against best practices in such areas as corporate governance, human resource policies, environmental stewardship and corporate philanthropy. And we have looked ahead to see how broadband communications will transform health care, education, commerce, work patterns—indeed, the whole fabric of society—in ways we think will rival in importance the impact of the Gutenberg printing press.

This report reviews our accomplishments and highlights new challenges and opportunities to improve our customers’ lives in the six areas that make up Verizon’s approach to corporate responsibility:

- Ethics and Governance
- Service and Innovation
- Empowering Employees
- Promoting Community Growth
- Protecting the Environment
- Partnering with Communities

Our goal is not only to report our progress on a regular basis but also to initiate a dialogue, within Verizon and with our communities, about who we are, what we believe and where we’re going.

We expect to grow and evolve in all these areas as our environment changes. But I am proud of the tremendous impact our people and our company have in our communities even today. We are building on a legacy of service that goes back more than a century. Our employees are continuing that commitment, serving millions of customers every day on the job and contributing their own time to the well-being of communities all over America and the world. Our investment in technology is helping individuals, businesses and entire communities connect, and we are creating new markets that will be catalysts for future growth and innovation across the economy.

Being responsible members of our communities makes us better at what we do. And as we succeed, we will produce not only a good return for shareowners and a good living for our employees, but also something of lasting value for society.

Ivan Seidenberg, Chairman and CEO

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Ivan Seidenberg, Chairman and CEO
“Verizon is in business to serve customers and deliver something of value to society. Doing that, we believe, is the best way to create long-term value for shareowners.”

Ivan Seidenberg, Chairman and CEO
**VERIZON’S CORE VALUES** of integrity and respect are a fundamental part of our culture, in how we interact not only with one another but also with customers, investors and the public at large.

With 2.7 million shareowners, we are one of the largest publicly-traded companies in the world. So we understand that our good intentions must be reinforced with comprehensive systems and controls that ensure the transparency of our financial reporting and hold us accountable to the expectations of our stakeholders.

Our goal is to operate our business with the highest level of integrity and accountability and to continue to build on the trust we have earned over the years.

**Board Governance**

Our board of directors is charged with the general oversight of Verizon’s officers and management to ensure that they perform in the long-term best interests of our shareholders.

Verizon has a strong, active and independent board composed of directors with the professional experience and expertise to oversee as well as challenge management. The board’s role and guiding principles—including policies regarding board independence, business relationships and committee structures—are summarized in our Corporate Governance Guidelines. Our standards of conduct extend to our suppliers as well. We have published guidelines, called Building Mutual Trust, to ensure that all our suppliers understand Verizon’s expectations and standards for ethical business conduct. The guidelines cover such areas as health and safety, conflicts of interest, customer privacy, environmental protection and reporting misconduct.

Verizon also works with other corporations to increase the focus on and commitment to ethical business practices. Our company was one of the founding members and is currently a sponsoring partner of the Ethics Officer Association (http://www.eoa.org), which now has more than 950 corporate members around the globe.

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**Ethical Business Practices**

Verizon was one of the first large employers to create an ethics office headed by an executive responsible for compliance. Our comprehensive Code of Business Conduct has become a model for other companies. We train and certify our employees on their understanding of the code, and the code is available online for reference.

Because the code cannot address every situation that might arise, we also operate a confidential VZ Ethics Line (800 856-1885 or 800 968-4586 TTY and 800 488-7900 for Verizon Wireless) that employees, suppliers and the public can call 24 hours a day, seven days a week, to ask questions, seek clarification or report alleged misconduct or violations of our code.
Verizon has also initiated a dialogue on best practices in business ethics through our sponsorship of the Verizon Visiting Professorship in Business Ethics and Information Technology at the Bentley College Center for Business Ethics in Waltham, Massachusetts (http://ecampus.bentley.edu/dept/cbe/events/lecture_verizon.html). We sponsor an annual weeklong conference at the center, at which undergraduate and graduate students and representatives from corporations and other organizations focus on how businesses can develop strong ethical cultures.

**Financial Reporting**
Investors can be confident that our financial results accurately and fairly present the financial condition of the company. Verizon follows all generally accepted accounting principles, and we adhere to a rigorous internal process that involves a comprehensive system of checks and balances.

For additional details on Verizon’s governance processes, please visit our Investor Relations website at http://www.investor.verizon.com.

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Verizon follows all generally accepted accounting principles, and we adhere to a rigorous internal process that involves a comprehensive system of checks and balances.
“We believe we have a central role to play in energizing the consumer marketplace, stimulating innovation and improving the quality of life for our customers. Our role is to deliver the transformational power of high-speed network connectivity to customers, as well as products and services that tap the intelligence of our network.”

Ivan Seidenberg, Chairman and CEO
Verizon touches more customers in a day than many companies do in a year. We serve more than 42 million wireless customers, 27 million wireline households, 2.4 million business customers and thousands of schools, libraries, universities and nonprofits in markets all over the United States and the world.

But technology and competition are continually elevating the bar, giving customers more choices and creating higher expectations that challenge us to find better, more innovative ways to deliver top-quality service and to delight our customers.

We focus on the fundamentals of customer satisfaction: a quality network, reliable service, a great value and a partner customers can trust. And we are constantly learning from our customers and evolving to serve them better.

We are investing more than any other U.S. company to bring the benefits of broadband to individuals. We are developing innovative products that help customers use the power of our networks to improve their lives. And we are reaching out to make advanced communications technology more accessible to all segments of our diverse customer population.
Customer Satisfaction

Wireline Services
We track customer perception of our service, using an independent market research firm to conduct monthly surveys of 40,000 customers who have recently interacted with our wireline business. Our composite score on overall customer satisfaction has averaged in the range of 90 percent to 92 percent or better for each of the past three years.

Among the largest group of customers surveyed—consumers who recently purchased a new line or service from Verizon—about 95 percent currently respond that they are “satisfied or better.”

A key reason for our high level of customer satisfaction is the security and reliability of our network. Our wireline business carries more than 1.5 billion telephone calls and trillions of bits of data on an average business day. Despite that staggering volume, our network provides uninterrupted service 99.99 percent of the time.

Even with these strong service results, we know customers demand more. While customer perception of our performance has improved (see American Customer Satisfaction Index results on page 11), we are not satisfied with our service levels. We have taken specific steps to improve service, including the following:

- Investing about $6.8 billion in 2003 and again in 2004 to deploy some of the most advanced, innovative and dependable technology available to maintain and enhance the reliability of our network. Our investment includes deployment of fiber-to-the-premises (FTTP) technology that enables us to replace copper cable to customers’ homes and businesses with more reliable fiber-optic cable.

- Providing our employees with ongoing training in everything from customer service delivery to advanced technology. In 2003 alone, we spent more than $40 million to provide technicians and customer service representatives with some 3.3 million hours of training.

- Restructuring our business to integrate installation, repair and network operations into a single organization focused on customer service.

Wireless Services
Verizon Wireless operates the nation’s most reliable wireless network and has invested more than $5 billion annually to maintain its network nationwide and expand network capabilities for services such as broadband. The company’s “most reliable network” claim is based on studies completed by company and independent testers, who conduct more than 300,000 trial calls monthly on the Verizon Wireless network and other wireless carriers’ networks while traveling more than 100,000 miles in specially-equipped company test vehicles.

Emergency Preparedness
Network reliability, security and emergency preparedness are core considerations that guide Verizon’s network design, engineering, construction and maintenance programs.

We maintain the necessary backup equipment and technology to keep our networks humming during the worst disasters. And every Verizon business unit is required to have emergency operation plans that cover conditions ranging from local emergencies to widespread disasters. These plans are developed with the National Coordinating Center for Telecommunications, which is the point of contact for national security and emergency preparedness for the federal government.

Our company took great pride in helping America get back on its feet after 9/11 by restoring the New York Stock Exchange, one of the most sophisticated networks in the world, within a week. In the post-9/11 world, secure and dependable
Communication services are even more critical from both a customer and national security standpoint. We have demonstrated again and again our ability to keep customers connected during times of natural or manmade crisis, especially first responders and government authorities.

In 2004, as Hurricanes Charley, Frances, Ivan and Jeanne devastated Florida and the Gulf Coast, we deployed technicians and equipment from across the country to ensure continued operation of our wireline and wireless networks for disaster recovery officials and thousands of residents.

We donated more than 1,000 wireless phones and other equipment to federal, state and local emergency responders and set up Verizon Wireless Emergency Communications Centers to enable victims with no phone service to make free calls to loved ones, insurance companies and disaster relief agencies.

We also donated more than 1.5 million minutes of free wireless airtime to victims of the hurricanes.

Whether they are connected to the power of our advanced wireline network or our advanced wireless network, customers can count on their calls going through, even during times of emergency.

Verizon Ranks High on American Customer Satisfaction Index

The American Customer Satisfaction Index (ACSI) released in June 2004 showed Verizon’s wireline operation moving up a notch into a second-place tie among telecommunications providers and ahead of the cable industry as a whole.

Our score of 73 out of 100 indicates that we continue to provide high-quality service and is two points higher than the industry average of 71.

Verizon Wireless, which had more than 40 million customers at the time, topped the rankings of all U.S. wireless carriers in the first-ever ACSI report on the wireless industry.
Serving Diverse Communities

Our marketing efforts reflect our diverse customers. Nearly 1 million customers have told us that they prefer to talk to someone who can speak their language. So we do. Whether the language is Mandarin, Cantonese, Korean, Spanish, Russian or Vietnamese, employees at our Multilingual Centers help customers across the country. Some 1,300 employees provide technical assistance and handle service, billing and repair requests in a customer’s preferred language. Approximately 800,000 customers in New York and California receive their bills in Spanish, and we plan to take this service nationwide by year-end.

Verizon also plays an active role in our diverse communities. We participate in festivals like Lunar New Year and celebrate Hispanic Heritage, Black History and Gay Pride months. We also interact in other ways, such as producing the award-winning La Voz de La Plaza, a customer newsletter in Spanish that profiles notable Hispanics and provides readers with resources and ideas to help them succeed.

Spanish-English Directories and Website

Verizon is the nation’s leading publisher of Hispanic directories. This year we will publish 59 Spanish-English versions of our SuperPages directories and reach nearly 10 million Hispanics—30 percent of the Hispanic population in the United States. We also offer a Spanish-language version of SuperPages.com, our online directory service. SuperPages.com en Español (http://espanol.superpages.com) is the most comprehensive Spanish-language directory service available today. Users can search for people and businesses nationwide, access Spanish-language maps and driving instructions, and look up weather forecasts and other local information for more than 100 U.S. cities.

Protecting Customer Privacy

The privacy of customer information is of paramount concern for us. We were one of the first corporations to adopt privacy principles and create a chief privacy officer (CPO). The CPO is responsible for developing and ensuring compliance with our privacy principles, as well as ensuring compliance with new privacy laws and regulations and identifying emerging privacy trends.

Our privacy principles are based on four core premises: (1) customers must be provided with notice of how their information is being managed; (2) customers must be provided with a choice as to whether or not they want their information disclosed; (3) customers must be allowed access to information Verizon has collected about them to ensure the accuracy of that information; and (4) Verizon must undertake reasonable security measures to ensure that customer information is managed in a way that prevents unlawful access or disclosure.
Verizon has moved quickly to adapt our privacy protections to the Internet age.

Our policies prohibit any employee, agent or contractor from knowingly using any form of spyware on the company’s behalf.

We are one of the first major corporations to adopt stringent guidelines regarding the use of adware. These tiny programs use “pop-ups” on computer screens (which many people find intrusive) and can track information about consumers without their knowledge. The guidelines require that any offers we make to consumers to download material clearly state whether adware is included, that user instructions be clear and obvious, and that the instructions include steps to uninstall the software. These requirements apply to our agents, contractors and employees.

Verizon offers customers information on installing spam filters, blocking pop-up ads and protecting family and personal information on Verizon Online’s Safety and Security page at http://broadbandbeat.verizon.net/safety_security.

Statements of Verizon’s privacy policies—including our Internet Privacy Policy, Privacy for Telephone Company Customers and Do Not Call Policy—can be found at http://www.verizon.com/privacy.

From Worst to First

Two well-known surveys by VeriTest and J. D. Power and Associates ranked Verizon Online’s e-mail service dead last in 2002—and deservedly so, according to Jeff Skinner, director of networking services. “Our e-mail was terrible,” he said.

Problems plagued the service. Customers were inundated with spam, the service was frequently down and sometimes e-mail was not delivered for several hours. Not surprisingly, turnover of both DSL and dial-up customers was increasing.

Today, outages are rare, all messages are deposited in customers’ mailboxes within five minutes (the industry benchmark), and spam has been greatly reduced.

The result? Verizon Online’s e-mail service ranked number one on both the VeriTest and J. D. Power and Associates scorecards for 2003.

A team of 20 employees turned the e-mail system around. To “see” inside the complex Verizon Online e-mail system, the team built its own monitoring system, placing monitoring devices at more than 1,000 locations where customers’ telephone lines connect to Verizon Online’s network. The team called the system SEER, a tongue-in-cheek title meaning fortune teller. Technicians now receive a steady stream of data about the e-mail system’s performance and correct problems before customers feel the effects.
Empowering People with Disabilities

Verizon has earned numerous honors for its commitment to improving the lives and advancing the rights of people with disabilities, including the Disability Rights Advocates’ prestigious 2004 Eagle Award and the American Association of People with Disabilities’ 2003 Justice for All Award.

Verizon was recognized for its leadership in providing communications access, commitment to universal design product development and extraordinary contributions to the political and economic empowerment of children and adults with disabilities.

We provide employees with ongoing training in everything from customer service delivery to advanced technology.
Making Ourselves Accessible
Approximately 5 million of our customers have disabilities that can prevent them from taking advantage of our services. To reach out to customers with special needs, Verizon operates two Centers for Customers with Disabilities, one on the East Coast in Marlboro, Massachusetts and a new center on the West Coast in Oxnard, California. At these centers, specially-trained service representatives work with customers to determine how our products and services can be adapted for their needs.

Our solutions include amplified telephones, teletypewriters, exemptions from directory assistance charges, discounts for customers who use text telephones and phone bills in large print or Braille. Customers can call either center toll-free at 800 974-6006; this number also offers direct text telephone (TTY) access.

Verizon publishes an online newsletter called Forward Access that provides updates on technology for people with disabilities, government policies on accessibility, information on the use of special telephone equipment and links to helpful websites, such as that of the American Association for People with Disabilities.

More information about Verizon’s portfolio of products and services for customers with disabilities is available at http://www.verizon.com/disabilities.

Leading the Way on Wireless Phones for Customers with Disabilities

Verizon Wireless recently introduced a new wireless phone—the LG VX4500—that features the latest speech recognition technology. The phone offers the following features that make it more accessible to customers who are visually impaired:

• Digit dialing—you say the number and the phone dials it for you.
• Dial by name—you say a name and the phone dials the person’s number.
• Voice-mail indicator with speech—the phone tells you if you have a voice message.
• Caller ID with speech—the phone announces the name or number of the calling party.
• Vibrating ringers.
• Raised surfaces on the Send and End keys and on the “5” key to make the phone easier to navigate.

Additional features are planned for the near future. They include the following:

• Audio readout of the battery level and signal strength.
• Audio readout of the top level of feature menus.

For more information about the LG VX4500 phone, please visit http://www.verizonwireless.com. Select About Us, and then Accessibility.
In addition to providing quality service, Verizon is introducing innovative products that enable customers to harness the power of new broadband communications technology.

FiOS℠ (FYE-ose)
In the summer of 2004, Verizon began rolling out our groundbreaking fiber-to-the-premises (FTTP) network, with the first deployment in the Dallas suburb of Keller, Texas. FTTP technology uses fiber-optics instead of copper wire as the direct connection to homes and businesses, delivering high-speed Internet access at speeds ranging up to 30 Mbps. Verizon FiOS—the new suite of services offered over this network—includes a broad array of voice and data applications.

The advanced technology behind FiOS opens the high-speed lanes both downstream and upstream, creating a whole new level of usability for applications such as video chat and conferencing, digital movie downloads and interactive multiplayer games. The company plans a FiOS video offering to compete with cable TV in 2005.

Additional deployments of FTTP are under way in California, Delaware, Florida, Maryland, Massachusetts, New York, Pennsylvania and Virginia, with plans to pass 1 million homes and businesses by the end of 2004. For more information regarding our FTTP plans and FiOS service, please visit http://newscenter.verizon.com/kit/fiber.

VoiceWing
This year we unveiled VoiceWing, a voice-over-Internet-protocol (VoIP) broadband phone service that is available to digital subscriber line (DSL) and cable-modem broadband users across America. For a low flat rate, VoiceWing allows consumers to make unlimited local and long-distance phone calls within the United States and certain territories.

VoiceWing is available to customers anywhere in the continental United States; it can be purchased at http://www.verizon.com/voicewing or by calling 800 270-5369.

The advanced technology behind FiOS opens the high-speed lanes both downstream and upstream.

Fiber creates a whole new level of usability for applications such as video chat and conferencing, digital movie downloads and interactive multiplayer games.
Empowering Employees

“Our employees play a key role in Verizon’s transformation into the next-generation broadband company. We expect a lot from our employees, who are the face of Verizon to our millions of customers.”

Marc Reed, EVP-Corporate Human Resources
**TO BE SUCCESSFUL**, Verizon depends on the skills, values and commitment of our employees. Every time they interact with customers, they embody the Verizon brand. They are our eyes and ears in the marketplace, our customers’ guides through the thicket of technology and the personification of our company’s values in their communities.

We provide competitive wages and progressive health and benefit packages, invest millions of dollars in training and development and foster a work environment that stimulates learning and employee development and helps employees manage their personal and business lives.

**Compensation and Benefits**
Verizon employees are eligible for salary and benefits that are among the best in corporate America. Our compensation philosophy is designed to attract and retain a high-quality work force and to reward employees for individual and corporate performance through base pay, merit increases, bonuses and long-range incentives. Our benefits package offers employees valuable health, welfare and disability benefits, and generous paid time off.

Verizon and our predecessors have offered domestic partner benefits since 1996. The guiding principle of our domestic partner benefit program is to treat eligible domestic partners as much like spouses as possible within the relevant laws and regulations. Eligible domestic partners may participate in medical, dental and vision plans and in health care reimbursement accounts. Additionally, Verizon’s pension plans have been amended to allow the designation of a beneficiary in the event of death prior to retirement, making a survivor benefit available to an employee’s domestic partner.

**Employee Development**
To win in the marketplace, we need to attract top talent. We seek the best people (those with diverse experience, perspectives, knowledge and backgrounds) and continue to provide the training they need to develop new or stronger skills, advance in the company and achieve their goals, while contributing to Verizon’s success.

Over the past three years, Verizon has invested more than $500 million in employee development. This investment represents approximately 12 million hours of company-provided training, as well as support for higher education in the form of payment for tuition and fees at accredited colleges and universities across the country.

Verizon’s commitment to employee development includes an extensive network of educational partnerships with leading universities that offer special programs in telecommunications and traditional business and management fields.

“To continue to attract and retain the high-performing employees we need to succeed, Verizon offers a positive work environment as well as competitive salaries and benefits that provide great value to employees and their families.”

**Marc Reed**, EVP-Corporate Human Resources
Our own online learning systems—NetLearn and InternetLearn—make training and development opportunities convenient and accessible to employees. These online resources offer more than 2,000 courses that enable employees to acquire new skills or strengthen existing ones.

In addition to the many programs that are available to all employees, we also offer specific educational programs for our associates. They include the following:

- The Career Services Program, which offers out-of-hours classroom-based training, career and educational counseling, a lending library and onsite access to a trained advocate who can provide detailed information on educational opportunities within Verizon.
- The Next Step Program, a two-year degree program delivered by a consortium of community colleges in New York and New England.
- The Corporate College Program, which offers both two- and four-year degree programs, with classes delivered at Verizon locations.
- The Nova Southeastern University program, which offers both two- and four-year degrees in business delivered at Verizon locations.

Finally, the company sponsors an educational loan program that provides all employees with ready access to the funding they need to educate their children.

**Work-Life Management**

VZ-LIFE (Life Initiatives for Employees) is a comprehensive suite of solutions available online, over the phone or in person to help employees manage their work and personal lives and to provide support in times of personal and family crisis. On average, 3,000 Verizon employees contact VZ-LIFE each month, and the VZ-LIFE website.

**Supporting Verizon Reservists and Their Families**

Under our Emergency Military Leave Policy, we pay the difference between employees’ base pay and their government base pay for up to 36 months from the time they are called to active duty. Reservists and their families also continue to receive medical, dental, vision, group life insurance and concession telephone services, and get credit toward their service and pension for the duration of their leave.

Verizon’s support of military reservists earned the company the Employer Support of the Guard and Reserves 2003 “Homefront” Award. The award recognized Verizon for its leadership in supporting employees who are serving their country in the National Guard and Reserves and for providing for the families of these people while they are mobilized. Verizon was one of only four companies honored for its commitment to stand behind employees who leave their jobs, communities and families to defend America.

We proudly support the several hundred Verizon employees currently serving our country in the active duty military, including Johnny Peña, Karl Conboy, Lerone Ault, John Sgro, and brothers John and Jeb Heaney (left), and George Riggins pictured with his son George (right).
receives nearly 40,000 hits each month. The following is a partial list of programs available through VZ-LIFE:

- An Employee Assistance Program to help employees resolve work, family and personal challenges.
- Child care and elder care resources and referral services.
- Wellness education and online health information.
- Workplace and domestic violence education and prevention programs.
- An adoption assistance program.
- A variety of programs to assist with the costs of child care.
- A wide range of flexible work arrangements, including flextime, emergency part-time status, job sharing and teleworking.

**Diversity**

Verizon firmly believes that embracing and cultivating diversity in our corporate culture is both the right business strategy and the right thing to do.

We are a recognized leader in workforce diversity. Minority employees represent one-third of Verizon’s workforce and hold more than 15 percent of senior management positions.

Our definition of diversity includes the whole range of human differences: age, ethnicity, education, sexual orientation, work style, race, gender and more.

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**Here is an example of how VZ-LIFE works:**

An employee named “Nell” is caring for her husband, who is battling leukemia.

Nell also is the primary caregiver for her 88-year-old aunt, who is in good physical condition but is beginning to exhibit the symptoms of Alzheimer’s disease. Nell is concerned about her aunt living alone, but space in her own home is limited.

Nell calls VZ-LIFE because she feels that the stress of her dual-caregiver responsibilities is beginning to interfere with her work.

The counselor connects her with an elder-care specialist, who arranges an in-home evaluation of her family’s needs. Nell agrees with the specialist’s recommendation for a home-care agency, and VZ-LIFE makes the arrangements.

The counselor also directs Nell to the Mayo Clinic Health Information section on the VZ-LIFE website. There she finds information on her husband’s and her aunt’s conditions and an interactive program that shows her how to take better care of her own health during times of stress.

Nell and the VZ-LIFE counselor agree that she does not need to meet with a counselor at present, but she receives educational materials to support her in her difficult role as a caregiver, as well as a list of “Care for the Caregiver” groups in her hometown. The counselor says she will stay in touch with Nell over the next six months to provide ongoing support.
Over time, we have made diversity an integral part of our business, from recruiting employees to work force development, supplier relationships, economic development, marketing and philanthropy.

Creating an Inclusive Business Culture

We develop a diverse work force with the same discipline and sense of purpose that we apply to other critical business objectives.

Our executives are held accountable for the diversity within their organizations. They are given measurable goals and are compensated, in part, on the basis of their success in meeting those goals. We recognize the need to increase our diversity at all levels, especially in our senior leadership ranks. Our diversity councils develop and implement plans to make that happen.

One way we ensure that all employees are prepared for career advancement is through our established mentoring and leadership development programs, such as the Verizon Development and Leadership Initiative (DLI). This program helps participants identify professional goals and network with Verizon executives, while helping the company identify and develop a diverse pool of high-potential candidates.

Employee Resource Groups

Our employee-run affinity groups bring individuals of common interests and backgrounds together while benefiting Verizon through their special insights and the relationships they have with people in their communities. With the corporation's

### Employee Profile as of 9/30/2004 (Ethnic Diversity)

<table>
<thead>
<tr>
<th></th>
<th>American Indian</th>
<th>Asian</th>
<th>African American</th>
<th>Hispanic</th>
<th>White</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>303 (0.46%)</td>
<td>5,698 (8.59%)</td>
<td>9,177 (13.84%)</td>
<td>4,359 (6.57%)</td>
<td>46,767 (70.53%)</td>
<td>66,304</td>
</tr>
<tr>
<td>Associate*</td>
<td>612 (0.45%)</td>
<td>3,985 (2.93%)</td>
<td>31,204 (22.91%)</td>
<td>10,895 (7.99%)</td>
<td>89,498 (65.71%)</td>
<td>136,194</td>
</tr>
<tr>
<td>Total</td>
<td>915 (0.45%)</td>
<td>9,683 (4.78%)</td>
<td>40,381 (19.94%)</td>
<td>15,254 (7.53%)</td>
<td>136,265 (67.29%)</td>
<td>202,498**</td>
</tr>
</tbody>
</table>

* Associate figures include both union-represented and nonunion employees

** Includes employees from Verizon entities based in the continental United States and Hawaii only

### Employee Profile as of 9/30/2004 (By Gender)

<table>
<thead>
<tr>
<th></th>
<th>Female</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>28,099 (42.38%)</td>
<td>38,205 (57.62%)</td>
</tr>
<tr>
<td>Associate</td>
<td>61,986 (45.51%)</td>
<td>74,208 (54.49%)</td>
</tr>
<tr>
<td>Total</td>
<td>90,085 (44.49%)</td>
<td>112,413 (55.51%)</td>
</tr>
</tbody>
</table>
The mission of the VEA program is to honor and reward Verizon employees for their extraordinary contributions and achievements in serving our customers, communities, shareowners and colleagues. In 2003, 3,800 individual and team nominations encompassing 18,544 employees were submitted for VEAs. Altogether, 101 individuals and 142 teams (comprising 1,529 employees) were selected by employee committees to receive awards.

During March—VEA Month—the extraordinary efforts of these winners are celebrated at events across Verizon, both within and outside the United States. Winners receive a cash award.

Heroes Award
Verizon employees have a tradition of meritorious service to customers and the public. There are numerous examples, such as the employee who stops on a dark, rainy highway to drag a passenger from an overturned car seconds before it bursts into flames or the employee out for a quiet family dinner at a local restaurant who draws on skill, training and instinct to save a choking child.

“When diversity is part of a company’s culture, as it is at Verizon, everyone benefits—customers, suppliers and employees.”

Ivan Seidenberg, Chairman and CEO
The Heroes Award honors employees who demonstrate extraordinary courage, skill, judgment and resourcefulness in acts of heroism and unusual merit in service to the public. The award recognizes Verizon’s devotion to the ideal of public service, both as a provider of critical communication services and as a responsible corporate citizen.

All employees and retirees are eligible for the award, as are nonemployees who perform heroic deeds or services directly related to the communications network owned and operated by Verizon. Cash awards range from $250 to $10,000.

Health and Safety
For more than a century, safety has been a top priority for Verizon and our predecessor companies. We take measures to ensure that all employees, both management and associates, receive the proper training and equipment to perform their jobs safely.

The chart on the next page depicts our corporate injury/illness and lost work day performance.

While our safety results have improved, we are committed to continuing to improve our performance. Our Safety Management Team regularly reviews work operations and develops practices and procedures that institutionalize strengths and address opportunities for improvement. In addition, our lines of business develop and implement Safety Action Plans focused on improving safe work performance and reducing the incidence of employee injury and illness. The lines of business regularly conduct site reviews and implement appropriate process improvements to sustain an injury-free work environment.

HEROES AWARD
Franklin Williams: Right Man in the Right Place

Franklin Williams, a field technician in Brooklyn, New York, had just finished a repair job one day last March when he smelled smoke and saw a woman running from a nearby building and screaming for help.

Hearing the cries of people still in the building, Williams rushed over with his ladder, climbed to a second-floor window and pried it open with a screwdriver. Black smoke poured out, but he heard no one. He pried open another window, and someone thrust an infant out to him. The mother was inside but could not climb through the small bathroom window.

With the baby in his arms, Williams climbed up to a third window, pried it open and was met with choking smoke, flames and a group of panicked occupants.

He climbed down the ladder and held it and the baby while coaching three adults and three children to safety.

After the rescue, the fire department arrived to battle the fire.

Williams then called his manager, James Christie, who wondered why he had been at his repair job for more than two hours. Williams simply said there had been a fire in the area.

It was only after a customer called Christie to commend Williams’ heroic actions that Williams acknowledged his role as rescuer, shrugging it off as “just being in the right place at the right time.”
Our lines of business regularly conduct site reviews and implement appropriate process improvements to sustain an injury-free work environment.
Verizon has deep roots as a local company. We are a leading employer, a major taxpayer and a large purchaser of goods and services.

Verizon has one of the largest capital investment programs in corporate America. Between 2000 and 2003, we invested $55 billion in infrastructure – more capital than any other telecom company in America.
WE BELIEVE THAT BROADBAND and wireless technologies change customers’ lives for the better. And as we deploy these advanced technologies throughout our networks, we will deliver the benefits of the broadband era to a wide swath of society, ushering in a new age of technology-driven growth, innovation and life-enhancing services.

Broadband Deployment
Our networks are our principal instruments for contributing to society. For millions of customers every day, a Verizon network—wired or wireless—is the gateway to communication, and our fundamental mission is to make that connection as powerful and reliable as possible. To that end, our company has a long history of integrating life-enhancing new technologies into our network infrastructure. From the digital transformation of the 1980s and 1990s to the broadband transformation of

Impact of Verizon on the U.S. Economy during 2003

<table>
<thead>
<tr>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over $13 billion</td>
<td>in salaries and wages</td>
</tr>
<tr>
<td>Nearly $12 billion</td>
<td>in capital expenditures (network, equipment and infrastructure)</td>
</tr>
<tr>
<td>$1.4 billion</td>
<td>in federal, state and other taxes net of refunds</td>
</tr>
<tr>
<td>$4.2 billion</td>
<td>in dividends</td>
</tr>
<tr>
<td>$2.6 billion</td>
<td>in net interest payments</td>
</tr>
<tr>
<td>$5.2 billion</td>
<td>in retiree benefits</td>
</tr>
</tbody>
</table>

Represents nearly 2 percent of all U.S. wages in the trade, transportation and utility industry
Represents almost 3 percent of U.S. capital expenditures in the information processing equipment and software sector
Represents over 2 percent of U.S. state and federal income, property and sales taxes
Represents 1 percent of U.S. personal dividend income
Represents nearly 0.5 percent of U.S. net interest and miscellaneous payments by domestic industries
Provides our retirees with the means to maintain their quality of life through their retirement years
Remote Indian Tribe Gets Connected to the World

The information superhighway has come to the 20 families who live on the Sauk-Suiattle Indian reservation* in the remote Cascade Mountains, thanks to an initiative to bring broadband technology and its benefits to Indian tribes in rural and remote areas.

Each family has a new computer with wi-fi (wireless fidelity) high-speed Internet access under the initiative, developed by the Affiliated Tribes of Northwest Indians–Economic Development Corporation (ATNI–EDC), the Bill and Melinda Gates Foundation and Verizon Avenue, a subsidiary of Verizon. ATNI–EDC is a nonprofit organization that helps Indian tribes use telecommunications and information technology to stimulate economic development on the reservations.

The families also received computer training and have access to a private network that will enable them to share information about grant applications, health and local news.

“These new computers and the high-speed Internet access open a world of opportunities to the tribe that we didn’t have before,” said Chief Jason L. Joseph. “Education is key to a better life for our families, and having broadband gives us the power to take advantage of distance learning and hundreds of colleges and universities that offer online degrees. We’re grateful to our technology partners who made this possible.”

* Residents in the Sauk-Suiattle Indian Reservation are the surviving descendents of the original peoples who lived in the region of Sauk Prairie, near the present-day town of Darrington, Washington. The current tribe membership is around 200 individuals, some of whom live near the reservation.

“Education is key to a better life for our families, and having broadband gives us the power to take advantage of distance learning and hundreds of colleges and universities that offer online degrees. We’re grateful to our technology partners who made this possible.”

Chief Jason L. Joseph
As we deploy advanced technologies throughout our networks, we will deliver the benefits of the broadband era to a wide swath of society, ushering in a new age of technology-driven growth, innovation and life-enhancing services.
Diamond P Enterprises

Verizon has partnered with many of our major equipment manufacturers to develop opportunities for minority suppliers while improving quality and reducing costs. More than 100 prime suppliers participate in our second-tier program.

One example is our partnership with cable manufacturer Superior Telecommunications in the development of a Hispanic-owned firm, Diamond P Enterprises, in Brownwood, Texas. Diamond P Enterprises provides wire cutting and packaging services for approximately 206 million feet annually of the aerial service wire, buried service wire and station wire that Superior Telecommunications supplies to Verizon.

Diamond P strategically located its facilities adjacent to the Superior Telecommunications plant in Brownwood. This has enabled Superior Telecommunications to outsource both cable and wire cutting as well as its packaging operation to Diamond P while freeing up needed factory space for manufacturing. Verizon’s purchases from Diamond P now exceed $35 million annually.

Supplier Diversity

Building a strong base of diverse suppliers is critical to Verizon’s success in a competitive marketplace. These relationships contribute to customer loyalty, stimulate economic growth in our markets and enable us to tap into a rich vein of innovation and entrepreneurship.

Each year we establish objectives for greater spending with Minority, Women, Persons with Disabilities and Veteran-owned Business Enterprises (MWDVBEs). Even as our total corporate spending in 2003 declined by 17 percent over 2002, the total percentage of MWDVBE spending increased to 7 percent from 6.6 percent. We purchased more than $1.7 billion dollars in goods and services from MWDVBEs in 2003, and we increased our supplier diversity in a variety of ways:

- We expanded our reliance on MWDVBE financial services firms, which now manage more than $1 billion in pension and Verizon Foundation assets.
- We required prime suppliers to use minority subcontractors to fulfill their contract obligations.
- Almost all major requests for proposals included MWDVBE objectives.
- We asked more than 7,000 MWDVBE suppliers to update their firms’ capability profile and certification information in our online supplier registration program to ensure their continued eligibility for contracts.

We purchased more than $1.7 billion in goods and services from diverse suppliers in 2003.
• We co-sponsored and participated in 46 events designed to generate greater opportunity for MWDVBEs at the local, regional and national levels.

We are concerned, however, that among our diverse suppliers the percentage of African-American and Hispanic vendors is in a downward trend.

There has been some upturn in those numbers this year, but we recognize that we can do more to improve our supplier diversity performance. Accordingly, we launched a pilot program to work with advocacy groups to identify and prescreen minority vendors and are working with our existing suppliers to develop new opportunities. We also actively encourage our diverse suppliers to use technology and technology applications such as e-commerce, electronic data interchange (EDI) and electronic bids to be better positioned for Verizon contracts.

And we continue to improve the design and usability of our online registration program (http://www.verizon.com/supplierdiversity), so that MWDVBE suppliers can register online to be considered in our requests for proposals.

Verizon Avenue and One Economy Team Up to Bring High-Speed Internet Access to Low-Income Families

Verizon Avenue, a subsidiary of Verizon, and national nonprofit One Economy Corporation, signed an agreement to work together to put affordable high-speed Internet access into the homes of many low-income Americans.

One Economy will target developers of affordable housing to integrate broadband access into multifamily properties throughout Verizon’s service area of 29 states and the District of Columbia. Verizon Avenue will work with One Economy and with developers to build infrastructure and find low-cost Internet access solutions. One Economy and Verizon initially will focus their efforts on new affordable housing projects of at least 100 units.

“Our partnership with Verizon not only delivers a complete Internet access solution to an untapped, underserved market, but it also brings together the telecom and affordable housing industries as never before,” said Rey Ramsey, CEO of One Economy Corporation. “Low-income families have shown that they’re willing to invest in and use technology if given access. Verizon’s willingness to explore new territory enables us to supply that access in a quantity and at a price that’s truly affordable for families living in low-income housing.”

“Finally, there can be a wholesale narrowing of the technology gap between the haves and the have-nots,” Ramsey continued. “This unprecedented access throws open the door for underserved people to help their families, their kids and themselves, in areas ranging from education to health care.”
“Our potential impact on the environment—for good or ill—is in some ways an emblem of our potential to have a positive or negative impact on society as a whole. That’s why corporate responsibility is more than just a slogan for Verizon—it’s part of who we are.”

Ivan Seidenberg, Chairman and CEO
YOU DON’T NECESSARILY THINK about telecommunications as a business with a big environmental impact. But we do. We operate one of the largest private fleets in the United States, with nearly 53,000 vehicles. We occupy more than 16,000 owned and leased buildings in virtually every state of the union—118 million square feet of building space, more than practically any other company in the United States. We publish approximately 141 million directories and print millions of paper bills a month. And because our voice and data services are a vital resource on which the economy increasingly runs, our operations continue as needed 24 hours a day, seven days a week.

With such a presence, we feel an environmental responsibility to our customers and our communities.

Conversely, our technology enables others to behave in an environmentally responsible way. Services and applications such as teleworking, videoconferencing, distance learning and e-commerce allow customers to exchange information and ideas without actually traveling—saving energy and reducing pollution. Today, customers can use our wired and wireless services to make the distribution of goods more efficient; help reduce energy use in factories, offices and homes; and take advantage of telemedicine and distance learning.

As we deploy even faster, more pervasive broadband networks in the future, we will provide our customers with an even broader array of options that will enable them to minimize the impact of their activities on the environment.

Corporate Environmental Policy

Our principal environmental protection objectives are to reduce our carbon dioxide emissions and increase our recycling rates. Verizon’s commitment to these and other environmental concerns is spelled out in a corporate policy statement, issued by our CEO and supported by senior management. The following are the major tenets of the policy:

- Developing and implementing practices that demonstrate environmental protection and conservation of natural resources; and
- Undertaking voluntary initiatives that exceed applicable laws and regulations where appropriate.

Our complete policy statement is available at http://www22.verizon.com/pages/environment.

Verizon backs up this policy with a comprehensive management system governing all corporate activity that might affect the environment. This system includes reviews of key factors related to our environmental impact by a senior-level corporate governance body and the Audit and Finance Committee of the Board of Directors. We also commission independent auditing of the management system itself.
Team Energy
Our real estate group created Team Energy in 1999 to engage a group of employees across the company in promoting environmentally-responsible and cost-effective energy use. Team Energy seeks ways to improve the energy efficiency of Verizon buildings by researching and using alternative energy sources. Currently, Team Energy is investigating fuel cell and microturbine technologies to determine whether they are viable alternatives to traditional sources of commercial power. In addition, Team Energy created the Energy Champion Program, which encourages employees to find creative approaches to energy conservation in their own work locations.

Even as our network has grown over the past three years, Team Energy has succeeded in reducing Verizon’s energy consumption and greenhouse gas emissions, as the graph on the right shows.

As a result of Team Energy’s dedicated efforts, Verizon earned Energy Star certifications from the Environmental Protection Agency (EPA) and the Department of Energy (DOE) for eight office buildings, and it received the 2002 Energy Star Award for Corporate Commitment from these agencies. No other company in the telecommunications industry has earned as many Energy Star certifications as Verizon.

Recycling and Waste Reduction
Verizon’s recycling and waste reduction program focuses on recycling marketable materials, minimizing waste and using quality products made with recycled material. One of the largest components of our recycling program is the management of equipment that we retire as we maintain and upgrade our network (see chart on the next page). We repair whatever equipment can be fixed, reuse what we can in our networks, sell that which is marketable elsewhere and pass the rest on to recyclers for conversion into raw materials for use in manufacturing new products.

We also have an ongoing program to recycle office paper which has had excellent results. In 2003, we recycled more than 25,000 tons of paper, saving $1.25 million in waste removal costs.
**Rechargeable Battery Collection**

Customers who come across old rechargeable wireless phone batteries around the house can drop them off at their local Verizon Wireless Communications store as part of the company’s support of Charge Up to Recycle!

The recycling program collects spent batteries and recclaims usable material such as nickel and cadmium; recovered nickel and iron are used in the production of stainless steel, while cadmium is used to make new portable rechargeable batteries.

For more information about Charge Up to Recycle!, visit http://www.rbrc.com.

**Environmental Remediation**

We work hard to minimize the impact of our operations on the environment, and work equally hard to devote the appropriate resources when environmental remediation is required. For example, we have a large inventory of fuel storage tanks that provide emergency power to our network during commercial power interruptions. We have an ambitious program to monitor the integrity of the storage tanks and repair leaks and clean up contamination associated with the tanks whenever it occurs.

GTE, a Verizon subsidiary, entered into environmental indemnity agreements when it sold various manufacturing businesses. GTE has been consistently meeting those obligations.

A site which was a focus of GTE’s attention this year is a facility in Hicksville, New York, where a former GTE business manufactured nuclear fuel rods for the federal government during the 1950s and 1960s. GTE continues to work with the government to address residual contamination on the site.

More than 6,200,000 residential customers receive their monthly bills online and can pay them electronically.
Paperless Billing
In addition to recycling the paper we use, we work hard to reduce the amount of paper we generate. For example, the wireline group now offers paper-free billing services. More than 6.2 million residential and 260,000 small business customers receive their monthly bills online and can pay them electronically, a convenience for them that also reduces paper use and waste.

Customers are invited to go to http://www.verizon.com/paperfreebilling to register for this service.

In addition, Verizon Wireless has rolled out online billing. By registering for paperless billing via My Account at http://www.verizonwireless.com/, customers can elect to view and pay bills online. The wireless billing enhancements reduce paper use by about 40 percent and save more than 3.6 million kilowatt hours of electricity and more than 165,000 pounds of ink each year.

Verizon Directories
Verizon Information Services (VIS), our yellow pages business unit, minimizes the environmental impact of our directories by:

• Using paper with a minimum of 40 percent recycled content;
• Using suppressed surnames in many directories, where the last name is not printed on every line, thereby reducing the size of our directories;
• Distributing CD-ROM versions of directories to large business customers in selected areas across the United States;
• Recycling old phone books and waste paper from the printing process;
• Publishing local recycling information in primary telephone directories in the Northeast and Mid-Atlantic states and in Oregon; and
• Offering paperless electronic directory alternatives via SuperPages.com and SuperPages On the Go.

Finally, we print our annual report on nonglossy recycled paper and make it and our proxy materials available electronically. Currently, more than 60,000 shareowners receive annual report and proxy materials electronically.

For more information about Verizon’s environmental commitment and the many awards it has received, please visit http://www22.verizon.com/pages/environment.

In 2002 Verizon received the Energy Star Award for Corporate Commitment from the Environmental Protection Agency and the Department of Energy.

No other company in the telecommunications industry has earned as many Energy Star certifications as Verizon.

More than 260,000 small business customers receive their monthly bills online and can pay them electronically.
HopeLine Program

Verizon Wireless encourages customers who are upgrading their wireless phones to participate in its exclusive HopeLine phone-recycling program. The national HopeLine program distributes previously owned wireless phones to victims of domestic violence, supports nonprofit domestic violence prevention advocacy groups and provides an environmentally safe way to recycle phones. Donations are accepted at all 1,200-plus Verizon Wireless Communications stores across the country and during special events co-hosted by professional and college sports teams.

The above data indicate our progress over the past two years.

For additional information, customers can visit http://www.verizonwireless.com/hopeline.

*Includes philanthropic and grassroots organizations such as Make-A-Wish Foundation, Leukemia and Lymphoma Society (Ohio), Food Outreach, Cystic Fibrosis Foundation, Early Education Center, Salvation Army and Boy Scouts of America.
Partnering with Communities

“We seek partners who have leadership presence in their respective communities, who leverage technology and provide innovative solutions that address community needs.”

Patrick Gaston, President, Verizon Foundation
AS A COMMUNICATIONS COMPANY, Verizon’s business is built on a simple, powerful premise: The more people who are connected to a network, the more valuable the network is to those who use it. The same is true of human networks. An individual with passion and commitment can make a difference in a community, but a network of such people—connected by information and communications technology to the larger global community—multiplies those individual efforts into a much more powerful collective force.

We are committed to using our technical, financial and human resources to help create these kinds of powerful networks for progress. In our philanthropic giving, we use these resources to help bring the benefits of technology to communities, empowering them to address key social issues.

We foster relationships and invest in partnerships that address social and economic needs in America’s diverse communities. We partner with organizations that use technology to develop innovative literacy, education, health care and work-force development programs. And we encourage our employees and our customers to make a difference by donating their time, money and talents to nonprofit agencies to help build stronger, sustainable communities.

Our approach goes beyond the traditional definition of philanthropy. Our online grassroots programs put the tools for action in the hands of people who can make a difference at the local level. Together, we are building a lasting foundation and are making sure people have the fundamental skills—particularly literacy and the ability to use technology—to succeed in the digital era.

**Verizon Foundation**

The Verizon Foundation oversees Verizon’s philanthropic activities. The foundation is one of the 15 largest corporate foundations in the United States, with an annual budget of almost $75 million and more than 21,000 grants awarded to nonprofit organizations in 2003.

<table>
<thead>
<tr>
<th>Year</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
<tr>
<td>2002</td>
<td>$75,000,000</td>
</tr>
<tr>
<td>2001</td>
<td>+ $70,000,000</td>
</tr>
</tbody>
</table>

*Does not include company and employee response to September 11, 2001*

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We are committed to using our technical, financial and human resources to help create powerful networks.
Verizon is committed to investing in the development of a skilled, technologically literate and diverse work force.
The foundation focuses on demonstrating the value of wireline and wireless technologies by helping nonprofits develop online capabilities that increase their effectiveness, promote computer skills and deliver such benefits as Internet-based education and health services.

**Empowering Communities through Technology**

The Verizon Foundation is putting information and communications technology to work for communities by supporting nonprofit organizations’ initiatives that bring broadband-age technology to underserved neighborhoods and populations. We provide access to the Internet, help organizations design and set up their networks and help people learn to use computer applications to improve organizational effectiveness. Through our in-kind program, we donate computers each year to community-based organizations throughout the country. Examples of support in this area include partnerships with Generations United and the United States Hispanic Chamber of Commerce Foundation.

We’ve also developed an online “Technology Resource Guide” that lists resources available to nonprofits that are seeking to improve their technology skills. The guide also provides an analysis tool on how to integrate new technologies into nonprofit operations.

### Matching Gifts to Nonprofits from Verizon Foundation

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
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</tr>
<tr>
<td>2002</td>
<td>$12,500,000</td>
</tr>
<tr>
<td>2001</td>
<td>+ $10,700,000</td>
</tr>
</tbody>
</table>

*Does not include company and employee response to September 11, 2001.*

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In 2004 the Verizon Foundation launched the Verizon Corporate Philanthropy Pulse, an online tool that gathers public opinion on philanthropic issues. Called an “innovative breakthrough” by the Council on Foundations,* this survey tool helps assess the issues and needs of our diverse communities and allows us to share timely information with philanthropic organizations, the general public and employees. The foundation posts a different survey every few months on a topic associated with philanthropic trends and community issues.

*The Council on Foundations is a membership organization of more than 2,000 grant-making foundations and giving programs.*
Consistent with our corporate position as a broadband pioneer, the Verizon Foundation is a recognized leader in making its programs and resources available online.

As one of the largest private employers in the United States, Verizon is committed to investing in the development of a skilled, technologically literate and diverse workforce. The Verizon Foundation supports this commitment through programs that offer career planning and preparation for high school students, scholarship opportunities for students traditionally underrepresented in colleges and universities, and access to training and employment networks for the unemployed and underemployed.

For more information on the Verizon Foundation and its programs, please visit our website at http://www.verizon.com/foundation. The information is available in both English and Spanish.

**Improving Literacy Levels across America**

Improving literacy levels in the United States has always been a top priority for Verizon. Through a combination of corporate philanthropy, employee participation, celebrity volunteers, partnerships with literacy organizations and contributions from our customers, our goal is to improve literacy levels in America and position ourselves as America’s literacy champion.

Literacy—in particular, e-literacy (computer skills and the ability to use information and communications technology)—is a primary building block of communications, necessary for individuals to unlock the power and full potential of the broadband communities that Verizon is building. Now more than ever, Verizon’s commitment to literacy is critical to the communities it serves. Broadband products and services are valuable tools to help organizations increase literacy and e-literacy levels in the communities they serve.

Verizon’s signature program is Verizon Reads. Its mission is to encourage collaboration among literacy organizations, increase public awareness of low literacy levels and generate funds and support for local and national literacy programs. Under the Verizon Reads umbrella, Verizon annually contributes about $17 million toward literacy programs nationwide. Some of these programs are listed in the next section. To learn more, please visit http://www.verizonreads.net.

**Literacy Partners**

Verizon Reads helps almost 40 million individuals by working with organizations across the country that create and deliver local and national literacy programs. The following are some of these organizations:

- The American Library Association
- Communities in Schools
- First Book
- The International Reading Association
- The League of United Latin American Citizens (LULAC)
- Literacy USA (formerly NAULC)

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The Verizon Foundation has invested more than $58 million in the African-American community since 2000, focusing on literacy, technology solutions, work-force development and employee volunteerism. In 2003, the foundation gave $14.7 million to nonprofit organizations serving the African-American community. These grants support programs to help bridge the digital divide, encourage entrepreneurship, foster literacy and education initiatives, and increase the representation of minorities in engineering, science and other technical professions.
The Literacy Network links the nation’s leading literacy organizations to the public via the Internet. By providing a comprehensive, easily accessible, Web-based database of thousands of literacy organizations, the Literacy Network facilitates volunteerism, information and resource gathering, and coalition building. By making these resources available on the Internet, the Literacy Network extends the reach of local organizations and helps stretch scarce resources. The following are two components of the network:

- America's Literacy Directory. A service that enables potential volunteers or those in need to locate literacy providers in their community or across the country. Visitors can search by organization type, state or ZIP code.

- Verizon Literacy Campus. This online program addresses a critical need by helping literacy organizations expand or enhance their base of instructors, volunteers and community-based advocates. The campus provides potential volunteers with a comprehensive view of literacy and the diverse opportunities in the field, including tutoring, training and mentoring. The campus also provides free online courses that literacy volunteers and program staff can use to increase their proficiency in working in or with literacy organizations.

Literacy, and e-literacy in particular, is a primary building block of communications.
Verizon Helps First Book Create Online Book Bank

During a celebration-of-reading event at the U.S. Department of Education, Verizon and First Book distributed books donated by Disney Publishing to literacy groups serving the Washington, D.C. area. First Book is a national nonprofit agency and a Verizon literacy partner, dedicated to providing new books to children from low-income families.

Verizon’s $200,000 grant and support created an online presence for the First Book National Book Bank, at http://www.nationalbookbank.org, enabling more people to learn about the program and volunteer, more organizations to register to receive books and more publishers to donate books to children in need.

The Washington event marked the beginning of a planned distribution of more than 100,000 books to children in Maryland, New Jersey, Virginia, North Carolina, the District of Columbia, Delaware and West Virginia. Members of the company’s employee resource group CITE (Consortium of Information and Telecommunications Executives) worked with First Book representatives to sort, package and deliver the books. Verizon assisted the distribution effort by housing the books at a local warehouse. In conjunction with the Washington event, Grammy award-winning jazz musician and Verizon Literacy Champion Al Jarreau read to 30 children from the Project Northstar: Homeless Children’s Tutorial Project, which provides educational and emotional support to homeless children through one-on-one tutoring.

To learn more about Verizon’s literacy program, or to see footage of the event, go to http://www.verizonreads.net.

Check Into Literacy
This innovative program enables our customers to donate $1 a month to literacy causes by simply checking a box on their telephone bills or calling their local customer service center. The donations go to Verizon Reads, which distributes the funds to national and local literacy organizations. Check Into Literacy is available in 27 states and the District of Columbia, and has raised more than $3 million for literacy nationwide.

Verizon Literacy Champions
Literacy Champions are celebrity volunteers who work with Verizon Reads to raise awareness and resources for literacy initiatives. These celebrities—including professional athletes, movie and TV actors and recording artists—promote literacy through book drives, sporting events and other community activities, with the proceeds benefiting local and national literacy organizations. Nearly 40 celebrities have volunteered as literacy champions.

Season’s Readings
Verizon employees offer their time and talents to literacy during the holiday season through the Season’s Readings program. Every December, we encourage our employees and retirees to donate books and reading time to children and adults in their communities. In three

Verizon Helps First Book Create Online Book Bank

During a celebration-of-reading event at the U.S. Department of Education, Verizon and First Book distributed books donated by Disney Publishing to literacy groups serving the Washington, D.C. area. First Book is a national nonprofit agency and a Verizon literacy partner, dedicated to providing new books to children from low-income families.

Verizon’s $200,000 grant and support created an online presence for the First Book National Book Bank, at http://www.nationalbookbank.org, enabling more people to learn about the program and volunteer, more organizations to register to receive books and more publishers to donate books to children in need.

The Washington event marked the beginning of a planned distribution of more than 100,000 books to children in Maryland, New Jersey, Virginia, North Carolina, the District of Columbia, Delaware and West Virginia. Members of the company’s employee resource group CITE (Consortium of Information and Telecommunications Executives) worked with First Book representatives to sort, package and deliver the books. Verizon assisted the distribution effort by housing the books at a local warehouse. In conjunction with the Washington event, Grammy award-winning jazz musician and Verizon Literacy Champion Al Jarreau read to 30 children from the Project Northstar: Homeless Children’s Tutorial Project, which provides educational and emotional support to homeless children through one-on-one tutoring.

To learn more about Verizon’s literacy program, or to see footage of the event, go to http://www.verizonreads.net.

Check Into Literacy
This innovative program enables our customers to donate $1 a month to literacy causes by simply checking a box on their telephone bills or calling their local customer service center. The donations go to Verizon Reads, which distributes the funds to national and local literacy organizations. Check Into Literacy is available in 27 states and the District of Columbia, and has raised more than $3 million for literacy nationwide.

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Improving Lives

Over the past several years, Verizon’s employees, retirees and partners have donated more than 778,000 books and pledged more than 110,000 hours of reading time to their communities. During the 2004 holiday season, Verizon Reads partnered with Barnes & Noble Booksellers for a joint literacy campaign under the banner “A Million Books for a Million Children.” The campaign was featured in more than 800 Barnes & Noble bookstores and at a special Verizon Reads online site. Verizon employees, Barnes & Noble employees and the public were invited to purchase books for donation to the campaign.

To date, more than 1,500 organizations have benefited from the annual Season’s Readings campaign, and we expect more than 2,500 organizations to benefit through the Barnes & Noble partnership.

Funds Given/ Raised by Verizon Volunteers

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>$20,700,000</td>
</tr>
<tr>
<td>2002</td>
<td>$15,300,000</td>
</tr>
<tr>
<td>2001</td>
<td>+ $12,000,000</td>
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</table>

* Does not include company and employee response to September 11, 2001
* Figures are based on employee participation in volunteer incentive program.

Enlighten Me features activities that promote learning in the classroom and at home, including tips for incorporating literacy and technology into family life, reading recommendations, information about literacy programs, classroom curricula for teachers, tips to help children get involved in their communities and fun and provocative activities and lessons that develop children’s skills in questioning, reasoning, listening, responding, abstraction, invention and civic literacy.

Serving Our Communities through Employee Volunteerism

Because Verizon employees have a long-standing tradition of volunteerism and community service, employee volunteerism is a priority in Verizon’s overall corporate responsibility efforts. We recognize that our employees have many talents and interests, and we encourage them to volunteer their time and resources to help make the world a better place.

In 2001, we launched Verizon Volunteers, one of the largest corporate matching gift and employee volunteer programs in the world. The program is designed to

Foundation Honored by Wilmer Shields Rich Awards

The Verizon Foundation website (http://www.verizon.com/foundation) earned a Silver Award for excellence in communications in the 2004 Wilmer Shields Rich awards program. The program is sponsored by the Council on Foundations and the Communications Network, a nonprofit organization that promotes strategic communications as an essential part of successful philanthropy. The website also won the Silver Award in 2003 and received top honors in 2001 with the Gold Award.

Wilmer Shields Rich, executive director of the National Council on Community Foundations (now the Council on Foundations) from 1957 to 1968, was an early champion of public accountability for charitable foundations in both their resources and activities. The awards program named for her originated in 1984.
maximize the power of Verizon employees and retirees to benefit communities by providing incentives for employee donations of time, talent and money. An employee chooses the nonprofit organizations he or she wishes to support, and the Verizon Foundation makes a contribution to the organization based on the employee’s volunteer hours and monetary contributions.

Verizon Volunteers marshals the commitment and talent of our employees and retirees into an enormous force for change in communities: In 2003 the contributions amounted to almost 600,000 volunteer hours and $34.6 million in employee donations and matching gifts to charitable and nonprofit organizations in all 50 states, the District of Columbia and several countries around the world.

**Verizon TelecomPioneers**
The TelecomPioneers is the world’s largest industry-related volunteer organization. Founded in 1911, the TelecomPioneers includes dozens of chapters operating in the United States, Canada and Mexico. The nearly 750,000 members of the Pioneers are employees and retirees of telecommunications companies. Verizon sponsors more than 130,000 of these members (the Verizon TelecomPioneers), who are organized into 17 chapters across the United States.

During the past 12 months, Verizon TelecomPioneers have volunteered 2.6 million hours in their communities.

Education and literacy are the Pioneers’ primary concerns. The centerpiece of the TelecomPioneers reading program is “A Book About ME.” The books are personalized readers for kindergarten through second grade students. Through this program, TelecomPioneers have played a significant role in improving the self-concept and self-esteem of almost 600,000 students across the United States and Canada and have increased student interest in reading. The program has also helped parents become more involved in their children’s development.

For more information about the TelecomPioneers, please visit http://www.telecompioneers.org.

### Extending Our Reach Internationally
Verizon’s international presence extends to more than 22 countries around the globe, with strategic focus on the Americas. The Americas and the Caribbean regions are vital parts of Verizon’s existing operations, combining the strength of telecom operators that include the following:

- Verizon Dominicana – the leading local, long-distance and wireless telephone service provider in the Dominican Republic.

### National Coalition for Literacy Honors Verizon
The National Coalition for Literacy (NCL) honored Verizon in 2004 with its Literacy Leadership Award. The award recognizes individuals or organizations that have made extraordinary contributions to improving literacy in the United States. Recipients of the award have demonstrated a deep and sustained individual or corporate commitment by supporting literacy continuously on the local, state and national levels.

“The National Coalition for Literacy is extraordinarily pleased to honor Verizon for its outstanding support to advance adult literacy,” said Dale Lipschultz, president of NCL’s Board of Directors. “[Verizon’s] leadership has truly strengthened literacy in America and has been a constant source of inspiration and encouragement.” Verizon won in part because of innovative programs such as the Literacy Network, Literacy Champions and Check Into Literacy.
• Puerto Rico Telephone – the largest provider of telecommunications services in Puerto Rico.
• CANTV – a national full-service telecommunications provider in Venezuela.

Working through these companies, Verizon’s International Foundation spends about $1 million per year to support educational initiatives, stimulate economic growth and promote work-force development. Additionally, the foundation provides financial assistance, directly and by matching employee donations, when natural disasters such as hurricanes and earthquakes strike the countries where we have a presence, as well as in other locations around the globe.

Verizon’s special focus on literacy extends to its international philanthropy. In the Dominican Republic, Puerto Rico and Venezuela, we work with governments and literacy organizations to provide communities with teachers, computers, learning materials and, in some cases, even the buildings to house these resources.

For more information on Verizon’s international activities, please visit http://www.verizon.com/international.

Verizon Provides $1.2 Million to Fund Literacy and Technology Centers in Puerto Rico

To help improve literacy and reduce school dropout rates in Puerto Rico, the Verizon International Foundation provided a $1.2 million grant to establish literacy and technology centers at 10 public schools ranked low in academic achievement.

ASPIRA, Inc. de Puerto Rico, a nonprofit organization devoted to education and leadership development in Puerto Rico and the United States, will establish and oversee the centers.

“The schools were selected because they need the support of a comprehensive computer and literacy program to improve academic performance and prevent at-risk students from dropping out,” said Hilda V. Maldonado, executive director for ASPIRA. According to Puerto Rico’s Department of Education, nearly half of all students drop out of school before reaching the 12th grade, up by 6.1 percent since 1999.

“Higher literacy rates mean stronger communities, economic growth and a skilled work force,” said Daniel Petri, president, Verizon International. “Verizon is committed to supporting programs that use technology to improve education.”

The new facilities, known as Verizon-ASPIRA Literacy and Technology Centers, are located at one school in each of Puerto Rico’s 10 school regions. Verizon’s grant paid for new computers at each center, software and hardware, and the salaries of an administrative coordinator and tutors in computer science, mathematics, English and Spanish.
Verizon 2004 Corporate Responsibility Report

Photo Credits

Above is a list of the employees whose photos appear in this report. These individuals represent all Verizon employees—who work to make a difference for our customers and communities.
About This Report

This report includes information on Verizon’s activities in the areas of economic, environmental and social responsibility. The scope of the report covers all of Verizon’s wireline, wireless and international operations. However, the majority of the data relates to Verizon’s U.S.-based operations.

While we have a strong legacy of corporate citizenship, this is the first Verizon Corporate Responsibility Report. Over the next year, we intend to build on the corporate responsibility platform outlined in this report. We will continue to deploy new broadband networks, introduce new services and educate our customers about how our services can connect them to their communities and improve their lives. To improve our effectiveness, we will further integrate corporate responsibility considerations into decision-making processes and develop corporate responsibility goals to guide our performance. We look forward to reporting our progress toward these goals in future reports.

In addition to this printed report, we have created a corporate responsibility website: http://www.verizon.com/responsibility. An electronic copy of this report is available via our website. Please visit our website periodically to learn more about our corporate responsibility strategy and initiatives, and to e-mail your comments and suggestions.

This report is printed on FSC certified Mohawk Options, 100% PC White paper. This paper contains 100% post-consumer recycled fiber and is manufactured with wind-generated electricity. It is manufactured in accordance with a Forest Stewardship Council (FSC) pilot program that certifies products made with high percentages of post-consumer reclaimed materials.