



Corporate **HISTORY**

The History Of Verizon Communications

Verizon Communications, Inc., based in New York City and incorporated in Delaware, was formed on June 30, 2000, with the merger of Bell Atlantic Corp. and GTE Corp. Verizon began trading on the New York Stock Exchange (NYSE) under the VZ symbol on Monday, July 3, 2000. It also began trading on the NASDAQ exchange under the same symbol on March 10, 2010.

The symbol was selected because it uses the two letters of the Verizon logo that graphically portray speed, while also echoing the genesis of the company name: veritas, the Latin word connoting certainty and reliability, and horizon, signifying forward-looking and visionary.

While Verizon is truly a 21st century company, the mergers that formed Verizon were many years in the making, involving companies with roots that can be traced to the beginnings of the telephone business in the late 19th century.

Government regulation largely shaped the evolution of the industry throughout most of the 20th century. Then, with the signing of the Telecommunications Act on February 8, 1996, federal law directed a shift to more market-based policies. This promise of a new competitive marketplace was a driving force behind Verizon's formation.

Verizon's Formation: The Bell Atlantic - GTE Merger



The mergers that formed Verizon were among the largest in U.S. business history, culminating in a definitive merger agreement, dated July 27, 1998, between Bell Atlantic, based in New York City, and GTE, which was in the process of moving its headquarters from Stamford, Connecticut, to Irving, Texas.



GTE and Bell Atlantic had each evolved and grown through years of mergers, acquisitions and divestitures. Each had proven track records in successfully integrating business operations.

Prior to the merger, GTE was one of the world's largest telecommunications companies, with 1999 revenues of more than \$25 billion. GTE's National and International Operations served approximately 35 million access lines through subsidiaries in the United States, Canada and the Dominican Republic, and through affiliates in Canada, Puerto Rico and Venezuela. (Access lines are the individual landline connections from a customer's premises to the phone network.) GTE was a leading wireless operator in the United States, with more than 7.1 million wireless customers and the opportunity to serve 72.5 million potential wireless customers.

Outside the 50 states, GTE operated wireless networks serving approximately 6.7 million customers, with 34.8 million potential wireless customers through subsidiaries in Argentina, Canada and the Dominican Republic, and affiliates in Canada, Puerto Rico, Venezuela and Taiwan. GTE provided internetworking services, ranging from dial-up Internet access for residential and small-business consumers to Web-based applications for Fortune 500 companies. GTE was also a leader in directories and telecommunications-based information services and systems.



1876

In Boston, Alexander Graham Bell transmits the first complete message - "Mr. Watson, come here, I want you!" - with the use of his invention, the telephone.



1885

American Telephone and Telegraph Co. is established.

1910

The Interstate Commerce Commission (ICC) assumes jurisdiction over interstate telephone companies.

Bell Atlantic was even larger than GTE, with 1999 revenues of more than \$33 billion. Its Domestic Telecom unit served 43 million access lines, including 22 million households and more than 2 million business customers. Its Global Wireless unit managed one of the world's largest and most successful wireless companies, with 7.7 million Bell Atlantic Mobile customers in the United States and international wireless investments in Latin America, Europe and the Pacific Rim.

Bell Atlantic's Directory Services was already the world's largest publisher of directory information, including operations in Europe. Bell Atlantic's International unit included a mix of mature and start-up wireline telecommunications investments in Europe and the Pacific Rim.

The Bell Atlantic - GTE transaction — valued at more than \$52 billion at the time of the announcement — was designed to join Bell Atlantic's sophisticated network that served its densely-packed, data-intensive customer base in 13 states from Maine to the Virginias with GTE's national footprint, advanced data communications capabilities and long-distance expertise. The purpose was to create a combined company with the scale and scope to compete as one of the telecommunications industry's top-tier companies. This combined company would be able to provide long-distance and data services nationwide as part of a full package of other communications services (subject to regulatory restrictions).

The merger closed nearly two years later, following review and approvals by Bell Atlantic and GTE shareholders, 27 state regulatory commissions and the Federal Communications Commission (FCC), and clearance from the U.S. Department of Justice (DOJ) and various international agencies.

In the meantime, on September 21, 1999, Bell Atlantic and London-based Vodafone AirTouch Plc (now Vodafone Group Plc) announced that they had agreed

to create a new wireless business — with a national footprint, a single brand and a common digital technology — composed of Bell Atlantic's and Vodafone's U.S. wireless assets (Bell Atlantic Mobile, AirTouch Cellular, PrimeCo Personal Communications and AirTouch Paging).

This wireless joint venture received regulatory approval in six months. The new "Verizon" brand was launched on April 3, 2000, and the wireless joint venture began operations as Verizon Wireless on April 4. GTE's wireless operations became part of Verizon Wireless — creating the nation's largest wireless company — when the Bell Atlantic - GTE merger closed nearly three months later. Verizon then became the majority owner (55 percent) of Verizon Wireless, with management control of the joint venture.

When Verizon Communications began operations in mid-2000, the leaders of Bell Atlantic and GTE shared management responsibility for the company. Former GTE Chairman and CEO Charles R. "Chuck" Lee became Verizon's founding Chairman of the Board and co-CEO, while former Bell Atlantic CEO Ivan Seidenberg became Verizon's founding President and co-CEO. In accordance with a leadership transition plan announced at the time of the merger, Lee retired from Verizon in 2002. Seidenberg retired as Chairman and CEO in 2011 and was succeeded by Lowell C. McAdam, who became CEO in August 2011 and Chairman on Jan. 1, 2012. McAdam was Verizon's President and COO before becoming CEO, and he was CEO of Verizon Wireless prior to that.

RECENT VERIZON HISTORY

A bellwether for the industry, Verizon Communications was added to the Dow Jones Industrial Average in 2004. Verizon has a regional presence in wireline and national presence in wireless markets, with well more than 100 million Americans connecting to a Verizon network daily. With the addition of MCI Inc., in 2006, Verizon is also a leading provider of advanced communications and



information technology solutions to large-business and government customers worldwide. With the acquisition of Alltel Corp. in early 2009, Verizon Wireless became the largest wireless service provider in the U.S., as measured by the total number of customers.

Verizon's revenue totaled \$115.8 billion in 2012. Since 2008, revenues from Verizon Wireless have exceeded revenues from Verizon's wireline operations. By year-end 2012, Verizon Wireless owned and operated the nation's most reliable wireless network, serving 98.2 million retail customer connections nationwide. Verizon's wireline network served 22.5 million access lines and 8.8 million broadband connections in 12 states and the District of Columbia.

From 2009 through 2012, Verizon invested a total of more than \$66 billion to maintain, upgrade and expand its technology infrastructure. Verizon's strong cash flow from operating activities (\$31.5 billion in 2012) has enabled the company to invest in growth areas — particularly broadband and wireless — even as the company has maintained a healthy dividend. In September 2012, Verizon's Board of Directors approved its sixth consecutive annual dividend increase.

In wireless, Verizon has made several recent major investments. In March 2008, Verizon invested \$9.4 billion for a nationwide spectrum footprint, plus 102 spectrum licenses for individual markets around the U.S., in the FCC's 700 MHz auction. In August 2008, Verizon Wireless expanded to many rural markets by completing its purchase of Rural Cellular Corp. for \$2.66 billion in cash and assumed debt.

On Jan. 9, 2009, Verizon Wireless completed its purchase of Alltel from Atlantis Holdings LLC, expanding the company's network coverage to nearly the entire U.S. population. Alltel has been formed in 1983, with the merger of two independent telephone companies: Allied Telephone in Arkansas and Mid-Continent Tele-

phone in Ohio. By the time the transaction with Verizon was announced in June 2008, Alltel was a wireless company with approximately 13 million customers. Verizon Wireless paid approximately \$5.9 billion for the equity of Alltel. Immediately prior to the closing, the Alltel debt associated with the transaction, net of cash, was approximately \$22.2 billion.

As a condition of the regulatory approvals that were required to complete the Alltel acquisition, Verizon divested overlapping wireless properties in 105 operating markets in 24 states. In May 2009, Verizon entered into an agreement for AT&T Mobility to acquire 79 of these properties for \$2.4 billion. In June 2009, Verizon entered into an agreement for Atlantic Tele-Network to acquire the remaining 26 properties. Both these transactions closed in the first half of 2010.

In December 2010, Verizon Wireless launched its 4G LTE (fourth-generation Long Term Evolution) Mobile Broadband network, the fastest and most advanced 4G network in the U.S., in 38 major metropolitan areas covering one-third of all Americans and in more than 60 commercial airports. On the Verizon Wireless 4G LTE network, users experience average data throughput speeds of up to 10 times faster than when on the company's 3G network.

In January 2011, Verizon Wireless announced that it would expand its 4G LTE network to an additional 140 markets by the end of 2011. As of December 2012, 4G LTE service was available to more than 273 million people - close to 89 percent of the U.S. population in 476 markets.

In December 2011, Verizon Wireless announced agreements to purchase Advanced Wireless Spectrum (AWS) licenses from SpectrumCo -- a joint venture of Comcast, Time Warner Cable and Bright House Networks -- and from Cox TMI Wireless. The



spectrum licenses under the two agreements cover 93 percent of the U.S. population, in an important step toward meeting customers' needs for wireless data and broadband services. The purchases received regulatory approval and closed in August 2012.

In wireline, Verizon is in the midst of a major initiative to bring customers the next-generation broadband services — fiber-optic-based Internet and TV services called FiOS. Verizon is the only major U.S. communications company building an advanced, all-digital fiber-optic network, on a mass scale, all the way to customers' homes. From 2004 through 2012, the company has invested more than \$20 billion to deploy Verizon's fiber network past 17.6 million premises, with plans to eventually pass more than 18 million premises, or more than 70 percent of its landline territory. Verizon began selling FiOS Internet services in the Dallas suburb of Keller, Texas, in August 2004, and the company had 5.4 million FiOS Internet customers by year-end 2012. The company began selling FiOS Video services in September 2005 and had 4.7 million FiOS Video customers by year-end 2012.

At the same time that Verizon has made these significant strategic investments, the company has shed non-strategic assets and investments. Verizon sold wireline access lines in Alabama, Missouri and Kentucky in 2002 and in Hawaii in 2005. In 2006, Verizon spun off its U.S. print and Internet yellow pages directories company to Verizon shareholders. The spinoff resulted in a new public company called Idearc, now called SuperMedia Inc.

In January 2007, Verizon announced the spinoff of wireline businesses in Maine, New Hampshire and Vermont to FairPoint Communications, Inc. This transaction closed on March 31, 2008. On May 13,

2009, Verizon announced the spinoff of wireline businesses in Arizona, Idaho, Illinois, Indiana, Michigan, Nevada, North Carolina, Ohio, Oregon, South Carolina, Washington, West Virginia and Wisconsin, and in portions of California bordering Arizona, Nevada and Oregon — to Frontier Communications Corp. This transaction closed on July 1, 2010. The total value to Verizon and its shareowners was approximately \$8.6 billion, as shareowners realized \$1.85 per share in additional returns as a result of the transaction.

Verizon has also previously sold its interests in telecommunications providers in the Dominican Republic, Puerto Rico and Venezuela in three separate transactions to América Móvil, a wireless service provider throughout Latin America, and a company owned jointly by Teléfonos de México (Mexico's leading full-service telecommunications company) and América Móvil. The sale of Verizon Dominicana closed in December 2006, and the other transactions closed in early 2007.

In January 2011, in a move that reshaped the rapidly evolving global business technology solutions market, Verizon announced a definitive agreement to acquire Terremark Worldwide Inc., a global provider of managed IT (information technology) infrastructure and cloud services, for a total equity value of \$1.4 billion. The transaction closed in April 2011, and is accelerating Verizon's strategy to deliver a portfolio of highly secure, scalable on-demand solutions to business and government customers globally -- building on the global network capabilities that Verizon gained through its acquisition of MCI. To complement the Terremark acquisition, Verizon acquired CloudSwitch, an innovative provider of cloud software technology, in August 2011.

On June 1, 2012, Verizon announced that it would acquire Hughes Telematics. The transaction expanded Verizon's capabilities in the automotive and fleet



telematics marketplace and helped accelerate growth in emerging machine-to-machine services applications. The transaction closed on July 26, 2012.

The MCI Merger

On February 14, 2005, Verizon announced its agreement to acquire MCI, in order to enhance its ability to deliver the benefits of converged communications, information and entertainment across the country and around the world.

Qwest Communications later announced its own bid for MCI, but in May 2005, the MCI Board endorsed an amended bid by Verizon. MCI shareholders approved the merger with Verizon in October 2005, and state, federal and international regulatory approvals were obtained by year-end 2005. The merger closed on January 6, 2006, in a transaction valued at approximately \$8.5 billion.

Current Statistics

Verizon today is a global leader in delivering broadband and other wireless and wireline communications services to mass market, business, government and wholesale customers. At year-end 2012, the company had a diverse workforce of 183,400 employees, serving customers in more than 140 countries. Verizon's corporate headquarters is located at 140 West St. in Manhattan, and it has a major operations hub, the Verizon Center, at the former headquarters location of AT&T in Basking Ridge, N.J.

Current facts and figures about Verizon can be obtained at <http://newscenter2.verizon.com/kit/vcorp/factsheet.html> and additional details about Verizon Wireless can be obtained at <http://aboutus.verizonwireless.com/atagance.html>

BELL ATLANTIC CORPORATE HISTORY

The term "Baby Bell" — synonymous with RBOC, or

Regional Bell Operating Company — indicates that Bell Atlantic was one of the companies tracing its heritage to the Bell System, which was a common name for the organizational structure of the American Telephone and Telegraph Co. (AT&T) prior to 1984.

Until then — as the result of a 1913 agreement known as the Kingsbury Commitment and reinforced by the Communications Act of 1934 (the act that created the FCC) — the Bell System functioned as a legally sanctioned, regulated monopoly. The purpose of this sanction was the goal of "Universal Service" which, according to the 1934 Act, was "to make available... for all the people of the United States a rapid, efficient nationwide...wire and radio communication service with adequate facilities at reasonable charge."

On Jan. 1, 1984, 22 local telephone companies were split from parent company AT&T. At the time, it was the largest private business enterprise in the world, with more than 1 million U.S. employees; the company was popularly referred to as "Ma Bell."

A divestiture occurs when one or more companies are split from a parent corporation, often by government order. The divestiture of AT&T was so large and unprecedented that it became known as simply "Divestiture." Events leading to Divestiture included the FCC's 1968 Carterfone decision, which allowed competition with the Bell System for telephone equipment, and a 1974 antitrust suit filed by the DOJ, charging that AT&T had unlawfully monopolized the telecommunications market. After years of preparation and several months of trials related to this antitrust suit, the government and AT&T resolved their differences out of court, agreeing to a consent decree in January 1982. This is also sometimes called the Modified Final Judgment, or MFJ, since the settlement modified a 1956 consent decree also involving AT&T.

1946

FCC requires the use of "beep tones" required when conversations are recorded.

1949

AT&T introduces the famous black rotary Model 500 telephone.



According to terms of Divestiture, the 22 operating Bell telephone companies were formed into seven regional holding companies of roughly equal size. Bell Atlantic was one of the original seven RBOCs, or Baby Bells, that began operations in 1984.

When it was formed, Bell Atlantic was based in Philadelphia and consisted of several telephone companies (Bell of Pennsylvania; C&P Telephone Companies of D.C., Maryland, Virginia and West Virginia; Diamond State Telephone, and New Jersey Bell) serving six states (Delaware, Maryland, New Jersey, Pennsylvania, Virginia and West Virginia) and the District of Columbia.

One key regulatory restriction imposed by Divestiture on all of the RBOCs was a prohibition against providing long-distance telephone services in their own jurisdictions. The MFJ had divided the United States into geographic areas within which an RBOC could offer telecommunications services. These areas are called

Local Access and Transport Areas, or LATAs. Local telecommunications services are called intraLATA, while long-distance services are called interLATA. (Area codes and LATAs do not necessarily share boundaries; New York state, for example, has eight LATAs and 14 area codes. A similar traditional industry abbreviation is NNX, which refers to the three digits that follow an area code in a 10-digit phone number. These terms relate to the public switched telephone network, or PSTN; area code designations are not tied to geographic areas when voice over Internet Protocol, or VoIP, technology is used.)

Bell Atlantic/NYNEX

One of the most significant evolutionary steps for Bell Atlantic was a June 1994 agreement to form a wireless joint partnership with NYNEX, another of the original seven Baby Bells that began operations in 1984. The combined wireless businesses were to cover 55 million potential customers along the East Coast and in the Southwest.

This combination began operations in July 1995 under the name Bell Atlantic NYNEX Mobile. NYNEX (pronounced "NINE-x"), based in New York, was so named because it was composed of the New York and New England telephone companies that were formerly part of the Bell System ("NY" representing New York, "NE" representing New England, and "X" the undefined future). It operated in seven Northeastern states — Connecticut, Maine, Massachusetts, New Hampshire, New York, Rhode Island and Vermont. For a decade, New York Telephone and New England Telephone were branded independently, but under Ivan Seidenberg's direction, operations were internally "merged" under a single NYNEX brand on Jan. 1, 1994.

The Bell Atlantic - NYNEX wireless partnership marked the beginnings of the current-day Verizon Wireless.

This partnership also began a relationship between the two RBOCs that resulted in an announcement on April 22, 1996, that Bell Atlantic and NYNEX had agreed to merge their entire operations in a transaction then valued at \$23 billion. On April 1, 1996 — less than two months after the signing of the Telecommunications Act — two other Baby Bells (SBC Communications and Pacific Telesis) had also proposed a merger, and more than a year of regulatory review and approvals followed for each.

The Bell Atlantic - NYNEX merger united a natural market in the adjoining Northeast and Mid-Atlantic regions. The "new" Bell Atlantic opened for business on Aug. 15, 1997. As announced when the merger agreement was struck, the company retained the Bell Atlantic name and was headquartered in New York. Raymond W. Smith retained the title of Chairman and CEO of Bell Atlantic after the merger, and Seidenberg, who was formerly Chairman and CEO of NYNEX, became the Vice Chairman, President and Chief Operating Officer. Seidenberg was later named CEO, then Chairman upon Smith's retirement at the end of 1998.

Even before their merger, both Bell Atlantic and NYNEX



had been making headlines since the 1984 Divestiture. Under Seidenberg, NYNEX was widely recognized as among the first of the Baby Bells to embrace the new competitive era codified by the Telecommunications Act of 1996, and throughout the '90s Bell Atlantic's Smith articulated a vision for the Information Superhighway made possible by the fledgling Internet.

In 1993, Bell Atlantic proposed a merger with cable TV giant Tele-Communications Inc. — a high-profile deal later terminated by Bell Atlantic, but one that dramatically accelerated the pace of change in the industry, making it clear that convergence of digital technologies and industry consolidation were the way of the future.

The Bell System

Before 1984, as part of the Bell System, the histories of Bell Atlantic and NYNEX followed similar paths. They were, in fact, part of one management system, promulgated in 1908. Theodore N. Vail, the then-new president of AT&T, set forth a vision that would define the Bell System for many years to come — "One Policy, One System, Universal Service."

The Bell System has a long and storied history, dating back to the very invention of the telephone and the first patent filed by Bell, applied for on Feb. 14, 1876, and granted on March 7, 1876. Three days later, the inventor dropped a battery, spilling acid. He called out to his assistant, "Mr. Watson, come here!" and Watson heard Bell's words over the new device.

Many books and other educational resources are available that chronicle the history of the Bell System — from 1917 when exchange names ("Pennsylvania 6") were first added to four-digit phone numbers in New York (a practice that began to be phased out in 1960 with the introduction of "all number calling"), to the first public demonstration of the newly invented tran-

sistor by Bell Telephone Laboratories in 1948, to the introduction of Picturephone service coincident with the 1964 World's Fair.

An underlying theme of Bell System culture has been an attention to customer service — whether exhibited by a bedrock commitment to protect customer privacy or by the heroic efforts of phone company managers and technicians to restore essential services following disasters.

This service ethic is often depicted by a Bell System-commissioned painting, "The Spirit of Service," based on a photograph of New England Bell lineman Angus Macdonald in snowshoes, maintaining the only long-distance telephone lines between New York and Boston during the Great Blizzard of 1888. Bell System communications lines had stayed open during the severe March storm that otherwise had paralyzed the Northeast.

Examples of the Spirit of Service abound throughout the history of the Bell Atlantic and NYNEX telephone companies. On Feb. 27, 1975, a fire of unknown origin swept through a New York Telephone central office in lower Manhattan, causing the worst service disaster ever suffered by a single Bell operating company. The company restored lines serving more than 170,000 phones within 22 days — a technological feat that, at the time, would normally have taken a year or more. The restoration effort was dubbed "The Miracle of Second Avenue."

More recently, this spirit was exemplified by Verizon's restoration efforts following the terrorist attacks on Sept. 11, 2001.

These restoration efforts were enhanced by the scale and scope Verizon had obtained through the merger of Bell Atlantic and GTE, together with the cooperation of other companies in a now fully competitive



industry. In New York, Verizon employees responded to the emergency by helping the NYSE resume trading and handle record volumes less than a week after the attacks on the World Trade Center. At crash sites in Pennsylvania and at the Pentagon, employees provided emergency services and rebuilt systems. In less than 90 days, Verizon had restored a phone and data network at Ground Zero of roughly the size and complexity of one serving a city the size of Cincinnati.

GTE CORPORATE HISTORY

There were more than 1,400 local phone companies in 1984 that were never part of the Bell System. Many still exist today, primarily in rural areas. Typical independents are family-owned businesses or subscriber-owned cooperatives that serve one or more small communities.

The independent telephone industry originated in 1893, when Alexander Graham Bell's original patents expired. In the early years of this industry, customers of independent telephone companies could only call other customers served by the same company.

GTE, before its merger with Bell Atlantic, was the largest independent phone company in the United States, owning numerous independent local telephone properties in rural and urban areas from Hawaii and California to Virginia.

This distinction between "former Bell System" and "independent" meant that Bell Atlantic and GTE had historically been regulated very differently. For example, GTE was already providing long-distance (interLATA) services to customers at the time the merger with Bell Atlantic was announced. GTE had owned and operated the Sprint long-distance network during parts of the 1980s and 1990s. However, as a result of a consent decree entered into by GTE in connection with its

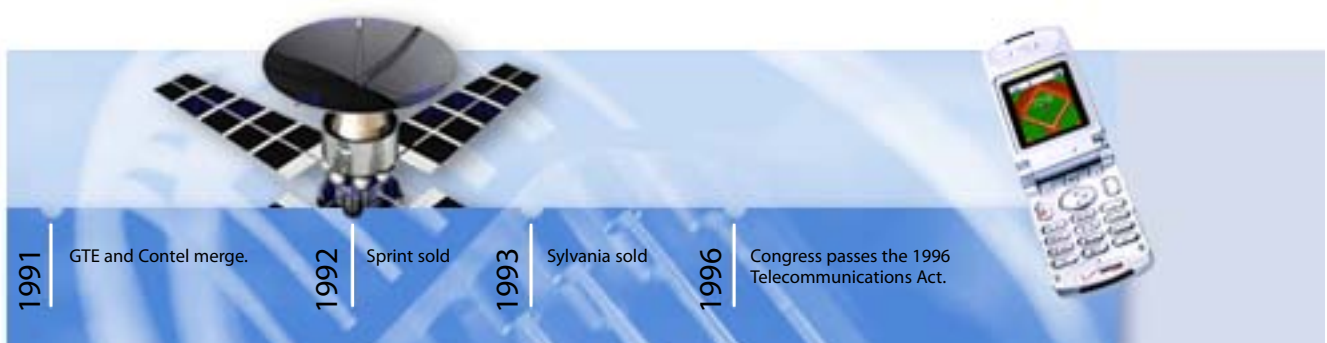
acquisition of the Sprint network, GTE was required to keep its Sprint business separate from the business conducted by its telephone operating companies. GTE re-entered the long-distance business in conjunction with its local telephone operations shortly after the Telecommunications Act of 1996 eliminated these separation restrictions.

On the other hand, as a former Baby Bell, Bell Atlantic's entry into the long-distance business had been subject to greater restrictions. Under Section 271 of the Telecommunications Act, federal regulators were required to certify, with input from state regulators and the DOJ, that local telecommunications markets are fully open to competition before a former Baby Bell could be approved to offer long-distance service in a jurisdiction.

Bell Atlantic was the first of the former Baby Bells to file a Section 271 application that was approved by the FCC, and the company had entered the long-distance market in New York state in January 2000. However, at the time of the Bell Atlantic - GTE merger in June 2000, regulators did not want to allow Verizon to have operational control of GTE's Internet infrastructure business, which operated across LATA boundaries in all states, before Verizon had Section 271 approvals in almost all of the former Bell Atlantic states (which occurred in 2003). Therefore, one condition to the FCC's approval of the Bell Atlantic - GTE merger was the spinoff of this interLATA data business — an independent company called Genuity.

Early GTE History

The early GTE structure was forged primarily through an aggressive history of acquisitions and mergers — beginning with the acquisition of hundreds of small telephone companies independent of the Bell System. These companies had been formed following the 1894



expiration of the last of the telephone patents granted to Bell. This expansion movement reached its zenith in the late 1950s with the combination of three large corporations that formed the nucleus of the GTE as it was structured in 1990: General Telephone, Theodore Gary and Co., and Sylvania Electric Products Inc.

GTE was conceived as a corporate entity in 1918 when John F. O'Connell, Sigurd L. Odegard and John A. Pratt purchased the small Richland Telephone Co. in Wisconsin. The partnership became a corporation two years later, with the acquisition of other Wisconsin telephone properties. Later, the corporation purchased a Long Beach, Calif., telephone company, and a holding company called Associated Telephone Utilities Co. was organized in 1926 to serve as an umbrella for the Wisconsin and California properties.

Associated Telephone Utilities served 500,000 telephones before the stock market crash of 1929 and the Great Depression that followed. Depleted financial resources forced the corporation into receivership in 1933, but it emerged two years later, reorganized as General Telephone Corp.

The Missouri roots of Theodore Gary and Co. stretched back even further than those of Associated Telephone Utilities. Gary purchased the Macon, Mo., telephone exchange in 1897. Bitter competition developed when American Bell Telephone Co., AT&T's predecessor, tried to prevent the operations of the independent telephone companies, sometimes leading to physical violence. The resolution of this conflict was the previously mentioned 1913 Kingsbury Commitment.

In the meantime, Gary was acquiring domestic and international telephone companies at a rapid rate. Theodore Gary and Co. and General Telephone were the two largest independent telephone companies in the United States when they merged in 1955.

Sylvania Electric Products began modestly in the 1910s in Massachusetts and Pennsylvania as a renewer of burnt-out light bulbs. Operations moved on to production of new lamps and then to vacuum tubes in the 1920s, when radio broadcasting became increasingly popular. In 1931, the Massachusetts and Pennsylvania companies merged to become Hygrade Sylvania Corp., later Sylvania Electric Products. By the time it merged with General Telephone in 1959, Sylvania had become a leader in electronics, lighting, television and radio, and chemistry and metallurgy.

After this 1959 merger, the company became known as General Telephone & Electronics Corp. Operations of the General Telephone, Theodore Gary and Sylvania companies were not integrated, and the conglomerate-styled business produced a wide range of products over the following decades, including halogen automobile headlights, cutting tools, telecommunications equipment, cameras, television sets, atomic-reactor fuel elements, anti-missile defense systems, and space frame systems for buildings.

During this time, the holding company became known as GT&E Corp. In March 1970, blasts ripped through the headquarters buildings of GT&E and two other companies in New York in protest of the companies' participation in defense work at the height of the Vietnam War. GT&E subsequently moved its headquarters to Stamford, Conn., and in 1971 the company adopted a new corporate symbol that became a widely recognized logo in the years to come, featuring the initials GTE placed inside a blue, rounded rectangle. The company formally changed its name to GTE Corp. in 1982.

In 1981, the company sold its electronics holdings to North American Philips, a subsidiary of N.V. Philips, Europe's largest electronics company. Meanwhile, in moves in the telecommunications businesses, GTE



Mobilnet was formed to construct and operate cellular systems in 1981 (the first customers were served in 1984 in the Indianapolis area, and in 1989 GTE was the first cellular provider to offer service nationwide). In 1983, the company bought infant long-distance carrier U.S. Sprint from Southern Pacific Co. Five years later, GTE sold its controlling interest in what was then called GTE Sprint to United Telecommunications Inc.; the remainder was sold in 1992.

By the end of the '80s, GTE was a corporation with annual revenues exceeding \$17 billion, employing more than 159,000 people in various telephone and manufacturing operations throughout the United States and some 40 other countries. GTE and its business operations had spanned the turbulent years from the industrial revolution to the beginnings of the information revolution.

GTE in the '90s

Under the leadership of James L. "Rocky" Johnson, who became GTE's Chairman and CEO in 1987, and Chuck Lee, who became Chairman and CEO-elect in late 1991, GTE focused its operations on local telecommunications and on the burgeoning market for data services. GTE anticipated the growing importance of telecommunications technology and the technological shift from analog to digital. By mid-decade, as data traffic was becoming more common than voice traffic on telephone networks, GTE was well positioned in key growth markets.

As early as 1990 in Cerritos, Calif., GTE began market testing of how to provide voice, data and video services over a range of transmission networks, including fiber optics, coaxial cable and the copper wiring traditionally used in the phone industry.

In March 1991, GTE acquired Contel Corp., which was the 10th largest telephone company in the United

States and the 6th largest cellular provider. At the time, it was the largest merger in the history of the telecommunications industry. The transaction was valued at \$6.6 billion, and in its new form GTE became the largest U.S.-based local telephone company and the country's second largest mobile cellular company. (McCaw Cellular, which was subsequently purchased by AT&T, was the largest cellular company at the time.)

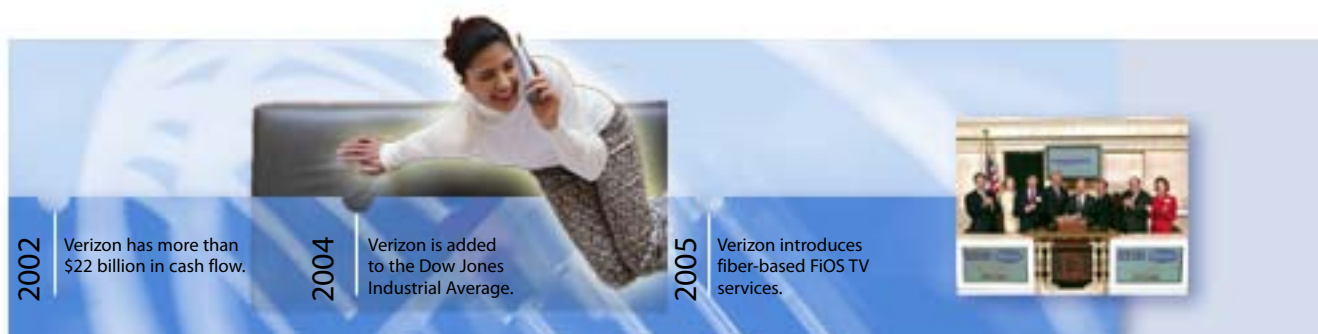
In January 1993, GTE sold its Sylvania lighting and related precision materials operations to OSRAM GmbH. Later in 1993, GTE began offering Internet access services for residential and business customers. In 1997, GTE secured its position as a major provider of Internet services with the purchase of Internet pioneer BBN Corp.

In October 1997, GTE made headlines worldwide with a cash offer to acquire MCI Communications Corp., a long-distance company that had already been targeted for acquisition by British Telecommunications PLC (BT) and WorldCom Inc. In November, MCI accepted WorldCom's counter-offer.

In 1999, a GTE-led consortium completed the purchase of a controlling stake in the Puerto Rico Telephone Co. — the culmination of a series of complementary wireline and wireless acquisitions, partnerships and investments that Bell Atlantic and GTE had engaged in internationally, particularly in the Americas, prior to the close of the merger that formed Verizon.

MCI CORPORATE HISTORY

As a standalone company prior to its 2006 merger with Verizon, MCI was a global communications provider that delivered advanced communications connectivity to business, government and consumers. MCI's Internet backbone network was the largest in the world based on company-owned points of presence.



MCI had 2004 revenues of \$20.7 billion, and its expansive global IP (Internet Protocol) network spanned more than 100,000 miles. It was organized into three distinct units: Enterprise Markets, which included the company's most complex and high-end accounts in business and government; U.S. Sales and Service, which included small, medium and large business customers in the United States, very small business customers, consumer calling cards and SkyTel; and International & Wholesale Markets, with service in Europe, Middle East and Africa (EMEA), Latin America and Asia Pacific regions as well as wholesale customers.

Before changing its name to MCI, Inc. in April 2003, the company was known WorldCom. It had been largely shaped by WorldCom's acquisition of MCI — the culmination of the same series of events described earlier involving BT and GTE. The \$37 billion transaction to form MCI WorldCom was the largest merger in U.S. corporate history when it was announced on Nov. 10, 1997, and it closed on Sept. 15, 1998.

In March 2002, WorldCom received a request for information from the U.S. Securities and Exchange Commission (SEC) relating to accounting procedures and loans to officers. This led to the April 30, 2002, resignation of CEO Bernard J. Ebbers. In late June 2002, following the dismissal of the company's chief financial officer, shares of WorldCom fell to as low as 9 cents and U.S. President George W. Bush called for full investigation of the matter. On July 21, WorldCom filed for reorganization under Chapter 11 of the Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of New York. Many books and media accounts are available with further detail on the WorldCom accounting scandal.

By year-end 2002, under new leadership — including Board Chairman Nicholas deBelleville Katzenbach and newly appointed CEO Michael Capellas — the company had already begun an unprecedented turnaround, sparked in part by the implementation of rigorous

ethics and governance standards and policies. MCI emerged from Chapter 11 protection in April 2004.

Early MCI History

William G. McGowan organized MCI Communications Corp. (first known as Microwave Communications Inc.) in 1968, when the FCC's Carterfone decision allowed competition with the Bell System for telephone equipment. By 1972, MCI began offering point-to-point private line service between Chicago and St. Louis, and by 1973 the company had annual revenues of \$15 million in a relatively small segment of the telecommunications market in competition with AT&T.

The 1982 MFJ, which opened the long-distance market to competition, was a turning point for MCI. It built out nationwide and international networks, established a vibrant brand and grew so rapidly that, by 1990, it had become one of the nation's largest telecommunications companies. It established a fiber-optic network spanning more than 46,000 miles, and it offered more than 50 services in more than 150 countries.

The MFJ settlement also marked the beginning of Long Distance Discount Service (LDDS), founded by Ebbers, William Fields, David Singleton and Murray Waldron. From 1983 to 1991, LDDS and its former companies, WilTel and IDB Communications, began constructing a nationwide voice and data communications network. During this period, the companies also purchased several state and regional voice and data carriers. In December 1992, LDDS merged with Advanced Telecommunications Corp., virtually doubling its size, and the consolidated company became the fourth-largest long-distance provider in the country.

In 1993, LDDS merged with Metromedia and Resurgens Communications. In 1994, it acquired IDB Communications Group, establishing an international presence. In 1995, the company acquired WilTel Network Services, a nationwide common carrier



network, and later that year the company changed its name from LDDS Communications to WorldCom. In 1996, WorldCom completed a merger with MFS Communications, which owned the leading Internet capabilities of UUNET Technologies. Early in 1998, WorldCom completed a merger with Brooks Fiber Properties and also completed an acquisition of CompuServe from H&R Block. WorldCom kept CompuServe's data network and swapped its consumer online service division for an America Online network services subsidiary.

On Sept. 15, 1998, the combined MCI WorldCom opened for business. With more than \$30 billion in revenue, it joined together two of the industry's most entrepreneurial and competitive forces. With its well-recognized brand, MCI expanded WorldCom's presence in the high-end global business market and added approximately 21 million residential customers. MCI WorldCom was the second-largest long-distance phone company in the United States (the largest was AT&T).

In May 1999, MCI WorldCom and SkyTel Communications, a nationwide wireless messaging company, announced a definitive merger agreement. Five months later, on Oct. 5, MCI WorldCom and Sprint (the long-distance provider that GTE had owned during parts of the 1980s and 1990s) announced a \$129 billion merger agreement. This merger would have created the largest communications company in the United States, but the transaction never closed. Faced with U.S. and European regulatory concerns, the boards of both companies agreed to terminate the planned merger in July 2000. Later that year MCI WorldCom changed its name to simply WorldCom.

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