



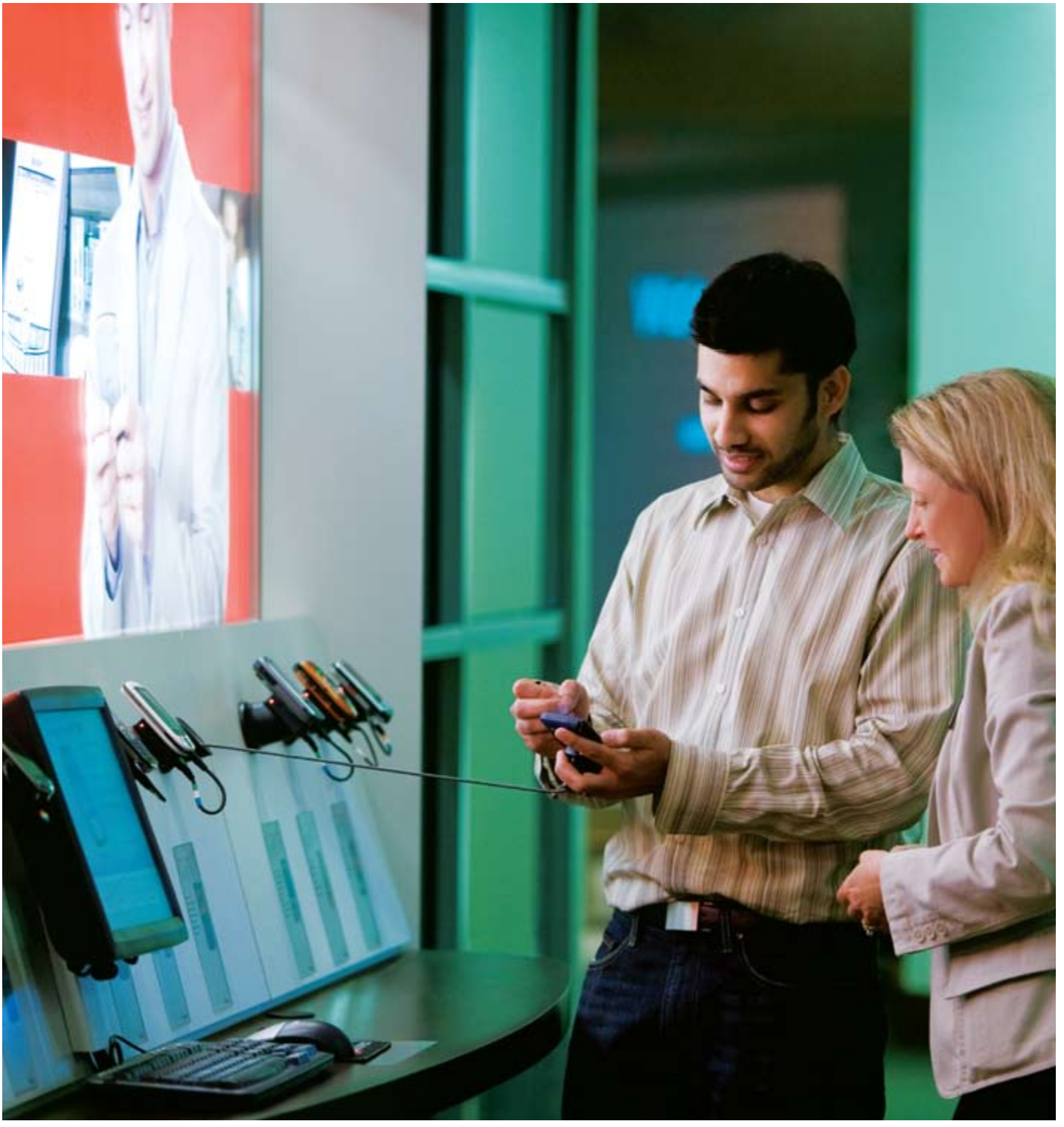
Verizon Communications

08/09 Corporate Responsibility Report

Integrity/Respect/Performance Excellence/Accountability

DOING THE WORK

that makes
a positive impact
on people



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MESSAGE FROM THE CHAIRMAN AND CEO



On behalf of Verizon Communications, Chairman and CEO Ivan Seidenberg accepted the NEA Foundation's Inaugural Award for Philanthropy in Public Education. The award was presented at the NEA Foundation's annual Salute to Excellence in Education awards gala on February 6, 2009 in Washington, D.C.

Welcome to Verizon's Corporate Responsibility Report for 2008–2009. In the pages that follow, you will read about our accomplishments and challenges in our five corporate responsibility priorities.

We will show you what we have done over the past year to expand the reach and impact of our signature programs and to deepen our partnerships with stakeholders. Also, in response to feedback from the corporate responsibility community, we include the results of our first-ever stakeholder engagement survey, which will help us focus future efforts on those issues that matter most to our constituents.

What we hope you will take away from this report is that — in a year in which the ground has shifted dramatically under the feet of corporations and stakeholders alike — Verizon's

commitment to corporate responsibility is as rock-solid as ever.

As you will see, Verizon's community engagement is both broad and deep. Over our long history, our sustained record of corporate citizenship has been nourished by our belief that providing better ways to communicate is inherently valuable to society. We have codified that belief in the Verizon Commitment and Values (see page 6) that govern our interaction with customers, co-workers and stakeholders. Our employees animate those values every day by serving our customers and by contributing

their money and hundreds of thousands of volunteer hours to make our communities better places to work and live.

Few companies touch as many lives, or reach as many communities, as Verizon. We complement this breadth of reach with a corporate responsibility approach that focuses on five strategic priorities that we believe will have the biggest impact on society:

- > **Ethics and governance**
- > **Service and innovation**
- > **Empowering employees**
- > **Protecting the environment**
- > **Partnering with communities**

This disciplined and consistent approach to corporate responsibility allows us to focus our resources, form long-lasting partnerships and build a knowledge base about how to really make a difference in our communities over the long haul. You can read a summary of what we accomplished in 2008 and what we will do next in each of these areas on pages 8–13.

The theme of this report — “Doing the Work” — reflects the commitment to operational excellence that permeates everything we do.

To ensure that our corporate responsibility efforts are producing the results we seek, we have established a disciplined process and structure that translates our belief in the social benefits of networks into specific goals, actions and lines of accountability.

Verizon’s Corporate Responsibility Council — composed of senior executives and chaired by Tom Tauke, executive vice president of Public Affairs, Policy and Communications, and Virginia Ruesterholz, president of Verizon Services Operations — identifies issues, establishes priorities, tracks results and integrates corporate responsibility into our business operations.

Through our Strategic Alliances group and Consumer Advisory Board, we engage in a constant dialogue with stakeholders, which gives us an “outside-in” view of our practices and alerts us to emerging issues. The intelligence we gain from these initiatives makes us a smarter business and assures that we remain focused on the issues that are most relevant to our constituents.

Delivering Results

We made big strides in 2008 in using our intellectual, financial and technological resources to deliver meaningful results on our corporate responsibility priorities.

For example, we are at our core a network company. We believe in our bones that advanced communications technologies — ultra-fast broadband, wireless and global Internet backbones — play a uniquely powerful role in connecting communities and individuals to the mind-expanding possibilities of the digital world.

Our goal is to deliver this vital technology to as many people as fast as we can, and in 2008 we invested \$17 billion to expand our networks and enhance their capabilities. Our fiber-optic network, FIOS, passed more than 13 million homes at the end of 2008 as we expanded our presence in large metropolitan areas like New York City, Philadelphia, and Washington, D.C.

We are leading the industry in moving to fourth-generation wireless network technology, which will take mobile broadband to a new level, help spread broadband to rural areas, and embed wireless connectivity into a whole new generation of consumer electronics, vehicles, smart grids and other innovations.

These networks are critical not just to Verizon’s growth, but to that of the economy as a whole in that they are a platform for the creativity, innovation and productivity that lie at the heart of true, sustainable value creation.

All of our signature corporate responsibility programs are designed to put the innovative power of these technologies to work in addressing the important social challenges of our day, and in 2008 we extended the reach and impact of this agenda.

For example, we know from working with educators and literacy organizations over the years that one of the most effective ways to improve student achievement is to put better tools in teachers' hands. That's what we've done with our award-winning online educational resource, Thinkfinity.orgSM, which uses the power of the Internet to give educators, parents, librarians and students access to multimedia resources provided by some of the leading cultural, scientific and educational institutions in the country.

In 2008, Thinkfinity.org attracted some 25 million visitors, and we continue to work with our education partners to extend its reach and engage the broad educational community in using the Internet's power as a teaching resource to its fullest extent.

We also were early advocates for using information technology to improve the quality and reduce the cost of health care for all Americans — a key focus of our work on the Consumer Health and Retirement Initiative of the Business Roundtable, of which I am the chairperson. So we are especially gratified that the stimulus bill passed in early 2009 contains substantial funding to launch this important health IT initiative on a national scale.

Recognizing early on how a simple cell phone could help domestic violence victims take control of their lives, our employees have carved out a vital role for Verizon in the area of family health and safety. Over the years, Verizon's Hopeline[®] program has raised more than \$6.3 million for the prevention of domestic violence — money that has gone to support shelters and nonprofit organizations across the country.

And we continue to introduce innovative products that adapt broadband and mobile technologies to the needs of people with disabilities and physical challenges.

Another area where we think our technology can make a difference for America is in energy conservation and environmental preservation. We have been focused for a long time on reducing our own carbon footprint through conservation, paperless billing, more fuel-efficient vehicles and other practices.

We also are exploring how broadband networks can help customers "go green" by substituting for more energy-intensive forms of commerce. More broadly, next-generation wireless and broadband technologies will be vital elements of a new, "smart" infrastructure for our country — embedding sensors and machine-to-machine communications capabilities that can help regulate traffic, improve energy efficiency and improve public safety.

Verizon is also taking the lead in formulating the norms, rules and codes of conduct for the ever-growing online community.

Three years ago, we launched the "Partnership for a Child-Safe Internet," in which we work with state attorneys general to educate parents, law enforcement agencies, community organizations and others about how to create a safe online environment for children, and we offer a wide range of tools for parents to manage their family's use of our wireless and broadband services. As more and more content moves online, we have developed and posted a formal policy to govern our use of digital intellectual property.

Our strong policies for protecting customers' online information helped make Verizon one of the 20 most trusted companies for privacy, according to the respected annual survey conducted by TRUSTe and the Ponemon Institute.

“BY PUTTING OUR EMPOWERING TECHNOLOGIES IN PEOPLE’S HANDS TO TRANSFORM HEALTH CARE, EDUCATE OUR YOUNG PEOPLE FOR THE 21ST CENTURY AND CONSERVE ENERGY, **VERIZON WILL PLAY A HUGE AND CONSTRUCTIVE ROLE** IN CREATING A MORE SUSTAINABLE, DYNAMIC AND EQUITABLE SOCIETY.”

A Sustainable Model

In these very challenging economic times, we are reminded that one of the most important ways a corporation like Verizon contributes to society is by running a good business: delivering good service to customers, innovating and investing, paying a steady dividend to shareowners and providing meaningful work and a good work environment for employees. I am proud of Verizon’s performance on all these fronts.

Our investment in infrastructure continues despite the recession, as does our investment in educating and training our increasingly diverse workforce for the jobs of the future. So as I told our shareowners in our 2008 Annual Report, Verizon’s business model is built to last, under any economic conditions. The same is true of our commitment to corporate responsibility.

As I mentioned earlier, we conducted our first-ever survey of stakeholders to see what they thought of Verizon’s corporate responsibility efforts. We learned a lot from this dialogue and will use the insights we gained to improve going forward. I was very gratified, however, to see that when asked what Verizon’s strengths are when it comes to corporate responsibility, our stakeholders cited the *longevity* and *consistency* of our commitment — two words that go to the heart of who we are.

Our commitment to being a positive force in society is at the core of our identity.

Our products and services are indispensable in the lives of millions of customers. By enabling businesses to work smarter and faster, we will be one of the companies that will help put our economy back on the path to prosperity and growth. And by putting our empowering technologies in people’s hands to transform health care, educate our young people for the 21st century and conserve energy, Verizon will play a huge and constructive role in creating a more sustainable, dynamic and equitable society.

Of course, we’re not in this alone. As you will see in these pages, we rely on a network of valued partners and stakeholders to magnify our work and maximize our impact. We thank them for their leadership and look forward to strengthening those partnerships as we go forward.

For all the challenges in our environment, we approach the future with confidence and the firm belief that, by doing the work, we will continue to make a difference for our customers, our communities and our country.



Ivan Seidenberg

Chairman and Chief Executive Officer
Verizon

VERIZON COMMITMENT AND VALUES

The Verizon commitment puts our customers first by providing excellent service and great communications experiences. This is what we do and this is why we exist. In order to keep this commitment, we must always honor our core values:

INTEGRITY

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

RESPECT

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

PERFORMANCE EXCELLENCE

We hold ourselves to a very high standard of performance. We prize innovative ideas and the teamwork it takes to make them realities. We never stop asking ourselves how we can make the customer experience better, and every day we find an answer.

ACCOUNTABILITY

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

Great companies are judged by what they do, not by what they say. To be the best, we're going to keep pushing ourselves in new and exciting directions. These values will guide our every action.

AWARDS & HONORS



Diversity and Workplace Excellence

› For the ninth consecutive year, *DiversityInc* named Verizon one of the top companies on its list of Top 50 Companies for Diversity. Our 2009 rank: No. 12. Verizon is the only company to be named No. 1 twice (2006 and 2008).

› For the eighth consecutive year, *Working Mother* magazine named Verizon one of the 100 Best Companies for Working Mothers. Verizon was also named to the magazine's list of Best Companies for Multicultural Women for the third consecutive year.

› For the third consecutive year, *BusinessWeek* named Verizon to its list of Best Places to Launch a Career, ranked No. 22.

› DiversityBusiness.com named Verizon one of America's Top Organizations for Multicultural Business Opportunities for 2008, based on the volume, consistency and quality of business opportunities a company grants to women- and minority-owned suppliers.

› Verizon Wireless placed fourth on *Training* magazine's 2008 list of Top 125 Training Organizations in America. This is the seventh consecutive year that Verizon Wireless was named to *Training* magazine's list.

› For the third time, *Black Enterprise* magazine has named Verizon to its 40 Best Companies for Diversity list. Verizon was cited for spending \$3.1 billion with women and minority suppliers in 2007, and for spending the highest percentage on advertising in diverse markets.

› For the sixth consecutive year, *LatinaStyle* magazine named Verizon to its list of the 50 Best Companies for Latinas to Work For in the U.S., ranking No. 13.

› For the fourth consecutive year, *Hispanic Business* magazine has named Verizon to the Top 15 of the publication's Diversity Elite 60 list, based on evaluations of hiring, promotion, marketing, philanthropy and supplier diversity.

Corporate Citizenship

› For the second consecutive year, Verizon was named one of the 100 Best Corporate Citizens by *CRO* magazine, based on company efforts in climate change, employee relations, the environment, financial performance, governance, human rights, lobbying disclosure and philanthropy.

› The Ponemon Institute and TRUSTe, the online privacy evaluator, ranked Verizon among the top 20 U.S. companies in the fifth annual survey of Most Trusted Companies for Privacy.

› The *Big Money* Web site ranks Verizon's overall corporate responsibility performance 40th out of nearly 500 of the nation's largest companies. The ranking is managed by IW Financial (www.thebigmoney.com/tools/socially-responsible-investing).

› We are included in the following socially responsible investment funds: FTSE4Good Index, KLD Domini 400, Ethibel Sustainability Index and in 2008 were included in the Calvert Group's Large Cap Value Fund.

Environment

› Verizon has earned the federal government's Energy Star Award for operating the nation's largest fuel cell site of its kind, an environmentally friendly call-switching center and office building in Garden City, New York.

› Verizon's environmental policies and customer-facing initiatives have earned Frost & Sullivan's 2008 Green Excellence of the Year Award in the Corporate Leadership category for the telecom services industry.

› Verizon Wireless was named one of *InfoWorld's* Green 15 for 2008 for IT initiatives that result in higher energy efficiency, less waste and a reduced environmental impact to meet sustainability goals.



HOLDING OURSELVES ACCOUNTABLE

OUR FOCUS

WHAT WE SAID WE'D DO

ETHICS AND GOVERNANCE



- › **Integrity and respect are fundamental in every area of our business — how we interact with customers, investors, the public and one another.**
- › **Our goal is to operate our business with the highest level of integrity and accountability, building on the trust we have earned over the years.**

- › Investigate the criteria driving socially responsible investors (SRI) and remove impediments to their investing in Verizon.
- › Integrate “reputation risk” considerations in corporate risk assessment process.
- › Adopt new content guidelines consistent with our belief in strong, open networks and consumer choice.
- › Review the systems and policies that protect customers’ personal information to ensure continued viability.
- › Engage outside experts to review the 2007 Corporate Responsibility report.
- › Draft a Human Rights Statement.

OUR FOCUS

WHAT WE SAID WE'D DO

PARTNERING WITH COMMUNITIES



- › **Our network investment creates jobs, spurs innovation and stimulates growth along the supply chain.**
- › **Our goal is to promote broadband access for all and to tap the potential of Verizon’s wireline and wireless technology to address great social needs.**
- › **We are committed to using our financial, human and technological resources to improve the quality of life in our communities.**
- › **Our goal is to use technology to address social issues that are critical to our business success and the well-being of our communities. Those issues: education and literacy, family health and safety, employee volunteerism.**

- › Collaborate with suppliers to implement an audit that focuses on Corporate Responsibility.
- › Deploy FiOS services to multiple dwelling units (MDUs) in urban locations.
- › Increase spending with diverse suppliers.
- › Develop business unit plans in-synch with Supplier Diversity targets.
- › Improve Thinkfinity.org: make Web site easier to use; increase usage by 30%; launch after-school component; and add 250 new educational resources.
- › Reach 25% more people through Verizon-supported domestic violence prevention programs.
- › Boost participation in Verizon Volunteers by 10%.
- › Achieve measurable improvements in student literacy via programs supported by Verizon grants.

WHAT WE DID

- » > Listened to the views of leading SRI firms; delivered information on our environmental, social and governance (ESG) activities to Calvert Group, Dow Jones, Goldman Sachs Investment Research, and EIRIS.
- > Included in Calvert's Large Cap Value Fund, which noted we show "emerging strength" in several ESG areas.
- > Conducted reputation survey; identified top reputation risks; integrated the information into our financial risk/audit process.
- > Developed new "Guiding Principles for Content on Verizon Networks" (www.verizon.com/contentpolicy).
- > Completed review of systems that protect customers' personal information.
- > Began comprehensive update of all Verizon privacy policies.
- > Polled management on potential conflicts of interest; held compliance training for Verizon managers that included political activities, records management and obstruction of justice.
- > Published 2008 report of political contributions online (verizon.com/responsibility).
- > Adopted Verizon Human Rights Statement (May 2009).

WHAT WE'LL DO NEXT

- » > Continue pursuing Verizon's listing on leading domestic and global SRI indices.
- > Communicate our Human Rights Statement to employees, customers and stakeholders.
- > Complete the update of Verizon's privacy policies and communicate to employees, customers and stakeholders.
- > Incorporate "reputation risk" assessment into our compliance process.
- > Retrain all Verizon employees on the Verizon Code of Conduct to reaffirm our commitment to living our core values: integrity, respect, performance excellence and accountability.

WHAT WE DID

- » > Invited 20 suppliers to join an audit to assess labor, ethics, health, safety and environmental activity.
- > By December 2008, FiOS services had been extended to approximately 1 million living units—up from 33,000 in 2005.
- > Increased spending with diverse suppliers nearly 13% to \$3.5 billion.
- > Thinkfinity.org achievements: redesigned Web site; launched after-school training (thinkfinity.org/AfterSchoolHome.aspx); boosted usage 64%; trained more than 28,000 educators; introduced 500 new online lessons.
- > Expanded our outreach about domestic violence prevention by holding our third national summit, launching Safety Net training (verizonfoundation.org/media/safetynet.shtml), and rolling out of SafeWork training (safehorizon.org/safework).
- > Boosted employee volunteer participation by 25% to 608,000 total hours.
- > Awarded 51 grants tied to measurable improvements in literacy: grants used to train 2,552 teachers and instruct more than 15,000 students.

WHAT WE'LL DO NEXT

- » > Improve current supplier audit tool to better identify risk areas and manage corrective actions.
- > Expand SafeWork training on domestic violence prevention inside the company to reach more employees.
- > Thinkfinity.org goals: increase visits by 30%; add new education materials about the environment and climate change; train 38,000 teachers; establish presence in 1,000 additional public schools.
- > Increase employee volunteerism in our communities by 10%.
- > Achieve gains in student literacy via grants and related programs.

OUR FOCUS

EMPOWERING EMPLOYEES



- › **We want Verizon to be a great place to work, with a culture that respects the individual and taps the full range of talent and potential in employees.**
- › **We seek the best people — those with the skills and talent, diversity of experiences and insights, and the drive to position Verizon as the leader in delivering broadband and other wireline and wireless communication innovations to customers.**
- › **Our approach is to put the tools for managing their futures in the hands of our people. In return, we offer challenging and satisfying careers.**

WHAT WE SAID WE'D DO

- › Encourage development of programs that promote ways to improve the health of our employees, including culturally sensitive programs that meet the needs of our diverse workforce.
- › Boost employee participation in on-site health services.
- › Enhance utility of HealthZone and encourage more employees to register and participate. The Verizon HealthZone Web site, powered by WebMD®, provides employees with easy-to-find health information and simple-to-use tools for managing their health.
- › Continue encouraging employees to improve their work skills.

OUR FOCUS

PROTECTING THE ENVIRONMENT



- › **It's our responsibility to minimize the impact of our operations by conserving energy, recycling and finding solutions to environmental challenges.**
- › **We promote the positive environmental effects of broadband technologies that reduce energy use through telework, e-commerce and smart transportation.**

WHAT WE SAID WE'D DO

- › Promote research on how broadband can help minimize environmental impact.
- › Educate policymakers on the environmental benefits of broadband and information communications technology (ICT).
- › Educate customers on the environmental benefits of telework programs powered by broadband technologies.
- › Create an organization to monitor a Verizon-wide energy conservation/greenhouse gas emission strategy.
- › Deploy additional hybrid vehicles in Verizon's fleet.
- › Continue reducing CO₂ emissions and increasing recycling rates.

WHAT WE DID

- » > Partnered with major health plans and the National Business Group on Health to develop programs that close the gaps in health care and outcomes for racial and ethnic minorities.
- > Increased employee participation in on-site health and wellness initiatives by 19%.
- > Doubled employees' utilization of HealthZone in number of registrations, health risk assessments and set-up of personal health records.
- > Invested approximately \$118 million in tuition assistance for 29,072 employees, up from \$112 million in 2007. Employees logged 11.7 million training hours.
- > Negotiated new 3-year contract with CWA and IBEW that was overwhelmingly ratified with no work disruption; the agreement includes moving approximately 600 non-union jobs into bargaining units.
- > Formed a partnership with the CWA and IBEW to influence health care reform with the following goals: assure affordable, quality care for all Americans, control costs, share responsibility and improve quality.

WHAT WE'LL DO NEXT

- » > Continue building awareness and advocating for programs that close the gaps in care and outcomes for racial and ethnic minorities.
- > Engage all employees to "be well" by getting the right preventive care, early screenings and participating in programs designed to help manage chronic conditions.
- > Enhance the company's Healthy Babies program to further improve medical outcomes.
- > Launch a new Career Development program for employees to help them make better career choices and decisions.
- > Influence meaningful health care reform through our CWA/IBEW partnership, participation in Business Roundtable's Health and Retirement Initiative and Health IT Now! coalition.

WHAT WE DID

- » > Funded landmark study that found ICT can reduce U.S. carbon emissions up to 22% by 2020 and reduce dependence on foreign oil by 36% (www.gesi.org).
- > Advocated broadband as an energy solution, focusing on "smart" electric grids and buildings, and telework.
- > Worked with the Environmental Defense Fund and World Wildlife Fund to promote the environmental benefits of broadband.
- > Expanded environmentally friendly product/service line-up for business customers (verizonbusiness.com/us/solutions/green).
- > Introduced "Go Paperless" campaign (verizon.com/paperlessbilling). In 2008, 97 million paper bills were replaced by paperless billing, saving an estimated 2,150 tons of paper.
- > Decreased overall CO₂ intensity from 66.5 metric tons of emissions per million dollars of revenue to 64.4 metric tons per million dollars of revenue.
- > Set new standards requiring broadband and video equipment suppliers to improve energy efficiency by 20%.
- > Formed group in Verizon's Corporate Responsibility Council to direct and track Verizon's "green" actions.
- > Doubled the number of hybrid sedans in the company fleet to 200.
- > Reduced our fleet's fuel consumption by 1 million gallons in 2008 by cutting vehicle idling.
- > Applied energy efficiency measures in our buildings, reducing energy usage by 16.5 million kilowatts.
- > Collected more than 1.1 million cell phones for refurbishing, donation and recycling.

WHAT WE'LL DO NEXT

- » > Expand the number of fuel-efficient vehicles in the company fleet.
- > Conduct alternate energy trials — solar, fuel cell and geo-thermal — in various Verizon operations sites.
- > Conduct "smart building" technology trial to gauge internal savings and potential for new product line.
- > Reduce Verizon employee business travel by expanding videoconferencing.
- > Sign-up more customers to receive paperless billing.
- > Continue reducing CO₂ emissions and increasing recycling rates.
- > Decommission underutilized network equipment and real estate.
- > Work with policymakers to identify new ways in which broadband technology can support energy efficiency, carbon reduction and energy independence goals.
- > Continue educating our customers on environmentally friendly benefits of broadband services.

SERVICE & INNOVATION



- > **We build great networks that allow us to deliver communications, data and entertainment to our customers in ways that few companies can match.**
- > **Our networks play a central role in energizing the marketplace, stimulating innovation and improving the quality of life for our customers.**
- > **Our goal is to extend the opportunity for broadband access to all Americans.**
- > **We will move forward — on our own and with partners and suppliers — to extend the benefits of our technology to people who, for reasons of geography, economic status, age or physical limitations, have been slower to benefit from the broadband revolution.**

- >> > Open our wireless network so customers can use devices, software or applications not offered by Verizon.
- > Launch a "big button" TV remote for visually challenged customers.
- > Make *Verizon.com* fully accessible for people with disabilities.
- > Execute "accessibility" campaign for 65+ and disabled customers.
- > Conduct additional online safety forums for the public in key Verizon operating areas.
- > Make our online safety tools easier to find and use.
- > Encourage states to adopt online safety education curriculum for kids.
- > Continue investing in the superior network technologies that are Verizon's hallmark.

WHAT WE DID

- » **> Certified nearly 40 devices in 14 months that can operate on our wireless network; designated two independent device testing labs (verizonwireless.com/opendevlopment).**



- » Selected manufacturer for “big button” TV remote.
- » Began revamping our “Solutions for Customers with Disabilities” Web page (verizon.com/disabilities) to improve ease-of-use.
- » Created videos in American Sign Language to promote wireless devices and calling plans (aboutus.vzw.com/accessibility/nationwide_faq.html).
- » **Expanded videophone services to reach more hearing-impaired customers in New England, New York and the Potomac regions.**



- » Launched “Next Generation Senior Phone,” the Knack.
- » Launched TALKS™ in March 2009—a technology that converts displayed text into speech for Verizon Wireless customers who are blind or visually impaired.

- » Engaged state leaders, teachers, parents and kids in online safety forums in Alabama, Delaware, Maryland, Illinois and New Jersey.
- » **Expanded line-up of wireless parental controls tools; made parental controls products free to Verizon Online customers; launched “Parental Controls Center” (verizon.net/parentalcontrol).**



- » Forged partnership with PBS to create K-12 online safety curriculum.
- » Joined Virginia PTA in rollout of state-approved online safety education materials.
- » Purchased spectrum to accommodate growth of wireless data services and launch our fourth-generation (4G) wireless network using Long Term Evolution (LTE) technology.
- » Extended our FiOS® network to another 3 million homes during 2008; FiOS now reaches 13 million households.
- » Added to the security and robustness of our network infrastructure in the U.S., Europe and the Asia-Pacific region.

WHAT WE'LL DO NEXT

- » **Broaden line-up of wireless products/ services for seniors and visually-impaired consumers.**
- » Roll out “big button” remote.
- » Complete revamp of “Solutions for Customers with Disabilities” Web site.
- » Expand videophone service at Verizon Centers for Customers with Disabilities to serve disabled customers from more regions of the country; launch wireless call center for people with disabilities.
- » Expand FiOS TV video-on-demand library with titles that include spoken commentary (i.e., video-described) for vision-impaired customers.
- » Expand online safety outreach to include seniors and domestic violence prevention community.
- » Create a new family Web site that covers online safety issues and information.
- » Address technical and policy solutions/ approaches to emerging child pornography/wireless safety issues.

SEEKING INDEPENDENT REVIEW

THE OUTSIDE PERSPECTIVE

STAKEHOLDER ENGAGEMENT

One of the most important actions Verizon can take in advancing its corporate responsibility priorities is to have open, continuous dialogue with the wide range of people who are important to our business.

In this way we learn about the policy, business or social issues that matter the most to them. And we get the opportunity to view ourselves and our decisions from the outside in. This 360° process takes various shapes — from high-level advisory groups and alliances to targeted outreach and memberships in local civic groups.

At the national level, our Strategic Alliances Group works with national third-party groups that represent consumers, seniors, educators, low-income earners, the disabled, minorities, minority business and rural constituencies.

Closely associated with our Strategic Alliances Group is Verizon's long-standing Consumer Advisory Board. The board is made up of leaders from consumer and public interest organizations. The group provides an unfiltered advisory function for Verizon on key business and social issues.

Judging what we do

An independent organization — Penn Schoen & Berland (PSB) of Washington, DC — polled 50 people from advocacy organizations, think tanks and NGOs with which we regularly work. The anonymous survey was conducted between February-March 2009. The intent was to capture candid feedback on our social, educational and environmental programs and our effectiveness in communicating. Results from the survey are presented at right.

RESEARCH SUMMARY

- › Stakeholders have highly favorable views of Verizon's corporate responsibility efforts, both generally and with respect to specific programs.
- › Regardless of whether they agree with Verizon's positions, stakeholders also give Verizon credit for transparency and open dialogue with people.
- › But PSB found that only one in five stakeholders says that Verizon does a very good job of communicating about what it does (see accompanying charts).

Compared with other large companies, how would you rate Verizon on its performance as a good corporate citizen?



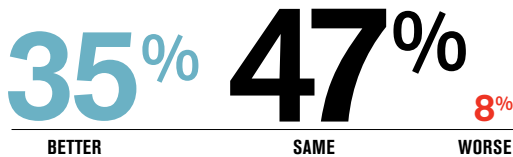
“THEY REALLY SEEM TO BE HITTING ON A LOT OF THESE ISSUES THAT TECHNOLOGY TOUCHES ON, AND THAT THEIR BUSINESS TOUCHES ON, AND I THINK THAT'S A VERY GOOD WAY TO SHOW CORPORATE RESPONSIBILITY...LOOKING AT EVERY AREA THAT CAN BE AFFECTED.”

“THEY'VE BEEN VERY STEADFAST NOT ONLY IN TERMS OF ALLOCATING MONEY WHEN TIMES ARE GOOD AND WHEN TIMES ARE NOT SO GOOD, BUT THEY'VE STUCK TO THEIR PRIORITIES FROM A FUNDING POINT OF VIEW. THEY DIDN'T CHOP AND CHANGE THAT, AND A LOT OF CORPORATIONS DO.”

KEY FINDINGS

- > Stakeholders say the breadth and depth of Verizon’s priorities make it a leader among U.S. companies.
- > Long-term consistency of priorities is Verizon’s most differentiating quality, with education and broadband access perceived as top priorities.
- > Many stakeholders note the innovative methods that Verizon employs to address its priorities, considering not only where to contribute but also how. For example, deploying its unique resources, such as providing phones for domestic violence survivors and education tools via the Internet.
- > But many stakeholders say they were unaware of Verizon programs outside of their own field of interest or expertise.
- > Stakeholders suggest Verizon needs to increase awareness of its programs so that more people can take advantage of them. And some believe stronger visibility would encourage other businesses to contribute.

Compared with other large companies, how would you rate Verizon on how clearly it communicates its stances on policy issues?



“ VERIZON IS OFTEN SAYING THAT THEIR EMPLOYEES DONATE MILLIONS OF HOURS TO PARTICULAR CAUSES AS VOLUNTEERS. THEY SHOULD CHALLENGE 10 OTHER BUSINESS PARTNERS TO MATCH THEIR HOURS FOR THE NEXT FIVE YEARS – SOMETHING BIG.”

ADDITIONAL FINDINGS & RECOMMENDATIONS

Thinkfinity.orgSM

- > An excellent use of Verizon’s Internet technology and a much-needed supplement especially given strained budgets for public education. Teachers need more training to navigate the Thinkfinity.org site and utilize its tools.

Recommendation: Provide more training and make the site easier to use.

Domestic Violence Prevention

- > Most applaud Verizon for defining a connection between its technology and an unseen social issue. They offer similar praise for using in-kind donations, which leaves it to experts to administer without interference. Not enough people are aware they can donate and receive phones through HopeLine®.

Recommendation: Tell customers about donations at every touch point; work with partners to identify agencies and shelters.

Internet Safety

- > Many express personal interest in learning more about safety tools that Verizon offers. A majority favor empowering parents rather than legislation and censorship. A few said tools are not enough, suggesting that Verizon should educate and encourage more conversations.

Recommendation: Boost awareness such as integrating efforts into Thinkfinity.org curriculum or developing public service announcements.

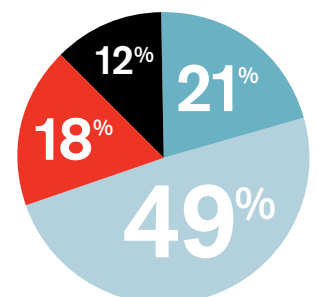
Environmental Initiatives

- > There is limited familiarity with environmental issues and criteria for defining an exceptional program. Still, many acknowledge that these efforts — namely, using broadband technology to address energy issues — could impact business practices and consumer markets.

Recommendation: Keep investing to reduce carbon footprint and work to define benefits of company initiatives.

Do you think that Verizon does a very good, somewhat good, somewhat bad or very bad job of communicating its corporate responsibility?

- VERY GOOD JOB
- SOMEWWHAT GOOD JOB
- BAD JOB
- DON'T KNOW



SEEKING INDEPENDENT REVIEW (CONTINUED)

RAJ SAPRU, REVIEWER

ANALYSIS OF OUR 2007 CORPORATE RESPONSIBILITY REPORT



> Verizon's 2007 Corporate Responsibility Report, *Doing the Work*, was reviewed in 2008 by Senior Advisor Guy Morgan at London-based AccountAbility and Raj Sapru, manager of Advisory Services for Business for Social Responsibility in San Francisco.

» Strengths

- > Addresses social issues such as education, health care and accessibility in ways that are uniquely suited to the company's strengths.
- > Highlights the benefits of ICT (information communications technology) to help customers reduce environmental impacts.
- > An increased focus on CR (Corporate Responsibility) performance compared with previous reports; states what actions have been taken within focus areas and provides some forward-looking statements and future direction.
- > Information about who manages CR and their role in managing key CR issues.

» Weaknesses/Recommendations

- > Limited coverage of CR governance and management systems.
- > Accountability is a theme that comes through in the report, and it would be a stronger communication with additional details.
- > Additional details would be helpful on the role of Verizon's CR Council and how CR priorities are selected.
- > Very little discussion of stakeholder engagement and how that has influenced goals, objectives and company behavior.
- > Inclusion of more external perspectives would help reinforce the credibility of the report.

GUY MORGAN, REVIEWER

- » > Verizon is clearly a leader in its industry and works closely with certain groups and individuals.
- > Highlighting what some of these groups and individuals think about Verizon's work, or about business and public policy more generally, could be a powerful means to bring stakeholders' perspectives more obviously into the report.
- > While there have been some notable successes in terms of Verizon's CR efforts over the past year, the report does not overtly detail any failures or issues which were not addressed. Consequently, the report falls down on its level of transparency.
- > Demonstrating how Verizon maintains a competitive edge through its CR actions in a more overt manner is also something to consider in future reports.
- > Although the importance of alignment with CR to strategy is articulated, the reader does not come away...with a full appreciation for how Verizon is... implementing a consistent approach throughout its business.

ACTION WE'VE TAKEN

- » > Included in this report are new sections that present some of the business challenges Verizon is facing on the digital frontier (see page 18).
- > Also new to this report is a range of outside perspectives on our performance as a good corporate citizen (see page 14).
- > Verizon's Chairman and Chief Executive Officer Ivan Seidenberg devotes a portion of his letter (see page 2) to the way Verizon manages its corporate responsibility initiatives.

DOING THE WORK

that keeps us
focused on the
challenges



Today's wireless devices are not so much phones as they are omnibus connections — a primary link to communications, computing and entertainment.

WIRELESS SAFETY



As mobile phone use has increased and its benefits have multiplied, questions arise about related health and safety issues. Verizon's goal is to lead the industry in responding to safety concerns regarding wireless services and devices. We are implementing best practices and encouraging others to follow.

Safe Driving

The National Safety Council launched a campaign in early 2009 urging motorists to stop using cell phones and messaging devices while driving. The group is also encouraging states to enact laws that would ban the behavior entirely, citing research that suggests using a cell phone while driving significantly increases the risk of being involved in a crash.

Verizon was the first wireless carrier to break with other firms in the industry to support laws requiring hands-free devices for people who use cell phones while driving.

We advise our customers: "Safe driving is your responsibility, and it should always be your first priority. For your well-being and the well-being of those around you, you should consider turning your phone off and allowing calls to go to voice mail while you are driving."

For more information, go to aboutus.vzw.com/wirelessissues/driving.html.

Cell Phones and RF Energy

Wireless phones emit radio frequency (RF) energy during use. The health effects of RF energy have been the subject of research around the world for many years.

The U.S. Food and Drug Administration has said, “The scientific community at large... believes that the weight of scientific evidence does not show an association between exposure to RF energy from cell phones and adverse health outcomes. Still the scientific community does recommend conducting additional research to address gaps in knowledge (www.fda.gov/cdrh/wireless/research.html).”

The National Cancer Institute (NCI) concurs, saying that concerns about the potential health effects of using cellular phones “...and specifically the suggestion that using a cell phone may increase a person’s risk of developing brain cancer, are not supported by a growing body of research on the subject.” The NCI’s review of the research is available at www.cancer.gov/ncicancerbulletin/NCI_Cancer_Bulletin_092308/page7.

Verizon continues to examine new research as it is issued and regularly provides updated information at aboutus.vzw.com/wirelessissues/radioEmissions.html.

Additional information on avoiding potential hearing loss and using cell phones around implantable medical devices is available at aboutus.vzw.com/wirelessissues/companyProfile.html.

Environmental Impact

The breakneck pace of innovation in wireless communications means people are buying and discarding lots of cell phones.

Verizon Wireless collects no-longer-used cell phones, batteries and accessories from any wireless service provider in any condition through its long-standing Hopeline® program (verizonwireless.com/hopeline). Phones that can be refurbished are sold for reuse, and those without value are disposed of in an environmentally sound way.

Proceeds from the Hopeline program are used to provide wireless phones and cash grants to shelters and nonprofit organizations that support domestic violence awareness and prevention.

Verizon’s goal is to become “best in class” when it comes to managing the environmental impact of wireless devices from manufacture and use through disposal.

WE ADVISE OUR CUSTOMERS:

“SAFE DRIVING IS YOUR RESPONSIBILITY, AND IT SHOULD ALWAYS BE YOUR FIRST PRIORITY. FOR YOUR WELL-BEING AND THE WELL-BEING OF THOSE AROUND YOU, YOU SHOULD CONSIDER TURNING YOUR PHONE OFF AND ALLOWING CALLS TO GO TO VOICE MAIL WHILE YOU ARE DRIVING.”

HELPING PEOPLE ACCESS AND MONITOR CONTENT



Verizon provides customers with parental controls (for internet, cell phones and FiOS TV) that allow parents to control what content is available to members of their family.

Helping people access the content they want, avoid the content they don't want, and stay safe online are among the biggest challenges confronting leaders of the digital revolution.

Verizon took major steps to address these issues in 2008, marshaling the resources of our business groups to issue new content policy guidelines and to forge a new Internet safety presence.

New Content Guidelines

In mid-2008, we issued a new "Content Policy for Verizon Networks" (verizon.com/contentpolicy) covering our TV, wireless and Internet services, as well as user-generated content and advertising.

The revised policies are grounded in principles that focus on customer choice, privacy and safety:

- › Verizon believes in empowering customers to make informed choices about the content they seek to access by providing them with available ratings information and parental controls.
- › Verizon is committed to helping our customers make informed decisions about the content they want to access over Verizon's network and will provide content management tools, as well as access to educational materials and other resources to assist parents and other users in identifying content they deem appropriate.
- › Verizon respects freedom of expression and our customers' ability to freely access and disseminate lawful content of their choosing in a manner that respects others' use of the network and that complies with the law. Verizon supports sound industry practices

for safeguarding children, intellectual property rights and our customers' privacy and security.

- > Verizon exercises broad discretion over our choice of brands and companies that advertise on our platforms. In selecting advertising partners and content, Verizon takes into account our corporate values, as well as the values of our business partners and customers.

We will use these guidelines to make decisions about delivering content and advertising that are consistent with our values, and to help make our customers' experiences with our services more enjoyable.

Internet Safety

As a network provider Verizon provides access to the Internet and, through it, to services and content that the company does not own or control. In view of that, Verizon believes that the first priority for providers is the personal safety of consumers.

Our efforts to promote Internet safety are focused in two areas: 1) providing the best network tools available to ensure security, and 2) to informing people — especially parents — how to make safer choices to protect their families' privacy, guard against cybercrime and fight abuse.

Verizon was one of the first major Internet Service Providers to develop a security product ("Protect. Detect. Connect") which offers a range of tools and services — including firewall and anti-spam, anti-virus/spyware software — to safeguard personal information and PCs.

In 2008, we began offering a free Parental Controls service via Verizon Online. The service enables customers to identify Web sites they believe are inappropriate and to schedule when Internet access is available. All elements of the program, which also includes free tools to help parents protect their children while

VERIZON HAS BEEN ACTIVELY **PROMOTING INTERNET SAFETY** IN OUR COMMUNITIES WITH A SERIES OF TOWN HALL-STYLE EVENTS TO GIVE PARENTS AND THEIR KIDS A FORUM TO GET INFORMATION AND ASK QUESTIONS.



on a cell phone or watching TV, are accessible from a new, single Verizon Web site (verizon.net/parentalcontrol).

We have also been actively promoting Internet safety in our communities. In late 2006 Verizon began a series of town hall-style events across the country to give parents and their kids a forum to get information and ask questions. Joining us in these events have been top state and civic leaders, members of law enforcement, educators and Internet experts.

Events have been held in Alabama, Delaware, Florida, Georgia, Maryland, New Hampshire, New Jersey, New York, Pennsylvania, Tennessee and West Virginia. Participants have included Governors John H. Lynch of New Hampshire, Joe Manchin of West Virginia, Sonny Perdue of Georgia and Bob Riley of Alabama.

We feel a strong responsibility to help ensure a safer, more enjoyable Internet and to advance an Internet ethic of respect for, and accountability to, others.

America's Most Trusted Companies for Privacy

Verizon is among the top U.S. companies most trusted by consumers to protect customer privacy, according to a new study.

A 2008 survey by the Ponemon Institute and TRUSTe asked nearly 6,500 adult U.S. consumers which companies they thought were most trustworthy and which did the best job safeguarding personal information.

Verizon scored in the top 20 overall (ranking No. 17) for the first time and was ranked highest among communications firms. TRUSTe, which has also certified Verizon's Web privacy practices (verizon.com/privacy), has conducted this survey annually since 2004.

TOP 20 FOR PRIVACY, 2008

1 American Express	12 Intuit
2 eBay	13 WebMD
3 IBM	14 Yahoo!
4 Amazon	15 Facebook
5 Johnson & Johnson	16 Disney
6 Hewlett Packard	16 AOL
6 U.S. Postal Service	17 Verizon
7 Procter & Gamble	18 FedEx
8 Apple	19 US Bank
9 Nationwide	20 Dell
10 Charles Schwab	20 eLoan
11 USAA	

Ponemon Institute and TRUSTe, 2008



EARLY IN 2009, VERIZON EXPANDED THE SCOPE OF OUR ONLINE SAFETY EFFORTS WITH A FORUM ON **INTERNET SAFETY ISSUES** FACED BY **SENIOR CITIZENS**. THE UNIVERSITY OF SOUTH FLORIDA – SARASOTA MANATEE RECEIVED A **VERIZON FOUNDATION GRANT** FOR OUTREACH TO SENIORS ON INTERNET SAFETY.

Attendees were welcomed by Dr. Judy Genshaft, President of the University of South Florida (left). Speakers included Florida Attorney General Bill McCollum, local law enforcement and Verizon Southeast President Michelle Robinson.

ONLINE ADVERTISING

As broadband applications grow in sophistication and people live more of their lives online, consumers are paying close attention to making sure their privacy is protected when they go on the Internet.

That attention intensified in 2008 with debates in Washington, D.C., about a practice common to the Web world but largely invisible to consumers: the routine collection of consumers' Web-surfing data by companies that use it to deliver advertising to desktops.

The practice is known as "behavioral advertising." Consumers and policymakers asked Verizon, advertisers, Web site operators and other Internet companies to learn more about the information that is collected online and how consumers may control use of that information.

Protecting customers' privacy — and respecting their preferences when it comes to use of their personal data — has been a Verizon hallmark. To address the specific concerns about behavioral advertising, Tom Tauke, Verizon executive vice president for Public Affairs, Policy and Communications, explained Verizon's approach at a Senate hearing (see newscenter.verizon.com/press-releases/verizon/2008/verizon-calls-for-industry.html).

"From the perspective of consumers, it makes no difference what technology is used to do behavioral advertising, or if it is done by companies providing their browser, their search engine, their access, or any other online service," Tauke said at the hearing. All online players should protect the privacy of online users... and embrace policies that put consumers in control of their online experience."

He called upon all online companies to embrace several broad principles related to the tracking of customer behavior online:

- > **Transparency:** Provide conspicuous, clearly explained disclosure to consumers;
- > **Meaningful consent:** Empower consumers to easily make an affirmative choice before a company captures Internet usage data for advertising purposes; and
- > **Consumer control:** Create simple and easy methods for consumers to change their preferences.



“ALL ONLINE PLAYERS SHOULD PROTECT THE PRIVACY OF ONLINE USERS AND EMBRACE POLICIES THAT PUT CONSUMERS IN CONTROL OF THEIR ONLINE EXPERIENCE. ”

DOING THE WORK

that applies our
energy to society's
big issues



Verizon teams such as these in New Jersey, Texas and Virginia can now meet face-to-face — with no airport security delays and zero jet-engine emissions.

With state-of-the-art equipment from partners including Cisco and Tandberg, Verizon now uses TelePresence to connect 15 Verizon locations in the U.S. and abroad.

It's the "green" business trip — over Verizon Business' advanced, global IP network.

ENVIRONMENT



Chuck Graff (left) and Todd Talbot in Verizon's electronic equipment test facilities in Baltimore, Maryland.

Chuck Graff and Todd Talbot didn't set out to change the world. The two engineers in our Network Operations group just wanted to make Verizon's telecommunications equipment more energy efficient and lower the company's energy costs.

The issue was heat. Our telecommunications equipment generates a lot of it, and nearly \$1 billion a year — about 50 percent of our total energy costs — goes toward cooling that equipment.

Rather than wait for an international group to come up with standards, Graff and Talbot took it upon themselves to start from scratch and

write energy-consumption standards and a measurement process for new telecommunications-related equipment — something that had never been done before in our industry anywhere in the world.

Our new standards — much like the standardized ENERGY STAR® efficiency levels set by the U.S. Environmental Protection Agency for household appliances — went into effect on January 1, 2009.

As a result, much of the new network equipment purchased by Verizon is now 20 percent more energy efficient. That significantly reduces greenhouse gas emissions and saves millions of dollars in energy costs.

“Being green is more than a corporate initiative,” Graff said. “It was too important in terms of the environment and the cost not to do it.”

Graff and Talbot helped create a ripple effect that will benefit generations to come. And, as vendors build equipment to meet our new standards, the greater environmental impact will be felt when other communications companies purchase the energy-efficient equipment as well.

It's Our Responsibility

Environmental stewardship is deeply ingrained in our heritage. It manifests itself in our corporate commitment to be a respectful, responsible and positive influence on the environment in which we operate — especially because our impact on the environment is significant.

Verizon has the second-largest private fleet of vehicles in the United States, which uses 59 million gallons of gasoline and diesel fuel annually. We occupy more than 30,000 facilities around the world, and we consume more than 9 billion kilowatt hours of electricity.

Every part of Verizon is engaged in the effort to reduce our environmental impact and become more efficient — from installing energy-management software for employees' PCs, to finding ways to reduce the time our vehicles are left idling. The savings on the vehicle idling initiative reached 1 million gallons of fuel in 2008. The reduction in carbon emissions from this program is equivalent to removing 1,600 cars from the highway.

“**BEING GREEN IS MORE THAN A CORPORATE INITIATIVE.** IT WAS TOO IMPORTANT IN TERMS OF THE ENVIRONMENT AND THE COST NOT TO DO IT.”

RECOGNIZED FOR BEING GREEN

- › Verizon's environmental policies and customer-facing initiatives earned Frost & Sullivan's 2008 Green Excellence of the Year Award.
- › In 2007, Verizon was named a member of the EPA WasteWise Hall of Fame for its record of achievement: Partner of the Year (1998, 2001, 2005, 2006), Program Champion (1997, 1999, 2000, 2002), Honorable Mention (2003).
- › EPA Energy Stars were awarded to Verizon Telecom's fuel-cell powered switching center in Garden City, New York, and Verizon Wireless stores in Toledo and Omaha — the first in the wireless industry.
- › Verizon's wildlife habitat restoration project at our operations center in Basking Ridge, New Jersey, corporate campus was awarded the Governor's Environmental Excellence Award.
- › Verizon facilities in New Jersey, Washington state and Massachusetts have been named “Best Workplaces for Commuters” by the EPA and U.S. Department of Transportation.
- › *COMPUTERWORLD* magazine named Verizon Wireless one of 2008's Top 12 Green IT vendors.



The Network Effect

As we use our technologies to help reduce energy consumption, we're also engaging our customers in a campaign that asks them to join us as we seek the common goal of improving the environment.

In 2008, Verizon began to unify all of our existing and future environmental initiatives. The result is a strategy built on connecting families, friends, businesses and ideas through our network.

We call this the "The Network Effect," in reference to the substantial impact that our millions of customers and employees, along with our operations and technology, can have on the environment today and in the years to come.

For instance, we're encouraging our customers and employees to switch to paperless billing, and to teleconference instead of travel. And we're highlighting the environmental benefits of using broadband in everyday tasks, from e-commerce to telecommuting.

Verizon's TelePresence service, for instance, creates a live, face-to-face meeting experience via life-size images, ultra HD video, and three 65-inch flat-panel displays in a specially designed room. We now have 15 TelePresence systems in company locations in the U.S., and abroad (see photo, page 27).

It's not the entire answer to a greener planet, but it's part of the solution.

Energy Efficiency via Broadband

At first glance, broadband and the environment might not seem to have much in common, but the speed and versatility that broadband brings to the Internet offers numerous ways users can reduce their carbon footprint — and make their lives easier, too.

Our industry and the larger information communications technology industry account for only about 2 percent of global CO₂ emissions, but our wireline and wireless broadband technologies

are providing solutions that can greatly reduce the 98 percent contributed by other industries and consumers.

Every user can be more energy efficient simply by taking advantage of the speed and power of Verizon's broadband — from the shopper buying items online instead of visiting a store to businesses conducting their meetings via video teleconferencing. Here are some additional examples:

> If 50 percent of the 2.5 billion DVDs and VHS tapes rented per year were delivered via Video on Demand — a service we offer via FiOS TV — the reduction in energy would be equal to the annual electricity consumption of about 200,000 households.

> Higher broadband speeds now allow workers to have a real virtual presence from home, and that translates to a savings of 62 hours in commuting time, \$1,200 in commuting costs and 1,700 pounds of CO₂ emissions not dispersed into the environment per worker.

> Broadband allows Verizon Business to market TelePresence products and services, which helps to lower costs and connect employees in distant locations. Widespread teleconferencing could eliminate 10% of all flights, saving 200 million tons of CO₂ emissions.

> Broadband and the application of information and communication technology (ICT) brings the power of the network to the transmission, distribution and the use of electricity, creating "smart grids" that will save consumers money and reduce emissions.

Preserving the environment by engaging in "green" initiatives is important to consumers, businesses and governments. Verizon is a strong contributor to these efforts, and we will continue to explore how greater use of broadband can reduce energy consumption and create a greener, cleaner world.

Since reintroducing native plant varieties, reducing both the size of lawns and the use of chemical pesticides and fertilizers on the grounds of our corporate operations center in Basking Ridge, New Jersey, we have seen the return of several rare native species of plants and animals.



VERIZON BROADBAND HELPS YOU BE GREEN, TOO

Recent studies have shown how broadband usage and Information Communications Technology (ICT) can have a huge environmental impact by reducing energy consumption and greenhouse gas emissions.

A November 2008 report by GeSI, the Global e-Sustainability Initiative, estimates that ICT can reduce emissions in the U.S. by up to 22 percent by 2020 through environmentally friendly practices such as smart logistics, smart buildings, a smart power grid and reducing travel through videoconferencing and telework.

A 2007 American Consumer Institute (ACI) study found major reductions are possible over 10 years:

- › **Telecommuting reduces office space and car commutes, saving 588 million tons of emissions;**
- › **Widespread teleconferencing could eliminate one-tenth of all flights, saving 200 million tons;**
- › **E-commerce will reduce warehousing and long-distance shipping, saving 206 million tons; and**
- › **Online sale and distribution of digital goods such as music, books, newspapers and movies reduces emissions by another 67 million tons.**

The GeSI and ACI studies show how widespread adoption of high-speed Internet service could cut up to 36 percent of U.S. oil imports each year and eliminate a billion tons of greenhouse gas emissions in 10 years.

HEALTH CARE



Physicians at Ventura County Medical Center in California are using digital-imaging equipment and a mobile mammography van funded in part by the Verizon Foundation to extend their reach to women in underserved areas.

Information technology has revolutionized the relationship between buyers and sellers.

Banks use ATMs and networked computers to give us safe, private, anytime access to our financial records and resources. Retailers have made us so comfortable buying over the Web that we racked up nearly \$150 billion in online purchases last year—a five-fold increase since 2001.

What the electronic marketplace makes possible—personalization, 24x7 convenience, control and transparency—is what we've come to expect in nearly every aspect of life.

Everywhere, that is, except health care.

While the American health care system is without peer in many important ways, delivering it to people is becoming increasingly expensive, inefficient and, as a result, beyond the reach of millions.

The strain this brings to families also falls on businesses. Verizon alone provides health insurance for 835,000 employees, retirees and family members at a cost approaching \$4 billion a year. With more Americans dropping out of the system—45 million by some estimates—employee-sponsored health plans end up subsidizing those who fall through the cracks.

From Verizon's perspective, health care delivery needs a new business model — one that puts consumers in the center and uses the power of the market to lower costs, improve quality, create more choices and expand accessibility.

Verizon's Chairman and Chief Executive Officer Ivan Seidenberg has personally spearheaded Verizon's advocacy on this issue for nearly a decade. He is leading the Business Roundtable's Consumer Health and Retirement Initiative, which played an important role in advocating for the funding of health care information technology initiatives in the American Recovery and Reinvestment Act of 2009 that was enacted in February 2009.

The Business Roundtable's plan for comprehensive health care reform consists of four parts:

- › Creating greater consumer value and efficiency. Consumers need more transparency and wide distribution of information about the cost, quality and effectiveness of the health care services they purchase. As it is, the current system pays for activity, not outcomes.
- › Providing the most affordable health insurance options for all Americans. Competition and innovation can be powerful weapons in this market. An open, all-inclusive market for health insurance to replace the current state-based system would encourage new entrants and give consumers the power to shop for the policy that suits them best.
- › Placing an obligation on all Americans to have health insurance coverage either through their employer or the private market. Some 45 million Americans are not covered today, which precludes a one-size-fits-all solution. We need a competitive system that provides affordable options and encourages insurers to innovate around the needs of consumers and their families.

BRINGING INFORMATION TECHNOLOGY TO HEALTH CARE

The Verizon Foundation invests in projects that use technology to help health care providers increase their efficiency, effectiveness and reach. For example:

Grady Memorial Hospital Foundation — Electronic Medical Records

A Verizon Foundation grant is helping the Grady Memorial Hospital in Ohio link five hospital-owned primary and specialty care physician offices with an Electronic Medical Records system. The system enables data to be transferred electronically between departments in the hospital — so that test results will automatically be added to physician office records, and physicians in various departments are able to access information more quickly.

The John Hopkins Hospital — Remote Presence Robots

This pilot project allows doctors at Johns Hopkins to provide quick consultations to emergency room patients from remote locations. The "robot" in this case is a sophisticated computer and television screen that allows doctors, patients and staff to see and speak with one another. Doctors are also able to clearly view test results, x-rays and other results remotely, thus reducing wait time in the ER.

University of the Pacific — Tele-Dentistry

Patients in underserved areas in Central California are attended by community-based oral health professionals who conduct assessments and then forward electronic records to offsite dental offices or clinic-based dentists. This allows dentists to remotely diagnose patients and develop treatment plans. If complex treatment is necessary, an appointment with a dentist is made and records are transferred.

VERIZON IS A LONG-STANDING ADVOCATE FOR USING TECHNOLOGY TO IMPROVE AMERICA'S HEALTH CARE SYSTEM

› We were a founding member of the Bridges to Excellence and Leapfrog programs, which reward providers and hospitals for quality care and health information technology implementation.

› Verizon's Ivan Seidenberg was also a member of the Federal Commission on Systemic Interoperability, a group of medical, insurance, governmental, technological and corporate leaders tasked by Congress to develop recommendations and a timeline for the adoption of privacy-protected systems of electronic health information.

› In 2006, Verizon committed itself to the four goals set by former Health and Human Services Secretary Michael Leavitt to improve



health care quality and reduce costs through increased use of technology and providing more information to consumers.

› Verizon joined several groups representing patients, health care providers and employers to form Health IT Now! — a coalition to promote the rapid deployment of information technology in the health care industry.

› We are among the corporate leaders in addressing the health care disparities among ethnic minorities. Verizon Benefits Manager Audrietta Izlar chairs the Disparities Advisory Board of the National Business Group on Health, in partnership with the Department of Health and Human Services Office on Minority Health. The board's goal is to reduce the disparities in care and outcomes by improving employers' awareness of the gaps and changing employers' health care purchasing strategies.

› Offering assistance to uninsured, low-income families so they can meet that obligation for coverage. For some families, more help will be needed. Targeted subsidies would be funded from the cost savings generated by a more competitive, efficient system.

In our view, however, the first step in redesigning the health care delivery model is infusing that market with information technology. Up to this point, the health care field has seen a woeful rate of adoption of IT tools.

In the same way that an online clothing store knows what color sweater you ordered online for your uncle last Christmas, doctors and hospitals should be able to access our up-to-date health records — from anywhere, at anytime. Likewise, consumers should be able to learn about the quality of their surgeon or hospital as easily as they can search online to check out references for an auto mechanic or local repair shop.

When it comes to data security and privacy, Health IT offers significant improvements. Under the current paper-based systems, many can open a file cabinet, take out sensitive patient information, even copy and distribute it, then return the papers without detection.

Health IT would establish a safe firewall around patient data, requiring passwords and permission to gain access and leave an audit trail of who accessed the data, when and why. That is why we believe that there should be uniform security standards protecting consumers' private health information.

The health care industry has failed to capitalize on the productivity revolution that technology has brought to the communications industry and every other sector of the economy.

A modern health information technology infrastructure could significantly reduce costs while creating hundreds of thousands of new jobs. Analysis by the Information Technology and Innovation Foundation found that a \$10 billion investment in health care IT could create more than 200,000 jobs.

What's more, a heavy injection of IT into the health care system has been shown to improve efficiency by \$165 billion a year and lead to additional benefits:

- > Better access to better care, especially in rural, isolated or underserved areas, or for elderly or disabled patients unable to travel.
- > Access to a common set of medical history and data, ensuring that health care professionals have the latest and most accurate information about their patients.
- > The ability for people who live far from their elderly parents to remotely monitor their parents' care and prescriptions and consult with physicians and caregivers regardless of their location.
- > Electronic transmissions of prescriptions would provide greater accuracy than hand-written ones and would allow physicians to monitor refills and makes refills easier for patients.

We are also working in partnership with the Communications Workers of America (CWA) and the International Brotherhood of Electrical Workers (IBEW) on health care reform with the following goals: assure affordable, quality care for all Americans, control costs, share responsibility and improve quality. A board committee of Verizon, CWA and IBEW executives meets regularly to formulate plans on achieving those goals.

As part of our membership in the Business Roundtable, Verizon is a partner in the "Divided We Fail" group that advocates for health care reform. Other members of that group include the AARP, the National Federation of Independent Businesses and the Service Employees International Union.

Our experience tells us that it will clearly take a broad coalition of interests to achieve the kind of systemic reform that is needed. We are convinced, however, that true reform of the health care system lies in the same principles that have driven our economy in the past: competition, innovation, choice and a market that serves everyone. We intend to keep working at it until there is a solution.

DOING THE WORK

that delivers
measurable
results

Mike Cole, a Verizon Fiber Network Field Technician in Camarillo, California, completes a residential installation of FiOS TV and FiOS Internet.



PARTNERING WITH COMMUNITIES

Overview

Verizon's principal contribution to the well-being of our communities is our networks — broadband, mobile, and global IP. We continue our strong record of investing to make our networks — and the services and applications they make possible — available to as many people as possible.

Verizon's impact on communities is felt in all sorts of ways: as a major employer, taxpayer and investor that is stimulating growth and innovation, and as a corporate citizen committed to addressing social issues and improving the quality of life.

Verizon's commitment to our communities and stakeholders has remained steady — in tough economic times as well as in prosperous times.

Our philanthropy concentrates on improving education and literacy, protecting family safety and health, and encouraging our employees to volunteer for the things they love to do in their communities. We are devoted to helping solve the problem of domestic violence, and we're working to inform customers how to make safer choices when they go online.

> Education & Literacy

Verizon's signature philanthropic program is Thinkfinity.org, a Web site with free lesson plans and interactive learning materials for teachers, parents and students. Improving literacy is a priority for us because of the enormous impact it has on education and economic development.

> Verizon Volunteers

Verizon's employees and retirees support thousands of causes in neighborhoods across the country. In 2008 they personally donated \$13.4 million to more than 15,500 nonprofits and, together with the company's matching funds, raised more than \$26 million in combined contributions.

> Civic & Community Support

Our investments in this area support community and economic development, neighborhood and community-based groups, and cultural entities like museums, art councils and heritage foundations.

> Domestic Violence Prevention

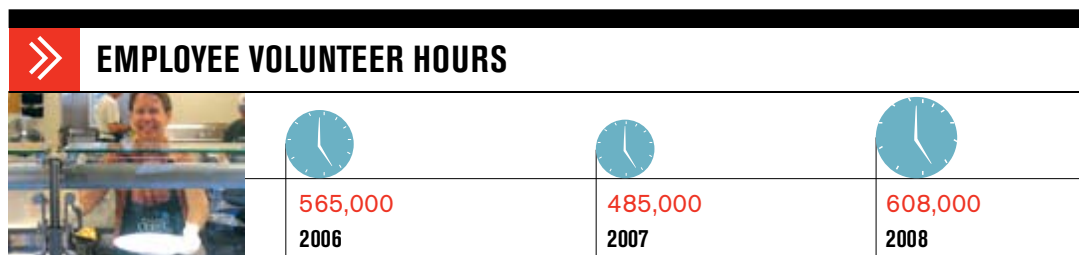
Another signature program, Hopeline, supports local and national organizations that help end domestic violence, provide immediate safety and relief to survivors, and then help them move into the workplace and become independent.

> Health Care and Accessibility

The Verizon Foundation invests in projects that put innovative technology to work to provide better health care services and information to underserved people, diverse age groups and people with disabilities.

> Internet Safety

We have a responsibility to educate and empower people to use technology and to keep their information safe and secure when online. We support efforts that teach responsible, safe use of the Internet and other digital media.





VOLUNTEER SPOTLIGHT: SHERRILL MOSS

It's a rare organization whose primary goal is to become obsolete. Yet that's the goal Sherrill Moss and 11 other men and women have set for themselves as the board of directors of the Women's Resource Center to End Domestic Violence.

It's been a little more than six years since Sherrill, a senior product manager for Verizon Business, first became involved with the Atlanta-based Women's Resource Center.

In that time, she has become a passionate advocate for the Center, helping it grow through her efforts on the board and working to increase recognition of its mission throughout the Atlanta area.

Being a Verizon employee helps Sherrill make an impact as well, because the company matches her annual \$1,000 donation to the Center. She also volunteers enough hours to qualify for an additional \$750 donation to the Center from Verizon.

SUPPORTING DOMESTIC VIOLENCE PREVENTION AND AWARENESS

Domestic Violence Prevention Summit

The Verizon Foundation hosted the third annual National Domestic Violence Summit in September 2008 in conjunction with its national partners: the National Network to End Domestic Violence, the National Domestic Violence Hotline and the National Teen Dating Abuse Helpline.

Experts gathered in San Francisco to talk about domestic violence in a digital environment and the abuses and positive uses of technology. A portion of the summit was devoted to successful intervention strategies and technology solutions.

First-Ever Certification

Rutgers University's School of Social Work received a \$200,000 grant from the Verizon Foundation in June 2008 to begin a first-of-its-kind certification program for social workers and other professionals who assist victims of domestic violence.

The grant will establish the Violence Against Women Continuing Education Program where participants will be able to earn several levels of certification.

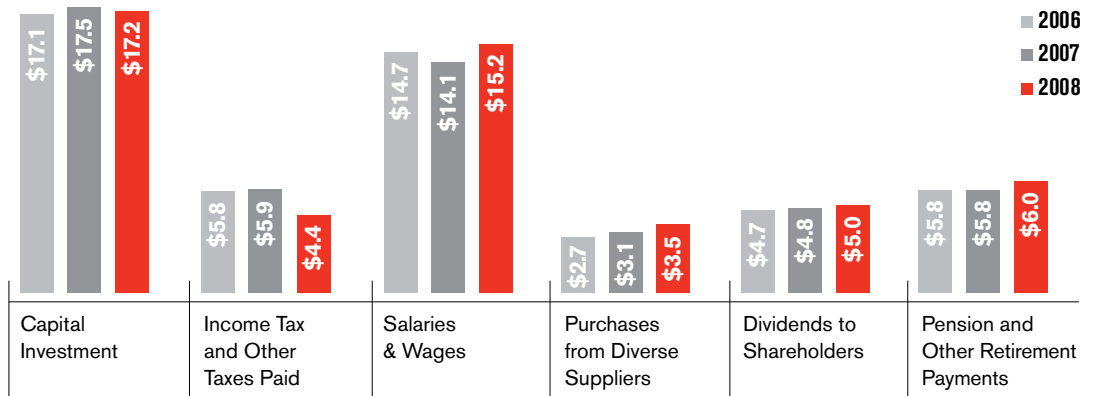
As part of the announcement, Verizon also awarded the first-ever Hopeline Scholarships to six Rutgers students. The scholarships will be awarded annually to graduate students who are enrolled in the university's Master of Social Work specialization program on violence against women and children.

A Safety Net for Victims

The Internet, GPS, mobile devices and e-mail all have the potential to help victims of domestic violence find support — or harm them by allowing perpetrators to track them down.

The National Network to End Domestic Violence is making sure technology works in favor of victims by creating a training program — Safety Net — aimed at educating domestic violence victims and their advocates on how to use technology to find safety (verizonfoundation.org/core/nndev.shtml). The program is funded by a grant from the Verizon Foundation.

INVESTING IN OUR COMMUNITIES (\$ IN BILLIONS)



Exploring the Digital Nation

The Verizon Foundation is providing the major funding for a landmark project by the PBS series FRONTLINE that addresses the risks and possibilities presented by the new digital culture we all inhabit.

The project, "Digital Nation — Life on the Virtual Frontier," includes an interactive Web site, safety education curriculum created by PBS and a one-hour documentary scheduled to air in 2010.

The Digital Nation Web site, (pbs.org/frontline/digitalnation), includes monthly topics that focus on education and technology, online privacy, digital worlds and online games and digital media in the workplace.

A companion Verizon Web site, (verizonnationalmedia.com/familycenter), is linked to Digital Nation to provide visitors with insight into Internet safety and how Verizon is caring for the issue.

Assessing Technology in the Classroom

Verizon's goal is to make Thinkfinity.org — our free, online resource for K-12 teachers and students — the most useful and trusted educational resource on the Internet.

New Jersey's St. Philips Academy will play a big role in that effort. The school, which is located in Newark and teaches K-8 students, has been awarded a Verizon grant to design and assess the impact of using Thinkfinity.org in the classroom.

The evaluation will focus on the development of students in grades 3-5 over an 18-month period. The school has a modern computer lab, video-conferencing capabilities and SMART boards that enable teachers to incorporate technology into every aspect of the school's curriculum.

The project will include a series of collaborative workshops with students, parents and faculty. All teachers will be certified in using Thinkfinity.org.

THINKFINITY.ORG — THE BEST EDUCATION RESOURCE ON THE NET



KEY STATISTICS	2007	2008
VISITORS	19,919,000	24,893,500
VISITS	37,349,000	47,495,000
EDUCATORS TRAINED	8,456	28,023
SCHOOLS*	1,080	2,822
TITLE 1 SCHOOLS*	360	1,092

* Staffed with Thinkfinity.org-trained educators.

 VERIZON FOUNDATION 2008 PHILANTHROPIC INVESTMENTS (\$ IN MILLIONS)		
	EDUCATION AND LITERACY	\$35.7
	VOLUNTEERISM (INCLUDING MATCHING GIFTS)	\$14.8
	CIVIC & COMMUNITY SUPPORT	\$9.2
	DOMESTIC VIOLENCE PREVENTION	\$4.7
	HEALTH CARE AND ACCESSIBILITY	\$2.7
	INTERNET SAFETY	\$0.9
	TOTAL PHILANTHROPIC INVESTMENT 2008	\$68.1

Key Grants

- **National Family Justice Center Alliance**
\$1 million grant to this leading domestic violence prevention group to develop information systems that will enable other agencies to securely share victim information and create electronic records.
- **American Foundation for the Blind**
\$1.5 million grant to fund and expand an AFB Web site (afb.org/seniorsite) that will help aging adults with low vision.
- **American Library Association**
\$1 million grant to study how gaming can enhance learning and literacy skills.
- **National Council of La Raza and the National Urban League**
\$2.2 million in grants over several years to establish an after-school program based on Thinkfinity.org resources and create culturally sensitive educational resources.

Employee Giving Campaigns

- The Verizon Foundation coordinates several annual employee giving campaigns in 2008:

 - “Shower for the Shelter” — \$400,000 worth of household goods was donated for distribution to 200+ domestic violence shelters.
 - “Tools for Schools” — Employees donated approximately \$300,000 of “back to school” items in 2008.
 - “Season’s Readings” — More than 130,000 books that went to approximately 350 nonprofit organizations and schools were donated by employees.

International Grants

- Divya Disha is an organization of homes and centers located in the Hyderabad area of India that serve as havens for children to escape bad family situations. A Verizon Foundation grant will support over 200 children who are living in the homes by creating a computer lab and an information program.
- The Verizon Foundation recently presented a grant to the Neighbourhood Advice-Action Council (NAAC) in Hong Kong. The grant will support the NAAC’s Integrated Service Center in offering educational training to families in the Tung Chung community. Verizon Business employees who work in the area will also volunteer their time to help the center.
- A Verizon Foundation grant is supporting Fundación Leer’s efforts to encourage literacy in Buenos Aires, Argentina. The grant will enable dedicated “Reading Corners” to be established in three schools. Verizon Business volunteers will also be trained to support a wide variety of reading programs.
- The Verizon Foundation is lending its support to the building of a school and its educational program for the Gawad Kalinga organization in the Philippines. The grant will help support construction and create a partnership between the school and Verizon Business employees who will be part of the education program.

EMPOWERING EMPLOYEES

Overview

To be successful, Verizon depends on the skills, values and commitment of its people. We provide competitive wages along with progressive health and benefit packages. We invest heavily in training and development and hold ourselves to very high standards of performance.

These programs and packages are among the best in corporate America, but they don't tell the full story of why Verizon is a great place to work.

Winning companies are also places that people simply want to join. They want to belong to a firm that offers something meaningful — like challenging work, the opportunity to build a great career, the flexibility to succeed at work and at home, and a culture that encourages and respects their individuality and perspectives.

Verizon is one of those companies.

Training & Development

> Verizon's total training investment for 2008 totaled \$344 million, and our employees dedicated 11.7 million hours to training — 200,000 more hours than in 2007. The vast majority of training was in the areas of customer service, management development, and the broadband, mobile and IP segments of our business.

Better Health

> In 2008, Verizon provided \$3.7 billion in health care benefits, covering 835,000 employees, retirees and their dependents. Our approach to health care is to empower people to better manage their own health by putting more and better information at their fingertips.

> Three years ago, we introduced the Verizon HealthZone, an online resource for health information that helps employees make informed decisions about their health care. Enrollment in HealthZone totaled nearly 28,000 by the end of 2008.

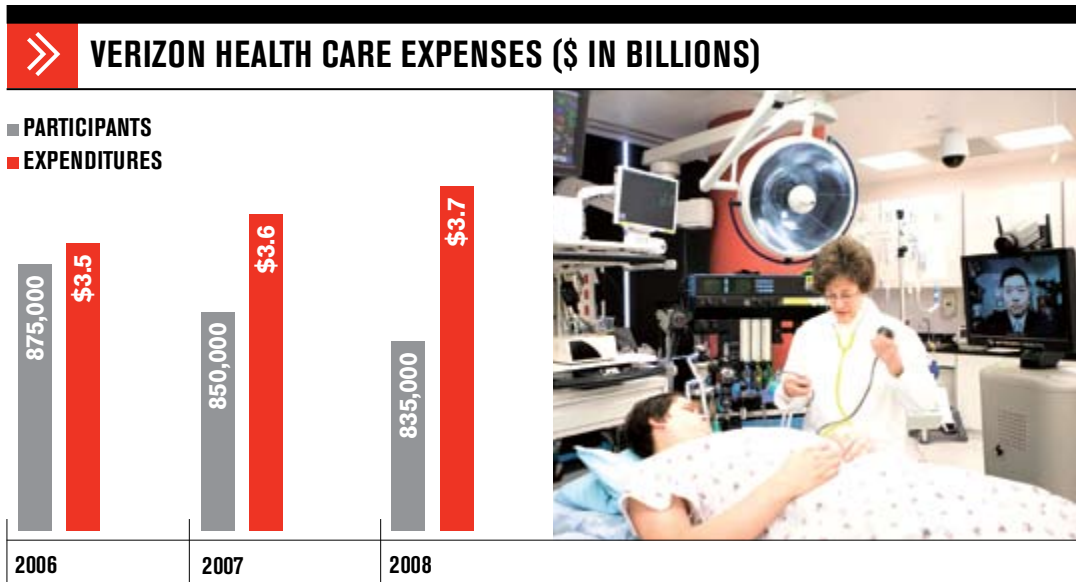
> We believe that a healthy lifestyle promotes productive and engaged employees, who are capable of meeting the challenges posed by busy personal and professional lives.



VERIZON TUITION ASSISTANCE PROGRAMS

	PARTICIPANTS	EXPENDITURES (\$ IN MILLIONS)
2006	27,000	\$110.0
2007	29,000	\$112.5
2008	29,100	\$117.9





To help promote this healthy lifestyle, Verizon Wireless manages 26 on-site Health & Wellness Centers nationwide. Employees in Verizon locations without a wellness center have access to discounted memberships at more than 2,000 health clubs.

- > Verizon Wireless' Healthy Babies program for expectant mothers encourages pre- and postnatal care. For those who remain enrolled through delivery, the program provides incentives toward lactation pumps and lactation consulting. More than 1,500 women enrolled in the program in 2008, which provided more than \$73,000 in incentives.

Work & Family Balance

- > Verizon "gets it" when it comes to 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 our business will allow.
- > Our work-family policies are designed to put the tools for managing their lives in the hands of our employees. For instance, Verizon employees logged 37,500 hours in Backup Care benefits in 2008 — the equivalent of nearly 13 work years that employees would have otherwise had to use as vacation, personal or sick days.
- > 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, verizon.com/life, nearly 50,000 times per month.
- > To address the special needs of new parents, Verizon provides a generous Gradual Return to Work Program for employees returning from childbirth or child adoption leaves. Employees return to work on a reduced work schedule, and they maintain full and complete coverage for all Verizon benefits.
- > Our adoption assistance program provides up to \$10,000 for expenses incurred during the adoption of a child.
- > Verizon supports employees who are called to active military duty with one of the best military-leave programs anywhere. The company pays the difference between an employee's military pay and Verizon pay for up to 36 months. The company also continues medical, dental, vision and group life insurance for those employees and their dependents.

» VERIZON EMPLOYEE OPINION SURVEY RESULTS (% FAVORABLE)



CAREERS & the disABLED EMPLOYEE OF THE YEAR



CAREERS & the disABLED EMPLOYEE OF THE YEAR

Thomas Boudrow, a Verizon sales support supervisor in Marlboro, Massachusetts, played a key role in developing the company's Videophone Gate — a technology that allows deaf customers to speak with Verizon representatives using American Sign Language (ASL). His efforts recently won him Employee of the Year honors from CAREERS & the disABLED magazine.

Not only did his work benefit our customers, but it created further job opportunities at Verizon for videophone customer service representatives who are fluent in ASL.

Boudrow, who is deaf, used his personal experience and technical expertise to help make Videophone Gate a world-class product.

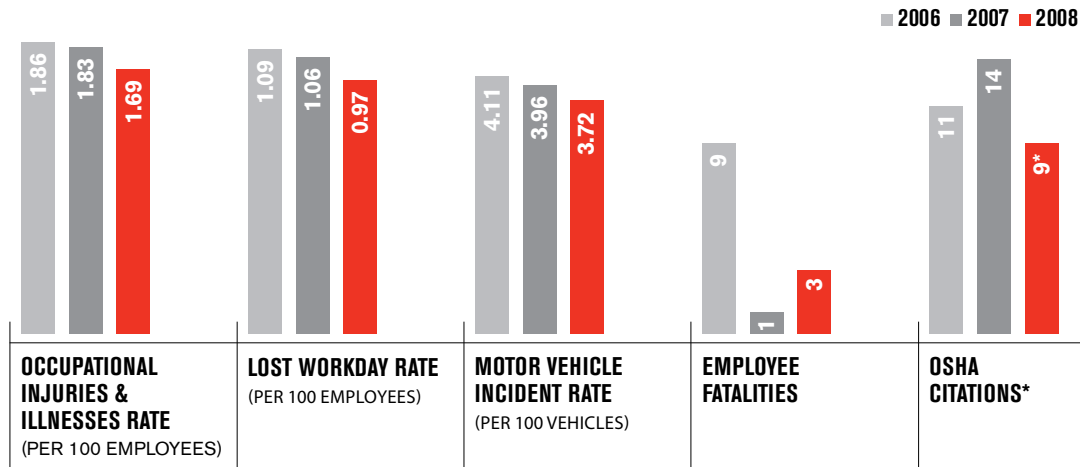
Deaf customers use specially made, video-enabled phones to enjoy the same customer service treatment that Verizon's hearing customers do (see story from our 2007 Corporate Responsibility Report, responsibility.verizon.com/2007/accessibility).

To see him in action, visit aboutus.vzw.com/accessibility/nationwide_faq.html.



 **SAFETY**

- > Verizon continued to see improvement in our safety measures in 2008. We were, however, saddened to have three work-related employee fatalities in 2008.
- > Any loss of life is unacceptable, and we continue to take our responsibility for employee safety very seriously. Across Verizon, safety performance results are routinely analyzed to identify areas of risks, for which targeted plans are designed and implemented.
- > Significant emphasis is also placed on increased safety training, work observations and communications, with special focus on high-risk work operations.
- > In 2008, we began rolling out an online enhanced, company-wide safety and environmental compliance system. Implementation is targeted for late 2009.



* Of the 2008 citations, three were rescinded, one was reduced and five are pending.

PROTECTING THE ENVIRONMENT

Overview

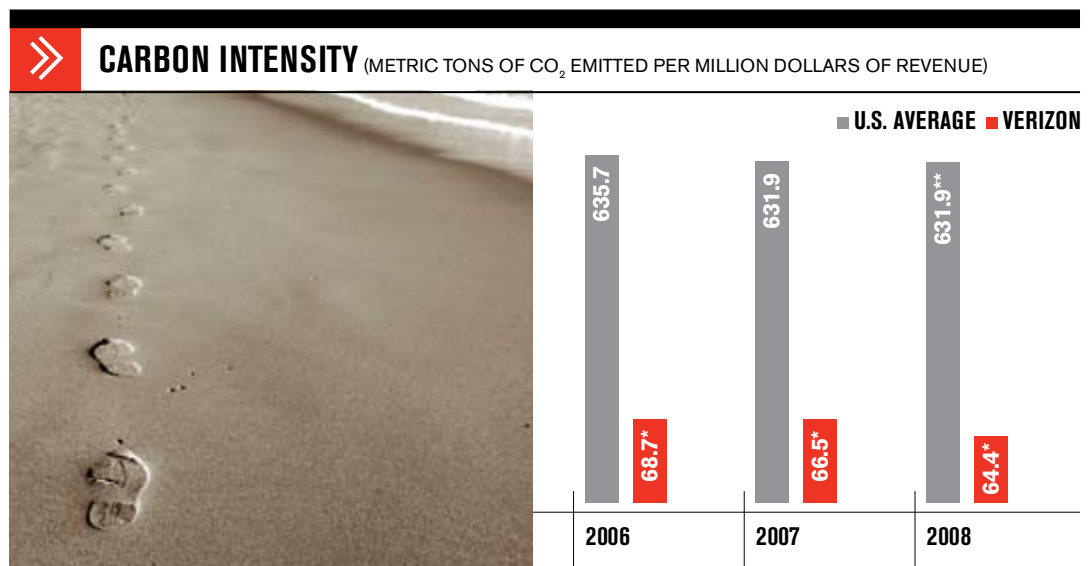
Verizon continues delivering on our principal environmental objectives: reduce greenhouse gas emissions; increase recycling rates; deploy new, energy-saving technologies in our operations; and make consumers and policymakers aware that broadband technology can significantly reduce energy consumption and conserve resources.

Notably, we now require that new telecommunications network equipment be at least 20 percent more energy efficient than equipment already in place (see story on page 34). We have established a series of energy efficiency tests and ratings to guide our suppliers in this effort and invited other telecommunications companies to adopt these standards so the cumulative effect can be increased.

The standards will apply to certain broadband, video, data-center, network and customer-premises equipment purchased after January 1, 2009.

Energy Conservation & Energy Saving Technology

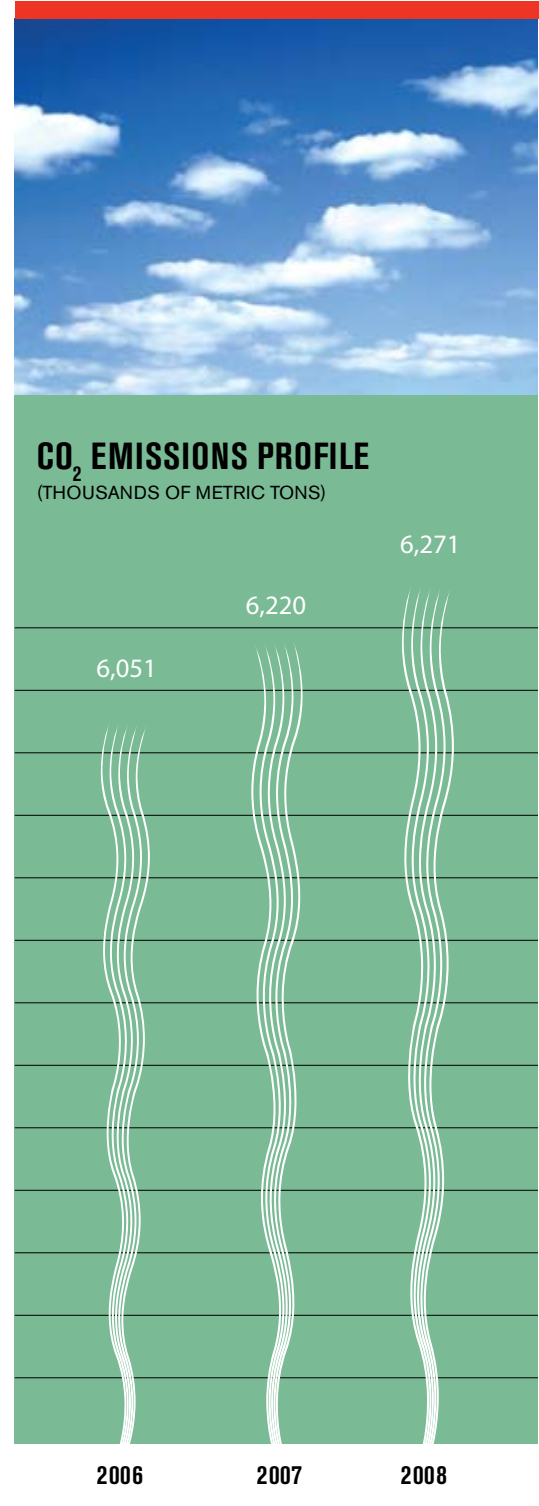
- › Our total energy reduction measures in 2008 reduced greenhouse-gas emissions by 83,900 metric tons.
- › Technology upgrades being deployed by Verizon Business will eliminate the need for one-third of the signal regeneration equipment in its network. The new equipment is 4 times as energy efficient as the older equipment. The energy savings is estimated to be 116 million kilowatts per year or 83,300 metric tons of greenhouse-gas emissions.
- › Verizon's Data Center Operations team is working with Intel and HP on new data center designs that save energy consumption and the associated costs. Verizon's Tampa and Sacramento site are serving as test centers for various "smart cooling" installations.
- › An ongoing program by Verizon's IT group to install energy-efficient "thin-client" computers



* Verizon began using the EPA's eGrid factors in 2008 to calculate emissions produced from electricity consumption. For consistency, data for 2006 and 2007 have been recalculated using the eGrid factors. eGrid factors are updated every few years to reflect the rapidly changing U.S. power industry.
** U.S. average numbers are derived from data published by the Energy Information Administration. Data for 2008 will be available in late 2009.

in company call centers is reducing the associated energy usage by 30 percent.

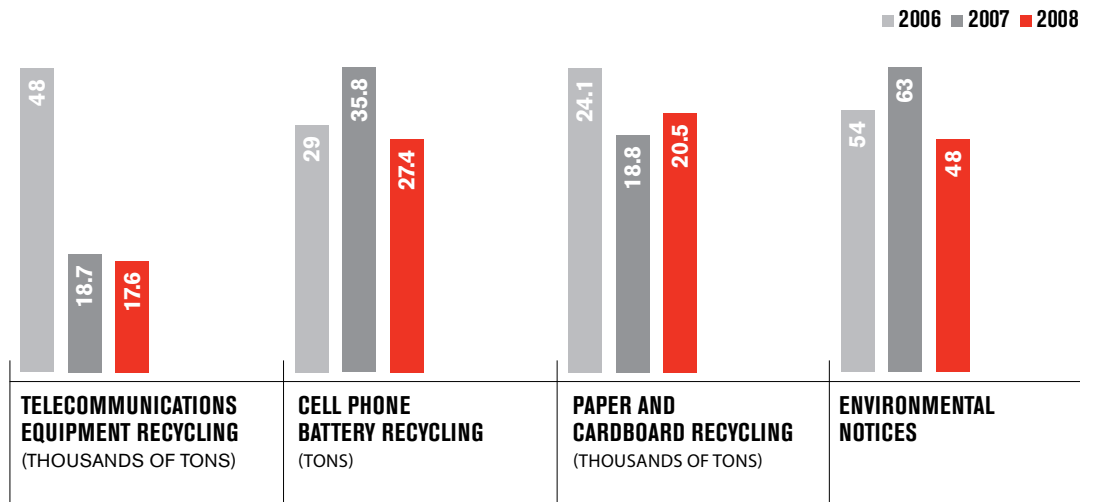
- > Verizon conducted a successful pilot in 2008 to install software that automatically senses when computers are not in use and puts them in “sleep” mode. Full rollout of this program is slated for 2009. When completed, the measure is expected to deliver \$7 million in annual energy savings.
- > Verizon Wireless currently uses solar panels at eight remote cell sites in the western United States. Similar systems are being tested for deployment at other cell sites. Another solar energy trial is in the planning stages.
- > Verizon Business is running trials at three sites that use hydrogen fuel cells for backup power. Verizon already operates the largest fuel cell project in the country at its Garden City, New York, switching center. The seven cells installed there in 2005 deliver primary power to the center. The reduction in energy use is estimated to save 5,000 metric tons of greenhouse-gas emissions.
- > Verizon’s operations center in Basking Ridge, New Jersey, sits on 135 acres of grassland and wetlands that are natural habitats for several species of endangered wildlife. The area is also a source of water for nearby residents. Working with the Audubon Society and the U.S. Fish and Wildlife Services, Verizon has launched a 10-year effort to protect the area’s water, plants and wildlife.






WASTE REDUCTION & RECYCLING

- > Our Hopeline program collected more than 1 million cell phones for the second consecutive year, up 6 percent from 2007 (see chart and accompanying story at right).
- > Verizon is a founding sponsor of Global Releaf, a group that encourages shareowners to sign-up for electronic communications and for customers to sign-up for paperless billing.



CLIMATE CHANGE

- > Verizon joined the California Climate Action Registry in 2006.
- > Verizon has participated in the Carbon Disclosure Project (*cdproject.net*) since 2004. The project now has the largest registry of corporate greenhouse-gas emissions data. In 2008, Verizon participated in the CDP's supply chain initiative.
- > Verizon is a member of the Global eSustainability Initiative's (GeSI) Climate Change Working Group.
- > Verizon has joined the Digital Energy Solutions Campaign (DESC), a coalition of companies in the information and communications technology (ICT) industries. DESC's mission is to "expand policymakers' understanding of the roles of ICT in improving the energy efficiency of the U.S. economy."

» RECYCLING HELPS FUND HOPELINE		2006	2007	2008
	PHONES COLLECTED	909,400	1,070,000	1,129,000
	PHONES REFURBISHED	666,700	817,400	764,500
	PHONES RECYCLED	242,700	251,500	364,700
	PHONES DONATED TO SHELTERS	16,160	20,080	21,000
	CASH DONATED FROM HOPELINE FUNDS	\$1,272,000	\$1,722,000	\$1,531,000



Verizon collected 1.13 million no-longer-used wireless phones in 2008 through its long-running HopeLine program.

Through HopeLine, consumers and businesses can donate phones, batteries and accessories purchased from any vendor at Verizon Wireless stores and sponsored events across the country. These donations enabled HopeLine to award more than \$1.5 million in cash grants — generated by the sale of refurbished phones — to nearly 350 domestic violence agencies and organizations.

In 2008, Verizon gave nearly 21,000 refurbished wireless phones — along with 63 million minutes of service — to domestic violence agencies for use by victims to communicate with family, friends, shelter support staff and employers to help them rebuild their lives.

HopeLine gives consumers an environmentally sound way to dispose of the cell phones they no longer use, while providing a simple way to make a difference in the lives of domestic violence victims.

Since 2001, HopeLine's national phone recycling and reuse program has collected more than 5.6 million phones, awarded more than \$6.3 million in cash grants to domestic violence agencies throughout the country, and donated more than 86,000 phones with more than 228 million minutes of free wireless service.

SERVICE & INNOVATION

Overview

Verizon is leading the industry in deploying new network technologies. In turn, these technologies are creating an explosion of innovative new products and services that hold great promise for addressing broad social issues and meeting the unique needs of diverse customers.

We have staked our future on the power of broadband networks, and we're investing more than \$17 billion a year to make Verizon the leader in global connectivity.

We believe these networks will be a powerful engine of growth and innovation, not just for our company, but for the whole economy as broadband becomes embedded ever more deeply in the lives of our customers and the business processes of global enterprises.

We are beginning to see, in fact, how digital media can transform education and empower those with disabilities, how the power of broadband can be tapped to save energy and the environment and how interactive technologies can revolutionize health care.

Investing in the Future

- > Verizon has invested more than \$50 billion in technology infrastructure over the last three years and more than any other U.S. corporation over the last five years.
- > Deployment of our high-speed, FiOS fiber network continues at a pace of 3 million new premises passed per year.
- > We are moving ahead on deploying our fourth-generation wireless network — using LTE technology — which could be important in providing broadband service in underserved parts of the country. Commercial launch is slated for 2010.
- > Verizon Business is the only U.S.-based provider to be a charter member of the consortium building the Trans-Pacific Express (TPE) optical cable network that linked the U.S. with the Chinese mainland in 2008. The TPE uses the latest optical technology to meet a sharp increase in demand for IP, data and voice communications with the Asia-Pacific region.

The Economic Impact of Broadband

Broadband networks are a platform for the innovation and creativity that lie at the heart of a vibrant economy.



Verizon Business continues to invest in what is now the largest facilities-based network in the world, spanning six continents and reaching customers in more than 2,700 cities and 150 countries.



Policies to stimulate the deployment of broadband in underserved areas of the U.S. could have dramatic and far-reaching economic effect.

According to a 2008 study by Connected Nation, a 7 percent increase in broadband adoption could result in:

- > Creation of 2.4 million jobs;
- > \$662 million saved per year in reduced health care costs;
- > \$6.4 million in energy savings from unnecessary driving and idling;
- > \$134 billion per year in total direct economic impact.

New Accessibility for Mobile Callers

In March 2009, Verizon announced the availability of a new technology — TALKS™ for Verizon Wireless — that converts displayed text into speech for its wireless customers who are blind or visually impaired.

Powered by Nuance Communications, Inc., TALKS for Verizon Wireless uses ETI-Eloquence text-to-speech software, which is similar to other screen-reading packages on Windows® PC platforms. The TALKS technology, which is available initially on MOTO™ Q 9c smart phones, also supports audio feedback for writing and reading text messages, e-mail and notes.

With TALKS, the Motorola MOTO Q 9c from Verizon Wireless can:

- > Read the caller ID of an incoming call;
- > Dial a number from the phone's Contacts directory;
- > Add and edit entries in the Contacts directory;
- > Read and write text messages and e-mail;
- > Read and write documents using Mobile Office;
- > Use Mobile Internet Explorer to access the Internet;
- > Access and compose multimedia message service (MMS) messages; and
- > Control speech volume and rate of speech

To learn more about TALKS for Verizon Wireless, visit verizonwireless.com/accessibility.

Driving Innovation via Open Networks

In 2008, Verizon launched its Open Development program to invigorate and benefit from the coming explosion of smart devices and machine-to-machine communications.

The concept is straightforward: the program provides a way for device manufacturers and developers to offer their projects and services on the Verizon Wireless network.

We now have dozens of devices certified for use and lots more in the pipeline.

For LTE, which stands for Long-Term Evolution, our fourth-generation wireless technology, we are building on the Open Development program example by creating the LTE Innovation Center. The center, to be based in Waltham, Mass., will serve as the catalyst for development of devices, products or applications for LTE networks.

The idea is to help Verizon Wireless technology partners quickly develop and bring to market new and innovative LTE-based solutions within the consumer electronics, machine-to-machine, and business products segments.

EMPLOYEE PROFILE 12/31/08

BY ETHNICITY	MANAGEMENT		NON-MANAGEMENT		TOTAL, 12/31/08		TOTAL, 12/31/07		TOTAL US LABOR FORCE
American Indian/ Native Americans	366	0.6%	864	0.6%	1,230	0.6%	1,287	0.6%	0.7%
Asian	5,512	8.7%	3,924	2.6%	9,436	4.4%	9,825	4.4%	3.6%
Native Hawaiian/ Pacific Islander	147	0.2%	548	0.4%	695	0.3%	536	0.2%	0.1%
Black	8,030	12.6%	34,521	23.0%	42,551	19.9%	44,842	20.1%	10.6%
Hispanic	3,990	6.3%	16,258	10.8%	20,248	9.5%	20,257	9.1%	10.7%
Two Races or More	739	1.2%	2,003	1.3%	2,742	1.3%	1,967	0.9%	1.6%
White	44,845	70.5%	91,825	61.2%	136,670	64.0%	144,008	64.7%	73.6%
Total U.S.	63,629		149,943		213,572		222,722		
International	8,889		1,905		10,794		10,169		
Total Worldwide	72,518		151,848		224,366		232,891		

BY GENDER (U.S.)	MANAGEMENT		NON-MANAGEMENT		TOTAL, 12/31/08		TOTAL, 12/31/07		TOTAL US LABOR FORCE
Female	23,976	37.7%	64,381	42.9%	88,357	41.4%	93,111	41.8%	46.8%
Male	39,653	62.3%	85,562	57.1%	125,215	58.6%	129,611	58.2%	53.2%

BY GENDER (INT'L)	MANAGEMENT		NON-MANAGEMENT		TOTAL, 12/31/08		TOTAL, 12/31/07		TOTAL US LABOR FORCE
Female	1,852	20.8%	603	31.7%	2,455	22.7%	N/A	N/A	N/A
Male	7,037	79.2%	1,302	68.3%	8,339	77.3%	N/A	N/A	N/A

BY GENDER (WORLDWIDE)	MANAGEMENT		NON-MANAGEMENT		TOTAL, 12/31/08		TOTAL, 12/31/07		TOTAL US LABOR FORCE
Total Female	25,828		64,984		90,812		N/A	N/A	N/A
Total Male	46,690		86,864		133,554		N/A	N/A	N/A

FINANCIAL STATISTICS

2008 Consolidated Revenues	\$97.4 billion
2008 Net Income, Before Special Items	\$7.2 billion
2008 Capital Investment	\$17.2 billion
Shareowners (AS OF 12/31/08)	2.4 million

OPERATING STATISTICS (AS OF 12/31/08)

Verizon Wireless

Customers	72.1 million*
Network coverage	Reaches 280 million Americans*
Company-owned stores and kiosks	More than 2,500

Verizon Telecom

Access lines	36.2 million
Broadband connections	8.7 million
FiOS® TV customers	1.9 million
FiOS® Internet customers	2.5 million

Verizon Business

Global IP Network presence	Serves 2,700+ cities in 150 countries
Data centers	200+
Customer base	98 percent of the Fortune 500

Total Employees	224,366
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* The acquisition of Alltel, completed January 9, 2009, expands Verizon Wireless' network coverage to approximately 290 million people and increases the company's customers to over 80 million.

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 80 million customers nationwide. Verizon's Wireline operations include Verizon Business, which delivers innovative and seamless business solutions to customers around the world, and Verizon Telecom, which brings customers the benefits of converged communications, information and entertainment services over the nation's most advanced fiber-optic network.

For more information, visit www.verizon.com.



Supporting responsible use
of forest resources
www.fsc.org Cert no. SW-COC-1689
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verizon.com/responsibility

