Ethics
Innovation
Empowerment
Growth
Environment
Community

Doing the work.

Verizon
Corporate
Responsibility
Report
2006
Verizon is a big company, with big plans. By connecting customers to one another and the world, we increase shareowner value, improve the quality of our customers’ lives and create a more productive and dynamic society. Our strategies grow from our conviction that Verizon has a unique role to play in delivering the benefits of advanced communications technology to the marketplace.

We believe that few companies have the opportunity we have to make a lasting and positive impact on the daily lives of customers. We also know that plans don’t make a company great. Performance does. Whether it’s laying fiber to homes or using technology to improve education and health care, customers judge Verizon not on what we say, but on what we do.

The bottom line is, we have to do the work.

In our two previous reports, we laid out our definition of corporate responsibility and the strong foundation of values and ethical conduct that underlies our approach. This year, it’s about performance—more precisely, it’s about the actions Verizon employees are taking to deliver on our objectives in the six areas.

This report focuses on our employees, because in many ways we’re different from other companies in the Internet economy. Our relationship to customers isn’t just virtual, it’s real. Our customers don’t relate to us just with the click of a mouse. They come into our stores. They see our trucks. They talk to our service reps. They invite our technicians into their homes. They know that with more than 240,000 employees who live and work in their communities, Verizon has a vested interest in good schools, safe neighborhoods and strong local economies.

That’s why the human dimension of business—customer service, ethics, values and community investment—is so deeply embedded in our culture and so profoundly important to our success. Having millions of customer relationships gives our work an inherently ethical dimension and makes trust the glue that binds us to our customers, partners and stakeholders. And because they embody our reputation for customers, it’s imperative that our people have the tools and the direction they need to do the work.
to do the right thing. This means setting clear objectives, measuring our progress and being accountable for our results—in corporate responsibility as in every aspect of our business.

Being a visible part of the community means that our stakeholders expect a lot from us. When people think about how corporations contribute to society—for better or for worse—they think of companies like Verizon that affect their daily lives. So it matters how we respond to the issues that are on customers’ minds, from online safety and privacy to global warming and more.

Living up to big expectations—our own, as well as our stakeholders’—is what great companies are all about.

In this report we show what can happen when good ideas are married to solid execution. We share what we have accomplished and outline next steps. Most of all, we introduce you to a few of the extraordinary Verizon people who do the work—turning Verizon’s technological and intellectual resources into visible results that improve people’s lives and make communities stronger.

Ivan Seidenberg
In 2006 our emphasis was on taking the next step: integrating our values into the actual work we do every day. So in addition to addressing the six areas that make up our overall approach to corporate responsibility, we targeted several issues for special attention that presented both financial and social value for Verizon. We called them our “2006 Corporate Responsibility Priorities” and they were:

• Make our broadband products and services more accessible for the burgeoning number of disabled Americans and seniors, and add national public-interest programming to our FiOS TV service. On the drawing board now is a “big button” remote control for customers with physical disabilities. FiOS TV now offers viewers free, on-demand content on important contemporary issues (e.g., Internet safety) via Verizon Community Studio.

• Better manage the environmental impact of our operations. One avenue we investigated: incorporating hybrid-electric technology into our vehicle fleet. No U.S. auto manufacturer produces hybrid vans in this class, so we partnered with a hybrid-electric pioneer to create our own (page 28).

• Engage the community face-to-face about online risks, how parents can keep their children safe online and how law enforcement agencies are working to preserve a safe and more secure Internet. More than 400 people joined our first community forum in New Hampshire in December 2006, including the state’s governor and attorney general (page 12).

• Enhance our Supplier Code of Conduct to promote safe working conditions throughout our supply chain, encourage suppliers to treat workers with respect and dignity, and foster environmentally responsible manufacturing processes (page 20).

• Develop a “Corporate Responsibility Checklist” to review our global operations and gauge consistency with Verizon’s Commitment and Values (page 20).

Included within each chapter are sections outlining in greater detail “what’s next” for Verizon to further integrate our values into business operations and practices.
Doing the work.

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As stakeholders hold corporations to ever-higher standards of conduct, it is critical that we maintain a strong foundation of trust. One of the ways that trust is realized is through the work of Verizon’s Chief Privacy Officer Kathleen Zanowic (above). She is responsible for implementing policies that respect and protect customers’ private information.
Employees need to know the rules and have the tools and training to act with integrity. Customers and shareowners need to see that we are responsive to their concerns and conduct our business in a fair and transparent way. And our systems need to evolve to address emerging issues in the dynamic online environment in which we operate.

In 2006 we took several steps to better equip our people to represent our values in their daily lives.

**Code of Conduct**

Verizon’s Code of Conduct maps out employees’ responsibilities for behaving ethically in their dealings with colleagues, customers and stakeholders. We train and certify all Verizon employees to ensure their compliance with these standards. We believe this program is one of the most extensive and rigorous in corporate America.

In 2006 we modified the code in several respects. We reinforced the connection between the Verizon Commitment and Values and the code’s provisions. We clarified the definition of prohibited gifts and entertainment, and barred employees involved in procurement from accepting any such offers altogether. We strengthened our protection for whistle-blowers and reinforced our procedures for making accurate financial disclosures. We extended our Code of Conduct to all former MCI employees who joined Verizon as a result of the merger of the two companies in 2006.

We also recognize that behaving responsibly often requires a broader frame of reference than can be expressed in the do’s and don’ts of a code of conduct. To help employees live our values and incorporate a corporate responsibility perspective in their decision-making, we developed a training program called CR 360, which we will offer to management employees in 2007. The course is delivered via our online training platform and helps managers consider the Verizon values and stakeholder feedback in every business decision. The CR 360 framework will help our employees make decisions that deliver value for Verizon’s shareowners and the communities we serve.

To review the Verizon Communications Code of Conduct (each Verizon business unit has slight variations in the Code of Conduct to accommodate different market environments), go to http://investor.verizon.com and select “Corporate Governance.”

**Customer Privacy**

Every day, Verizon employees have millions of interactions with customers who trust us to safeguard their confidential personal information. The security and privacy of customer information is a top priority. We have an extensive security regime in our networks to protect customer accounts, and we have a history of being proactive in taking legal and other actions to protect customers’ private information. Our employees adhere to explicit privacy principles that govern the appropriate use of customer information. The translation of those principles into action is implemented and overseen by our chief privacy officer.

This is an ongoing challenge in the face of ever more sophisticated schemes to obtain customer data. In particular, over the past year we have seen several well-publicized instances of “pretexting,” whereby a caller fraudulently assumes another person’s identity in an attempt to gain access to his or her calling records.

Our online CR 360 training helps managers make business decisions consistent with our core values and with the interests of the communities we serve.
We take aggressive action against this kind of activity. For example, Verizon Wireless was the first wireless company to take legal action against pretexters. We also have strengthened our procedures for permitting customers to access their accounts by:

- Requiring passwords for online access;
- Reducing the use of Social Security numbers as a form of identification; and
- Training our service representatives on the techniques pretexters use and providing our representatives with procedures for validating a customer’s identity before allowing them to access their accounts.

Verizon has joined with other industry leaders to develop “best practices” for authenticating a customer’s identity over the phone or online and for notifying customers when their accounts have been accessed.

To view our privacy principles and to read a full account of our policies and procedures for protecting customer data, go to www.verizon.com/privacy.

Corporate Governance
Shareowners look to the board of directors to represent their interests and use good corporate governance in overseeing management’s performance and results.

Verizon’s strong, independent board of directors has been instrumental in leading our company through a period of historic technological and competitive transformation, bringing a broad and diverse range of perspectives and expertise to bear on business issues. Verizon’s board has 15 members—14 independent directors and Chairman and CEO Ivan Seidenberg. In 2006 the board elected three new outside directors.

The board of directors constantly reviews our policies and procedures to ensure that they respond to shareowner expectations for transparent and ethical governance standards. Over the past year the board has adopted several reforms, such as majority voting for election of directors, election of a presiding director and restrictions on the number of directorships that can be held by Verizon board members and executives.

The board reviews the results and challenges of ingraining Verizon’s approach to corporate responsibility into the way we do business. The board also reviews the policies and practices governing Verizon’s political action committees and political contributions. This past year we became one of only a handful of corporations to post our political contributions online, along with our guidelines for political giving. The complete list of political contributions, updated quarterly, is available at www.verizon.com/responsibility.

For more information about the board and its committees, charters and guidelines, go to www.verizon.com/investor and select “Corporate Governance.”
Rollout of “CR 360”
This online decision-making course will be made available to our employees, encouraging them to consider our values—Integrity, Respect, Performance Excellence and Accountability—as well as stakeholder expectations in making business decisions.

Supplier Code of Conduct
We are enhancing and implementing our supplier code of conduct to promote ethical standards among our suppliers worldwide. Doing so will promote safe working conditions, respect for workers, and environmentally responsible manufacturing processes throughout Verizon’s supply chain (see also Promoting Community Growth, page 18).

Privacy
We are launching several privacy and security initiatives in 2007 that will give consumers more tools to better protect themselves against those who attempt to use technology to gain private information. For example, we’re working in conjunction with the National Consumers League and Consumer Action to produce a multilingual pretexting brochure and consumer-education campaign.

Conflict of Interest Questionnaire
We will complete in 2007 mandatory certification for all Verizon directors and above to identify any real or potential conflicts of interest.

Integrity on the Job
For Frank Walmsley (pictured) integrity is about making the right choices—on the job and off.

While installing a jack for a customer this past fall, Walmsley, a multimedia services technician with Verizon Connected Solutions in Newport News, VA, had to go up into the small attic space above the customer’s bedroom. Frank found several open boxes in the crawl space and told the customer that one of the boxes contained cash.

After Frank brought the box down, the customer offered some of the money to Walmsley as a finder’s fee. He politely declined. When Frank finished the job, the customer again offered Walmsley a tip. Again, he politely declined, said thank you and left a card.

“Every time you go into a customer’s home, you’re in a position of trust,” Frank said. “Customers see ‘Verizon’ and they know they can trust us, and you’ve got to have respect for that.”

Walmsley’s supervisor, Steve Imsande, wasn’t surprised to learn of his technician’s integrity in refusing the money. Accepting it would have been a violation of the Verizon Code of Conduct.

“Every hour of every day, you have a decision to make,” he said. “You can either make the right decision or the wrong one. Frank is just one of those guys who figures he’s got a job to do and he’s going to do it the right way.”
Juana Morales, area manager of FiOS Construction in Pinellas County, FL, reviews progress on-site with Dennis Burg, a local construction manager on her team.

Innovation is transforming our networks, our services and our communities.
VERIZON’S REPUTATION RESTS ON THE QUALITY OF OUR NETWORKS. Whether they’re at home, at work or on the move, customers look to us to provide reliable service—all day, every day—and to extend that “always on” reliability as we expand into new markets such as video, broadband and global IP services.

Our employees understand the huge responsibility we have to the people and businesses that rely on our networks and services, especially in an increasingly interconnected global economy. Doing that work has taken us in exciting new directions.

Verizon leads the industry in deploying new network technologies, which are creating an explosion of innovative new products and services that hold great promise for addressing broad social concerns and meeting the unique needs of diverse stakeholders.

Network Reliability

Verizon operates the most reliable wireless network in the U.S., an extensive global Internet backbone network and an advanced broadband network. We have consistently been a leader in deploying new network technologies. For example, Verizon was the first to deploy a nationwide wireless data network, and we are the only major communications company in the U.S. to take fiber to customers’ homes and businesses with our new FiOS broadband technology.

Our reliable networks create satisfied customers, as numerous organizations and publications have noted.

• Verizon Wireless grabbed the top spot (tied with T-Mobile) among wireless carriers in the American Customer Satisfaction Index (ACSI) survey conducted by the University of Michigan. This was Verizon Wireless’ third consecutive year at the top.
• Verizon was named to Wired magazine’s 2006 “The Wired 40” list. To be included on this list a company must demonstrate strategic vision, global reach, cutting-edge technology and be a trendsetter. (For a list of other 2006 awards, see page 36).

More important than awards, however, is the security and reliability our networks deliver to customers. Verizon’s infrastructure is an essential element of emergency preparedness and recovery, both in the U.S. and around the world. Some examples from 2006 include:

• The American Red Cross can now respond faster to people affected by natural disasters and other cataclysmic events, thanks to an advanced call-center solution developed by Verizon Business that allows the Red Cross to answer as many as 120,000 calls and to process as many as 100,000 individual cases every day.
• Verizon served as a vital communications link during one of the worst wildfire seasons to hit the western U.S. in 50 years. Verizon Wireless deployed mobile cell sites in seven western states and provided wireless phones to firefighters.

To help ensure customer satisfaction, we strive for four separate customer contacts on each job—one before the job, one onsite at the start of the job, one when the work is completed and finally a follow-up call. Communicating with customers is a key factor in their satisfaction.
After real-life “Test Guy” Kenneth Lee completes his routes, he enters data onto computers at Verizon Wireless network test centers to ensure Verizon Wireless is the most reliable network.

and emergency responders, often in rugged and remote wilderness terrain. In Southern California, Verizon Telecom offered free call-forwarding service to customers displaced by fires in the San Bernardino National Forest.

* Verizon’s extensive private IP network in Asia proved critical to the quick restoration of service in the aftermath of a major earthquake off the coast of Taiwan in December 2006. Even though we suffered damage to several undersea cables, we were able to maintain full network connectivity on our private IP network and provide virtually uninterrupted service for customers in major business centers in Taiwan, Hong Kong and other locations around the world.

* Verizon Wireless provides priority service for national security and other officials who must have emergency communications capabilities. The service assures authorized users priority access to available wireless channels during emergencies.

Transforming our networks for the Internet age and simultaneously creating complex new businesses like FiOS TV virtually overnight have presented some service challenges. We are focused on those challenges, implementing new processes to reduce customer complaints and making sure employees have the tools and knowledge needed to perform effectively. Our goal is to achieve a reputation as the best service company in the industry. We believe Verizon is better positioned than any firm in the industry to deliver on that commitment for consumers and businesses, no matter where they are or what network they’re using.

Sometimes providing great service to customers has nothing to do with technology, but rather comes from listening to customers and responding to their needs. For example, one of the biggest sources of customer dissatisfaction with wireless carriers is the hefty fees customers face when they terminate service before their contract expires. In 2006, Verizon Wireless became the first—and, to date, the only—wireless company in the U.S. to change this policy by pro-rating the termination fee based on the remaining life of the contract.

We also make every effort to serve the special needs of our diverse customer base. Our Multilingual National Call Centers are responsible for sales and service to Verizon’s small business and consumer customers in their own language, including Russian, Spanish, Mandarin, Korean, Vietnamese and Cantonese. Verizon also has two Centers for Customers with Disabilities that provide services for customers who are hearing, motion and vision impaired. These centers serve Verizon customers nationwide.

**Service Innovation**

Verizon invested more than $17 billion in network technologies in 2006. As we deploy next-generation networks, Verizon has also unleashed a stream of innovative services and applications. For instance, the unprecedented speed and capacity of FiOS allow us to offer the fastest Internet access speeds currently available—up to 50 megabits per second—allowing customers to easily send and receive photos, videos, music, and other large files.

We have begun to provide an all-digital video service—FiOS TV—bringing the benefits of technological innovation and video service competition to consumers in hundreds of communities. FiOS TV is clearly a superior choice, offering more than 25 high-definition (HD) channels, more than 8,000 on-demand videos and unmatched picture quality.
JoJo Rapipong no longer wears out her shoes when taking care of her critical-care patients, but she sure gives her mouse pad a work out.

Rapipong is one of a handful of nurses who work on the leading edge of medicine in a quiet, second-story office space in Fairfax, VA. It’s the Inova Health System’s eICU—a revolution in critical care made possible with an extensive, secure fiber-optic network created and maintained by Verizon Business.

Each nurse monitors 20 to 30 patients around the clock in eight critical-care units within six Inova hospitals. During the day, four nurses sit at stations equipped with six large computer screens that convey a host of real-time information—including video—about individual patients.

Doctors are on hand at night to address patients’ needs within 15 seconds of being called by a bedside nurse. The doctors can use a video link that can zoom in close enough to check a patient’s pupils.

The network Verizon Business designed not only helps provide cutting-edge health care, it provides reliability and redundancy that health-care professionals demand, and the necessary security and privacy that patients expect.

“We wanted a provider that not only understood our business and was committed to Inova’s success, but was someone we could strategize with about the best technology solutions for the future,” said Phil Stiff, Inova’s director of IT Infrastructure. “When we added it all up, only Verizon Business could deliver everything Inova was looking for.”

Studies show that an eICU can reduce hospital mortality for critical-care patients by 20 percent and reduce the average length of stay in an ICU by 17 percent.

“We’re here to support the nurses at bedside,” Rapipong said, but added that sometimes the hardest part of her job is not being able to tend to a patient herself. “There are times when I wish I could jump in and be on the other side of the computer screen,” she said.
The Verizon Wireless advantage has long been the most reliable wireless voice and data network in the nation and providing the best customer service, as evidenced by the highest customer loyalty in the industry. And we are clearly the leader in matching the entertainment content customers want with the mobility they need. We launched V CAST Music in early 2006 and now offer V CAST Mobile TV—the first mobile video service in the nation—to accompany popular wireless data services like text messaging, Global Positioning System navigation and Internet access.

Our major investment in new technologies is also driving innovation in other segments of the high-tech industry, spurring advances in consumer electronics, fiber and optical technologies and battery life, and providing a high-speed platform for new forms of user-generated content, including high-definition video, interactive games and social networking.

Verizon is working—on our own and with partners—to unleash the power of these innovative technologies to address social concerns, make technology more broadly accessible and meet the needs of our diverse customers. Some of these initiatives include:

- **Health care** – Medical institutions are working with Verizon to use the capabilities inherent in our high-speed fiber networks to extend their reach into the community and maximize the use of scarce medical resources. Read more about one such initiative at the Inova Health System in Fairfax, VA, on page 9.

We also believe that electronic health-

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**Innovating for Better Service**

Expanding into new markets—like video, broadband and global IP service—means new opportunities for making the customer experience better.

Take Jamahl Johnson, a network engineer with Verizon Wireless in Southlake, TX. Last year, he suggested that we use our Short Messaging Service (SMS) to automatically notify Verizon Wireless customers when problems they experienced have been resolved. Before, customers were contacted by phone when their issue had been resolved.

Enter Vernon Villasenor, a customer service associate director in Irvine, CA. He headed a project based on Johnson’s idea, and in November 2006 the new interface was launched for use by Customer Service.

In the first three weeks, Verizon Wireless sent more than 3,700 messages, giving customers almost immediate notice that we had addressed their issues. Not only do we save the customers’ time, the new system saves Verizon Wireless money. The old approach of a phone call cost an estimated $11 per call. The SMS solution saved the company more than $40,000 in less than a month. Overall, the projected savings are expected to be around $500,000 per year.
Verizon’s Universal Design Principles

• Provide quality service that can reasonably accommodate a broad range of diverse users, including youth, individuals with disabilities and seniors;
• Review existing services to determine which services should be made more accessible;
• Design and develop services, to the extent readily achievable, to be accessible to a broad range of users;
• Market and provision services in a manner consistent with Universal Design; and
• Employ these principles Verizon-wide in relationships with customers, employees, shareowners and suppliers.
Verizon launched the Partnership for a Child-Safe Internet with a town hall meeting at the University of New Hampshire. Verizon Online General Counsel Tom Dailey (fourth from right) presented the Crimes Against Children Research Center at UNH with a $150,000 grant from the Verizon Foundation.

Online Safety

With more and more of our customers using the Internet for research, work and entertainment, Verizon is at the forefront of empowering parents, teachers and law enforcement officials to keep children safe while they’re online.

While we provide a wide variety of cyber-security tools and education programs, we have found that a lack of basic technology literacy often poses a barrier for the adults who might use them the most.

That’s why we launched the “Partnership for a Child-Safe Internet” in 2006 to engage the community face-to-face in the drive to promote a safe online environment for children.

Working with the state attorney general’s office, we held a town hall meeting in New Hampshire for 400 law enforcement officials, parents, educators, librarians and nonprofit executives. We discussed how parents can get the online tools they need to keep their children safe and what law enforcement agencies are doing to create a more secure Internet. We plan to hold several more Partnership forums in 2007.

Other Verizon initiatives in the area of online safety include the following:

- We are working with partners such as iSafe, GetNetWise, SeniorNet and the Family Online Safety Institute to deliver tools and information to various segments of the community.
- We are partnering with the National Center for Missing and Exploited Children to report incidents involving child pornography and endangerment, as well as assisting law enforcement officials in the search for Internet predators.


Other Verizon initiatives in the area of online safety include the following:

- The Verizon Foundation has made a $150,000 grant to the Crimes Against Children Research Center at the University of New Hampshire to support research on emerging technologies to combat child exploitation.
- We are working with partners such as iSafe, GetNetWise, SeniorNet and the Family Online Safety Institute to deliver tools and information to various segments of the community.
- We are partnering with the National Center for Missing and Exploited Children to report incidents involving child pornography and endangerment, as well as assisting law enforcement officials in the search for Internet predators.
Supporting Those Who Serve

Like many Americans, Verizon employees are sometimes asked to trade in their tool belts and suits for military uniforms. More than 85 Verizon employees are currently on active duty with the National Guard and the Reserves. Since the September 11 terrorist attacks, Verizon employees have been called to active duty more than 1,000 times, with some having been activated as many as four times. Our employees have served in Afghanistan, Iraq and surrounding countries, while others have played crucial roles here at home.

Bob Emery, a cable splicer for Verizon Telecom in Lynnwood, WA, is one of those employees. He recently returned from emergency military leave after serving a tour of duty in the National Guard at an airbase in Iraq, west of Baghdad.

Verizon honors the sacrifice that Emery and others make when called to duty, and the company supports them by paying the difference between employees’ military pay and their Verizon pay for up to 36 months. Benefits for the employees and their families remain intact.

To thank Verizon for its support during his absence, Emery sent to the company the U.S. flag that flew over the airbase on Oct. 31, 2006. The flag is now encased in a shadow box in the Verizon Northwest headquarters building in Everett, WA.

Verizon Business also extends its support and appreciation for the sacrifices that all the men and women in our Armed Forces make every day. Notable examples are:

- Teamed with the Freedom Calls Foundation before Christmas to provide the communications links, large screens and technical support for a videoconference with U.S. Marines in Iraq and their families at Camp Pendleton, CA.
- Provided free telephone calls for Iraq-based U.S. Armed Forces personnel on major holidays, as well as on Mother’s Day and Father’s Day.
- Donated pre-paid calling cards to U.S. troops traveling, stationed or recuperating in the United States, as well as to their families.

The efforts elicited this e-mail from Sgt. 1st Class Richard Gonzales:

“I am a service member assigned to Camp Cropper/Stryker, Iraq, and have enjoyed the benefit of your free phone service during the holiday periods. I cannot thank you enough for this incredible gift…You have risen above the rest and demonstrated your support of the folks who secure American liberty. Your patriotism resonates through every phone call. It is a great honor to serve our nation when I know there are folks like you who appreciate our sacrifices.”

Accessibility

We will continue to apply our Universal Design Principles in developing products for people with disabilities and adapting those products to accommodate the needs of aging “baby boomers.” Due to launch in 2007: a “big button” remote, Caller ID on FiOS TV and an “Accessibility Corner” in Verizon Experience stores.

A Safer Internet

We will hold public forums in 2007 in our communities and at national venues, engaging parents, lawmakers, and civic leaders in finding ways to keep children safe on the Internet. In addition, we’ll continue using our technology to provide our customers with new tools and resources to help make their online experience safe, as well as funding research and programs to understand online behaviors and support law enforcement.

Applying Technology

We will continue working to use our technology to improve education, the environment and health care. For example, we are expanding the resources of the Verizon Foundation to help parents and teachers improve literacy; exploring how wireless devices can improve the efficiency of health-care delivery in rural areas; launching a Personal Health Record system for employees; and, we are working hard to establish a national policy to improve the delivery of health care through the use of electronic medical records.
Verizon employees receive the education and training to deliver outstanding customer service.

Karmalita Contee-Borders became the first in her family to earn a Ph.D. She did it with help from Verizon’s Tuition Assistance Program. Contee-Borders, a FiOS product line manager, first used the program in 1988 to earn a master’s degree in business administration.

“I sometimes feel like I am the busiest person in the world, but that doesn’t stop me from doing more,” she said.
We strive to create an accountable culture that respects the individual and taps the full range of talent and potential inherent in our diverse workforce of some 240,000 people. We need employees with the skills required to succeed in a technologically sophisticated industry, the multicultural perspectives to relate to our customers and the tools to successfully manage the demands of their careers and families.

Our approach is to put the tools for managing their futures in the hands of our people. In return, we offer them the opportunity for challenging and satisfying careers, serving customers in one of the most exciting industries in the world.

Training and Development

Next-generation technology creates next-generation jobs. Our people are required to design, build and operate some of the most technologically advanced networks being deployed in the world today. Verizon provides employees with extensive training—both in-house and at colleges and universities—to work with the complex, sophisticated broadband, mobile and IP technologies that increasingly comprise the growth segments of our company. Verizon paid nearly $110 million in tuition assistance in 2006, and our employees dedicated more than 8 million hours to training and education programs.

Some examples of this commitment include:

• In 2006 Verizon Telecom associates logged nearly 4.3 million hours of training, outpacing last year’s rate and rivaling the hours of instruction provided by many small colleges. Much of that was devoted to training employees to deploy our new fiber network.

• Verizon’s tuition assistance programs prepay 100 percent of approved tuition and fees at accredited institutions of higher education, up to $8,000 per year. Nearly 27,000 Verizon employees took advantage of this program in 2006.

• A cooperative venture between Verizon and Empire State College (part of the State University of New York) allows employees to earn associate and bachelor’s degrees in business, technology and related disciplines. More than 200 employees were enrolled in the program in 2005-2006, 74 of whom graduated with degrees in June.

Training magazine named Verizon Wireless among the best companies in providing training for employees in 2006 for the fifth consecutive year.

Safety

A great place to work begins with a safe working environment. Rigorous attention to safety is embedded deeply in our culture, and we invest significant resources in training employees to do their work safely. In 2006, employees spent more than 637,000 hours in safety-related training and availed themselves of nearly 350 online courses.

Safety measurements improved across Verizon in 2006, including lower rates of injury and illness, fewer lost work days and fewer motor vehicle accidents. We received only 11 OSHA citations in 2006. Of the 11 citations, four were rescinded, two are still pending and five were upheld.

Nevertheless, in 2006, four employee fatalities were associated with electricity. In response, we focused on our national electrical-safety training, re-emphasizing safe work practices and reinforcing the use of required protective equipment. This program contributed to a year-over-year decline in the number of safety incidents causing lost work days.

We continue to reinforce employee
awareness about work hazards and the need for safe work habits.

Health

Our approach to employee health care is to empower our people to better manage their own health, and that of their families, by putting more and better information at their fingertips.

For example, in 2006 we introduced the Verizon HealthZone, a free, online resource for credible health information designed to help employees make informed health-care choices. Powered by WebMD, HealthZone offers employees personalized assessments on various health conditions, interactive tools for maintaining a healthy lifestyle, and the opportunity to create a personal health file tailored to their needs. Approximately 11 percent of eligible employees had registered for HealthZone at the end of 2006.

In 2006, Verizon provided health-care benefits of $3.5 billion, covering over 900,000 employees, dependents and retirees.

Verizon remains focused on the larger issue of rapidly rising health-care costs. We are actively working with our customers to implement broadband technologies to better manage health costs and boost efficiency, and we are a strong advocate for developing national policy to improve the delivery of health care through the use of electronic medical records (see Service and Innovation, page 9). The challenge is considerable: Verizon’s health-care costs have risen 28 percent in the last three years. Left unchecked, these escalating costs threaten the ability of Verizon and other large employers to provide affordable health-care options for employees, retirees and families.

Work and Family Balance

Verizon recognizes the challenges our employees face in juggling the demands of work and family. We accommodate a variety of flexible work policies, including telecommuting and flextime, as the needs of the business permit. In recognition of our family-friendly benefits and policies, Working Mother magazine selected Verizon as one of its “100 Best Companies”—making us the only telecom company on the 2006 list.

In keeping with our culture of personal accountability, our work-family policies are designed to put the tools for...
Empowering Employees

managing their lives in the hands of our employees. Among these programs are the following:

• Verizon’s employee assistance program, VZ-LIFE, provides resources for dealing with personal problems and challenges related to parenting and child care, adult care, health and wellness, moving and relocation, and many other issues. On average, employees contact VZ-LIFE by telephone more than 3,000 times a month and log on to the Web site, www.verizon.com/life, nearly 50,000 times per month.
• We offer discounts with several national childcare providers: ChildTime, Children’s World, KinderCare and La Petite Academy.
• Each year more than 200 children of Verizon employees receive four-year, $20,000 college scholarships.
• Our adoption assistance program provides up to $10,000 for expenses incurred during the adoption of a child.
• Both birth and adoptive parents can take advantage of our gradual return-to-work program, which recognizes the special needs of new parents.

Diversity

Respect for diversity is an integral part of the Verizon culture and a critical element of our competitive success. Our goal is to create an inclusive organization of employees with diverse ethnic backgrounds, life experiences and points of view, who can relate to our customers and reflect the diversity of tastes and preferences in the marketplace.

We hold our leaders accountable for meeting our diversity goals, which are expressed in explicit performance metrics that are tracked, along with other business objectives, and linked to short-term compensation. In 2006, people of color made up approximately 45 percent of Verizon’s total workforce and 38 percent of our management team. Combined, women and people of color represent 60 percent of our total workforce.

Numerous initiatives drive our diversity performance, including:

• The identification, retention and development of diverse high-potential managers;
• Employee opinion surveys that measure an inclusive workplace; and
• Employee resource groups that provide a forum for networking, mentoring and professional development.

Our overall diversity strategy is anchored in our Customer First Commitment and includes:

• Employing a diverse workforce, with representation that mirrors our marketplace;
• Ensuring an inclusive, high-performing workplace where diversity is valued and there is no tolerance for discrimination or harassment;
• Participating through grants and partnerships in community activities that champion diversity;
• Doing business with diverse suppliers; and
• Maintaining a diverse board of directors.

Next-Generation Jobs

The explosive growth of broadband and the applications that use it means we will be training more employees in the latest broadband and communications technology to prepare them for the next-generation jobs.

More Access

In 2007, we will provide employees with greater access to their benefit information online and promote self-service applications for their convenience.

Improving Health Care

This year we’re offering employees an enhanced Personal Health Care Record—a tool that allows participants to gather, store and manage essential health information from multiple sources in one file. By doing that, employees can, if they choose, share the information with their doctor, their health plan or others.
The network for the next generation means good jobs now for a new generation of broadband technicians.
WE BUILD AND MAINTAIN NETWORKS ACROSS THE COUNTRY and around the world. These networks represent an enormous investment in the new communications and information technologies that are driving our economy and giving people the tools to create their futures.

Our investment creates high-tech jobs, promotes innovation and stimulates growth up and down our extensive supply chain.

An Engine for Growth

As a major employer and investor in communities across America and the world, Verizon’s impact on local economies can be felt in all sorts of ways. In 2006 we:

• Invested more than $17 billion of capital in our networks;
• Paid $6 billion in state and local taxes;
• Employed approximately 242,000 people; and
• Spent more than $47 billion in non-wage dollars to procure goods and services.

We are transforming our traditional telephone business, and we are creating the jobs of the future through our investment in new technologies such as fiber and wireless. In fact, Verizon added jobs in 2006 year-over-year (approximately 242,000 compared to 206,000 at year-end 2005), even without the acquisition of MCI.

In 2006 we added 8,200 new fiber-related jobs and nearly 9,000 new jobs in wireless. The 8,200 new fiber-related jobs alone amounted to nearly $400 million in wages and salaries, as well as $1.2 billion in economic activity resulting from increased demand for household goods, etc.

In 2006 Verizon’s fiber-to-the-home project, called FiOS, gained scale and momentum. This multibillion-dollar investment is one of the major infrastructure projects of this—or any—generation.

By the end of 2006 we had installed nearly 70,000 miles of fiber in 1,600 communities across 16 states—almost enough to circle the equator three times. As with other large infrastructure projects, Verizon’s fiber investment creates jobs not just at our company but also throughout the economy.

For example, economists say that every fiber-related job we create at Verizon leads to another four jobs created elsewhere in the community. Using this “multiplier effect,” our fiber investment alone resulted in 32,800 new jobs in local economies.

Some examples of Verizon’s positive impact on local economies in 2006 include:

• More than 850 new jobs in New England, thanks to our expansion of the Verizon Wireless network;
Verizon Business serves customers on six continents over one of the world's most advanced IP networks.

- 1,000 new jobs in California alone in connection with the build-out of our fiber network;
- FiOS deployment to more than 300 communities in New Jersey, including the top 60 urban areas; and nearly 50 communities in Maryland, half of which are more diverse than the state average;
- 320 new hires for customer service jobs in state-of-the-art fiber solutions centers in Dallas, TX; Hampton, VA; Oxnard, CA; Providence, RI; Syracuse, NY; and Everett, WA.

Worldwide Presence

As a global company, Verizon is a catalyst for economic development overseas as well. We employ nearly 10,000 people in more than 320 offices in 75 countries across six continents. Verizon Business manages more than 3,400 networks in more than 140 countries, operates one of the most expansive IP backbone networks in the world and runs five major global network operations centers in America, Europe and the Asia-Pacific region.

We inaugurated a review of our global operations in 2006 based on a “checklist” of the six focus areas that make up our approach to corporate responsibility. They are Ethics and Governance; Service And Innovation, Empowering Employees, Promoting Community Growth, Protecting the Environment, and Partnering with Communities. A key finding from our 2006 review: the need to develop a global philanthropic strategy.

Similarly, we began to update our Supplier Code of Conduct to promote safe working conditions throughout our supply chain (over 5,800 suppliers worldwide), encourage suppliers to treat workers with respect and dignity, and foster environmentally responsible manufacturing processes. We benchmarked practices in the information technology industry and worked to incorporate relevant standards from our employee Code of Conduct. The revised code will be implemented during the first half of 2007.

We were also an active member of the Global eSustainability Initiative’s (GeSI) supply-chain management software-development process. GeSI is in the final stages of developing a software tool that assists communications providers in evaluating the performance of suppliers. By using this software, communications providers and their suppliers will be able to share information about supplier performance and best practices.

Verizon brings to its global markets the same values and the same commitment to community involvement that guide our domestic operations. Our international employees are actively involved in improving the quality of life in their local communities:

- U.K. employees sponsored a disability awareness day at our Reading, England offices;
- Verizon Business provides broadband at discounted prices, along with business planning advice, to start-up technology businesses in South Africa;
- Employees at our facility in Chennai, India, started a technology outreach program for students at a local high school, designed to teach English and other skills to prepare students for jobs in India’s rapidly expanding technology marketplace.

Verizon Data Services India employee Vijay Jestadi volunteers to teach English, math and life skills to children of a local day school and orphanage in Hyderabad. He also helps with computer classes at the school.
Route to Their Future

Inspired by a need for workers to install fiber optic systems, Verizon’s Broadband Institute is getting great reception.

CHRISTINA REXRODE

The folks in Verizon’s Tampa Bay offices were frustrated. About half the people who applied for tech jobs were failing the preliminary technical test, and the telecom giant needed to hire hundreds of field workers. Tampa-based Verizon executive John Ferrell knew that the worker shortage would only continue. So Ferrell went to the front lines: He decided to help potential applicants groom themselves for the jobs.

His idea became reality in August, when the Broadband Institute opened at the Pinellas Technical Education Center’s Clearwater campus. The institute offers a six-month class to train techicians, set up thanks to donations and ideas from PTEC, the Pinellas Education Foundation and several telecommunications companies.

It’s Verizon’s first Broadband Institute, but Ferrell said the company will consider opening more, depending on how this one fares.

The half-dozen students who signed up for the inaugural class meet at 7 a.m. every weekday... Most are in their 20s or late teens. All see the program as a step toward good money and interesting work in a field that keeps expanding.

“We’re not talking about buggy whips,” said Cris Coffin, a Verizon director in St. Petersburg who helped get the Broadband Institute started. “This business is not going to end.”

That’s why Nenad Maksimovic is taking the broadband classes. Mechanical engineering, which he studied for two years, isn’t growing as fast as the information field, said Maksimovic, a 33-year-old Dunedin resident.

Verizon, like other telecommunications companies, is in the midst of burying fiber optic cables throughout its service areas, to replace copper cables. The project, which could take more than a decade, is fueling the company’s need for workers.

Verizon officials hope the Broadband Institute graduates will come work for them but say they’re happy if the students get good jobs anywhere. The program can accommodate about 25 students at a time.

James Cormany, 18, graduated from Pinellas Park High School this spring and figures he’ll have no trouble finding a job when classes end in February.

An entry-level broadband installer can make $35,000 to $40,000 a year plus benefits, and up to $60,000 with overtime, Coffin said. Besides, the telecom work is interesting and fulfilling, said Keith Pilcher, 24, of Clearwater. “I don’t want to work at a grocery store all my life,” he said.

The field does seem ripe for advancement: Ivan Seidenberg, Verizon’s CEO, started at the company as a field technician.

And now, when less-than-qualified local applicants come to Verizon, the company makes a reverse referral. Said Coffin: “We tell them, ‘Why don’t you take this class with PTEC and it will more than prepare you?’ ”

Published December 3, 2006. This excerpt is reprinted with permission from the St. Petersburg Times.

Nick Engwall, foreground, one of the first class of graduates from the Broadband Institute, visits with members of the fall 2006 class. Nick became the first graduate of the program to be hired as a broadband technician by Verizon.
Verizon’s Impact on the U.S. Economy

A Broader Base
We seek to deploy our residential products and services to a broader customer base, including customers who live in multiple-dwelling units.

Supplier Accountability
We will hold our suppliers accountable to the provisions of our enhanced Supplier Code of Conduct, and utilize a new software tool to evaluate the performance of some of our largest suppliers.

Acting Globally
We look to expand the use of our corporate responsibility “checklist” to evaluate the performance of our international operations and help implement our corporate responsibility and workplace culture strategy globally.

Diversity
We will continue to enhance the effectiveness of our supplier-diversity program so that our supplier base accurately reflects the communities we serve.

Supplier Diversity
Verizon believes that working with a strong base of diverse suppliers is critical to our success. These relationships contribute to customer loyalty and help us tap the innovation and entrepreneurship we need to win in a competitive market.

In 2006 we purchased nearly $2.6 billion in goods and services from Minority, Women, Disadvantaged and Veteran Business Enterprises (MWDVBEs), up 14.4 percent from 2005.

Our goal is to expand the opportunity for diverse suppliers to compete on an equal basis in our strategic sourcing process. To that end, we have had a formal program for cultivating these relationships since 1984.

In 2006 we brought all our supplier-diversity initiatives across Verizon together in a single organization, which focuses on creating and developing our relationships with MWDVBEs and ensuring that we meet our procurement objectives. This new centralized organization has streamlined our processes and made it easier for suppliers and partners to do business with us. For example, we have developed a one-stop, online registration portal for suppliers.

As noted earlier, we are also enhancing our Supplier Code of Conduct to encourage safe working conditions throughout our supply chain, environmentally responsible manufacturing processes and treatment of workers that reflects respect and dignity.
Verizon is both customer and mentor to minority businesses

Verizon Business and eKohs, a certified, woman-owned minority supplier in Virginia, have cultivated a strategic alliance under a Mentor-Protégé program in the Department of Defense. The program helps small businesses transform themselves in order to perform as Defense Department prime contractors and subcontractors through relationships with a mentor.

eKohs provides IT staffing and project-management services, including the provision of staff in Iraq, to support Verizon’s contracts with the U.S. State Department. Verizon Business is also using eKohs’ expertise for our contract with the Department of Homeland Security to help manage the U.S. Citizen and Immigration Service (USCIS) data center.

As a mentor to eKohs, Verizon supports the development of eKohs’ leadership team by sponsoring training at the University of Virginia’s Darden School of Management. Verizon leaders have also mentored eKohs’ managers by participating in strategic planning, strengthening operating practices, and including them in the procurement process.

Verizon has also supported the growth and development of IBS CompreCore, a minority-owned company in New Jersey that resells copper wire, fiber optics and power-cable products. Because of our relationship with IBS and cable manufacturer General Cable, IBS is now the sole provider of aerial service wire to Verizon in 28 states.

Because aerial wire is a critical component of Verizon’s network, our suppliers must be able to deliver supplies quickly for emergency restoration of service. To ensure the timely and efficient delivery of such critical services and materials, IBS deploys a fully redundant IT infrastructure.

Verizon’s Quality Management organization also has worked with IBS to help the company acquire TL9000 certification (an international quality standard for telecommunications products and services) for their relationship with General Cable.
PROTECTING THE ENVIRONMENT

We are reducing our own energy use and driving demand for a new class of hybrid-electric commercial vehicles.

Verizon is pioneering the development and use of hybrid-electric technology in service vans used by our FIOS network technicians—another example of how we’re using technology to solve social and environmental challenges.
It’s our responsibility to minimize the negative impact of our operations by conserving energy, recycling and finding innovative technology solutions to environmental challenges. In addition, we strive to maximize the positive effects of broadband technologies which enable customers to reduce energy through telework, distance learning and e-commerce.

Energy Conservation

Verizon takes a disciplined approach to energy conservation. Our actions are guided by the following straightforward corporate policy that expressly charges us with responsible stewardship of our natural resources and requires that we implement systems, programs and governance policies to ensure compliance:

“Verizon companies shall conduct business in an environmentally responsible manner and provide employees with a safe and healthy workplace.”

Verizon’s executive vice president of human resources directs our environmental programs and reports regularly to corporate management and the board of directors. Environmental management is part of our corporate Code of Conduct, which applies to all employees.

In 2006 Verizon consumed 8.9 billion kilowatt hours of electricity and generated more than 7.1 million metric tons of carbon dioxide (CO₂). Using a standard widely used to measure environmental impact, Verizon generated 81 metric tons of CO₂ for every $1 million of revenue—an improvement over 2005 and almost eight times better than the national average of 629 metric tons per $1 million of revenue. (See chart on page 26.)

Verizon’s energy-saving initiatives also conserved more than 70,000 metric tons of greenhouse gases in 2006.

For example, we powered down and removed obsolete equipment in more than 400 facilities, cutting electricity use by 24 million kilowatt hours and reducing CO₂ emissions by almost 18,000 metric tons for 2006. These savings will continue to accrue going forward. We expect this initiative will result in a permanent reduction of 46,400 metric tons of CO₂ emissions in 2006.

Similarly, the following management initiatives helped us reduce greenhouse gas emissions by more than 44,000 metric tons in 2006:

- Capital improvements;
- Conservation programs at existing buildings; and
- Targeted programs at high-consumption facilities.

One indicator of the success of our disciplined attention to environmental stewardship is the relatively small number of citations we received in 2006 from regulatory agencies—54 notices of “non-compliance” for the year, all of them for...
Verizon Corporate Responsibility Report 2006

Verizon produces far less carbon dioxide per million dollars of revenue than the national average. The widely-used metric, referred to as Carbon Intensity, serves as an indicator of the relative impact on the environment of different companies and industries.

Verizon has consistently been a leader in using innovative technology to improve energy efficiency and reduce greenhouse-gas emissions. One of our major initiatives for the year involved our fleet of vehicles, one of the largest in America. In 2006 we partnered with Enova, a pioneer of hybrid-electric-engine technology, to create a hybrid van of the size needed to meet our service requirements.

Several of these new, energy-efficient vans are being used by FiOS technicians today, and we are working with manufacturers to build on the successful launch of this pilot program. (See page 28 for more details.)

Here are other examples of our use of innovative technology:

• We are installing micro-turbines fueled by natural gas in two central offices in California. When fully operational, these systems will generate half the electricity for these facilities and reduce CO₂ emissions by approximately 3,700 metric tons a year.
• Two years ago we became the first communications company to use energy-efficient fuel cells to provide the electrical power for a major switching facility and office building. This technology continues to provide a reliable source of power for the more than 30,000 customers served from this central office in Garden City, NY, as well as reduce our CO₂ emissions by more than 8,000 metric tons a year.
• We conducted a year-long trial of fuel cells to replace the lead-acid batteries we use for back-up power in our networks. The fuel cells, which use compressed hydrogen, proved they can provide power for 24 hours or more, longer than lead-acid batteries. As a result of this successful trial, we are identifying opportunities to deploy fuel cells nationwide at remote terminals prone to power outages caused by severe weather. We have approved two manufacturers’ products for use in our network.
• We have expanded our use of energy-efficient “Hypalon” roofs on buildings throughout our territory. Hypalon roofs—awarded an Energy Star rating by the EPA—have highly reflective surfaces and increased insulation that save energy. At year-end, Verizon had installed 430 of these roofs in sites in six western states.
• We are also trialing the use of biodiesel fuel and lubricants made from biological, biodegradable material in our fiber-optic projects in Texas and New Jersey.

Waste Reduction and Recycling

Verizon has an active program to recycle paper, electronics, beverage containers and other materials. In 2006 Verizon recycled:

• More than 24,000 tons of paper and cardboard;
• 48,000 tons of telecommunications equipment and related material; and
• 29 tons of batteries collected through the Verizon Wireless HopeLine phone recycling program and other initiatives.

The EPA has recognized our leadership in waste reduction and recycling. In 2006—for the second year in a row—the agency named Verizon Telecom its “WasteWise Very Large Business Partner of the Year.”

This is the ninth WasteWise honor Verizon has received over the years, making us the only communications
At Verizon, we like to say that we’re always working for the customer, but we’re also working to minimize the harmful effects that our business can have on the environment. We estimate that our total energy conservation, waste prevention, and recycling efforts in 2006 reduced our greenhouse-gas emissions, on average, by 334,000 metric tons. That’s equivalent to:

- 776,744 barrels of oil
- 278,333 acres of pine or fir forests storing carbon for one year
- 112,458 tons of waste recycled instead of landfilled
- 72,294 passenger cars NOT driven for one year
- 2,738 acres of forest preserved from deforestation
- 1,697 railcars of coal
- The power consumption of 42,875 households
- The propane gas needed to fill 13,916.667 cylinders used for home barbecues.
Verizon is pioneering the development and use of hybrid-electric technology in service vans used by our network technicians—a fleet that consumes more than 60 million gallons of fuel each year. In a year’s time, these vehicles generate more than 500,000 metric tons of CO₂.

We had been looking for more fuel-efficient and environmentally friendly service vans, but none of the U.S. vehicle manufacturers produces hybrid vans in the class we need (vans in the 6,001- to 10,000-pound range). So, to lower those emissions, we partnered with hybrid-electric pioneer Enova Systems to create a van to meet the needs of the business and the environment. The initial result: 13 retrofitted, gas-powered, General Motors vans with both electric and gas engines that work together to power the vehicle. We plan to test 10 vans in Maryland and three in Texas.
The drop in paper and cardboard recycling for 2006 is associated with the closing of two printing plants (Des Plaines, IL & Los Angeles, CA) early in the year that were part of Verizon’s former U.S. print and Internet yellow pages directories company, now called Idearc Inc.

Protecting the Environment

Recycling Cell Phones Helps Fund HopeLine®

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Phones Collected</th>
<th>Number of Phones Refurbished</th>
<th>Number of Phones Recycled</th>
<th>Number of Phones Donated to Shelters</th>
<th>Cash Grants Donated from HopeLine Funds</th>
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<tr>
<td>2004</td>
<td>722,070</td>
<td>n/a</td>
<td>139,042</td>
<td>11,573</td>
<td>$790,026</td>
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<tr>
<td>2005</td>
<td>852,460</td>
<td>n/a</td>
<td>267,207</td>
<td>9,600</td>
<td>$748,647</td>
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<tr>
<td>2006</td>
<td>909,396</td>
<td>669,396</td>
<td>242,669</td>
<td>16,156</td>
<td>$1,271,697</td>
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</table>

Verizon Wireless HopeLine collects, refurbishes and re-uses used cell phones to provide free wireless phones and service to victims of domestic violence. Last year, Verizon Wireless collected more than 900,000 cell phones—up 7 percent from 2005. About 240,000 could not be reused and were disposed of using environmentally sound methods. Many of the phones collected in 2006 were refurbished and put back into service, which accounts for the year-over-year drop in the number of phones recycled.

Energy Reduction

Seek additional opportunities to reduce energy consumption including building on our energy-reduction initiatives and trialing alternative energy sources in our network, buildings and vehicles.

Hybrid Vehicles

Work with vehicle manufacturers to identify partners that can help improve the efficiency of our fleet.

Environmental Benefits

Quantify the environmental benefits of our services as an alternative to travel, and educate our customers on how our technologies can help them minimize their impact on the environment.
In 2006, the Verizon Foundation began merging two of its leading philanthropic initiatives to create a powerful new platform to support education and literacy. Meet Verizon Thinkfinity.org. Judith Moog of the Verizon Foundation shows students that our new platform is much more than the sum of its parts.
In 2006, our commitment was evidenced by $69.4 million in Foundation grants to charitable and nonprofit agencies nationwide, including $13.9 million to match contributions by Verizon employees and retirees. Our commitment was also felt close to home through the volunteer efforts of our employees and retirees who contributed $14.5 million to charities and nonprofits last year and volunteered more than 600,000 hours of community service.

We also demonstrated our commitment by using technology to address the social issues that are critical to the success of our business and the well-being of the communities we serve: education and literacy and family safety through domestic violence prevention.

To learn more about the Verizon Foundation, visit our Web site at http://foundation.verizon.com.

**Thinkfinity.org**

Our commitment to improving education and literacy has a name: Thinkfinity.org. In 2006 we brought together our innovative, technology-based initiatives in literacy and K-12 education into this single, comprehensive digital learning platform.

Thinkfinity, which means “endless possibilities for learning,” is built upon the merger of two highly acclaimed programs well-known to educators: the program formerly known as Verizon Marco Polo and the Verizon Literacy Network. Thinkfinity.org is designed to improve learning in traditional settings and outside the classroom by providing high-caliber content and professional development needed to improve student achievement—anytime, anywhere, at no cost.

Thinkfinity.org provides more than 55,000 authoritative educational and literacy resources for teachers, students and community programs, including standards-based K-12 lesson plans, student materials, interactive tools and Web site links. Thinkfinity.org also includes best-in-class literacy resources such as the Life Span Literacy Matrix—a first-ever tool for identifying, achieving and measuring literacy outcomes from early childhood through adulthood.

Thinkfinity.org material is free, non-commercial, safe and authoritative, and is provided by a “dean’s list” of nonprofit educational and literacy organizations.
Currently:

<table>
<thead>
<tr>
<th>Currently:</th>
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<tbody>
<tr>
<td>There are 6,000 public school districts with Thinkfinity-trained educators</td>
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</tr>
<tr>
<td>55,000 standards-based K-12 resources have been created and approved by</td>
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<tr>
<td>content partners</td>
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<tr>
<td>There is an average of 2.9 million user sessions per month</td>
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<tr>
<td>92 percent of 146,000 educators who responded to surveys rate the</td>
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<tr>
<td>search engine “helpful–very helpful”</td>
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<tr>
<td>236,000 educators have been trained to use Thinkfinity.org</td>
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<tr>
<td>The Thinkfinity.org Web site provides innovative tools and resources</td>
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<tr>
<td>for educators and learners of all ages, including material provided by</td>
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<tr>
<td>our content partners</td>
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</table>

“After a (Thinkfinity) training session, teachers invariably say that they feel revitalized to go back into the classroom because they now have a very powerful tool that they can utilize—and there is no cost to the school district.”

Rusty Sinclair, Training Director
Texas Computer Education Association

“We feel so fortunate to have access to the Verizon Literacy Network. As a nonprofit literacy organization that relies heavily upon volunteers to accomplish our mission, the VLN courses have proven to be an invaluable asset.”

Heidi Fisher, Executive Director
Literacy Volunteers of Chippewa Valley (Wisconsin)
For Verizon’s Michael Malone, it all adds up to giving more

In addition, Thinkfinity.org offers a comprehensive professional development program that enables educators to incorporate the platform’s rich resources into their instructional settings. A rollout network of select state and national education and literacy organizations enables the broadest possible outreach to schools and community-based programs.

Thinkfinity.org is Verizon’s signature program for education and literacy. It supports lifelong learning by providing educators, students, and citizens with powerful tools to successfully meet the global challenges of the 21st century. Our goal is to make it the most useful and trusted source for educational resources on the Internet. We are gratified that, for the second year in a row, Thinkfinity.org was voted “favorite site for free materials” by the readers of Edutopia Magazine (April 2007).

To learn more about our signature program, go to www.thinkfinity.org.

Beyond Thinkfinity.org, the Verizon Foundation supports initiatives that are advancing research and instructional practices to improve education and literacy. The following are just some of the examples:

- The Foundation is funding a program at Loras College in Iowa that identifies and tests techniques to train pre-service teachers in effectively delivering literacy instruction.
- The Verizon Foundation’s second National Literacy Summit was held in October 2006 in partnership with the American Library Association, Georgetown University, the National Coalition for Literacy and ProLiteracy Worldwide. The goal of the summit was to provide research-based resources that identify “what works” in teaching literacy across the lifespan and to share best practices among literacy professionals. The Verizon Life Span Literacy Matrix was introduced at the summit, and is available online at www.thinkfinity.org.

Family Safety

Verizon’s philanthropy reaches out to families in communities across the country through our focus on domestic violence prevention.

Long a centerpiece of Verizon Wireless’s corporate responsibility efforts, domestic violence prevention is now one of the Verizon Foundation’s targeted social issues and a focus corporate-wide. In 2006 the Foundation contributed $5.1 million toward preventing domestic violence and engaging employees at all levels in the cause.

The statistics offer a compelling reason to focus on this issue. Domestic violence is the greatest cause of injury to women between the ages of 15 and 44, and more than 20 percent of employed
Americans have been victims at some point in their lives, at an annual cost of $5.8 billion in lost productivity.

Verizon is no stranger to the effect of domestic violence on the workplace. In 2006 alone Verizon Wireless handled more than 100 incidents involving our employees, often working with law enforcement and advocacy groups. In some cases, Verizon Wireless has taken extraordinary measures to protect employees—in one case helping an employee file a police report and relocate to a job in another state.

Nationally, Verizon Wireless has led the corporate charge on this issue for more than a decade through the HopeLine program, which collects and recycles used cell phones. HopeLine supports the cause of domestic violence prevention in two ways:

• Providing domestic violence victims with safe and dependable communications services by using the proceeds of the sale of refurbished wireless phones to provide free cell phones and airtime; and,
• Contributing funds raised from cell phone recycling to awareness and prevention programs.

Over the years, HopeLine has raised more than $10 million for the cause of domestic violence prevention and distributed more than 40,000 phones with free airtime. In 2006 HopeLine donations amounted to $1.27 million—a 70 percent increase from 2005 and the highest in the history of the program. These proceeds went to support nearly 300 local organizations across the country. Also in 2006 we enlisted Wal-Mart to join our Hopeline efforts; cell phone drives were held at more than 2,000 store locations nationwide.

Verizon is committed to being among the national corporate leaders on the issue of domestic violence prevention. In November 2006, we sponsored our first National Domestic Violence Summit, bringing together other corporations and leading nonprofits to discuss the challenges and possible solutions.

Across the company, Verizon employees have embraced this cause wholeheartedly. For example, during National Domestic Violence Awareness Month in October 2006, Verizon partnered with Dress for Success to collect job-appropriate clothing, shoes and accessories for victims of domestic violence to wear for interviews and when returning to work. Our employees donated more than 6,000 items of clothing, valued at more than $100,000.
Tim Williams, an account manager with Verizon Enhanced Communities in Tampa, is one of those volunteers who make Verizon’s workforce such an asset to the community. His concern for young people led him to volunteer his time helping abused, neglected and otherwise at-risk children.

Through his volunteer efforts and the company’s Volunteer Incentive Program, which recognizes employees’ contribution of time and talent to nonprofit organizations located in their community or surrounding areas, Verizon is providing a grant of $750 to Florida’s “Guardian ad Litem” Program.

“I believe it’s important to give back to the community,” Williams said. “I’d do it no matter what, but I think it’s tremendous that Verizon will match my commitment with a contribution. It makes me proud to work for the company and for the principles of community service it encourages.”

Verizon Volunteers
at the heart of our communities

As a French-speaking native of Niger, in West Africa, Baraka Dan-Azoumi knows firsthand how important it is to master English as a second language in the United States.

That’s why this Verizon finance specialist based in Irving, TX, donates her time and talents to Debes Creer en Ti/Believe in Yourself—a program focused on educating immigrants in English as a second language and computer literacy. Baraka serves on the board of advisors for the program that has helped more than 2,000 students.

Thinkfinity.org
We are expanding the scope and reach of Thinkfinity.org beyond the classroom, introducing learning resources for students and parents to use at home and providing resources to serve a broad array of community-based organizations—from formal after-school programs to programs for low-literacy and at-risk students.

Family Safety
We will continue to expand our support for technology-based programs that promote awareness and prevention of domestic violence.

Employee Volunteerism
Our employees and retirees are a powerful force for positive change, and we will continue to encourage and support their volunteer efforts in communities across the country.
In 2006 Verizon earned more than 50 awards and accolades from a wide range of organizations.
FROM ENVIRONMENTAL LEADERSHIP TO THE NO. 1 SPOT on DiversityInc magazine’s “Top 50 Companies for Diversity” list for 2006, numerous awards recognize Verizon as a company that develops leaders and innovators, embraces diversity, raises awareness about domestic violence, promotes education and literacy, and provides opportunities for its employees.

- The U.S. Environmental Protection Agency named Verizon the winner of its “WasteWise Very Large Business Partner of the Year” award for its comprehensive waste management and “green” purchasing programs.
- Working Mother magazine put Verizon on the list of 100 Best Companies for its continuing commitment to working mothers and family-friendly benefits and policies. Verizon and Verizon Wireless were the only telecom and wireless companies selected.
- Black Engineer and Information Technology magazine selected Verizon as a Top Supporter of Historically Black Colleges.
- The Women’s Business Enterprise National Council honored Verizon for providing women-owned businesses with equal opportunities to compete for contracts to supply Verizon with goods and services.
- Institutional Investor ranked Verizon No. 1 on the list of “America’s Most Shareholder-Friendly Companies” for 2006. Verizon is No. 2 in telecom in a related list that shows which companies are best at investor relations.
- Business Week named Verizon “One of the Best Places to Launch a Career,” noting that Verizon is one of the top employers for new college graduates.
- Latin Business magazine named Verizon to its annual Corporate Diversity Honor Roll promoting opportunities on behalf of the nation’s minority communities, particularly Hispanics.
- Black Enterprise magazine named Verizon as one the “40 Best Companies for Diversity” surveying more than 1,000 of the country’s largest publicly traded companies and more than 50 leading global companies with significant U.S. operations.
- The Alliance for Workplace Excellence named Verizon Wireless a “Health & Wellness Trailblazer,” for its commitment to employee health and fitness.
- LATINA Style named Verizon as one of the country’s top 50 employers for Hispanic women.
- Hispanic Business magazine ranked Verizon No. 7 in a list of top companies for Hispanics.
- Working Mother magazine named Verizon among the best companies for women of color.
- The Association for Women in Communications bestowed its prestigious 2006 Clarion Award, which honors excellence in clear, concise communications, on Verizon’s newsletter for customers with disabilities, Forward Access.
- American Advertising Federation honored Verizon with a Mosaic Award and a Multicultural Media Usage Award in recognition of the company’s multicultural advertising campaigns.
- Frost & Sullivan, a leading industry analyst firm, honored Verizon Business for the company’s expansive global portfolio of managed network and information technology services, as well as for the personalized customer care offered by more than 6,500 technicians and network engineers.
- The J.D. Power and Associates’ annual survey of small, mid-size and large-business customers gave Verizon Business top honors for customer satisfaction among six companies in the large-business category.
- Forrester Research rated Verizon a leader among Internet service providers (ISPs) serving consumers based upon its current service offerings, market presence and strategies.
Financial Statistics
(as of year-end 2006)

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006 Operating Revenues</td>
<td>$88.1 billion</td>
</tr>
<tr>
<td>2006 Net Income, Before Special Items</td>
<td>$7.4 billion</td>
</tr>
<tr>
<td>2006 Capital Expenditures</td>
<td>$17.1 billion</td>
</tr>
<tr>
<td>Shareowners</td>
<td>2.5 million</td>
</tr>
</tbody>
</table>

Operating Statistics

Verizon Wireless

- U.S. Wireless Customers: 59.1 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: 45.1 million
- Wireline Broadband Connections: 7.0 million

Verizon Business

- International Presence: 140+ countries
- Customer Relationships: 94 percent of Fortune 500
- Total Employees: 242,330 (97,623 union represented)

Verizon Communications Inc. (NYSE:VZ), headquartered in New York, is a leader in delivering broadband and other wireline and wireless communication innovations to mass market, business, government and wholesale customers. Verizon Wireless operates America’s most reliable wireless network, serving more than 59 million customers nationwide. Verizon’s Wireline operations include Verizon Business, which operates one of the most expansive wholly owned global IP networks, and Verizon Telecom, which is deploying the nation’s most advanced fiber-optic network to deliver the benefits of converged communications, information and entertainment services to customers. A Dow 30 company, Verizon has a diverse workforce of approximately 242,000 and in 2006 generated consolidated operating revenues of more than $88 billion. For more information, visit www.verizon.com.