**OPERATING STATISTICS**

**Verizon Wireless**
- U.S. Wireless Customers: 51.3 million
- U.S. Markets Served with Wireless Assets: 49 of top 50
- States with Wireless Presence: 49+ D.C.

**Verizon Telecom**
- U.S. Wireline Access Lines: 48.8 million
- Wireline Broadband Connections: 5.1 million

**Verizon Business**
- International Presence: 140+ countries
- Customer Relationships: 94 percent of Fortune 500

**Information Services and International**
- Directory Circulation: 129 million
- Customers Served by Latin American/Caribbean Operations: 10 million wireline, wireless and broadband connections

**Total Employees**
- 250,181 (99,773 union represented)

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**FINANCIAL STATISTICS**
(as of year-end 2005)

<table>
<thead>
<tr>
<th>Metric</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005 Operating Revenues</td>
<td>$75.1 billion</td>
</tr>
<tr>
<td>2005 Net Income, Before Special Items</td>
<td>$7.2 billion</td>
</tr>
<tr>
<td>2005 Capital Expenditures</td>
<td>$15.3 billion</td>
</tr>
<tr>
<td>Shareowners</td>
<td>2.7 million</td>
</tr>
</tbody>
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* Pre-Verizon/MCI merger results
** Statistics reflect the effect of the Verizon/MCI merger, which closed in January 2006
Verizon Communications Inc. (NYSE: VZ), a Dow 30 company, is a leader in delivering broadband and other communications innovations to wireline and wireless customers. Verizon operates America’s most reliable wireless network, serving 51.3 million customers nationwide, and one of the nation’s premier wireline networks, serving home, business and wholesale customers. Based in New York, Verizon closed on a merger with MCI, Inc., on January 6, 2006. Today, Verizon has a diverse workforce of approximately 250,000 and generates annual consolidated operating revenues of approximately $90 billion. For more information, visit http://www.verizon.com.
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A Hopeful Horizon

Melissa Hernandez and Darell Bush monitor rooftop equipment in Mt. Hope, Bronx, N.Y., which is providing broadband Internet access to underserved areas.

We thank Harvard Business School Professor Dr. Lynn Sharp Paine for her counsel. In her book, Value Shift: Why Companies Must Merge Social and Financial Imperatives to Achieve Superior Performance, Dr. Paine employs the metaphor of a compass to assist organizations in meeting their social and financial goals. We are grateful for Dr. Paine’s permission to use the “Values Compass” in this report and in our communications with employees.
CUSTOMER DEMANDS FOR SPEED, MOBILITY AND INTERACTIVITY ARE TRANSFORMING THE WORLD OF COMMUNICATIONS.

Ivan Seidenberg, Chairman and CEO, presents Verizon’s vision at Georgetown University’s Literacy Summit in Washington, D.C.
A COMPANY’S REPUTATION is more than its performance in the financial markets. It is the totality of a company’s identity: the quality of its people, the value of its brand, its standing in the community and its performance in the marketplace. Building reputation, in this broad sense of the term, is what great companies are all about.

We are pleased to share what Verizon is doing to earn our reputation in our 2005 Corporate Responsibility Report, “Living Our Values.” As in our last report, we will cover our accomplishments and challenges in six areas:

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

With more than 250,000 employees and tens of millions of customers, Verizon has an extraordinary range of opportunities for touching the lives of our stakeholders. Every time we interact with a customer, an investor, or a member of the community, we define who we are and what we stand for.

That’s why it’s imperative that we have a disciplined and consistent approach for translating our values into action. As you will see throughout this report, we took major strides in 2005 to reinforce our values and integrate them into the way we run our company.

We start by putting customers first and delivering great communications experiences.

We operate according to the Verizon values of integrity, respect, performance excellence and accountability.

Remembering that great companies are judged not by what they say, but by what they do, we create the systems, tools and processes that enable our employees to use our values to make decisions and run the business.

Most of all, we do it every day.

At Verizon we believe deeply in the power of technology to empower, to teach, to entertain and to connect. We are tremendously fortunate to have a positive vision of the future and the resources to act on our beliefs. We have acted boldly to create the infrastructure that will stimulate the growth and innovation that will drive the economy forward and open new creative opportunities for customers. And we have energized our people around the idea of creating a future for themselves and contributing something of lasting value to society.

As I visit employees across Verizon, I can sense their pride at being part of a company that’s taking charge of its own future. They are passionate about putting customers first. They hold one another—and themselves—accountable for delivering outstanding service with the highest of ethical standards.

And just as they’ve done throughout our history, our people come through for their customers and communities. Whether they’re responding to the tsunami in Asia or Hurricane Katrina on the Gulf Coast, inventing new ways to make our technology accessible, or going the extra mile to solve a customer’s problem, Verizon employees continue to demonstrate the moral fiber and can-do spirit that is built into the foundation of our company.

Actions reveal character, in people and in institutions. We hope to show you in this report how our employees are living our values and, in the process, defining the character of Verizon.

Ivan Seidenberg, Chairman and CEO
“OUR COMMITMENT IS TO PUT OUR CUSTOMERS’ INTERESTS FIRST AND TO INCORPORATE OUR VALUES INTO EVERYTHING WE DO.”

IVAN SEIDENBERG, Chairman and CEO

In the Line of Duty

In the wake of Hurricane Katrina it was imperative that communications services were up and running. Maureen Breault, who traveled 1,440 miles to Louisiana, was one of hundreds of Verizon employees who assisted in reconnecting the Gulf Coast’s communications lifelines.
TO BE SUCCESSFUL IN TODAY’S CHALLENGING global economy, a corporation needs a forceful statement of its values and a clearly defined framework that incorporates those values into the decision-making of its employees at every level. Good corporate citizens integrate their corporate values into their business practices, operations and policies. These values serve as a guide that employees use when they consider the impact of their business decisions and activities on the customers and communities they serve.

In 2005, Verizon took major steps to reinforce our corporate values and to give our people the decision-making tools they need to live our values every day. Our values guide our focus on the customer, the high standards we set for our performance on the job and in the marketplace, and our respect for each other and the communities where we live and work.
REFRESHING OUR VALUES

2005 marked Verizon’s fifth anniversary. We used this occasion to focus on our core beliefs and to reinvigorate the importance of our values. Our approach to this process was far-ranging and in-depth: we conducted meetings with a cross section of employees, spoke with other leading corporate citizens about how values guided their business practices, and held extensive discussions among the senior leadership about what Verizon stands for and who we are.

The result of these efforts is the Verizon Commitment and Values, on the next page.

PUTTING OUR VALUES INTO ACTION

Great companies are judged by what they do, not by what they say. That’s why we developed a strategy for communicating the Verizon Commitment and Values to employees. We also developed a management process for weaving this values-driven approach more deeply into the way we think and make decisions.

In 2005, senior managers met with their employees to discuss what the Verizon Commitment and Values mean for their work. In these discussions, employees were reminded of their role as trustees of the Verizon reputation and that their everyday actions and decisions in the marketplace create the foundation of trust on which our business is built.

We also emphasized that as a customer-focused company it is critical that our customers and stakeholders see our values in action every day, and that we consider the effect of our decisions on customers, investors, employees, policy-makers and the communities we serve.

Earning a strong reputation requires that every employee place the customers’ interests first and act in accordance with our values. Ultimately our challenge is to ensure that all employees understand the role they play in protecting and enhancing Verizon’s reputation. By reinforcing our values and providing a tool for making everyday decisions, we took major strides in 2005 towards acting responsibly and building the reputation necessary to be successful in the intensely competitive broadband and entertainment marketplace.

STAKEHOLDER ENGAGEMENT

Stakeholder viewpoints and feedback are important components to our decision-making process, and we have formal mechanisms to incorporate them. One of the ways we have cemented our relationships with community organizations is through the Strategic Alliances team, which consults and collaborates with more than 70 national organizations representing a wide variety of viewpoints on the public-policy issues that affect our industry.

Verizon believes that long-term, collaborative relationships with community groups foster bilateral dialogue and shared knowledge, and generate innovative ideas that benefit customers and help Verizon to improve its products, services and decision-making.

Another mainstay of our stakeholder outreach effort is the Verizon Consumer Advisory Board (VzCAB). The VzCAB is a 28-member board composed of leaders of diverse stakeholder groups. The VzCAB partners with Verizon and provides regular feedback on a wide range of customer issues from new products to privacy.

RESPONSIBLE DECISION-MAKING

To assist employees in using values as a guide for everyday action, we created a simple framework based on the idea of a compass. This framework, called “CR 360,” promotes an “Inside/out—Outside/in” approach to making decisions:

- **Inside/out**—encourages employees to consider which Verizon values are relevant to a business decision and how they influence action.
- **Outside/in**—helps employees examine which stakeholders might be affected by a decision.

To help make this framework a part of everyday life at Verizon, we created a one-day workshop focused on business challenges that cut across departments. In particular, we offered this workshop to managers involved in the deployment of our new fiber-optic broadband network, employees responsible for environmental and sourcing decisions, newly promoted supervisors and all new hires.

In 2006, we plan to develop an online, interactive course that helps our employees consider our values and stakeholder concerns when they make business decisions.

At Verizon, our interactions with customers, communities, suppliers and each other reflect our commitment to delivering excellent service and operating with the highest degree of integrity and respect. The Verizon Commitment and Values are the foundation for our culture and guide our every action.
Great companies are judged by what they do, not by what they say. To be the best, we’re going to keep pushing ourselves in new and exciting directions. These values will guide our every action.

VERIZON COMMITMENT

The Verizon commitment is to put our customers first by providing excellent service and great communications experiences. This is what we do, and this is why we exist. By focusing on our customers and being a responsible member of our communities, we will produce a solid return for our shareowners, create meaningful work for ourselves and provide something of lasting value for society. As a result, Verizon will be recognized as a great company.

VERIZON VALUES

Integrity

Integrity is at the heart of everything we do. We are honest, ethical and upfront because trust is at the foundation of our relationships with our customers, our communities, our stakeholders and each other.

Accountability

We take responsibility for our actions as individuals, as team members, and as an organization. We work together, support one another and never let the customer—or our co-workers—down.

Respect

We know it is critical that we respect everyone at every level of our business. We champion diversity, embrace individuality and listen carefully when others speak.

Performance Excellence

We hold ourselves to a very high standard of performance. We prize innovative ideas and the teamwork it takes to make them realities. We never stop asking ourselves how we can make the customer experience better, and every day, we find an answer.
“THE REAL STRENGTH OF A COMPANY IS HAVING A CLEAR SET OF VALUES THAT GIVE A LARGE ORGANIZATION THE ABILITY TO MAKE THE RIGHT DECISIONS IN DIFFICULT MOMENTS.”

DOREEN TOBEN, Executive Vice President and Chief Financial Officer
VERIZON IS A GLOBAL COMPANY in a competitive and complex industry. That’s why the integrity of our relationships with millions of customers, approximately 250,000 employees and 2.7 million shareholders is so important to our business. As stakeholders hold corporations to ever-higher standards of conduct, it is critical that we maintain the foundation of trust that gives our actions legitimacy and earns us the freedom we need to serve our customers.

This is one reason our core values of integrity, respect, performance excellence and accountability have been a fundamental part of our culture throughout our history. A rigorous code of conduct also guides our employees in helping to build a great company.
CORPORATE GOVERNANCE
Verizon has dedicated substantial resources to develop, implement and maintain a strong corporate compliance program. Our program enables us to prevent, detect, and remediate violations of law, both domestically and internationally. The program recognizes the general oversight role of the board and assigns specific responsibilities to our executives and employees. Key elements of the program include:

Independent board members. Strong corporate leadership by a diverse and independent board of directors is critical to serving the best interests of all of Verizon’s stakeholders. Our board is composed of 13 members—the CEO, representing Verizon’s leadership team, and 12 independent members representing diverse points of view. The board is organized into four main committees:

- **Audit and Finance.** Oversees management in the performance of its responsibility to ensure the integrity of Verizon’s accounting and financial reporting systems of internal controls and compliance with all legal and regulatory requirements.
- **Human Resources.** Oversees management in the development and implementation of human resources practices and policies, including succession planning to support the company’s strategic objectives, and of competitive management compensation and benefit plans, including senior management plans.
- **Corporate Governance.** Provides oversight and guidance to the board of directors, ensuring that the membership, structure, policies and practices of the board and its committees facilitate the effective exercise of the board’s role in the governance of Verizon.
- **Public Policy.** Reviews and provides guidance to the board on selected issues of significance to Verizon, involving our charitable contribution policies; pension benefits; safety; selected social, environmental, regulatory and political matters; equal opportunity, diversity and human resources issues.

Accountability. Our senior management team is responsible for the following critical compliance responsibilities:

- Verizon’s Chief Compliance Officer is the Senior Vice President and Controller, who monitors implementation of Verizon’s compliance program domestically and internationally, chairs Verizon’s Corporate Compliance Council, and reports periodically to Verizon’s Management Audit Committee and annually to the Audit and Finance Committee of Verizon’s board of directors.
- Responsibility for oversight also rests with the Corporate Compliance Council, which is composed of representatives from various corporate functions including Legal, Internal Auditing, Security, Regulatory, International, Public Affairs and Human Resources (Ethics; Equal Employment Opportunity; and Environmental, Health and Safety), as well as Verizon Wireless and Verizon Business. The council meets monthly to review all aspects of Verizon’s business functions.
- Responsible Compliance Executives have been designated for each controlled subsidiary or business unit (including Verizon Wireless, Verizon Dominicana and Puerto Rico Telephone). These executives (Vice-Presidential level or higher) report quarterly to Verizon’s Chief Compliance Officer on compliance matters, and are responsible for implementing Verizon’s compliance program in their respective subsidiaries or business units.

Employee resources. Verizon has a strict Code of Business Conduct that describes each employee’s responsibility to conduct business with integrity and the highest ethical standards. In 2005, we revised Verizon’s Code of Business Conduct to make the code shorter, simpler and more “user friendly,” to reinforce the Verizon Commitment and Values, and to reflect Verizon’s changing legal, regulatory and operational environment, including Sarbanes-Oxley. We will issue a new code in 2006, and all employees will receive code training in 2006.

Employees can call a confidential, toll-free number to report and correct compliance violations and to seek assistance. The VZ Ethics and EEO GuideLine is available 24/7. In addition, in early 2006, Verizon introduced a new online procedure to receive anonymous submissions on ethics-related inquiries and concerns.

Our Security Department publishes a quarterly case-summary report of common security violations, including actions taken as a result of violations. The report is one of the most widely read publications in the company and serves to educate employees about Verizon’s ethical standards. We have found that providing employees with information about the discipline associated with code violations serves as an effective way to educate employees on ethical behavior.

Verizon’s corporate policy statements provide guidance on key operational, regulatory, financial, transactional and other relevant...
issues. During 2005, we revised and consolidated corporate policy statements to reflect the nature of Verizon’s changing regulatory and business environment, as well as its organizational structure and evolving operational needs. Revised policies are posted on Verizon’s intranet and employees are trained on the policies as appropriate.

Verizon also has an established Compliance Office with the primary function of ensuring that Verizon continues to meet its compliance obligations by:
• Assisting employees at all levels in understanding their obligations;
• Ensuring that compliance matters are addressed timely and effectively; and
• Verifying that appropriate internal controls are in place to detect and avoid noncompliance.

PROTECTING CUSTOMER PRIVACY

One of the ways Verizon’s values are actualized for the customer is through the work of our Chief Privacy Officer (CPO). Our CPO is responsible for implementing policies and procedures that respect and protect customers’ private information. As customer concern over such issues as identity theft and online fraud grows, Verizon wants customers to feel secure that their use of our many communications products will be just that: secure.

The Internet Age requires us to step up efforts to protect the privacy of personal information we collect from customers.

Verizon has adopted clear privacy principles:
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 already has many internal controls to protect customer data. We restrict employee access to customer information to those with a business need to know, and we monitor the reasons for that access.

Over the past year, we have strengthened the process used to verify customers’ identity before discussing their account or making changes to services. For example, we recently stopped asking existing customers for their Social Security numbers—or the last four digits of their Social Security numbers—as a means of identifying them when they call to order a new service or inquire about their accounts. Instead, we request that they give us information that is available only on their phone bills, for example, their customer codes, account codes, exact bill amounts, or the exact amounts of their most recent payments to us.

Our Cyber Intrusion Response Team investigates any attempt to breach our systems, including virus threats and attacks. Our controls include:
• Firewalls and intrusion detectors to protect our computer network against unauthorized access from outside or within the company;

VERIZON CONTINUES SPONSORSHIP OF A LECTURE SERIES ON ETHICAL BUSINESS PRACTICES

In February 2005, Verizon sponsored our seventh annual lecture series on business ethics at Bentley College in Waltham, Mass. The series is presented by Bentley’s Center for Business Ethics. It explores and analyzes how ethical conduct affects all aspects of a company’s operations. The series attracts business leaders, experts in the academic world, students and the public.

“The relentless advance of information technology is constantly changing the world for the better, enhancing especially our abilities to communicate, learn and do business,” says Mike Hoffman, executive director of Bentley’s Center for Business Ethics. “But innovation and change also present new challenges and dilemmas for businesses and consumers. Verizon’s support serves as a reminder of the important roles technology and communications can play in doing business with integrity.”
The high marks earned by our privacy efforts are due to our ongoing commitment to keep our privacy principles in line with advancements in technology. In 2005, Verizon was the only communications company named by TRUSTe, an online privacy organization, and the Ponemon Institute, an information-management think tank, as one of America’s Top 10 Most-Trusted Companies for Privacy. Verizon’s Privacy Web site was also recognized by ComputerWorld magazine as a site that offered its visitors the most protection and control over the use of their information. Finally, Verizon was ranked second out of 44 telecommunications and network companies relative to its privacy Web site in the fourth quarter 2005 Customer Respect Group rankings. Overall, Verizon tied for 24th out of the 464 companies rated.
John Chandler (standing) and Tom Donahue (sitting/foreground) are part of the team that protects the sensitive customer data carried on Verizon’s network.

- Restrictions on which employees have remote access to our computer network; and
- Security procedures that must be followed to connect remotely to our computer network.

We have also launched a new Web site that updates customers constantly on Internet and phone scams, with information on how to avoid being victimized. The site can be accessed at: http://www22.verizon.com/pages/securityalerts.

In addition, Verizon Wireless’ record of protecting customer privacy puts the company at the forefront of the U.S. wireless industry. In 2005, Verizon Wireless won permanent injunctions against several companies that engaged in illegal telemarketing to its customers, “spammed” its customers or attempted to obtain information about customers to sell to third parties using a practice known as “pre-texting.”

Verizon Wireless also remains opposed to a public wireless-phone-number directory and has pledged not to make its customers’ numbers available to any directory. The company continuously trains and updates employees, both customer- and noncustomer-facing, on security measures and the need to keep customer records private.

CORPORATE RESPONSIBILITY & WORKPLACE CULTURE COUNCIL
In 2005, we created a Corporate Responsibility and Workplace Culture Council to foster a culture that delivers sustainable shareholder and stakeholder value. The council is co-chaired by our Senior Vice President for Public Policy Development and Corporate Responsibility and our Vice President for Workplace Culture, Diversity and Compliance. It meets quarterly and includes senior managers from each of our major business segments. The council is responsible for identifying and addressing challenges associated with our corporate citizenship in key areas, including accessible-product design, broadband deployment, and supply-chain and environmental management. Ultimately, council members serve as corporate responsibility champions by helping their organizations institutionalize the Verizon values. Council leadership reports progress annually to the Public Policy Committee of the board.
“OUR PLAN IS TO PUT OUR CUSTOMERS FIRST, CONTINUE TO INVEST IN OUR WORLD-CLASS NETWORK AND DELIVER ‘BEST IN CLASS’ CUSTOMER SERVICE.”

LAWRENCE T. BABBIO, JR., Vice Chairman

All in a Day’s Work
Maintaining 99.99% network uptime is a commitment Verizon makes, and to do it, “we never stop working for you.”
AT VERIZON OUR SINGLE MOST important commitment is to put customers first. We say as much in our Verizon Commitment and Values. This is what we do and this is why we exist. Everything else—shareowner return, meaningful work for employees and benefits to society—flows from this basic commitment to our customers.

Our commitment to our customers is reflected in our focus on providing them with the speed, mobility, control and quality they demand in today’s communications marketplace. Verizon is investing more than any other communications company in America to deploy the nation’s most advanced wireless and wireline broadband networks. And, we’ve introduced innovative products and services that put the power of our networks in customers’ hands.
BUILDING BROADBAND’S FUTURE

Our extensive portfolio of broadband technologies and products puts the speed and power of broadband in the hands of an ever-increasing number of customers. With 5.1 million wireline broadband customers, a rapidly growing number of wireless broadband users, and—with our acquisition of MCI—a major Internet backbone and global IP network, we are progressing toward our goal of being the leading broadband company in the industry.

There are a number of ways we put the power of broadband to work for our customers. Our efforts are based on the notion that broadband can play an important role in the course of our customers’ everyday lives. Whether we are changing a child’s learning experience with online streaming video, helping patients give medical information to doctors, or providing the tools for rural businesses to compete on a “big-city” scale, we believe broadband is the tool that can make it all happen.

We have Digital Subscriber Line (DSL) available to just under 80 percent of our wireline customers. In urban areas this percentage increases to 91 percent. We continue to extend the reach of DSL to rural communities. From 2003 to 2005, we increased the availability of DSL-capable lines in rural areas by 8 percent on a base of 10.6 million lines. We also doubled the speed of DSL for existing customers and offered a new entry-level DSL product priced at $14.95, which has introduced thousands of new customers to the benefits of broadband. These initiatives helped make 2005 our best year so far for broadband growth.

We also are pioneers in the fast-growing market for mobile broadband. As of the end of 2005, we deployed third generation wireless broadband (EV-DO) to more than 160 million potential customers, more than half the U.S. population.

In addition, Verizon has begun to reinvent our wired networks with fiber technology that can deliver higher-speed Internet access, video and

Verizon’s broadband video service grows bigger, brighter and clearer every day, thanks to the signals from this satellite dish farm in Tampa, Fla.
DELIVERING THE BROADBAND PROMISE

Accessible TV Service
Verizon is staking its claim as a high-tech company that is committed to meeting the needs of all of its customers. This means bringing to market products that are accessible to everyone.

For example, while working with Boston public television station WGBH’s National Center for Accessible Media to make our FIOS TV service more accessible to people with disabilities, we are considering not only what we thought our customers want … but what they told us they want.

One thing that our customers who use captioning have long desired is the ability to change the size of captions—to grow them if they have problems seeing small print or to shrink them if the captions seem too intrusive. Verizon is working to assure that this, and other advanced captioning features of digital television, are fully supported in our new FIOS TV service.

Also have introduced new services over our fiber network: FIOS Internet Service and (where we have video franchise authority) FIOS TV, which is bringing competition, lower prices and unprecedented programming diversity to the video marketplace.

Today, we are deploying FIOS in more than 800 communities across 16 states. In every state where Verizon’s fiber deployment is under way, Verizon is deploying fiber to one or more communities that reflect the broad diversity of our customer base. For example:
• Lynn, Mass., where the median family income is 26 percent below the state median;
• Passaic, N.J., where the median family income is 47 percent below the state median;
• Fort Wayne, Ind., which is significantly more diverse and has lower income than the state as a whole; and
• California, where half the communities targeted for fiber deployment have lower income or are more diverse than our service territory across the state.

CONNECTION SOLUTIONS
We continue to explore innovative, cost-effective ways to bring broadband to even more customers. We have an internal working group looking for opportunities to connect underserved rural and urban communities.

Urban initiatives. In our last report, we described our partnership with the One Economy Corporation to work together to put affordable Internet access into the homes of low-income Americans. As part of this initiative in 2005, we partnered with the Mount Hope Housing Company in the Bronx (one of New York City’s first nonprofit community development organizations) to provide its residents with affordable Internet access, computers and computer training.

Under our agreement with Mount Hope, all 5,700 residents will have the opportunity to purchase low-cost Internet access and the opportunity to purchase discounted computers from our project partners. Free training programs will teach residents how to use their new computers and to navigate the Internet. Extended software and hardware training will be offered to residents who, in turn, use their skills to help other Mount Hope residents with technical problems as on-site technicians.

To provide this service, Verizon is using fixed-wireless network technology, which provides connection speeds of up to 1.5 megabits per second (Mbps) downstream and 384 kilobits per second (Kbps) upstream.

In announcing this public-private partnership, Eric Cevis, CEO of Verizon Avenue, said, “The success of the Mount Hope project underscores Verizon’s goal to expand broadband availability throughout all of the communities we serve. We look forward to working on similar projects with One Economy, housing developers and community-development corporations across Verizon’s territory.”

Rural initiatives. In rural America, Verizon Avenue has deployed fixed-wireless broadband networks to deliver high-speed Internet service in five communities with a combined population of about 42,000: Chatham, Highland and Rantoul, Ill.; Grundy, Va.; and Emmaus, Pa. Our ongoing trial of fixed-wireless technology in rural communities gives us the opportunity to work with our technology partners to find the optimal solution for delivering broadband service to remote or sparsely populated communities and explore sustainable economic models.

MEETING CUSTOMERS’ NEEDS
While technology is important, our customer service is paramount. Our slogan, “We never stop working for you,” expresses the Verizon philosophy of total accountability for satisfying customers. And with more than 50 million wireless customers, 30 million households with a wire-
line connection and thousands of large and small businesses relying on our service, that commitment is tested every minute of every day.

It all begins with the network. Both our wireless and wireline networks are designed to provide the highest degree of reliability and quality. For example, the wireline network has to be able to connect more than 1.5 billion telephone calls on the average business day with 99.99 percent reliability. The quality of our service is testimony to the nearly 87,000 employees in our Network Services Group who either work on the network as technicians or personally serve customers through our call centers.

In 2005, surveys showed that 89 percent of residential customers rated Verizon’s service as “satisfactory” or better. We constantly analyze customer satisfaction data to better understand our customers’ requirements. For instance, our research shows customers want to be kept informed during the installation and repair process. As a result, we have instituted an automated call-ahead program to remind customers about appointments. In addition, we have implemented a follow-up call program on all provisioning and repair jobs to ensure our work meets customers’ requirements.

We also operate America’s most reliable wireless network. To test the reliability of its network, Verizon Wireless deploys more than 50 “test men and women” who inspired our national “Can you hear me now?” advertising campaign. Every month they travel an average of 100,000 miles on the roads, boulevards and highways across America in specially equipped vehicles that test the Verizon Wireless network, as well as competitors’ networks.

Verizon Wireless’ focus on reliability is expressed in our worry-free guarantee, our pledge to customers that with our service they will:

• Enjoy the best, most reliable wireless network;
• Have the option to change to any qualifying calling plan or airtime promotion at any time;
• Be guaranteed satisfaction on any product purchased; and
• Have the option to upgrade their wireless phone for free every two years.

Verizon and Verizon Wireless have been widely recognized for service excellence by a number of respected institutions. In 2005 we were named:

VERIZON BUSINESS: High Tech With A Human Touch

Verizon Business, formed by the combination of Verizon’s Enterprise Solutions Group and MCI, is the new provider of Verizon’s advanced communications and information technology (IT) solutions to large businesses and governments. It officially opened for business in January 2006 in more than 75 countries around the world. It unveiled a robust line of integrated services, including new integrated wireless and wired network access offerings, and a targeted advertising campaign to introduce and establish the Verizon Business brand in the business marketplace.

Verizon Business draws on the complementary strengths of Verizon and MCI: local connections and global presence; a leading wireless network; a leading Internet backbone; and a full range of local, long-distance and Internet-protocol services. And it unites them under the Verizon brand and values system.

Meg Brandt

“Before my daughter, Natalie, was diagnosed with congenital heart disease, I’d never heard of a child having such a disease. Then I discovered the Internet home page for http://www.littlehearts.net.

The site offers services and resources like Parent Matching, where you can find families who have the same diagnosis so you can talk to them online. Meeting all these other families and finding out it was the most common birth defect in children was so comforting. They have 600 families now. The one good thing about reading this online is that there are success stories. If we didn’t have Internet access, a lot of things would be different.”
"I use broadband to be in touch with my folks in India. My parents and my husband’s parents are online every day. We have e-mails going back and forth, blogs and photographs. With live video streaming, they don’t miss out on our birthdays. Broadband is a huge benefit and with higher speeds we are able to chat more often. With new technology, more and more options are available, the quality is better, and it’s obviously cheaper. Online is just so simple.”

SERVING DIVERSE COMMUNITIES
Our customer base reflects the demographic and cultural richness of America. We are constantly challenged to find innovative ways to address the diverse needs of our customers, and to use the extraordinary potential of our technology to extend the benefits of communications to all our customers.

Customers with disabilities. Our goal is to ensure that our products and services are fully accessible to customers with disabilities. We continually collaborate with disability-community leaders on policy issues and, when needed, provide special assistance to customers with disabilities.

We are committed to the goal of attaining universal accessibility, including access to our Web sites, handsets and video offerings.

Verizon uses universal design principles throughout the planning and development of new products and services to ensure accessibility. We also work with our partners and suppliers to adopt these principles. Our universal design principles are:

- To provide quality services that can reasonably accommodate a broad range of diverse users, including youths, individuals with disabilities and seniors;
- No. 1 in the J.D. Power and Associates list for broadband business services;
- No. 2 in the J.D. Power and Associates list for broadband residential services, 10 points above the industry average;
- No. 1 in the J.D. Power and Associates ranking of call quality among wireless users in five out of six regions—more than any other provider;
- No. 1 in wireless customer satisfaction and No. 2 for wireline service in the American Customer Satisfaction Index issued by the University of Michigan; and,
- No. 1 in the Yankee Group broadband survey for medium-size and small business DSL satisfaction.
- To review existing services to determine which can be made more accessible; and
- To market and provision services in a manner consistent with universal design principles.

Verizon operates a cross-functional team with members from the Verizon Centers for Customers with Disabilities, Verizon Labs, our Retail Markets Group and others. The team assists our lines of business during product planning so that disability considerations are included in the design and development of every product. In addition, the team works with our Strategic Alliances Group to coordinate outreach efforts to the disability community.

For example, Verizon Wireless is addressing the concerns of customers with disabilities by adding to its product inventory phones that can be used with digital hearing aids. Its customer service centers now handle TTY (teletypewriter) calls from customers, instead of depending on a telephone-relay operator to assist customers in communicating with us.

We also work side-by-side with the disability community to ensure that America’s laws and regulations support accessibility. Verizon’s resource group for employees with disabilities, Disabilities Issues Awareness Leaders (D.I.A.L.), has been active in this area. Verizon actively supports events and projects conducted by some of the nation’s leading disability-rights organizations. In 2005 for example, we were the lead corporate sponsor for the American Association for People with Disabilities Mentoring Day, and we worked with the American Foundation for the Blind to promote Braille literacy.

Speaking to customers in their native language. Today, more than 1,000 multilingual employees staff 13 Verizon customer multicultural sales and solution centers in various parts of the country.

Expanding on the success of this multicultural approach to customers, we recently created a special center...
for Hispanic-owned businesses, enabling customers who prefer to communicate with us in Spanish to receive product and service support. We also recently expanded our West Coast Language Assistance Center in Santa Monica, Calif., to serve Vietnamese, Korean and Chinese business customers in their native languages. The center currently serves 123,000 Asian residential customers.

In addition to our existing bilingual online presence for many of our products and services, Verizon Wireless now provides Spanish-speaking customers a wide array of resources to meet their needs and interests. The resources include Spanish-language directory assistance (411) and Spanish-language voice mail throughout many parts of the country. Spanish-speaking customer service representatives can be reached by dialing 1-800-256-4646.

Verizon Wireless offers a Spanish-language Web site: http://www.verizonwireless.com/espanol and bilingual staff in many of its more than 1,200 Verizon Wireless Communications stores. There is also a Spanish-language version of Verizon Wireless’ online account-management tool. Through Mi Cuenta, Spanish-speaking customers can view and pay their bills online, review payment activity and check their account balance and minutes used.

**PROTECTING AND PROMOTING CYBER-CITIZENSHIP**

Whether it’s the nuisance of “spam” e-mails, the destructiveness of spyware worms and viruses, or the fear of becoming another victim of a computer crime, challenges of this kind are troubling to us all. At Verizon Wireless, we’re working hard to keep our customers informed about these threats and to provide the tools of technology that can help keep them safe.

Rev. Keith Goodman

“I pastor a church in the Southeastern Pennsylvania area. When I was recently in St. Louis, Missouri, someone there commented to me that they listened to my sermons online. That’s because the sermons that I preach are captured on audio and transferred into a digital format so that friends and other interested persons around the country are able to download or stream my messages from the World Wide Web.”
Wireless Access to Medical Records


The platform connects mobile devices with hospital information systems, offering physicians secure access to patient information when they are away from the hospital.

*PatientKeeper Platform™ is property of PatientKeeper, Inc.*

of scams or predatory online behavior, Americans are increasingly concerned about issues involving “cybersecurity.”

Customers look to us to help them enjoy a safe experience on the Internet while, at the same time, having the full benefit of all the new experiences that broadband technology can deliver.

Verizon is concerned about security issues too, and is working to promote good cyber-citizenship.

“Spam” accounts for 80 percent of the e-mail that comes through our servers. Our Internet-access service, Verizon Online, blocks delivery of more than 7 million spam messages per month. We also detect and block up to 1 million e-mails per month that are infected with some form of computer virus.

To help provide a safe Internet environment for our customers, Verizon has established a Security Alert page on our Web site, http://www.verizononline.net. It provides information about virus-protection software, password protection, spam filters and how to back up important data. The site also helps customers find information on the latest Internet and phone scams involving calling-card or credit-card numbers, third-number billing, identity theft and modem highjacking. We also provide information on phone and online identity theft scams.

Verizon was one of the founders of GetNetWise.org, a campaign and Web site designed to give Internet users an easy, online resource for additional information on Internet security. The Web site provides tools in four areas:

- Keeping children safe online;
- Stopping spam;
- Protecting computers from hackers and viruses; and
- Keeping personal information private.

Today children receive voice, data, video, games, cartoons, chat, and music on a wide range of networked devices. Verizon is working with the Internet Content Rating Association (ICRA) to deliver an education campaign to raise the level of awareness about content threats in our converged world. Verizon and ICRA are working cooperatively to answer parents’ questions and point them to the tools they can employ to help protect their children from harmful content.

Finally, Verizon and i-SAFE America, Inc., are collaborating on a multi-year initiative to create a powerful set of cyber-citizenship tools that educate K-12 students about responsible access to entertainment, information and online communication tools. Online theft and illegal distribution of intellectual property (music, movies, TV shows and games) as well as inappropriate uses of instant-messaging have become more prevalent. It is important that our young people have respect for other people’s innovations and property, and understand the safety issues related to online chatting and socializing.
"OUR EMPLOYEES WILL HELP DIFFERENTIATE US IN THE MARKETPLACE BY DELIVERING THE BEST COMMUNICATIONS SERVICES AND CUSTOMER EXPERIENCES."

MARC REED, Executive Vice President—Human Resources

High Hopes for New York City

When urban neighborhoods get the services they need, Verizon helps bridge opportunity gaps and brings the city closer.
PERFORMANCE EXCELLENCE IS WHAT distinguishes leaders from the rest of the pack. Just as Verizon’s networks set the standard in the marketplace for broadband and wireless technologies, our employees must set the standard for innovation and customer service. As we evolve into a global service provider, we continue to attract and retain employees with the experience, cultural backgrounds, skills and abilities that will enable us to meet the diverse needs of our customers and communities.

We are committed to a corporate culture that respects people and provides challenging and rewarding work that gives employees the opportunity to grow and develop, while contributing to the innovative world of communications and the growth of the communities where they live and work.
TOTAL REWARDS
Verizon’s human resources policies and practices foster a culture that rewards performance excellence, maintains our competitiveness and provides exciting career opportunities. Our total rewards package, including salary and benefits, is among the best in corporate America. We provide a full range of work/life programs to help employees manage their work and personal lives, and we have a variety of programs to ensure we tap the talent of our diverse employee base.

Because of the value we place on innovation, we invest millions of dollars in job training and career enhancement programs that keep our employees ahead of the curve in their respective lines of work. We have a number of ways of recognizing extraordinary efforts by individuals and teams for their work serving customers and the community. Verizon’s service-oriented culture is building an environment that encourages our employees to focus on customers and give back to their communities.

Verizon has designed our compensation program to provide incentives for high performance and reward our employees for contributing to the business and reaching their personal goals.

Compensation consists of base pay and short-term incentives:

• Base pay. Base pay levels are set to compete with the external market so we can attract and retain employees.

• Short-term incentives. Verizon offers incentive pay for all employees, including associates. For managers, incentives are tied to individual and company performance, which gives employees a stake in our results and rewards superior performance. For associates, incentives are tied to team and company performance.

We also offer competitive employee benefit plans, ranging from comprehensive health care to a wide range of work/life programs.

PENSIONS AND RETIREE HEALTH-CARE BENEFITS
In addition to providing comprehensive benefits for active employees, Verizon also has historically provided pension and health-care benefits to our approximately 200,000 retirees. Over the past decade, the employment marketplace has changed dramatically: it is more competitive, with newer companies offering their employees different remuneration packages from traditional pay and benefits packages.

In early December 2005, Verizon announced changes to the retirement benefits offered to management employees. This began the process of aligning the value of our benefit programs for management employees across the company. In making these changes, we compared the value of our plans and the planned changes to those plans offered by other companies, particularly our competitors in the broadband and wireless markets.

Effective July 1, 2006, 50,000 management employees will no longer earn pension credits or service toward the company’s subsidy of retiree medical benefits. It is important to note that employees will keep any pension benefits they have already earned.

In place of the traditional pension plan, Verizon is enhancing the existing 401(k) plan, which will provide employees with a retirement plan more in line with current trends. Today if employees contribute 6 percent of their pay, the company contributes another 5 percent. Under changes that will take effect on July 1, 2006, the company will match employee contributions to a maximum of 9 percent. The first 6 percent match in the 401(k) plan is a direct dollar-for-dollar match, and the additional 3 percent match will be linked to company performance.

The enhanced 401(k) provides an incentive for our employees to share in the future success of Verizon. In addition, our employees have greater accountability in managing their own finances and portability of their retirement savings through personal savings accounts.

These changes affect approximately 37 percent of active management employees. (Employees in Verizon Wireless and Verizon Business do not currently participate in the pension and retiree health-care plans.) These changes do not affect union-represented employees or retirees.

These changes were not easy to make. But they reflect the realities of our changing world, give us a more affordable benefit cost structure, allow employees to manage retirement planning, and, going forward, will enhance our competitive position.

FOCUS ON HEALTH CARE
Verizon recognizes that good health-care coverage contributes to healthier people and more productive employees. We offer a variety of high-quality health-care options, which cover more than 800,000 people—employees, retirees and family members.

Health-care costs continue to increase at a national rate of over 10 percent a year. Verizon has seen more than a 30 percent cumulative increase in health-care costs over the last four years. In 2005 alone, we spent $3.2 billion for medical and prescription drug costs.

Verizon is also involved in a wide range of national efforts to improve health-care quality, safety and care. Following are a few examples:

• Chairman and CEO Ivan Seidenberg was the only executive from a large corporation to partici-
Denise Hill, Arlington, Va., helps Verizon to be a great company by resolving billing issues that keep customers from being connected.

part on the Commission on Systemic Interoperability, which is focused on developing a national system of electronic medical records to reduce medical errors and increase quality of care. The commission’s recommendations were published in October 2005 (http://www.endingtheparticipationgame.gov).

- Chief Information Officer Shaygan Kheradpir has been appointed to one of four subgroups of The American Health Information Community, the successor to the Commission on Systemic Interoperability. The work group is charged with recommending secure technology solutions for remote monitoring and assessment of patients and for communication between clinicians about patients.

- Verizon is a founding member of Bridges to Excellence, a coalition of large employers and health plans that recognize and reward physicians who provide high-quality health care or adopt systems that promote quality. Bridges to Excellence offers doctors an annual bonus payment for effective treatment of diabetes and heart disease and for adopting information technology systems to help manage and improve patient care.

- Verizon is also a founding member of the Leapfrog Group, a coalition of more than 150 public and private organizations that provide health-care benefits.

SAFETY AND HEALTH

Safety has always been a critical component of Verizon’s values system. Our Safety Management Team recognizes that this commitment goes well beyond compliance to include a much more fundamental responsibility: to prepare all employees to accept responsibility for working safely at all times.

Our safety managers regularly interact with our operations teams to address safety challenges. At the field level, safety managers provide hands-on training, coaching and technical expertise. At the executive level, safety managers provide guidance on current regulations, evaluate pending legislation, work to evaluate results and implement corrective action.

More broadly, we are committed to ensuring that all employees—from the front line to senior management—accept responsibility for their safety and that of their coworkers. The vision statement of our safety organization expresses this philosophy of personal accountability:

**Creed**

*The demands of the service or urgency of the job are never so great that we cannot take the time to perform our work safely.*

PREPARING FOR THE FUTURE

SAFETY STATISTICS

The chart below depicts safety results for Verizon’s Telecom and Wireless employees over the past three years. It demonstrates year-over-year improvement in our safety results.

(The Occupational Safety and Health Administration (OSHA) Total Recordable Rate reflects the number of injuries/illnesses experienced per 100 employees. The Total Lost Work Day (LWD) rate reflects the number of injury/illness cases per 100 employees that result in time off the job.)

We have also been successful in reducing the number of OSHA citations received and those upheld.

OSHA CITATIONS (TELECOM AND WIRELESS)

<table>
<thead>
<tr>
<th>YEAR</th>
<th>Citations Received</th>
<th>Citations Upheld</th>
<th>Citations Reduced</th>
<th>Citations Rescinded</th>
<th>Citations Pending</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>22</td>
<td>5</td>
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<td>12</td>
<td>1</td>
<td>4</td>
<td>4</td>
<td>3</td>
</tr>
</tbody>
</table>

**Citations Upheld:** The citation as originally issued by OSHA was finalized/closed and not changed with regards to the category or amount of the fine.

**Citations Reduced:** The citation issued by OSHA was finalized/closed with a reduction in category or amount of the fine.

**Citations Rescinded:** The citation issued by OSHA was refuted successfully.

**Citations Pending:** Waiting for a response from OSHA to Verizon’s response to the citation.
EMPLOYEE PROFILE AS OF 12/31/05 (ETHNIC DIVERSITY)

While our diversity numbers compare favorably to the overall labor force in the United States, we continue to look at all of our markets to ensure that our diversity profile allows us to meet our customer-first commitment and compete effectively.

<table>
<thead>
<tr>
<th></th>
<th>Management</th>
<th>Non-Management*</th>
<th>Total</th>
<th>Profile as of 12/31/04</th>
<th>Profile of Total U.S. Labor force</th>
</tr>
</thead>
<tbody>
<tr>
<td>American Indian / Alaskan Native</td>
<td>284</td>
<td>0.5%</td>
<td>688</td>
<td>0.5%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Asian</td>
<td>6,113</td>
<td>10.3%</td>
<td>4,174</td>
<td>2.8%</td>
<td>4,9%</td>
</tr>
<tr>
<td>Black</td>
<td>8,196</td>
<td>13.8%</td>
<td>34,172</td>
<td>22.8%</td>
<td>42,368</td>
</tr>
<tr>
<td>Hispanic</td>
<td>3,921</td>
<td>6.6%</td>
<td>13,110</td>
<td>8.7%</td>
<td>17,031</td>
</tr>
<tr>
<td>White</td>
<td>40,799</td>
<td>68.8%</td>
<td>98,053</td>
<td>65.3%</td>
<td>138,852</td>
</tr>
<tr>
<td>Total</td>
<td>59,313</td>
<td>150,197</td>
<td>209,510</td>
<td>66.3%</td>
<td>73.6%</td>
</tr>
</tbody>
</table>

EMPLOYEE PROFILE AS OF 12/31/05 (BY GENDER)

<table>
<thead>
<tr>
<th></th>
<th>Management</th>
<th>Non-Management*</th>
<th>Total</th>
<th>Profile as of 12/31/04</th>
<th>Profile of Total U.S. Labor force</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>24,352</td>
<td>41.1%</td>
<td>66,307</td>
<td>44.1%</td>
<td>90,659</td>
</tr>
<tr>
<td>Male</td>
<td>34,961</td>
<td>58.9%</td>
<td>83,890</td>
<td>55.9%</td>
<td>118,851</td>
</tr>
<tr>
<td>Total</td>
<td>59,313</td>
<td>150,197</td>
<td>209,510</td>
<td>56.7%</td>
<td>57.8%</td>
</tr>
</tbody>
</table>

*Associate figures include both union and nonunion represented employees. (Does not include former MCI employees)

To ensure our competitiveness in a technology-intensive industry, we work continually to equip our employees with the knowledge and skills they need to make use of sophisticated communications and IT technologies. We have a significant portfolio of training, education and development programs to address these requirements, including more than 3,000 job-specific, in-class or online training courses. We also offer a wide range of programs that allow employees to take advantage of courses delivered externally by accredited colleges and universities.

In 2005, Verizon delivered more than 5 million hours of in-house training, an increase from 3.8 million in 2004. The majority of training was in support of our fiber network deployment. Both wireline and wireless training programs were recognized in 2005 as one of Training magazine’s “100 Best Companies” that excel at human-capital development.

COMPETING THROUGH DIVERSITY

Verizon operates in an increasingly diverse marketplace. As a result, diversity is an integral part of our business strategy in all lines of business and functions—from workforce development and supplier relationships, to economic development, marketing and philanthropy.

We have made significant progress over the years in building a workforce that relates to our customers, speaks their languages and reflects their tastes and preferences. Today minorities represent:

- 33% of our overall employee base;
- 31% of our management team; and
- 15% of our executive team.

Verizon has several initiatives to support our diversity strategy: Diversity Performance Incentive. Tracks workforce composition, as well as hires and promotions, in each business unit and holds leaders accountable through a tie-in to incentive pay.

Strategic Development of High Potential Talent. Verizon identifies and develops a diverse pool of high-potential leadership candidates through...
career management, leadership
development and talent retention.
Professional Organizations/Colleges
and Universities. We strategically
partner with professional organiza-
tions, colleges/universities and others
to expand our outreach and to ensure
we are attracting a diverse workforce.
To attract diverse applicants to the
company, Verizon has developed
relationships with Historically Black
Colleges and Universities (HBCUs)
and Hispanic Serving Institutions
(HSIs), and works with diverse college
and professional groups such as the
National Society of Black Engineers
(NSBE), the Society of Hispanic
Professional Engineers (SHPE), and
others. The company also uses intern-
ship opportunities to target potential
employees with diverse backgrounds.
Diversity Councils. Lines of business
have diversity councils to help build an
inclusive culture to meet unique busi-
ness objectives.
Mentoring. Mentoring is an impor-
tant part of the employee develop-
ment strategy. Formal and informal
voluntary mentoring programs allow
experienced managers to work with
employees looking for their next
developmental opportunity.
Employee Resource Groups. Verizon
has 10 employee resource groups
which are employee initiated and
company supported. With nearly
12,000 members, these groups provide
a forum for networking, mentoring,
professional development and training,
as well as opportunities for community
service and involvement. Each group is
supported by a senior executive.

EMPOWERING EMPLOYEES
WITH DISABILITIES
The term “disability” covers a wide
range of physical challenges, from
hearing and visual impairments to
quadriplegia and temporary condi-
tions caused by accidents or ill-
ness. Verizon is committed to
making full use of the talents of
our employees with disabilities.

In CAREERS & the disABLED magazine’s 2005 annual survey, read-
ers called Verizon “one of the top
private-sector employers for whom
they would most like to work or believe

“It’s my legs, not my brains.” That’s Cheryl Mongell’s view of the
multiple sclerosis (MS) that forces her to rely on crutches and will someday
confine her to a wheelchair.

“I have chosen not to have MS define me,” said Mongell, vice presi-
dent—region operations, New England. With the challenges posed
by a disabling disease, she said, “Attitude is everything.”

That goes a long way in explaining why Mongell was among 10 people with
disabilities nationwide who were selected as Employee of the Year by
CAREERS & the disABLED Magazine.

In choosing Mongell as a role model, the magazine cited her personal and pro-
fessional achievements, as well as the positive impact she has had on others.
Mongell, who has over 25 years of service, now oversees nearly 5,000
employees and manages operations and service delivery to more than
6 million of our residential and business customers in New England.

“When the opportunity for my current job became available, I asked my boss
if the company was okay with having someone in a senior management
position who someday would be permanently bound to a wheelchair. That
I’m here tells you the answer, and it says a lot about Verizon,” Mongell said.

Her interest today is in working with the Easter Seals to promote the
use of technology by people with disabilities to provide them with
more independence.

“That meshes perfectly with Verizon’s broadband vision,”
Mongell said. “People with disabilities need technology to help them.
So for me, there’s a strong business connection, as well as a per-
sonal interest. I want to see how we can bring the two together.”

Cheryl
Mongell, Vice
President—Region
Operations,
New England,
talks with Splice
Service Technician
Tim Zamboni
at a garage in
Somerville, Mass.,
during one of her
frequent visits
with employees
throughout New
England.
is progressive in hiring people with disabilities.”

The magazine cited several examples of Verizon’s commitment to employees with disabilities, including:

- Working with the U.S. Department of Labor to determine how to increase the number of people with disabilities in the workforce.
- Establishing a Workforce Intervention team, which helps employees with disabilities get the resources and accommodations they need to do their jobs. Examples include: helping an employee with vision impairment to get special software that can magnify text on a computer, or installing a ramp or automatic door for someone who uses a wheelchair.
- Sponsoring the employee resource group, D.I.A.L. This group promotes personal and professional growth for employees with common abilities and interests, while also educating others about issues and concerns of people with disabilities.

**EMPLOYEE OPINION SURVEYS**

Our annual employee opinion surveys show that employees feel positive about Verizon and understand how their work supports Verizon’s business direction and strategies.

Employee participation in the 2005 survey was at an all-time high. Nearly 79,000 wireline employees (61 percent) responded to the VZ Viewpoints survey. Over 28,000 wireless employees (57 percent) responded to the wireless employee opinion survey. Both survey response rates were higher than ever, with a combined response rate of 59 percent.*

Both the wireline and wireless surveys focused on business strategies, our customer-first commitment and our values.

Key results included:

- **Competitive Advantage.** 84 percent of employees said our products and services provide a competitive advantage in a demanding marketplace.
- **Business Direction.** 80 percent said they clearly understand how their work supports Verizon’s business direction and strategy.
- **Commitment and Values.** 77 percent said our values contribute directly to the success of the business.
- **Diversity.** 82 percent said Verizon is a company that fosters diversity and inclusion in the workplace.

The survey results also showed opportunities for improvement. The business units use their individual survey results to identify and address opportunities for improvement in the workplace environment. For example:

- Verizon Partner Solutions, formerly Wholesale Markets, implemented the “Tell Your Story” Web site initiative to promote employee engagement, inclusion and recognition. Employees use the forum as an opportunity to share their enthusiasm and sense of accomplishment. Consequently, the work environment survey ratings improved by 5 percent in 2005.
- Responding to 2004 survey results, Information Technology (IT) deployed the workshop “Managing Inclusion and Leveraging Multicultural Differences” to promote employee culture, diversity, inclusion, collaboration and teamwork, and an improved work environment. 2005 survey results improved by 4 percent compared with the previous year.
- The Retail Markets Group implemented the “ride along” program to improve inclusion, collaboration and teamwork. The survey results for 2005 improved by 5 percent compared with the previous year.

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**COMPASS POINTS**

**Performance Excellence**

Verizon is all about employees like Martha Mejia-Prosper. The smile in Representative Martha Mejia-Prosper’s voice is part of the reason customers call to say how much they appreciate the service she gives.

Customers say Martha Mejia-Prosper’s doing a great job. In fact, in 2004 they said so 701 times. That’s how many times customers called to say what wonderful service they received from Mejia-Prosper, a representative in our Multilingual Sales and Solutions Center (MSSC) in the Bronx, N.Y.

Mejia-Prosper, who serves Spanish-speaking customers in New England, said when she talks with customers, she has one goal in mind. “I want to treat them so good they never want to leave,” Mejia-Prosper said. “Something I enjoy is when I have a very upset customer and I am able to resolve the issue.” Mejia-Prosper said. “Maybe they’ve called many times, inquiring about the same situation, which is the reason for their frustration. At that point, I understand that they need someone who is willing to listen and help them, and I love to be that person. After I have given them a resolution, they usually apologize if they yelled at me. It’s all in how they’re treated.”

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* Verizon and Verizon Wireless are separate employers. Opinion survey results are being combined here for comparison purposes only.
DIVERSITY RECOGNITION FOR VERIZON

We have been recognized by a number of organizations for our diversity achievements. Some of the highlights:

- BLACK ENTERPRISE magazine named Verizon one of the 30 Best Companies for Diversity. The publication noted Verizon’s commitment to diversity among senior management, board of directors and suppliers.

- CAREERS & the disABLED magazine named Verizon the Private-Sector Employer of the Year for our commitment to recruiting, hiring and advancing people with disabilities.

- ComputerWorld magazine, citing our diversity initiatives as one factor, named Verizon Wireless one of the best places to work for IT Professionals.

- Employee Assistance Society of North America presented Verizon with a Corporate Award of Excellence for our innovative employee assistance program, VZ-LIFE (Life Initiatives for Employees). Verizon received the award for offering comprehensive work-life solutions to our diverse workforce.

- ESSENCE magazine placed Verizon second for African-American women on its list of 35 Great Places to Work.

- DiversityBusiness.com honored Verizon with its “America’s Top Organizations for Multicultural Opportunities” award in March 2005, and named Verizon Wireless to its list of Top 50 buyers of diversity products and services.

- DiversityInc magazine again named Verizon as one of the best companies for diversity (No. 9 on the 2005 List of 50 Best Companies). Verizon was also named to the magazine’s 2005 list of top companies for supplier diversity.

- Hispanic magazine named Verizon to its Corporate 100 list for providing opportunities for Hispanics; as having one of the Top 25 Diversity Recruitment Programs; and as having one of the Top 25 Supplier Diversity Programs.

- Hispanic Association on Corporate Responsibility (HACR) ranked Verizon second on the HACR Corporate Index. The Index grades the Fortune 100 companies on their commitment to the Hispanic community.

- Hispanic Business magazine named Verizon as one of the top five companies in its list of the 25 Best Companies For Hispanics to work for.

- Latin Business magazine named Verizon to its Corporate Diversity Honor Roll.

- LATINA Style magazine named Verizon to its special Top 13 list of the 50 Top Companies for Hispanic Women.

- Scientific American magazine named Verizon to its first list of the 55 top companies making a difference in the way people with disabilities live and work.


- Working Mother magazine, for the fifth year in a row, named Verizon Wireless one of the 100 Best places to work for working mothers.

RECOGNIZING EXCELLENCE

Verizon fosters a culture of recognition because we know that people who feel appreciated and valued will continue to strive to give customers excellent performance. The Verizon Excellence Awards (VEA), our highest employee recognition program, recognizes employees who provide excellent service and great communications experiences, drive improvements in our business performance, and transform Verizon into the leader in communications technology, products and services.

Of the approximately 27,000 employees nominated by their peers for VEA recognition during the 2004/2005 cycle, about 3,900 employees were selected as winners. This is less than 3 percent of the overall employee population, making recipients a unique group of leading performers.

VERIZON HEROES AWARD

James Mays, a facilities technician in Bellmawr, N.J., helped to rescue three people who were overcome by carbon monoxide.

He was working in a neighborhood when he noticed a woman in a nearby doorway had not moved for quite a while. He went over to her and found she was disoriented. As a result of coming to her aid, he found two more women inside the house in need of assistance. He helped get the women outside and called 911. Two of the women were taken to a hospital and treated for carbon monoxide poisoning. All survived.
“OUR EFFORTS WILL EMPOWER CONSUMERS, TRANSFORM COMMUNITIES, AND ENCOURAGE INNOVATION AND ECONOMIC GROWTH ACROSS AMERICA FOR YEARS TO COME.”

ROBERT E. INGALLS, JR., Executive Vice President and Chief Marketing Officer

New Connections
Rosemary and Jeffrey Rodriguez use Verizon’s broadband service for school, for fun and to expand their world beyond their Bronx, N.Y., home.
TECHNOLOGY IS THE LIFEBLOOD of the 21st century economy. Today’s customers demand networks, applications and products that put speed, mobility and control in their hands. More broadly, local economies increasingly compete for jobs and capital in a global market, which makes access to advanced communications networks all the more crucial.

Verizon’s investment in the networks of the future is making our company more competitive and our customers more productive. It is also making the communities we serve more competitive by empowering citizens with the tools to compete, innovate, grow and meet the challenges of tomorrow.
New communications technologies have the potential to further transform and strengthen our social fabric. Through telemedicine and electronic health-care records we can help reduce the costs of health care. Through distance learning, we can improve and enhance education and extend its reach to more people. Through expanded broadband access, we can connect underserved communities to the global economy and provide new opportunities for people with disabilities. And through our continued focus on innovation and investment, we can create jobs in the knowledge economy that will give our communities a firm foothold on the future.

Verizon is committed to being America’s leading broadband company. No company has committed more resources to deploy broadband networks and services than Verizon. We address the broadband market with a variety of technologies, and we provide a range of products with features, speeds and prices to suit virtually every segment of the broadband market (See Building Broadband’s Future, page 16).

**STIMULATING LOCAL ECONOMIES**

Since beginning our deployment of FTTP in late 2004, Verizon has added more than 8,100 new jobs related to construction and installation of this new technology. The new jobs we create through our investment in fiber have a far-reaching ripple effect on local economies across America:

- The 2,400 new jobs we created in 2004 equaled more than $112 million in direct wages and salaries (excluding benefits).
- The spillover, or indirect effect, was even bigger. When you include increased demand for household goods, services, automobiles and other consumer durables, our 2004 job creation added $338 million of increased economic activity.
- For 2005, the total of direct and indirect economic effects of the 5,700 new jobs is approximately $800 million.
- According to leading economists, every new fiber-related job we create leads to another four jobs being created in the economy; thus, our fiber initiative in 2005 accounted for an estimated 23,000 new jobs.

Here’s how that “multiplier effect” plays out in one local economy: Providence, R.I.

Verizon opened a Fiber Solutions Center in Providence in early 2005. The center employed approximately 150 people in 2005 and will add up to 200 more people over the next two to three years. These jobs will add approximately $7 million to $16 million in wages and to the local economy. Adding in the 4-to-1 multiplier effect, the total impact could be a nearly $50 million increase in economic activity in Providence and nearby areas over the next two to three years.

Our wireless business has also been a significant engine for job growth in the communities we serve. In 2005, Verizon Wireless opened its first bilingual Telesales Center in the Midwest, located in Chicago.

The addition of the bilingual Telesales Center is part of Verizon Wireless’ continued effort to meet the needs of its Spanish-speaking customers and to support the Hispanic community through economic investment and new job opportunities. A toll-free bilingual telesales number (800-505-8102) routes calls directly to a bilingual representative at the new Telesales Center.

During 2005, Verizon Wireless also created more than 500 new jobs in the New York Metro area to help the company meet the growing demand for its wireless voice and data products and services. Recruiting for several hundred of those positions happened at a job fair held with the Bronx Borough President’s office and the Bronx Overall Economic Development Corporation.

**STIMULATING SUPPLIER GROWTH**

Verizon’s broadband investment is also a catalyst for innovation and economic activity among the many suppliers who provide us with telecommunications equipment and services.

We have worked closely with a number of suppliers to develop the hardware and software to deploy our

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**BRINGING BROADBAND BEYOND THE CITY**

An innovative alliance between Verizon Avenue, Alvarion and Virginia Mountain Micro built a wireless, high-speed Internet-access network that allows qualifying homes and businesses in Grundy, Va., to connect to the Internet at speeds up to 1.5 megabits per second. The pilot project also presents new opportunities for e-commerce, distance learning, telemedicine, telework and other benefits of living in a broadband community.

Verizon Avenue delivered broadband Internet access to Grundy from several wireless base stations downtown. Verizon also offered its Verizon Online high-speed digital subscriber line (DSL) services over existing telephone lines. The goal is to deploy and market the wireless and DSL broadband services in a coordinated manner to maximize coverage to Grundy and surrounding areas.

Alvarion provided wireless equipment and training for the project as a demonstration of the company’s continued support and commitment to this market. Virginia Mountain Micro, a local company, provided installation and maintenance services.

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**DEVELOPING THE BROADBAND PROMISE**

**John Harlow, The Freedom Calls Foundation**

“At the Freedom Calls Foundation, we use broadband to keep families in touch with loved ones deployed to the war zone 24 hours a day free of charge. We are changing a centuries-old paradigm of family communication during wartime by enabling our military personnel to attend and participate in milestone family events like births, weddings, First Communions and parent teacher conferences via video conference.

Thousands of soldiers and marines utilize our services every day to be closer to their families while fighting a war nine thousand miles away. We have enabled our soldiers and marines to keep their commitments to their families while keeping their commitment to their country.

Family is important—particularly in wartime.”
IMPACT OF VERIZON ON U.S. ECONOMY

- Nearly $13 billion in salaries and wages
  - Represents nearly 1.5% of U.S. wages in trade, transportation and utility industry
- Over $15 billion in capital expenditures (network, equipment, infrastructure)
  - Comprises over 3% of U.S. capital expenditures in information processing equipment and software
  - Accounts for over 5% of U.S. business investment in computer and peripheral equipment and software
- $8 billion in federal, state and other taxes, net of refunds
  - Represents nearly 0.3% of all taxes collected in the U.S. for calendar year 2005. All taxes in the U.S. include all personal and corporate income taxes, sales and property taxes and taxes paid for social insurance programs (e.g. Social Security and unemployment insurance)
- $4.4 billion in dividends
  - Represents nearly 1% of U.S. personal dividend income
- $2.1 billion in net interest payments
  - Represents nearly 0.5% of U.S. net interest and miscellaneous payments by domestic industries
- $4.7 billion in retiree benefits (includes pension, health-care and life insurance benefits)

(IN BILLIONS OF DOLLARS)

* Taxes paid in 2005 were higher than 2004 primarily due to a higher effective income tax rate in 2005 (30.3%) versus 2004 (28.2%). The effective tax rate was higher due to taxes on overseas earnings repatriated during the year under the provisions of the American Jobs Creation Act of 2004, lower foreign-related tax benefits and lower favorable deferred tax reconciliation adjustments.
faster network. Telabs and Motorola provide the optical electronics for the project. Motorola also helped build the video capability of the network, providing head-end technology and digital set-tops. ADC, Corning Cable Systems, Fiber Optic Network Solutions, Pirelli Communications Cables and Systems North America, Preformed Line Products, Sumitomo Electric Lightwave and Tyco Electronics provided the fiber-optic cabling and other outside plant equipment. DYINIS helped provide engineering and network installation services, and MasTec is one of our largest providers of outside plant construction services. Yahoo! provided a fully integrated web portal to Verizon Online’s FiOS and DSL subscribers.

PROMOTING SUPPLIER DIVERSITY
Building a strong base of diverse suppliers is critical to our mission. Strong supplier relationships contribute to customer loyalty, stimulate economic development and tap into the innovation and entrepreneurship we need to win in the marketplace. We also have a number of programs to ensure that these procurement opportunities extend to a diverse group of suppliers.

Verizon’s Supplier Diversity organization works to create mutually beneficial relationships and to provide procurement opportunities for businesses owned and controlled by Minority, Women, Disabled, Vietnam-Era and Service-Disabled Veterans (MWDVBEs). Our goal is to increase spending with MWDVBEs year over year.

To bring that commitment to life, Verizon is a founding member of the Billion Dollar Roundtable, a coalition of 12 U.S. companies that spend at least $1 billion each year with MWDVBEs. Verizon purchased more than $2.1 billion in goods and services from these suppliers in 2005, a $392 million increase compared with 2004.

In 2006, we restructured our sourcing operations into a single strategic sourcing organization, which will be responsible for purchasing on behalf of our three strategic business units: Verizon Business, Verizon Wireless and Verizon Telecom. In addition to maximizing our purchasing power, this new organization will work to maintain and strengthen our supplier diversity program.

SUPPLIER DIVERSITY AWARDS
- George Dowell, vice president—supply chain services, received a special Chairman’s Award from the U.S. Hispanic Chamber of Commerce (USHCC) at its 2005 annual conference. The award acknowledges Dowell’s leadership on behalf of Verizon as chairperson of the USHCC Procurement Council. Dowell has chaired the Procurement Council for the past four years and has led it in developing strategies that have succeeded in increasing business opportunities for Hispanic firms.
- Verizon Wireless was named to the DiversityBusiness.com 2005 Div50, a list of the top 50 corporate buyers of products and services from women- and minority-owned businesses in the United States. The list was voted on by more than 350,000 women- and minority-owned businesses.
- The Women’s Business Council-Southwest recently recognized Verizon during its Founder’s Diamond Anniversary celebration as one of the organization’s 19 founding corporations.

JOB GROWTH AT VERMEER MANUFACTURING COMPANY
Over the past two years, Vermeer Manufacturing Company and Vermeer dealerships located throughout the United States have experienced a 40 percent growth in sales as a result of our fiber-to-the-premises (FTTP) projects.

Vermeer Manufacturing Company, based in Pella, Iowa, offers a wide range of compact horizontal directional drilling machines used to place underground fiber. “From 2004 to 2005, Vermeer doubled its production of compact directional drills” says Dave Wisniewski, senior director—underground business segment of Vermeer, principally because of Verizon FTTP projects.

To continue with its development of underground technologies for FTTP growth, Vermeer has increased its workforce by 10 percent by hiring solution engineers and production employees.

Vermeer dealerships have also been affected by Verizon FTTP projects. Mark Krueger, Vermeer of Texas, says that growth at his dealership has been fueled by Verizon FTTP projects. Over the past two years Krueger attributes the sales of nearly 100 directional drilling machines, 50 vacuum excavation trailers, and other equipment including trenchers, Hammerhead® moles, and lawn plows to Verizon FTTP projects. “Besides sales of equipment, we have added service personnel to take care of the drills that are on these jobs and have added a customer service van that travels to these jobs to deliver parts,” Krueger says.
One way Verizon supports the community is through our partnerships with minority- and women-owned and controlled businesses, such as Burrell Communications. Burrell is an African-American advertising agency that helps its clients build brands that have long-standing relationships with their customers. Burrell has helped ensure Verizon messages are clear and told through strong visual executions.

Most recently Burrell assisted Verizon in successfully addressing our growing African-American market with the Verizon “Realize” campaign deployed in our Philadelphia and Washington, D.C., service areas. The Realize campaign, which features real stories of African Americans who use broadband to make their dreams come true, has had extensive coverage in the trade, Internet, newspaper and broadcast media. Jerri DeVard, senior vice president—brand management and marketing for Verizon, has praised Burrell for its entrepreneurial spirit and creativity in developing new ideas for us.

Burrell Communications continues to provide valuable resources, including target-market idea generation, planning and collaboration with Verizon’s marketing teams.
“WE HAVE MADE IT A PRIORITY TO OFFER CUSTOMERS ENVIRONMENTALLY SAFE ALTERNATIVES THAT MAKE IT EASY FOR THEM TO RECYCLE AND CONSERVE RESOURCES.”

DENNY STRIGL, President and CEO—Verizon Wireless
ONE OF THE MANY SOCIAL BENEFITS of information technology is its potential to have a positive impact on the environment. Telework, teleconferencing, distance learning and e-commerce all help minimize travel, save energy and reduce pollution. By deploying broadband networks, Verizon helps enable America to be accountable for improving the environment and conserving resources.

We also believe in taking responsibility for managing the environmental effect of operating a global, 24/7 business. We operate tens of thousands of vehicles, occupy millions of square feet of real estate, and consume a large amount of energy to keep our networks running. Whether it’s through conserving energy, applying recycling technologies, or finding innovative technological solutions to environmental challenges, Verizon is committed to being a respectful, responsible and positive influence on the environment in which we live and operate.

Reducing Our Waste Line
Victor Ng, Norman Ng and Derrick Wong of Fortune Metals, in Jersey City, N.J., are working with Verizon to recycle our fiber, copper and plastic, and to recondition materials for reuse whenever possible.
POLICY IN PLACE
Recognizing our widespread impact on communities across the country and the world, Verizon has adopted a comprehensive environmental and safety policy that expressly charges all our employees with responsible stewardship of our natural resources. Our policy reads:

“Verizon companies shall conduct business in an environmentally responsible manner and provide employees with a safe and healthy workplace. All employees and others who conduct business on behalf of a Verizon Company must comply with all applicable Company programs and federal, state and local laws relating to protection of the environment or human safety and health. Verizon companies shall implement and maintain systems and programs with appropriate governance to meet this policy.”

Despite having more than 18,000 owned and leased buildings and 56,000 vehicles, Verizon received only 78 environmental incidents of noncompliance from regulatory agencies in 2005. We take all noncompliances seriously and actively investigate the root causes to implement corrective measures to prevent reoccurrence. Our major environmental accomplishments of 2005 fall under three broad headings:

ENERGY CONSERVATION
We are growing our network to provide new services, such as broadband, that bring benefits to consumers. Increased network capacity results in an increase in our energy use. We have implemented a number of programs to increase our energy efficiency and to promote conservation. Our absolute increase in energy use is offset by the fact that energy-conservation efforts eliminated more than 115,000 metric tons of CO₂ emissions in 2005, and more than 153,000 metric tons of CO₂ emissions in 2004. In the absence of these programs, our overall energy usage would have been much higher.

IMPROVING THROUGH INNOVATION
Verizon is a leader in using technology to reduce energy costs, improve efficiency and minimize environmental impacts. We made some key strides in 2005 in the area of alternative electricity generation technologies:

Micro turbines. One example of a distributed generation pilot is micro turbine-based cogeneration. In two California central offices, Verizon will use micro turbines fired by natural gas to generate electricity. The demonstrations are scheduled to be completed in the first quarter of 2006 and will provide approximately 50 percent of the electricity required

2005 ENVIRONMENTAL AWARDS

U.S. EPA WASTEWISE VERY LARGE BUSINESS PARTNER OF THE YEAR
The Environmental Protection Agency selected Verizon as the WasteWise Very Large Business “Partner of the Year” for our comprehensive waste-management program that includes waste prevention, reduction, recycling and our purchase of recycled products. The award cited Verizon’s commitment to environmental responsibility. This is the eighth award we’ve received in the program’s nine-year history. Verizon has more WasteWise Awards than any other telecommunications company.

OUTSTANDING ACHIEVEMENT IN RECYCLING: BUSINESS CATEGORY
Montgomery County, Md., recognized Verizon at its Sixth Annual Recycling Awareness Week Awards Ceremony. We were commended for surpassing the county’s goal of 50 percent recycling by exceeding 70 percent recycling as a result of our comprehensive waste reduction and recycling program.

WESTCHESTER COUNTY RECYCLING AWARDS
Verizon Wireless teamed up with Westchester County, N.Y., to encourage residents to dispose of used cell phones in an environmentally friendly way and, at the same time, help victims of domestic violence. Through Verizon Wireless’ HopeLine® program, Westchester became the first county in the nation to offer the program to all municipalities within its borders.

BEST WORKPLACES FOR COMMUTERS
Verizon was recognized by the EPA and the U.S. Department of Transportation as one of the “best workplaces for commuters” for its programs in Boston; Newark, N.J.; Westchester County, N.Y.; and Everett, Wash. The Best Workplaces for Commuters program recognizes employers that are leaders in offering superior commuter benefits.

CO₂ EMISSIONS IN METRIC TONS

<table>
<thead>
<tr>
<th></th>
<th>2004</th>
<th>2005</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gasoline</td>
<td>425,043</td>
<td>439,858</td>
</tr>
<tr>
<td>Diesel</td>
<td>53,354</td>
<td>57,998</td>
</tr>
<tr>
<td>Electricity</td>
<td>4,975,424</td>
<td>5,198,546</td>
</tr>
<tr>
<td>Total</td>
<td>5,453,821</td>
<td>5,696,402</td>
</tr>
<tr>
<td>Total without conservation measures</td>
<td>5,606,821</td>
<td>5,811,402</td>
</tr>
</tbody>
</table>
in each central office. Combined, the systems will reduce greenhouse-gas emissions by approximately 6.6 thousand tons per year.

**Hypalon roof.** The Hypalon membrane-roofing system uses a highly reflective surface and increased insulation to improve energy efficiency. Hypalon roofs are EPA Energy Star approved and, when combined with increased insulation, reduce overall building heating and air conditioning requirements compared to buildings with standard roofing materials.

Verizon has installed more than 300 Hypalon roofs to date in California, Arizona, Hawaii, Nevada, Oregon, Washington and Texas. Our Real Estate team is studying the value of expanding Hypalon roofing across Verizon.

**Fuel cells.** In 2005, we launched a major trial of an environmentally friendly technology at our switching center and office building in Garden City, N.Y.

The project—the largest of its kind in the country—consists of seven fuel cells, each of which is capable of generating 200 kilowatts of electrical power per hour, enough to supply the energy needs of about 400 single-family households.

By using electricity generated by the fuel cells and reclaiming the heat and water they produce to help heat and cool the building, Verizon will eliminate annually approximately 111 million pounds of CO₂ that would have been emitted into the atmosphere by a fossil-fuel-based power plant of similar size.

Verizon’s Garden City project is unique because the existing commercial power grid, the new fuel cells and existing Verizon backup power generators work together to meet any set of operational needs required. They include electrical backup for commercial power outages, natural disasters and periods of peak commercial power demands.

**MANAGING RESOURCES EFFECTIVELY**

There are three components to recycling: separating and collecting recyclable material, using that material to manufacture new products and creating a market for recycled-content products. While Verizon does not manufacture products, we support this value chain at every level by reducing waste, recycling materials and purchasing recycled products. In 2005, Verizon’s nationwide recycling and green-purchasing programs helped recycle over 98,000 tons of material, including over 35,000 tons of paper and cardboard, and purchase more than 177,000 tons of recycled content products worth more than $83 million.
Recycling cellphones improves the environment and can change lives for the better, too. Verizon Wireless collects used wireless phones and equipment from any service provider; these phones are recycled, refurbished and resold through the HopeLine program. Since 2001, HopeLine has recycled or refurbished more than 2.5 million phones and kept more than 200 tons of electronics waste and batteries out of landfills.

The proceeds of HopeLine go to support victims of domestic violence. With the funds raised from the sale of the refurbished phones, Verizon Wireless donates wireless phones and airtime to domestic-violence victims. We have also donated more than $2 million in grants and other contributions to nonprofit domestic-violence shelters and prevention programs across the country, such as the Family Violence Prevention Fund, the National Coalition Against Domestic Violence and local community interest groups.

Used phones can be returned to any Verizon Wireless retail store nationwide. For more information about HopeLine please visit http://www.verizonwireless.com/hopeline.

Following are some highlights of our recycling programs:

**Waste Minimization.** We have a number of programs in place to reduce or eliminate the use of paper.

Our customers can view and pay their phone bills online. To date, customers have paid more than 91 million bills online. Wireline customers can register for this service at http://www.verizon.com/paperfreebilling. Our wireless customers can do the same by registering for paperless billing at http://www.verizonwireless.com.

Via our SuperPages Web site (http://www.superpages.com), consumers and businesses can access our directories online.

Verizon offers businesses the option of receiving directories on CD. This change resulted in Verizon's printing approximately 248,000 fewer directories in 2005, and our reducing paper use by almost 500 tons.

**Wireless Phone Battery Recycling.** Verizon Wireless retail stores are participating in the Rechargeable Battery Recycling Corporation's Charge Up to Recycle! program for collecting spent rechargeable batteries. This program educates the public about the need to recycle batteries and provides collection containers at retail stores where replacement batteries are sold. Customers can drop their used rechargeable batteries at any of our retail locations nationwide. We will ship the batteries directly to the recycling facility for processing.

Between the HopeLine and Charge Up to Recycle! programs, Verizon Wireless recycled 77,855 pounds of batteries in 2004 and another 146,344 pounds in 2005.

For more information about the Charge Up to Recycle! program call 1-800-8-BATTERY or visit http://www.rbrc.com.

**Telecommunications Equipment Recycling.** Verizon operates recovery facilities, located throughout the nation, to help dispose of vehicles, recovery facilities, located throughout the nation, to help dispose of vehicles, recover and redeploy personal computers, and remove network equipment.

### Verizon Wireless HopeLine®

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Phones Collected</th>
<th>Number of Phones Recycled</th>
<th>Number of Phones Donated to Shelters</th>
<th>Cash Grants Donated from HopeLine Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003*</td>
<td>462,031</td>
<td>74,493</td>
<td>6,273</td>
<td>$163,003</td>
</tr>
<tr>
<td>2004</td>
<td>722,070</td>
<td>139,042</td>
<td>11,573</td>
<td>$790,026</td>
</tr>
<tr>
<td>2005</td>
<td>852,460</td>
<td>267,207</td>
<td>9,600</td>
<td>$748,647</td>
</tr>
</tbody>
</table>

* Prior to 2003 HopeLine released cumulative results; all data are now annualized.
For example, when an employee gets a new computer, the used equipment is repaired and cleaned, equipped with new software and redeployed elsewhere in the company. In 2005 this program saved Verizon more than $7.3 million while redeploying about 12,000 desktop and laptop computers, printers, monitors and related parts. PCs that are not redeployable are sold to recyclers.

Verizon also recycled or redeployed over 65,000 tons of telecommunications equipment in 2005 through the maintenance or upgrading of our network.

Green Purchasing. Verizon helps close the recycling loop by buying recycled content products. Office supply purchases totaled almost $2.1 million for 1,500 products in 2005. Almost $1.2 million or over 60 percent contained recycled content.

Following are some examples of green purchases made in 2005:

- 169,000 tons of 40 percent post-consumer recycled paper for use in our directories;
- 195,000 pounds of office paper with an average recycled content of over 26 percent, and over 90 percent had some post-consumer content;
- Business cards and billing forms used 10 percent post-consumer recycled paper;
- The national contract specifications for janitorial paper supplies require 20 percent to 45 percent post-consumer recycled content;
- Remanufactured toner cartridges amounted to 5,600;
- More than 22,000 recycled vehicle batteries; and
- Approximately 12 million pounds of reclaimed soil for reuse in construction projects.

Our aggressive recycling program helps us reduce waste, support the recycled content market and minimize the impact of our operations on the environment. Our waste prevention and recycling activities also help to reduce greenhouse-gas emissions.

So what does all of this really mean? Over the last few years, between our energy conservation, waste prevention and recycling programs, we have reduced our greenhouse-gas emissions, on average, by over 300,000 metric tons of CO₂ per year. This is equivalent to:

- Over 60,000 passenger cars not driven for one year; or
- The annual power consumption of 38,000 households; or
- Conserving over 34 million gallons of gasoline; or
- Growing more than 7,500,000 tree seedlings for 10 years; or
- Approximately 2,400 acres of forest preserved from deforestation. *

* Based on the U.S. Climate Technology Cooperation Web site, a project of the Global Environment and Technology Foundation in partnership with the U.S. Agency for International Development and the U.S. Environmental Protection Agency (http://www.usctcgateway.net/tool).
“WE SEE OUR ROLE AS ONE WHERE OUR ADVANCED TECHNOLOGY AND OTHER RESOURCES ARE USED TO EMPOWER COMMUNITIES COMMITTED TO HELPING PEOPLE SUCCEED IN THE DIGITAL AGE.”

PATRICK GASTON, President—Verizon Foundation
WITH MORE THAN 250,000 employees, a nationwide presence and significant global reach, Verizon has the resources, the scope, and—we believe—the responsibility to make a positive impact on the thousands of communities where our customers and employees live and work.

Through the Verizon Foundation we partner with local communities and nonprofit organizations to address needs both domestically and internationally. We direct our resources toward initiatives that demonstrate how technology touches lives, especially in the areas of literacy and preventing domestic violence.

Getting Everyone Connected
Rosaline Pinnock demonstrates the power of broadband to Gilbert A. Ford III while his family pursues purchasing DSL for their home.

Events such as the Black Family Reunion provide an opportunity for Verizon to reach a broad range of communities.
Verizon is a leader in the use of communications technologies to transform communities and lives. That’s why the Verizon Foundation’s funding priorities include programs that help communities, organizations and individuals become savvier in their use of computers, online resources and wireless technologies.

Our efforts in expanding the use of broadband are evident in our award-winning Verizon Foundation Web site (http://www.verizon.com/foundation), which employs online tools to manage all funding requests from nonprofits, encouraging them to bolster their online capabilities and improve their effectiveness.

Central to Verizon’s commitment to community is the creativity, optimism, and dedication of Verizon employees and retirees. Through their volunteer efforts for company-sponsored initiatives and their own causes, our employees improve their communities and people’s lives.

IMPROVING LITERACY LEVELS
Verizon contributed $13.6 million in 2005 to assist the estimated 40 million Americans who struggle with low literacy skills. With our literacy partners, we also have developed a rich online resource, http://www.verizonreads.net, which provides valuable information, contacts and tools, and also accepts online donations.

We have engaged our millions of customers in the fight to raise literacy levels through our Check into Literacy program, which gives customers the option of donating a dollar from their phone bill by simply checking off a box on their payment form.

TRAINING TEACHERS
One of the best ways to improve the literacy of future elementary school students is by providing special training for the next generation of teachers—people like Lisa Blink, a junior at Loras College in Dubuque, Iowa.

Blink is one of the students who is benefiting from a 2005 grant of more than $350,000 made to Loras College by the Verizon Foundation. The gift helped create the Loras for Literacy program, a series of literacy initiatives that provide special instruction for education majors and teachers to better equip them to build the basic literacy skills of children in second to fourth grade.

Blink, who signed on to become an intern in the Loras for Literacy program last year, said she knew there was a problem with low literacy skills in America, but she didn’t know how it could be solved.

“I didn’t know just how close to home it could hit,” she said. “I thought it was a big-city problem, but it’s right here in the Midwest.”

Blink said that through the program, she’s gaining an insight into what it means to work one-on-one with students who are struggling with reading. “It’s a different experience, and I get a behind-the-scenes look at what it takes to make things happen and help improve the literacy skills of children and adults.”

Gwen Countryman, assistant professor of education and director of program development for Loras, said the Loras for Literacy program means the college can offer “another level of depth to our students’ education—something that wouldn’t have been available without this grant from Verizon.”

READING AND SUCCEEDING
Like all parents, Susan Vasquez wants her four children to succeed.

And while she might not know the statistics about low literacy rates among Latino youth, she’s making sure her children are not among them. The Vasquez children participate in an early literacy program called Lee y serás (Read and You Will Be) funded, in part, by the Verizon Foundation. Other partners are book publisher Scholastic and the National Council of La Raza.

The bilingual curriculum is grounded in Latino culture. It provides family members, care providers, educators and other community members with resources to help create literacy-rich environments for Latino children in their homes and neighborhoods. The aim is to ensure that all Latino children are ready for school.

Vasquez, who was born in Mexico City and raised in and around Washington, D.C., was introduced to the program at CentroNia, a Washington, D.C., educational organization for children and families. She said the program is “exactly what we and our children need.”

“With my busy schedule, sometimes it’s difficult to fit in some reading time,” Vasquez said. “But now we can perform Lee y serás activities anytime, anywhere.”

To build support for Lee y serás and programs like it, the Verizon Foundation gave a $200,000 grant to fund the development of local leadership institutes that will engage Latino leaders in business, education, government and other areas. These programs will prepare local Latino leaders to become advocates for literacy initiatives.

Verizon’s Hispanic Support Organization (HSO), an employee resource group, will play a major role in getting community leaders involved in

VERIZON RECEIVES INAUGURAL QUILLS CORPORATE LITERACY AWARD
For its long-standing commitment to advancing literacy and encouraging collaboration among providers of literacy programs, Verizon received the first ever Quills Corporate Literacy Award.

The Quills awards honors organizations and individuals that promote reading and literacy in more than 15 categories, including Book of the Year, Rookie of the Year and Lifetime Achievement awards.

Quills Literacy Foundation Chairman Gerry Byrne cited Verizon’s efforts to raise literacy levels in America through a national program—Verizon Reads—that supports a wide array of literacy programs and increases awareness of the problem. “Through its programs and its employees, Verizon has been a uniquely enthusiastic and committed leader that truly celebrates the written word and is making a difference,” Byrne said. “This is a well-deserved award.”
Lee y serás in Verizon-served territories. The 5,400 members will collaborate with the partner organizations over the next year to design and develop the leadership institutes.

VERIZON INTERNATIONAL FOUNDATION
Verizon’s special focus on literacy extends to our international philanthropy. In 2001, the Verizon International Foundation and Verizon Dominicana began a partnership with Save the Children U.S. and Fudeco (Save the Children-Dominican Republic) to develop a program to help children from remote and impoverished Dominican Republic communities develop computer skills.

A $100,000 contribution in 2005 brought the amount of Verizon’s support for the initiative in the past five years to $534,000. The grants have funded the construction of four technology centers in communities near the Haitian border.

More than 5,000 students and adults have taken advantage of the three-month computer courses since the program began.

Community acceptance of the project has garnered attention from members of the Dominican Republic’s Ministry of Education, who say that the efficiency and effectiveness of the Verizon centers make them models for future government-sponsored programs.

BREAKING THE CYCLE
Our initiatives to help the victims of domestic violence are carried out through HopeLine, the primary philanthropic program of Verizon Wireless. In 2005, Verizon Wireless collected more than 850,000 used cell phones through its own stores and through community programs. The phones, given to domestic-violence victims by local agencies, enable those who may be threatened to reach help quickly in emergency situations. Since 2001, Verizon has contributed more than $2 million to the prevention of domestic violence.
In addition to HopeLine, the Verizon Foundation has worked to find solutions to resolve some of the ancillary problems related to domestic violence. For example, to help protect the crime’s youngest victims—children—the Verizon Foundation supported a free parenting education program in Studio City, Calif.

The program, offered by The Center for the Improvement of Child Caring (CICC), provides guidebooks, such as “The Power of Positive Parenting” and video parenting programs, such as “Spanking, Shaking, Hitting: What To Do Instead” and “Yelling, Threatening, Putting Down: What To Do Instead.”

Research has shown these educational materials help parents learn effective, nonviolent ways to relate to children. These materials are made available in both English and Spanish.

The Verizon Foundation grant also provides CICC staff with free professional training, including the opportunity to attend a five-day workshop that prepares them to train others in parenting skills. Once the training is complete staff members are certified to deliver such skill-building programs as CICC’s Effective Black Parenting, Los Niños Bien Educados (Well Behaved Children) and Confident Parenting.

TREATMENT THROUGH TECHNOLOGY

Notified of an emergency situation, but stuck in New York City traffic, Dr. Desmond Jordan doesn’t hesitate. The anesthesiologist takes a small tablet computer out of his bag and accesses a patient’s record in real time.

He’s using a Mobile Medical Monitor called “m3” that provides remote access and puts critical medical data in the palm of Jordan’s hand anywhere, anytime. The small tablet computer links to the entire hospital database and provides the latest vital statistics from bedside monitors, delivering a comprehensive and up-to-the-minute view of the patient’s health.

Jordan is among a select group of physicians using m3, thanks to a collaboration between New York Presbyterian Hospital and Verizon, with funding in part from the Verizon Foundation.

The Mobile Medical Monitor ensures that clinicians have the correct information at the right time to make the best decisions for their patients.

LITERACY EFFORTS EARN A ‘STEVIE’

Verizon earned the 2005 American Business Award for Corporate Social Responsibility for its signature national literacy program, Verizon Reads. Better known as the “Stevies” for the Greek word for “crown” (stephanos), the American Business Awards honor great performances in the business world, with winners in dozens of categories.

Verizon Reads is a national program to increase community awareness and to generate additional funding and support for literacy initiatives that serve adults, children and families. In 2005 Verizon Reads awarded 903 grants totaling more than $13.6 million to such programs as the American Foundation for the Blind and National Center for Family Literacy.
ROAD TO INDEPENDENCE PAVED WITH SELF-SUFFICIENCY

Domestic violence has a profound effect on a woman’s physical and mental well-being and work performance. Economic self-sufficiency is critical for survivors of domestic violence and can often mean the difference between avoiding future abuse or becoming trapped in the cycle of violence.

The YWCA of Greater Lawrence, Mass., offers women escaping abusive situations a safe and supportive haven in Fina House. The 24-unit shelter helps these women develop job skills by offering a series of computer and technology workshops. With a $20,000 grant from the Verizon Foundation, residents also receive parenting support and learn such life skills as how to balance a checkbook and how to budget, as well as good health and wellness practices.

By supporting the YWCA’s Fina House program for self-sufficiency, and others like it, the Verizon Foundation is changing women’s lives: helping women to raise their children in homes free of violence to break the pattern that can lead to future generations of abusers and victims.

prescribe the best care possible for each patient. Using m3, a clinician can also generate a care plan automatically comparing the patient with similar patients in the data base, thus offering best-care options and an opportunity for swifter recovery. Looking ahead, the m3 application will be rolled out on a wider scale with continued support from Verizon.

COMMUNITY COMMITMENT

The most effective resource we have for carrying out our commitment to communities is our employees. The foundation’s Verizon Volunteers program encourages employee volunteerism and charitable giving through a program that matches employee donations of time and dollars with corporate contributions. As employees develop skills in their charitable work, our company builds bonds in our communities and leadership talent within our workforce. Verizon Volunteers is one of the largest programs of its kind in the country because our employees are passionate about sharing their technical skills and expertise in service to their communities.

HOURS DONATED TO NONPROFIT ORGANIZATIONS BY EMPLOYEES

<table>
<thead>
<tr>
<th>Year</th>
<th>Hours Donated</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>565,000</td>
</tr>
<tr>
<td>2004</td>
<td>528,000</td>
</tr>
</tbody>
</table>

In 2005, employees volunteered 565,000 hours in their communities and employees and the foundation provided $35.6 million to charitable and nonprofit organizations through the foundation’s employee volunteerism programs. The ways in which our employees contribute are as unique as our employees themselves. Here are some examples:

George Guthrie. A Verizon systems technician in Beltsville, Md., George Guthrie has spent about 5,000 hours volunteering in the last 11 years; that’s more than nine hours a week.

While he has spent many of those hours raising money for such organizations as the American Cancer Society and the Association for Retarded Citizens, most of Guthrie’s fundraising efforts are dedicated to the Special Olympics.

Guthrie said it is particularly important to raise money for the Special Olympics because contributions must cover all costs—transportation, food, housing and administration. There are no registration fees for the participating athletes.

Co-workers who have joined Guthrie in his fundraising activities say his energy and enthusiasm have a “domino effect” on them. In 2005, Guthrie and other Verizon Volunteers raised more than $13,000 for the Special Olympics.

“I get so emotional seeing the athletes compete despite their disabilities. Their feelings are so genuine,” Guthrie said. “Because I see the direct impact I’m able to have on them, there’s immediate gratification.”

The satisfaction he gets from his job and the support Verizon provides for his volunteer activities create an ideal situation, Guthrie said.

Rodney Johnson and Monique Gilliam. When Verizon employees Rodney Johnson and Monique Gilliam decided to become reading coaches about five years ago, all they wanted to do was make a positive difference in a child’s life. They had no idea reading with a student for 35 minutes a week could actually improve literacy levels an average of 35 percent and, in some cases, as much as 450 percent.

Rodney and Monique became involved four years ago when Verizon recruited a small team of Kentucky-based employees to work with the Partnership for Successful Schools. These Verizon volunteers would serve as the drivers behind a pilot program for Arlington, Ky., elementary schools’ at-risk students in kindergarten through third grade.

Since the program’s inception, the One To One: Practicing Reading With Students program has expanded to an additional 11 schools throughout the state, with more than 13 other corporations joining the initiative. The program’s success has paved the way for the launch of a national literacy program in 2006.
Rodney and Monique are still reading coaches today, and they say the real benefit of volunteering with One To One comes from watching a child develop a better sense of self.

“Just seeing the students’ eyes light up when you walk in the room lets you know you are making a real difference in their lives,” Johnson said. “It’s not just about increasing literacy rates, it’s about improving lives.”

Alice H. Davis, project manager—One To One, said, “The foundation’s financial support provided the body of the program; the Verizon employees, like Rodney and Monique, are its soul.”

PIONEERING KNOWLEDGE
Children in 300 schools across the country are discovering a world of knowledge from A to Z, thanks to the Verizon TelecomPioneers.

Made up of 130,000 active and retired employees in 17 chapters, the TelecomPioneers combined their resources and enthusiasm to distribute 120,000 dictionaries to third to fifth graders across the United States, as well as to libraries, after-school programs and shelters.

Current federal policy places a strong emphasis on reading and math, so any resource that assists students in excelling in reading is welcomed in schools and homes. And with school budgets being reduced and the number of low-income families rising, many children are without a dictionary in their homes and classrooms.

For more information about this program and the TelecomPioneers, please visit http://www.verizonpioneers.org.

RESPONDING TO DISASTERS
Verizon employees and the foundation responded swiftly and generously during the series of natural disasters that occurred around the globe in 2004 and 2005, beginning with the tsunami in Southeast Asia, Hurricanes Katrina and Rita in the Gulf Coast states and continuing through the South Asia earthquake and Hurricane Stan in Central America.

Employee contributions in the aftermath of these tragic events totaled more than $15.7 million when combined with matching funds and direct cash grants from the Verizon Foundation Disaster Relief Incentive Program.

Among the relief agencies that these donations supported were the American Red Cross, CARE, UNICEF, Mercy Corps, Save the Children, the Salvation Army and the NAACP.

Besides raising funds for relief agencies, Verizon’s response also included offering services, equipment, facilities and, at times, personnel.

Please review the special Hurricane Katrina support section on the next page to learn how Verizon and our employees are helping the Gulf Coast region to rebuild.

For more information about the Verizon Foundation, please visit http://www.verizon.com/foundation.

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Literacy</td>
<td>$13,600,000</td>
</tr>
<tr>
<td>Domestic Violence Awareness</td>
<td>1,400,000</td>
</tr>
<tr>
<td>Disaster Relief</td>
<td>10,500,000</td>
</tr>
<tr>
<td>Technology</td>
<td>8,900,000</td>
</tr>
<tr>
<td>Scholarship</td>
<td>5,700,000</td>
</tr>
<tr>
<td>Volunteerism/Employee Contribution</td>
<td>15,100,000</td>
</tr>
<tr>
<td>Workforce Development</td>
<td>7,200,000</td>
</tr>
<tr>
<td>Other</td>
<td>8,000,000</td>
</tr>
<tr>
<td>Operating Expenses</td>
<td>4,400,000</td>
</tr>
<tr>
<td>Total</td>
<td>$74,800,000</td>
</tr>
</tbody>
</table>

All dollar figures are rounded to the nearest hundred thousandth. Other represents: Arts and Culture, Benefits and Events, Environment, and Health and Human Services.
Verizon’s response to Hurricane Katrina is a model of our approach to living our values and acting as a responsible corporate citizen.

<table>
<thead>
<tr>
<th>VOLUNTEERISM AND DONATIONS</th>
<th>SERVICE RESTORATION</th>
<th>EMERGENCY RELIEF VERIZON WIRELESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Through Verizon’s 2-to-1 matching gift program, our employees raised a total of more</td>
<td>• Verizon Wireless worked tirelessly to restore network service in the region, bringing</td>
<td>• Provided more than 10,000 wireless devices, including phones and PC cards equipped with</td>
</tr>
<tr>
<td>than $10.6 million in individual and corporate gifts to the American Red Cross, the Salvation</td>
<td>in engineers and technicians from around the country. Within about two weeks of the</td>
<td>EV-DO high-speed data service, as well as free wireless service, to key organizations</td>
</tr>
<tr>
<td>Army and the NAACP—the most ever raised by Verizon for a natural disaster.</td>
<td>hurricane, we restored service for more than 95 percent of our geographic coverage in</td>
<td>involved in disaster relief and recovery efforts, including medical, transportation construction</td>
</tr>
<tr>
<td></td>
<td>the area.</td>
<td>and law enforcement agencies. Many of these devices were placed in the hands of evacuees to</td>
</tr>
<tr>
<td></td>
<td>• Verizon Wireless deployed 200 technicians and supervisors to help the local tele-</td>
<td>help them reconnect with family and friends via phone calls and online.</td>
</tr>
<tr>
<td></td>
<td>communications provider, BellSouth, restore service.</td>
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</tbody>
</table>

Photo courtesy NOAA

**TO SEE VERIZON’S VALUES IN ACTION WE NEED ONLY LOOK AT HOW OUR EMPLOYEES RESPONDED IN THE AFTERMATH OF HURRICANE KATRINA, WHICH STRUCK THE GULF COAST IN AUGUST 2005.**

Help in Houston

When Cheryl Hyams was evacuated from New Orleans to Houston, she was separated from loved ones. But with Eli Bailin’s help at a Verizon Wireless Emergency Calling Center at the Astrodome, she was able to reach relatives for the first time in five days and discover her family was alive and well.
Katrina Convoy
Verizon trucks from upstate New York and Massachusetts formed a caravan along the highway near Harrisburg, Pa., on their way down to Louisiana and Mississippi.

EMERGENCY RELIEF
VERIZON TELECOM
• Established calling centers at locations where large numbers of evacuees were located and provided free phone service. All Verizon Wireless locations in the area provided free battery-recharging stations, technical support and other services.
• Verizon Wireless customers generously donated nearly $55,000 to the “TXT 2HELP” program, enabling customers to use text messaging to donate money to the American Red Cross.

• Established communications systems for emergency facilities, such as an evacuee center at Otis Air Force Base in Massachusetts, as well as sites in Pennsylvania and West Virginia.
• Distributed 20,000 prepaid calling cards with a value of $150,000.
• Deployed pay-phone trailers and phone banks for use by evacuees across 17 states and provided more than 27,000 free all-distance calls at relief centers and evacuee shelters.

• Donated $1 for every DSL, FiOS and DIRECTV® sale made from Sept. 5 – 19 to buy more than 315,000 bottles of drinking water for use by FEMA in stricken areas.
• Re-engineered our 411 Directory Assistance service to expedite caller access to relief agency numbers stored in a special database.

Answering the Call
Celina Headlee of Huntington Beach, Calif., was 1,000 miles away from New Orleans, but she was still able to help by answering phones at the Shelter from the Storm concert and telethon, which Verizon helped to sponsor.

Tower of Power
Verizon set up mobile communications centers throughout the Gulf Coast area to help people get in touch with their families and friends.
Great employees make a great company. Following is a list of the employees whose photos appear in this report. These employees represent the more than 250,000 Verizon employees who put our customers first and live our values every day.
**About this Report**

This report includes information on Verizon’s economic, environmental and social performance for the period 2003 through 2005.

The scope of the report covers all of Verizon’s wireline, wireless and international operations. All the data relate to Verizon’s U.S.—based operations unless otherwise noted. Since the MCI acquisition closed in early 2006, MCI information is not included in any of the metrics unless otherwise noted.

In addition to this printed report, we have a corporate responsibility Web site: http://www.verizon.com/responsibility, where you can download an electronic copy of this report and learn more about our corporate responsibility strategy and initiatives. Please visit our Web site periodically to learn more about our corporate responsibility strategy and initiatives and to e-mail your comments and suggestions.

**About the Paper Used for this Report**

This report is printed on Mohawk Options, 100 percent PC paper. This paper contains 100 percent post-consumer recycled fiber and is manufactured with wind-generated electricity. It is manufactured in accordance with a Forest Stewardship Council pilot program that certifies products made with high percentages of post-consumer reclaimed materials. The environmental benefits of using Mohawk Options PC are outlined in the chart below.

| 45.60 | trees not cut down |
| 131.67 LBS. | waterborne waste not created |
| 19,369.74 GALS. | water/wastewater flow saved |
| 2,055.06 LBS. | solid waste not generated |
| 4,016.34 LBS. | atmospheric emissions eliminated |
| 26,248,596.36 BTUS | energy not consumed |
| 567.66 LBS. | air emissions (CO₂, SO₂ and NOx) not generated |

**IN OTHER WORDS, THIS AMOUNT OF WIND ENERGY IS EQUIVALENT TO:**
- planting 38.43 trees
- or
- Not traveling 633.33 miles in an average automobile