

verizon

THE MARKET

The telecommunications industry is facing its toughest challenges to date. A weak economy, excess network capacity, waves of merger and acquisition activities, and new market entrants have created difficult market conditions.

There is good news, however, as the demand for telecommunications services remains strong. In fact, over the next five years the average monthly U.S. household expenditure on various forms of communications is expected to increase to just over \$120.

As the nation's leading telecommunications company, Verizon is well positioned to leverage its particular strengths. Verizon understands the importance of staying focused on the fundamentals, and making the right promises and keeping them. For Verizon's customers, that means benefiting from all the innovation, features, and convenience that technology promises — as Verizon helps them make progress every day.

ACHIEVEMENTS

With the launch of Verizon FreedomSM, Verizon now offers a comprehensive product package with fully integrated billing that is unique among its competitors, including long-distance carriers, competitive local exchange carriers, and cable TV companies. Verizon FreedomSM gives consumers the ease of one point of contact for all their telecommunications services, including local and regional toll calling, long distance, wireless service, and a high-speed Internet connection with DSL — all together on one bill at a great price. With the added value of package pricing, consumers no longer have to choose between making a call on their wireless phone or their wired phone. And with identical long-distance calling plans for both wireless and wireline calls, consumers can choose the most convenient way to call, without worrying about costs. Verizon FreedomSM is now available in many of the states that Verizon serves.

HISTORY

Verizon Communications (NYSE: VZ), formed by the merger of Bell Atlantic and GTE, is one of the world's leading providers of high-growth



communications services. This merger brought together two powerful telecommunication companies — each strongly committed to customer services, rich in management expertise and experience, and aggressive in its technological foresight — combining to form the ultimate telecommunications resource: Verizon Communications.

From day one, Verizon led the industry with more ways than any other company to touch customers and meet their requirements, more cash to fuel growth and innovation, and more investment capital to deploy the technologies of the future. Verizon's digital networks already include more fiber optics and more "first mile" assets than any other communications company. These networks, as they continue to develop, will give Verizon the premiere distribution platform for electronic commerce and delivery of a comprehensive suite of Internet-age services, including high-speed Internet access powered by DSL.

Today, Verizon companies are the largest providers of wireline and wireless communications

in the United States, with more than 135 million access line equivalents and more than 31.5 million wireless customers.

Verizon is also the world's largest provider of print and online directory information. A Fortune 10 company with more than 236,000 employees and \$67 billion in 2002 revenues, Verizon's global presence is felt in the Americas, Europe, Asia, and the Pacific.

And with more than 10 million long-distance customers in 47 states, Verizon has passed Sprint to become the third largest long-distance provider in the United States, according to independent surveys of long-distance customers.

To launch the brand in 2000, Verizon recognized that its new name and logo would be one of its most important and valuable assets for gaining immediate recognition and competitive advantage. An integrated name change advertising campaign was launched, and a complete brand identity system was quickly developed, covering hundreds of applications that included more than just advertising. The impact of the rebranding effort can now be seen across the entire corporation from Hawaii to Puerto Rico, and was one of the largest, most aggressive, and most comprehensive rebranding efforts in U.S. corporate history.

THE PRODUCT

With over 135 million access line equivalents in 67 of the top 100 markets in the United States, and nine of the top 10, Verizon reaches one-third of the nation's households, more than one-third of Fortune 500 company headquarters, as well as the U.S. federal government. Verizon also has wireline and wireless operations in 37 countries around the world.

Verizon Wireless is the nation's largest wireless communications provider with more than 31.5 million wireless voice and data customers. The company's footprint covers nearly 90 percent of the U.S. population, 49 of the top 50 and 97 of the top 100 U.S. markets.

Verizon Information Services is a world-leading print and online directory publisher and content provider. In addition to print directories, Verizon Information Services produces and markets *SuperPages.com*, the Internet's preeminent online directory and shopping resource. *SuperPages.com* provides Yellow Pages and directory services to AltaVista, MSN, Lycos, Excite, InfoSpace, Ask Jeeves, BigFoot, HotBot, Tripod, and Angelfire.

Bringing the benefits of communications to everybody also means doing so with convenience. Verizon's One Bill allows customers to consolidate billing for local, long-distance, and wireless services. Coupled with the launch of the Verizon FreedomSM service packages, Verizon customers now have the flexibility to bundle a host of Verizon products and services that fit their lifestyle and budget requirements while capturing significant savings.



RECENT DEVELOPMENTS

Since day one, Verizon's goal was to be the most respected brand in communications. Recent survey results indicate that the Verizon brand has grown stronger and continues to gain strength. Verizon is now considered the most respected, the preferred, and the most recommended brand in the markets that it serves. The results attained trace back to the commitment of Verizon's leadership team and the work of employees at every level, each and every day. Further, the use of a Master Brand strategy — using the single Verizon name and logo in all lines of business — has proven to be the right move. Verizon Wireless and Verizon Information Services advertisements contribute to overall awareness as well as the personality of the company.

Verizon wants to be known as contemporary, optimistic, forward moving, confident, and resourceful. Verizon has a long history of fostering confidence by being there for its customers — a key ingredient to making progress.

PROMOTION

Verizon has become one of the most powerful and recognizable brands in the world through a distinctive brand strategy and the effective implementation of a comprehensive brand identity system. But with that recognition came the desire to establish Verizon firmly in the minds of its customers with a solid, ownable positioning: "Progress."

What is progress? Progress is different things to different people. To some, progress may be coming up with "that one big idea" or completing all the daily tasks on their to-do lists. For others, progress is spending quality time with family and friends. At Verizon, making progress means helping its customers and communities move forward in ways that are important to them, whether holding a conference call on a project, finding a shop that carries the gift they want to buy, or doing online research. When Verizon customers accomplish any of these everyday tasks, it represents the progress they are making. Through the thousands of daily contacts with customers, Verizon's employees demonstrate a relentless

desire to help customers move forward in a positive direction every day.

"Make progress every day" is Verizon's tagline, which expresses the brand's overall positioning. This theme of the company's brand advertising shows Verizon's commitment to its customers, shareowners, and communities, and represents the natural progression of the Verizon brand while offering a unique market positioning strategy.

BRAND VALUES

As Bell Atlantic and GTE merged to form the new Verizon, CEO Ivan Seidenberg was very clear about his objective for the new company: Verizon will become the most respected brand in communications. Progress, integrity, diversity, and confidence anchor that commitment. Today, Verizon employees are working harder than ever to make that goal a reality, helping customers move forward, get better, and make progress every day.

THINGS YOU DIDN'T KNOW ABOUT VERIZON

- Verizon was commended with a unanimous resolution by the New York Public Service Commission — the first time all commissioners signed one resolution — for Verizon's efforts to restore the telecommunications infrastructure in lower Manhattan after September 11, 2001.
- Laubach Literacy International and Literacy Volunteers of America have awarded Verizon the National Literacy Leadership Award two years in a row.
- Aside from being recognized as a customer service leader, Verizon is also a great place to work. Verizon is placed on the lists of the 100 best U.S. companies to work for in *Hispanic* and *Working Mother* magazines.
- Verizon's rebranding effort represented a huge undertaking. The array of branded assets requiring standards and rebranding was a fleet with more than 69,000 vehicles, a nationwide network of 250,000 payphones, ID badges, 6,000 buildings, directories, bill media, recorded greetings and announcements, product packaging, calling cards, and more.
- Verizon has received many accolades over the last few years, including a number-one ranking by high-volume long-distance callers (J.D. Power & Associates Residential Long Distance Customer Satisfaction Study, July 2002), Excellence in Local Telephone Customer Satisfaction (J.D. Power & Associates Residential Local Telephone Customer Satisfaction Study, August 2002), Excellence in Customer Satisfaction in DSL Service (J.D. Power & Associates 2002 Internet Service Provider Residential Customer Satisfaction Study, August 2002), Most Reliable Network and Customer Service, for Verizon Wireless (*Wall Street Journal*, October 2002), and the highest rating for "Overall Satisfaction" for Verizon Long Distance (Yankee Group's annual Technologically Advanced Family Survey, December 2001).

