



09/10

Verizon Communications

CORPORATE RESPONSIBILITY REPORT

Integrity/Respect/Performance Excellence/Accountability

VERIZON'S CORPORATE RESPONSIBILITY PRIORITIES

Our corporate responsibility approach is focused on five strategic priorities that we believe will have the biggest impact on society:

- ▶ ETHICS & GOVERNANCE
- ▶ PARTNERING WITH COMMUNITIES
- ▶ EMPOWERING EMPLOYEES
- ▶ SERVICE & INNOVATION
- ▶ PROTECTING THE ENVIRONMENT

We manage corporate responsibility with disciplined goals, a focus on results and a strong belief that our role in connecting people, ideas and opportunities is vitally important to meeting the challenges of the future.



Verizon's Alex Zavatore spends his vacations volunteering in a remote village in Namibia, Africa where he provided students with their first computers. In 2009, our employees contributed more than 700,000 volunteer hours and donated \$12.6 million, which was matched by the Verizon Foundation.

**VERIZON
COMMUNICATIONS
2009-2010
CORPORATE
RESPONSIBILITY
REPORT**

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Kristin Favale uses an interactive smart board to teach an online poetry lesson from Thinkfinity.org to her third grade class at the John F. Kennedy Magnet School in Port Chester, NY. Verizon's award-winning Thinkfinity.org Web site provides thousands of free lesson plans and other interactive education resources.

MAKING A POSITIVE IMPACT ON PEOPLE

Verizon is deeply invested in using communications technology to connect people to the larger resources of the community—education, health care, accessibility and safety—in ways that help make lives better.

MESSAGE FROM THE CHAIRMAN



Courtesy Graham Carlow/IBM

Verizon Chairman and CEO Ivan Seidenberg speaking at the 2009 SmarterCities New York Conference where he described how broadband and wireless networks are transforming and improving civic life.

To our stakeholders,

We are pleased to present our Corporate Responsibility Report for 2009-2010.

At the heart of our company is our passionate belief in the transformative power of technology and innovation. We're acting on that belief by investing in the new broadband and wireless technologies that are remaking our society, creating economic opportunity and expanding access to the fruits of the digital age. In 2009, we invested some \$17 billion in fiber networks, wireless broadband and high-speed Internet backbones. At a time when private investment levels are at near-historic lows, Verizon's infrastructure investments have helped sustain local economies and will be a critical factor in creating the technology-centric jobs that will reignite growth in the economy going forward.

We're also committed to using this platform for the future to tackle the big issues confronting our society – challenges made more urgent by the current economic difficulties. When social problems grow faster than the resources necessary to combat them, the only way to bridge the gap is through innovation. That's what we're working with our partners to do. For example, we're using the Internet to empower teachers through our award-winning educational Web site, Thinkfinity.org. We're changing how health care is delivered through electronic health records, wireless monitoring devices and two-way video imaging. We're showing how a smart infrastructure can conserve energy and make our cities more efficient. And we're working across all our businesses to keep our customers safe – whether it's through safe driving initiatives with

respect to cell phone use, parental controls to create a safe space for families on the Internet, or safeguards to protect customer data and prevent against cyber-attacks.

While we're big believers in the power of technology and innovation, nothing beats the impact of good old-fashioned human capital, which is why Verizon supports the individual actions of our employees, who are a major force for good in every place we do business. We encourage this grassroots energy by matching our employees' donations of time and money, which in 2009 totaled more than 700,000 hours and \$12.6 million. Of the nearly \$68 million of charitable contributions made by the Verizon Foundation in 2009, \$14.7 million went toward our support of volunteerism. The history of volunteerism extends many decades in our industry – far predating the creation of Verizon – and we're proud that this legacy is part of our DNA.

Also part of our genetic makeup is a strong ethical code that guides our actions. What began as an implicit part of our identity has been codified over the years through our formal corporate responsibility program, which is overseen by our board of directors and run by some of our senior-most executives (see page 35 for more details). Our corporate responsibility process helps us assure that our practices keep pace with the evolving needs and expectations of our customers. We have adopted a human rights policy for doing business in global markets. We continually refine our privacy policies to create the bedrock of trust and transparency that underlies electronic commerce. And we take great care to be good stewards of our own resources through responsible energy management, recycling and efficiency practices and programs.

Clearly, there is always more work to be done – and new issues to address – in assuring that we live up to the high standards we and our customers have set. But because of the discipline of our approach, we have built a sustainable model for incorporating corporate responsibility into the way we manage our business.

I am grateful to our Board of Directors and our executive team for their leadership in supporting this approach to building long-term value for our company. I also wish to thank our employees for their efforts in a tough year. I am

inspired by what they do, day in and day out, to maintain our customers' vital human connections and demonstrate the dedication to a higher purpose that characterizes all great companies. I would also like to express our gratitude to our many partners in creating innovative solutions to the issues that matter most to our communities. As you will see in this report, they help open our eyes to opportunity and push us to new levels of achievement.

We will need all the creative energy we and our partners can muster as we enter the next phase of this dynamic industry because, for all the tremendous changes technology has made in our society over the last ten years, we believe we're on the threshold of an even more innovative era to come. With a new generation of wireless broadband on the horizon and a continuing push toward a 100-megabit society, we are moving inexorably toward a fully connected world that will put the power of technology within reach of every person on the planet.

Think about that for a minute.

We have scarcely begun to imagine the immense potential of these new networks to create community, increase human interactions and empower individuals to live more creative, more fulfilling lives. Who would have guessed that, within 10 days of the devastating earthquake in Haiti, cell phone customers would donate \$25 million simply by sending text messages? Who could have foreseen that last year more than 300,000 people in Bangladesh would sign up to learn English on their mobile phones? Who can predict the millions of ways technology will make our society greener and raise standards of living around the globe?

At Verizon, we can't wait to discover the answers to these questions and look forward to using our investment, innovation and imagination to create lasting value for our world.



Ivan Seidenberg
Chairman and Chief Executive Officer
Verizon

2009-2010 AWARDS AND HONORS



Verizon's 1.4 million-square-foot operations center in Basking Ridge, NJ, has earned the U.S. EPA's Energy Star, for placing among the top 25% of the most energy-efficient facilities in the U.S. Fifty Verizon facilities have earned Energy Star ratings so far.

Corporate Citizenship

- ▶ *Fortune's* 2010 list of the World's Most Admired Companies ranked Verizon No. 1 in the Telecommunications Sector.
- ▶ Independent privacy security firms TRUSTe and Ponemon Institute ranked Verizon No. 2 in their 2009 survey of Most Trusted Companies for Privacy.
- ▶ Verizon was named to the Dow Jones Sustainability North America Index which lists leading companies as measured by governance, social and environmental performance. Verizon is also included in the following socially responsible investment lists: FTSE4Good Index, KLD 400, Ethibel Sustainability Index and Calvert's Large Cap Value Fund.
- ▶ Swiss research firm Covalence ranked Verizon 30th overall in its 2009 Ethical Ranking study, which tracks overall 500 multinational corporations.
- ▶ Verizon placed No. 27 overall in *CRO* magazine's 100 Best Corporate Citizens list for 2010, moving up from No. 32. Verizon made the list for the third consecutive year.
- ▶ *Info Security Products Guide* named the Verizon Internet Security Suite the winner of the 2009 Global Product Excellence in Internet Security Solutions Customer Trust Award.
- ▶ TDI, an advocacy group for the Deaf and Hard of Hearing, gave Verizon its biennial James C. Marsters Promotion Award for improving accessibility to telecommunications and media.

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.

Diversity, Workplace Excellence, Innovation

- *DiversityInc* ranked Verizon on its list of Top 50 Companies for Diversity for the tenth consecutive year. Verizon is the only company to be named No. 1 twice (2006 and 2008).
- For the ninth 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 fourth consecutive year.
- For the fourth consecutive year, *BusinessWeek* named Verizon to its list of Best Places to Launch a Career.
- For the seventh consecutive year, *LATINA Style* ranked Verizon among the Top 12 companies in the Latina Style 50, the magazine's annual list of the best companies for Latinas to work for in the U.S.
- The National Association for Female Executives (NAFE) has named Verizon to its 2010 list of Top 50 Companies for Executive Women.
- The Better Business Bureau named Verizon the 2010 winner of the International Torch Award for Marketplace Excellence.
- For the ninth consecutive year, Verizon was named to *Training* magazine's list of Top 125 Training Organizations in America, placing No. 4 overall.

- For the seventh consecutive year, *Computerworld* ranked Verizon Wireless highest in the magazine's annual "Best Places to Work in IT" survey.
- *BusinessWeek* ranked Verizon No. 30 on its list of Most Innovative Companies in 2009.
- The Dave Thomas Foundation for Adoption honored Verizon as one of 2009's best adoption-friendly workplaces.
- DiversityBusiness.com's eighth annual online survey named Verizon as one of the Top 50 Companies for Multicultural Business Opportunities. Verizon was selected by minority and women-owned suppliers in an annual online poll.
- The National Business Group on Health named Verizon to its 2009 list of Best Employers for Healthy Lifestyles in the Gold Category for helping employees make better choices about health and well-being.



FTSE4Good



STAYING FOCUSED ON OUR PRIORITIES

In a period during which the ground has shifted dramatically under the business and economic landscape, we have not wavered from the conviction that our technology, along with the energy of our people, can create lasting value for society.



Verizon volunteers join the efforts to preserve a floodplain forest in New Jersey managed by the Great Swamp Watershed Association. Volunteering was up almost 70% in 2009 among our employees and retirees.

HOLDING OURSELVES ACCOUNTABLE



All Verizon employees are trained to manage our business responsibly and ethically.

OUR PRIORITY	WHAT WE SAID WE'D DO
ETHICS & GOVERNANCE ▶ Integrity and respect are fundamental at every level 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.	▶ Continue pursuing Verizon's listing on leading domestic and global SRI (socially responsible investor) indices. ▶ Adopt a Human Rights Statement and communicate to our employees, customers and stakeholders. ▶ Complete an update of Verizon's privacy policies and communicate to employees, customers and stakeholders. ▶ Incorporate "reputation risk" assessment and mitigation process in Verizon's business units. ▶ Retrain all Verizon employees in the Verizon Code of Conduct to reaffirm our commitment to living our core values: Integrity, Respect, Performance Excellence, and Accountability.

WHAT WE DID



Protecting customers' data is a top priority for Verizon Wireless' Josh Gutzwiller (left).

- ▶ Received first-ever ranking on the Dow Jones Sustainability North America Index and Covalence Ethical Ranking; included in Calvert's Large Cap Value Fund.
- ▶ Adopted a Verizon Human Rights Statement and distributed to employees and key stakeholders around the globe (<http://responsibility.verizon.com/home/approach/human-rights>).
- ▶ Updated Verizon's privacy policy to:
 - Make it easier for consumers to read;
 - Provide a one-stop Web site for answers about our collection, use and protection of personal information (<http://www.verizon.com/privacy>).
- ▶ Identified top reputation risks and integrated an approach for responding into our financial risk/audit process.
- ▶ Completed comprehensive review of the Code of Conduct to update standards and address emerging

issues (see page 34 for details). Developed plan for training all employees in 2010.

- ▶ Accomplished the following compliance- and governance-related activities:
 - Polled selected managers on Conflict of Interest issues (100% participation);
 - Developed and implemented training for selected managers on antitrust issues (100% participation);
 - Developed and began implementation of new, company-wide training for protecting customer data;
 - Published 2009 record of political contributions online (<http://responsibility.verizon.com/home/information/political-contributions>).
- ▶ Received reviews on the 2008-09 Corporate Responsibility report from BSR, AccountAbility, and BeyondBusiness Ltd.

WHAT WE WILL DO

- ▶ Develop enhanced consumer privacy notifications describing advertising practices on Verizon's Web sites.
- ▶ Implement updated Code of Conduct and train all Verizon employees in their responsibilities to manage our business responsibly, ethically and lawfully.
- ▶ Achieve 100% participation among Verizon managers selected for compliance training, including segments covering:
 - Foreign Corrupt Practices Act;
 - Embargo and Anti-boycott issues;
 - Export Controls;
 - Protecting customer data.

HOLDING OURSELVES ACCOUNTABLE



In 2009 we established a Thinkfinity.org presence in more than 1,700 schools.

OUR PRIORITY

PARTNERING WITH COMMUNITIES

- ▶ **Verizon has deep roots as a local company and a long history of investing in our communities in ways that make life better and stimulate growth along our supply chain.**
- ▶ **We remain committed to using our financial, human and technological resources to improve the quality of life in our communities.**
- ▶ **Our goal is to tap the potential of Verizon's wireline and wireless technologies to address social issues that are critical to the well-being of our communities, as well as our business success: namely, education and literacy, family health and safety, employee volunteerism.**

WHAT WE SAID WE'D DO

- ▶ Expand the scope and relevance of Thinkfinity.org by:
 - Increasing traffic to Web site by 30%;
 - Adding new materials about the environment and climate change;
 - Training an additional 38,000 educators on using Thinkfinity.org;
 - Establishing a Thinkfinity.org presence (via a trained educator) in 1,000 additional public schools;
 - Developing and launching a pilot after-school program.
- ▶ Increase employee participation in volunteerism and total hours volunteered by 10%.
- ▶ Achieve gains in student literacy via grants and related programs.
- ▶ Expand domestic violence prevention efforts by:
 - Boosting training for employees;
 - Delivering information to customers via FiOS TV;
 - Convening a nationwide summit.
- ▶ Increase public awareness and understanding of the possibilities and risks in the Internet culture we all now inhabit.
- ▶ Increase our spending with diverse suppliers.
- ▶ Improve current supplier audit tool to better identify risk areas and manage corrective actions.

WHAT WE DID



Our partnership with PBS explores life on the virtual frontier.

► Expanded the scope and relevance of Thinkfinity.org by:

- Increasing visits 14.3% to 3.4 million;
- Increasing visitors 14.8% to 2.7 million;
- Introducing 3,650 new resources, including climate change materials;
- Establishing a Thinkfinity.org presence in more than 1,700 schools;
- Launching a pilot after-school program in Boston, Chicago and Washington D.C.

► Boosted employee volunteer participation by 68% and total volunteer hours 11%.

► Funded 58 grants devoted to literacy achievement that reported positive results:

- More than 3,600 teachers were trained on improving literacy skills;
- More than 21,600 students received literacy instruction.

► Expanded outreach on domestic violence prevention by:

- Convening a fourth national summit that focused on making men part of the conversation and solution;
- Launching public service announcements on FiOS TV.

► Partnered with WGBH/PBS Frontline to create documentary and education materials that explore our digital culture (<http://www.pbs.org/wgbh/pages/frontline/digitalnation>).

► Partnered with i-Safe America to train more than 115,000 students on cyber-safety.

► Increased spending with diverse suppliers 5.5% to \$3.7 billion.

► Began development of a "Supplier Green Index" to replace the current supplier audit tool.

WHAT WE WILL DO

► Broaden the reach and utility of Thinkfinity.org by:

- Increasing usage by 20%;
- Integrating social networking into the Web site;
- Training 45,000 additional educators;
- Increasing by 20% the number of schools with a Thinkfinity.org-trained educator;
- Expanding after-school programs to 12 additional sites.

► Help keep families safer by conducting a nationwide campaign to raise awareness of domestic violence, its prevention and where people can get help. Elements of the program:

- A documentary on a domestic violence case that ended in tragedy that will air on 350 PBS stations;
- Community events/programs to be held in 10 states;
- Distribution of 7,000 DVDs of the film to law enforcement and domestic violence prevention agencies across the country.

► Increase both the number of employee volunteers and total hours volunteered by 10%.

► Increase spending with diverse suppliers by approximately 4%.

HOLDING OURSELVES ACCOUNTABLE



We invested \$120 million in tuition assistance for more than 33,000 employees in 2009.

OUR PRIORITY

EMPOWERING EMPLOYEES

- ▶ **We are committed to ensuring Verizon is an employer of choice, with a culture that respects the individual, inspires excellence and taps the full range of talent and potential in people.**
- ▶ **We seek the best people—those with the skills and talent, diversity of experiences and the drive to innovate and position Verizon as the leader in our industry.**
- ▶ **Our approach is to put the tools for managing their futures in the hands of our people. In return, we offer challenging and satisfying work.**

WHAT WE SAID WE'D DO

- ▶ Continue building awareness and advocating for programs that close the gaps in care and outcomes for racial and ethnic minorities.
- ▶ Engage employees to “be well” by encouraging better eating, more exercise, preventive care and early detection screenings.
- ▶ 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 the Business Roundtable’s Health and Retirement Initiative and the Health IT Now! coalition.

WHAT WE DID



We encourage employees to “be well” by providing health centers and offering discounted gym memberships.

- ▶ Led a national committee in a two-year project to provide resources that help employers address the racial and ethnic disparities in health care (see page 30).
- ▶ Expanded eligibility for our Healthy Babies program to more than 120,000 employees. We also expanded incentives to include more items eligible for reimbursement.
- ▶ Increased the number of employees involved in efforts to “be well”:
 - Twice as many employees are now registered for HealthZone, our online health improvement service;
 - 62% of eligible employees have completed health risk assessments;
 - The number of on-site flu shots that were dispensed in 2009 increased by 36%.
- ▶ Joined the CWA/IBEW Health Reform Partnership in founding the Bridge Years Health Coalition and advocated that health care reform address the lack of quality and affordable care for pre-Medicare retirees age 55 to 64.
- ▶ Launched an Intranet program that provides model curriculum paths (“Steps for Success”) for entry-level managers. Also redesigned the online career development site, adding new content and making it easier to read and navigate.
- ▶ Invested \$330 million in training and development, including \$120 million in tuition assistance.

WHAT WE WILL DO

- ▶ Raise awareness of gaps in health care for people of color and women, addressing those gaps through communications and on-site programs.
- ▶ Continue encouraging employees to improve their work skills and “own” their careers by investing in employee training and development.
- ▶ Continue to drive our performance and values-based culture, and measure employee engagement.
- ▶ Launch a new company-wide, employee Intranet site to communicate business priorities and simplify access to work tools.
- ▶ Continue collaborating with the CWA/IBEW to bring about meaningful improvements in health care and implement the Patient Protection and Affordable Care Act.

HOLDING OURSELVES ACCOUNTABLE



We are extending the benefits of our technology to people who, for reasons of geography or physical limitations, have been slower to benefit from the broadband revolution.

OUR PRIORITY

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.**

WHAT WE SAID WE'D DO

- ▶ Broaden lineup 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.
- ▶ Develop a version of Verizon's new Hub phone for people with disabilities.*
- ▶ 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 for the visually impaired.
- ▶ Expand Internet safety outreach to include seniors and domestic violence prevention community.
- ▶ Create a new family Web site that covers Internet safety issues and information.
- ▶ Address technical and policy solutions/approaches to emerging wireless safety issues.

* The Hub phone was discontinued in 2008.

WHAT WE DID



We're making our technology more accessible to hearing-impaired customers along with the help of employees like Kimberly Grenda.

- ▶ Launched TALKS™—a technology that converts text displayed on a screen into speech for wireless customers who are blind or visually impaired—and a Nationwide Messaging Plan for deaf and hard-of-hearing consumers.
- ▶ Shifted development of a “big button” remote to a product that could be provided free. Slated for rollout in 2010.
- ▶ Developed the next “senior phone” to complement the Coupe and Knack models. Set for 2010 launch.
- ▶ Completed design work for revamped Disabilities Web site, scheduled to go live in 2010.
- ▶ Expanded videophone services to reach hearing-impaired customers in Delaware, New Jersey and Pennsylvania. Videophone call volumes more than doubled over 2008 from 589 calls to 1,505.
- ▶ Secured rights and other approvals to launch expanded line of Video On Demand films with spoken commentary in 2010.
- ▶ Developed Internet safety education materials for seniors; held series of workshops in Florida and New Jersey.
- ▶ Engaged domestic violence prevention expert to “test drive” our wireless locator products.
- ▶ Developed new Web site that provides one-stop access to all of Verizon’s online safety tools (<http://parentalcontrolcenter.com>).
- ▶ Conducted an aggressive campaign to encourage our customers not to text while driving.

WHAT WE WILL DO

- ▶ Establish an Assistive Technology call center for Verizon Wireless customers that will be operational by 2011.
- ▶ Launch the next generation of accessible phones to include a new version of our Senior phone and a screen reader (converts displayed text into speech) for BlackBerry devices.
- ▶ Address the product/service needs of veterans and returning service people by initiating services that could reroute messages during deployment and retain text and e-mails during handset deactivation. Also introduce applications that streamline access to government assistance.
- ▶ Establish a partnership with National Braille Press as they develop a wireless book reader that would use our network to download Braille books onto a wireless device by early 2011.
- ▶ Develop content rating guidance for wireless applications in collaboration with CTIA—The Wireless Association.

HOLDING OURSELVES ACCOUNTABLE



Verizon harnesses the power of the sun to extend our wireless network to remote areas.

OUR PRIORITY

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 want to promote the positive effect of broadband technologies on the environment, such as enabling energy reduction through telework, e-commerce, smart grid and smart transportation solutions.**

WHAT WE SAID WE'D DO

- ▶ Expand the number of hybrid vehicles in the company fleet.
- ▶ Conduct alternative energy trials using solar, fuel cell or geothermal power 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 subscribe to 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.

WHAT WE DID



Verizon began replacing gasoline-powered sedans with hybrids at the end of 2007.

- ▶ Increased the total number of alternative fuel vehicles in our fleet from 200 to 260.
- ▶ Saved 91 million kilowatt hours of electricity and avoided over 144 million pounds of CO₂ emissions as a result of our network efficiency standards.
- ▶ Studied the use of geothermal energy to power cell sites; evaluated new fuel cell alternative and opportunities for deployment.
- ▶ Conducted more than 36 trials of “smart building” technology through our Emerging Services Lab.
- ▶ Scheduled more than 8,000 virtual meeting rooms using our internal videoconferencing network that avoided 8 million pounds of CO₂ emissions and \$6.5 million in travel cost.
- ▶ Decreased overall CO₂ intensity from 64.4 metric tons of emissions per million dollars of revenue to 60.2 metric tons per million dollars of revenue.
- ▶ Reduced our fleet’s fuel consumption by 1.7 million gallons in 2009 by cutting vehicle idling, which eliminated 33 million pounds of CO₂ emissions.
- ▶ Applied energy efficiency measures in our buildings, reducing energy usage by 84 million kilowatt hours.
- ▶ Collected 1.1 million cell phones for refurbishing, donation and recycling.
- ▶ Accomplished a range of smart-grid activities:
 - Undertook initiatives with Duke Power, Cornell University, Arizona Power, AMEREN, PEPSCO, National Grid, and the cities of Lakeland, Florida and Seattle;
 - Launched a pilot project in North Carolina with IBM, Consort and Fayetteville Public Works Commission;
 - Joined a national effort to develop communications standards for smart-grid deployment.

WHAT WE WILL DO

- ▶ Increase the number of alternative fuel vehicles in our fleet to more than 1,800.
- ▶ Set short-term and long-term carbon emissions reduction targets for Verizon.
- ▶ Examine Verizon’s water “footprint” and develop appropriate recommendations for any needed conservation measures.
- ▶ Engage with our suppliers to perform lifecycle environmental assessments of consumer devices.
- ▶ Work with our suppliers to create more energy efficient set-top boxes.
- ▶ Earn LEED certification (Leadership in Energy and Environmental Design) from the U.S. Green Building Council for 50 of our retail stores.

WHAT OTHERS ARE SAYING



The members of Verizon's Consumer Advisory Board annually review our Corporate Responsibility Report.

GAINING THE OUTSIDE PERSPECTIVE

For the second consecutive year, we supplemented our day-to-day outreach to our stakeholders by engaging an independent research organization, Penn Schoen & Berland Associates (PSB), to poll people from the NGOs, third-party organizations and think tanks that work regularly with us.

Our aim was two-fold: to capture their views on our social, educational and environmental activities, and to understand the social issues that are most important to them.

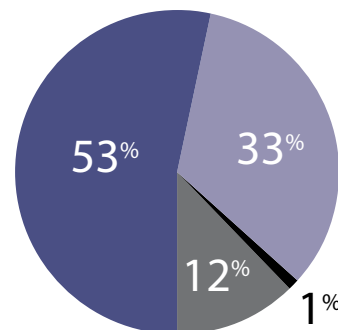
PSB interviewed 75 people from various organizations between December 17, 2009 and January 13, 2010. Following is PSB's report.

RESEARCH FINDINGS

- ▶ As in the 2008 poll, stakeholders give Verizon high marks for its corporate responsibility approach, programs and leadership (see Chart 1).
- ▶ Nearly nine in 10 (86%) rate Verizon's corporate responsibility programs as good, but 12% are unsure, demonstrating the need for stronger communications efforts.

Chart 1

How would you rate Verizon's social, educational and environmental programs?



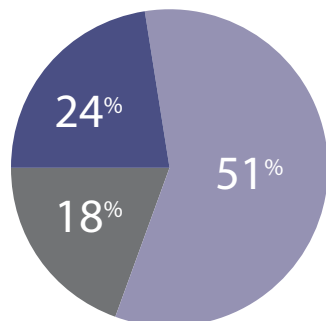
■ VERY GOOD
 ■ GOOD
 ■ FAIR
 ■ DON'T KNOW

► More than half (53%) rate Verizon's corporate responsibility programs "very good," yet only a quarter say the company does a "very good job" of communicating its efforts (see Chart 2).

► While there is still room for improvement, stakeholders' opinion of Verizon's communications efforts improved by 5% since the last study (see Chart 3).

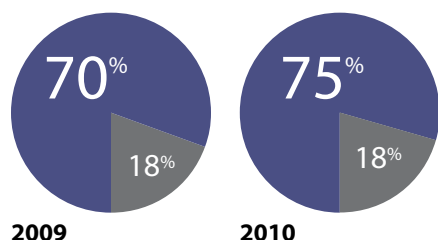
Chart 2

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



■ VERY GOOD JOB
■ SOMEWHAT GOOD JOB
■ BAD JOB

Chart 3



■ VERY GOOD JOB
■ BAD JOB

Chart 4

How would you rate Verizon's (attribute) compared to other large companies such as GE, IBM, Wal-Mart, or Johnson & Johnson?

OVERALL SOCIAL RESPONSIBILITY



CHARITABLE CONTRIBUTIONS



TREATMENT OF ITS CUSTOMERS



TREATMENT OF EMPLOYEES



INVOLVEMENT IN COMMUNITIES



■ BETTER THAN OTHER LARGE COMPANIES ■ SAME ■ WORSE ■ DON'T KNOW

► The research probed stakeholders' views on several specific corporate responsibility attributes to understand where they see Verizon's performance relative to other companies (see Chart 4). The findings:

- When it comes to "overall responsibility," stakeholders perceive Verizon's efforts to be better than other large companies (75% say "better than others") and note the dedication and interrelatedness of issues.
- Stakeholders commend Verizon for relevant, comprehensive and potent charitable contributions, but cite how the company could distinguish itself by targeting new groups.

- Stakeholder assessment of how well Verizon treats its customers depends on their own experiences and observations and compared Verizon with others in the field. The reactions are positive, with 53% saying better than others.
- Similarly, stakeholders evaluate Verizon's treatment of employees on their observations, which were positive. But awareness of this attribute is very low, with 41% unsure.
- When it comes to involvement in communities, stakeholders say Verizon succeeds at large-scale programs, but needs to be more visible at the local level.

WHAT OTHERS ARE SAYING

ADDITIONAL FINDINGS & RECOMMENDATIONS (SEE CHART 5)

Accessible Products & Services

Stakeholders rate this program highest among all corporate responsibility efforts (95% excellent/good), noting the importance of the approach, service and audience. But the company's achievements lack visibility.

Recommendation: *Increase awareness and visibility of Verizon's efforts in this space.*

Domestic Violence Prevention

Stakeholders also rate the program highly (92% excellent/good), applauding Verizon for connecting technology and its assets to social issues.

Recommendation: *Provide more detailed information on the prevalence of domestic violence as well as specifics on donating.*

Environmental Initiatives

Survey respondents acknowledge the importance and scale of the company's efforts—particularly hybrid vehicles and online bill payments—but they want more measurable and identifiable results.

Recommendation: *Continue communicating initiatives and achievements, but include more numbers and the magnitude of the impact.*

Internet Safety

Stakeholders acknowledge the issue's complexity and the program's importance and advocate for more education on the subject.

Recommendation: *Integrate with other programs and teach parents how to use resources and how to converse on the subject with children.*

Thinkfinity.org

Stakeholders note improved ease of use from 2009 and commend this resource for bridging the "education-technology gap."

Recommendation: *Conduct greater outreach to the underprivileged and to isolated schools.*

Wireless Safety

Stakeholders applaud Verizon for its leadership in wireless safety. But they note Verizon can't fix this problem entirely by itself. They encourage the company to extend its leadership to include calling for solutions and additional outreach so that other companies may follow.

Recommendation: *Conduct more extensive campaigns targeted at teens and adults to discourage phone use while driving.*

TOP ISSUE: TECHNOLOGY AND EDUCATION OVERLAP

Stakeholders identify a top issue in the 2010 poll, expressing concern with the availability of technology to educate different segments of the population such as the elderly, underserved and disabled.

As one stakeholder comments, "We see technology as one of the main avenues to be able to [deliver education economically]...this technology is continuing to change so rapidly that...one of the barriers is to ensure that we're thinking far enough ahead that we aren't left behind."



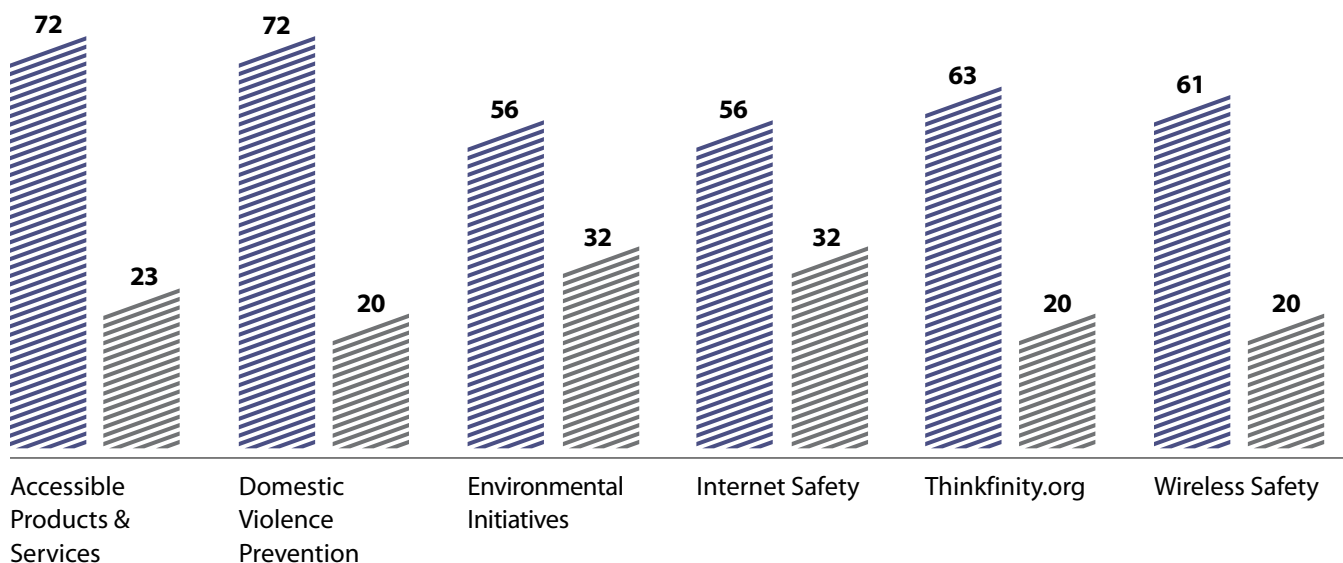
We expanded our Internet safety efforts to include the issues faced by older Americans. We forged a partnership with the University of South Florida Sarasota–Manatee in early 2009 and invited seniors in the community to join a discussion led by experts in the Internet safety field.

ADDITIONAL FINDINGS & RECOMMENDATIONS

Chart 5

Based on this description and anything else you may already know about this program, would you rate this program as excellent, good, fair or poor?

■ EXCELLENT
■ GOOD



KEEPING PACE WITH THE CHALLENGES

For all our accomplishments in bringing amazing new technologies to the marketplace, there are always emerging issues that remind us we have more to do and more to learn.

Verizon Wireless has kept tons of e-waste out of landfills through the recycling component of the HopeLine® program.



HopeLine
from Verizon Wireless

KEEPING OUR NETWORK AND CUSTOMERS SECURE



Analysts at our 24 x 7 Security Operations Center work with their teammates around the world to manage network safety and security.

Millions of customers depend on us to keep our networks safe, secure and private.

It's a big commitment. On an average day our networks connect one billion phone calls, 1.7 billion text messages and 400 million e-mails. We have a network presence in many countries around the world, supporting businesses and governments around the

world. We also maintain the biggest wireless network in the U.S., serving more than 90 million customers.

To meet these challenges, Verizon has taken extraordinary measures to ensure the security and privacy of our networks—from teams of cyber-security employees monitoring our networks around the clock to completing a comprehensive update of our privacy policy (see page 37).

EVERY DAY ON A VERIZON NETWORK

1 BILLION phone calls connected
1.7 BILLION text messages exchanged
50 MILLION videos or pictures exchanged
400 MILLION e-mails received
8.7 PETABYTES of video streamed
(equals 4 million full-length movies)

AMERICA'S MOST TRUSTED COMPANIES FOR PRIVACY - 2009

- 1 eBay
- 2 **VERIZON**
- 3 U.S. Postal Service
- 4 Intuit
- 5 IBM
- 6 Nationwide
- 7 USAA
- 8 WebMD
- 9 Procter & Gamble
- 10 American Express

Compiled by Ponemon Institute and TRUSTe, 2009

Cyber-Security

Cyber-security means different things to different people. For consumers, it's about protecting one's identity and personal assets. For businesses, it's about protecting confidential information and intellectual property. For the military and the government, it's about national security.

Verizon is actively engaged on all those fronts.

For the U.S. government, we maintain the networks that have a vital role in the country's national security and emergency preparedness. We are a central player in confronting and dealing with cyber-threats, and we have provided advanced solutions that have strengthened the nation's communications infrastructure.

For businesses, we deliver managed information-security services that include identity management, risk analysis and professional services. We're committed to providing the essential support for protecting our enterprise customers' end-to-end operations.

For consumers, Verizon's commitment to keeping customers' information private and secure is long-standing. We have technical, administrative and physical safeguards in place to help protect against the unauthorized accessing, use or disclosure of the customer information we maintain, including Social Security numbers.

Our employees are specially trained on the importance of protecting privacy and what constitutes proper access and disclosure. Access to personally identifiable information is authorized only for those who have a business need for such access, and sensitive records are retained only as long as necessary to meet business or legal needs.

The Future

Looking ahead, Verizon's forensics and network analysis teams are constantly on the lookout for new threats and challenges to keeping our networks secure. As new technologies become available, new threats emerge at the same time. Our commitment to customers is to develop security solutions well before a new security threat becomes a widespread problem.

MANAGING ELECTRONIC WASTE



Our audits show that our vendors are properly managing the disposal of the electronic products we discard.

The amount of e-waste – the informal name for a variety of discarded electronic products such as computers, televisions and cell phones – that Verizon and our customers generate each year has increased significantly in the past decade.

Managing this e-waste in a responsible way presents all of us with a considerable challenge. The Environmental Protection Agency (EPA) estimates that 70% of the toxic heavy metals found in landfills comes from e-waste.

Some have attempted to address the concern by shipping this e-waste to places overseas, where lower environmental standards and unsafe working conditions make processing e-waste profitable.

Two Verizon organizations – Investment Recovery and Environmental Management – have joined forces to keep the more than 6 million pounds of e-waste that Verizon generates annually from polluting landfills and to keep it from creating a hazard. The goal is to make sure that our discarded materials are disposed of correctly and safely.

(See page 54 for more detail on Verizon's recycling programs).

The centerpiece of our efforts is a review process. The companies we use to handle e-waste and other materials are audited by Investment Recovery and Environmental Management groups to track how the discarded materials are handled and recycled or disposed.

VERIZON HOLDS FIRST E-WASTE RECYCLE DAY

Verizon collected more than 2,500 pounds of e-waste during its first Employee Electronics Recycle Day, which was held in late 2009 at our Hidden Ridge facility in Irving, Texas.

Employees were invited to bring in their unwanted electronics for disposal. They brought everything from computer equipment to stereos, gaming consoles, telephones and small electrical appliances.

Materials collected during the event, which coincided with America Recycles Day, were managed in accordance with environmental regulations. More than 97% of the materials will likely be reused or recycled.

Based on the great response, plans are under way to duplicate the event at more Verizon locations in 2010.

The reviews completed to date have let us know that our vendors are following the regulations governing these materials, that any required permits have been obtained; and that the companies are fulfilling their contractual obligations.

It's a significant challenge for a nationwide operation like Verizon because different states have different regulations covering the disposition of e-waste.

To stay current, Verizon has joined the Investment Recovery Association, a professional organization devoted to proper management of surplus and idle assets such as e-waste. It is the only organization that provides certification for the investment recovery profession.

Internally, we've instituted a formal process for dealing with e-waste.

For example, when an employee receives a new computer or monitor to replace an older one, the information about the old equipment is entered into what's known as the "V-trader" system – a system for disposing of old assets.

The no-longer-used computer goes to one of the vendors we have selected to handle and properly recycle or dispose of e-waste and other materials. Those vendors include Fortune Metals, Software House International, Global Electric Electronic Processing, Veolia and AERC. Fortune Metals, in fact, has more than 450 disposal containers stationed at our facilities across the country.

We use other specialized vendors to handle e-waste items such as CRT (cathode-ray tube) monitors, batteries and fluorescent tubes because of the hazardous materials they may contain.

Our plans are to aggressively manage e-waste disposal through regular reviews of the vendors we employ to handle the discarded products, engaging more employees in the recycling process and, where feasible, finding constructive use of no-longer-used materials.

Verizon HopeLine®

Verizon Wireless has kept many tons of e-waste and batteries out of landfills via the recycling component of its HopeLine program (see page 55 for more information).

Through HopeLine, Verizon collects wireless phones, batteries and accessories from customers wireless service providers and refurbishes the phones or recycles them in an environmentally sound way.

The proceeds from the program benefit victims of domestic violence and nonprofit advocacy agencies, providing communication tools, wireless services and financial grants.

Recycling Copper

Under the heading of one person's trash is another person's treasure, Verizon has become a major supplier of copper. We have pulled millions of pounds of this valuable metal from old cables and wires and sold it to copper refineries for re-smelting.

Reusing copper from old cables and wires reduces the environmental impact associated with mining for new copper and the constructive reuse of the metal keeps it out of landfills.

CLOSING THE ETHNIC HEALTH CARE GAP



Verizon's Audrietta Izlar (second from right) chaired a government advisory board charged with raising awareness about disparities in health care.

Research over the past decade has revealed striking differences between the health status of majority and minority groups in the United States, regardless of economic and health insurance status.

On average, racial and ethnic minorities are in poorer health, suffer worse health outcomes and have higher morbidity and mortality rates than Caucasians.

Verizon has been engaged in drawing attention to this issue in the business community as well as developing solutions to close the gaps.

For the past two years, Verizon's Audrietta Izlar has chaired the Racial-Ethnic Health Disparities Advisory Board, an initiative of the Department of Health and Human Services Office of Minority Health (OMH).

The initiative is a national effort led by the OMH to mobilize public/private partnerships at various levels across the country.

The board, which is made up of employers, researchers and experts on disparities, completed several projects during its two-year tenure under Izlar's leadership:

- An employer survey and interviews on racial and ethnic health disparities;
- Two webinars for employers and health care providers;
- Two briefs on the issue: "Eliminating Racial and Ethnic Health Disparities: A Business Case Update for Employers", and "Addressing Racial and Ethnic Health Disparities: Employer Initiatives;" (see www.businessgrouphealth.org);
- Two employer guides for collecting data and communications.

Verizon is also setting an example to help eliminate disparities in health care through a four-part strategy:

- Partnering with our health vendors;
- Empowering employees to be well;
- Sharing data and information with our peers;
- Providing community support through the Verizon Foundation (see investment statistics on page 38).

We used Verizon's first joint Employee Resource Group Conference in 2009 to draw awareness to the disparity issue.

For nearly 30 years, our company-supported, employee-run Employee Resource Groups have been an important component of Verizon's diversity and inclusion strategy.

VERIZON IS WORKING TO ELIMINATE DISPARITIES IN HEALTH CARE BY PARTNERING WITH OUR HEALTH VENDORS AND EMPOWERING EMPLOYEES TO "BE WELL."

The Employee Resource Groups – 10 in all – have provided a strong sense of community and camaraderie within the company, while also promoting personal and professional growth for members.

Employees who attended the 2009 conference could register for free on-site wellness screenings covering blood pressure, body mass index, glucose, cholesterol, cardiac c-reactive protein and thyroid. The screenings provided results for employees to share with their doctors.

Not surprisingly, the free screenings uncovered some health issues that needed attention.

One Verizon senior executive learned through the screening that she was pre-diabetic and had slightly elevated cholesterol levels. She has since worked with her physician on a program of nutrition, exercise and medication and credits our wellness event for prompting her to focus on her health and wellness.

This year, Verizon will expand its efforts to ensure our benefits and programs are aligned to battle the disparities in health care for racial and ethnic minorities.



Adrienne Lamar of the Jenesse Center in Los Angeles counseling a client. The Center provides shelter, counseling, education and compassion to victims of domestic violence and their families with support from the Verizon Foundation.

DELIVERING MEASURABLE RESULTS

We're working with our partners to tackle the most pressing issues confronting society, a challenge made more urgent by today's economic climate.

PRIORITY: ETHICS & GOVERNANCE

▶ LEADING BY EXAMPLE

Overview

Every day, each of Verizon's employees makes decisions that shape our reputation and affect our future. We hold our people accountable for acting in accordance with our core values and making the right decisions, whether they're interacting with a customer, spending company resources, preparing financial reports or safeguarding sensitive data.

Employees need to know the rules and have the tools and training to act with integrity. Customers and shareowners need to know that we are responsive to their concerns and conduct our business in a fair and transparent way. Our systems must evolve to address emerging issues in the dynamic online environment in which we operate.

And although we have made significant progress, we recognize that we need to continue integrating corporate responsibility into our decision-making frameworks and engaging our stakeholders.

Complying with Our Code of Conduct

▶ Verizon's Code of Conduct maps out employees' responsibilities for behaving ethically in their dealings with colleagues, customers and stakeholders (<https://www22.verizon.com/about/careers/codeofconduct.html>). All Verizon employees are required to be trained and certified on the Code to ensure they comply with its standards.

- In 2009, we completed a comprehensive review of the Code, updating the guidelines on gifts and entertainment, Internet practices and rules on conflicts of interest that apply to employees' activities outside of Verizon. The revisions also reflect our updated privacy policy (see page 37) and new guidelines to maintain integrity and fairness in the sales process.
- Verizon's updated Code of Conduct will be released in 2010. By the end of the year, all employees will be trained on the revised content.

Promoting Human Rights Wherever We Operate

▶ Verizon operates the networks on which much of the world's economy depends, and delivers communications, data and entertainment services to millions of customers. With our global reach and extensive supply chain, it is imperative that we conduct business responsibly and with the highest ethical standards and maintain our reputation for trust and responsibility wherever we operate.

- These commitments are expressed in our Human Rights Statement, issued in 2009 (see below and at <http://responsibility.verizon.com/home/approach/human-rights/>).

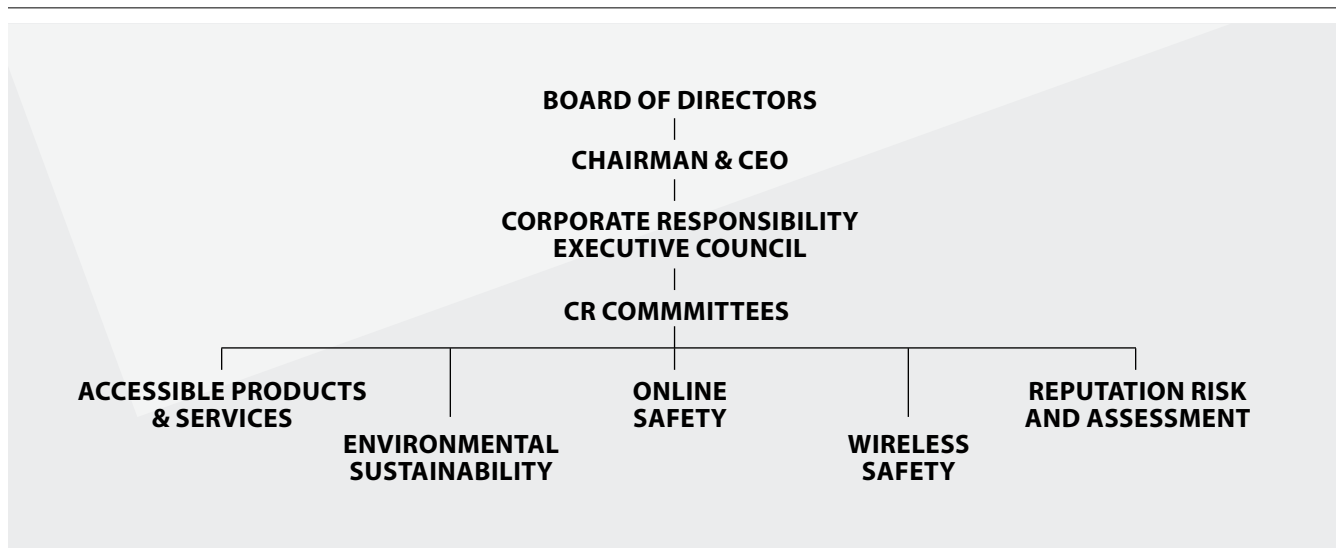
VERIZON HUMAN RIGHTS STATEMENT

Verizon is committed to promoting the human rights values embedded in our Commitment & Values and Code of Conduct. We strive to create an environment of respect, integrity and fairness for our employees and customers wherever we do business, and we expect that our business partners will operate the same way.

We respect the broad principles in the UN Universal Declaration of Human Rights (<http://www.un.org/en/documents/udhr/index.shtml>), many of which can

be applied to how global businesses can build good relationships around the world and work successfully among different customs and cultures.

Our commitment to promote human rights values is consistent with our dedication to respect employees, value customers, strengthen communities, protect the environment and engage with stakeholders to make the right decisions for the future of our business.



Setting Goals and Ensuring Accountability

► Verizon relies on a number of groups to effectively manage corporate responsibility activities across the company. Our Corporate Responsibility Executive Council was established in 2007 to align activities with the core competencies of our business.

- The Corporate Responsibility Executive Council reports directly to the chairman and chief executive officer and is co-chaired by Virginia Ruesterholz, president of Verizon Services Operations and Thomas J. Tauke, executive vice president of Public Affairs, Policy & Communications. The council includes senior leaders from all operating units and several corporate officers.
- The council establishes benchmarks and goals, assigns and enforces accountability and tracks results for corporate responsibility initiatives (see chart above).

Ethics & Compliance

► We recognize that making integrity and ethical behavior the foundation of how we operate requires a broader approach than publishing commitments and a list of do's and don'ts. Verizon provides a robust line-up of resources to help employees raise questions or concerns and get information about ethical matters, policies, procedures and applicable laws. The resources include:

- An Ethics and EEO GuideLine managed by Verizon's Office of Ethics & Business Conduct that is available 24-hours-

a-day (800-856-1885 and www.verizonguideline.com). Individuals are able to contact the service anonymously if they wish. Issues are handled quickly and discreetly.

- A Security Control Center operated by Verizon's Security organization which employees can reach 24-hours-a-day (800-997-3287) to report or inquire about issues ranging from international cyber-security and legal compliance to replacing a lost company ID.
- A reporting/inquiry channel for people to register accounting complaints or questions (AccountingComplaints@verizon.com) managed by Verizon's Internal Audit group.
- Environmental and Safety Hotlines for reporting emergencies, arranging for waste disposal or getting on-site help from the company's Environmental and Safety Specialists.
- An internal Web site provides employees with one-stop access to all these contacts and resources, including useful background information on all compliance subjects.

Connecting with the People Important to Our Business

► It is essential to our corporate responsibility approach for us to have open, continuous dialogue with the wide range of people who are important to our business. We take their opinions and feedback seriously, and we use these opportunities to view ourselves and our decisions from the outside in.



Verizon Chairman and CEO Ivan Seidenberg hosts meetings every quarter with employees to discuss company performance. The meetings are webcast to locations around the world.

Our Communities

- ▶ Our Strategic Alliances Group works with national third-party groups that represent consumers, seniors, educators, civil rights organizations, minorities and rural constituencies. We regularly survey these opinion leaders to understand their views.
- ▶ Our long-standing Verizon Consumer Advisory Board, which is made up of leading advocates from across the country, provides us an unfiltered advisory role on business and social issues.
- ▶ Our Issues Management & Technology Policy team maintains relationships with academics, think tanks, trade associations and public advocacy groups.
- ▶ We work extensively to generate ongoing discussion with our stakeholders through e-newsletters and social media. People can connect with us by blogging, tweeting or joining forums that cover interests from policy, service and investor issues to career interests. They can all be found at <http://www.verizon.com/socialmedia/>.

VERIZON REVISES PRIVACY POLICY

Verizon updated our privacy policy in June 2009 (<http://www.verizon.com/privacy>), providing an easy-to-read, one-stop place for information about how Verizon collects, uses and protects customer and Web site visitor information.

The policy is more customer-friendly, uses plain language and gives snapshot views of our practices along with links to particular areas of interest. We've also made it easier for customers to give us

their preferences on using personal information for marketing purposes. And we've provided easy access to tools that help people protect the privacy and keep their families safe online (e.g., creating safe passwords, recognizing phishing e-mails).

Our efforts led to Verizon being ranked No. 2 nationally in 2009 as one of the most trusted companies for privacy. Verizon was the only telecommunications company or cable provider to make the list.

Our Employees

- ▶ When it comes to employee involvement and feedback, there are multiple channels—in addition to those in the ethics, compliance and security groups—that enable direct communication up and down the organization. These include:
 - Regular “town hall” meetings and operations reviews led by executives and managers.
 - Quarterly meetings held for all employees by the chairman and chief executive officer to discuss operational results and unit performance. The sessions are webcast across the country and to overseas locations. Senior leaders do a companion webcast each quarter that focuses on department performance.
 - Employee opinion surveys, which are conducted every two years, and “employee pulse” polls held several times a year.
 - Formal feedback programs (e.g., Send Your Question to Ivan, Report a Service Issue) that facilitate discussion and sharing of best practices.

Our Suppliers

- ▶ Verizon prides itself on the relationships we maintain with business providers, and strives to promote a mutually beneficial business relationship based on the highest business standards of ethical conduct.
- ▶ Verizon's Supplier Code of Conduct (<http://www.verizon.com/ethics/>) outlines the standards of conduct for Verizon business providers. These standards were established to ensure that our business providers are aware of Verizon's expectations of them to conduct business with integrity and respect.

PRIORITY: PARTNERING WITH COMMUNITIES

▶ KEEPING OUR COMMITMENTS



Students and teachers at the Archbishop Borders School in Baltimore, MD are enthusiastic users of Verizon's Thinkfinity.org, a Web site of free education resources.

Overview

Verizon's impact in the community is felt in many ways: as a major employer, a taxpayer, an investor that is stimulating growth and innovation via its broadband deployment, and as a corporate citizen committed to addressing social issues, encouraging volunteerism and improving the quality of life.

This social dimension is deeply embedded in our history and our mission as a network company. In a period during which the ground has shifted dramatically under corporations, stakeholders and consumers alike from a series of economic and social crises, Verizon's commitment to the community remains rock-solid.

Our community engagement through the Verizon Foundation (www.verizonfoundation.org) remains broad and deep, and we remain committed to applying our resources and core competencies to build business as well as social value. Not only does this strengthen our society, it builds new markets and positions Verizon for growth as the economy recovers.

Preparing Students for Success in the 21st Century

- ▶ Our focus is preparing students for success in the 21st century workplace and improving literacy skills of children and adults. Our signature initiative is Verizon Thinkfinity.org, a Web site of free teaching and learning resources for teachers in K-12 classrooms and afterschool programs, as well as parents and students.
- ▶ Since its launch in March 2007, Thinkfinity.org has attracted a national audience of more than 6 million visitors to its home site and a combined audience of 76 million visitors to its partners' Web sites.
- ▶ Since 2007, the Verizon Foundation has also helped train nearly 69,000 educators in using Thinkfinity.org resources, established partnerships with 34 State Departments of Education as distribution channels, and added more than 6,000 new resources to the Verizon Thinkfinity.org line-up.
- ▶ The Foundation expanded its line-up of Thinkfinity.org partners in 2009 to include the National Center for Family Literacy, ProLiteracy and the Smithsonian National Museum of



VERIZON FOUNDATION 2009 PHILANTHROPIC INVESTMENTS

(\$ IN MILLIONS)

EDUCATION AND LITERACY	\$35.5
VOLUNTEERISM (INCLUDING MATCHING GIFTS)	14.7
CIVIC & COMMUNITY SUPPORT	8.1
DOMESTIC VIOLENCE PREVENTION	4.9
HEALTH CARE AND ACCESSIBILITY	3.4
INTERNET SAFETY	1.3
TOTAL PHILANTHROPIC INVESTMENT 2009	\$67.9



THINKFINITY.ORG — THE BEST EDUCATION RESOURCE ON THE NET

KEY STATISTICS	2007	2008	2009
VISITS*	1,982,387	2,949,270	3,371,417
VISITORS*	1,675,067	2,358,583	2,708,993
EDUCATORS TRAINED	8,456**	29,095^	32,370
SCHOOLS*	1,080	2,822	4,591
TITLE 1 SCHOOLS^ ^	360	1,092	1,795

* 2007 and 2008 figures were adjusted to reflect a change in reporting methodology. **Program started mid-year; partial year result ^ Updated figure since last report ^^Staffed with Thinkfinity.org-trained educators

American History. Partnerships were also established with the National Council of La Raza and the National Urban League for afterschool programming in Boston, Chicago and Washington, D.C.

- Thinkfinity.org earned recognition as the top free educational Web site for each of the last three years by *Edutopia Magazine*. It was also awarded the Editor's Choice Award for best free Web site by *Library Media Connection*. The Verizon Foundation has presented Verizon Thinkfinity to the U.S. Department of Education as a best-in-class resource that aligns with the national focus on using technology to advance teacher training and student achievement.
- Verizon continues to be one of the largest funders of education and literacy initiatives in the U.S., and we are establishing a growing presence globally. Our grants support a spectrum of teaching and learning outcomes that include early childhood literacy, STEM (Science, Technology, Math and Engineering) and higher education.

Encouraging People to Volunteer for Something They Love

- In communities across America, Verizon employees and retirees are volunteering their time and providing financial support to thousands of nonprofits that affect hundreds of important social and community issues.
- In 2009, our volunteers contributed over 700,000 volunteer hours and donated more than \$12.6 million, which was matched by the Verizon Foundation for a combined total of \$26.1 million invested in community causes.

KEY 2009 GRANTS

National Law Enforcement Officer's Memorial Fund

\$1.5 million grant to National Law Enforcement Officer's Memorial Fund to develop educational and interactive technology programs for the National Law Enforcement Museum, and to support a program aimed at preventing domestic violence.

NAACP

\$500,000 grant to fund the development of an online interactive timeline highlighting the significant milestones of the organization's 100-year history, which supports the NAACP's local educational outreach through its 250,000 members and 1,700 local branches.

University of Massachusetts/Amherst

\$200,000 grant to digitize the papers of W.E.B. DuBois, the historian, scholar, author and civil rights leader.

St. Philips Academy/Newark, NJ

\$150,000 grant to this school in Newark, NJ, to integrate technology in the classroom, changing the way teachers teach and students learn, using Verizon Thinkfinity.org as the principal resource.



VERIZON EMPLOYEE VOLUNTEER HOURS



485,000
2007



608,000
2008



703,000
2009

Finding a Cure for America's Silent Epidemic: Domestic Violence

- ▶ The widespread incidence of domestic violence and its toll on individuals, families, communities and businesses makes it a critical concern to Verizon.
- ▶ To address domestic violence prevention, we promote education and volunteer initiatives across the company as well as support nonprofit agencies that deal with domestic violence issues. We also sponsor an annual national summit (http://foundation.verizon.com/about/press/DVP_Summit.shtml) and, through the Verizon HopeLine program, provide mobile devices and minutes to help victims get back on the road to independence and recovery (see HopeLine statistics, page 55).
- ▶ At the Verizon Foundation's 4th Annual Domestic Violence Prevention Summit, more than 120 leaders discussed how to better engage communities in prevention and ways to bring men into the conversation, breaking the myth that it is solely a woman's issue.

- ▶ Among the nearly \$5 million in grants awarded by the Verizon Foundation to support domestic violence prevention were these key investments:

- Funding to Penn State Public Broadcasting for a documentary telling the story of Amy Homan McGee, a Verizon Wireless employee who was killed by her husband in 2001. The segment will be part of a larger documentary scheduled to air this year on public television.
- A \$250,000 grant to the Jenesse Center in Los Angeles for a job-skills training program to encourage economic self-sufficiency for domestic violence victims.
- A \$50,000 grant to the Pennsylvania Coalition against Domestic Violence to build its capacity to educate people throughout the state about domestic violence.

- ▶ Employees donated more than \$450,000 in goods during the 2009 "Shower for the Shelter" campaign to collect needed clothing, personal items and household supplies to support shelters that serve survivors of domestic violence.

Verizon Launches Free Legal Services

- ▶ Verizon attorneys and legal staff launched a program in 2009 to provide free legal services to individuals in need and nonprofit organizations.

The program is designed to complement Verizon's philanthropic efforts and is focused on three areas: education, support for victims of domestic violence and support for returning veterans. Members of the company's legal department are encouraged to volunteer a minimum of 25 hours a year.

In just a few months, members of our legal department have volunteered approximately 2,000 hours teaching classes on civil law topics, representing victims of domestic violence in proceedings, representing veterans to start new businesses and representing start-up schools serving poor communities.

We anticipate our attorneys and legal staff will volunteer more than 5,000 hours for this program in 2010.

Our Broadband Prescription for Improving Health Care

► The Verizon Foundation invests in projects that use technology to help health care providers improve their effectiveness and reach. Key investments for 2009 include:

- Hemet Hospice Volunteers, Inc – Verizon's support funds a Point of Care system that allows hospice workers for this California-based group to create electronic medical records, request medication and equipment, and update other team members—all from the patient's bed side.
- College of New Rochelle Telenursing Program – Students training here work in a simulated home health care environment, using data, video and voice communications to provide care and help increase patient independence. The New York nursing school is one of the first in the country to incorporate Internet technology into a formal home health care curriculum.
- Community Hospital of Long Beach Foundation – Clinicians at this California-based facility are able to spend more quality time with patients by having instant communications to all pertinent information and other clinicians through wireless communications systems, dubbed Workstations on Wheels.

Building Digital Literacy: Using the Internet Safely

► Verizon is helping formulate the norms, rules and codes of conduct for the Internet world. We invest in programs that deliver information and instruction directly to students, teachers, families and seniors, so they can use the Internet and digital media safely and securely. Among the key grants for 2009 in this area were:

- Carnegie Mellon's Information Networking Institute and CyLab received a \$20,000 grant from the Verizon Foundation to develop a cyber-awareness outreach program for 1st to 4th graders.
- Officials at Anna Maria College and the Massachusetts Internet Crimes against Children Task Force are using a new mobile training lab to give police officers, college criminal justice students and parents hands-on training about Internet safety.
- WebWiseKids has developed free online games that teach 11- to 14-year-olds guidelines for safe Internet and cell phone use.



Groundbreaking ceremonies for the Child and Youth Development Center, the first school in the Parangue City neighborhood in Manila, Philippines. A grant from the Verizon Foundation supports construction and pre-school education, while Verizon Business employees will tutor students in reading, art, music and computer classes.

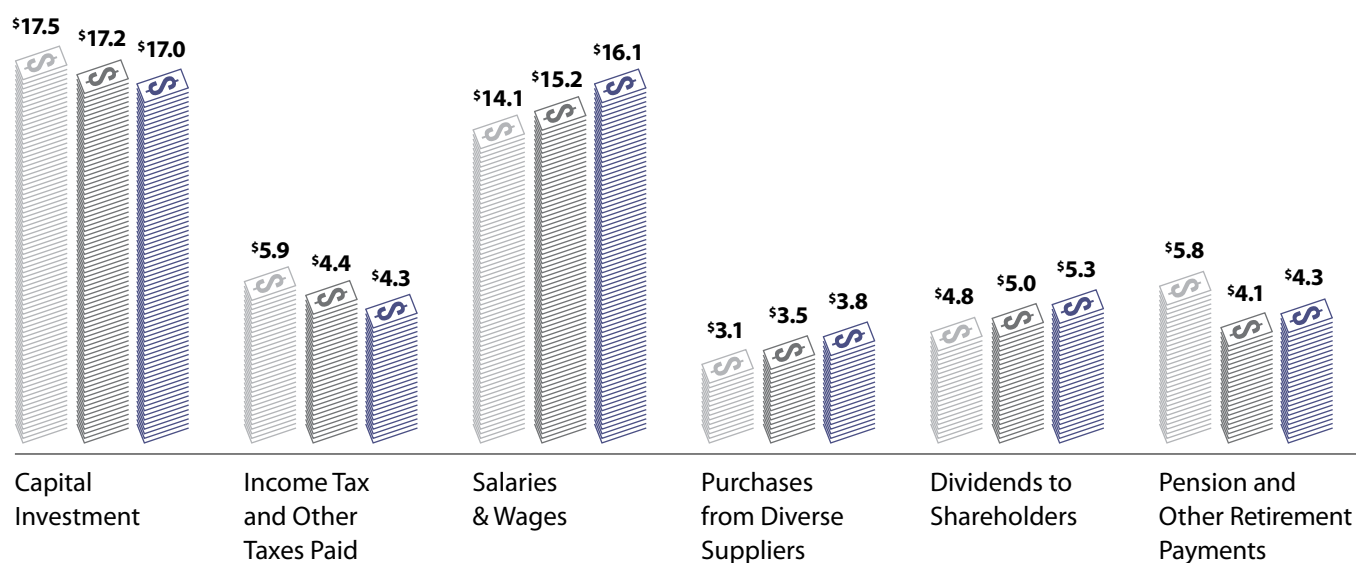
Touching Communities Around the Globe

- A Verizon Foundation grant supports the Associação Alumni, an English language school that offers an online English teaching certificate to public school teachers in underserved areas of Sao Paulo, Brazil. Verizon employees volunteer as tutors for the teachers, using Verizon Thinkfinity.org resources to help improve English and develop computer skills.
- The Beyond Social Services (BSS) organization received a Verizon Foundation grant to assist children in underserved communities of Singapore, improving their literacy skills through reading programs and experiential learning in English, math, science, and art. Verizon volunteers work directly with the children to help them achieve their educational goals.
- A Verizon Foundation grant to the Australian Literacy and Numeracy Foundation funds a literacy support program for residents of remote rural communities. The objective is to improve the literacy of indigenous children by increasing activities and resources in schools and at home. Through a Wiki and online communications, Verizon volunteers serve as virtual tutors, using Verizon Thinkfinity.org resources.

INVESTING IN OUR COMMUNITIES

(\$ IN BILLIONS)

2007
2008
2009



VERIZON VOLUNTEER SALLY MUNROE

Sally Munroe, who works in the Verizon Services Operations group in Boston, has been leading the fight against domestic violence for almost a decade.

Sally was recognized for her efforts in 2009 by the Massachusetts Commission on the Status of Women. The Commission named her one of 100 Unsung Heroines of Massachusetts at a state house ceremony honoring women who are quietly making a difference in the community.

Sally not only spends her personal time volunteering in the commu-

nity, but has been the co-chair of the Verizon/IBEW Local 2222/CWA Domestic Violence Awareness Committee for more than eight years.

In these roles, she has spearheaded many projects that help raise awareness of the issue of domestic violence in both the workplace and the Greater Boston area.

Sally makes it her personal goal to promote awareness about the consequences of domestic violence. She serves as a leader in her workplace, amongst her peer group and in her community.



© Talia Frenkel/American Red Cross

Within 10 days of the Haiti earthquake, cell phone customers would donate \$25 million via text messaging.

Responding to People in Need

The devastating earthquake in Haiti in January 2010 resulted in a massive outpouring of aid aimed at relieving the suffering of its people, and Verizon was a part of that effort from the beginning.

The Verizon Foundation helped organizations deliver aid to Haiti in two ways: by providing \$100,000 in grants to the World Vision and Food for the Poor organizations, and activating its Disaster Relief Incentive Program. This program matched donations of \$25 or more by Verizon employees to the two nonprofit organizations, up to \$1,000 per employee.

In just two weeks, the program yielded \$1 million in grants, employee donations and matching funds from the Verizon Foundation.

Of the \$1 million, more than \$900,000 was raised through the Verizon disaster relief program.

On the service side, Verizon waived all long-distance usage charges for calls from our residential landline and wireless phones to Haiti from January 12-31. The company also waived all Verizon pre-paid phone card charges for all long-distance calls placed from the U.S. to Haiti through February 14.

In an unprecedented wave of giving via text messaging that is still ongoing, more than 760,000 Verizon Wireless customers have donated approximately \$7.82 million to the Red Cross by texting HAITI to 90999.

By January 21, customers of all U.S. wireless companies had pledged more than \$25 million to charities via mobile giving campaigns.

Verizon Wireless has also waived texting fees for those making text donations, ensuring that 100% of all donations go directly to the Red Cross or other designated charity.

To ensure that funds donated by Verizon Wireless customers were being put to use as soon as possible, the company transmitted all \$7.82 million at once to the American Red Cross instead of waiting for the pledges to be sent in by customers with their regular monthly bill payment.

In the aftermath of the February 2010 earthquake in Chile, we waived all calling fees for customers trying to reach loved ones there. We also worked with international relief organizations to provide mobile giving options for customers.

PRIORITY: EMPOWERING EMPLOYEES

▶ INVESTING IN OUR WORKFORCE



Empowering employees includes encouraging them to “be well” through preventive care, healthy eating and plenty of exercise.

Overview

To be successful, Verizon depends on the skills, values and commitment of our 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 Verizon’s commitment to be an employer of choice.

That commitment includes instilling a culture that offers challenging work, the opportunity to build a great career, and an environment that respects individuality and encourages different perspectives.

Building a Great Career Through Training

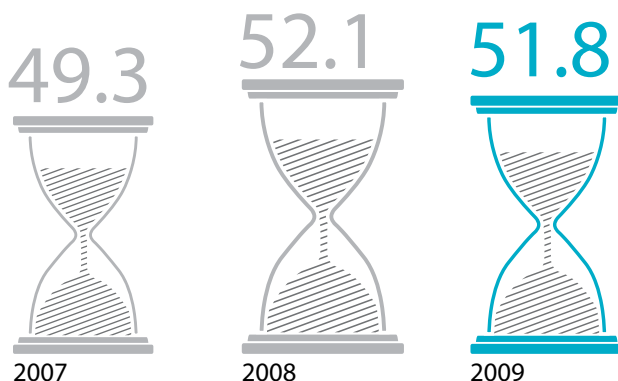
▶ Verizon’s training investment for 2009 totaled \$330 million, and employees completed 11.5 million hours in training—more than 51 hours per employee. Over the past three years, employees have completed nearly 35 million hours of training.

Encouraging People to ‘Be Well’ and ‘Take Charge’

▶ Verizon provided health care benefits worth \$3.8 billion in 2009, covering 830,000 employees, retirees and their dependents. Our approach centers on empowering people to “be well” by encouraging preventive and early detection screenings, balancing healthy eating and exercise and facilitating a “take charge” culture in managing chronic conditions.

VERIZON TOTAL TRAINING HOURS

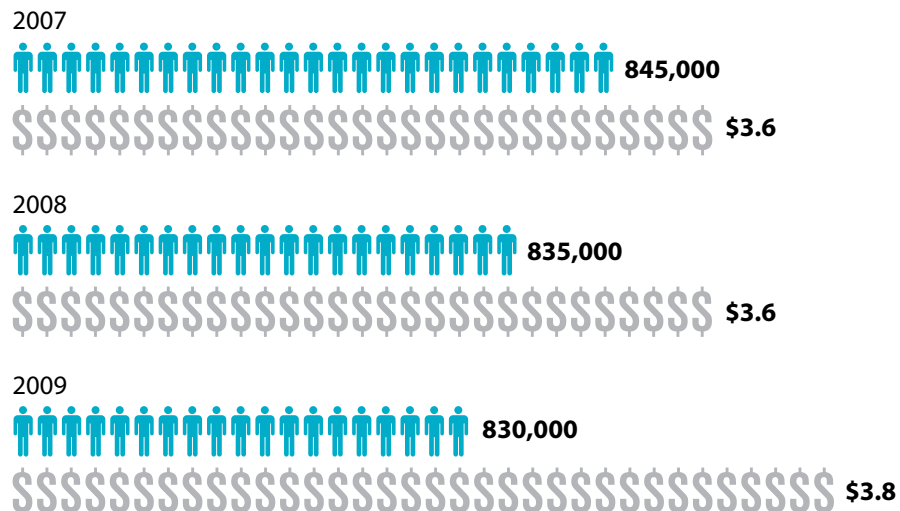
(PER EMPLOYEE)





VERIZON HEALTH CARE EXPENSES

■ PARTICIPANTS
■ EXPENDITURES IN BILLIONS



VERIZON TUITION ASSISTANCE PROGRAMS

	PARTICIPANTS	EXPENDITURES (\$ IN MILLIONS)
2007	29,000	\$112.5
2008	29,100	\$117.9
2009	33,068	\$120.0

- ▶ The number of employees receiving on-site flu shots increased by 36% in 2009 while the availability of on-site mammography screenings for employees was expanded to two additional Verizon locations.
- ▶ Verizon waived co-payments for employees who filled new generic prescriptions at the lower-cost mail order pharmacy, Medco. In the first of two phases on the offer, 36,000 people took advantage of the co-pay waiver program. The average annual patient savings in the first phase was \$101.
- ▶ Verizon expanded access to the QuitNet smoking cessation program to more than 120,000 employees. For those who have registered for the program, almost 550 lifetime years and \$5.6 million of employees' money will have been saved by quitting tobacco.
- ▶ To help promote a culture of activity, Verizon manages 31 on-site Health & Wellness Centers nationwide that are available to employees for \$15 per month. Throughout Verizon, employees are eligible for discounted membership at over 2,000 health clubs.

Measuring Employee Engagement

- ▶ In 2009 we conducted four "Pulse" surveys to measure and understand employee engagement. On average, employees responded at more than 90% favorability on key issues including:
 - Understanding how individual performance relates to business imperatives and compensation (90%);
 - Understanding that their performance is fundamental to meeting our "customer first" commitment (97%).



Verizon Consumer Sales Associate David Assenheimer.

STAYING CONNECTED

Verizon supports employees who are called to active military duty with one of the best military-leave programs anywhere.

Verizon pays the difference between an employee's military pay and Verizon pay for up to 36 months. We also continue medical, dental, vision and group life insurance for those employees and their dependents.

Generous benefits like these are a great help for active service people, but there's nothing like being part of a close-knit team. Just ask David Assenheimer,

a consumer sales associate for Verizon in Marion, Ohio, and a member of the National Guard 137th Assault Helicopter Battalion.

Assenheimer was deployed to Iraq in early 2009. His co-workers in Marion stayed in close contact with him the whole time via phone calls, text messages, and posts on social networking sites. And once a month, they sent him a care package of assorted goodies.

Assenheimer returned from Iraq in February 2010 and is back with his team.

Keeping Work and Personal Life in Balance

- ▶ Verizon's employee assistance program 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 employee assistance outlets by telephone more than 1,100 times a month and log on to the Web site, www.verizon.com/life, approximately 35,500 times per month.
- ▶ All employees are eligible to receive a 10% discount on child care at more than 2,000 centers nationwide. The discounted services are available for full-day, part-day, summer, and before- and after-school care.
- ▶ 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 maintain full and complete coverage for all Verizon benefits.
- ▶ Verizon provides a variety of flexible work policies, including telecommuting and flextime, as the nature of the work and the needs of our business will allow.
- ▶ Verizon reimburses employees for adoption expenses such as legal fees and travel, up to \$10,000 for each child adopted.
- ▶ To help make paying for college a little easier, the Verizon Foundation's Scholarship Program provides recipients \$5,000 annually toward college expenses. Each scholarship is renewable for three years and has a total value of \$20,000.

Recipients are selected based on financial need, academic achievement and extracurricular activities.

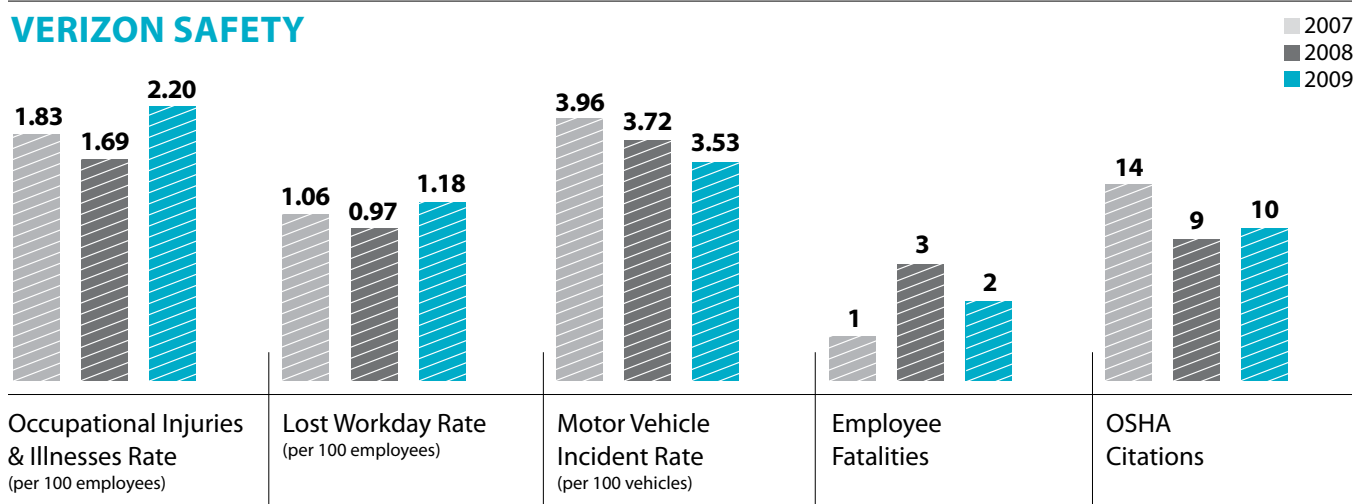
Focusing on Improvements in Safety

The health and safety of our employees is part of the Verizon culture. Verizon continues to provide employees with resources needed to make their work environment safer. Verizon formed cross-functional safety, environmental and field operations working teams that meet regularly to ensure safe work practices.

We routinely conduct in-depth analysis of major incidents to determine root causes, communicate lessons learned and identify recommended actions. We reinforce company-wide awareness of our safety standards through training, communications, and internal and external audits. We were saddened to have two work-related fatalities in 2009. Any loss of life is unacceptable, and we continue to press for nothing less than consistent improvement in all key safety measures.

In 2009 Verizon's occupational injury/illness rate of 2.20 was better than the telecommunication industry standard of 2.60. Verizon's 2009 lost work day case rate of 1.18 was slightly higher than the industry standard of 1.10. The industry standard rates are reported by the Department of Labor Bureau of Labor Statistics. Verizon's rates are better than or near the telecommunication industry standards.

VERIZON SAFETY



PRIORITY: SERVICE & INNOVATION

▶ INVESTING IN THE FUTURE



One of the products on our drawing board to improve accessibility for the visually impaired is a screen reader that converts displayed text into speech on BlackBerry devices.

Broadband has proven to be an extraordinarily transformative technology. It has ignited an explosion of innovative products and services that have already become an integral part of Americans' lives—at work, at home and on the go.

More and more we see how the power of broadband technology can be tapped to help address some of our nation's most pressing social challenges and meet the unique needs of customers.

We are committed to applying ourselves to the challenges that take best advantage of our resources; for instance, boosting accessibility for seniors and the disabled, improving the health care system via technology, giving people the tools to get the most enjoyment out of the Internet and taking the lead to discourage the use of mobile devices when driving.

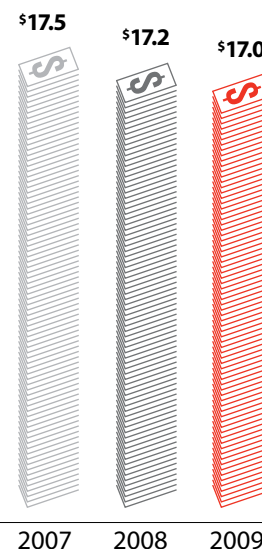
Broadband: An Extraordinary Force for Progress

- ▶ Verizon expanded its all-fiber broadband network, FiOS, to three million homes in 2009, pushing the total to 15 million nationwide.
- ▶ FiOS TV is available in 14 states, including major metropolitan areas such as New York City, Washington D.C., Philadelphia, Pittsburgh and Newark.
- ▶ Verizon Wireless' third generation (3G) mobile wireless broadband service is available to approximately 290 million Americans. Our more powerful and speedy fourth-generation (4G) service, LTE, is coming in 2010. Plans are to launch in 25-30 markets, reaching approximately 100 million Americans, by the end of the year.



CAPITAL INVESTMENT

(\$ IN BILLIONS)





BRIGHT IDEAS FLOURISH AT VERIZON

In 2009, 272 Verizon people were named as inventors on patents granted to the company. The recognition comes with a cash award from the company.

One such patent was awarded in July to Kim Galdiano and Brian Somes in Verizon's Network Services Group for developing a new network routing process for international calls.

According to Kim, the idea started with trying to find a simple solution to a complicated process of providing international carrier-to-carrier routing

for large business customers. The issue: voice signals from one carrier would be transmitted to any carrier's network that had an open path to reach the destination. Customers wanted more control to ensure quality.

Kim and Brian developed a solution that allowed Verizon to offer an international network carrier the ability to send that same voice signal using another carrier of its choice via Verizon's international transit network. The result: improved transmission quality and satisfied customers.

- ▶ Verizon's global IP network serves more than 2,700 cities in 159 countries. Verizon continued to expand its ultra-long-haul network, adding 5,200 additional miles in 2009. In December Verizon became the first carrier to deploy a commercial 100G (gigabits per second) system for live traffic.

- ▶ The Verizon Wireless Open Network Initiative (<https://www.verizon.com/opendev/>) was launched in 2008 to help unleash the creativity and innovation of third parties to develop new applications and devices that will run on Verizon's wireless broadband network. To date, nearly 60 devices have been certified.

Adapting Technology to the Needs of People

- ▶ Verizon continues to introduce innovative products that adapt broadband and mobile technologies to the needs of people with disabilities and physical challenges.
- ▶ In 2009, Verizon launched TALKS™, a technology that converts displayed text into speech for wireless customers who are blind or visually impaired.

- ▶ The HTC Ozone phone is one of the two TALKS-enabled phones launched in late 2009. It also supports reading the Internet, the first mobile screen reader to do so.

- ▶ The company also expanded videophone services via our Verizon Centers for Customers with Disabilities to reach hearing-impaired customers in New Jersey, Pennsylvania and Delaware. Videophone call volumes more than doubled over 2008.

FRIENDING VERIZON

It turns out that Verizon is one of the coolest brands online.

Our Facebook page (<http://www.facebook.com/verizon>) now has approximately 820,000 fans. During the 2009 holiday shopping season, we attracted more new fans than any other brand.



A Remote Presence Robot allows doctors at Johns Hopkins Hospital in Baltimore, MD to provide quick consultations to emergency room patients from remote locations.

Tapping the Power of Broadband to Improve Health Care

- ▶ Broadband has the power to improve our health care system in multiple ways. By expediting the implementation of electronic medical records and other health information technologies—called Health IT for short—broadband can both dramatically lower costs and improve health outcomes.
- ▶ Providing \$3.8 billion in health care benefits that cover 830,000 employees, retirees and dependents gives Verizon a significant stake in helping create a high-quality health care system that is both affordable and accessible. Verizon's Chairman and Chief Executive Officer Ivan Seidenberg has been personally involved in this effort, leading the Business Roundtable in its role as the nation's foremost business advocate

for comprehensive health care reform (<http://www.businessroundtable.org/initiatives/health>).

- ▶ Verizon is already offering the benefits of Health IT to our own employees and their families through our HealthZone initiative—a personal health record system that gives users tools and resources to manage their health and health care (see “What We Did”, page 15).
- ▶ To help health care providers tap the power of IT, Verizon has teamed with Cisco to deliver Verizon Telehealth Collaboration Services (<http://www.verizonbusiness.com/solutions/healthcare/telehealth/>). The system provides integrated audio, visual and video communications so health care professionals can provide care virtually anywhere, any time.

Creating the Right Digital Experience

- ▶ Verizon's approach has been to offer resources that allow families to create the digital experience they want to feel safe and secure—and this applies whether they're interacting online, watching TV, or connecting on a mobile phone.
- ▶ Our newly constructed Parental Controls Center (<http://parentalcontrolcenter.com/>) offers access to the complete line-up of services Verizon offers to help customers manage and create the digital experience that is right for them.
- ▶ Verizon's tools include free content filters for wireless devices and free parental controls features available on Verizon FiOS Internet, High Speed Internet and FiOS TV services.
- ▶ To help the increasing numbers of seniors who are discovering the riches of going online, we developed Internet safety workshops to educate these consumers about online risks such as credit card and computer fraud, banking transactions and identity theft.
- ▶ Over the past two years, funding from the Verizon Foundation has supported groundbreaking research at the Crimes Against Children Research Center on youth Internet safety. The papers, presentations and research supported by the funding are available online at http://www.unh.edu/ccrs/internet-crimes/safety_ed.html.

Ensuring People Use Wireless Technology Safely

- ▶ For many, a wireless phone represents peace of mind when it comes to child safety. With Verizon Wireless' Family Locator service, for instance, you can securely locate family members from your wireless device or the Web. But before many of our locator-type services are released to the public, they are "test-driven" and screened for safety by the experts at the National Network to End Domestic Violence.
- ▶ Verizon is also taking the lead to combat distracted driving. Verizon Wireless has led the wireless sector in supporting laws to eliminate driver distractions, publicly supporting state and federal legislation banning hand-held texting and e-mailing while driving. In 2009, Verizon Wireless launched a campaign, "Don't Text and Drive," (<http://aboutus.vzw.com/wirelessissues/driving.html>) encouraging drivers to keep their hands on the wheel.
- ▶ The company has supported legislation requiring people to use hands-free devices when calling from vehicles since 2000, the first in our industry to do so. We have long advised our customers: "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."
- ▶ Verizon employees conducting business while driving are required to use hands-free wireless technologies. Company policy now prohibits reviewing or sending e-mails, text, video or picture messages with wireless devices when conducting Verizon business while driving.



Verizon Wireless launched a "Don't Text and Drive" campaign in 2009, encouraging drivers to keep their hands on the wheel.

PRIORITY: PROTECTING THE ENVIRONMENT

► ACHIEVING SUSTAINABILITY

Overview

Verizon's efforts to protect the environment entered a new phase in 2009.

We continued making progress in reducing our CO₂ emissions, increasing recycling and deploying new energy-saving technologies in our operations. We also worked extensively to promote the use of broadband as a way to significantly increase energy efficiency and make the transition to a less carbon-intensive economy. Consumers who use broadband-based applications to bank, shop, work from home or download digital media are not only saving time but energy, too.

To ensure these efforts are producing the results we seek, we established a more disciplined process and structure inside the company in 2009 to manage our sustainability initiatives. This includes appointing Verizon's first Chief Sustainability Officer and forming an accompanying team.

The sustainability team's objectives are to develop a comprehensive plan to increase Verizon's energy efficiency and reduce our environmental impact, engage our stakeholders and to develop

a methodology to measure and report our sustainability performance.

To stay current on Verizon's efforts to reduce our environmental impact, please visit <http://newscenter.verizon.com/kit/green-press-kit/>.

To learn how our services are promoting energy-efficient behavior, please visit <http://www.verizonbusiness.com/solutions/green/>.

To see how information communications technologies can further reduce emissions, please visit <http://www.smart2020.org/>.

Reducing Our Environmental Impact

► In 2008 Verizon established energy efficiency standards that require new network equipment to be at least 20% more energy efficient than the equipment being replaced. We are the only telecommunications company to have established such standards.

- In 2009, this practice—combined with other network projects—resulted in a savings of almost 91 million kilowatt hours and more than 144 million pounds of CO₂ avoidance.

- Beginning in 2010, we're requiring hardware suppliers to use thermal modeling when designing circuit boards and to show how their equipment generates less heat than the equipment it replaces.

► By constantly monitoring building temperatures and installing energy-efficient lighting, Verizon's Real Estate group reduced energy consumption by 84 million kilowatt hours, equal to almost 133 million pounds of CO₂ avoidance.

► Forty-nine Verizon Wireless stores have been awarded the EPA's Energy Star, designating superior energy efficiency and environmental protection. Learn more at <http://news.vzw.com/news/2009/04/pr2009-04-02a.html>.

► Verizon Wireless has embarked on an aggressive green building program. Two stores were constructed and rated with the U.S. Green Building Council's LEED (Leadership in Energy and Environmental Design) Gold certification. The stores are in the Eastridge Mall in Casper, WY and Gateway Pavilion in Avondale, AZ.



**REDUCING GREENHOUSE-GAS EMISSIONS, OR CO₂,
BY 1 MILLION POUNDS IS EQUIVALENT TO:**

**TAKING 86 PASSENGER CARS OFF THE ROAD FOR A YEAR
OR
SAVING ENOUGH ELECTRICITY TO RUN 59 HOMES ANNUALLY
OR
CONSERVING 51,000 GALLONS OF GASOLINE
OR
CONSERVING 2.4 RAILCARS OF COAL**

Source: EPA "Greenhouse Gas Equivalency Calculator", <http://www.epa.gov>

- Verizon now operates 29 high-definition videoconference locations, including 12 international sites, using Cisco's Telepresence product and our own global network. Employees scheduled the videoconference meeting rooms more than 8,000 times, avoiding the equivalent of 8 million pounds of CO₂ emissions. More locations will be added to our videoconference network in 2010.
- BigFix, a software program that enables remote PC management, was installed on approximately 150,000 of our PCs. The software places inactive PCs into auto-sleep mode. When fully deployed, the BigFix initiative can potentially save as much as \$7 million annually in energy costs.
- Drivers of Verizon vehicles did their part to save energy in 2009 by turning off their vehicles instead of idling. This "idling reduction" program saved 1.7 million gallons of fuel, equivalent to eliminating more than 33 million pounds of CO₂.
- Verizon's Transportation group re-engineered the way we receive freight shipments in 2009 with an eye to significantly reducing the associated CO₂ emissions. By cutting back on air shipments, consolidating truck deliveries and increasing use of rail shipping, the team was able to reduce the CO₂ emissions in this part of our supply chain by 14.4%.

VERIZON ADDS NEW ALTERNATIVE FUEL VEHICLES TO ITS FLEET

In 2009 Verizon introduced 15 new alternative fuel vehicles as the result of grants awarded by two New York environmental organizations.

The new vehicles incorporate either hybrid or compressed natural gas technology into bucket trucks—the staple vehicle in the telecommunications industry for building and maintaining aerial cable or other facilities. Both designs are part of our broader strategy to increase the number of alternative energy vehicles in our fleet to more than 1,800 in 2010.

Bucket trucks consume approximately one-third of all the fuel used by our fleet because of their weight and the need for onboard gas-powered generators to operate the lift mechanisms. So it's important to increase the fuel efficiency of these vehicles.

We received a grant from New York's Greater Long Island Clean Cities Coalition to incorporate hybrid technology into five bucket trucks for use on Long Island. We worked with our vehicle suppliers to build a plug-in hybrid bucket truck that offers the fuel-saving benefits of a traditional hybrid engine and eliminates

the need for a generator. An onboard battery assists in accelerating the vehicle and powers the lift and lights.

We also received a grant from the New York State Energy Research & Development Authority to convert 10 bucket trucks for use in New York City. We again worked with our suppliers to convert the engines to run on domestically-produced compressed natural gas. The onboard generator was replaced with a unique hybrid system that uses stored energy from a battery to operate the lift and lights.



Reducing, Reusing and Recycling

- ▶ Verizon was inducted into the Environmental Protection Agency's WasteWise Hall of Fame in 2007, the highest honor in the WasteWise Program. Each year, we report our recycling activities to the EPA and receive feedback on how much these efforts reduce our CO₂ emissions. On average, we've reduced our emissions by 475 million pounds annually through our recycling and waste prevention efforts.
- ▶ Approximately 500,000 PCs and other electronics were collected in Verizon in 2009 as part of a corporate-wide program to collect unwanted units and either recycle or remarket them (for more details on how Verizon is managing e-waste, see page 28).

- ▶ We processed more than 26 million pounds of material in 2009 from cable that was taken out of service from our network.
- ▶ A Smart Print program was launched at the Verizon Operations Center in Basking Ridge, NJ that sets black & white, doubled-side copies as a standard. In three months, we've cut costs by \$180,000. Our goal is to reduce printing at the Verizon Center by 20%, which will reduce paper usage by an estimated 6.5 million sheets and save approximately \$700,000 annually. Smart Print will expand to another 46 locations in 2010, bringing additional savings of \$460,000 annually.

Verizon Wireless Completes Self-Audit of Facilities, Gains EPA Clearance

Verizon Wireless has concluded an audit of its cell site, switch and non-retail building facilities under an audit agreement with the U.S. Environmental Protection Agency (EPA).

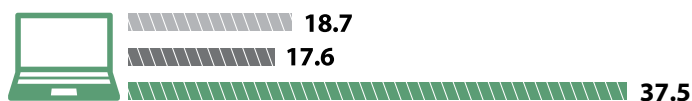
The audit identified potential violations of various laws governing hazardous substance reporting, air permitting and spill plan preparation. A consent agreement relating to the audit was approved on November 24, 2009 by the EPA.

While Verizon Wireless does not believe that any of the alleged violations has resulted in a release or threatened release, Verizon Wireless paid aggregate penalties of \$468,600.

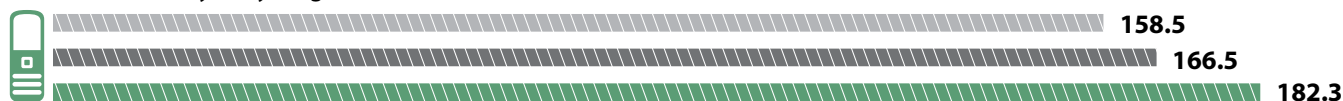
VERIZON RECYCLING

2007
2008
2009

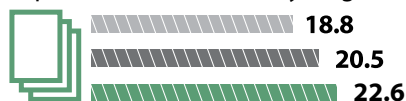
Telecommunications Equipment Recycling (thousands of tons)



Cell Phone Battery Recycling and Reclamation (tons)



Paper and Cardboard Recycling (thousands of tons)



Environmental Notices



VERIZON HOPELINE CONTINUES TO SET RECORDS

For the third consecutive year, Verizon collected more than one million no-longer-used wireless phones through its HopeLine phone recycling and reuse program, keeping the devices out of landfills and turning them into support for domestic violence survivors.

Consumers and businesses donated nearly 1.1 million devices in 2009, along with batteries and accessories. The donations were made at our stores, by mail using the online postage-paid label and at phone drives nationwide.

HopeLine distributed nearly 23,000 phones with 69 million free minutes of service to almost 600 shelters nationwide for use by clients during the year, and awarded approximately \$1.6 million in cash grants to domestic violence prevention and awareness programs.

Exclusive to Verizon Wireless, HopeLine accepts no-longer-used wireless phones and equipment in any condition from any service provider. The phones are either refurbished for reuse or recycled in an environmentally sound way. Proceeds from the program are used to provide wireless phones and support to victims and to support nonprofit domestic violence shelters and prevention programs across the country.

Since 2001, HopeLine has collected more than 6.7 million phones, awarded more than \$7.9 million in cash grants to prevention and awareness programs nationwide, and donated more than 90,000 wireless phones with 300 million minutes of airtime to victims and domestic violence organizations.



RECYCLING HELPS FUND HOPELINE

	2007	2008	2009
PHONES COLLECTED	1,070,000	1,129,000	1,100,000
PHONES REFURBISHED	818,000	764,000	927,000
PHONES RECYCLED	252,000	365,000	173,000
PHONES DONATED TO SHELTERS	20,800	21,000	23,000
CASH DONATED FROM HOPELINE FUNDS	\$1,722,000	\$1,531,000	\$1,587,000



Verizon employees scheduled thousands of virtual meetings in 2009, avoiding more than 8 million pounds of CO₂ emissions.

Promoting the 'Green' Benefits of Broadband

- In 2009, Verizon established an internal group to guide the growing number of initiatives across the company involving "smart grids", i.e., applying our network and information technology management expertise to help utilities improve the energy efficiency of the electric system. To learn more, visit <http://www.verizonbusiness.com/us/solutions/utility>.
- Verizon Wireless is working with Consort, IBM and the Fayetteville Public Works Commission (FPWC) to launch a "smart grid" pilot project with more than 200 commercial and residential participants in Fayetteville, NC. Participants can set daily use profiles, check and adjust energy consumption from an Internet connection, select a monthly target bill amount,

and authorize FPWC to cycle their appliances off for brief periods during peak energy times. Data is transmitted over our 3G network.

- Results indicate the typical consumer can save, on average, 15% or more of their normal energy use solely through monitoring.
- Verizon Wireless and Ambient Corporation have forged a joint marketing agreement to boost development of projects that enable utilities across the country to transmit data from both residential and commercial meters over Verizon's network to the utility companies' in-house systems.
- Verizon's conferencing services are helping a growing number of businesses significantly reduce their carbon footprint. Verizon now

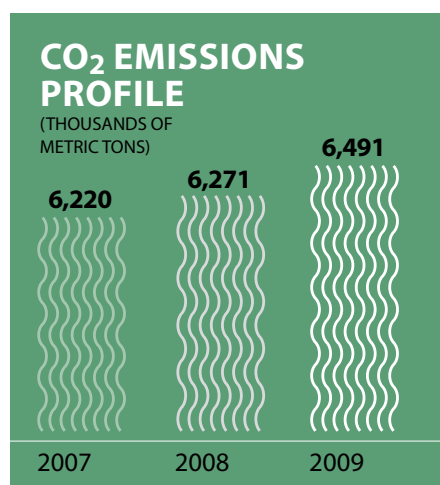
handles thousands of meetings each month for customers, eliminating the greenhouse-gas emissions and the high costs associated with business travel (to learn more, please visit: <https://emeetings.verizonbusiness.com/global/en/green/index.php>).

- Verizon's Fleet Administrator service enables customers to tap into a GPS device installed on a vehicle via an Internet connection. The software lets users track location/direction, speed, vehicle stops, ignition and battery on/off signals in real time which can significantly minimize mileage and maximize fuel efficiency. The software also includes a module to track and report vehicle performance. For more detail on how our services are promoting energy-efficient behavior, visit <http://www.verizonbusiness.com/solutions/green/>.

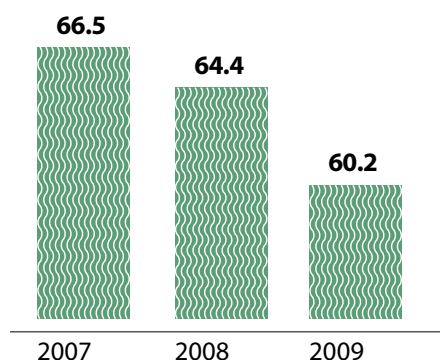
CALCULATING VERIZON'S GREENHOUSE GAS EMISSIONS PROFILE



	USAGE	METRIC TONS OF CO ₂	% OF EMISSIONS
GASOLINE (GALLONS)	50,877,985	447,814	7%
DIESEL (GALLONS)	5,654,221	57,108	1%
ELECTRICITY (KWH)	9,932,120,544	5,986,089	92%
TOTAL		6,491,011	100%



METRIC TONS OF CO₂ PER MILLION DOLLARS IN REVENUE



Verizon has been tracking its greenhouse gas (GHG or CO₂), emissions since 2001. The makeup of our company has varied in that time through acquisitions and sales, but our approach to calculating CO₂ emissions has remained consistent. This has allowed us to compare our emissions year over year.

Methodology

Verizon collects emissions data each calendar year within the United States. Our profile is based on The Greenhouse Gas Protocol®, a widely used accounting framework developed by the World Resources Institute and used by governments and business worldwide to quantify and manage emissions (<http://www.ghgprotocol.org/>).

Our profile includes what this framework defines as Scope 1 and Scope 2 sources:

- **Scope 1:** We base these direct emissions on the fuel used by our fleet. To calculate the emissions we use the emission factors provided by the EPA: 8.8 kg of CO₂ per gallon of gasoline and 10.1 kg of CO₂ per gallon of diesel fuel.
- **Scope 2:** We base these indirect emissions on electricity used by Verizon. To calculate the emissions we use the national average of the EPA's latest e-Grid factors: 0.0006027 metric tons of CO₂ per KWH.

Based on our experience with the California Climate Action Registry, this methodology captures approximately 95% of Verizon's actual emissions.

Results

Using the above methodology, Verizon produced approximately 6,491,011 metric tons of CO₂ in 2009 (see above).

While our actual emissions have increased slightly in recent years in conjunction with the growth of our business, our emissions intensity—that is, the amount of CO₂ emissions per million dollars of revenue—has been decreasing (see charts left).

Refining the Process

To date Verizon has produced its GHG Profile on a voluntary basis and has released this information to the public via this report, our corporate responsibility Web site (www.responsibility.verizon.com) and the Carbon Disclosure Project.

We will continue to refine our process to strive to capture 100% of our emissions. We are expanding our methodology to include emissions produced by our emergency generators and boilers, emissions from steam usage and emissions from business travel.

2009 EMPLOYEE PROFILE

EMPLOYEE PROFILE 12/31/09

BY ETHNICITY	TOTAL EMPLOYEES, 12/31/09		TOTAL EMPLOYEES, 12/31/08		TOTAL U.S. LABOR FORCE
AMERICAN INDIAN/ALASKA NATIVE	1,181	0.6%	1,230	0.6%	0.7%
ASIAN	9,362	4.4%	9,436	4.4%	3.6%
NATIVE HAWAIIAN/ PACIFIC ISLANDER	687	0.3%	695	0.3%	0.1%
BLACK/AFRICAN AMERICAN	41,956	19.9%	42,551	19.9%	10.6%
HISPANIC/LATINO	20,333	9.6%	20,248	9.5%	10.7%
TWO RACES OR MORE	2,942	1.4%	2,742	1.3%	1.6%
WHITE	134,417	63.7%	136,670	64.0%	73.6%
TOTAL U.S.	210,878		213,572		
INTERNATIONAL	12,049		10,794		
TOTAL WORLDWIDE	222,927		224,366		

People of color represent 22% of senior management (vice president and above).

"I WISH TO THANK OUR EMPLOYEES FOR THEIR EFFORTS IN A TOUGH YEAR. I AM INSPIRED BY WHAT THEY DO, DAY IN AND DAY OUT, TO MAINTAIN OUR CUSTOMERS' VITAL HUMAN CONNECTIONS AND DEMONSTRATE THE DEDICATION TO A HIGHER PURPOSE THAT CHARACTERIZES ALL GREAT COMPANIES."

IVAN SEIDENBERG
CHAIRMAN AND CEO
VERIZON COMMUNICATIONS



We will need all our employees' creative energy as we enter the most innovative era in the history of our industry.

EMPLOYEE PROFILE 12/31/09

BY GENDER (U.S.)	TOTAL EMPLOYEES, 12/31/09		TOTAL EMPLOYEES, 12/31/08		TOTAL U.S. LABOR FORCE
FEMALE	87,347	41.4%	88,357	41.4%	46.8%
MALE	123,531	58.6%	125,215	58.6%	53.2%
TOTAL U.S.	210,878		213,572		
BY GENDER (INTERNATIONAL)	TOTAL EMPLOYEES, 12/31/09		TOTAL EMPLOYEES, 12/31/08		TOTAL U.S. LABOR FORCE
FEMALE	2,684	22.3%	2,455	22.7%	N/A
MALE	9,365	77.7%	8,339	77.3%	N/A
TOTAL INTERNATIONAL	12,049		10,794		
BY GENDER (WORLDWIDE)	TOTAL EMPLOYEES, 12/31/09		TOTAL EMPLOYEES, 12/31/08		TOTAL U.S. LABOR FORCE
TOTAL FEMALE	90,031	40.4%	90,812	40.5%	N/A
TOTAL MALE	132,986	59.6%	133,554	59.5%	N/A
TOTAL WORLDWIDE	222,927		224,366		

Women represent 29% of senior management (vice president and above).

2009 FINANCIAL & OPERATING STATISTICS



Verizon's wireless and fiber technologies are laying the foundation for the next phase of growth and innovation for our company, our customers and our country.

CONSOLIDATED REVENUES	\$107.8 BILLION
NET INCOME ATTRIBUTABLE TO VERIZON	\$3.65 BILLION
OPERATING CASH FLOW	\$31.6 BILLION
CAPITAL INVESTMENT	\$17.0 BILLION
DECLARED DIVIDENDS PER SHARE	\$1.87
REPORTED EARNINGS PER SHARE	\$1.29



VERIZON WIRELESS

REVENUE	\$62.1 BILLION
CUSTOMERS	91.2 MILLION
COMPANY-OPERATED STORES & KIOSKS	2,000+
SWITCHING CENTERS	175+

VERIZON WIRELINE

REVENUE (RESIDENTIAL AND BUSINESS)	\$46.1 BILLION
FIOS TV CUSTOMERS	2.9 MILLION
FIOS INTERNET CUSTOMERS	3.4 MILLION
BROADBAND CONNECTIONS	9.2 MILLION
ACCESS LINES	32.6 MILLION
GLOBAL IP NETWORK PRESENCE	2,700+ CITIES IN 159 COUNTRIES
DATA CENTERS	200+ IN 22 COUNTRIES
ENTERPRISE CUSTOMER BASE	96% OF THE FORTUNE 1000 AND BUSINESSES WITH 20 OR MORE LINES

Verizon Communications Inc. (NYSE, NASDAQ: VZ), headquartered in New York, is a global leader in delivering broadband and other wireless and wireline communications services to mass market, business, government and wholesale customers. Verizon Wireless operates America's most reliable wireless network, serving more than 91 million customers nationwide. Verizon also provides converged communications, information and entertainment services over America's most advanced fiber-optic network, and delivers innovative, seamless business solutions to customers around the world.

For more information, visit www.verizon.com.

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