



Office of the City Clerk

City Hall
121 N. LaSalle St.
Room 107
Chicago, IL 60602
www.chicityclerk.com

Legislation Text

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OFFICE OF THE MAYOR

CITY OF CHICAGO

RAHM EMANUEL
MAYOR

January 21, 2015

TO THE HONORABLE, THE CITY COUNCIL OF THE CITY OF
CHICAGO

Ladies and Gentlemen:

At the request of the Commissioner of Planning and Development, I transmit herewith ordinances authorizing the execution of Multi-Family Loan agreements.

Your favorable consideration of these ordinances will be appreciated.

Mayor

Very truly yours,

ORDINANCE

WHEREAS, the City of Chicago (the "City"), a home rule unit of government under Section 6(a), Article VII of the 1970 Constitution of the State of Illinois, has heretofore found and does hereby find that there exists within the City a serious shortage of decent, safe and sanitary rental housing available to persons of low and moderate income; and

WHEREAS, the City has determined that the continuance of a shortage of affordable rental housing is harmful to the health, prosperity, economic stability and general welfare of the City; and

WHEREAS, the City has certain funds available from a variety of funding sources ("Multi-Family Program Funds") to make loans and grants for the development of multi-family residential housing to increase the number of families served with decent, safe, sanitary and affordable housing and to expand the long-term supply of affordable housing, and such Multi-Family Program Funds are administered by the City's Department of Planning and Development ("DPD"); and

WHEREAS, as of October 1, 2002, the City issued \$10,775,000 of Multi-Family Housing Revenue Bonds, Series 2002 (Hilliard Homes - Phase 1 Development), and made a loan (the "Loan") of Multi-Family Program Funds in the original principal amount of \$1,425,779 to Hilliard Homes I Limited Partnership, an Illinois limited partnership (the "Borrower"), of which HHI Development Corporation, an Illinois corporation (of which Peter Holsten is the sole member) is the sole managing general partner, which Loan was secured by a Junior Mortgage, Security Agreement and Financing Statement (the "Junior Mortgage") for the purpose of financing a portion of the costs of rehabilitating (the "2002-04 Rehab") two historically significant buildings which contain a total of 327 affordable dwelling units (the "Hilliard I Buildings"); and

WHEREAS, the 2002-04 Rehab utilized financing from Midland Loan Services, Inc. in the original principal amount of \$4,388,000, which is secured by a Leasehold Deed of Trust (the "Senior Mortgage"); and

WHEREAS, the 2002-04 Rehab further utilized financing from Bank of America, N.A. in the original principal amount of \$10,800,000, which is secured by a Leasehold Deed of Trust (the "Second Mortgage"); and

WHEREAS, the 2002-2004 Rehab further utilized financing from the Chicago Housing Authority in the original principal amount of \$24,650,000, which is secured by a Senior Mortgage, Security Agreement and Financing Statement (the "Third Mortgage"); and

WHEREAS, the 2002-2004 Rehab further utilized financing from the Illinois Housing Development Authority in the original principal amount of \$750,000, which is secured by a Fourth Mortgage and Assignment of Rents and Leases (the "Fourth Mortgage"), and

WHEREAS, the 2002-2004 Rehab further utilized financing from Harris Bank Frankfort in the original principal amount of \$500,000, which is secured by a Subordinate Leasehold Mortgage, Assignment of Lease and Rents, Security Agreement and Financing Statement (the "Subordinate Sixth Mortgage"); and

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1

WHEREAS, the 2002-04 Rehab included preserving all the windows on the lower floors of the Hilliard I Buildings (the "Windows") pursuant to an agreement with the Illinois State Historic Preservation Office (the "IL SHPO"), and

WHEREAS, the Windows have deteriorated since the 2002-04 Rehab; and

WHEREAS, the IL SHPO has approved the replacement of the Windows with replicas designed to imitate the look of the originals (the "Window Replacement"); and

WHEREAS, the Borrower has requested financing from the City for the cost of the Window Replacement; and

WHEREAS, DPD has preliminarily reviewed and approved the making of a subordinate loan to Borrower in an amount not to exceed \$252,608 (the "Loan") to be funded from Multi-Family Program Funds pursuant to the terms and conditions set forth in Exhibit A attached hereto and made a part hereof; now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHICAGO:

SECTION 1. The above recitals are expressly incorporated in and made a part of this ordinance as though fully set forth herein.

SECTION 2. The Commissioner of DPD (the "Commissioner") and a designee of the Commissioner (collectively, the "Authorized Officer") are each hereby authorized, subject to approval by the Corporation Counsel, to enter into and execute such agreements and instruments, and perform any and all acts as shall be necessary or advisable in connection with the implementation of the Loan. The Authorized Officer is hereby authorized, subject to the approval of the Corporation Counsel, to negotiate any and all terms and provisions in connection with the Loan which do not substantially modify the terms described in Exhibit A hereto. Upon the execution and receipt of proper documentation, the Authorized Officer is hereby authorized to disburse the proceeds of the Loan to the Borrower.

SECTION 3. To the extent that any ordinance, resolution, rule, order or provision of the Municipal Code of Chicago, or part thereof, is in conflict with the provisions of this ordinance, the provisions of this ordinance shall control. If any section, paragraph, clause or provision of this ordinance shall be held invalid, the invalidity of such section, paragraph, clause or provision shall not affect any of the other provisions of this ordinance. Section 2-45-110 of the Municipal Code of Chicago shall not apply to the Project or the Property (as defined on Exhibit A hereto).

SECTION 4. This ordinance shall be effective as of the date of its passage and approval.

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2

EXHIBIT A

Hilliard Homes I Limited Partnership, an Illinois limited partnership (the "Borrower"), of which HHI Development Corporation, an Illinois corporation (of which Peter Holsten is the sole member) is the sole managing general partner, and of which Alliant Tax Credit XXII, G.P., Inc. a Florida corporation, is the sole administrative general partner, and of which certain other entities are limited partners

Replacement of certain historically significant windows in the Hilliard Buildings located at 2111 and 2031 S. Clark Street, Chicago (the "Property")

Source:

Amount

Term:

Interest:

Security."

Multi-Family Program Funds Not to exceed \$252,608 Not to exceed 42 years

Zero percent per annum Non-recourse loan;

Mortgage on the Property subordinate to (i) the liens of the Senior, Second, Third and Fourth Mortgages, (ii)

the lien of the Junior Mortgage, and (iii) the lien of the Subordinate Sixth Mortgage

**CITY OF CHICAGO ECONOMIC
DISCLOSURE STATEMENT AND
AFFIDAVIT**

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

Hilliard Homes I Limited Partnership

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the

Applicant in which the Disclosing Party holds an interest:

OR

3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 1020 West Montrose

Chicago, Illinois 60613

C. Telephone: 312-274-9137
<mailto:josephdunne@holstenchicago.com>

Fax: 312-337-4592 Email: josephdunne@holstenchicago.com

D. Name of contact person: Joseph Dunne

E. Federal Employer Identification No. (if you have one): _ _

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

Subordinate financing from the City of Chicago for replacement of existing windows.

G. Which City agency or department is requesting this EDS? Department of Planning and Development

If the Mailer is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification ii

__ and Contract ii

SECTION II -

- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

[] Limited liability company [] Limited liability partnership [J Joint venture [| Not-for-profit corporation (Is the not-for-profit corporation also a 501(c)(3))?

1. Indicate the nature of the Disclosing Party:
- [J Person [
 - [] Publicly registered business corporation [
 - [] Privately held business corporation [
 - [j Sole proprietorship [
 - [] Yes [J No
 - [] Other (please specify)
 - |] General partnership (1
 - [XJ Limited partnership
 - [] Trust |

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

Illinois

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

[XJ N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal holder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability-partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name	Title
HH1 Development Corporation	Managing General Partner

2 Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture.

Page 2 of 13

interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, slate "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
Alliant- Tax Credit Fund XXTT, T.r.r.l.	21600 Oxnard Street, Suite 1200 Woodland Hills, CA 91367-4949	9.9__9__8__%

SECTION III - BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's

regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.)	NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
Applegate & Thorne-Thorns en	626 West Jackson Blvd., Chicago	Attorney	\$20,000	
"Developers" Mortgage Corporation	2^4r-4Jo^feh-^Sa-l-ie--S^e^---S«ite---3-3-33 Chicago, Illinois 60601	M"oTt~gag e~Ban king \$T57oTjTJ"		

(Add sheets il'necessary)

[] Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V - CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

[] Yes [] No [X] No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

[] Yes (J No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article 1 supersedes some five-year compliance timeframes in certifications 2 and 3 below.

Page 4 of 13

2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;
- d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

3. The certifications in subparts 3, 4 and 5 concern:

- the Disclosing Party;

- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S.

Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

N/A _

Page 6 of 13

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

None.

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient. None.

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

1. is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

N/A

Page 7 of 13

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest
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4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

Page cS of 13

comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

X 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary): None .

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

Pace 9 of 13

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes

No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation: The Applicant: is a limited partnership and has no employees.

Page 10 of 13

SECTION VII -- ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award

to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement (his EDS up to the time (he City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

Page 1 1 of 13

F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2 If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3 If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F. 1., F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

Hilliard Homes I Limited Partnership (Print or type name of
Diydosii Pam

»y: 1.

(Sign here) v~

Peter Holsten
(Print or type name of person signing)
Member, HH1 Development Corporation
J4anaggiag--Geiieral-. _P-ar_trier
(Print or type title of person signing)

Signe and SAVorn to before me on (date)

at C_ c^ss^^ County,

% "OI-FICIALSEAL
^ NIKISHIANNA CLAY
^ Notary Public, State of Illinois «
^ ^a.m.^onE^res 08^6/15 |

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing

Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes

No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

Page 13 of 13

**CITY OF CHICAGO ECONOMIC
DISCLOSURE STATEMENT AND
AFFIDAVIT**

SECTION I - GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

HH1 Development Corporation

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest: Hilliard Homes I Limited Partnership

OR

3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in

which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 1020 west Montrose Avenue
Chicago, Illinois 60613

C. Telephone: 312-274-9137 Fax: 312-337-4592 Email: josephdunne@holstenchicago.com
<mailto:josephdunne@holstenchicago.com>

D. Name of contact person: Joseph Dunne

E. Federal Employer Identification No. (if you have one): J

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

Subordinate financing from the City of Chicago for replacement of existing windows.

G. Which Cily agency or department is requesting this EDS? Department of Planning and Development

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification // _ and Contract //

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

Limited liability company Limited liability partnership Joint venture Not-for-profit corporation (Is the not-for-profit corporation also a 501(c)(3))?

1. Indicate the nature of the Disclosing Party:

- Person [
- Publicly registered business corporation [
- Privately held business corporation [
- Sole proprietorship [
- Yes | " J No
- Other (please specify)
- General partnership (1
- Limited partnership
- Trust [

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

Illinois

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

[X] N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title Peter Holsten President

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

Part 2 of 13

interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None/" NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
Peter Holsten	Chicago, Illinois 60613	<http://Peter.Holsten.com>

SECTION III -- BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.)	NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
---	-------------------------	---	---	---

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V - CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section 11.B. 1. of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;
- d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. **have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.**

3. The certifications in subparts 3, 4 and 5 concern:

- **the Disclosing Party;**
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been

convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or

- c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

n/_a

Page 6 of 13

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").
None .

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient. None.

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

1. is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

N/A

Page 7 of 13

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-1 56 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-1 10 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest
------	------------------	--------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

Pane 8 of 13

comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the

Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI -- CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary): None .

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

Page 9 of 13

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

SECTION VII -- ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or

other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. MOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-1 54-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

Page 1 1 of 13

F. 1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2 If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS")

maintained by the U. S. General Services Administration.

F.3 If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F. 1., F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

HH1 Development Corporation

Peter Holsten
(Print or type name of person signing)

JPres-ident
(Print or type title of person signing)

Signed and sworn to before me on (date) _____
_____ County, (state).

! ^ v w ^ ^ r ^ r ^ l

y "• Notary Public. % "OFFICIAL SEA- |

^ 1 \ NiKiSHIANNA CLAY «
• - X/2(rJ /T t No!=ir-Public. State of IW'nois \$
Commission expires: * 1_cr_j- I /_____ . X st

_»nir-os03/26.i5

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes

No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

**CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT**

SECTION I - GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

Alliant Tax Credit Fund XXII, Ltd.

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. **a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest: Hilliard Homes I Limited Partnership**

OR

3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

**B. Business address of the Disclosing Party: 340 Royal Poinciana Way, Suite 305
Palm Beach, FL 33480**

C. Telephone: 818-668-6800 Fax: 818-668-2828 Email: brian.goldberg@alliantcapital.com
<mailto:brian.goldberg@alliantcapital.com>

D. Name of contact person: Brian Goldberg

E. Federal Employer Identification No. (if you have one): ,_ ;

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

Subordinate financing from the City of Chicago for replacement of existing windows.

G. Which City agency or department is requesting this EDS? Department of Planning and Development

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification ii _N/A and Contract // N/A_

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

- Person
- Publicly registered business corporation
- Privately held business corporation
- Sole proprietorship
- General partnership
- Limited partnership
- Limited liability company
- Limited liability partnership
- Joint venture
- Not-for-profit corporation
- (Is the not-for-profit corporation also a 501(c)(3))?
- Yes No

Trust

Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable: Florida

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

Yes

No

N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

Alliant Capital, Ltd.

General Partner

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

Page 2 of 13

interest of a member or manager in a limited liability company, or interest of a beneficiary, of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
Alliant Capital, Ltd.	340 Royal Poinciana Way, suite 305, Palm Beach, FL 33480	0.01% (GP)

Verizon Credit, Inc.

340 Royal Poinciana Way, suite 305, Palm Beach, FL 33480

99.99% (LP)

SECTION III -- BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes

No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

N/A

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

N-**Business relationship to Disclosing Party ;. «Fe,es..**
(*inJ.ip: _tevWihether""

retained or anticipated Address (subcontractor, attorney, paid or estimated.) NOTE:

to be retained)

lobbyist, etc.)

"hourly rate" or "t.b.d." is
not an acceptable response.

N/A

(Add sheets if necessary)

[X] Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the
Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I") (which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

disclosing Party, and, if the disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;
- d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

3. The certifications in subparts 3, 4 and 5 concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

- r '•^Neith"eF^H6:Di_c'losing:P-arty;- nor any ContfacTaf^W^ of either^he _)isclosingT?arty -

or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

N/A

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

N/A

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

N/A

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

1. is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

_.N/A

Page 7 of 13

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-1 10 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest
------	------------------	--------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

Page 8 of 13

comply "with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

X 1 - The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

_.None

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A. 1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

Page 9 of 13

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes

No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

Page 10 of 13

**SECTION VII-- ACKNOWLEDGMENTS, CONTRACT INCORPORATION,
COMPLIANCE, PENALTIES, DISCLOSURE**

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award

to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

Page 11 of 13

F. 1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2 If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3 If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1., F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

Alliant Tax Credit Fund XXII, Ltd.

Brian_Go!db.ercj.
(Print or type name of person signing)

President
(Print or type title of person signing)

Signed and sworn to before me on (date)

Commission expires:

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes

No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

Page 13 of 13

CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

A. Alliant Capital, Ltd.

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. **a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest: Hilliard Homes I Limited Partnership**

OR

3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 340 Royal Poinciana Way, Suite 305

Palm Beach, FL 33480

C. Telephone: 818-668-6800

Fax: 818-668-2828 Email: brian.goldberg@alliantcapital.com

<mailto:brian.goldberg@alliantcapital.com>

D.Name of contact person: Brian Goldberg

E. Federal Employer Identification No. (if you have one):

P. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

Subordinate financing from the City of Chicago for replacement of existing windows.

G. Which City agency or department is requesting this EDS? Department of Planning and Development

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification // N/A

and Contract # N/A

Page 1 of 13

SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

Person

Publicly registered business corporation Privately held business corporation Sole proprietorship General partnership (XJ Limited partnership Trust

Limited liability company

Limited liability partnership

Joint venture

Not-for-profit corporation

(Is the not-for-profit corporation also a 501(c)(3))?

Yes

No

Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable: Florida

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State

of Illinois as a foreign entity?

Yes No N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name	Title
Alliant Inc.	General Partner
	—

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

Page 2 of 13

interest of a member of manager in a limited liability company," or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
Alliant, Inc.	340 Royal Poinciana Way, suite 305, Palm Beach, FL 33480	1% (GP)
The Alliant Company, LLC	340 Royal Poinciana Way, suite 305, Palm Beach, FL 33480	99% (LP)

SECTION III -- BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):
N/A

SECTION IV DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

'Name (indicate whether " Business * ■ Relationship to' Disclosing Party ; Fees (indicate whether - *			
retained or anticipated	Address	(subcontractor, attorney,	paid or estimated.) NOTE:
to be retained)		lobbyist, etc.)	"hourly rate" or "t.b.d." is
			not an acceptable response.

N/A

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article 1 is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

Pane 4 of 13

The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;
- d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

3. The certifications in subparts 3, 4 and 5 concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

_N/A

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

N/A

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

N/A

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

1. is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

_MA _

Page 7 of 13

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-1 10 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest
------	------------------	--------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

Page 8 of 13

comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

X 1- The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

None

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

Page 9 of 13

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

13. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes" No

2. Have you filed with the Joint Reporting Committee, (he Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?
f) Yes No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?
 Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

Page 10 of 13

**SECTION VII-- ACKNOWLEDGMENTS, CONTRACT INCORPORATION,
COMPLIANCE, PENALTIES, DISCLOSURE**

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or

all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

Page 11 of 13

F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2. If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3. If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1 and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1, F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

Alliant Capital, Ltd.

(Print or type name of Disclosing Party)

Brian Goldberg
(Print or type name of person signing)

President
(Print or type title of person signing)

Signed and sworn to before me on (date)

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT
AND AFFIDAVIT
APPENDIX A**

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

J Yes

X No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

Page 13 of 13

CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT

SECTION 1 - GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

A. The Alliant Company, LLC

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. **a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest: Hilliard Homes I Limited Partnership**

OR

3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 340 Royal Poinciana Way, Suite 305
Palm Beach, FL 33480

C. Telephone: 818-668-6800

Fax: 818-668-2828

Email: Shawn.Horwitz@alliantcapital.com

<mailto:Shawn.Horwitz@alliantcapital.com>

D. Name of contact person: Shawn Horwitz

E. Federal Employer Identification No. (if you have one): ■

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this IiDS pertains. (Include project number and location of property, if applicable):

Subordinate financing from the City of Chicago for replacement of existing windows.

G. Which City agency or department is requesting this EDS? Department of Planning and Development

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification // N/A

and Contract # N/A

Page 1 of 13

SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

Person

Publicly registered business corporation Privately held business corporation Sole proprietorship General partnership Limited partnership Trust

Limited liability company

Limited liability partnership

Joint venture

Not-for-profit corporation

(Is the not-for-profit corporation also a 501(c)(3))?

Yes No Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable: Florida

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

Yes

No

N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

Alliant, Inc,

Managing Member

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

Page 2 of 13

interest of a member or manager'iii "'a -1 imTfe'dHTabT 1 iVycompany^or interest-'of a beneficiary-of.a-trustj..v.-,^v estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
<u>Alliant, Inc.</u>	<u>340 Royal Poinciana Way, suite 305, Palm Beach, FL 33480</u>	<u>1% (Managing Member)</u>
Palm Drive Associates, LLC	340 Royal Poinciana Way, suite 305, Palm Beach, FL 33480	24.75% (Non-Managing Member)
344 Columbia Associates, Ltd.	340 Royal Poinciana Way, suite 305, Palm Beach, FL 33480	24.75% (Non-Managing Member)
SAK Housing, LLC	340 Royal Poinciana Way, suite 305, Palm Beach, FL 33480	49.5% (Non-Managing Member)

SECTION III - BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes

No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship (s):

N/A

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Page 3 of 13

Name (indicate whether retained or anticipated to be retained)	Business Address (subcontractor, attorney, lobbyist, etc.)	Fee's (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
--	--	--

N/A

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities. SECTION V ~

CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the
Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article 1 applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

Page 4 of 13

2. The Disclosing Party certifies that, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;

- b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;
- d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

3. The certifications in subparts 3, 4 and 5 concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section I V, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

' Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or

Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

N/A

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

N/A

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

N/A

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

1. is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

-MIA

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest
------	------------------	--------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or m

an attachment to this EDS all information required by paragraph 2. Failure to

Page 8 of 13

- comply with these disclosure requirements may make any contract enter.ed-intq- with the-Gity in connection with the Matter voidable by the City.

X 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI -- CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):
None

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence

or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

Page 9 of 13

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes ~ No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity

clause?

Yes

No

If you checked "No" to question 1. or 2. above, please provide an explanation:

Page 10 of 13

**SECTION VII -- ACKNOWLEDGMENTS, CONTRACT INCORPORATION,
COMPLIANCE, PENALTIES, DISCLOSURE**

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

Page 1 1 of 13

F. 1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2 If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3 If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F. 1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F. 1., F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

Shawn Horwitz
(Print or type name of person signing)

Chief Executive Officer
(Print or type title of person signing)

Signed and sworn to before me on (date)

Notary Public

Page 12 of 13

Commission expires:

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT
AND AFFIDAVIT
APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes

No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial

relationship, and (4) the precise nature of such familial relationship.

Page 13 of 13

CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT

SECTION I - GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

Alliant, Inc.

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. **a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest: Hilliard Homes I Limited Partnership**

OR

3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 340 Royal Poinciana Way, Suite 305
Palm Beach, FL 33480

C. Telephone: 818-668-6800

Fax: 818-668-2828

Email: brian.qoldberq@alliantcapital.com

<mailto:brian.qoldberq@alliantcapital.com>

D. Name of contact person: Brian Goldberg

E. Federal Employer Identification No. (if you have one):

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

Subordinate financing from the City of Chicago for replacement of existing windows.

G. Which City agency or department is requesting this EDS? Department of Planning and Development

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # N/A and Contract # N/A

Page 1 of 13

SECTION II - DISCLOSURE OF OVVNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Person
 Publicly registered business corporation Privately held business corporation Sole proprietorship General partnership Limited partnership Trust
Party:

- Limited liability company
 - Limited liability partnership
 - Joint venture
 - Not-for-profit corporation
- (Is the not-for-profit corporation also a 501(c)(3))?
 Yes No Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

Florida

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titlcholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management ofthe Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

Sidney Kohl	Director/Chairman of the Board
Shawn Horwitz	Director/Chief Executive Office
Scott Kotick	Director/Executive Vice President
Brian Goldberg	President
James Jenkins	Director/Vice President/Treasurer/Secretary

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% ofthe Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

Page 2 of 13

interest of a member'or manager in a lim7teid1iab'ility" company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
<u>Sidney Kohl</u>	<u>340 Royal Poinciana Way, suite 305, Palm Beach, FL 33480</u>	<u>50% Shareholder</u>
Shawn Horwitz	340 Royal Poinciana Way, suite 305, Palm Beach, FL 33480	25% Shareholder
<u>Scott Kotick</u>	<u>340 Royal Poinciana Way, suite 305, Palm Beach, FL 33480</u>	<u>25% Shareholder</u>

SECTION III -- BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes

No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):
N/A

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether "• paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
N/A			

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities. SECTION V -

CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

Page 4 of 13

2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or

performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;

- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;
- d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

3. The certifications in subparts 3, 4 and 5 concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
 - any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
 - any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 13

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of "either the Disclosing-Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public

officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;

- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

,_N/A_

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-

month period preceding the execution date of this CDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

N/A

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

N/A

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

1. is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-1 56 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest
------	------------------	--------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

comply with these disclosure requirements may make any contract entered into with -theCity in connection with the Matter voidable by the City.

X 1 • The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):
None

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(e)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on File affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

**SECTION VII - ACKNOWLEDGMENTS, CONTRACT INCORPORATION,
COMPLIANCE, PENALTIES, DISCLOSURE**

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this FDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this FDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

Page I 1 of 13

F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2 If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3 If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F. 1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.L, F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

Alliant, Inc.

(Print or type name of person signing)

President

(Print or type title of person signing)

Signed and sworn to before me on (date) _

at iOStY^i^ County,
fW^Q^W^

(state).
Notary Public.

Commission expires: _ 1^7
\" ~ "

i.. "...!.?*,* Commission # 2042671 i
Notary Public - California z
Los Angeles County | 3 | ^^_^ My
Comm. Expires Sep 24, 2017 £

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes

No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

SAK Housing, LLC

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. **a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest: Hilliard Homes I Limited Partnership**

OR

3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

**B. Business address of the Disclosing Party: 340 Royal Poinciana Way, Suite 305
Palm Beach, FL 33480**

C. Telephone: 561-833-5795 Fax: 561-833-3684 Email: ijenkinsfaeskopb.com

<<http://ijenkinsfaeskopb.com>>

D. Name of contact person: **James Jenkins**

E. Federal Employer Identification No. (if you have one): **■**

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

Subordinate financing from the City of Chicago for replacement of existing windows.

G. Which City agency or department is requesting this EDS? Department of Planning and Development

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the

following:

Specification // _N/A

and Contract # N/A

Page 1 of 13

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

- Person P<J
- Publicly registered business corporation []
- Privately held business corporation []
- Sole proprietorship []
- General partnership (Is
- Limited partnership
- Trust []

Limited liability company Limited liability partnership Joint venture Not-for-profit corporation
the not-for-profit corporation also a 501(c)(3)?

[JYes [JNo Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable: **Florida**

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

[] Yes [X] No [] N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

Robert Kohl

Managing Member

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

Page 2 of 13

interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
<u>Kohl New Generations Trust</u>	<u>340 Royal Poinciana Way, suite 305, Palm Beach, FL 33480</u>	<u>11.25%</u>
SAK Housing, Inc.	340 Royal Poinciana Way, suite 305, Palm Beach, FL 33480	45%
<u>Sidney A Kohl 2012 Irrevocable Family Trust</u>	<u>340 Royal Poinciana Way, suite 305, Palm Beach, FL 33480</u>	<u>24%</u>
The Lawrence Kohl 2013 Family Trust	340 Royal Poinciana Way, suite 305, Palm Beach, FL 33480	15%

SECTION III - BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):
N/A

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to

be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Page 3 of 13

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response. N/A
--	------------------	--	---

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V - CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. **NOTE:** If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

Page 4 of 13

2. " The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;
- d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations,

instituted by the City or by the federal government, any state, or any other unit of local government.

3. The certifications in subparts 3, 4 and 5 concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 13

Neither the Disclosing Party,' nor any Contractor', nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-1 56 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

N/A

Page 6 of 13

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this F.DS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

N/A

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed

official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

N/A

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

1. is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

 N/A

Page 7 of 13

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-1 10 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest
------	------------------	--------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

Page 8 of 13

comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

X 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

None

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

Page 9 of 13

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement. City assistance, or other City action, and any material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

F. 1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2 If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3 If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F. 1., F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

SAK Housing, LLC

(Print or type name of Disclosing Party)

By: _____
(Sign here)

Robert Kohl

(Print or type name of person signing)

Managing Member

(Print or type title of person signing)

Signed and sworn to before me on (date) 1/15/2024 at 9-1J ni BuW'h County, IL (state).

MOIRA MALLOY-EFIMY COMMISSION EXPIRES March 31, 2025 Bonded thru Notary Public

(Signature)

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes

No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT

SECTION I - GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable: **Kohl
New Generations Trust**

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant
OR
2. **DC a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest: Hilliard Homes 1 Limited Partnership**
OR
3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

**B. Business address of the Disclosing Party: 340 Royal Poinciana Way, Suite 305
Palm Beach, FL 33480**

C. Telephone: 561-833-5795 Fax: 561-833-3684 Email: jjenkins@eskopb.com

<mailto:jjenkins@eskopb.com>

D. Name of contact person: James Jenkins

E. Federal Employer Identification No. (if you have one): _ ^ _

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

Subordinate financing from the City of Chicago for replacement of existing windows.

G. Which City agency or department is requesting this EDS? Department of Planning and Development

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # N/A and Contract # N/A

Page 1 of 13

SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

- Person
 Publicly registered business corporation Privately held business corporation Sole proprietorship General partnership Limited partnership Trust

- Limited liability company
 - Limited liability partnership
 - Joint venture
 - Not-for-profit corporation
- (Is the not-for-profit corporation also a 501(c)(3))?
- Yes No
- Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

Florida

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

- Yes No N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability-partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

Pentacorp. Inc.. Patricia Fadness. President Trustee

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other

similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
<u>SK Grandchildren</u>	<u>340 Rcyal Poinciana Way, suite 305, Palm Beach, FL 33480</u>	<u>Sole Beneficiary</u>

SECTION III - BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

N/A

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
N/A			

(Add sheets if necessary)

[X] Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1 -23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the

City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

Page 4 of 13

2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;
- d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

3. The certifications in subparts 3, 4 and 5 concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City> using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or

employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 13

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

N/A

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

N/A

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

N/A

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

1. is PC] is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We

further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

N/A

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D. 1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest
------	------------------	--------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

Page 8 of 13

comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

X 1- The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

None

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

Page 9 of 13

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 503(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes

No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?
 Yes No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?
 Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

Page 10 of 13

**SECTION VII -- ACKNOWLEDGMENTS, CONTRACT INCORPORATION,
COMPLIANCE, PENALTIES, DISCLOSURE**

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. **If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.**

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or

all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

Page 11 of 13

F. 1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2 If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3 If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1, F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

Kohl NewGenerations Trust

(Print or type name of Disclosing Party)

, (J/n

fSiun Wr^y^racorP. "nc , Trustee i.oign n^,^)By Patricia Fadness president

Patricia Fadness

(Print or type name of person signing)

President

(Print or type title of person signing)

Signed and sworn to before me on (date) ^-/Js.-s ,3Q~" 5 al 1.7 (rn i %r> i'h County, -f L_r> rit<<~.. (state).

a^j ^.V}^6cj - / -Iv V'/-cf,^ Notary Public.

Commission expires: J/ ' ■J' CIS' .

Page 12 of 13

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT
AND AFFIDAVIT
APPENDIX A**

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section ILB.l.a., if the Disclosing

Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

Page 13 of 13

CITY OF CHICAGO ECONOMIC
DISCLOSURE STATEMENT AND
AFFIDAVIT

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

SAK Housing, Inc.

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant
OR

2. **a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest: Hilliard Homes I Limited Partnership**
OR

3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 340 Royal Poinciana Way, Suite 305
Palm Beach, FL 33480

C. Telephone: 561-833-5795 Fax: 561-833-3684 Email: ijenkins@eskopb.com

[<mailto:ijenkins@eskopb.com>](mailto:ijenkins@eskopb.com)

D. Name of contact person: James Jenkins

E. Federal Employer Identification No. (if you have one):

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains, (include project number and location of property, if applicable):

Subordinate financing from the City of Chicago for replacement of existing windows.

G. Which City agency or department is requesting this EDS? Department of Planning and Development

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification ii N/A and Contract ii N/A

Page 1 of 13

SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

- Person
- Publicly registered business corporation
- Privately held business corporation
- Sole proprietorship
- General partnership
- Limited partnership
- Trust
- Limited liability company Limited liability partnership Joint venture Not-for-profit

corporation

(Is the not-for-profit corporation also a 501(c)(3))?

Yes No Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable: Florida

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

Yes No N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

Sidney A. Kohl President

James C. Jenkins Vice President / Treasurer

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

Page 2 of 13

interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
------	------------------	---

Jana Kohl 1992 Trust	340 Royal Poinciana Way, suite 305, Palm Beach, FL 33480	33 333% Shareholder
Lisa Kohl 1992 Trust	340 Royal Poinciana Way, suite 305, Palm Beach, FL 33480	33 333% Shareholder
Lori Gandleman 1992 Trust	340 Royal Poinciana Way, suite 305, Palm Beach, FL 33480	33.333% Shareholder

SECTION III -- BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):
JN/A

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Name (indicate whether retained or anticipated to be retained)

N/A

Business Relationship to Disclosing Party Address (subcontractor, attorney, lobbyist, etc.)
Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V - CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

No No person directly or indirectly owns 10% or more of the
Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;
- d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

3. The certifications in subparts 3, 4 and 5 concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

N/A : ;

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

N/A

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient. N/A

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

1. is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

if the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

N/A

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-1 10 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D. 1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest
------	------------------	--------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

Page 8 of 13

comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

X 1 • The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

None

(If no explanation appears or begins on the "lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt

to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

Page 9 of 13

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (Sec 4! CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

Page 10 of 13

**SECTION VII - ACKNOWLEDGMENTS, CONTRACT INCORPORATION,
COMPLIANCE, PENALTIES, DISCLOSURE**

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a

contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

Page I 1 of 13

F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2 If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3 If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F. 1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1., F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

SAK Housing, Inc.

(Print or type name of Disclosing Party)

James C. Jenkins

(Print or type name of person signing)

Vice President / Treasurer

(Print or type title of person signing)

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CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes

No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT

SECTION 1 - GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

A. Sidney A Kohl 2012 Irrevocable Family Trust

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. **a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest: Hilliard Homes I Limited Partnership**

OR

3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 340 Royal Poinciana Way, Suite 305

Palm Beach, FL 33480

C. Telephone: 561-833-5795

Fax: 561-833-3684

Email: ijenkinscaeskopb.com

<<http://ijenkinscaeskopb.com>>

D. Name of contact person: James Jenkins

E. Federal Employer Identification No. (if you have one):

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

Subordinate financing from the City of Chicago for replacement of existing windows.

G. Which City agency or department is requesting this EDS? Department of Planning and Development

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification tt N/A

and Contract ii N/A

Pauc 1 of 13

SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

- Person
 - Publicly registered business corporation
 - Privately held business corporation
 - Sole proprietorship
 - General partnership
 - Limited partnership
 - Trust
 - Limited liability company Limited liability partnership Joint venture Not-for-profit corporation
- (Is the not-for-profit corporation also a 501(c)(3))?
 Yes No Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

Florida

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

- Yes No N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal litleholder(s).

If the entily is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title	
Robert Kohl ...	Trustee

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

Page 2 of 13

interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party	
<u>SK Grandchildren</u>	<u>340 Royal Poinciana Way, suite 305, Palm Beach, FL 33480</u>		<u>Sole Beneficiary</u>

SECTION III - BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

N/A

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Page 3 of 13

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
--	------------------	--	---

N/A

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V - CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes

No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article 1 ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

Page 4 of 13

2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;
- d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

3. The certifications in subparts 3, 4 and 5 concern:

- the Disclosing Party;

- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 13

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

N/A

Page 6 of 13

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

N/A

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

N/A

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

1. is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

N/A

Page 7 of 13

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or

employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest
------	------------------	--------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

Page 8 of 13

comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

X 1 ■ The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):
None ____.

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Mailer.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

Page 9 of 13

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501 (c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

Page 10 of 13

SECTION VII - ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions.

The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article 1 of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-J 54-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

Pace 11 of 13

F. 1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2 If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3 If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and

will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1, F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

Sidney A Kohl 2012 Irrevocable Family Trust (Print or type name of Disclosing Party)

(Sign here) j

Robert Kohl
(Print or type name of person signing)

Trustee
(Print or type title of person signing)

Signed and sworn to before me on (date) S^Jj2JI_..
al i^jVn County, f / ^ / . ^ ^ . < slilitr) -

^Mx.^2U,Z^it/.- -t-S^^v/-Notary Public.

Commission expires: 3'''^,

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes

No

If yes, please identify below (!) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

**CITY OF CHICAGO ECONOMIC
DISCLOSURE STATEMENT AND
AFFIDAVIT**

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

The Lawrence Kohl 2013 Family Trust

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. **a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest: Hilliard Homes I Limited Partnership**

OR

3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 340 Royal Poinciana Way, Suite 305

Palm Beach, FL 33480

C. Telephone: 561-833-5795 Fax: 561-833-3684

Email: ijenkins@eskopb.com

<<mailto:ijenkins@eskopb.com>>

D. Name of contact person: James Jenkins

E. Federal Employer Identification No. (if you have one):

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

Subordinate financing from the City of Chicago for replacement of existing windows.

G. Which City agency or department is requesting this EDS? Department of Planning and Development

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification // N/A

and Contract # N/A

SECTION II -- DISCLOSURE OF OVVNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

- | | |
|---|--|
| <input type="checkbox"/> Person | <input type="checkbox"/> Limited liability company |
| <input type="checkbox"/> Publicly registered business corporation | <input type="checkbox"/> Limited liability partnership |
| <input type="checkbox"/> Privately held business corporation | <input type="checkbox"/> Joint venture |
| <input type="checkbox"/> Sole proprietorship | <input type="checkbox"/> Not-for-profit corporation |
| <input type="checkbox"/> General partnership | (Is the not-for-profit corporation also a 501(c)(3))? |
| <input type="checkbox"/> Limited partnership | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| Trust | <input type="checkbox"/> Other (please specify) |

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable: Florida

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

- Yes No N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

Pentacorp. Inc., Patricia Fadness. President Trustee

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a

corporation, partnership interest in a partnership or joint venture,

Page 2 of 13

interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party	
Lawrence Kohl	340 Royal Poinciana Way, suite 305, Palm Beach, FL 33480		Sole Beneficiary

SECTION III - BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):
N/A

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether "paid or estimated.") NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
N/A			

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V - CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I") (which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

Page 4 of 13

2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;
- d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

3. The certifications in subparts 3, 4 and 5 concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is

controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;

- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page 5 of 13

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

N/A

Page 6 of 13

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

N/A

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient. N/A

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

1. is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

N/A

Page 7 of 13

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-10 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or

employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest
------	------------------	--------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

Page 8 of 13

comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

X 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying

Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary):

None

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

Page 9 of 13

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501 (c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes

No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

Page 10 of 13

SECTION VII -- ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating

the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

Page 1 1 of 13

F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2. If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3. If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F. 1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F.1, F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and

Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

The Lawrence Kohl Family Trust

Patricia Fadness

(Print or type name of person signing)

President

(Print or type title of person signing)

Commission expires: "3.-2*/ f

Page 12 of 13

**CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT
AND AFFIDAVIT
APPENDIX A**

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all

principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

Page 13 of 13

CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT

SECTION I - GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

Palm Drive Associates, LLC

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant
OR
2. a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest: Hilliard Homes I Limited Partnership
OR
3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 21600 Oxnard Street, suite 1200

Woodland Hills, CA 91367

C. Telephone: 818-668-6800 Fax: 818-668-2828 Email: Shawn.Horwitz@alliantaapital.com

<mailto:Shawn.Horwitz@alliantaapital.com>

D. Name of contact person: Shawn Horwitz

E. Federal Employer Identification No. (if you have one): .

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

Subordinate financing from the City of Chicago for replacement of existing windows.

G. Which City agency or department is requesting this EDS? Department of Planning and Development

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # N/A and Contract # N/A

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

- Person
- Publicly registered business corporation
- Privately held business corporation
- Sole proprietorship
- General partnership
- Limited partnership
- Trust

Limited liability company Limited liability partnership Joint venture
Not-for-profit corporation
the not-for-profit corporation also a 501(c)(3)?

Yes No Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

Delaware

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

Yes No N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

Shawn Horwitz

Managing Member

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture.

Page 2 of 13

interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the
------	------------------	----------------------------

Disclosing Party

Shawn Horwitz	<u>21600 Oxnard St., Suite 1200, Woodland Hills, CA 91367</u>	<u>50% (Managing Member)</u>
Joanne Horwitz	21600 Oxnard St., Suite 1200, Woodland Hills, CA 91367	50% (Member)

SECTION III -- BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):
N/A

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

retained or anticipated to be retained)	Address	(subcontractor, attorney, lobbyist, etc.)	paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
N/A			

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V - CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

2! - .TheTiisclosing Party,and, if. the.Disclosing Party is arlegaEentity, .all of tho.seiipejES.pjns^or^ntiJle.s.jsr. identified in Section II.B.1. of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;
- d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

3. The certifications in subparts 3, 4 and 5 concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership: identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official oi the Disclosing Party, any Contractor or any ,A 1 filiated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

 N /A

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

N/A

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

N/A

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

1. is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

-MIA

Page 7 of 13

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-1 10 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest
------	------------------	--------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

Page 8 of 13

comply with these disclosure requirements may make any contract entered into with the City in connection with the Matter voidable by the City.

X 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI - CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with

respect to the Matter: (Add sheets if necessary):

None

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

Page 9 of 13

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes

No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

Page 10 of 13

SECTION VII - ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Malter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other

transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

Page 1 I of 13

F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2 If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3 If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F. 1., F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and

Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

Palm Drive Associates, LLC

Shawn Horwitz
(Print or type name of person signing)

Managing Member
(Print or type title of person signing)

Signed and sworn to before me on (date) 1^1 L(I ^Qi*-' ?
at LBS fiVVyCS County, CJ*T (state).

r\frV\iC\<r> Notary Public.

Commission expires: C#f>f(^0t7 j/^^' ANUSHSINANIAN "[
Commission # 2042671 I

Page 12 of 13 «^Z&j^ Notary Public - California I
4 My Comm. Expires Sep 24, 2017 I
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CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general

partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT

SECTION I - GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

344 Columbia Associates, Ltd.

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant
OR

2. a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest: Hilliard Homes I Limited Partnership
OR

3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 21600 Oxnard Street, Suite 1200
Woodland Hills. CA 91367

C. Telephone: 818-668-6800 Fax: 818-668-2828 Email: scott.kotick@alliantoapital.com
<<mailto:scott.kotick@alliantoapital.com>>

D. Name of contact person: Scott Kotick

E. Federal Employer Identification No. (if you have one)::

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

Subordinate financing from the City of Chicago for replacement of existing windows.

G. Which City agency or department is requesting this EDS? Department of Planning and Development

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification # N/A and Contract ii N/A

Page I of 13

SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

- Person
- Publicly registered business corporation
- Privately held business corporation
- Sole proprietorship
- General partnership
- Limited partnership
- Trust
- Limited liability company
- Limited liability partnership
- Joint venture
- Not-for-profit corporation

(Is the not-for-profit corporation also a 501(c)(3))?

Yes No Other (please specify)

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

Ohio

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

Yes No N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

Scott Kotick

Managing Member

2. Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

Page 2 of 13

interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-154-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Party
Scott Kotick	21600 Oxnard St., Suite 1200, Woodland Hills, CA 91367	25% (Managing Member)
Myra Kotick	21600 Oxnard St., Suite 1200, Woodland Hills, CA 91367	25% (Member)
Kotick Family, LP	21600 Oxnard St., Suite 1200, Woodland Hills, CA 91367	50% (Member)

SECTION III -- BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):
N/A

SECTION IV -- DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Name (indicate whether retained or anticipated to be retained)	Business' Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate-Whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
--	-------------------	--	---

N/A

(Add sheets if necessary)

Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article 1 ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: if Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

2. " The Disclosing Party and; if the Disclosing Party is a legal entity, all of those persons or entities - identified in Section II.B. 1. of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of records; making false statements; or receiving stolen property;
- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;
- d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

3. The certifications in subparts 3, 4 and 5 concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively

"Agents").

Page 5 of 13

Neither the Disclosing Party nor any Contractor or any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;
- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-1 56 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

_N1/A

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none").

N/A

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient.

N/A

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

1. is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

__N/A

Page 7 of 13

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-1 10 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter?

Yes No

NOTE: If you checked "Yes" to Item D.1., proceed to Items D.2. and D.3. If you checked "No" to Item D.1., proceed to Part E.

2. Unless sold pursuant to a process of competitive bidding, or otherwise permitted, no City elected official or employee shall have a financial interest in his or her own name or in the name of any other person or entity in the purchase of any property that (i) belongs to the City, or (ii) is sold for taxes or assessments, or (iii) is sold by virtue of legal process at the suit of the City (collectively, "City Property Sale"). Compensation for property taken pursuant to the City's eminent domain power does not constitute a financial interest within the meaning of this Part D.

Does the Matter involve a City Property Sale?

Yes No

3. If you checked "Yes" to Item D.1., provide the names and business addresses of the City officials or employees having such interest and identify the nature of such interest:

Name	Business Address	Nature of Interest
------	------------------	--------------------

4. The Disclosing Party further certifies that no prohibited financial interest in the Matter will be acquired by any City official or employee.

E. CERTIFICATION REGARDING SLAVERY ERA BUSINESS

Please check either 1. or 2. below. If the Disclosing Party checks 2., the Disclosing Party must disclose below or in an attachment to this EDS all information required by paragraph 2. Failure to

Page 8 of 13

comply with these disclosure requirements may make any contract entered into with "the City in connection with the Matter voidable by the City.

X 1. The Disclosing Party verifies that the Disclosing Party has searched any and all records of the Disclosing Party and any and all predecessor entities regarding records of investments or profits from slavery or slaveholder insurance policies during the slavery era (including insurance policies issued to slaveholders that provided coverage for damage to or injury or death of their slaves), and the Disclosing Party has found no such records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI -- CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if

necessary):

_Non_e

(If no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

Page 9 of 13

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes

No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Fqual Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

SECTION VII - ACKNOWLEDGMENTS, CONTRACT INCORPORATION, COMPLIANCE, PENALTIES, DISCLOSURE

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Malter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entilies seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award

to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

Page I I of 13

F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2. If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3. If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1 and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F. 1., F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements

contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City.

(Sign here)

.ScQttJSoiick.

(Print or type name of person signing)

Managing Member

(Print or type title of person signing)

Signed and sworn to before me on (date) at
Uo<,rXrxO^ies County, CJ?X

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND
AFFIDAVIT
APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a

"familial relationship" with an elected city official or department head?

Yes

No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

Page 13 of 13

**CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT**

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable:

Verizon Credit Inc.

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. **the Applicant**

OR

2. a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest: Hilliard Homes i Limited Partnership

OR

3. **a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control:**

B. Business address of the Disclosing Party: 221 East 37 Street, 7 Floor
New York NY 10016

C. Telephone: 646-495-2378 Fax: 212-983-0895

Email: Peter .D.Rutherford @
Verizon.Com

D. Name of contact person: Peter D. Rutherford

E. Federal Employer Identification No. (if you have one): . . . - - - - •

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

Subordinate financing from the City of Chicago for replacement of existing windows.

G. Which City agency or department is requesting this EDS? Department of Planning and Development

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification it and Contract // -

Page 1 of 13

SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

Limited liability company Limited liability partnership Joint venture Not-for-profit corporation

(Is the not-for-profit corporation also a 501(c)(3))?

- Person [
- Publicly registered business corporation [
- Privately held business corporation [
- Sole proprietorship f
- Yes No Other (please specify)
- General partnership (]
- Limited partnership
- Trust [

1. Indicate the nature of the Disclosing Party:

2. For legal entities, the state (or foreign country) of incorporation or organization, if applicable:

Delaware

3. For legal entities not organized in the State of Illinois: Has the organization registered to do business in the State of Illinois as a foreign entity?

y Yes

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

1. List below the full names and titles of all executive officers and all directors of the entity. NOTE: For not-for-profit corporations, also list below all members, if any, which are legal entities. If there are no such members, write "no members." For trusts, estates or other similar entities, list below the legal titleholder(s).

If the entity is a general partnership, limited partnership, limited liability company, limited liability partnership or joint venture, list below the name and title of each general partner, managing member, manager or any other person or entity that controls the day-to-day management of the Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title See Attached

2 Please provide the following information concerning each person or entity having a direct or indirect beneficial interest (including ownership) in excess of 7.5% of the Disclosing Party. Examples of such an interest include shares in a corporation, partnership interest in a partnership or joint venture,

interest of a member or manager in a limited liability company, or interest of a beneficiary of a trust, estate or other similar entity. If none, state "None." NOTE: Pursuant to Section 2-1 54-030 of the Municipal Code of Chicago ("Municipal Code"), the City may require any such additional information from any applicant which is reasonably intended to achieve full disclosure.

Name	Business Address	Percentage Interest in the Disclosing Parly
GTE Corporation	140 West Street	1 00% _
	New York, NY 1 0007	_

SECTION III - BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

Has the Disclosing Party had a "business relationship," as defined in Chapter 2-156 of the Municipal Code, with any City elected official in the 12 months before the date this EDS is signed?

Yes

No

If yes, please identify below the name(s) of such City elected official(s) and describe such relationship(s):

SECTION IV - DISCLOSURE OF SUBCONTRACTORS AND OTHER RETAINED PARTIES

The Disclosing Party must disclose the name and business address of each subcontractor, attorney, lobbyist, accountant, consultant and any other person or entity whom the Disclosing Party has retained or expects to retain in connection with the Matter, as well as the nature of the relationship, and the total amount of the fees paid or estimated to be paid. The Disclosing Party is not required to disclose employees who are paid solely through the Disclosing Party's regular payroll.

"Lobbyist" means any person or entity who undertakes to influence any legislative or administrative action on behalf of any person or entity other than: (1) a not-for-profit entity, on an unpaid basis, or (2) himself. "Lobbyist" also means any person or entity any part of whose duties as an employee of another includes undertaking to influence any legislative or administrative action.

If the Disclosing Party is uncertain whether a disclosure is required under this Section, the Disclosing Party must either ask the City whether disclosure is required or make the disclosure.

Page 3 of 13

Name (indicate whether retained or anticipated to be retained)	Business Address	Relationship to Disclosing Party (subcontractor, attorney, lobbyist, etc.)	Fees (indicate whether paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response.
--	------------------	--	---

(Add sheets if necessary)

[X] Check here if the Disclosing Party has not retained, nor expects to retain, any such persons or entities.

SECTION V -- CERTIFICATIONS

A. COURT-ORDERED CHILD SUPPORT COMPLIANCE

Under Municipal Code Section 2-92-415, substantial owners of business entities that contract with the City must remain in compliance with their child support obligations throughout the contract's term.

Has any person who directly or indirectly owns 10% or more of the Disclosing Party been declared in arrearage on any child support obligations by any Illinois court of competent jurisdiction?

Yes No No person directly or indirectly owns 10% or more of the
Disclosing Party.

If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person in compliance with that agreement?

Yes No

B. FURTHER CERTIFICATIONS

1. Pursuant to Municipal Code Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined terms (e.g., "doing business") and legal requirements), if the Disclosing Party submitting this EDS is the Applicant and is doing business with the City, then the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling person is currently indicted or charged with, or has admitted guilt of, or has ever been convicted of, or placed under supervision for, any criminal offense involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, perjury, dishonesty or deceit against an officer or employee of the City or any sister agency; and (ii) the Applicant understands and acknowledges that compliance with Article I is a continuing requirement for doing business with the City. NOTE: If Article I applies to the Applicant, the permanent compliance timeframe in Article I supersedes some five-year compliance timeframes in certifications 2 and 3 below.

2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.1. of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, state or local unit of government;
- b. have not, within a five-year period preceding the date of this EDS, been convicted of a criminal offense, adjudged guilty, or had a civil judgment rendered against them in connection with: obtaining, attempting to obtain, or performing a public (federal, state or local) transaction or contract under a public transaction; a violation of federal or state antitrust statutes; fraud; embezzlement; theft; forgery; bribery; falsification or destruction of

records; making false statements; or receiving stolen property;

- c. are not presently indicted for, or criminally or civilly charged by, a governmental entity (federal, state or local) with committing any of the offenses set forth in clause B.2.b. of this Section V;
- d. have not, within a five-year period preceding the date of this EDS, had one or more public transactions (federal, state or local) terminated for cause or default; and
- e. have not, within a five-year period preceding the date of this EDS, been convicted, adjudged guilty, or found liable in a civil proceeding, or in any criminal or civil action, including actions concerning environmental violations, instituted by the City or by the federal government, any state, or any other unit of local government.

3. The certifications in subparts 3, 4 and 5 concern:

- the Disclosing Party;
- any "Contractor" (meaning any contractor or subcontractor used by the Disclosing Party in connection with the Matter, including but not limited to all persons or legal entities disclosed under Section IV, "Disclosure of Subcontractors and Other Retained Parties");
- any "Affiliated Entity" (meaning a person or entity that, directly or indirectly: controls the Disclosing Party, is controlled by the Disclosing Party, or is, with the Disclosing Party, under common control of another person or entity. Indicia of control include, without limitation: interlocking management or ownership; identity of interests among family members, shared facilities and equipment; common use of employees; or organization of a business entity following the ineligibility of a business entity to do business with federal or state or local government, including the City, using substantially the same management, ownership, or principals as the ineligible entity); with respect to Contractors, the term Affiliated Entity means a person or entity that directly or indirectly controls the Contractor, is controlled by it, or, with the Contractor, is under common control of another person or entity;
- any responsible official of the Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee of the Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official of the Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

Page S of 13

Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of either the Disclosing Party or any Contractor nor any Agents have, during the five years before the date this EDS is signed, or, with respect to a Contractor, an Affiliated Entity, or an Affiliated Entity of a Contractor during the five years before the date of such Contractor's or Affiliated Entity's contract or engagement in connection with the Matter:

- a. bribed or attempted to bribe, or been convicted or adjudged guilty of bribery or attempting to bribe, a public officer or employee of the City, the State of Illinois, or any agency of the federal government or of any state or local government in the United States of America, in that officer's or employee's official capacity;

- b. agreed or colluded with other bidders or prospective bidders, or been a party to any such agreement, or been convicted or adjudged guilty of agreement or collusion among bidders or prospective bidders, in restraint of freedom of competition by agreement to bid a fixed price or otherwise; or
- c. made an admission of such conduct described in a. or b. above that is a matter of record, but have not been prosecuted for such conduct; or
- d. violated the provisions of Municipal Code Section 2-92-610 (Living Wage Ordinance).

4. Neither the Disclosing Party, Affiliated Entity or Contractor, or any of their employees, officials, agents or partners, is barred from contracting with any unit of state or local government as a result of engaging in or being convicted of (1) bid-rigging in violation of 720 ILCS 5/33E-3; (2) bid-rotating in violation of 720 ILCS 5/33E-4; or (3) any similar offense of any state or of the United States of America that contains the same elements as the offense of bid-rigging or bid-rotating.

5. Neither the Disclosing Party nor any Affiliated Entity is listed on any of the following lists maintained by the Office of Foreign Assets Control of the U.S. Department of the Treasury or the Bureau of Industry and Security of the U.S. Department of Commerce or their successors: the Specially Designated Nationals List, the Denied Persons List, the Unverified List, the Entity List and the Debarred List.

6. The Disclosing Party understands and shall comply with the applicable requirements of Chapters 2-55 (Legislative Inspector General), 2-56 (Inspector General) and 2-156 (Governmental Ethics) of the Municipal Code.

7. If the Disclosing Party is unable to certify to any of the above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

TV. . . J 1>
IdUC U Ul 1J

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

8. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all current employees of the Disclosing Party who were, at any time during the 12-month period preceding the execution date of this EDS, an employee, or elected or appointed official, of the City of Chicago (if none, indicate with "N/A" or "none"). None

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list of all gifts that the Disclosing Party has given or caused to be given, at any time during the 12-month period preceding the execution date of this EDS, to an employee, or elected or appointed official, of the City of Chicago. For purposes of this statement, a "gift" does not include: (i) anything made generally available to City employees or to the general public, or (ii) food or drink provided in the course of official City business and having a retail value of less than \$20 per recipient (if none, indicate with "N/A" or "none"). As to any gift listed below, please also list the name of the City recipient. None

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

1. The Disclosing Party certifies that the Disclosing Party (check one)

1. is is not

a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.

2. If the Disclosing Party IS a financial institution, then the Disclosing Party pledges:

"We are not and will not become a predatory lender as defined in Chapter 2-32 of the Municipal Code. We further pledge that none of our affiliates is, and none of them will become, a predatory lender as defined in Chapter 2-32 of the Municipal Code. We understand that becoming a predatory lender or becoming an affiliate of a predatory lender may result in the loss of the privilege of doing business with the City."

If the Disclosing Party is unable to make this pledge because it or any of its affiliates (as defined in Section 2-32-455(b) of the Municipal Code) is a predatory lender within the meaning of Chapter 2-32 of the Municipal Code, explain here (attach additional pages if necessary):

If the letters "NA," the word "None," or no response appears on the lines above, it will be conclusively presumed that the Disclosing Party certified to the above statements.

D. CERTIFICATION REGARDING INTEREST IN CITY BUSINESS

Any words or terms that are defined in Chapter 2-156 of the Municipal Code have the same meanings when used in this Part D.

for damage to or injury or death of their slaves), and the Disclosing Party has found no such records, verification is based on a cursory i of some records.

2. The Disclosing Party verifies that, as a result of conducting the search in step 1 above, the Disclosing Party has found records of investments or profits from slavery or slaveholder insurance policies. The Disclosing Party verifies that the following constitutes full disclosure of all such records, including the names of any and all slaves or slaveholders described in those records:

SECTION VI -- CERTIFICATIONS FOR FEDERALLY FUNDED MATTERS

NOTE: If the Matter is federally funded, complete this Section VI. If the Matter is not federally funded, proceed to Section VII. For purposes of this Section VI, tax credits allocated by the City and proceeds of debt obligations of the City are not federal funding.

A. CERTIFICATION REGARDING LOBBYING

1. List below the names of all persons or entities registered under the federal Lobbying Disclosure Act of 1995 who have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter: (Add sheets if necessary): None

(if no explanation appears or begins on the lines above, or if the letters "NA" or if the word "None" appear, it will be conclusively presumed that the Disclosing Party means that NO persons or entities registered under the Lobbying Disclosure Act of 1995 have made lobbying contacts on behalf of the Disclosing Party with respect to the Matter.)

2. The Disclosing Party has not spent and will not expend any federally appropriated funds to pay any person or entity listed in Paragraph A.1. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee of any agency, as defined by applicable federal law, a member of Congress, an officer or employee of Congress, or an employee of a member of Congress, in connection with the award of any federally funded contract, making any federally funded grant or loan, entering into any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded contract, grant, loan, or cooperative agreement.

3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.1. and A.2. above.

4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying Activities".

5. If the Disclosing Party is the Applicant, the Disclosing Party must obtain certifications equal in form and substance to paragraphs A.1. through A.4. above from all subcontractors before it awards any subcontract and the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Matter and must make such certifications promptly available to the City upon request.

B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY

If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractors to submit the following information with their bids or in writing at the outset of negotiations.

Is the Disclosing Party the Applicant?

Yes No

If "Yes," answer the three questions below:

1. Have you developed and do you have on file affirmative action programs pursuant to applicable federal regulations? (See 41 CFR Part 60-2.)

Yes No

2. Have you filed with the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance Programs, or the Equal Employment Opportunity Commission all reports due under the applicable filing requirements?

Yes No

3. Have you participated in any previous contracts or subcontracts subject to the equal opportunity clause?

Yes No

If you checked "No" to question 1. or 2. above, please provide an explanation:

The Disclosing Party understands and agrees that:

A. The certifications, disclosures, and acknowledgments contained in this EDS will become part of any contract or other agreement between the Applicant and the City in connection with the Matter, whether procurement, City assistance, or other City action, and are material inducements to the City's execution of any contract or taking other action with respect to the Matter. The Disclosing Party understands that it must comply with all statutes, ordinances, and regulations on which this EDS is based.

B. The City's Governmental Ethics and Campaign Financing Ordinances, Chapters 2-156 and 2-164 of the Municipal Code, impose certain duties and obligations on persons or entities seeking City contracts, work, business, or transactions. The full text of these ordinances and a training program is available on line at www.cityofchicago.org/Ethics <<http://www.cityofchicago.org/Ethics>>, and may also be obtained from the City's Board of Ethics, 740 N.

Sedgwick St., Suite 500, Chicago, IL 60610, (312) 744-9660. The Disclosing Party must comply fully with the applicable ordinances.

C. If the City determines that any information provided in this EDS is false, incomplete or inaccurate, any contract or other agreement in connection with which it is submitted may be rescinded or be void or voidable, and the City may pursue any remedies under the contract or agreement (if not rescinded or void), at law, or in equity, including terminating the Disclosing Party's participation in the Matter and/or declining to allow the Disclosing Party to participate in other transactions with the City. Remedies at law for a false statement of material fact may include incarceration and an award to the City of treble damages.

D. It is the City's policy to make this document available to the public on its Internet site and/or upon request. Some or all of the information provided on this EDS and any attachments to this EDS may be made available to the public on the Internet, in response to a Freedom of Information Act request, or otherwise. By completing and signing this EDS, the Disclosing Party waives and releases any possible rights or claims which it may have against the City in connection with the public release of information contained in this EDS and also authorizes the City to verify the accuracy of any information submitted in this EDS.

E. The information provided in this EDS must be kept current. In the event of changes, the Disclosing Party must supplement this EDS up to the time the City takes action on the Matter. If the Matter is a contract being handled by the City's Department of Procurement Services, the Disclosing Party must update this EDS as the contract requires. NOTE: With respect to Matters subject to Article I of Chapter 1-23 of the Municipal Code (imposing PERMANENT INELIGIBILITY for certain specified offenses'), the information provided herein regarding eligibility must be kept current for a longer period, as required by Chapter 1-23 and Section 2-154-020 of the Municipal Code.

The Disclosing Party represents and warrants that:

n.w.-i.i.n.r.i.A.
ILLINOIS DEPARTMENT OF REVENUE

F.1. The Disclosing Party is not delinquent in the payment of any tax administered by the Illinois Department of Revenue, nor are the Disclosing Party or its Affiliated Entities delinquent in paying any fine, fee, tax or other charge

owed to the City. This includes, but is not limited to, all water charges, sewer charges, license fees, parking tickets, property taxes or sales taxes.

F.2 If the Disclosing Party is the Applicant, the Disclosing Party and its Affiliated Entities will not use, nor permit their subcontractors to use, any facility listed by the U.S. E.P.A. on the federal Excluded Parties List System ("EPLS") maintained by the U. S. General Services Administration.

F.3 If the Disclosing Party is the Applicant, the Disclosing Party will obtain from any contractors/subcontractors hired or to be hired in connection with the Matter certifications equal in form and substance to those in F.1. and F.2. above and will not, without the prior written consent of the City, use any such contractor/subcontractor that does not provide such certifications or that the Disclosing Party has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Party cannot certify as to any of the items in F. 1., F.2. or F.3. above, an explanatory statement must be attached to this EDS.

CERTIFICATION

Under penalty of perjury, the person signing below: (1) warrants that he/she is authorized to execute this EDS and Appendix A (if applicable) on behalf of the Disclosing Party, and (2) warrants that all certifications and statements contained in this EDS and Appendix A (if applicable) are true, accurate and complete as of the date furnished to the City, to the best of my knowledge.

Verizon Credit Inc.

(Print or type name of party).

By.

Peter D: Rutherford

(Print or type name of person signing)

Senior Vice President-Transactions and Portfolio Management (Print or type title of person signing)

Signed and sworn to before me on (date) December 5, 2014, at New York County, New York (state).

Commission expires:
Page 12 of 13

MARVA LEVINE Notary Public, State of New York
No. 02LE-4818478 Qualified in New York County
Commission Expires February 28, 2015

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND

AFFIDAVIT
APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

This Appendix is to be completed only by (a) the Applicant, and (b) any legal entity which has a direct ownership interest in the Applicant exceeding 7.5 percent. It is not to be completed by any legal entity which has only an indirect ownership interest in the Applicant.

Under Municipal Code Section 2-154-015, the Disclosing Party must disclose whether such Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently has a "familial relationship" with any elected city official or department head. A "familial relationship" exists if, as of the date this EDS is signed, the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof is related to the mayor, any alderman, the city clerk, the city treasurer or any city department head as spouse or domestic partner or as any of the following, whether by blood or adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister or half-brother or half-sister.

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B.1.a., if the Disclosing Party is a corporation; all partners of the Disclosing Party, if the Disclosing Party is a general partnership; all general partners and limited partners of the Disclosing Party, if the Disclosing Party is a limited partnership; all managers, managing members and members of the Disclosing Party, if the Disclosing Party is a limited liability company; (2) all principal officers of the Disclosing Party; and (3) any person having more than a 7.5 percent ownership interest in the Disclosing Party. "Principal officers" means the president, chief operating officer, executive director, chief financial officer, treasurer or secretary of a legal entity or any person exercising similar authority.

Does the Disclosing Party or any "Applicable Party" or any Spouse or Domestic Partner thereof currently have a "familial relationship" with an elected city official or department head?

Yes

No

If yes, please identify below (1) the name and title of such person, (2) the name of the legal entity to which such person is connected; (3) the name and title of the elected city official or department head to whom such person has a familial relationship, and (4) the precise nature of such familial relationship.

Verizon Credit Inc. -

Name

Cordy, Scoll L.

Ellis, Matthew D.

Golabek, Michael J.

Jankun, Richard P.

Krakowski, Richard F.

Krausc, Tracy

Levine, Marva M.

Manniello, Mario

Mason, J. Daniel

Mattiola, Paul L.

Metzger, Kathleen

Meyer, Bonnie M.

Perrett, Londa C.

Prashker, Audrey E.

Repp, Paul H.

Rutherford, Peter D.

Title

Vice President - Taxes Chairman of the Board Environmental Health and Safety Officer

Vice President - Taxes

Senior Vice President - Chief Financial Officer and Risk Management, and Assistant Treasurer

Treasurer

Vice President - Assistant General Counsel and Secretary

Vice President - Taxes

Assistant Secretary

Vice President - Taxes

Vice President - Taxes

Vice President - Affiliate Vendor Finance

Assistant Secretary

Vice President and General Counsel

President and Chief Executive Officer

Senior Vice President - Transactions and Portfolio Management

Verizon Credit Inc. -

Name

Ellis, Matthew D.

Repp, Paul H.

Van Sadlers, William P.

**CITY OF CHICAGO ECONOMIC DISCLOSURE
STATEMENT AND AFFIDAVIT**

SECTION 1 -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submitting this EDS. Include d/b/a/ if applicable: Verizon

Communications, Inc.

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. the Applicant

OR

2. a legal entity holding a direct or indirect interest in the Applicant. State the legal name of the Applicant in which the Disclosing Party holds an interest: Hilliard Homes I Limited Partnership

OR

3. a legal entity with a right of control (see Section II.B.1.) State the legal name of the entity in which the Disclosing Party holds a right of control:

B. Business address of the Disclosing Party: 221 East 37 Street, 7th floor
New York, NY 10016

C. Telephone: 646-495-2378 Fax: 212-983-0895 Email: peter.d.rutherford@verizon.com

[<mailto:peter.d.rutherford@verizon.com>](mailto:peter.d.rutherford@verizon.com)

D. Name of contact person: Peter.D.Rutherford

E. Federal Employer Identification No. (if you have one); _ /

F. Brief description of contract, transaction or other undertaking (referred to below as the "Matter") to which this EDS pertains. (Include project number and location of property, if applicable):

Subordinate financing from the City of Chicago for replacement of existing windows.

G. Which City agency or department is requesting this EDS? Department of Planning and Development

If the Matter is a contract being handled by the City's Department of Procurement Services, please complete the following:

Specification #

and Contract #

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

OUAQEKLYREPOK J PURMJAN1 TO SECTION 13 OR 15(d) OF THE SECUR ITII-S EXCHANGE ACT OT 1934 Foi the quantity pncod Liidod Scpiemhor 30, 2014

01* TII- SECURIT IES EXCHANGE ACT OK 1934 Foi Hie irjiniion pncod liioni lo

TRANSITION RF.Pi iIRT PiRISOANTO TO SECTION 13. OR 15(d)

Cn minis.-] on file minibct I-K606

Verizon Communications Inc.

23-2:59884

(IRS EmplovL Identification No 1

(Llaci name of lejt*liani a-, sp'icilled in us charter)

Delaware

10036 (Zip Code)

(S.lslc it mhfi muiml)

1095 AMnut of the VmcrKJi Net* York, Ni a* Voli

(AddicMif pliiicpal executive- offices)

Registrant't telephone number, including area cede: (112)395-1000

Inisralc hv check mark whicdci the icgisiMiii j] ha* filed all re pons required to be filed by Scouon 13 or I 5(d) ofthe Secunucs ExLhancg Act of 19.14 during she pirining 12 mon;h« (or lor <luh shorter period ih.it <http://h.it> th* reentrant was required to file <uch rcpots). and (2)h)s been subject to such filing lequtrcments for the pail 'JO days CD Yes D No

Indicate by check mark whether the registrant has submitted electronically and polled on its corporate Web me. if any. every liliicractive Data File required to be submitted and posted pursuant la Rule 40\$ of Regulation S-T (\$232 403 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files) 13 /cs D No

IndiVie h) check m.itk wheihei ihe registrant i* a large accelerated Jlier. an accelerated filci, a uon-accelerated filer oi a smaller reporting company See the definition* ul * laigc anclraied filer* ' accelerated filer* and *smaller reporting i orupany* in Rule 12b-2 ofthe Exchange Act

Laifc accelerated filer E.J Accelerated filer D
Non-accelerated filer G (Do nol cbcik if a smaller reporting company) Smaller reporting company D

Indicate by check mark whether tie registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act) D Yes H No

* September 30, 2014, 4 149.723.706 ahaiei of the registrant's common stock were outstanding, after deducting 92.650.534 dure-. held m treasury.

PIKT 1 - FINANCIAL INFORM ATION Item 1. I m4iici.il <http://m4iici.il> Statements (linaiidfrd)

Condensed Con (nil d.i lid Slatfrmh of Income
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Condi.n*cd Consolidated Statements of Comprehensive Income
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PAKT II OTHF.k INFORMATION Item I Legal Pro*reding* Item 1A Knk facturs

Item 2 Unregistered Sales <M EijUin Sei untu-s and l'sr of Procvcds

Jtrm6. Fshibi*

Signature

Certification!

TaWr *CxmexH

Condensed Consolidated Statements of Comprehensive Income

Vernon Communications Inc and Subsidiaries*

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Condensed Consolidated Statements of Income
inns Inc and Subsidiaries

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J2 925

220 865] 31 909

3 4*2 75 747 : 4,0 4
5,800
4 535

3,933 16 453 6,664
27 050

X9,658 27,682 211,639 5,653

297 37,939 1,782 2.3 S 8 (3-MJ)

421 56,580

(dollars in millions) (unaudited)

Cash Flom from Operating Activities

Net Income
operating activities
Adjustments in income net unit to net cash pin Depreciation and amor it it <http://77.it> ion expense Kniphrvec lelivivmit hen“its Deterred inrome taxes Provision for uncollectible accounts Equity in earning) of unconsolidated hiiMiicises. net of (Changes in cuicnt nsscis' and liabilities rsci
of clicis he Other, net
Net cish pinvided by operaing activities

Cash thindrom Investing Activities

Capital eij erid:lures (including capitalized sofco-are)
Acquisition: of miestmenis and businesses net of cash acqui
Acquisitions of w ncles, In.cnses
P'rocceds from dispositions of uncles: lice nses
Proceeds from dispositions of businesses
Other, net
Not cash used in investing activities

Cash Flows from Financing Activities

Proceeds lion long-term honowings
Repayments of long-term hoirowings ami cnpn.il <http://cnpn.il> lease obligation Decrease in short-term obligations excluding current mummies Div idenr' paid
Proceeds from sale of common stock Purchase of common stock for treasury Special distribution to noncontrolling interest Acquisition of noncontrolling interest Other, net
Net cash provided by lused in) financing actn ilies

Increase (decrease) in cash and cash equivalent Cash and cash equivalents, beginning of period Cash and cash equivalents, end of period

See Notes to Condensed Consolidated Financial Statements

Nine Months Knded September 3U, 2014 2013

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it,785.1 (w/fi)
(3)

(410, 2,11 1

21 575 112.-594) (426) (S.8S3)

(12 F2-) (180) (341)

49 168 (2,362)

(324) <4,420) 76

(151) (3,150)

53,617 3,093

(58,886) (3 087)

(46,310) 53,528

\$ 7,218 — \$ 56,710

See Notes to Condensed Consolidated Financial Statement*

Septembe* 3D, 2014 Outstanding options to purchase shares that were, not included in the computation of diluted earnings per common share, because to do so would have been anti-dilutive for the period, were not significant for the nine months ended September 30, 2014 and the three and nine months ended September 30, 2013 respectively

Notes to Condensed Consolidated Financial Statements

Verizon Communications Inc. and
Subsidiaries (Unaudited)

Tric accompanying Decianr.e t'oirums-. ac<.n.i.i:ini: peliLi i

ii onlvred ensohdaird financial statement' have been prepared based upon Set unities and tha! pi min ieduced di-closure for intil/mn pi.i-oiU <http://pi.i-oiU> For a mote compl-te discussion of signilic ar.l ijjin i.'li.milumilium y>m slumM n-fri to il'e (mannal ii.itinwms <http://ii.itinwms> <on hidden in th': Vi-iiini: mi:. In iVni.:E. -i ri.e : 'mp.in yi Annual Report on I-ann U)-k lor thr- year ended liccembei il. 2013 The-e rin-tiv ii-fleet .iljusimTi.ii sli.v. art- necessary (or a lau presentation of :sults of operations and financial condition hi pounds sho'm in hijijii' normal n cuiiuiig accruals and uthii i:ems Tlie results for the ml mm period* aic not uiijijivi ul i.-.il> ipr I hi; full 'e.it <file://c.it> We hate n clas-fied certain prior yeai amounts to conform :o the i uneri Vi u l-11.ctiv; L;:ii in i 2L-14 .ie lias l aMi ies Uissitted the icsulcs of ceitain busine.scs such Is [evloptnLnt -iij'.e .1- =-:f jio: e.-r 'ir.iii rau iniii.iiivk s lionr our U'irelme vegniLiil to Corporate. t liiin.it <http://liiin.it>ims and other The uiiip.n i-i-i .anon v'j. ri.:cial io nar IOHUerwfil coim.ilil.il <http://oim.iiil.il>ciil NiDfrct.ii) lalfrments

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File #: O2015-758, Version: 1

Dispositions (Note 2) (L-7M)
(. apialih/cd interest on wireless licenses 162
Reclassifications, adjustments and other 934
Balance at September 30, 2014 \$ 75,303

Reclassifications, adjustments and other includes the exchanges of wireless licenses in 2014 as well as \$0.3 billion of Wireless licenses that are classified as held for sale and included in Prepaid expenses and other on our condensed consolidated balance sheet at September 30, 2014 (see Note 2 for additional details).

At September 30, 2014, approximately \$2.2 billion of Wireless licenses were underdevelopment for commercial service for which we are capitalizing interest costs.

Remainder of 2014
2015
2016
2017
2018

(dollar* in millions)

40 1,379 1,145 959 795

Table mt <7> alifai

4. Debt
Debt Maturing Long-term within One Year Debt
Total

Changes to debt during the nine months ended September 30, 2014 are as follows
(dollar* in millions)

Finance - flow long-term interest-bearing Notes

Repayments of long-term debt

Interest expense

Capital expenditures

Other

1,033 \$ 107,027 > 10^3 230

On March 10, 2014, we announced the offering of \$1.25 billion of 2014 Wireless Notes. The net proceeds were used to finance the Wireless Transaction and to pay down debt.

The offering of 2014 Wireless Notes was completed on March 10, 2014.

The offering of 2014 Wireless Notes was completed on March 10, 2014. The net proceeds were used to finance the Wireless Transaction and to pay down debt. The offering of 2014 Wireless Notes was completed on March 10, 2014.

Principal Amount

Interest

Amount

Pure loss

Interest

During the three and six months ended June 30, 2013, we recorded net pre-tax pension remeasurement credits of approximately \$0.2 billion in accordance with our accounting policy to recognize actuarial gains and losses in the period in which they occur. The pension remeasurement credits relate to settlements for employees who received lump-sum distributions. The credits were primarily driven by an approximately 75 basis point increase in our discount rate assumption used to determine the current year liabilities of one of our pension plans. The change in discount rate resulted in a gain of \$0.3 billion partially offset by a loss resulting from the difference between our expected return on assets assumption of 1.5% at December 31, 2012 and our annualized actual return on assets of 7.2% at June 30, 2013, as well as other losses (\$0.1 billion). Our weighted-average discount rate assumption increased from 4.2% at December 31, 2012 to 5.0% at June 30, 2013.

During the three months ended September 30, 2013 as a result of the settlements noted above, we performed a pension remeasurement in accordance with our accounting policy to recognize actuarial gains and losses in the period in which they occur. This remeasurement was not material to our condensed consolidated statement of income for the period.

During October 2014, the Society of Actuaries finalized new actuarial tables for applying mortality assumptions to measure qualified defined benefit plan and other post employment benefit obligations. We are currently evaluating the impact these new tables may have on our condensed consolidated financial statements, which may be material.

Severance Payment*

During the three and nine months ended September 30, 2014, we paid severance benefits of \$0.1 billion and \$0.4 billion, respectively. At September 30, 2014, we had a remaining severance liability of \$0.4 billion, a portion of which includes future contractual payments to employees separated as of September 30, 2014.

Fabric Central

Employer

Contributions

During the three and nine months ended September 30, 2014, we contributed \$0.2 billion and \$1.1 billion, respectively, to our other postretirement benefit plans. During the three and nine months ended September 30, 2014, we contributed \$0.7 billion and \$1.5 billion, respectively, to our qualified pension plans. The contributions to our nonqualified pension plans were \$0.1 billion during the three and nine months ended September 30, 2014. There have been no material changes with respect to the qualified and nonqualified pension contributions in 2014 as previously disclosed in Part II Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our Annual Report on Form 10-K for the year ended December 31, 2013.

9. Equivalency Act utilitarian (Impairment loss)

(Impairment loss) Comprehensive income

Issuance of common stock in treasury: Purchase of noncontrolling interests: Disposition of subsidiaries: Other: Net change in equity: 114

The changes in equity consist of the following:

Retained earnings and accumulated other comprehensive income: 114

Total

Retained earnings

14.0

123.0

(55.4)

11.454

due to the completion

Lossing of the Wut-loss impairment (loss) of Voda: 1.0

Impairment loss on goodwill: 111

Accumulated other comprehensive income: 114

Requirements of employee benefit plans: 114

Accumulated other comprehensive income

foreign currency Unrealized gain (loss) on cash marketable securities and pension and postretirement plans

117.0

113.0

80.0

215.0

(117.0)

853.0

Accumulated Other Comprehensive Income (The changes in the balance of)

(dollar millions)

Balance at January 1, 2014

(117.0)

Other comprehensive income (loss)

1,158.0

(201.0)

102.0

11
 Amounts reclassified to net income Net other comprehensive loss Italad at September 30, 2014
 10 Segn

The amounts presented above in net other comprehensive loss are net of (axes and noncontrolling interests, which are not significant) For the nine months ended September 30, 2014 the amounts reclassified to net income related to foreign currency ii.im.latiCTI -acjuitmenw aie included in l-quiVj in timinj llusse-) of unconsolidated
 bet time snc s on s*ui condensed consolidated statement of income and are a result of the completion of the Ommitel Transaction See Note 2 for additional details For the nine months ended September 30, 2014, the amounts reclassified to net income related to defined benefit pension and postretirement plans were included in Cost of
 services and sales and Selling general and administrative expense on our condensed consolidated statement of income for the nine months ended September 30, 2014, all other amounts reclassified to net income were included in Other income and U xpense) net on our condensed consolidated statement of income
 r.d organic by products and sen n consistent with the chief opera!
 ; strategic business unii.s [mem operating inioem

ii Information
 Kepnit*hle Segments
 *Vf have two u portable segments wlm li we upetate and n We impure and evaluate our reportable sefimens base etrcrrioh maker's assessmer.i of se-gmnc! performance
 ulis
 On July 1,2014, our Wireline segmer for these operations have been reclass

Corporate, eliminations and other includes unallocated corporate expenses intersegment eliminations recorded in consolidation the results of other businesses such as our investments in unconsolidated businesses, pension and other employee benefit related IOsts lease financing as well as the historical results of divested opciatums and
 other adjustments and gains and losses that i remit allocated in assessing segment performance due io their non-operational nature Although such transactions are excluded from the business segment re*ulis, they are included in reported consolidated earnings Gains and losses that are not individually .significant are included in all
 segment results as these items are included in the chief operating decision maker's assessment of segment performance Effective January 1, 2014, we have also reclassified the results of certain businesses, such as development .stage businesses that support our strategic initiatives, frm our Wireline segment to Corporate, eliminations
 and other The impact of this ^classification was not material to our condensed consolidated financial statements oi om segment results of operations

divested a non-strategic business (see Note 2) Accordingly, the historical Wneline icri to Corporate, eliminations and other in re fled comparable segment operating insults

Our segments and their principal activities consist of the following Segment Description

Wireless' communications products and services include wireless voice and data services and equipment sales, which are provided to consumer, business and government customers across the United States

Wireline's voice, data and video communications product and enhanced services include broadband video and data, corporate networking solutions, data center and cloud services, security and managed network services and local and lng distance voice services We provide these products and services to consumers
 in the United States, as well as to cam en. businesses and government customers both in the United States and in over 150 other countries around the world

21

Wireline

The following table provides operating financial information for

(dollars in millions)
 External Operating Revenue
 Wireless

Retail service Other service Service revenue

Equipped Other
 Total Wireless

Wireline
 Consumer retail Small business Mass Markets

Strategic service Coie Global Lr.teipn-e

Global Wholesale Other
 Total Wireline Total segments Corporate, elimination Total consolidated
 ins and other reported

Intersegment Revenues
 Wireless
 Wireline
 Total segments
 Corporate, eliminations and other Total consolidated - reported

Total Operating Revenue*
 Wireless
 Wireline

Total segments
 Reconciling items
 Total consolidated - reported

Operating Income
 Wireless
 Wireline
 Total segment
 Reconciling items
 Total consolidated - reported

Nine Months Ended September 30, 2014 2013

ii two reportable segments

1 hrct- .Months Ended September 30, 2014 2013

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9,576		9.657			28.869		28.912		
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	S	31,586	S	30,279	\$	93,817	S	89,485	
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(79)									
\$	6.890	S	7	128	I	21.735	S	19,905	

Table of Contents

(dollars in millions)

Asset?

Wireless Wireless In

Total segments

Wireless In

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146,429 84.573
218,578 Q2, 2h5)

upnsed of cash and cash equivalents winch vi
Table of Cantrnl

they develop and adjust any accrual or disclosure as needed We do not expect that the ultimate resolution of any pending regulatory or legal matter in future periods, including the flickville matter de sen bed below, will have a matcna] effect on our financial condition, bul H could have a matenal effect on our results of operations for a given reporting period

During 2003 undei a government-approved plan, remediation commenced at the site of a forme t Sylv.ma facility in Iheksville New York that processed nuclear fuel rods in the 1950s ami 19M-> Remediation beyond original expectations proved to be necessary and a reassessment o; the anln lpaied remediation costs i;un condicreil A reassessment of cnst: related to reutilization cilons ai siv. cr.il <http://cr.il> otbei loitnei facilities veas also undertake n In piember :>0) ill, Annv Corps of E-ngincers (ACFI a. repied the fri.ksv ille ?..e n.io ll:- f...rmnlv L.Til/ed Sue k:-lvd.i.] A.ii-:] Pi. g.in: Tr.(: :-y n'uli ni the A(. 1. j-:il.niiiiing s..me oi all it tice remediation elioit [..r lthe-t-ville site isish a com-sp..ii.iiii;> deccase in : :-'is to W tia.ii Ti the extent thai the Ac, f- a-sumes responsibility fo; icicu'oal wool. al the filiel.v de site: an ailiu-licnici to a reserve previously estublisht for the icmediaiori may be made Adjustments to the rocrv-e may also be rude based unior: KH.iil <http://KH.iil> i on.!

Three Months Ended Nine Months Ended

September 30,	September 30,
2014	2013 7014 2013

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ee Months Ended Nine Months Ended

September 30,	September 30,
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■L0 in our Wireline business lot pmanly as a tv.ill of lowei vo coii-pelittou F'i com]en-ale to: t around data, v ideo and adi aneed Hie three months end. d Scpiuib-Enterprise rev cr.ae-s

We .in- u) rstn-i- in i min s atn e le e hmuir-y [i L- wire lev nei works :: eh-speed liber and cloud sciv ices 10 position ourselves al the eer.tei of trmvih trends of the k;iu:e Puring Irune mi-mli. enile.i September 30 2014 these investmeiits included capital expnditur's of S 1 2 6 In 11.or. acquisition, of wireless licenses of SO 3 billion and acquisition* of mv est merits and businesses of It ; billion Duing. the nine months cildei September ~"l :.O: I we also . orupVte .1 spit: tmmi license triiris ic nuns and, as a result we received pioocce-ds of 52 -1 billion See> Cash flows U'sed in Inresing At nunc- and ' Acquisitions jml Oiv estiaures' foi aditioiall atomijmion <: the:

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Wireline

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Nine Miiitbs Ended

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-) 77r. Mt-. 1:0D 14 0

>.■/ so (.is, .1 2JV 7 2

(dollars in millions)
 \$ 99 \$ 3,346 (3,247) (97.07%) \$ 2,248 \$ 9,201 (1,6,953) (75.0%)

The decrease in Net income attributable to noncontrolling interests during the three and nine months ended September 30, 2014 compared to the similar periods in 2013 was primarily due to the completion of the Wireless Transaction on February 21, 2014. As a result, our results reflect our 55% ownership of Verizon Wireless through the closing of the Wireless Transaction and reflect our full ownership of Verizon Wireless from the closing of the Wireless Transaction through September 30, 2014. The noncontrolling interests that remained after the completion of the Wireless Transaction primarily relate to wireless partnership entities.

Table of Contents

Wireless

We have two reportable segments, Wireless and Wireline, which we operate and manage as strategic business units and organize by products and services. We measure and evaluate our reportable segments based on segment operating income. The use of segment operating income is consistent with the chief operating decision maker's assessment of segment performance.

Segment timing before interest, taxes, depreciation and amortization (Segment EBITDA) which is presented below, is a non-GAAP measure and does not purport to be an alternative measure of operating performance. Management believes that this measure is useful to investors and other users of our financial information in evaluating operating profitability on a more comparable basis, and is not intended to be used as a substitute for GAAP measures.

Verizon Wireless

Segment EBITDA is calculated by adding back depreciation and amortization expense to segment operating income.

Verizon Wireless

Verizon Wireless

Our Wireless segment is primarily composed of Verizon Wireless. Verizon Wireless was formed as a joint venture in April 2000 by the combination of the U.S. wireless operations and interests of Verizon Wireless and Vodafone. Verizon Wireless owned a controlling 55% interest in Verizon Wireless and Vodafone owned the remaining 45%. On February 21, 2014, the Wireless Transaction was completed and Verizon Wireless acquired 100% ownership of Verizon Wireless. Verizon Wireless provides wireless communications services across one of the most extensive wireless networks in the United States.

Verizon Wireless

Verizon Wireless

Verizon Wireless

(dollars in millions except ARPA) Verizon Wireless

Accruals and Connections

Retail (non-wholesale) postpaid accounts represent retail services under contract with Verizon Wireless that are directly served and managed by Verizon Wireless and use its branded services. Accounts include More Joyful plans and corporate accounts, as well as legacy single connection plans and family plans. A single account may receive monthly wireless services for a variety of connected devices. Retail connections represent our retail customer device connections. Churn is the rate at which service in connections is terminated.

Retail connections under an account may include smartphones, basic phones, tablets and other Internet devices as well as Home Phone. Connected and Home Phone. We expect to continue to experience retail connection growth based on network, service quality and the strength of our product offerings. Retail postpaid connection net additions increased during the three and nine months ended September 30, 2014 compared to the similar periods in 2013 primarily due to an increase in retail postpaid connection gross additions, partially offset by an increase in our retail postpaid connection churn rate. Higher retail postpaid connection net additions were driven by gross additions of tablets as well as smartphones. During the three and nine months ended September 30, 2014, our retail postpaid connection net additions included approximately 1.074 million and 2.558 million tablets, respectively, as compared to 2.1 million and 2.1 million tablets, respectively in the similar periods in 2013.

Retail Postpaid Connections per Account

Retail postpaid connections per account is calculated by dividing the total number of retail postpaid connections by the number of retail postpaid accounts as of the end of the period. Retail postpaid connections per account increased 3.7% as of September 30, 2014 compared to September 30, 2013, primarily due to the increased penetration of tablets.

Smartphones

Verizon Wireless revenue increased by \$0.4 billion or 4.1%, and \$1.1 billion or 6.0%, respectively during the three and nine months ended September 30, 2014 compared to the similar periods in 2013 primarily driven by higher retail postpaid service revenue, which increased largely as a result of an increase in retail postpaid net additions as well as the continued increase in penetration of 4G LTE smartphones and tablets through our My Verizon plans. The penetration of 4G LTE smartphones was driven by the activation of smartphones by new customers as well as existing customers migrating from basic phones and 3G smartphones to 4G LTE smartphones.

The increase in retail postpaid AKFA which excludes equipment installment billings related to Verizon Wireless during the three and nine months ended September 30, 2014 compared to the similar periods in 2013 was primarily driven by increases in smartphone penetration and retail postpaid connections per account. As of September 30, 2014, we experienced a 3.7% increase in retail postpaid connections per account compared to September 30, 2013, with smartphones representing 77% of our retail postpaid phone base as of September 30, 2014 compared to 67% as of September 30, 2013. The increased penetration in retail postpaid connections per account was primarily due to increases in Internet data devices, which represented 13% of our retail postpaid connection base as of September 30, 2014 compared to 10.2% as of September 30, 2013, primarily due to tablet activations. Additionally, during the nine months ended September 30, 2014 postpaid smartphone activations represented 91% of phones activated compared to 85% in the similar period in 2013.

Other service revenue increased during the three and nine months ended September 30, 2014 compared to the similar periods in 2013 due to growth in wholesale connections.

Operating Expenses

(dollars in millions)	Three Months Ended		2014	2013 (Decrease)	September 30, Increase/	September 30, Increase/
	2014	2013 (Decrease)				
Cost of services and sales	\$ 7,044	\$ 5,652	\$ 1,171	\$ 1,102	\$ 2.51	14.5%
Selling general and administrative expense	5,69K	5,101	(103)	(1K)		
Depreciation and amortization expense	2,139	2,060	79	3S		

Total Operating Expenses S 1-1 KSO S 13 513 S 1.367 10 I 1.42 93V S -O 130 S 2.S09 7 0

Cost of Sales

Cost of services and sales increased during the three and nine months ended September 30, 2014 compared to the similar periods in 2013 primarily due to an increase in cost of equipment sales of \$1 billion and \$2.7 billion, respectively as a result of an increase in the number of tissues sold. The net lease for the nine months ended September 30, 2014 was also due to an increase in cost of data services, partially offset by a decrease in cost of data services and direct access roaming.

Selling, General and Administrative Expense

Selling, general and administrative expense decreased during the three months ended September 30, 2014 compared to the similar period in 2013 primarily due to a decline of \$0.1 billion in sales commission expense largely driven by the adoption of Venzon Edge.

Selling, general and administrative expense increased during the nine months ended September 30, 2014 compared to the similar period in 2013 primarily due to higher advertising expense and gains recorded in the third quarter of 2013 related to wireless license exchange agreements, partially offset by lower salary expense and a decline of \$0.2 billion in sales commission expense.

Depreciation and Amortization Expense

Depreciation and amortization expense increased during the three months ended September 30, 2014 compared to the similar periods in 2013 primarily driven by an increase in net depreciable assets.

36

Equipment and Other Intangible Assets

Equipment and other intangible assets increased during the three months ended September 30, 2014 compared to the similar period in 2013 primarily due to an increase in equipment sales, driven by sales of equipment under both the traditional and Venzon Edge models.

35

Table 1 of 4

Segment Operating Income and EBITDA

(dollars in millions)

Segment Operating Income

Add Intangible Assets

Segment 1.1W1 (1)

Period	Nine Months Ended	
	September 30, 2014	September 30, 2013 (Decrease)
Operating Income	\$ 1,258	\$ 1,490
Intangible Assets	194	32
Total	\$ 1,452	\$ 1,522

Wireline

Our Wireline segment provides voice, data and video communications products and enhanced services including broadband video and data, corporate networking solutions, data center and cloud services, security and managed network services and local and long distance voice services. We provide these products and services to consumers in the United States, as well as to carriers, businesses and government customers both in the United States and in over 150 other countries around the world.

Acquisition of the Wireless Group in July 2014, consisting of the Wireless Group, including the Wireless Group's operations in the United States and in over 150 other countries around the world.

Segment operating margin is 33.1% for the nine months ended September 30, 2014, compared to 33.0% for the nine months ended September 30, 2013.

The change in the nine months ended September 30, 2014 compared to the nine months ended September 30, 2013 is primarily due to an increase in operating revenues and a decrease in operating expenses.

Component	2014	2013
Operating Revenues	33.1%	33.0%
Operating Expenses	7.0%	5.4%

Operating Revenues and Selected Operating Expenses, Statistics

Operating Revenues and Selected Operating Expenses, Statistics

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*Nine Months Ended September 30, 2014

Three Months Ended Nine Months Ended

September 30, 2014 2013 September 30, 2014 2013

Operating Revenues and Selected Operating Expenses, Statistics

Small business Mass Mart.eu

Global (Interpreted Wholesale)

Total Operating Revenues

Operating Expenses

Operating Income

Operating Expenses

Operating Income

Operating Expenses

Operating Income

Operating Expenses

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Since (Xlob,i] 2013, we grew our subscriber base by 05 million FIOS liitem.1 subscribers and 04 million FIOS Video sihar'ibers. ii-hlfz also consistency improving ncinlaion rates vtthin our FIOS service areas As of Septembei 30 2014 vsc achieved penetration rates of-10 d% and 35 5*F% foi l'IOS Inmei and KiUS Video, respectively, compared lo peniaiatu-n rate; of 3* 27% and 34 9% lor KIOS Inmei and KIOS Video, respectively, as of Septembei 30 2013

The increase in Mass Mark US revenues was parti.dly offset by the decline of local exchange revenues This decline was pmmanly due lo a 5 9V. detine in Consume) iclal voice connections resulting prinaaily from competition and technology substitution with wiicless. jml competing voice over IP, broadband and cable services Total voice connections include traditional switched ih,ccns lines a -en'vice as well as li"S digital voice couitcietious Theie was also a decline in Small business retail voice Connections primarily reflecting compni ation and a shir to both IP and high-speed circuits

Cost of Services and Sales

During the three months ended September 30, 2014, Cost of selx ice-, and sales decreased compaid to the simiaii period in 2013 pmmanly due to a decrease in employee costs and a decline in access costs, driven by declines in overall wholesale long distance volumes, which weil- partially offset by an increase in inrileril costs of VO 1 billion associated with conliiuiud liOS subsenber growth and piogrammitng license fee increases

During the nine months ended Septembei 30 2014, Cost of services and sales increased compared to the similar period in 201 3 pmmanly due io an increase in content costs of SO 3 billion associated with continued l'IOS subsenber growih and programming license lie i'icic ases. pfluWy oJIscl by a ilccljue in employ ei costs and Jteies tosls dm en by declines in on rail wholesale lung distance v olumes government customers

Global Enterprise reven' months ended Septembe and SO hill,on oi 11 5* circuit-based services sm
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nctuork products and solwiniij, advanced communications services, and huge business customers multinational Corporations iind slate and federal

4.4Ti, ar.d SO 3 billion or 3 2%, respectively, during the three and nine mliar periods in 201 3 primarily due to a decline of SO 1 hillion ot 11 e-r voice services and data networking revenues, which consist t-firaditional id legacy voice and data services These core .services declined compared to the similar periods in 2013 as our customer base continued to migrate to nc: deicase was the contijction of market rates due to competition and a decline n decrease during the nine tutmls ended Se-preuber 30 2014.cump.ird lo the increase in Strategic services ievenues of S-0 2 billion, oi 2 (. ".l. pr.rianly due te cloud and dalj center nllijciings

Global Wholesale

Global Wholesale ,o'vui, s communications sciv in local long distance and othei earners that use
Global Wholesale ievenues decreased SO 1 billion months ended September 30, 2014 compared 10 e. levenesand, C decline in domestic wholesale traditional voice revenue decline* are primarily due
es including data, veiet and local dial iu,:c; jiid broadb'id services pmmanly r facilities in provide services io their customers

i or 4 8*4 and SO 3 hillion or 5 6V., respectively, during the three and nine the similar periods in 2013 primarily due io a decline in traditional voice : connections js ,>f September 30, 2014 compared lo Septembei 30, 2013 The ease in minutes of use and the e fleet of technology substitution Also
contributing to the decline in voice revenues is the continuing contraction of market rates due to competition Partially offsetting the overall decrease in wholesale revenues were Ethemet migrations from core customers as well as continuing demand for highspeed digital data sen-ices from fbcr-io-the-cclf customers upgrading then core data circuits to Tuhmei facilities As a result of the customet migrations, at September 30, 2014, the nurr,bei of core data eneuts exprnenced a 13 7% decline compaid to September *0 2013

Nine Months Ended
September 30,
2014 2013

Increase/ (Decrease)
Increase/ (Decrease)

Operating Expenses

Three Months Ended September 30, 2014 2013

2.04H 1,978
2.094 2,074
8.22 H 8,016
6,517 6,254
(48) (2 2) P,6J (4 8)

(2X9) (4 4) (238) (3 8)
(dollar? in millions)

S 5J25 S 5,342 S (17) (0) % S 16,006 \$ 15,925 J XI 0.5%
S 9,351 S 9,510 Sin?) (1 7) t:2rU50 S 28,696 S (446) (1 6)

Cost of services and sales Selling general and administrative expense Depreciation and amortization expense Total Operating Expenses
istraive expense w . genemi and admi istis, primarily as a rt
s consistent with the simiaii iustr.itivc c.xprse decreased /uli of lower headcount This

Selling General tin J ?/ilimistran'e <file://?/ilimistran/> Expense

During the three months ended September 30 2014, Selling general ami admi penod in 2013 During the nine months ended September Hi. 2014, Kcili-i-j compared to the similar period in 2013 primarily due to declines in employee c decrease was partially offset by higher regulatory expenses
ionization expense decreased compared to the

Lb-piecinii'ii and Amoi'imion Expense

During the three and nine months ended September 30, 20H, Depreciation and a simrl.ii penods in 2013 pmmanly due to a dec rease in net depreciable assets
Nine- Months Coded
September 30, Increase/
2014 2013 (Decrease)

Segment Operating Income and EBITDA

(dollar

21H 0,254

Three e Muuths Ended September 30, 2014 2013

n millions)
(23K) (3%) S 1 (5 2 0
S tHM) (OK)

File #: O2015-758, Version: 1

Segment Operating Income	5	225	S
add Depreciation and amortization expense	1	97E	
Segment EBITDA	6	226	S
Segment operating income margin	2.3%	15**	21% 07**
Segment EBITDA margin	21.0%	23.0%	23.0% 22.4*

nm - not meaningful

The changes in the table above during the three and nine months ended September 30, 2014 compared to the similar periods in 2013 were primarily a result of the factors described in connection with operating revenues and operating expenses

Non-operational items excluded from our Wireline segment Operating income were as follows

(dollars in millions)	2014		2013		2014 2013	September 30,	September 30,
	2014	2013	2014	2013			
Impact of divested operations							

Tahrl w/ Cultb,

[Gain on Spectrum License Transactions

During the second quarter of 2014, we completed license exchange transactions with T-Mobile USA, Inc (T-Mobile USA) to exchange certain AWS and Personal Communication Services (PCS) licenses. The exchange included a number of swaps that we expect will remit in more efficient use of the AWS and PCS bands. As a result of these exchanges, we received \$0.9 billion of AWS and PCS licenses from T-Mobile USA. We received \$0.7 billion of AWS and PCS licenses from T-Mobile USA. We received \$0.7 billion of AWS and PCS licenses from T-Mobile USA. We received \$0.7 billion of AWS and PCS licenses from T-Mobile USA.

DI

The second quarter of 2014 we completed wireline services acquisition in two additions, including the acquisition of T-Mobile USA with respect to remaining 700 MHz A block spectrum. We sold certain AWS licenses to T-Mobile USA in exchange for cash consideration of \$1.1 billion. We also completed the exchange of 5/4 billion of AWS and PCS licenses with T-Mobile USA. We received \$0.9 billion of AWS and PCS licenses from T-Mobile USA. We received \$0.7 billion of AWS and PCS licenses from T-Mobile USA. We received \$0.7 billion of AWS and PCS licenses from T-Mobile USA.

During the quarter, we recorded a net expense of \$0.1 billion for the acquisition of T-Mobile USA. We also recorded a net expense of \$0.1 billion for the acquisition of T-Mobile USA. We also recorded a net expense of \$0.1 billion for the acquisition of T-Mobile USA. We also recorded a net expense of \$0.1 billion for the acquisition of T-Mobile USA.

The Consolidated Adjusted EBITDA non-GAAP measure presented in the Consolidated Results of Operations (See Consolidated Results of Operations) excludes the pension remeasurement described above

Wireless 17, 18, 19, 20 Costs

During the second quarter of 2014, we recorded a net expense of \$0.1 billion for the acquisition of T-Mobile USA. We also recorded a net expense of \$0.1 billion for the acquisition of T-Mobile USA. We also recorded a net expense of \$0.1 billion for the acquisition of T-Mobile USA. We also recorded a net expense of \$0.1 billion for the acquisition of T-Mobile USA.

Wireless 17, 18, 19, 20 Costs

Impact of Dnshtd Opera

On July 1, 2014, we completed the acquisition of T-Mobile USA.

During the second quarter of 2014, we recorded a net expense of \$0.1 billion for the acquisition of T-Mobile USA. We also recorded a net expense of \$0.1 billion for the acquisition of T-Mobile USA. We also recorded a net expense of \$0.1 billion for the acquisition of T-Mobile USA. We also recorded a net expense of \$0.1 billion for the acquisition of T-Mobile USA.

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During the second quarter of 2014, we recorded a net expense of \$0.1 billion for the acquisition of T-Mobile USA. We also recorded a net expense of \$0.1 billion for the acquisition of T-Mobile USA. We also recorded a net expense of \$0.1 billion for the acquisition of T-Mobile USA. We also recorded a net expense of \$0.1 billion for the acquisition of T-Mobile USA.

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During the second quarter of 2014, we recorded a net expense of \$0.1 billion for the acquisition of T-Mobile USA. We also recorded a net expense of \$0.1 billion for the acquisition of T-Mobile USA. We also recorded a net expense of \$0.1 billion for the acquisition of T-Mobile USA. We also recorded a net expense of \$0.1 billion for the acquisition of T-Mobile USA.

Pension Re measurement

During the second quarter of 2014, we recorded a net expense of \$0.1 billion for the acquisition of T-Mobile USA. We also recorded a net expense of \$0.1 billion for the acquisition of T-Mobile USA. We also recorded a net expense of \$0.1 billion for the acquisition of T-Mobile USA. We also recorded a net expense of \$0.1 billion for the acquisition of T-Mobile USA.

The Consolidated Adjusted EBITDA non-GAAP measure presented in the Consolidated Results of Operations (See Consolidated Results of Operations) excludes the pension remeasurement described above

TLR	2014	2013	2014	2013	2014 2013	September 30,	September 30,
\$ 23,457	\$ 28,979	\$ 2,230	(10,490)	(10,025)	(407)	\$ 84,910	\$ 83,017
(88,087)	18,258	(4,200)					\$ 8,327

During the second quarter of 2014, we recorded a net expense of \$0.1 billion for the acquisition of T-Mobile USA. We also recorded a net expense of \$0.1 billion for the acquisition of T-Mobile USA. We also recorded a net expense of \$0.1 billion for the acquisition of T-Mobile USA. We also recorded a net expense of \$0.1 billion for the acquisition of T-Mobile USA.

During the second quarter of 2014, we recorded a net expense of \$0.1 billion for the acquisition of T-Mobile USA. We also recorded a net expense of \$0.1 billion for the acquisition of T-Mobile USA. We also recorded a net expense of \$0.1 billion for the acquisition of T-Mobile USA. We also recorded a net expense of \$0.1 billion for the acquisition of T-Mobile USA.

During the second quarter of 2014, we recorded a net expense of \$0.1 billion for the acquisition of T-Mobile USA. We also recorded a net expense of \$0.1 billion for the acquisition of T-Mobile USA. We also recorded a net expense of \$0.1 billion for the acquisition of T-Mobile USA. We also recorded a net expense of \$0.1 billion for the acquisition of T-Mobile USA.

Cash Flows Provided By Operating Activities

Net cash provided by operating activities

Net cash provided by operating activities

Our primary source of funds continues to be cash generated from operations, primarily from our Wireless segment. Net cash provided by operating activities during the nine months ended September 30, 2014 decreased by \$5.2 billion compared to the similar period in 2013 primarily due to a \$3.2 billion increase in income tax payments due to the incremental income included in Verizon's income since the closing of the Wireless Transaction and the impact of bonus depreciation recorded in 2013. Also contributing to the decrease was a \$2.6 billion increase in interest payments primarily due to the incremental debt needed to fund the Wireless Transaction as well as a \$1.6 billion increase in pension contributions. The decline was partially offset by an increase in earnings at our Wireless segment.

On February 21, 2014, we completed the acquisition of Vodafone's Ireland 4G/LTE interest in Verizon Wireless which, among other benefits discussed herein, also provides us full access to the cash flows of Verizon Wireless. Having full access to all the cash flows from our wireless households gives us the ability to continue to invest in our networks and operations, meet evolving customer requirements for products and services and take advantage of new growth opportunities across our lines of business.

We do not expect to make any material employer contributions to our qualified pension plans in the fourth quarter of 2014.

Cash Flows Used in Investing Activities

Capital Expenditures

Capital expenditures continue to be our primary use of capital resources as they facilitate the introduction of new products and services, enhance responsiveness to competitive challenges and increase the operating efficiency and productivity of our networks.

49

Table 1 - Cash Flows

Capital expenditures, including capitalized software, were as follows

(dollars in millions)

Nine Months Ended September 30, 2014 2013

	2014	2013
Wireless	4,764	4,077
Other	620	620
Total	5,384	4,697

We utilize capital expenditures during the nine months ended September 30, 2014 and 2013 for the similar period in 2013 as of the end of the period.

Change in decrease of cash and cash equivalents

In February 2014, Verizon acquired a 50% stake in Vodafone Ireland

On March 10, 2014, we announced the commencement of the Tender Offer to purchase for cash any and all of the series of notes listed in the following table

Series	Maturity	Outstanding	Purchase Price	Interest	Principal	
					Amount	Purchase Amount
2015 2017	2017	\$1.7 billion	100%	1.25%	\$1.7 billion	\$1.7 billion

Verizon Wireless Capital LLC

Verizon Wireless Capital LLC

During the nine months ended September 30, 2014 and 2013, we issued \$1.7 billion of debt.

Net cash provided by operating activities

The tender offer for each series of notes was subject to a financing condition, which was satisfied on March 17, 2014 and the tender offer was completed on March 17, 2014.

Verizon Wireless Capital LLC

We seek to maintain a mix of fixed and variable rate debt to manage our interest rate risk. During the nine months ended September 30, 2014 and 2013, we issued \$1.7 billion of debt.

During March 2014, we issued \$1.7 billion of debt, net of discounts and issuance aggregate principal amount of \$1.7 billion.

Net cash provided by operating activities

allocation and timing of revenue recognition will be impacted. We expect to adopt this standard update during the first quarter of 2017.

There are two adoption methods available for implementation of the standard update related to the recognition of revenue from contracts with customers. Under one method, the guidance is applied retrospectively to contracts for each reporting period presented, subject to allowable practical expedients. Under the other method, the guidance is applied to contracts not completed as of the date of initial application, recognizing the cumulative effect of the change as an adjustment to the beginning balance of retained earnings, and also requires additional disclosures comparing the results to the previous guidance. We are currently evaluating these adoption methods and the impact that this standard update will have on our condensed consolidated financial statements.

In June 2014, the accounting standard update related to the accounting for share-based payments when the terms of an award provide that a performance target could be achieved after the requisite service period was issued. The standard update resolves the diverse accounting treatment for the share-based payments by requiring that a performance target that affects vesting and that could be achieved after the requisite service period be treated as a performance condition. The requisite service period ends when the employee can cease rendering service and still be eligible to vest in the award if the performance target is achieved. We will adopt this standard update during the first quarter of 2016. The adoption of this standard update is not expected to have a

significant impact on our condensed consolidated financial statements

Table 1 (continued)

In this report we have made forward-looking statements. These statements are based on our estimates and assumptions and are subject to risks and uncertainties. Forward-looking statements include the information concerning our possible or assumed future results of operations. Forward-looking statements also include those preceded or followed by the words "anticipate," "believe," "estimate," "hope" or similar expressions. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1997.

(In other filings with the Securities and Exchange Commission, we have expressed

in this report a

file following the provisions of the Securities Exchange Act of 1934, which could affect future results and could cause the price of our common stock to fluctuate.

the ability to realize the expected benefits of the merger

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significant increase in tax expense or adverse conditions in material adverse change

material change in operations

the ability to realize the expected benefits of the merger

Key Substantive

business of network of information technology-related natural disasters, which could have a material adverse effect on our business and any resulting financial impact not covered by insurance.

Table of Contents

Item 3 Quantitative and Qualitative Disclosures About Market Risk

Information relating to market risk is included in Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations under the caption "Market Risk."

Item 4 Controls and Procedures

Our chief executive officer and chief financial officer have evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934) as of the end of the period covered by this quarterly report. Based on this evaluation, our chief executive officer and chief financial officer have concluded that our disclosure controls and procedures were effective as of September 30, 2014.

In the ordinary course of business, we review our system of internal control over financial reporting and make changes to our systems and processes intended to ensure an effective internal control environment. We are continuing an initiative to implement new financial systems. We will continue to phase over the next several quarters. We are also continuing an initiative to standardize and centralize information processing activities within our accounting processes, which we expect to continue over the next several years. These initiatives will incorporate certain changes in personnel as well. In connection with these initiatives and the resulting changes in our financial system and transaction-processing activities, the Company continues to enhance the design and documentation of our internal control processes to ensure that control over our financial reporting remain effective.

Except as noted above, there were no changes in the Company's internal control over financial reporting during the third quarter of 2014 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

Table of Contents

There have been no material changes in our risk factors as previously disclosed in Part 1, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2013.

Item 2 Unregistered Sales of Equity Securities and Use of Proceeds

On March 7, 2014, the Verizon Board of Directors approved a share buyback program which authorizes the repurchase of up to 100 million shares of Verizon common stock terminating no later than the close of business on February 28, 2017. The program permits Verizon to repurchase shares of Verizon common stock, with the amount and timing of repurchases depending on market conditions and corporate needs.

Verizon did not repurchase any shares of Verizon common stock through its authorized share buyback program during the three months ended September 30, 2014. The maximum number of shares that could be purchased by or on behalf of Verizon under our share buyback program was 100 million.

10

Item 1 Legal Proceedings

On November 15, 2010, the United States Bank National Association (the "Bank"), as Trustee for the Ideart Inc. Litigation Trust (the "Trust"), filed a lawsuit in the United States District Court for the District of Texas against Verizon and certain subsidiaries challenging the November 2006 spin-off of Verizon's former landline business then known as Verizon New England Inc. Verizon, which is a group of creditor, who filed claims in the bankruptcy, alleged that Ideart was insolvent at the time of the spin-off and became insolvent shortly thereafter. The litigation was sought as a result of damages in excess of \$1 billion. In its June 18, 2013 decision, the District Court entered a judgment for Verizon and its subsidiaries and ruled that Verizon would "take nothing" on its claims. Verizon appealed the decision to the United States Court of Appeals for the Fifth Circuit, which upheld the District Court's decision on July 10, 2014. The litigation is on appeal until December 15, 2014, to seek further review of the decision by the United States Supreme Court.

On October 25, 2013, a litigation trust created during the bankruptcy proceedings of FairPoint Communications, Inc. filed a complaint in state court in Mecklenburg County, North Carolina, against Verizon and other related entities. The complaint claimed that FairPoint's acquisition of Verizon's landline operations in Maine, New Hampshire and Vermont in March 2008 was fraudulent and earned out in a way that left FairPoint insolvent or led to its insolvency shortly thereafter and ultimately to its October 2009 bankruptcy. The litigation trust sought approximately \$2 billion in damages. Verizon removed the case to the United States District Court for the Western District of North Carolina in November 2011. At the close of discovery in February 2013, Verizon filed a summary judgment motion to dismiss the two counts in the complaint—constructive fraudulent transfer and actual fraudulent transfer. On June 12, 2013, the District Court granted Verizon's summary judgment motion in part, dismissing the litigation trust's constructive fraudulent transfer claim. A bench trial limited to the actual fraudulent transfer claim concluded December 13, 2013. On June 11, 2014, Verizon and the litigation trust entered into a settlement agreement, the terms of which are not material to our business. The settlement agreement, approved by the Bankruptcy Court on September 11, 2014 and the matter was dismissed by the District Court on October 16, 2014.

In October 2013, the California Attorney General's Office notified Verizon California Inc. and other Verizon companies of potential violations of California state hazardous waste statutes primarily arising from the disposal of electronic components, batteries and aerosol cans at certain California facilities. We are cooperating with this investigation and continue to review our operations relating to the management of hazardous waste. While penalties relating to the alleged violations could exceed \$100,000, we do not expect that any penalties ultimately incurred will be material.

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Item 6-Exhibits

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Description

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Computation of Ratio of Linings to Fixed Charges Cr rrtification nt Chart Exentiv c Ulii cr prnsaurt to Certifi-atiooi of Chief financial t H'fio-i pi Certification of 'hief fac.utiv e' J'ticer pursu..ni io S Fenii...ris-n '1 (hi, l l uaristal l Btcer pursu.;i:1 to Se XHRL Inst.;uc.LK.eimem)

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Tatv of Caal lat' Signaburt

Pursuant to the requirements of the Securities Exchange Act of 193-1, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

VFRION COMMUNICATIONS INC

Hy /a/Anthony 1 Si- ladas

Anthony 1 *kadas Senior V.i.c flresident and Lontrolori (Principal -X)Yaliriling (f6.vrt

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Description

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Certification of Chief F.xecutive Uffice-r pursuant to ScMinn 102 ol ltu Saitianes-Oxk' Acl nf 2002 Certification of Chic T Financial (Jhuccr pursuant in Section M)2 ol ihe S nhanes-Oxley Ati ol 2002 Certification ofChief Fxeculue Officer puisuaal lo Section '1)E> ol ihe Sarhari-+4>xl<> Acl u20H2 Certification of Chid Financial Officer pursuant to Section "Of olthe Sarbanes-Oxley Act of 2002 MJH1. Instance Document

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(dollars in millions)

Income before pros uion for income taxes F.qnit V in l .linings of unconsolidated busines: Dn idends from uncnnsnldiaied businesses Interest expense 'i' Portion of rent expense jepicsentiing meresi Amortization of capitalized interest Faming", as adjusted

Fixed Charges-

Interest expense

l'oilon ofienl expense representing interest Capitalized interest Fixed charges

Ratio of earnings to Fixed charges

(l) We classify mneresi expense rec js nol included in the Ratio ot l:

Nine Months F.nded Sepiembei 111, 2014

Expense and ilierefore such n

I, Lowell C McEwen, certify that

1 I have reviewed this quarterly report on Form 10-Q of Verizon Communications Inc.

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of and for the periods presented in this report.

I, Francis J Shammo, certify that

1 I have reviewed this quarterly report on Form 10-Q of Verizon Communications Inc.

2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.

* Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of and for the periods presented in this report.

The undersigned officers and directors of the registrant hereby certify that they have read this report and know the contents of this report and that the information contained in this report is true and correct.

(b) Designed such disclosure to be consistent with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder, and to be consistent with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder, and to be consistent with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder.

The registrant is not a public company as defined in the Securities Exchange Act of 1934 and the rules and regulations thereunder.

(a) Designated such disclosure to be consistent with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder, and to be consistent with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder, and to be consistent with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder.

(ii) Designated such disclosure to be consistent with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder, and to be consistent with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder, and to be consistent with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder.

(c) Designated such disclosure to be consistent with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder, and to be consistent with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder, and to be consistent with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder.

(d) Designated such disclosure to be consistent with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder, and to be consistent with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder, and to be consistent with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder.

(e) Designated such disclosure to be consistent with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder, and to be consistent with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder, and to be consistent with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder.

(f) Designated such disclosure to be consistent with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder, and to be consistent with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder, and to be consistent with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder.

(g) Designated such disclosure to be consistent with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder, and to be consistent with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder, and to be consistent with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder.

(h) Designated such disclosure to be consistent with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder, and to be consistent with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder, and to be consistent with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder.

(i) Designated such disclosure to be consistent with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder, and to be consistent with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder, and to be consistent with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder.

(j) Designated such disclosure to be consistent with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder, and to be consistent with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder, and to be consistent with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder.

(k) Designated such disclosure to be consistent with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder, and to be consistent with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder, and to be consistent with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder.

Lowell C McEwen

Francis J Shammo

PURSUANT TO SECTION 1350 OF CHAPTER 3 OF TITLE 18 OF THE UNITED STATES CODE

I, Lowell O Mi Adam, Chairman and Chief Executive Officer of Verizon Communications Inc (the Company), certify that

- 1) the report of the Company on Form 10-Q for the quarterly period ending September 30, 2014 (the Report) fully complies with the requirements of section 11(a) of the Securities Exchange Act of 1934 (the Exchange Act), and
2) the information contained in the Report fairly presents in all material respects the financial condition and results of operations of the Company as of the dates and for the periods referred to in the Report

Date October 28 2011 -s-Lowell C McAdam
Lowell C T TcAdam
Chairman and Chief Executive Officer

A signed original of this written statement required by Section 901, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 901, has been provided to Verizon Communications Inc and will be retained by Verizon Communications Inc and furnished to the Securities and Exchange Commission on its staff upon request
CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 906 OF THE SECURITIES AND EXCHANGE ACT OF 2002. PURSUANT TO SECTION 1350 OF CHAPTER 3 OF TITLE 18 OF THE UNITED STATES CODE.

I, Francis J Shainmo, Executive Vice President and Chief Financial Officer of Verizon Communications Inc (the Company), certify that

- (1) the report of the Company on Form 10-Q for the quarterly period ending September 30, 2014 (the Report) fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934 (the Exchange Act), and
(2) the information contained in the Report fairly presents in all material respects the financial condition and results of operations of the Company as of the dates and for the periods referred to in the Report

Date October 28, 2014 /s/ Francis J Shainmo <http://Shainmo>
Francis J Shainmo Executive Vice President and Chief Financial Officer

A signed original of this written statement required by Section 901, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 901, has been provided to Verizon Communications Inc and will be retained by Verizon Communications Inc and furnished to the Securities and Exchange Commission on its staff upon request

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the fiscal year ended December 31

Verizon Comm

ACT OF 1934 For the transition period from to Commission file number 1-8606

jurisdiction (1) S Employer securities (j) 140 West Street New York, New York 10007 (Articles of Incorporation)
registered pursuant to Section 12(b) of the Act Name of each exchange Title of each class
NASDAQ Global Select Market London Stock Exchange Securities registered pursuant to Section 12(g) of the Act No
Act. Yes No Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section
by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period
past 90 days. Yes No Indicate by check mark whether the registrant has submitted electronically and posted on its
Regulation S-T (\$232,405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant

SECURITY AND EXCHANGE ACT OF 1934 (SECURITY AND EXCHANGE ACT OF 1934)
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General
212-396-11001

Verizon Communications Inc (Verizon, or the Company) is a holding company that, acting through its subsidiaries is one of the world's leading providers of communications services to consumers, businesses and governmental agencies with a presence in over 190 countries and territories. We have two reportable segments, Wireless and Services, which are described below.

Our principal executive offices are located at 1-10 West Street, New York, New York 10007 telephone

and data sales and equipment in the United States which are provided to the U

Wireline, which we operate and manage as strategic business segments and

concerning this report

to the consolidated financial statements

Wireline services, data and video communications products and enhanced services include broadband video and data, corporate networking solutions, data center and cloud services, security and managed network services and local and long distance voice services. We provide these products and services to consumers in the United States, as well as in camera, business and government customers both in the United States and in over 190 countries and territories.

of the 2014 Verizon Annual Report to Shareholders 10 through 12 and

on pages 17 through 22 a

Segment Results of Operations 5 through 7

Background

Our Wireless segment is primarily comprised of Celloco Partnership doing business as Verizon Wireless. Celloco Partnership is a joint venture formed in April 2010 (the combination of the US wireless operations and interests of Verizon and Vodafone Group Plc (Vodafone)). As of December 31, 2014, Verizon owned and controlled 51% interest in Verizon Wireless and Vodafone owned the remaining 49% interest. Verizon Wireless provides wireless communication services across one of the most extensive wireless networks in the United States and has the largest fourth-generation (4G) Long-Term Evolution (LTE) technology and third-generation (3G) Evolution-Data Optimized (EV-DO) networks of any U.S. wireless service provider.

On September 2, 2013, Verizon entered into a stock purchase agreement with Vodafone and Vodafone 4 Limited, pursuant to which Verizon agreed to acquire Vodafone's 45% interest in Celloco Partnership. On December 31, 2013, Verizon Wireless had 102.5 million retail connections and 2013 revenues of approximately \$10 billion, representing approximately 67% of Verizon's aggregate revenues.

We have substantially completed the deployment of our 4G LTE network. Our 4G LTE network is available to 97% of the US population in more than 500 markets covering approximately 305 million people, including those in areas served by our LTE in Rural America partners. Under this program, we are working with wireless carriers in rural areas to collaboratively build and operate a 4G LTE network using each carrier's network assets and our core 4G LTE equipment and 700 MHz C-block spectrum. Our 4G LTE network provides higher data throughput performance for data service at a lower cost compared to that provided via 3G networks.

Wireless Service and Product Offerings

Our wireless services are available to our customers receiving service under the Verizon Wireless brand. In addition, we offer wireless products and services that operate on our network from resellers that purchase network access from wholesale providers.

Our wireless services

We offer our wireless services on a postpaid and prepaid basis. Retail (non-wholesale) postpaid accounts represent retail customers under contract with Verizon Wireless that are directly served and managed by Verizon Wireless and use 1) branded services. Our postpaid account plans include More Everything plans, single connection plans, plans tailored to the needs of our corporate customers, as well as legacy single connection plans and family plans that we no longer offer. To receive monthly wireless service, our customers may receive monthly wireless service on a variety of connected devices. Postpaid connections represent individual lines of service. To which a customer is billed in advance a monthly access charge 111.11¢ per minute for monthly network service allowance (access service revenue) and usage beyond the allowance is billed in arrears. (usage service revenue) Approximately 94% of our retail connections received our wireless services on a postpaid basis as of December 31, 2014. Our prepaid service enables individuals to obtain wireless services without a long-term contract or credit verification by paying for all services 111.11¢ in advance.

Our wireless plans offer a number of services that allow customers, regardless of the device used, to select the plan that best matches their network usage patterns. On February 13, 2014, we introduced our More Everything plans which replaced our Share Everything plans and provide more value to our customers. These plans, which are available to both new and existing postpaid customers, feature domestic unlimited voice minutes, unlimited domestic and international text messaging, cloud storage and a single data allowance that can be shared among up to 10 devices connected to the Verizon Wireless network. Our customers who are either Global Ready, tethered to a Global Ready phone, or are used in conjunction with other Global Ready devices, such as certain USB modems or Jetpacks. In addition, our customers have access to more than one million applications and services developed and distributed by third parties, such as those offered via Google Play, accessible on our smart phones running the Google, Inc. (Google) Android operating system, those offered via the Apple, Inc. (Apple) iTunes store, accessible through smart phones and tablets running on the Apple iOS operating system, those offered by Microsoft Inc. (Microsoft), via Microsoft's Windows Phone OS operating system and those offered by Black Berry Limited (Black Berry), through its BlackBerry App World website.

In addition, we offer messaging services, which enable our customers to send and receive text, picture and video messages. Our customers can access multimedia offerings, mostly provided by third parties, consuming applications providing music, video, gaming, news and other content, while our business-focused offerings, which are designed to increase productivity, include solutions that enable customers to access the Internet and their corporate intranets, as well as products that enable wireless e-mail across our diverse portfolio of wireless devices. Our location-based services provide our customers with directions to their destination and enable our business customers to locate, monitor and manage their mobile field workers. Our global data services allow our customers to access data services on our Global Ready Phones from hundreds of international destinations and to access the Internet at such destinations with laptops that are either Global Ready, tethered to a Global Ready phone, or are used in conjunction with other Global Ready devices, such as certain USB modems or Jetpacks. In addition, our customers have access to more than one million applications and services developed and distributed by third parties, such as those offered via Google Play, accessible on our smart phones running the Google, Inc. (Google) Android operating system, those offered via the Apple, Inc. (Apple) iTunes store, accessible through smart phones and tablets running on the Apple iOS operating system, those offered by Microsoft Inc. (Microsoft), via Microsoft's Windows Phone OS operating system and those offered by Black Berry Limited (Black Berry), through its BlackBerry App World website.

Our customers can make and receive calls on their home phone handsets using our wireless network through our Home Phone

Table of Contents

Subsequent to the transaction with T-Mobile USA in the fourth quarter of 2013, on January 6, 2014, we announced two agreements with T-Mobile USA with respect to our remaining 700 MHz A block spectrum licenses. Under one agreement, we will sell certain of these licenses to T-Mobile USA in exchange for cash consideration of approximately \$2.4 billion, and under the second agreement we will exchange the remainder of these licenses for AWS and PCS spectrum licenses. These transactions are subject to the approval of the FCC as well as other customary closing conditions. These transactions are expected to close in the middle of 2014.

We anticipate we will need additional spectrum to meet future demand. This increasing demand is being driven by the increasing use of wireless broadband services which use more bandwidth and require ever-larger rates of speed in a competitive market. We can meet spectrum needs by acquiring licenses or leasing spectrum from other licensees, by acquiring new spectrum from the FCC, or by participating in the FCC's future spectrum auctions. Although there is a liability of new spectrum to commercial wireless services and the FCC's spectrum auction process is uncertain, the FCC and the current administration have been seeking the FCC to use spectrum in the future. In other cases, Verizon Wireless has created new multi-year spectrum swaps designed to increase the amount of contiguous spectrum within frequency bands in a specific market. Other carriers have also entered into similar spectrum swaps as well as other arrangements to obtain governmental approval for the use of spectrum licenses in each market.

Since we are implementing wireless service providers have expanded their service in certain markets, we have at times exchanged spectrum with other carriers in the secondary market swap transactions. We expect to continue to pursue similar opportunities to trade spectrum in order to increase capacity and expansion needs in the future. In other cases, Verizon Wireless has created new multi-year spectrum swaps designed to increase the amount of contiguous spectrum within frequency bands in a specific market. Other carriers have also entered into similar spectrum swaps as well as other arrangements to obtain governmental approval for the use of spectrum licenses in each market.

Network Equipment and Build-out

At the time of the transaction, we were using a mix of network equipment from various vendors. Our primary CDMA cell site network equipment is from Alcatel-Lucent, and our LTE network equipment is from Ericsson. We are currently in the process of upgrading our network to a mix of equipment from Alcatel-Lucent, Ericsson, and Nokia Siemens Networks (NSN). We are also upgrading our core network to a mix of equipment from Alcatel-Lucent, Ericsson, and NSN.

As we continue to build out our network, we will continue to upgrade our existing network, we will complete a mix of equipment from Alcatel-Lucent, Ericsson, and NSN. We are also upgrading our core network to a mix of equipment from Alcatel-Lucent, Ericsson, and NSN. We are also upgrading our core network to a mix of equipment from Alcatel-Lucent, Ericsson, and NSN.

Marketing and Distribution

Our marketing strategy is to focus on offering solutions that meet the needs of our customers. We are currently offering a mix of services, including voice, data, and video. We are also offering a mix of services, including voice, data, and video. We are also offering a mix of services, including voice, data, and video.

Induce and attract a distribution channel member to our network. We are currently offering a mix of services, including voice, data, and video. We are also offering a mix of services, including voice, data, and video.

Corresponding to the operations of the stores, we are currently offering a mix of services, including voice, data, and video. We are also offering a mix of services, including voice, data, and video.

Business sales operations are currently offering a mix of services, including voice, data, and video. We are also offering a mix of services, including voice, data, and video.

Local, regional, and national sales operations are currently offering a mix of services, including voice, data, and video. We are also offering a mix of services, including voice, data, and video.

calls to our employees and other employees are currently offering a mix of services, including voice, data, and video. We are also offering a mix of services, including voice, data, and video.

In November 2011, we launched our Verizon Wireless store in the United States. We are currently offering a mix of services, including voice, data, and video. We are also offering a mix of services, including voice, data, and video.

Competition We operate in a highly competitive industry. We compete against other national wireless service providers, including AT&T, Sprint Corporation and T-Mobile USA, as well as various regional wireless service providers. We are currently offering a mix of services, including voice, data, and video. We are also offering a mix of services, including voice, data, and video.

Table of Contents | Wireline | Background Our Wireline segment provides voice, data and video communications products and enhanced services including... We are currently offering a mix of services, including voice, data, and video. We are also offering a mix of services, including voice, data, and video.

Global Enterprise Global Enterprise offers Strategic KA 11.1.1, including networking products and solutions, advanced communications services, and other core communications services to medium and large business customers, including multinational corporations, as well as state and federal government customers. Global Enterprise jointly markets these services with Verizon's other business units through Verizon Enterprise Solutions. In 2013, Global Enterprise revenues were \$1.47 billion, representing approximately 19% of Verizon's aggregate revenues.

report security threats

- Other advanced communications services - Other services primarily include dedicated Internet access, which provides enterprise customers with high-bandwidth dedicated access to Verizon's global network, unified communications and collaboration capabilities, which enable customers to communicate in real time through VoIP and IP conferencing, and emergency communication services, which allow customers to respond effectively to emergencies while maintaining business continuity

Core services include core voice and data services, which consist of a comprehensive portfolio of global solutions utilizing traditional telecommunications technology, such as conferencing and contact center solutions, and private line and data access network. Core services also include providing customer premise equipment installation, maintenance and site services. We are continuing to transition customers out of historical core services such as Frame Relay and Asynchronous Transfer Mode services.

Global High-Speed

Global High-Speed provides communications services including data, voice, local dial tone and broadband services primarily to local, long distance and other carriers that use our facilities to provide services to their customers. In 2013 Global High-Speed revenues were \$6.7 billion, representing approximately 17% of Verizon's aggregate revenues. A portion of Global High-Speed revenues is generated by a few large telecommunications companies that use our facilities to provide services to their customers.

Table of Contents

Global High-Speed provides the following services, which it jointly markets with Verizon's other business units through Verizon Enterprise Solutions

- Data services - We offer a robust portfolio of data services with varying speeds and options to enhance our wholesale customers' networks and provide connections to their end users and subscribers. Our data services include high-speed digital data offerings, such as Ethernet and Synchronous Optical Network, as well as core data circuits, such as PSNs and DS3s. In addition, data services include special access revenues that are generated from carriers that buy dedicated local exchange capacity to support their private networks.

New fiber connectivity in the United States represents the largest data growth opportunity for wholesale as we pursue our technology upgrade initiative and investors look to the future and higher capacity demands. In 2013, we migrated network services from time division multiplexing to wavelength division multiplexing, which will benefit our network efficiency and reduce costs.

Data services include value-added business services which leverage our network capabilities to support the expansion of our customers' networks.

- Managed services - We offer wholesale customers the opportunity to outsource the management of their network. Our managed services include network monitoring, security, patch management, and web application security. We also offer managed services to enhance their portfolio to triple-play or quad-play. Our managed services are delivered through Verizon Wireless, which provides a single point of contact for our customers.

• Core services - Provides wholesale customers integrated solutions for their core services, including voice and data.

- Network services - We provide wholesale customers with access to our network, including local exchange, long distance, and international services. We also offer network services that are not available to our retail customers.

- Other services - We offer a variety of other services, including managed services, data services, and core services. These services are offered to our wholesale customers to support their business needs.

Other

Other services include such services as local access, long distance, and international services. In 2013, other services revenues were \$0.5 billion, representing approximately 1% of Verizon's aggregate revenues.

Verizon Wireless

Verizon Wireless provides wireless services to our wholesale customers, including voice, data, and text messaging. In 2013, Verizon Wireless revenues were \$11.1 billion, representing approximately 30% of Verizon's aggregate revenues.

Verizon Wireless delivers a variety of services to our wholesale customers, including voice, data, and text messaging. We also offer managed services and other services to support our customers' needs.

- Retail services - Our retail services include voice, data, and text messaging. We also offer managed services and other services to support our retail customers' needs.

- Network services - We provide our retail customers with access to our network, including local exchange, long distance, and international services. We also offer network services that are not available to our wholesale customers.

- Other services - We offer a variety of other services, including managed services, data services, and core services. These services are offered to our retail customers to support their business needs.

Verizon Wireless provides a variety of services to our retail customers, including voice, data, and text messaging. We also offer managed services and other services to support our retail customers' needs.

© 2014 Verizon Wireless
Security Wireless technologies changing how companies do business. The cyber security landscape continues to evolve. We believe that businesses are making business and customer data protection one of their highest priorities in order to protect their brand and enhance platform enables for long installed and aftermarket automotive safety and security as well as local ion-based sensors and vehicle diagnostics. We provide usage-based data services <<http://seivu.es>> to new markets in the United States and in 2017 we extended our agreement with two auto manufacturers to provide tracking capabilities. In addition to these strategic areas of focus, we are investing in Verizon Labs and the Software Center of Excellence to support software development and acceleration as well as development stage products and services. We believe these investments will assist us in bringing innovative new Mbps New services such as the FIOS Mobile App are also extending our TV experience to a host of mobile devices. We expect bandwidth demands to grow with the continued rollout of new video and data applications and the proliferation of IP devices in the home. The Passive Optical Network technology connection speeds of 10 Gbps have been reached, demonstrating the significant growth capacity built into the FIOS platform. Additionally, this advanced optical network is also finding increased application opportunities in the business sector, especially as the industry seeks to migrate to Ethernet-based access customers seek cloud-based, converged enterprise solutions delivered securely via managed and professional services. With the continued deployment of its packet optical transport strategy, Verizon is creating a single, high-capacity global network platform that combines optical transport with advanced added to the global IP network in 2013, and we plan to further extend our 100G technology in 2014.

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make Significant inroads in the network, which is more than on in-house manufacturing. Comcast has also utilized joint venture outsourcing models that have long been dominated by the major IT outsourcing firm (http://ousoun.fr). Global Wholesale competes with traditional carriers for long-haul voice and IP services (http://seivn.es). In addition, we are driving a greater need for wireless backhaul Network providers, cable companies and niche play new revenue opportunity.

[Patents, Trademarks and Licenses]

Verizon owns or has licenses to various patents, copyrights, trademarks, domain names and other intellectual property rights necessary to conduct our business. We actively pursue the filing and registration of patents, copyrights, domain names, trademarks and service marks to protect our intellectual property rights within the United States and abroad. Verizon also actively grants licenses, in exchange for appropriate fees or other consideration and subject to appropriate safeguards and restrictions, to other companies that enable them to utilize certain Verizon intellectual property rights and proprietary technology as part of their products and services. Such licenses enable such third party licensees to take advantage of the results of Verizon's research and development. While these licenses result in valuable consideration being paid to Verizon, we do not believe that loss of such consideration, or the expiration of any of our intellectual property rights would have a material effect on our results.

Verizon periodically receives offers from third parties to purchase or obtain licenses for patents and other intellectual property rights in exchange for royalties or other payments. We also periodically receive notices alleging that our products or services infringe on third party patents or other intellectual property rights. These claims, whether against us directly or against third-party suppliers of products or services that we must sell to our customers to successfully provide our services, could require us to pay damages or royalties or cease offering the relevant products or services.

Acquisitions and Divestitures on pages 32 through 33 of the 2013 Verizon reference into this report

Acquisition* and Divestitures

Verizon and Comcast's Competitive Trends

Regulatory and Competitive Trends included in "Other Factors That May Affect Our Future Results" on page 34 of the 2013 Verizon Annual Report to Shareholders is incorporated by reference into this report.

Environmental Matters

Environmental Matters: Keyon Lo Sha included in Other Factors That May Affect Future Results on page 35 of the 2013 Verizon Annual Report incorporated by reference into this report.

Executive Officers

Our chief executive officer and chief financial officer have evaluated the effectiveness of the registrant's disclosure controls and procedures (as defined in Rules 13a-15(c) and 15d-15(c) of the Securities Exchange Act of 1934), as of the end of the period covered by this Annual Report, that ensure that information relating to the registrant which is required to be disclosed in this report is recorded, processed, summarized and reported within the required time periods. Based on this evaluation, our chief executive officer and chief financial officer have concluded that the registrant's disclosure controls and procedures were effective as at December 31, 2013.

In the ordinary course of business, we review our system of internal control over financial reporting and make changes to our systems and processes intended to ensure an effective internal control environment. We are continuing an initiative to implement new financial systems that will continue in phases over the next several quarters. We are also continuing an initiative to standardize and centralize transaction processing activities within our accounting processes, which we expect to continue over the next several years. These initiatives will incorporate certain changes in personnel, as well. In connection with these initiatives and the resulting changes in our internal systems and transaction-processing activities, the Company continues to enhance the design and documentation of our internal control processes to ensure that controls over our financial reporting remain effective.

Except as noted above, there were no changes in the Company's internal control over financial reporting during the fourth quarter of 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Management's report on internal control over financial reporting and the attestation report of Verizon's independent registered public accounting firm are included in the 2013 Verizon Annual Report to Share-owners on pages 34 and 37 and are incorporated herein by reference.

Set forth below is information with respect to our

Name
Lowell C McAdam Roy H Chestnut Roger Ciumini Daniel S Mead

Anthony J McLone Randal S Milch W Robert Mudge Marx C Reed Francis J Shammo Anthony T Skiadas John G Stratton MamiM Walden

Chairman and Chief Executive Officer	2011
Executive Vice President - Strategy, Development and Planning	2013
Executive Vice President and Chief Information Officer	2010
Executive Vice President and President and Chief Executive Officer - Verizon Wireless	2010
Executive Vice President and Chief Technology Officer	2010
Executive Vice President - Public Policy and General Counsel	2008
President - Consumer and Mass Business Markets	2012
Executive Vice President and Chief Administrative Officer	2004
Executive Vice President and Chief Financial Officer	2010
Senior Vice President and Controller	2013
Executive Vice President and President - Verizon Enterprise Solutions	2012
Executive Vice President and President - Product and New Business	

Innovation 2014

Prior to serving as an executive officer of the above officers, each of the above officers has held high-level managerial positions with the Company or one of its subsidiaries for at least five years, with the exception of Mr. Chestnut, who has been with the Company since 2011. Officers are not elected for a fixed term of office and may be removed from office at any time at the discretion of the Board of Directors.

Tal Ure Cunteon

Roy H Chestnut is Executive Vice President - Strategy, Development and Planning for Verizon. From the time he joined the Company in 2011 until he was appointed to his current role in January 2013, Mr. Chestnut was Senior Vice President of Corporate Strategy Prior to joining Verizon, Mr. Chestnut served as Corporate Vice President of the Americas at Motorola Networks from June 2010 to June 2011, and from 2006 to 2009, Mr. Chestnut was Chairman and Chief Executive Officer of Grande Communications Networks (Grande), a facilities-based provider of bundled communications services. Prior to joining Grande, Mr. Chestnut held a variety of management positions with Sprint-Nextel, Ccviy oration, Nevcl Communications, and AirTelUcll Comumiiii a lions.

Set forth below is information with respect to our executive officers who are currently serving as directors of the Company. The information is provided for informational purposes only and does not constitute an offer of securities.

Dr. M. S. C. '2 is President of Strategic Alliance S. n. v. LLC a e n ailm; linn Mi. vvjs S.rtoi M.iagine r'anti.r..fib. H..n'n Cons-Jlting Croup Inc (HCO) until 2001. At UCF, Dr. Moose provided strategic planning support to the mortal e lice n i-ne's and e Liteci cons; King services to global clients in a variety of industries including construction and industrial. Dr. Moose is also a financial advisor and telecommunication consultant. Dr. Moose is a 1975 graduate of the University of Florida and a member of the Phi Kappa Phi Honor Society. Dr. Moose is also a member of the Board of Directors of the University of Florida Foundation and the Board of Directors of the University of Florida Foundation.

Dr. Moose's experience at UCC is a strategic advisor to diverse clients enables her to advise the Board and senior management on key issues of corporate strategy, including with respect to global growth, consumer goods and financial institutions issues. In addition to her strategic planning expertise, Dr. Moose has been involved in the development of several start-up companies and has served as a director of the A1:S Corporation (since 2001). In the past five years, Dr. Moose has been involved in the development of several start-up companies and has served as a director of the A1:S Corporation (since 2001). In the past five years, Dr. Moose has been involved in the development of several start-up companies and has served as a director of the A1:S Corporation (since 2001).

Dr. Moose has served as a Director of Verizon since 2000 and was a Director of OIL Corporation from 1995 to 2000. She is President, Director, Chairperson of the Corporate Governance and Policy Committee and a member of the Board of Directors of Verizon. Dr. Moose is also Chairperson of the Board of Trustees of the National Urban League. Dr. Moose has served as a Director of the National Urban League since 2000 and was a Director of OIL Corporation from 1995 to 2000. She is President, Director, Chairperson of the Corporate Governance and Policy Committee and a member of the Board of Directors of Verizon. Dr. Moose is also Chairperson of the Board of Trustees of the National Urban League. Dr. Moose has served as a Director of the National Urban League since 2000 and was a Director of OIL Corporation from 1995 to 2000. She is President, Director, Chairperson of the Corporate Governance and Policy Committee and a member of the Board of Directors of Verizon. Dr. Moose is also Chairperson of the Board of Trustees of the National Urban League.



32.1 Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 filed herewith

32.2 Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 filed herewith

99 Selected Compensation and Executive Compensation Information included in the Preliminary Proxy Statement for the Venzon 2014 Annual Meeting of Shareholders filed with the Securities and Exchange Commission on 01/21/2014 <http://online.ii2iS.2014>

- 101 INS XBRL Instance Document
- 101 SCH XBRL Taxonomy Extension Schema Document
- 101 PRE XBRL Taxonomy Presentation Linkbase Document
- 101 CAL XBRL Taxonomy Calculation Linkbase Document

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- 101 LAB XBRL Taxonomy Label Linkbase Document
 - 101 DEF XBRL Taxonomy Extension Definition Linkbase Document
- Indicates management contract or compensatory plan

Table of Contents

Schedule II - Valuation and Qualifying Accounts

Verizon Communications Inc. and Subsidiaries

For the Years Ended December 31, 2013, 2012 and 2011

Pursuant to the requirement of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized

(dollars in millions)

	Balance at	Change in	Period	Notes
	Beginning	Other Accounts	Expressed	(Old)
Allowance for Uncollectible Accounts Receivable				
Year 2011				
Valuation Allowance				
Year 2011				
Year 2012				
Year 2013				

- (j) Allowance for Uncollectible Accounts Receivable primarily decreased to this account when recovered
- (b) Valuation Misstatements for Intangible Assets include same
- (c) Adjustments which are attributable to transferred to other
- (C) Reclassifications in valuation allowances related to deferred tax

Verizon Communications Inc. and Subsidiaries

Lowell C. McAdain, Lowell C. McAdain

Principal Financial Officer

Francis J. Shainino, Francis J. Shainino

Under the Securities Act of 1933, this report is filed in the dates indicated

Chairman and Chief Executive Officer

Chief Financial Officer

Richard L. Carrion

Senior Vice President

Richard L. Carrion

Richard L. Carrion

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McLanie I. Healey M Frances Keith
M Frances Keeth

Robert W Lane RoberTw Lane

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Joseph Neuhauer

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■ V Clairrice Oris Jr

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Kallryn A Tesija s' Gregory D Wassor

OF

CERTIFICATE OF AMENDMENT
-
RESTATED CERTIFICATE OF INCORPORATION OF
VERIZON COMMUNICATIONS INC

Verizon Communications Inc (the "Corporation"), a corporation organized on October 7, 1995, and existing under and by virtue of the General Corporation Law of the State of Delaware. HEREBY DOES CERTIFY

FIRST That at a meeting of the Board of Directors of the Corporation held on September 2, 2011, resolutions were duly adopted approving a proposed amendment to the Restated Certificate of Incorporation (the "Certificate Amendment") of the Corporation and recommending that the proposed Certificate Amendment be approved by the stockholders of the Corporation. The Certificate Amendment is attached hereto as Exhibit A.

SECOND That the Board of Directors of the Corporation, pursuant to resolution of the Corporation, Board of Directors a special meeting of the stockholders was held on January 20, 2014, upon notice and in accordance with the provisions of Section 222 of the General Corporation Law of the State of Delaware, at which meeting a majority of the outstanding stock entitled to vote thereon was voted in favor of the Certificate Amendment as proposed by the Corporation's Board of Directors.

THIRD That the Certificate Amendment was duly adopted in accordance with the applicable provisions of Section 242 of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, the Corporation has caused this Certificate to be signed by William L. Horton, Jr., its Senior Vice President, Deputy General Counsel and Corporate Secretary, this 3rd day of February, 2014.

VERIZON COMMUNICATIONS INC

By: **William L. Horton, Jr.**
William L. Horton, Jr.
Senior Vice President, Deputy
General Counsel and Corporate Secretary

CHARTER AMENDMENT

Article 4 A of the Restated Certificate of Incorporation is hereby amended and restated in its entirety to read in full as follows: **Capital Stock**

A. Authorized Shares. The total number of shares of all classes of stock which the Corporation shall have the authority to issue is 6,500,000,000 shares, of which 6,250,000,000 shares are Common Stock, \$10 par value per share, and 250,000,000 shares are Series Preferred Stock, \$10 par value per share. The computation of the Ratio of Earnings to Fixed Charges of Verizon Communications Inc. and Subsidiaries

(dollars in millions) 2010 2009

\$ 29,277 \$ 9,817 \$ 10,483 \$ 12,684 \$ 13,520

Earnings:

480

2,327

Income before (provision) benefit for income taxes Equity in earnings of unconsolidated businesses Dividends from unconsolidated businesses Interest expense

\$ 32,870 \$ 13,544 \$ 14,311 \$ 16,155

Less: Interest expense Amortization of capitalized intangible assets Earnings, as adjusted

Fixed Charges

Interest expense

Portion of interest expense capitalized

Ratio of Earnings to Fixed Charges

We classify interest expense recognized on uncertain tax positions as income tax expense and therefore such interest expense is not included in the Ratio of Earnings to Fixed Charges.

The graph compares the cumulative total returns of Verizon Stock Index over a five year period. It assumes \$100 was invested in each respective index on 12/31/2008 and is based on the SAP 500 Telecommunications Services Index, and the SAP 500 Index, both as of December 31, 2008 with dividends (including the value of)

Results of Operations	
Operating revenues	\$ 120,550
Open lines, income	31,968
Net income attributable to Verizon	11,497
Per common share - basic	4.01
Per common share - diluted	4.00
Cash dividends declared per common share	2.090
Net income attributable to noncontrolling interests	12,050

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Financial Position

Total assets

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2011 through 2013 are described and Results of Operations ' section

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2010 and 2009 daia includes severance, pension and benefit chaiges. i
other items 2010 daia also includes Medicare Part I) Subsidy charges

Comparison of Five-Year Total Return Among Verizon, S&P 500 Telecom Services Index and S&P 500 Stock Index

As December 31

Data Points in Dollars

S&P 500 Telecom Services

Verizon Communications Inc (Verizon or the Company) is a holding company that, acting through its subsidiaries is one of the world's leading providers of communications, information and entertainment products and services to consumers, businesses and governmental agencies with a presence in over 150 countries around the world Our offerings, designed to meet customers' demand for speed, mobility, security and control, include voice, data and video services on our wireless and wireline networks We have two reportable segments Wireless and Wireline Our wireless business, operating as Verizon Wireless, provides voice and data services and equipment sales across the United States using one of the most extensive and reliable wireless networks Our wireline business provides consumer business and government information services and communications products and services in hiding broadband data and e-jeeo sen ice s network access voice. Ion; disiane e and e-fici ci-mnnini uiouis pmda.K mil ciivuc. am af-0 owns and operates one of the most expansive end-to-end global In incl Piolo.i; tll'i llliwok- W. h.), e a highly skilled eissise and dedicated woik.Lnce of approximately 1 76 K d 0 employee.; as of De-cembei *1 2d I 3

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Our strategy incude significant capital invest merits primarily to ac quire wireless spe. num. put the speeintr. into .ceix u e invest in the fiber optic network that supports i>ui wueless and wireline busine'es maintain oui winks, and wireline neiwoi.s anil di i elop jnd maintaini Sigituii am advanred database capacity

In oui Wireless business, in 2d 13 cmjialed to 201 J. revenue growth of Ci S'i sv.-s dm en by o-r.iic. tun. growth and the deir.ar.i tor sinanplones tartlets and ntter Interne: devices Daring 2013 we experienced a <(>*, me.; ist in retail postpaid cmnei tu ns compared to 201 2. with smartphones r epic sentg HJ'-. of nix retail postpaid plione base ai I tectm-ci ' . I JOi 5 cmjpaied to 'W. at llecembei d 20 i 2 Also during 2013. postpaid smaitphone actiavaiions represente hr.'.i) phones activate: coup.r<d to 77% in 2012

We have subst.iii rally e completed the deployment of our fourth-gennal ion (4ff) Loig-leim h'v ohiiion Fl i F) network f'ur 4(> LI I: network is available to 97% of the US pojulation in more than MJO makeics covering .pprovimic by >=n: nullion peopl including tho->e in areas served by our I. TF in Rural Amenea partners Uur - C, I TF network pros ides higher daia througl.pui p. tiormance lm daia sex ices at fivves: com compared to those provided via third ge-ite-iiiiit; ijfij net v. oiks b. IV<c inhet 201 r.-J% of mi total daia lraic. w.im am.c i>on 'ur-Mil I L' network

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2013 Com pa red to 2012
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1 Le increase m ossolated revenues dunn 2.01 1 compared to 201 2 was primarily due to Inghel ic higher Mass Markets revenues driven by FIOS services and increased Strategic serv ices revenues within Global i nterprise at out vV'iclnir segmcnri rartially offsetting these increases were lower Global F_nierpr.se
 <http://F_nierpr.se> Cm. and l'lobal Wholesale teicmes a our

W./e st .-ei e-i'n j r.cic"i.i J5 ? billion or O X'i dunn 2013 ceunpnd r.* 2D12 due- l.1 grouffj d' sen rec- (e v. (i)e Serv .c revenue im ceased elirng 20H rompared to 2012 primarily driven by higher retail pesipaid service rev emir which increased l.rigt y 's _i i-i-stil; of .n increase in iet.nl <http://iet.nl> po: .lpand e'nne-ctior.s as well a-, the continued tin tease 111 penett.itio: ol -ii.Loqvl.one^ tablets and other Intern 1 device - through our Share 1 v cry lb ing plans Retail pulHpac'l i oric.ecion net auditions decra-c-1 dunn 2013 compared to 2012 pmnanly due to an utecisee in our ictail postpaid connection chum laic partials oblet by aci itic:case in u'tail postpaid connecton gross additions Retail postpaid corner.lions per ai i ouni increased as ol De-cembci 11. 2n1' compared 10 P>-> ember 31,2012 iimainly riur lo the ineciseed penetration of tablets and other Internet device^

Wneins s revenues decreased SO 6 billion, or 1.4%, dunn 2011 comp.ued to 2012 ptimainly driseu by declines 111 i.dobal l.nierprse Coic and Global Wholesale partially offset by higher Mass Markets revenues driven by FIOS services and increased Strategic serv ic.s n Venues within Gion.il <http://Gion.il> L.nleq'rise

Mai.Let. ivicue- ror n-a-nd SO t's bill-on. 01 3 *% dunn 201 3 e ompaid to 2012 due m the Mj...iin of l it IS serv 1. cs t Voice Inte-ine-i ami Video) us well as changes in out pmng strategies, partially .llet by the con.l.mued decline nl local excharige

Global Citierprise'icve-uics decreased SO 4 billion, or 3 9*1, during 201.1 compared in 2012 pmnainly din: to j decline in Coic citeLmvt pie mi it eci avpmeni revenues and lower voice serv.ies <http://serv.ies> and data ucitwik mg. revenues Tins dec i east vs partially ollVct by growth in Strategic serv ices revenues, pmnanly due lo an increase in advanced serv ices, such as contact cenici solutions. l' communications, and our cloud and data center offerings as well as revenue from a sckmaicis services business that we acquned in the third quarter of 2012

Global Wholesale revenues decreased SO 5 billion.7 oi - 7.3%, dunn 2013 compared lo 2012 pmnainly due to a decline in trad num a 1 voice icv'c'ues as a result of decreased minutes'uf use (MOUs) and a decline in domestic wholesale connections, partially offset by continuing demand for high-speed digital data services from fiber-to-the-cell customers upgrading their core data circuits to F.ihemcl facilities as well as Zibemct migrations Com thbel core customer^

Other revenues decreased dunn 2013 compared io 2012 primarily due in reduced v olumes oui side of our network footprint

2tt)2 Compared to 2011

The increase in consolidated revenues during 201 2 compared to 2011 was pmnanly due tn higher revenues at Wireless, as well as higher Mass Markets revenues driven by FIOS services and increased Strategic services revenues within Global Katerprise at our Wireline segment Partially offsetting these mirases were lower Global Wholesale and Global Enterprise Cote revenues at our Wireline segment

Wireless revenues im teased dunn 2012 compared to 2011 due to growth in both serv He arid equipment and other revenue Service revenue increased during 2012 compared to 2011 prunandy driven by highci lctail postpaid Service re> enue, vvchic increased largely as a result of an iccisee in retail postpaid connections of 5 1 million in 2012. as well as the continued incra.se* <http://incra.se"> in penetration of smartphones Retail postpaid i omicelions per account n*c leased dunn! 2012 compared to 2011 prunandy due to the increased use of tablets and other Internet devices In 2012. the iicicisee in retail postpaid connection net additions was pmnanly due to an inc tease its retail postpaid and prepaid connection gross additions and imp i as cmccvis in qui retail connections chum rate Higher ictail postpaid connection gross additions dunn 2012 primarily reflect the launch of oui Share Everything plans coupled with new device introductions during the second half of 2012

Equipment and other revenue increased during 2012 compared to 2011 pmnanly due to an increase in device upgrade fees, icgularitny fees and equipment sites

Wireline** revenues dee leased dunn 2012 compared 10 201 1 prinwr.lv <http://prinwr.lv> driven by declines in Global Wholesale, Global Enterprise Core and Other revenues, partially otts: by higher revenues in Mass Markets driven by HIOS services and higher revenues from Strategic services

Mass Markets revenues increased during 2012 compared to 201 1 due in the expansion of i iOS services as well as changes in our pricing strategy driupted tt 201 2. pa.mu.ily <http://pa.mu.ily> oibset by the continued decline nf local exctiufie revenues

Global Enterprise revenues decreased dunn 2012 compared to 2011 pmnanly due to lower local services and traditional cucui-ha.se <http://ha.se> d revenues a decline in customer premise equipment revenues and the unfavorable impact of foreign currency translation This decrease was partially offset by higher Strategic services revenues, pmnanly due to growth in advanced services, such as managed network solutions, contact center solutions. l' communications and our cloud and data center offerings

Global Wholesale icvmei decira.se <http://ira.se> d dunn 2012 compared to 201 1 pmnwrily due lo n decline in traditional voice icvccues as a result of decreased MOU* and a decline in domestic wholesale connections, partially offset by continuing demand for high-speed digital data services from fiber-to-the-cell customers upgrading their core data circuits to Ethernet facilities as well as Eibemci migrations from other core customers

Other revenues decreased during 2012 compared to 2011 primarily due to reduced volume of services outside of our network footprint

Year Ended December 31,

Cost of services and sales Selling, general and administrative expense Depreciation and amortization expense Consolidated Operating Expenses

		2013 vs. 2012		(dollars in millions) Increase/(Decrease)	
54**)	17	\$ 46.275	\$ 45.875	J (L)B	(3.0)%
				S 400	0.9%
27,089		39,951.624	(11,862)	(32.7)4.327	12.1
U./Dr		16,400.639	14*	0.93(Q(0.2)	
S 88,582		S.102.65.0	S -.7.995	% (14.104)	(13.7)
				S 1 (.91	4x

Inland operating expenses decreased during 2013 primarily due to network expansion due to new operations in the United States and other international markets. Other revenues decreased during 2012 compared to 2011 primarily due to reduced volume of services outside of our network footprint.

(L) compared to 2012
 due to network expansion and

Cost of services and sales includes the following: maintenance and Pippins, network costs, contracted provisioning costs, computer systems support costs, support outsource contracts, the Service fund Aggregate customer can costs, the billing between cost of services and sales and Selling, general and administrative expense, equipment, lease, service costs and the higher cost associated with

Cost of services and sales decreased during 2013 compared to 2012 primarily due to decreased data loading a decline in cost of data services and a decrease in network costs as a result of a decrease in costs related to customer premises equipment, a decline in access insurance recoveries and other wireless segment

Utilities
 and Sale

Selling, general and administrative expense includes other than bad debt, charges, taxes other than income tax and other operating expenses. Selling, general and administrative expense increased during 2012 compared to 2011 primarily due to higher non-operational charges (see "Other Items") as well as higher sales commission expense and costs associated with regulatory fees at our Wireless segment.

Depreciation and Amortization Expense

Depreciation and amortization expense decreased during 2012 compared to 2011 primarily due to a decrease in depreciable assets at our Wireless segment partially offset by an increase in amortization expense related to non-network software

Non-operational (Credits) Charges

Non-operational (Credits) Charges included in operating expenses (see "Other Items") were as follows:

Years Ended	2012	2011
(6,232)	7.1	K.

In general administrative expense

Service, Tension and Benefit (Credits) Charges
 Selling, general and administrative expense

Legal Settlements

Selling, general and administrative expense Other Costs

Cost of services and sales
 Selling, general and administrative expense
 (6,510) (7,100) (5,954)

Other items included in operating expenses See "Other Items" for a description of other non-operational items

Expense decreased during 2012 primarily due to network expansion and other wireless segment

2012, 11 of a, in r

offset by decrease 2012 Compared to

Other revenues increased during 2012 compared to 2011 primarily due to higher and increased data roaming, primarily in the United States and other international markets

Other revenues increased during 2012 compared to 2011 primarily due to higher and increased data roaming, primarily in the United States and other international markets

Consolidated earnings before interest, taxes, depreciation and amortization (Consolidated EBITDA) and Consolidated Adjusted EBITDA, which are presented below, are non-GAAP measures and do not purport to be alternatives to operating income as a measure of operating performance. Management believes that these measures are useful to investors and other users of our financial information in evaluating operating profitability on a more variable cost basis as they exclude the depreciation and amortization expense related primarily to capital expenditures and acquisitions that occurred in prior years as well as in evaluating operating performance in relation to our competitors. Consolidated Adjusted EBITDA is calculated by adding back interest taxes, depreciation and amortization expense, equity in earnings of unconsolidated businesses and other income and (expense).

Consolidated Adjusted EBITDA is calculated by excluding the effect of non-operational items from the calculation of Consolidated EBITDA. Management believes that this measure provides additional relevant and useful information to investors and other users of our financial information in evaluating the effectiveness of our operations and underlying business trends in a manner that is consistent with management's evaluation of business performance. See "Other Items" for additional details regarding these non-operational items.

Operating expenses include pension and benefit liabilities based on actuarial assumptions, including projected discount rates and an estimated return on plan assets. These estimates are updated in the following quarter to reflect actual return on plan assets and updated actuarial assumptions. The adjustment has been recorded in the income statement during the quarter or upon

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2013 Compared to 2012

The increase in Wireless* total operating revenues of \$5.2 billion, or 6.8%, during 2013 compared to 2012 was primarily the result of growth in service revenue

Retail postpaid connection net additions decreased during 2013 compared to 2012 primarily due to an increase in our retail postpaid connection churn rate, partially offset by an increase in retail postpaid connection gross additions

Retail Postpaid Connection per Account*

Retail postpaid connections per account is calculated by dividing the total number of retail postpaid connections by the number of retail postpaid accounts as of the end of the period. Retail postpaid connections per account increased 4.5% as of December 31, 2013 compared to December 31, 2012 primarily due to the increased penetration of tablets and other Internet devices

* Net

Service revenue increased by \$1.5 billion, or 4.5%, during 2013 compared to 2012 primarily driven by higher retail postpaid service revenue. Service revenue increased by \$1.5 billion, or 4.5%, during 2013 compared to 2012 primarily driven by higher retail postpaid service revenue. Service revenue increased by \$1.5 billion, or 4.5%, during 2013 compared to 2012 primarily driven by higher retail postpaid service revenue.

The 111% increase in retail postpaid ARPA (the 'Jv' revenue per minute) during 2013 compared to 2012 was primarily driven by increases in smartphone penetration and retail postpaid connections per account. During 2012, we experienced a 4.3% increase in retail postpaid connections per account compared to 2011, with smartphones representing 58% of our retail postpaid phone base as of December 31, 2012 compared to 43.5% as of December 31, 2011. The increase in retail postpaid connections per account was primarily due to increases in Internet data devices, which represented 9.3% of our retail postpaid connection base as of December 31, 2012 compared to 5.1% as of December 31, 2011 primarily due to strong sales of tablets and Jetpacks.

Other service revenue increased during 2013 compared to 2012 due to growth in wholesale connections, primarily due to a decrease in revenue from third party roaming

Equipment and Other Revenue

Equipment and other revenue increased during 2013 compared to 2012 primarily due to increases in device upgrade fees. Equipment and other revenue increased during 2013 compared to 2012 primarily due to increases in device upgrade fees.

Operating Expenses

Equipment and Other Revenue

Equipment and other revenue increased during 2013 compared to 2012 primarily due to increases in device upgrade fees.

Regulatory fees and equipment lease expense

Operating Expenses

(dollars in millions) Increase/Decrease

Year Ended December 31,	2011	2012	2011 - 2012 vs. 2012	2012 vs. 2011
Cost of services and sales	\$ 23,648	\$ 24,490	\$ (842)	(3.4)%
Selling general and administrative expense	23,17*	21,650	1,52b	7.0
Depreciation and amortization expense	H.202	7,960	7,92	242
Total Operating Expenses	\$ 55,02b	\$ 54,100	\$ 926	1.7

Cost of Services and Sales

Cost of services and sales decreased during 2011 compared to 2012 primarily due to a decrease in cost of equipment sales of \$0.8 billion which was partially due to a decline in postpaid upgrades. Cost of services and sales decreased during 2011 compared to 2012 primarily due to a decrease in cost of equipment sales of \$0.8 billion which was partially due to a decline in postpaid upgrades.

Cost of services and sales increased during 2012 compared to 2011 primarily due to \$0.7 billion in higher cost network services which was driven by increased sales of higher cost smartphones, increased cost of network, services and increased data roaming, partially offset by a decrease in cost of data services, a decrease in network connection costs due to the ongoing deployment of FMC back-haul facilities primarily targeted at sites upgrading to 4G LTE and a decrease in the cost of long distance. Cost of services and sales increased during 2012 compared to 2011 primarily due to \$0.7 billion in higher cost network services which was driven by increased sales of higher cost smartphones, increased cost of network, services and increased data roaming, partially offset by a decrease in cost of data services, a decrease in network connection costs due to the ongoing deployment of FMC back-haul facilities primarily targeted at sites upgrading to 4G LTE and a decrease in the cost of long distance.

(dollars in millions)

Years Ended December 31,	2013	2012	2011 - 2012 vs. 2012	2012 vs. 2011
Segment Operating Income	\$ 25,997	\$ 21,768	\$ 18,827	\$ 4,129
Add Depreciation and amortization expense	8,202	7,960	7,962	242
Segment EBITDA	\$ 34,199	\$ 29,728	\$ 26,419	\$ 4,471
Segment operating income margin	31.1%	28.7%	26.4%	44.8%
Segment EBITDA service margin	49.5%	46.6%	44.8%	44.8%

The changes in the table above during the periods presented were primarily a result of the factors described in connection with operating revenues and operating expenses

Non-recurring items in connection with the acquisition of wireless operating income were as follows

Years Ended December 11,

	2013	2012	2011
Gain on spectrum license transaction	\$ (278)	\$ -	\$ -
Severance, pension and benefit (credits) charges	(61)	37	76

(dollars in millions)

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased during 2011 compared to 2012 primarily due to higher sales commission expense in our indirect channel bid and administrative sales commission expense as well as the average regulatory fees compared to 2011. Selling, general and administrative expenses increased during 2011 compared to 2012 primarily due to higher sales commission expense in our indirect channel bid and administrative sales commission expense as well as the average regulatory fees compared to 2011.

Depreciation and Amortization Expense

The increase in depreciation and amortization expense during 2013 compared to 2012 was primarily driven by an increase in net depreciable assets

Depreciation and amortization expense was essentially unchanged during 2012 compared to 2011

Wireline
Our Wireline segment provides voice, data and video communications products and enhanced services including broadband video and data, corporate networking solutions, data center and cloud services, security and managed network services and local and long distance voice services We provide these products and services to consumers in the United States, as well as to c; businesses and government customers both in the United States and to over 150 other countries around the world

Operating Revenues and Selected Operating Statistics

(dollars in millions) Increase/Decrease

The increase in Mass Markets revenues, driven by FiOS services, was partially offset by the decline of local exchange revenues primarily due to a 5.2% decline in Consumer retail voice connections resulting primarily from competition and technology substitution with wireless, VoIP, broadband and cable services. Total voice connections include traditional switched access lines in service as well as FiOS digital voice connections There was also a decline in Small business retail voice connections, primarily reflecting competition and a shift to both IP and high-speed circuits

2012 Compared to 2011

Mass Markets revenues increased during 2012 compared to 2011 primarily due to the expansion of FiOS services (Voice, Internet and Video) as well as changes in our pricing strategy adopted in 2012 partially offset by the continued decline of local exchange Years Fueled

Mass Markets

Strategic services

Global Late Release Cd yb il Wholesale Other
Total Operating Revenue

Connections (0.1%) To: voice minr, celi, n

Total Broadband ennccti FiOS internet subscribers KIOS Video subscribers
\$ 14,712.2 \$ 911.7 \$ 328.6 \$ 420.0 \$ 283.3

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Mass Markets

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Dung 201 l we glew our sub'ciithei base bv 0 (■ milium HOS Internet subscribers ami b; U < million l-(US \ nlco subsideis alnc alo coisricitely impoving pencialion rates within our fiOS service areas *j, +<:" Oc.cmbei 31 2<Jl3. vn aclnmed penrr.it <http://tr.it-inn rties ol 39 5% and .0% 'e: Fit vs Ir,ciET.ct and rIOS Video respectively. compared to penetration rates o: } > and

We continued to jinvn oui subscriber base ind mproved penetration rates wnlmn oui FiOS service areas during 2012 Also contributing to the increase in revenue from FiOS services wcte changes in our pnemng strategy "adomed in 2012 As of December 31, 2012. ve achieved penetration rates of 37.3% and 33.3% lot FiOS Internet and FiOS Video, respectively compared to penetration rates of 35.5% and 31.5% for FiOS Internet and FiOS Video, respectively, at Decembci 31, 2011

Mass Markets revenues were negatively impacted by the decline of local exchange revenues primarily due to a (-) 1% decline in Consumer retail voice connections resulting primarily from competition and technology substitution with wireless, VoIP, broadband and cable services Total voice connections include traditional switched access lines in sen ice as well as FiOS digital v oice connections There was also a decline in Small business retail voice connections, primarily reflecting challenging economic conditions, fompctition and a shift to both IP and high-speed circuits

Global Enterprise

Global Enterprise offers Strategic sen iccs including network products and solutions, advanced communications services and other cote offers communications services to medium and large business customers, multinational corporations and state and federal gov eminent rnsiitnt rs

201.1 Compared to 2012

Global Enterprise revenues decreased SO rs billion, or 3 *2. ■" during 2013 compared to 2012 jntnnailly due to a SO 5 billion, oi 27.1% decline in Core customer premise equipment revenues as well as lower voice services and data network ing revenues, which consist of traditional < iccul-bajed sers iccs such as frame relay pi i vale line and Asynchronous Transfer Mode (A ! M) Services These core sfvsn es <http://sfvsn.es> declined hi 2013 compated to 2012 as our customer base continued to migrate to next generation IP vers iccs The decline in customer premise equipment iccvenus reflected our focus on impovmg margins by continuing to dc-ctuphaic sales uf equipment that are not part of an overall entripnse solutions bundle The decline is also due to lower revenue from public scicri cu-lon' crs This decrease was pannally olivet by growth m Strategic icii iccs iccvenus, which increased SO -1 billion, oi 4 o"... during 2013 compared to 2012 primarily due to growth in adv anted services, such as contact center solutions, IT communisatnms and our cloud and data center offcnnes as well as ic venue from a telenatics serv iccs business that we acquried in the third <na:tr ot2012

2012 Compared to 2011

Global Wholesale revenues decreased during 2012 compared to 2011 primarily due to a decline in traditional voice revenues as a result of decreased MOUs and a 5.3% decline in domestic wholesale connections. The traditional service product reductions are primarily due to the continued impact of competitors de-emphasizing their local market offerings coupled with the impact of technology substitution. Also contributing to the decline in voice revenues is the elimination of low margin international products and the continuing contraction of market rates due to competition. Partially offsetting the overall decrease in wholesale revenue was a continuing demand for high-speed digital data services from fiber-to-the-cell customers upgrading their core data circuits to Ethernet facilities as well as Ethernet migrations from other core customers. As a result of the customer upgrades, the number of core data circuits experienced a 9.6% decline compared to the similar period in 2011. We expect Global Wholesale revenue to continue to decline approximately 10% per quarter compared to the similar period in 2011 as we believe that the continued decline in core products will only be partially offset by growth in Ethernet and IT services.

2012 Compared to 2011

Global Wholesale revenues decreased during 2012 compared to 2011 primarily due to a decline in traditional voice revenues as a result of decreased MOUs and a 5.3% decline in domestic wholesale connections. The traditional service product reductions are primarily due to the continued impact of competitors de-emphasizing their local market offerings coupled with the impact of technology substitution. Also contributing to the decline in voice revenues is the elimination of low margin international products and the continuing contraction of market rates due to competition. Partially offsetting the overall decrease in wholesale revenue was a continuing demand for high-speed digital data services from fiber-to-the-cell customers upgrading their core data circuits to Ethernet facilities as well as Ethernet migrations from other core customers. As a result of the customer upgrades, the number of core data circuits experienced a 9.6% decline compared to the similar period in 2011. We expect Global Wholesale revenue to continue to decline approximately 10% per quarter compared to the similar period in 2011 as we believe that the continued decline in core products will only be partially offset by growth in Ethernet and IT services.

Global Wholesale

Global Wholesale provides communications services including data, voice and local dial tone and broadband services primarily to long distance and other carriers that use our facilities to provide services to their customers.

2013 Compared to 2012

Global Wholesale revenues decreased during 2013 compared to 2012 primarily due to a decline in traditional voice revenues as a result of decreased MOUs and a 7.3% decline in domestic wholesale connections. The traditional service product reductions are primarily due to the continued impact of competitors de-emphasizing their local market offerings coupled with the impact of technology substitution. Also contributing to the decline in voice revenues is the elimination of low margin international products and the continuing contraction of market rates due to competition. Partially offsetting the overall decrease in wholesale revenue was a continuing demand for high-speed digital data services from fiber-to-the-cell customers upgrading their core data circuits to Ethernet facilities as well as Ethernet migrations from other core customers. As a result of the customer upgrades, the number of core data circuits experienced an 11.3% decline compared to the similar period in 2012.

Other

Other revenues include such services as local exchange and long distance services outside of our network footprint and operator services which are no longer being marketed. The decrease in revenues from other services during 2013 and 2012 was primarily due to reduced volume outside of our network footprint.

Operating Expenses

2013 vs 2012

Cost of services and sales general and administrative expense Total Operating Expenses



(in millions)

2013 vs 2012

Operating Expenses decreased during 2013 compared to 2012 primarily due to a decline in traditional voice revenues as a result of decreased MOUs and a 7.3% decline in domestic wholesale connections. The traditional service product reductions are primarily due to the continued impact of competitors de-emphasizing their local market offerings coupled with the impact of technology substitution. Also contributing to the decline in voice revenues is the elimination of low margin international products and the continuing contraction of market rates due to competition. Partially offsetting the overall decrease in wholesale revenue was a continuing demand for high-speed digital data services from fiber-to-the-cell customers upgrading their core data circuits to Ethernet facilities as well as Ethernet migrations from other core customers. As a result of the customer upgrades, the number of core data circuits experienced an 11.3% decline compared to the similar period in 2012.

2013 vs 2012

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2013 vs 2012

Operating Expenses

2013 vs 2012

Operating Expenses

\$ 313 (7) \$ 216

Segment Operating Income and EBITDA

Year Ended December 31,

2013 vs 2012

Segment Operating Income

Add Depreciation and Amortization Expense Segment EBITDA

Segment Operating Income Margin

Operating Expenses decreased during 2013 compared to 2012 primarily due to a decline in traditional voice revenues as a result of decreased MOUs and a 7.3% decline in domestic wholesale connections. The traditional service product reductions are primarily due to the continued impact of competitors de-emphasizing their local market offerings coupled with the impact of technology substitution. Also contributing to the decline in voice revenues is the elimination of low margin international products and the continuing contraction of market rates due to competition. Partially offsetting the overall decrease in wholesale revenue was a continuing demand for high-speed digital data services from fiber-to-the-cell customers upgrading their core data circuits to Ethernet facilities as well as Ethernet migrations from other core customers. As a result of the customer upgrades, the number of core data circuits experienced an 11.3% decline compared to the similar period in 2012.

License Transaction

During the third quarter of 2013, we received the required regulatory approvals. Verizon Wireless sold 39 low power 700 MHz H block spectrum licenses to AT&T in exchange for a payment of \$1.9 billion and the transaction with AT&T and Verizon Wireless of AWS (10 MHz) licenses in certain markets in the western United States. Verizon Wireless also sold certain lower 700 MHz 13 block spectrum licenses to an investment firm for a payment of \$2.0 billion as a result we received \$0.5 billion of AWS licenses at fair value and we recorded a pre-tax gain of approximately \$0.3 billion in Selling, general and administrative expense on our consolidated statement of income for the year ended December 31, 2013.

The Consolidated Adjusted EBITDA non-GAAP measure presented in the Consolidated Operating Income and EBITDA discussion (See Consolidated Results of Operations) excludes the gain on the spectrum license transaction described above.

2013 vs 2012

Operating Expenses decreased during 2013 compared to 2012 primarily due to a decline in traditional voice revenues as a result of decreased MOUs and a 7.3% decline in domestic wholesale connections. The traditional service product reductions are primarily due to the continued impact of competitors de-emphasizing their local market offerings coupled with the impact of technology substitution. Also contributing to the decline in voice revenues is the elimination of low margin international products and the continuing contraction of market rates due to competition. Partially offsetting the overall decrease in wholesale revenue was a continuing demand for high-speed digital data services from fiber-to-the-cell customers upgrading their core data circuits to Ethernet facilities as well as Ethernet migrations from other core customers. As a result of the customer upgrades, the number of core data circuits experienced an 11.3% decline compared to the similar period in 2012.

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Provision and Benefit (Credits) Charges

During 2013, we recorded net pre-tax severance, pension and benefits charges of approximately \$17.2 billion in connection with the bridge EBITDA agreement (see Consolidated Financial Condition). During December 2012, we recorded debt redemption costs of \$0.3 billion in connection with the early redemption of \$0.7 billion of the \$2.1 billion of H 75V. Verizon Communications Notes due 2018 \$0.6 billion of 4.625% Verizon Virginia LLC IX-hentures. Series A due March 2013 and \$0.75 billion of 4-3SS Verizon Communications Notes due February 2013, as well as \$0.3 billion of other costs.

Operating Expenses decreased during 2013 compared to 2012 primarily due to a decline in traditional voice revenues as a result of decreased MOUs and a 7.3% decline in domestic wholesale connections. The traditional service product reductions are primarily due to the continued impact of competitors de-emphasizing their local market offerings coupled with the impact of technology substitution. Also contributing to the decline in voice revenues is the elimination of low margin international products and the continuing contraction of market rates due to competition. Partially offsetting the overall decrease in wholesale revenue was a continuing demand for high-speed digital data services from fiber-to-the-cell customers upgrading their core data circuits to Ethernet facilities as well as Ethernet migrations from other core customers. As a result of the customer upgrades, the number of core data circuits experienced an 11.3% decline compared to the similar period in 2012.

in w hieb l bey oci ut lhc charges were pmanly dm en hv a dec leise in our discount rate assumption used lo determine the current year Jrahillics liom a werghied-a venue ol 5% at Dect>ir.hr <http://ir.hr>r 31 201 l to a weighted-av erage ol 4 2% at December 1. 2012 115 3 biljmn) and revisions to the retirement assumptions (or participants and other assumption adjustments. pamalli oilset by ihc tl(Terence between our climated return on the assets of 7 5% and our actual return on assets of 10% (SO 7 billion) As pan of this charge we also recorded SI 0 billion related to the annuitization of pension liabilities (see for Fmpluvee Bene lit Flan funded Status and Contributions*) as well as scv cranee charges of SO 4 billion primarily for approximately 4 000 management employees

During 2011, we recorded net pre-tax sevrnince. pension and bnciliss charges- ut approximately Sd 0 billion lot our pension and postretiremen i plans in accordance with out sevrnince. account its j; and policy lo recognize actuarial gains Used and losse/h eft, te the difference between they occur The charges were pmanly driven by a decrease in our discount rate assumption 2011 (\$5 0 billion), and revisions to the life expectancy estimated return on assets of 75% ul December 31, 2010 to 3% at December 31. (SO 9 billion), and

The Consolidated Adjusted FIUJ] DA ot nun-GAAP measure presented m the severance Cui*llidatcd Operating and Income arid ILH charges JI DA discussion (See *Consolidated Results of Operations) excludes the litigation settlement costs presented above

[Early Debt Redemption and Other Costs]

During November 2012, we recorded debt redemption costs of SO 8 billion in connection with the purchase of SO 9 billion of the \$1 25 billion of 95% Venzon Communication! No let due 2039 in a cash tender offer

Capital expenditures, including capitalized software, were as follows

In the third quarter of 2012, we settled a number of patent litigation matters, including cases with Ac live Vidro Networks Inc (Active Video) and TIVo Inc (Ti Vo) In connection with the settlements with ActiveVidco and Ti Vo, we recorded a charge of SO 4 billion in the third quarter of 2012 and will pay and recognize over the following six year an additional SO 2 billion

Die Consolidated Adjusted EBITDA non-GAAP measure presented in the Consolidated Operating Income and FJUTDA discussion (See Consolidated Results of Operations*) excludes the litigation settlement costs presented above

Cash flows (provided by (tied in)

Table with 2 columns: Operating, if it vines; S 3K.XIK S j l mSR; Inrsrlil, activities (14,1(3J) (21 Jml?); Fimm-. irj: activities 2 MS* (, .? .>*

S M57 S 8,973 6,342 6,399 976 872 5 9,425 6.2W 950

Year Ended December 31, S 16,604 S 16,175 S 16,244 Wireless Wireline Other

Total as a percantage of revenue 13 8V. 14 0% 14 7V.

Wireless spending increased in 2011 compared to 2010 in mdri lo substantially i omplie the build-out of oui 4G 1.11 in t work Capitel expenditures dec lined at Wireline as a result of dec leased legacy spending requirements and a decline m spending on our wireless network

Wireless spending decreased slightly in 2012 compared to 2011 due to the divested investment in the capacity of our wireless network, primarily offset by the increased build-out of our 4G LTE network Capital expenditure decreased at Wireline due to the reduced spending on network expansion

Wireless dividend

Wireless dividend: we intend to pay a dividend in the second half of 2012. The cash payments to bond network expansion and modernize our external network. We will continue to invest in new businesses. Our sources of funds remain Iron; firm external financing arrangements, air financing to meet ongoing capital requirements. The purchase price for the Wireless network was primarily funded by the issuance of \$4.0 billion aggregate of floating line notes and other indebtedness (see "Acquisitions and Divestitures") We expect that our capital spending requirement will continue to be financed primarily through internal generated funds Debt of equity financing may be needed to fund additional investments in our wireless network activities to maintain an appropriate capital structure to ensure our financial flexibility On cash and cash equivalents we primarily held domestically in diversified companies and are invested in private equity funds. We do not have any significant exposure to foreign currency fluctuations

The volatility in world debt and equity markets has not had a significant effect on our ability to access external financing on a 1:1 basis under our revolving credit facilities. We have not issued any new debt or equity securities and are not planning to do so in the near future. We may

issue additional debt or equity securities in addition, during 2011 we issued into a \$2.0 billion revolving credit facility

Cash Flows Provided by (Used in) Operating Activities: 2011: \$2.1 billion; 2010: \$2.1 billion

During 2011, we acquired \$3 billion and \$2 billion, respectively in acquisitions of wireless services. We also invested \$5 billion. \$9 billion and \$1 billion, respectively in acquisitions of other services

During the fourth quarter of 2013, we acquired an industry leader in content delivery networks for \$4 billion. We expect the acquisition will increase our ability to meet the growing demand for online digital media content. Additionally, we acquired a cloud company (cash consideration) that was not significant in February 2014. We also acquired a content delivery network provider in February 2014.

During 2012 we paid approximately \$1.3 billion to acquire wireless licenses primarily to meet future LTL capacity needs and further LTL expansion. Additionally, during 2012, we acquired the rights to the Telcel network, a provider of telecommunication services, for \$1 billion. See "Acquisitions" and "Debt" for additional details.

During 2011 we paid approximately \$1.1 billion for the acquisition of Tencmaik, which was partially offset by \$1 billion of cash acquired (see "Acquisitions" and "Cash Flows from Financing Activities" regarding the debt obligations of Tencmaik that were paid during May 2011). We also acquired various wireless licenses and markets as well as a provider of cloud software technology for cash consideration that was not significant.

During 2011, we continued to invest in our research and development

During 2011, we increased our investment in research and development by \$1 billion. We also increased our investment in research and development by \$1 billion. We also increased our investment in research and development by \$1 billion.

During 2011, we disposed of additional assets

During 2011, we disposed of additional assets and a portion of the T-Mobile USA Inc (T-Mobile) 1SA pursuant to which 7011 MIU A held spectrum licenses and as a result of these agreements we expect to receive \$2.4 billion and additional spectrum licenses

During 2011, we disposed of additional assets

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1-3 years 4-5 years 5 years

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293 91 92

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16,301 RC09 2,4 64
 93,144 74,93 R 12,190 33,440 4,404
 13,55S 9.4 19 3,723 8,77R 1,579
 Long term debt % Capital lease obligations
 Total long-term debt including annuities
 19,724 2,825
Interest on long-term debt ¹¹¹
 Operating lease's ¹¹¹
 S 21K.116 S 33,106 S 37,057 S 31,537 S 11b,416
 Pürcha.se <http://Pürcha.se> obligations¹¹¹
 Cither long-term liabilities ¹¹¹
 Total contractual obligations

LeAim! Arrangement!

WV -ie the lessor in lev eraged and direct financing lease agreements foi i onmeicial altera fit ami power generating facilities which compi.se <http://comp.i.se> the r -ajonty of out leasing portfolio along with telecommunication-; equipment, commercial leal estate tpteny and oilier equipment These leases have remaining terms of up lo 37 years as ot December 31 201 1 In addition we lease space on ceiatr. ol our cell towers to other wireless carriers Minimum lease payments receivable represent unpaid rentals, less principal and interest on third-patty iioniecour.se <http://iioniecour.se> debt relating to leveraged lease transactions Since we have no general liability for this debt, which => secured by j senior security interest in the leased equipment ar,d rentals, the related principal and interest have been n!sri against the minimum lease payments tceivable in accordance vnh US GAAP All recourse debt is reflected in our consolidated balance sheets

¹¹¹ Items included in long-term debt with variable coupon rates are desened in Note K to the consolidated financial statements

See N!mc 7 to the consolidated financial statements

¹¹¹The purchase obligations re flec led above are pmanly commitments to purchase handels and peripherals, equipment, so lbi are programming and network services and marketing activities, which will be used or sold in the ordinary course of business These amounts do nol represent out entire anticipated purchases in the future, but represent only those items that are the subject of contractual obligations We also purchase products and services as needed with no firm commitment For this reason, the amounts presented in this table alone do not provide a reliable indicator of out expected future cash outflows oi changes in out expected cash position (see Note I ti in the consolidated financial stalem n!s)

Obel long-term liabilities include estimated post retirement benclit a the consolidated financial statements)

We are nol able to make a reliable estimate of when the unrecognized tax benefits balance of S2 1 billion and related interest and penalties will be settled with the inspeclv c taxing anihmities until issues ni examinations are further developed (see Note 12 to the consolidated financial statement*)

Guarantees

In connection with the execution of agreements for the sale of businesses and investments, Verizon ordinarily provides representations and warranties to the purchasers pertaining to a v anety of nonfinancial matters, such as ownership ut the securities being sold, as well as financial losses (see Note 16 to the consolidated financial statements)

We guarantee the debentures and fust mortgage bonds of our operating telephone company subsidiaries As of December 31, 2013, S3.1 billion pncipai amount of these obligations remain outstanding. Each guarantee will r etna in in place for the life ofthe obligation unless terminated pursuant to our terms, which will occur, among other things, if the operating telephone company is no longera wioolly-owned subsidiary of Verizon

We also guarantee the debt obligations of GTE Corpora lion that were issued and outstanding prior lo July 1, 2003 As of December 31, 2013, S1 .7 billion pncipai amount of these obligations remained outstanding (see Note K to the consolidated financial statements)

As of December 31, 2013 letters of credit totaling approximately SO 1 billion, which were executed in the normal course of business and support several financing arrangements and payment obligations to third parties, were outstanding (see Note 16 to the consolidated financial statements)

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Foreign Currency Translation

The functional currency for our foreign operations is pmanly the local currency. The translation of income statement and balance sheet amounts of our foreign operations into U S dollars is recorded as cumulative translation adjustments, which are included in Acc umulated other comprehensive income in our consolidated balance sheets Gains and Jnsces on foreign currency transactions are recorded in the consolidated statements of income in Other income and (expense), net At December 31, 2013, our pnnary translation exposure was to tire fin tub Pound Sterling, the Euro, the Australian Dollar and the Japanese Yen

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:: Wireless previously mrrer i-ildititO. IVuud Steiling.tr <http://Steiling.tr>:

into cross i inn n.v. swjps designated as cash flow hedges to exchange approximately S1 d uio -di nominated debt into C S dollars and to fix out Inline incie st and pncipai payments the impact of loieigr. cunciey ti ansae lion gains oi losses A pomoti of the gains and losses icons-: v.-:-
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ld cross cuitiiecy swap* desig.naied as cash flow hedges to exchange approximately 1*- 4 ling denominated debt into U S dollars and (0 fix our future interest am' piuu ipai pay ments ic imp.it <http://imp.it> i of fureign cuncney transaction gains or losses

f f Mlie il <http://Mlie il> 'ccounting Estimates

the fair value of the intangible assets is as follows

Goodwill and intangible assets are significant components of our consolidated assets. Both our wireless licenses and goodwill are intangible assets, and therefore are not amortized but rather are tested for impairment annually in accordance with the provisions of ASC 350-30.

Wireless Licenses

The fair value of our wireless licenses was approximately \$75.7 billion as of December 31, 2011. We aggregate our wireless licenses into one single unit of accounting as we utilize our wireless licenses on an integrated basis as part of our network.

Our wireless licenses are subject to regulatory requirements and are subject to impairment testing. We do not believe that reasonably likely adverse changes in our assumptions and estimates would result in an impairment charge.

Our impairment test consisted of comparing the estimated fair value of our wireless licenses to the carrying amount of the licenses. The fair value of our wireless licenses was determined using a market approach.

Our current and expected future economic conditions and expected availability of infrastructure and related equipment and the costs thereof as well as other relevant factors - discount rate, rate of return, etc. - were used to estimate the fair value of our wireless licenses.

At December 31, 2011, the balance of our goodwill was approximately \$24.0 billion, which is \$1.8 billion more than our wireless licenses. The balance of our goodwill is primarily related to our operations in the United States.

The fair value of the reporting unit is calculated using a market approach and a discounted cash flow method. The market approach involves the use of comparable multiples to corroborate discounted cash flow results.

We maintain benefit plans for most of our employees. Including, for certain employees pension and other postretirement benefit plans. At December 31, 2013, in the aggregate, pension plan benefit obligations exceeded the fair value of pension plan assets.

Table

Table with 2 columns: Description, Amount. Rows include Pension plan assets, Postretirement plans, etc.

Rate of return on pension plan assets: Postretirement plans discount rate Rate of return on postretirement plan Health care trend rates

In determining its pension and other postretirement obligation the Company used a weighted-average discount rate of 5.0%. The rate was selected to approximate the composite interest rates available on a selection of high-quality bonds available in the United States at December 31, 2013.

Plant, property and equipment balance represents a significant component of our consolidated assets. We record plant, property and equipment at cost. We depreciate plant, property and equipment on a straight-line basis over the estimated useful life of the assets.

Recent Accounting Standards

Standard update relating to the presentation of an unrecognized tax benefit when a net operating loss exists was issued. The standard update provides that a liability related to a net operating loss should be offset against same jurisdiction deferred tax assets for a net operating loss carry forward.

Wireless

Wireless Licenses

On February 2, 2013, we entered into a stock purchase agreement (the "Stock Purchase Agreement") with Vodafone Group Limited ("Vodafone") to acquire Vodafone's 45% interest in Verizon Wireless.

On February 21, 2014, pursuant to the terms of the Stock Purchase Agreement, Verizon Wireless issued 1.27 billion shares of common stock to Vodafone. The shares were issued at a price of \$14.25 per share.

The acquisition of Vodafone's interest in Verizon Wireless is accounted for as an equity transaction and the measurement of assets and liabilities is based on the fair value of the consideration transferred.

In February 2014, Verizon Wireless issued \$2.5 billion of senior notes. The notes were issued in two separate series with a total face amount of \$2.5 billion.

The Verizon Wireless Notes were issued pursuant to the Verizon Wireless Note Indenture. The Verizon Wireless Notes bear interest at a fixed rate and are subject to certain covenants and restrictions.

Operating Income
Cost of services and sales (exclusive of items sold) Selling general and administrative expense Depreciation and amortization expense Total Operating Expenses

Operating Income
Equity in earnings of unconsolidated businesses Other income and (expense), net

Income before (Provision) Benefit from Income Taxes
(Preferred dividends) Net Income

(dollar, in millions except per share as of 12/31/2012)

46,275.3 (9.5) (\$ 4.4)
(\$ 147.8)

986 (2,687)
29,277.5 (2.1)

Year Ended December 31,
Net Income

Other Comprehensive Income, net of taxes
foreign currency translation adjustments Unrealized gain (loss) on cash flow hedges Unrealized gain (loss) on marketable securities Defined benefit pension and post-retirement plans Other comprehensive income (loss) attributable to noncontrolling interests Total Comprehensive Income
Comprehensive income attributable to noncontrolling interests Comprehensive income attributable to Verizon Total Comprehensive Income

See Notes to Consolidated Financial Statements

2011
(dollar in 2012)

7,715.2 (2.4)
\$ 23,547 \$ 10,557 J 10,19H
1,841

\$ 23,655 \$ 8.5n J 10,41)
12,035 11,620

Net income attributable to noncontrolling interests Net income attributable to Verizon Net Income
12,050 11,497

Basic Earnings Per Common Share
Net income attributable to Verizon
Weighted-average shares outstanding (in million)

Diluted Earnings Per Common Share
Net income attributable to Verizon
Weighted-average shares outstanding (in million)

4.01
2,866

4.00 2,874

Consolidated Financial Statements

At December 31,
Assets
Current assets:
Cash and cash equivalents Short-term investments Accounts receivable, net of allowance Inventories
Prepaid expense and other liabilities

Plant, property and equipment
(less accumulated depreciation)

Total Assets		
Liabilities and Equity		
Debt maturing within one year		
Other		
12,439,101		(dollars in millions, except per share amounts) 2011-2012
3,106		
	1,075,402	3,093,470
2,200,513,019		
88,896		
3,432,75,747		
-4,134		
5,800,4,535		
1,142,405		
274,098		
	3,133,164,553	
Years Ended December 31		
Cash Flows from Operating Activities		
Adjustments to reconcile net income to net cash provided by operating activities		
<ul style="list-style-type: none"> Depreciation and amortization Employee retirement benefits FXI earned income taxes Provision for uncollectible accounts Gain in earnings, (unconsolidated subsidiaries) net of tax Changes in current assets and liabilities Acquisition/disposition of businesses, etc. At counts receivable 		
Cash Flows from Investing Activities		
Capital expenditure* (including acquisitions of investments and business)		
(dollars in millions) 2012-2011		
16,426	(221)	
16,426	(19)	(2)
16,407	10,557	10,198
16,606		
		(5,052)
		(6,244)
		(1,777)
		(132)
		(1,234)
		(143)
		(143)
		(580)
Long-term debt (employee benefit obligations) net of income taxes		
Reinvested earnings		
Common stock		
Cash and cash equivalents end of period		
Cash flows from financing activities		
Proceeds from long-term debt		
Repayments of long-term borrowing, and capital lease obligations		
Purchase of common stock		
Sale of investments, net of acquisition costs		
Net cash provided by (used in) financing activities		
Cash and cash equivalents end of period		
Net cash provided by (used in) operating activities		
Net cash provided by (used in) investing activities		
Net cash provided by (used in) financing activities		
Cash and cash equivalents end of period		

Vcjn Ended December3

Co mm en Stork
 Ralaocc at beginning ul year
 Halance at end of year

Contributed Capital Balance ut beginning of year Othei
 lalafiee at end of year

Kiin**vicd Farnings (Accumulated Defiit)
 Isabnce at beginning of yen
 Nei income ainbuiaible to Vcn/on
 On irjends dec tared (52 03 5.2 0 t SI <??.*) per
 sh arc-Balance at end of year

Accumulated Other Comprehensive Income Balance at beginning of year altrhillahle In Ven/on
 foreign cuneyey translation adjustments Unrealized gains (losses) on call: Row hedges Unrealized gains (o*seep on maiki.iyhlc sccunti, Defined benefit pension and postictncinen; p.an t >-her comprehensive income Balant e al end of year ainhuiaible lo Vcn/on

Treasurv .Stock Balance at beginning otycar Share-' purchased Employee plans (Noie 15) Shareirwneplans(Note IS) Balance at end of year

Deferred Compensation-CSOPs and Other
 Balance at beginning of year Restricted stock equity grant ■Vir.onizatioi Is.ilance at end of year

Nonce miralling Interests Balance at beginning of year Nci income attributable to noncontrolling interests
 Other comprehensive income (loss) . Total comprehensive income Distributions and other Balance at end of year

Total Equity
 (dollars in millions except per share amounts, and shalc* m thousands)

	2013	2012	2011
Amount Shares			
37.9f#0			
0.734) 11,497			297 <http://2> 9f.7r:IO <http://9f.7r:IO> S

37.922 TH

■UoS 2,404

1.04 9 il r'

(109,041) (4,071) (3,500) (153) 6,835 240

(6S) 93b

(133,594) (5,002) (140,587) (5,267)
 I 1.434 13,119
 II 05,610) (3,161) (109,041) (4,071) (133,594)
 12,050

48,343 7,794

9,682 10

Description of Business

s services across one of the most extensive wireless nei winks in the United (4C0 Long-Term Evolution (LTE) technology and third-generation

Venzon Communications Inc (Verizon or (he Company) is a holding company, which acting ihrough its subsidianes is one of the world's leading pluideis of cnuunicaturis, in foi man on and enieriainnicil products and semres to consumers, businesses and gos emmenial agcucic-s wnh a presence in over 150 counines around the world Wc have two reportable segments, Wireless and Wncline For further infonnation concerning our business segmcnis sec Note 13

The Wucl,r,s segment provide* witeic: .States (US) and has the I ligcst fourth-(30) nctwoiks of any U S wueless service pros

ITie Wireline segmcnil provides voice, data and video communications products and enhanced services including broadband video and data corporate nctwuiקיug solutions, data cormct und ctuid sets tscs security and managed network services and local and lung distance voice services Vt e provide these products and -crs ice-, tu i onsinuers m the I'm led States as well as tu earners businesses and government cu si omen both in ihc United States and in oc er I 50 o' .hct i outlines around the world

Consolidation

The method of accounting applied to investmentl, whcthci consolidated, equity or cost, ins o lves an e* alauton of all significant lenns ofthe investments that explicitly gram or suggest evidence ol" eontiol nt inllucm e nt ei the operations of ihc invesree The consolidated financial siacments include our controlled raibsnfrines I or controlled ■subsidianes ihai aie not wholly -owned, the noire nrilrulling interests arc un hidcd in Net income and Total equity In vestments in businesses which wc Jo nut control but have the ability to exercise significant influence over operating and financial policies, aie accounted lot using the equity method Inv'tstmi n.-; in wliicb we do nt>-1 have the ability to exercise sigrujcatil influence o'er operating and financial politt ics ate accounted for under the costi method Fquity and t'osi method invesimeuis art included in Investments in unconsolidated bu.sint'sst s in our consolidated balance shcics Certain of our cost method investments ire classified as at ailable-for-sale sec untie s and adjusted to fan value pursuant to the accounting siandard related to dehi and equity securities All significant inieicompany accounts iind liaisacion-s has c been eliminated

Basis of Presentation

We hate reclassified certain prior year amounts io conlirm to ihe rurrcri yeat piesenution Use of Estimates

We prepare our financial statements using U S generally accepted accounting principles (GAAP), ivbich require management io make estimates and assumptions that affeci reported amounts and disclosures Actual icults could diffTct from those estimates

: for doubtful accounts the recoverability of plant property and ihci long-lived asscis, unbilled levncus fan values of financial ; on la.x asscis, accrued expenses, pension and postictlement benefit i in connection with business combination*

Revenue Recognition

Multiple Delinetable Arrangements

In both our Wireless and Wireline segments, we offer products and services to our customers through bundled arrangements. These arrangements involve multiple deliverables which may include products, services, or a combination of products and services

See Notes In Consolidated financial Statements

Hirelen

Our Wireless segment earns revenue onmanly by providing access to and usaoe of its nctwoik In general, access revenue is billed one month in advance and reconozied when earned Usaoe revenue is generally billed in arrears and reconozied when service is rendered Equioment sales revenue

associated with the sale of wireless handsets and accessories is recognized when the products are delivered to and accepted by the customer, as this is considered to be a separate earnings process from providing wireless service. For agreements involving the resale of third-party services in which we are considered the primary obligor in the arrangements, we record the revenue gross at the time of the sale. For equipment sales, we generally subsidize the cost of wireless devices. The amount of this subsidy is generally contingent on the arrangement and terms selected by the customer. In multiple deliverable arrangements which involve the sale of equipment and a service contract, the equipment revenue is recognized up to the amount collected when the wireless device is sold.

HuWfrr

Our Wireline segment earns revenue based upon usage of US network and facilities and contract fees. In general, fixed monthly fees for voice, video, data and certain other services are billed one month in advance and recognized when earned. Revenue from services that are not fixed in amount and are based on usage is generally billed in arrears and recognized when service is rendered.

We sell each of the services offered in bundled arrangements (i.e., voice, video and data) as well as separately. Each product or service has a stand-alone selling price. For these products, revenue is allocated to each deliverable using a relative selling price method. On the line item level, we allocate revenue to the individual services based on their stand-alone selling price. For example, in a bundle, we allocate revenue to voice, video and data based on their stand-alone selling prices. For services that are sold in a bundle, we allocate revenue to each service based on its stand-alone selling price.

When we bundle equipment with maintenance and repair services, we recognize equipment revenue when the equipment is installed in accordance with the contract terms and the maintenance and repair services are provided. Revenue from maintenance and repair services is recognized over the term of the contract. For equipment sold in a bundle with maintenance and repair services, we recognize equipment revenue when the equipment is installed in accordance with the contract terms and the maintenance and repair services are provided.

Our wireless segment earns revenue based upon usage of US network and facilities and contract fees. In general, fixed monthly fees for voice, video, data and certain other services are billed one month in advance and recognized when earned. Revenue from services that are not fixed in amount and are based on usage is generally billed in arrears and recognized when service is rendered.

Our wireless segment earns revenue based upon usage of US network and facilities and contract fees. In general, fixed monthly fees for voice, video, data and certain other services are billed one month in advance and recognized when earned. Revenue from services that are not fixed in amount and are based on usage is generally billed in arrears and recognized when service is rendered.

Maintenance and Repairs

We charge the cost of maintenance and repairs, including the cost of replacing minor items not constituting substantial components, principally to Cost of Services and Sales. These costs are included in the cost of services and sales.

Advertising Costs

Our advertising products and services are sold as a separate line item. Advertising costs are primarily related to selling, general and administrative expenses in the periods in which they are incurred (see Note 1).

Fair Value of Financial Instruments

Our earnings per common share are based on the weighted average number of shares outstanding during the period. Where appropriate, diluted earnings per common share are also presented. The diluted earnings per common share are calculated by dividing the earnings available to common shareholders by the diluted number of common shares outstanding.

Our wireless segment earns revenue based upon usage of US network and facilities and contract fees. In general, fixed monthly fees for voice, video, data and certain other services are billed one month in advance and recognized when earned. Revenue from services that are not fixed in amount and are based on usage is generally billed in arrears and recognized when service is rendered.

Our wireless segment earns revenue based upon usage of US network and facilities and contract fees. In general, fixed monthly fees for voice, video, data and certain other services are billed one month in advance and recognized when earned. Revenue from services that are not fixed in amount and are based on usage is generally billed in arrears and recognized when service is rendered.

Our wireless segment earns revenue based upon usage of US network and facilities and contract fees. In general, fixed monthly fees for voice, video, data and certain other services are billed one month in advance and recognized when earned. Revenue from services that are not fixed in amount and are based on usage is generally billed in arrears and recognized when service is rendered.

Cash and Cash Equivalents

We consider all highly liquid investments with a maturity of three months or less when purchased to be cash and cash equivalents. Cash and cash equivalents are reported at cost, less any impairment.

Marketable Securities

We have investments in marketable securities which are considered 'available-for-sale' under the provisions of the accounting standard. Certain debt and equity securities, and are included in the accompanying consolidated balance sheets in Short-term Investments. Investments in unconsolidated business, or other assets we continually evaluate our investments in marketable securities for impairment due to declines in market value considered to be other-than-temporary. That evaluation includes, in addition to persistent declines in stock price, general economic and company-specific factors. In the event of a determination that a decline in market value is other-than-temporary, a charge to earnings is recorded (or the loss and a new cost basis in the investment is established).

Inventory consists of wireless and wireline equipment held for sale, which is earned at the lower of cost (determined principally on either an average cost or first-in first-out basis) or market.

Plant and Depreciation

We record plant, property and equipment at cost. Plant, property and equipment of wireline and wireless operations are generally depreciated on a straight-line basis.

Leasehold improvements are amortized over the shorter of the estimated life of the improvement or the remaining term of the related lease, calculated from the time the asset was placed in service.

When the depreciable assets of our wireline and wireless operations are retired or otherwise disposed of the related cost and accumulated depreciation are deducted from the plant accounts and any gains or losses on disposition are recognized in income.

We capitalize and depreciate network software purchased or developed along with related plant assets. We also capitalize interest associated with the acquisition or construction of network-related assets. Capitalized interest is reported as a reduction in interest expense and depreciated as part of the cost of the network-related assets.

In connection with our ongoing review of the estimated remaining useful lives of plant, property and equipment at our local telephone operations, we determined that there were no changes necessary for average useful lives for 2013, 2012 and 2011. In connection with our ongoing review of the estimated remaining useful lives of plant, property and equipment at our wireless operations, we determined that changes were necessary to the remaining estimated useful lives as a result of technology upgrades, enhancements, and planned retirements. These changes resulted in an increase in depreciation expense of \$0.4 billion in 2011. While the timing and extent of current deployment plans are subject to ongoing analysis and modification, we believe the current estimates of useful lives are reasonable.

Computer Software - Costs

We capitalize the cost of internal-use network and non-network software that has a useful life in excess of one year. Subsequent additions, modifications or upgrades to internal-use network and non-network software are capitalized only to the extent that they allow the software to perform a task it previously did not perform. Planning software maintenance and training costs are expensed in the period in which they are incurred. Also, we recognize interest associated with the development of internal-use network and non-network software. Capitalized non-network internal-use software costs are amortized using the straight-line method over a period of 3 to 7 years and are included in other intangible assets net in our consolidated balance sheets. For a discussion of our impairment policy for capitalized software costs, see 'Goodwill and Other Intangible Assets' below. Also, see Note 3 for additional detail of internal-use non-network software reflected in our consolidated balance sheets.

Goodwill and Other Intangible

Assets Goodwill

Goodwill is the excess of the acquisition cost of businesses over the fair value of the identifiable net assets acquired. Impairment testing for goodwill is performed annually in the fourth fiscal quarter or more frequently if impairment indicators are present. The Company has the option to perform a qualitative assessment to determine if the fair value of the entity is less than its carrying value. However, the Company may elect to perform an impairment test even if no indicators of a potential impairment exist. The impairment test for goodwill uses a two-step approach, which is performed at the reporting unit level. We have determined that in our case, the reporting units are our operating segments since that is the lowest level at which discrete, reliable financial and cash flow information is available. Step one compares the fair value of the reporting unit (calculated using a market approach and/or a discounted cash flow method) to its carrying value. If the carrying value exceeds the fair value there is a potential impairment and step two must be performed. Step two compares the carrying value of the reporting unit's goodwill to its implied fair value (i.e., fair value of reporting unit less the fair value of the unit's assets and liabilities, including identifiable intangible assets). If the implied fair value of goodwill is less than the carrying amount of goodwill, an impairment is recognized.

Intangible Assets Not Subject to Amortization

A significant portion of our intangible assets are wireless licenses that provide our wireless operations with the exclusive right to utilize designated radio frequency spectrum to provide wireless communication services. While licenses are issued for only a fixed time, generally ten year, such licenses are subject to renewal by the Federal Communications Commission (FCC). License renewals have occurred routinely and at nominal cost. Moreover, we have determined that there are currently no legal, regulatory, contractual, competitive, economic or other factors that limit the useful life of our wireless licenses. As a result, we treat the wireless licenses as an indefinite-lived intangible asset. We reevaluate the useful life of wireless licenses each year to determine whether events and circumstances continue to support an indefinite useful life.

led a qualitative
in 2013
profit

We test our wireless licenses for potential impairment. It is more likely than not that the impairment indicators considered several conditions including change in interest rates and rates), industry and market considerations (including industry revenue and EBITDA (Earnings before interest, taxes, depreciation and amortization) margin projections), the projected financial performance of Wireless, as well as other factors. In 2012 and 2011, our quantitative assessment consisted of comparing the estimated fair value of our wireless licenses to the aggregated carrying amount as of the test date. Using the quantitative assessment, we evaluated our licenses on an aggregate basis using a direct value approach. The direct value approach estimates fair value using a discounted cash flow analysis to estimate what a marketplace participant would be willing to pay to purchase the aggregated wireless licenses as of the valuation date. If the fair value of the aggregated wireless licenses is less than the aggregated carrying amount of the licenses, an impairment is recognized.

impairment indicators

Interest expense incurred while qualifying activities are performed to ready wireless licenses for their intended use is capitalized as part of wireless licenses. The capitalization period ends when the development is discontinued or substantially complete and the license is ready for its intended use.

Intangible Assets: Our intangible assets are amortized over their estimated useful lives.

impairment indicators
Cash flow do not
whether events

Impairment indicators were present, we would test for impairment. We expect to be generated from the carrying amount we would perform the impairment test. We reevaluate the useful life of intangible assets.

Intangible Assets: Our intangible assets are amortized over their estimated useful lives.

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Intangible Assets: Our intangible assets are amortized over their estimated useful lives.

Intangible Assets: Our intangible assets are amortized over their estimated useful lives.

dated	for	tempor	ity
di/crct.	yes	male	id
He;	;	ill;	nouni
thai	is	mole	hksJv
tha			

We use a two-step approach in recognizing and measuring tax benefits expected to be realized from tax return. The first step is recognition. We determine whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. In evaluating whether a tax position has met the more-likely-than-not recognition threshold, we presume that the appropriate taxing authority that has full knowledge of all relevant information. The second step is measurement. A tax position that meets the more-likely-than-not recognition threshold is measured to determine the amount of benefit to be recognized in the financial statements. The tax position is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. Differences between tax positions taken in a tax return and amounts recognized in the financial statements will generally result in one or more of the following: an increase in a liability for income taxes payable, a reduction of an income tax refund receivable, a reduction in a deferred tax asset, or an increase in a deferred tax liability.

The accounting standard relating to income taxes generated by leveraged lease transactions requires that changes in the projected timing of income tax cash flows generated by a leveraged lease transaction be recognized as a gain or loss in the year in which the change occurs.

Significant management judgment is required in evaluating our tax positions and in determining our effective tax rate.

Stock-Based Compensation

- - -

We measure and recognize compensation expense for all stock-based compensation awards made to employees and directors based on estimated fair values. See Note 10 for further details.

Foreign Currency Translation

The functional currency of our foreign operations is generally the local currency. For these foreign entities, we translate income statement amounts at average exchange rates for the period, and we translate assets and liabilities at end-of-period exchange rates. We record these translation adjustments in accumulated other comprehensive income, a separate component of equity in our consolidated balance sheet. We report exchange gains and losses on intercompany foreign currency transactions of a long-term nature in accumulated other comprehensive income. Other exchange gains and losses are reported in income.

Employee Benefit Plans

Pension and postretirement health care and life insurance benefits earned during the year as well as interest on projected benefit obligations are accrued currently. Post-service costs and credits resulting from changes in plan benefits are generally amortized over the average remaining service period of the employees expected to receive benefits. Expected return on plan assets is determined by applying the return on assets assumption to the actual fair value of plan assets. Actuarial gains and losses are recognized in operating results in the year in which they occur. These gains and losses are measured annually as of December 31 (or upon a re-measurement event). Verizon management employees no longer earn pension benefits; we now provide medical subsidy (see Note 11).

We recognize a pension or a postretirement plan's funded status as either an asset or liability on the consolidated balance sheets. At-risk, we measure any unrecognized prior service costs and credits that arise during the period as a component of accumulated other comprehensive income, net of applicable income tax.

Derivative Instruments

We have entered into derivative transactions primarily to manage our exposure to fluctuations in foreign currency exchange rates, interest rates, equity and commodity prices. We employ risk management strategies which may include the use of a variety of derivatives including cross-currency swaps, foreign currency and prepaid forwards and collars, interest rate and commodity swap agreements and interest rate locks. We do not hold derivatives for trading purposes.

We measure all derivatives, including derivatives embedded in other financial instruments, at fair value and recognize them as either assets or liabilities on our consolidated balance sheets. Our derivative instruments are valued primarily using models based on readily observable market parameters for all substantial terms of our derivative contracts and thus are classified as Level 2. Changes in the fair value of derivative instruments not classified as hedges or any non-hedge portion of hedges are recognized in earnings in the current period. Changes in the fair value of derivative instruments used effectively as fair value hedges are recognized in earnings, along with changes in the fair value of the hedged item. Changes in the fair value of the effective portions of cash flow hedges are reported in other comprehensive income and recognized in earnings when the hedged item is recognized in earnings.

Recently Adopted Accounting Standards

During the first quarter of 2013, we adopted the accounting standard updates regarding testing of intangible assets for

Impairment. This standard update allows companies the option to perform a qualitative assessment to determine whether it is more likely than not that an indefinite-lived intangible asset is impaired. An entity is not required to calculate the fair value of an indefinite-lived intangible asset and perform the quantitative impairment test unless the entity determines that it is more likely than not the asset is impaired. The adoption of this standard update did not have an impact on our consolidated financial statements.

During the first quarter of 2013, we adopted the accounting standard update regarding reclassifications out of Accumulated other comprehensive income. This standard update requires companies to report the effect of significant reclassification out of Accumulated other comprehensive income on the respective line items in our consolidated statements of income if the amount being reclassified is required to be reclassified in its entirety to net income. For other amounts that are not required to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference to other required disclosures that provide additional detail about those amounts. See Note 14 for additional details.

During the third quarter of 2013, we adopted the accounting standard update regarding the ability to use the Federal Funds Effective Swap Rate as a US benchmark interest rate for hedge accounting purposes. Previously, the interest rates on direct Treasury obligations of the US government and the London Interbank Offered Rate (LIBOR) were considered to be the only benchmark interest rates. The adoption of this standard update did not have a significant impact on our consolidated financial statements.

In July 2013, the accounting standard update relating to the presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists was issued. The standard update provides that a liability related to an unrecognized tax benefit should be offset against same jurisdiction deferred tax assets for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward if such settlement is required or expected in the event the uncertain tax position is disallowed. We will adopt this standard update during the third quarter of 2014. We are currently evaluating the consolidated balance sheet impact related to this standard update.

Acquisitions and Divestitures | Wireless

Wireless Transaction

On September 2, 2013, Verizon entered into a stock purchase agreement with the Sprint Nextel (SNTX) and Verizon Wireless (VZWL) entities. The agreement provides for the acquisition of Verizon Wireless by Verizon Communications Inc. (Verizon) and Verizon Wireless. The transaction is valued at approximately \$11 billion.

On February 21, 2014, pursuant to the terms and conditions set forth in the Stock Purchase Agreement, Verizon acquired the Wireless transaction from the Seller of the issued and outstanding common stock of Verizon Wireless. The transaction is valued at approximately \$11 billion. The total cash paid to Verizon Wireless is approximately \$11 billion.

In accordance with the accounting standard on consolidation, a change in a parent-owned subsidiary that retains a continuing financial interest in its subsidiary is accounted for as an equity transaction. The transaction is accounted for as an equity transaction. The transaction is accounted for as an equity transaction.

On February 21, 2014, Verizon and Vodafone also implemented the sale of the Omnitel Ireland (OIR) subsidiary to a subsidiary of Vodafone. The transaction is valued at approximately \$1.5 billion.

The Verizon Notes were issued pursuant to Verizon's existing indenture. The Verizon Notes were issued in two separate series with \$2.5 billion and \$2.5 billion. The Verizon Notes are secured by Verizon's assets. The Verizon Notes are secured by Verizon's assets.

Other Communications

Included in the other communications section are the Verizon Wireless transactions. The Verizon Wireless transactions are accounted for as equity transactions. The Verizon Wireless transactions are accounted for as equity transactions.

Pro Forma Information

The unaudited pro forma information presented in this section is for informational purposes only. The unaudited pro forma information is not intended to be a projection of results that may be obtained in the future. The unaudited pro forma information is not intended to be a projection of results that may be obtained in the future.

The unaudited pro forma information presented in this section is for informational purposes only. The unaudited pro forma information is not intended to be a projection of results that may be obtained in the future. The unaudited pro forma information is not intended to be a projection of results that may be obtained in the future.

The following unaudited pro forma information is for informational purposes only. The unaudited pro forma information is not intended to be a projection of results that may be obtained in the future. The unaudited pro forma information is not intended to be a projection of results that may be obtained in the future.

Years ended December 31, 2013 and 2012

Net income attributable to Verizon: 2013 \$17,098; 2012 \$4,447

Spectrum Closures Transactions

Since 2012 we have entered into several strategic spectrum transactions including:

- During the first quarter of 2012, we completed the acquisition of Verizon Wireless LLC for \$4.5 billion. The transaction is valued at approximately \$4.5 billion. The transaction is valued at approximately \$4.5 billion.
- During the first quarter of 2013, we completed the acquisition of Verizon Wireless LLC for \$4.5 billion. The transaction is valued at approximately \$4.5 billion. The transaction is valued at approximately \$4.5 billion.

result of these exchanges, we received an aggregate of \$0.5 billion of AWS licenses at fair value and recorded an immaterial gain

- During the third quarter of 2013, after receiving the required regulatory approvals, Verizon Wireless sold 39 lower 700 MHz B block spectrum licenses to AT&T Inc (AT&T) in exchange for a payment of \$1.9 billion and the transfer by AT&T to Verizon Wireless of AWS (10 MHz) licenses in certain markets in the western United States. Verizon Wireless also sold certain lower 700 MHz B block spectrum licenses to an investment firm for a payment of \$0.2 billion. As a result, we received \$0.5 billion of AWS licenses at fair value and we recorded a pre-tax gain of approximately \$0.3 billion in Selling, general and administrative expense on our consolidated statement of income for the year ended December 31, 2013.
- During the fourth quarter of 2013, we entered into license exchange agreements with T-Mobile USA to exchange certain AWS and PCS licenses. These non-cash exchanges, which are subject to approval by the FCC and other customary closing conditions are expected to close in the first half of 2014. The exchange includes a number of swaps that we expect will result in more efficient use of the AWS and PCS bands. As a result of these agreements, \$0.9 billion of wireless licenses are classified as held for sale and included in Prepaid expenses and other on our consolidated balance sheet at December 31, 2013. Upon completion of the transaction, we expect to recognize an immaterial gain.
- Subsequent to the transaction with T-Mobile USA in the fourth quarter of 2013 on January 1, 2014, we announced two agreements with T-Mobile USA with respect to our remaining 1W Milliwatt A block spectrum licenses. Under one agreement we will sell our T-Mobile USA licenses to T-Mobile USA in exchange for cash consideration of approximately \$2.4 billion, and under the second agreement we will exchange the remainder of these licenses for AWS PCS licenses. These transactions are subject to the approval of the FCC as well as other customary closing conditions. These transactions are expected to close in the middle of 2014.

Other

During 2013, we acquired an immaterial amount of goodwill. Additionally, we obtained control of previously unconsolidated wireless partnerships, which were previously accounted for under the equity method and are now, as of December 31, 2013, accounted for as acquisitions. The acquisition of these entities resulted in an immaterial gain of \$0.2 billion of goodwill. The following table displays the composition of other intangible assets:

During 2012, we acquired various wireless licenses and markets for cash consideration that was not significant and recorded \$0.2 billion of goodwill as a result of these transactions.

Wireless

HCCIKSTClnuie-s, Inc

During July 2012, we acquired 11.1% of HCCIKSTClnuie-s, Inc. The acquisition price of \$0.2 billion as a result of the transaction. HCCIKSTClnuie-s became a wholly-owned subsidiary of Verizon. The consolidated financial statements include the results of HCCIKSTClnuie-s operations from the date of the acquisition. Upon closing, we recorded approximately \$0.2 billion of goodwill. The acquisition also assumed the debt obligations of \$113.0 million, which were repaid by Verizon. Had this acquisition been completed on January 1, 2012, the results of operations of HCCIKSTClnuie-s would not have had a material impact on the consolidated net income, attributable to Verizon. In addition, we expect to bring more traffic to our network and new subscribers.

The acquisition of HCCIKSTClnuie-s was accounted for as a business combination under the acquisition method. The fair value of the net assets acquired was \$0.1 billion. The acquisition was completed on July 2, 2012.

Immortal Worldwide, Inc

During 2012, we acquired Immortal Worldwide, Inc. The acquisition price of \$1.1 billion as a result of the transaction. Immortal Worldwide became a wholly-owned subsidiary of Verizon. The consolidated financial statements include the results of Immortal Worldwide operations from the date of the acquisition. Upon closing, we recorded approximately \$1.1 billion of goodwill. The acquisition also assumed the debt obligations of \$113.0 million, which were repaid by Verizon. Had this acquisition been completed on January 1, 2012, the results of operations of Immortal Worldwide would not have had a material impact on the consolidated net income, attributable to Verizon. In addition, we expect to bring more traffic to our network and new subscribers.

The consolidated financial statements include the results of Immortal Worldwide operations from the date of the acquisition. Upon closing, we recorded \$1.1 billion of goodwill.

During 2012, we acquired Immortal Worldwide, Inc. The acquisition price of \$1.1 billion as a result of the transaction. Immortal Worldwide became a wholly-owned subsidiary of Verizon. The consolidated financial statements include the results of Immortal Worldwide operations from the date of the acquisition. Upon closing, we recorded approximately \$1.1 billion of goodwill.

During 2012, we acquired Immortal Worldwide, Inc. The acquisition price of \$1.1 billion as a result of the transaction. Immortal Worldwide became a wholly-owned subsidiary of Verizon. The consolidated financial statements include the results of Immortal Worldwide operations from the date of the acquisition. Upon closing, we recorded approximately \$1.1 billion of goodwill.

During 2012, we acquired Immortal Worldwide, Inc. The acquisition price of \$1.1 billion as a result of the transaction. Immortal Worldwide became a wholly-owned subsidiary of Verizon. The consolidated financial statements include the results of Immortal Worldwide operations from the date of the acquisition. Upon closing, we recorded approximately \$1.1 billion of goodwill.

Other

During the fourth quarter of 2013, Verizon acquired an industry leader in content delivery networks for \$0.4 billion. We expect the acquisition will increase our ability to meet the growing demand for online digital media content. Upon closing, we recorded \$0.3 billion of goodwill. Additionally, we acquired a technology and television content company for cash consideration that was not significant. The consolidated financial statements include the results of the operations of each of these acquisitions from the date each acquisition closed.

On January 21, 2014, Verizon announced an agreement to acquire a business dedicated to the development of cloud television products and services for cash consideration that was not significant. The acquisition was completed in February 2014. We expect to accelerate the availability of next-generation video services.

Other Intangible Assets

The following table displays the composition of Other

				(dollars in millions)		
	Net	Gross	Accumulated Net			
Goodwill and Other Intangible Assets						
Wireless Licenses						
Changes in the carrying amount of Wireless Licenses						
At December 31, 2012						
Customer lists (5 to 13 years) Non-network, internal-use software Other (2 to 25 years) Total						
Gross Accumulated Amount Amortization						
\$79.4						
13,576 10,415						
(2,660)						
Um						
Amount	Amount	Amortization	Amount			
\$ 16,100	\$ (10,300)	\$ 5,1100	\$ 14,773	5,	(11,640)	\$ 3,933
Balance at January 1, 2012						
Acquisitions						
Dispositions						
Capitalized interest on wireless licenses						
Reclassifications, adjustments and other						
Balance at December 31, 2013						
Reclassifications, adjustments and other						
Balance at December 31, 2013						
Reclassifications, adjustments and other						
Balance at December 31, 2013						

Reclassifications, adjustments and other includes \$0.3 billion of wireless licenses that are classified as held for sale and included in Prepaid expenses and other on our consolidated balance sheet at December 31, 2013 as well as the exchanges of wireless licenses in 2013 and 2012. See Note 2 for additional details.

At December 31, 2013 and 2012, approximately \$1.7 billion and \$7.3 billion, respectively, of wireless licenses were under development for commercial service for which we were capitalizing interest costs.

The amortization expense for Other intangible assets was as follows:

Years	2013	2012	2011
Insulted annual amortisation expense for Other intangible assets is as follow			
2015 2016			
1,511 1,540 1,505			

L4Kh 1.215

The average remaining renewal period of our wireless licenses additional details

The following table displays the details of Plant, property and equipment, which is stated at cost

Goodwill

Changes in the carrying amount

Balance at January 1, 2012

Acquisitions (Note 2)

Reclassifications, adjustments and other Balance at December 31, 2012

Acquisitions (Note 2) Balance at December 31, 2013

(dollars in millions)

Wireless	Wireline	Tata I
\$ 17,913	\$ 5,394	\$ 23,357
209		551,710

\$ 172 \$ 5967 \$ 24,139

\$ 11,376 \$ 4,251 \$ 24,634

204 291 495

At December 31,

Land

Buildings and equipment

Central office and other network equipment

Cable, poles and conduit

Leasehold improvements

Work in progress

Furniture, vehicles and other

Less accumulated depreciation Total

1515

3-15 11-50 5-20

3-20

(dollar 2013

\$ 19 23,557 121,594

\$ 240 5,774 176

9307

220,865 131,909

\$ M,881

n millions) 2012

\$ 59 22,909 13,262 53,761 5,404 4,126 9,254

209,575 120,933

Investments in Unconsolidated Businesses

Our investments in unconsolidated businesses are comprised of the following

At December 31,

Equity Investments

Vodafone Omnitel

(dollars in millions) 2013 2012

23 1% \$ 2,511

At December 31,

Venzon Wireless

Wireless partnerships and other

(dollars in millions) 2013 2012

\$ 56.55 \$ 12,371

\$ 55,465 1,115

Cost of Investment - http://www.vodafone.com

On January 1, 2013, Vodafone Omnitel acquired 23.1% of the equity of Venzon Wireless, a subsidiary of Vodafone Omnitel, for a total purchase price of \$56.55 million. The investment is accounted for as an acquisition of an equity investment.

Equity Method Investments

Vodafone Omnitel

Vodafone Omnitel is one of the leading wireless communication companies in Italy. As of December 31, 2011 and 2012, Vodafone Omnitel included goodwill of \$1 billion and \$0 billion, respectively. As part of the acquisition of Vodafone Omnitel, the company acquired \$55.465 million of equity investment in Vodafone Omnitel, which is accounted for as an acquisition of an equity investment.

Other Equity Investments

The remaining investment, which is held in the US limited partnership investments in the US, is accounted for as an investment in a subsidiary.

Summarized Financial Information

Summarized financial information for our equity investments, as follows: AW, -

(dollars in millions)

File #: O2015-758, Version: 1

The future minimum lease payments to be fact of lease, lease loan payments related to lease relating to operating leases (or the periods since)

Years

2014 2015 2016 2017 201K

Thereafter Total

noncancelable capital leases (direct financing and leveraged leases) net of leasehold improvements and expected receipts of subleases

(dollars in millions) Capital Operating Leases

Changes to debt during 2013

Balance at January 1, 2013

Proceeds from long-term borrowings
 Repayments of long-term debt and capital lease obligations Decrease in short-term obligations, excluding current maturities Reclassifications of long-term debt Other

Balance at December 31, 2013

within one year (http://ye) is as follows

Debt Maturing within One Year

(3,843) (142) 3,121

(dollars in millions) Long-term

49,166 (4,220)

Debt Total

49,164 (8,163) (1,442)

We lease certain facilities and equipment for use in our operations under both capital and operating leases Total rent expense under operating leases amounted to \$2.8 billion in 2013 and \$2.5 billion in 2012 and 2011, respectively.

At December 31

Long-term debt maturing within one year

Commercial paper and other

Total debt maturing within one year

(dollars in millions) 2013 2012

\$3,416 \$3,469

447 500

\$3,893 \$4,369

The weighted-average interest rate for our commercial paper outstanding was 0.2% and 0.4% at December 31, 2013 and 2012, respectively.

Credit Facilities

On August 13, 2013, we amended our \$6.2 billion credit facility with a group of major financial institutions to extend the maturity date to August 12, 2017. As of December 31, 2013, the unused borrowing capacity under this credit facility was approximately \$6.1 billion.

During October 2013, we entered into a \$2.0 billion 364-day revolving credit agreement with a group of major financial institutions. Although effective as of October 2013, we could not draw on this revolving credit agreement prior to the completion of the Wireless Transaction. We may use borrowings under the 364-day credit agreement for general corporate purposes. The 364-day revolving credit agreement contains certain negative covenants, including a negative pledge covenant, a merger or similar transaction covenant and an accounting changes covenant. If certain covenants and events of default that are customary for companies making an investment in a venture, grade credit rating in addition to the agreement requires us to maintain a leverage ratio (as defined in the agreement) no more than 1.00x.

Long-Term Debt

(dollars in millions)

Maturities: 2014 - 2014; 2015 - 2014; 2016 - 2014; 2017 - 2014; 2018 - 2014; 2019 - 2014; 2020 - 2014; 2021 - 2014; 2022 - 2014; 2023 - 2014; 2024 - 2014; 2025 - 2014; 2026 - 2014; 2027 - 2014; 2028 - 2014; 2029 - 2014; 2030 - 2014; 2031 - 2014; 2032 - 2014; 2033 - 2014; 2034 - 2014; 2035 - 2014; 2036 - 2014; 2037 - 2014; 2038 - 2014; 2039 - 2014; 2040 - 2014; 2041 - 2014; 2042 - 2014; 2043 - 2014; 2044 - 2014; 2045 - 2014; 2046 - 2014; 2047 - 2014; 2048 - 2014; 2049 - 2014; 2050 - 2014; 2051 - 2014; 2052 - 2014; 2053 - 2014; 2054 - 2014; 2055 - 2014; 2056 - 2014; 2057 - 2014; 2058 - 2014; 2059 - 2014; 2060 - 2014; 2061 - 2014; 2062 - 2014; 2063 - 2014; 2064 - 2014; 2065 - 2014; 2066 - 2014; 2067 - 2014; 2068 - 2014; 2069 - 2014; 2070 - 2014; 2071 - 2014; 2072 - 2014; 2073 - 2014; 2074 - 2014; 2075 - 2014; 2076 - 2014; 2077 - 2014; 2078 - 2014; 2079 - 2014; 2080 - 2014; 2081 - 2014; 2082 - 2014; 2083 - 2014; 2084 - 2014; 2085 - 2014; 2086 - 2014; 2087 - 2014; 2088 - 2014; 2089 - 2014; 2090 - 2014; 2091 - 2014; 2092 - 2014; 2093 - 2014; 2094 - 2014; 2095 - 2014; 2096 - 2014; 2097 - 2014; 2098 - 2014; 2099 - 2014; 2100 - 2014

2011 - 2018 2016 - 2032

Outstanding long-term debt obligation - 31c as follows

Interest Rates

2012

31.9% 5.02% 5.50%

3.9% 1.30% 1.07% 1.49% 88%

1 11 7.7 2

Weighted Average

103.1

5.017

1.000

K.635

Interest rate on passable and other interest - All assumed notes subsidiaries - 1c

Other subsidiaries

5.13 - 6.46 7.38 - 7.58 8.00 - 8.75

- debentures and other

Capital lease obligations

\$3,144.3486

2013 and 2012, respectively. In addition, we have issued premium Total long-term debt including our 1.1% Hybrid, which is, year Total long-term debt

In addition

0.13%

1.00%

1.00%

1.00%

1.00%

1.00%

1.00%

1.00%

1.00%

1.00%

1.00%

1.00%

1.00%

1.00%

1.00%

1.00%

1.00%

1.00%

1.00%

1.00%

\$6.1 billion

(shares in thousands)

Outstanding January 1, 2011

Pa) memo

Cancel/Forfeited Outstanding December 31, 2011

Cancel/Forfeited Outstanding December 31, 2012

Cancel/Forfeited Outstanding December 31, 2013

Restricted Stock Units

20,929,067 (7,112)

19,836,360 (7,306)

18,669,400

16,183

12,389,349 (12,117) (2,977)

23,724

Performance Stock Units

27,114,263 (1,459) (1,719)

39,463,747 (22,708)

Verizon Wireless Long-Term Incentive Plan

The Verizon Wireless Long-Term Incentive Plan (the Wireless Plan) provides compensation opportunities to eligible employees of Verizon Wireless (the Partnership). Under the Wireless Plan, Value Appreciation Rights (VARs) were granted to eligible employees as of December 31, 2011. All VARs were fully vested. We have not granted new VARs since 2004. The following table as of December 31, 2013:

VARs reflect the change in the value of the Partnership, as defined in the Wireless Plan. Similar to stock options, the valuation is determined using a Black-Scholes model. Once VARs become vested, employees can exercise their VARs and receive a payment that is equal to the difference between the VAR price on the date of grant and the VAR price on the date of exercise, less applicable taxes. All outstanding VARs are fully exercisable and have a maximum term of 10 years. All VARs were granted at a price equal to the estimated fair value of the Partnership as determined in the Wireless Plan at the date of the grant.

The U.S. Treasury yield curve as of the nine-month period ended December 31, 2011, is used to determine the discount rate for the VARs.

Logarithmic term (in years) expected volatility

1.25 20%

The risk-free rate is based on a blend of the U.S. Treasury yield curve as of the nine-month period ended December 31, 2011, and the expected life ending on the date of the grant.

Current Date Fair Value

Outstanding Rights - 1/1/11

11,869 (3,303)

11,869 (3,303)

(shares in thousands)

2011

1,110 (1,110)

1,110 (1,110)

1,110 (1,110)

1,110 (1,110)

1,110 (1,110)

1,110 (1,110)

Cancel/Forfeited Outstanding Rights December 31, 2011

Cancel/Forfeited

Outstanding rights, December 31, 2011

Income attributable to Verizon Wireless Stock Options

0 of no less

The Plan provides for the payment of cash to the employee at the date of the grant for the exercise of the stock options.

Weighted-Average Exercise Price

Stock Options Price

44,263,600 (61,000)

68,444 (7,104) 121,821

1,110

(7,407) (7,407)

1,110 (1,110)

1,110 (1,110)

The following table summarizes Verizon Wireless stock option activity (shares in thousands)

Outstanding, January 1, 2011

34,415 (34,415)

Cancel/Forfeited Outstanding, December 31, 2011

Cancel/Forfeited Outstanding, December 31, 2012

Cancel/Forfeited Outstanding, December 31, 2013

Number of shares available for future grants

2011 year-end stock options

Cancel/Forfeited Outstanding, December 31, 2013

14,115

Weighted-Average Remaining Life (years)

All stock options outstanding as of December 31, 2013

Stock Options

(in thousands)

The following table summarizes the weighted-average remaining life of the stock options as of December 31, 2013:

Weighted-Average

14.15

330,000,000 (40,000,000) 290,000,000

14.15

The weighted-average remaining life of the stock options is based on the expected life of the stock options at the time of grant, adjusted for the expected cancellation of the stock options.

Total intrinsic value for stock options outstanding as of December 31, 2013 is \$1.2 billion. Total intrinsic value of stock options exercised was \$1.2 billion in 2011, \$1.2 billion in 2012 and \$0.2 billion in 2013. Total cash received from the exercise of stock options was \$1.2 billion in 2011, \$1.2 billion in 2012 and \$0.2 billion in 2013. Total stock option expense for 2013, 2012 and 2011 is \$1.2 billion, \$1.2 billion and \$0.2 billion, respectively.

...ing policy for pen. a for changes based on ...
 ... including projected discount rates and an estimated ... updated in the ... actual return on plan ... and updated actuarial ... ; ... in the Inc.

many of our ...
 ... to time and ...
 ... as well ... the ... plan ...

i

Obligations and Funded Status

At December 31,
 Change in Benefit Obligations
 Beginning of year Service ... Internal
 Plan amendments Actuarial ... Benefits paid
 Curtailment and termination benefits Annuity purchase Settlements paid End of year
 Change in Plan Assets Beginning of year Actual return on plan assets Company contributions Bonds/repaid Settlements paid Annuity purchase End of year

Funded Status
 End of year
 3^9 1.284
 (1.5^1) 1.402
 (1 744)

(dollars in millions) Pension Health Care and Life

» 2 (,773) S 30,582 S 26,444 S 27 2M
 (149) (2,327) (1,777)
 6 074 (2,715)

318 1,0f 5 (119) (3,576) (1,520)

(K,352) (7tir.)
 2,57

51b

1,360 (1,510)
 S 28,773 S 23,042 S 26,844
 1,4C1
 11,744,

S 18,2th S 24,1 10 2,126 107 3,71^ (1,777) (2,715)

(H,352)

(«««) (700)

S 17,111 S 11,2M2

S 1^*^U) S (W-91) S (19,989) S (24 1^7)

<d,ilais«< million \$ Health Care and Life

The accumulated benefit obligation for all defined benefit pension plans was \$22.9 billion at December 31, 2013 and 2012, respectively.

(dollars in millions) 2013 2012
 \$ 22.610 \$ 21.151 22,492 26,081 K,350 17,623

Information for pension plans with an accumulated benefit obligation in excess of plan assets follows

At December 31
 Projected benefit obligation Accumulated benefit obligation Fair value of plan assets

Net Periodic Cost

The following table summarizes the benefit (income) cost related to our pension and postretirement health care and life insurance plans

(dollars in millions)

Pension Health Care and Life

Years ended December 31

Service cost
 2013 1,421
 (1,245) (1,795) 1,002 1,410
 (1,974) (143) (171)
 1,590 1,095 1,244

Amortization of prior service cost (credit) \$11,744

1,023 1,383 (3,939) 1,262

1,500 1,737

Expected return on plan assets

Interest cost

Subtotal

Measurement loss (gain), net of periodic benefit (income) cost Curtailment and termination benefits Total
 S (2,301) S 5,553 \$4,131 S (2,886) S 2,645

Other pre-tax changes in plan assets and benefit obligations recognized in other comprehensive (income) loss

At December 31

Amounts recognized on the balance sheet

Settlement assets Current liabilities Noncurrent liabilities Total

Amounts recognized in Accumulated Other Comprehensive Income (Pre-tax)

Plan Service Benefit (Cost) Total

Beginning in 2013, as a result of federal health care reform, Verizon contracts with a Medicare Part D plan on a group basis to provide

2013 (2,142)

I 339 \$ 236 S

(137) (12) (710)

(6,123) (1,590) (19,279)
 \$(5,921) \$(8,491) \$(19,989) \$(24,187)

\$ (2,120) \$ (2,247)
 \$ (7,690) \$ (2,247)

longer files for the Retiree Drug Subsidy (RDS) and instead through drug benefits to Medicare eligible

(dollars in millions) Health Care and Life

At December 31

\$ (149) 103

Prior service cost

Reversal of amortization items

Prior service cost Total recognized in other comprehensive (income) loss (pre-tax)

\$ (655) 1,164 \$ 121 \$ (1,737)

The estimated prior service cost for the defined benefit pension plan that will be amortized from Accumulated other comprehensive income (loss) into net periodic benefit cost over the next fiscal year is \$0.3 billion. The estimated prior service cost for the defined benefit postretirement plan, that will be amortized from Accumulated other comprehensive income into net periodic benefit (income) cost over the next fiscal year is \$0.3 billion.

Assumptions

The weighted-average assumptions used in determining benefit obligations follow

HealthCare and Life

At December 31

Discount Rate

Rate of compensation increases

5.00% 3.10

4.20% 3.00

5.00 N/A

N/A

4.20% N/A

Pension Plans

The fair values for the pension plans by asset category at December 31, 2013 are as follows

At December 31

Discount Rate

Expected return on plan assets Rate of compensation increases

4.20%

5.00%

4.20%

5.00%

5.75%

7.50%

7.50%

8.00%

5.60%

7.00%

6.00%

3.00%

100%

3.00%

N/A

Based on 2013 financial information and interest rates

filed in postretirement benefit obligation as of December 31, 2013 Plan Assets

His long-term strategy emphasized a long-term equity both public and private investments in an effort to reduce the risk of loss. We have shifted our portfolio to one that is more liability driven with payables but result in lower asset returns. We intend to utilize the investment approach as a liability hedging with the goal to reduce the investment risk and passive returns by using the approach. Our diversification and risk control processes are as follows:

(dollars in million)
 Increase/Decrease
 - \$ 171 \$ (150)
 2.53% (2.08%)

Mention significant global diversification and the use of our portfolio strategy and better align assets with liabilities (as applicable), improve investment performance and better align assets with liabilities (as applicable).

Each of us (under the plan) and its participants and beneficiaries depend on the performance of the investments and the concentration of risk. Cash and cash equivalents

Fixed Income
 US Treasuries
 Corporate bonds
 International bonds
 Other
 Real Estate
 Hedge
 Private Equity
 Hedge Funds
 Other

which allows us to meet projected benefit payments while taking on plan assets is designed to help us manage the risk of loss of public equities, private equity, hedge funds, and other investments.

of a legacy pension plan risk and return. The current target allocation of achieving a return in excess of the growth in liabilities and existing debt and 40% of the assets are invested in private equity, hedge funds, and other investments. The following is a list of significant investments:

Pension and healthcare and life plans assets do not include the following significant investments:

Balance as of January 1, 2012 Actual gain on plan assets Pure bases and sales Transfers in (out) Balance as of December 31, 2012 Actual gain on plan assets Pure bases and sales Transfers in (out) Balance as of December 31, 2013

Health, Life and Life Plan. The following values are for the health, life and life plan assets:

Asset Category
 Cash and cash equivalents
 Fixed Income
 US Treasuries and agencies
 Corporate bonds
 International bonds
 Other Total

The fair values for the other postretirement benefit plans are as follows:

Asset Category
 Cash and cash equivalents
 Equity securities
 Fixed income securities
 US Treasuries and agencies
 Corporate bonds
 International bonds
 Other Total
 Real Estate

(dollars in million)

Private Hedge

Equity Funds Total

1224 (1 K,2)

190	\$ 2,014	\$ 5,039	\$ 555	\$ 7,611
12	MI 674	84851		
(1)	(A15)	(1,712)	(124)	(2,184)
(33)	200	628	608	
	\$ 1,784	1,194	5,198	\$ 7,184

as of December 31, 2013
 225,854

(dollars in millions) Level 2 Level 3
 [237,2,178

Total Level 1 \$ 3,053 \$ 6,194 \$ 1,520

as of December 31, 2012
 \$ 2,857 \$ 1,160

(dollars in millions) Level 2 Level 3

figures as well as the valuation methodologies and inputs used to determine the fair value of investments are disclosed in the notes to the financial statements.

The following are general descriptions of asset categories and their fair value measurement methods:

Cash and cash equivalents include short-term investment funds, primarily in diversified portfolio management instruments and are valued using quoted market prices or other valuation methods and thus:

Equity securities are investments in common stock of domestic and international corporations in a variety of industry sectors, and are valued primarily using quoted market prices or other valuation methods and thus are classified within Level 1 or Level 2. Fixed income securities include U.S. Treasuries and agencies, debt obligations of foreign governments and domestic and foreign corporations. Fixed income also includes investments in collateralized mortgage obligations, mortgage backed securities and interest rate swaps. The fair value of fixed income securities is based on observable prices for identical or comparable assets adjusted using benchmark curves, sector grouping, matrix pricing, broker/dealer quotes and issuer spreads and thus is classified within Level 1 or Level 2.

Real estate investments include those in limited partnerships that invest in various commercial, residential and international real estate assets. The fair values of real estate assets are typically determined using a comparable sales approach, taking into consideration discount and capital market conditions and the status of the capital markets and thus are classified within Level 1.

Private equity investments include those in limited partnerships that invest in operating companies that are not publicly traded on a stock exchange. Investment strategies in private equity include leveraged buyouts, venture capital, distressed investments and investments in natural resources. These investments are valued using inputs such as trading multiples of comparable public securities, merger and acquisition activity and pro forma data from the most recent equity financing taking into consideration illiquidity, and thus are classified within Level 3.

Hedge funds include those seeking to maximize absolute returns using a broad range of strategies to enhance returns and provide additional diversification. The fair values of hedge funds are estimated using net asset value per share (NAV) of the investments. The ability to redeem these investments at NAV with the near term and thus are classified within Level 2. Investments that cannot be redeemed in the near term are classified within Level 1.

Cash Flows

In 2013, contributions to our qualified pension plans were not material. Also in 2013 we contributed \$0.1 billion to our nonqualified pension plans and \$1.4 billion to our other postretirement benefit plans. We anticipate approximately \$1.2 billion in contributions to our qualified pension plans, \$0.2 billion to our nonqualified pension plans and \$1.4 billion to our other postretirement benefit plans in 2014.

Estimated Future Benefit Payments

The benefit payments to retirees are expected to be paid as follows:

Year	Pension Benefits		(dollars in millions)	
			Health Care and Life	
2011	\$	2,980	J	** 1,5X2
2013		2,250		1,574
2016		1,742		1,53K
2017		1,606		1,506
2017		201R	1,377	1,474
2017		2019-2023		6,712 to 846

Savings Plan and Employee Stock Ownership Plans

We maintain four leveraged employee stock ownership plans (ESOP). Only one plan currently has unallocated shares. We match a certain percentage of eligible employee contribution to the savings plans with shares of our common stock from this ESOP. As of December 31, 2013, the number of unallocated and allocated shares of common stock in this ESOP was 163 thousand and 62 million, respectively. All leveraged ESOP shares are included in earnings per share computations.

Total savings plan costs were \$1.0 billion in 2013 and \$0.7 billion in 2012 and 2011, respectively.

Pension Amortization

On October 17, 2012, we, along with our subsidiary Verzon Investment Management Corp. and Fiduciary Counselors Inc., as independent fiduciary of the Verzon Management Pension Plan (the Plan), entered into a definitive purchase agreement with The Prudential Insurance Company of America (Prudential) and Prudential Financial, Inc., pursuant to which the Plan would purchase a single premium group annuity contract from Prudential.

On December 10, 2012, upon issuance of the group annuity contract by Prudential, Prudential irrevocably assumed the obligation to make future annuity payments to approximately 4,100 Verzon management retirees who began receiving pension payments from the Plan prior to January 1, 2010. The amount of each retiree's annuity payment equals the amount of such individual's pension benefit. In addition, the group annuity contract is intended to replicate the same rights to future payments, such as six-month benefits that are currently offered by the Plan.

The components of income before (provision) benefit for income taxes are as follows:

Year Ended December 31,

Domestic
Foreign
Total

(dollars in millions)		
2013	2012	2011
\$ 28,833	\$ 9,316	\$ 9,724
\$ 29,277	\$ 9,897	\$ 10,4K3

444 581 759

We contributed approximately \$1.4 billion to the Plan in 2013.

\$2.1 billion to the Plan between September 1, 2012 and December 31, 2012.

1 2012 and December 31, 2012.

Severance Benefits

The following table accounting standard:

2011 2012 2013

(531) (551)

is consistent with the

(dollars, in millions)

<http://www.pfizer.com>

4)	5,113
12	101(1)
(i.)	757

Total Deferred Federal

5 (147)	i	2M	1 j
(SU)	ri2*		
21)1	1 r.,"n		
5,(11.11	P,U)	27(i	

292 505

h Hi (:)g
717 (47)

Severance Pension mid 8,nejil (Ciediloi 1 Tanges

During 2011, we recorded net pre-tax severance pension and benefits credits of approximately \$0.2 billion primarily in our pension and postretirement plans in accordance with our accounting policy to recognize actuarial gains and losses in the year in which they occur. The credits were primarily driven by an increase in our discount rate assumption and a decrease in our liability for future pension obligations (mm a weighted-average of 4.2% at December 31, 2012 to a weighted-average of 0% at December 31, 2011) (14 billion) lower than assumed if relief medical costs and other assumption adjustments. \$1.1 billion in the December 31, 2012 and our actual return on assets of 7.5%, December 31, 2011 and our actual return on assets of 5.0% at December 31, 2011 (\$0.5 billion)

During 2012, we recorded net pre-tax severance pension and benefits charges of approximately \$0.7 billion primarily for our pension and postretirement plans in accordance with our accounting policy to recognize actuarial gains and losses in the year in which they occur. The charges were primarily driven by a decrease in our discount rate assumption and a decrease in our liability for future pension obligations (mm a weighted-average of 4.2% at December 31, 2011 to a weighted-average of 0% at December 31, 2012) (\$3 billion) and revisions to the return on assets assumptions (mm a weighted-average of 7.5% at December 31, 2012 to a weighted-average of 5.0% at December 31, 2011) (\$1.1 billion) and our actual return on assets of 7.5% and our actual return on assets of 5.0% at December 31, 2012 and our actual return on assets of 5.0% at December 31, 2011 (\$0.5 billion) related to the annual increase in pension liabilities as described above as well as severance charges of \$0.4 billion primarily in our pension and postretirement plans (benefit)

The following table shows the principal reasons for the difference

Years Ended December 31,

Millions federal income tax rate
 Male individual income tax rate net of federal tax benefits
 Employee benefits including LSP dividend
 Employee earnings from one consolidated household
 None on the following categories
 Other, net
 In
 and
 Life cycle income tax rate

line tax rate for 2013

line tax rate for 2013

6 (0.4) (13) (14.3) (19) 11.1%

net the statutory rate

(1) (1) (11.1)

ely (billion for our pension and and losses in the year in which they

liabilities from 5 years, at the return on assets of 7.5% and on other adjustments to assumptions
 eal (December 31, 2011 to December 31, 2012) (\$0.5 billion) and the increase in the
 The increase in the liability for future pension obligations of participants and

The effective income tax rate for 2012 was 7.5% compared to 2.7% for 2011. The negative effective income tax rate for 2012 and the decrease in the provision for income taxes during 2012 compared to 2011 was primarily due to the increase in income before income taxes as a result of higher severance pension and benefit charges as well as early debt redemption costs recorded during 2012

(dollars in millions)

Years Ended December 31,

Income taxes, net of amounts refunded Employment taxes Property and other taxes Total
 (dollars in millions) 2013 2012

Deferred taxes arose because of differences in the book and tax basis of tax assets and liabilities as follows
 December 31,

Employee benefits Tax loss and credit carry forwards Uncollectible accounts receivable Other - assets

14,030	1,195		1,121	1,275
21,012	22,171		997	1,20K.
40,650	39,927		1,470	1,320
\$ 28,085	\$ 22,249			

Valuation allowances Deferred tax assets
 receivable basis difference

Nonrec MCI intercompany accounts Depreciation Leasing activity
 Wireless joint venture, including wireless liabilities Deferred tax liabilities Net deferred tax liability

At December 31, 2013 undistributed earnings of our foreign subsidiaries indefinitely invested outside the US amounted to approximately \$2.1 billion. The majority of Verizon's cash flow is generated in our domestic operations and we are not dependent on foreign cash or earnings to meet our funding requirements, nor do we intend to repatriate these undistributed foreign earnings to fund US operations. Furthermore, a portion of these undistributed earnings represent amounts that legally must be kept in reserve in accordance with certain foreign jurisdictional requirements and are unavailable for distribution or repatriation. As a result, we have not provided US deferred taxes on these undistributed earnings because we intend that they will remain indefinitely reinvested outside of the US and therefore unavailable for use in funding US operations. Determination of the amount of unrecognized deferred taxes related to these undistributed earnings is not practicable.

At December 31, 2013, we had net after-tax loss and credit carry forwards for income tax purposes of approximately \$2.7 billion. Of these net after-tax loss and credit carry forwards, approximately \$2.1 billion will expire between 2014 and 2033 and approximately \$0.6 billion may be earned forward indefinitely. The amount of net after-tax loss and credit carry forwards reflected as a deferred tax asset above has been reduced by approximately \$0.1 billion at December 31, 2012 due to federal and state tax law limitations on utilization of net operating losses.

During 2013, the valuation allowance decreased approximately \$0.4 billion. The balance of the valuation allowance at December 31, 2013 and the 2013 activity is primarily related to state and foreign tax losses and credit carry forwards.

1,2943 S 3,078 S 3,242
 Mb 131,111

456,1644 (56) (3)

Balance at January 1
 (801) (210) (168)

Additions based on tax positions related to the current year Additions for tax positions from prior years Reductions for tax positions of prior years Settlements

Lapses of statutes of limitations Balance at December 31,
 3,07X

Included in the total unrecognized tax benefits at December 31, 2012 and 2011 is \$1.4 billion, \$2.1 billion and \$2.2 billion, respectively, that if recognized, would result in a decrease in the effective income tax rate.

We recognized the following net after-tax benefits related to interest and penalties in the provision for income taxes

Years Ended December 31,

(dollars in millions)

The after-tax accruals for the payment of interest and penalties in the consolidated balance sheets are as follows

At December 31, 2015, the amount of accrued interest and penalties in the consolidated balance sheets was \$1.1 million, compared to \$0.5 million at December 31, 2014. The amount of accrued interest and penalties in the consolidated balance sheets was \$1.1 million at December 31, 2015, compared to \$0.5 million at December 31, 2014.

1X6

Verizon and/or its subsidiaries file income tax returns in the U.S. federal jurisdiction and various state, local and foreign jurisdictions. As a large taxpayer, we are under audit by the IRS and multiple state and foreign jurisdictions for various open tax years. The IRS is currently examining the Company's U.S. income tax returns for tax years 2007-2009 and Celko Partnership's U.S. income tax returns for tax years 2010-2011. Significant tax examinations and litigation are ongoing in New York City for tax years as early as 2001. The amount of the liability for unrecognized tax benefits will change in the next twelve months due to the expiration of the statute of limitations in various jurisdictions and it is reasonably possible that various current tax examinations will conclude or require revaluations of the Company's tax positions during this period. An estimate of the range of the possible change cannot be made until these tax matters are further developed or resolved.

The following table provides operating financial information for our two reportable segments

Segment Information

Reportable Segments

We have two reportable segments, which we operate and manage as strategic business units and organize by products and services consistent with the chief operating officer's view of the business. We measure and evaluate our reportable segments based on segment operating decision maker's assessment of segment performance.

Corporate eliminations and other includes unallocated corporate expenses intersegment eliminations recorded in consolidation of other businesses, such as our investments in unconsolidated businesses, pension and other employee benefit related costs lease financing as well as other adjustments and gains and losses that are not allocated in assessing segment performance. Due to the non-operational nature of certain transactions excluded from the business segment, they are included in reported consolidated earnings. Gains and losses through acquisition-related items included in all segment results as these items are included in the chief operating decision maker's view of the business.

The reconciliation of the segment results to consolidated results is as follows:

Segment Information

The reconciliation of the segment results to consolidated results is as follows:
Wireless
Small equipment sales

We have adjusted the period consolidated

Our segments and their principal activities:

Segment Description
Wireless: communication products which are provided to consumers, but unlike traditional landline services, they are mobile and used in the United States.

Wire-line's voice and video communications products and services are provided to consumers in the United States and in over 100 other countries around the world.

2013
External Operating Revenues
Retail service
Other service Service revenue equipment

Small business Mass. M. M.
Strategic services: Core information systems
Other: Wholesale Other information services
Total depreciation and amortization expense

Plant and equipment depreciation:

66,282,269
8,096,345

5 140.429 35.932

(dollars in millions) Wireline Total Segments

66,282 2.691

8,076 3.851

H.4IU 6.207

JL50; 8_127

470 1.061

45,77a 31.771 16.529

5 84.573 51.885

Edi-ell Operating Revenue, Retail service Other service

Equipment Other

Consumer retail

Small business Mass Markets

Strategic services

Core Global Enterprise Global Wholesale Other

In terms of revenue Total operating revenue

Cost of services and sales

Selling general and administrative expense

Depreciation and amortization expense

Total operating expenses Operating Income

Assets

Plant, property and equipment, net Capital expenditures

61.3 55 2.24

(dollars in millions) Total Segments

11.3 83

8,010 4.088

2,290

14,043

2,846

8,110 4.088

IS .052 7.240

1 a.03 2.5-81

48 903 30.833

S.052 7.240

227, 4(n) 1:7.45o

24 460 22.413 21.650 X283 7 8LU K.424

8 142 49 8.344.85

J4 646 82.91 1

K387

6,342

201 1

External Operating K Retail sales Other service Service revenue Equipment

Consumer Small business Mass Markets

Strategic services Core Global Enterprise

Global Wholesale Other

Intersegment sales

Total operating revenue

Cost of services and sales

Selling, general and administrative expense

Depreciation and amortization expense

Total operating expenses Operating income

Assets

Plant property and equipment net Capital expenditures

(dollars in millions) Total Segments

7,446 3.617

66,001 2.4 y 7

7,607 8,014

66,076 7,446

7,607 8,014

40, 1 10.1.1.1

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704 1.2 J 7

70.1 54

24 088 22 188
19,879 9 107
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10-4 06
7,982 _ 61,627 * 13,728 *
211,833 X7,000
K1

1/1/2015 6:14:11

Reconciliation of Consolidated Financial Information

A reconciliation of the segment operating revenues to consolidated operating revenues is as follows:

Years Ended December 31,	2015
Operating Revenues	
Total reportable segments Reconciling Items	
Corporate, eliminations and other Consolidated operating revenues	
A reconciliation of the total of the 1e-pa.11 <http://1e-pa.11>	

Years Ended December 31,

Operating Income	
Total segment operating income	
Severance, pension and benefit credits (charge) (Note 11)	
Gain on spectrum license transactions (Note 2)	
Litigation settlements (Note 10)	
Other costs (Note 10)	
Corporate eliminations and other Consolidated operating income	
Equity in earnings of unconsolidated businesses (net interest expense)	
Income before (provision) benefit for income taxes	
A reconciliation of the total <http://1e-pa.11> of the reportable segments, as is to c	

M Dec. 31, 2015 <http://Dec. 31, 2015>

Assets
Total reportable segments Corporate eliminations and other Consolidated

Corporate eliminations and other Consolidated operating income on 10/1/15: 71.2

We present the results of operations for the 2015 International operating revenues and long-term

Comprehensive Income

Comprehensive income consists of net income and other gains and losses affecting equity that, under U.S. GAAP, are excluded from net income. Significant changes in the components of Other Comprehensive Income, net of provision for income taxes are described below

Accumulated Other Comprehensive Income

Foreign currency
translation
adjustments

The changes in the balances of Accumulated other comprehensive income by component at

Unrealized gain on	Unrealized Defined Plan	Unrealized gain on pension and
10/1/15		
gain on cash	net benefit	postretirement
benefit hedge, net	net benefit	plans
balance at January 1, 2015		
511		

Amounts are presented in millions of dollars. For other comprehensive income at December 31, 2015

It is presented in the table above. 853

Adjusted during 2015, 2014 and 2013 as a result of the movements of the 11.8

primarily 1.1 of the Euro

The amounts presented above in net Other comprehensive income are not of lesser significance. For the year ended December 31, 2015, the amounts reconciled to net income in the table above are included in Cost of sales and sales and Profit; on our consolidated statements of 00 nine from the year ended Dec

1-2-2015 (P. 1) is 1/1/2015 Unrealized gains (loss)

S. No 333-50140, Fotm S-C No 33s-7M71.1'otmS-K, No ns-7d/7l Form S-S No H3-53Mll FoInS-S.No V-1-X2o9j FonnS-LNo 13 l-H, "MOLI" FoIn S-S. No 333-12JOOS. Fomi S-4. No 33 3-1 3205 l. Form S-Jl No 333-1-y2r-7 form S.Jl. No 333-172501 Form S-S No 333-1729Y9 FonnS-3.No <http://FonnS-3.No> 333-1 X2749, l'on., S-3. No 333-190954 and Form S-1 No 53J.J."H'.?S

m/ Ernst A Young LLP lmsi Ar Young LLP New York New York

February 27, 2014

I, Lowell L. McAdam, certify that

- 1 I have reviewed this annual report on Form 10-K of Virtuoso Cuirmiuillii <http://Cuirmiuillii> inn* Inc.
2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary, to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3 Based on my knowledge of the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.
4 The registrant's other certifying officer and I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(c) and 15d-15(c)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have
(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities particularly during the period in which this report is being prepared.
(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.
(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation and
(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect the registrant's internal control over financial reporting and
5 The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions)
(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information, and
(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

Date February 27, 2014

/s/ Lowell C McAdam
Lowell C McAdam
Chairman and Chief Executive Officer

EXHIBIT 31.2

I, Francis J Shammo, certify that

- 1 I have reviewed this annual report on Form 10-K of Verizon Communications Inc.
2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.
4 The registrant's other certifying officer and I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(c) and 15d-15(c)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have
(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities particularly during the period in which this report is being prepared.
(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.
(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures as of the end of the period covered by this report based on such evaluation, and
(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect the registrant's internal control over financial reporting and
5 The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions)
(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information, and
(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting

Date February 27, 2014

/s/ Francis J Shammo
Francis J Shammo
Chairman and Chief Executive Officer

EXHIBIT 32.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002. PURSUANT TO SECTION 1350 OF CHAPTER 63 OF TITLE IX OF THE UNITED STATES CODE

I, Lowell C McAdam, Chairman and Chief Executive Officer of Verizon Communications Inc (the Company), certify that

- (1) the report of the Company on Form 10-K for the annual period ending December 31, 2013 (the Report) fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934 (the Exchange Act) and
(2) the information contained in the Report fairly presents in all material respects, the financial condition and results of operations of the Company as of the dates and for the periods referred to in the Report

Date February 27, 2014

/s/ Lowell C McAdam
Lowell C McAdam
Chairman and Chief Executive Officer

This signed original of this exhibit, statement required by Section 302 of the Sarbanes-Oxley Act of 2002, and the document authenticating the signature of the signatory, will be retained by Verizon Communications Inc. and furnished to the Securities and Exchange Commission upon request.

EXHIBIT 99 Selected Corporate Governance and Executive Compensation Information Included in the Preliminary Proxy Statement for the Verizon 2014 Annual Meeting of Shareholders filed with the Securities and Exchange Commission on February 26, 2014 [This portion of the page intentionally left blank]
The Code of Conduct describes each employee's responsibility to conduct business with the highest ethical standards and provides guidance in preventing, reporting and remediating potential compliance violations in key areas. Directors are expected to act in compliance with the spirit of the Code of Conduct.
The Assistant Corporate Secretary at the address given under "Contacting Verizon." The Board is strongly predisposed against waiving any of the business conduct and ethics provisions applicable to Directors or executive officers. In the event of a waiver, we will promptly disclose the Board's action on our website.
Officers or their immediate family members to determine if any of the individual participants has a material interest in the transaction. Based on the facts and circumstances of each case, the Committee may approve, disapprove, ratify or cancel the transaction or recommend another course of action. Any
Financial Officer, has a brother-in-law who is employed by one of the Company's subsidiaries and earned approximately \$358,000 in 2013. W. Robert Mudge, President - Consumer and 2

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Audit Committee

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The Board has determined that each member of the Committee is an audit committee financial e'port and meets the independence requirements of applicable laws, the NYSE, Nasdaq and the Guidelines

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RICHARD L. CARRION

Mr. Carrion, 61, has served for over 18 years as Chairman, President and Chief Executive Officer of both Popular, Inc., a diversified bank holding company, and Banco Popular de Puerto Rico, Popular Inc's principal bank subsidiary. Popular, Inc. is the largest financial institution based in Puerto Rico, with consolidated assets of \$36 billion, total deposits of \$27 billion and 8,059 employees as of December 31, 2012. In addition to his experience guiding these companies, Mr. Carrion has been a class A director of the Federal Reserve Bank of New York, since 2008. In that role, he coordinates the bank's monetary policy, oversight of the bank's operations, risk management and the review and appointment of senior management of the bank.

As a result of his tenure as Chairman, President and Chief Executive Officer of Popular, Inc. and Banco Popular de Puerto Rico, Mr. Carrion brings to the Board a strong operational and strategic background and extensive business, financial, legal and management experience. In addition, Mr. Carrion's knowledge of business and corporate governance gives him insight into the company's operations, financial performance, and strategic initiatives. Mr. Carrion's experience at the Federal Reserve Bank of New York also enables him to bring a global perspective to the Board's management of the company's international operations.

Mr. Carrion has served as a Director of Venon, Inc. since 2011. He is a member of the Finance Committee, Human Resources Committee and since 2011, and was a director of Venon-X Corporation from 1995 to 2010 and a member of the Corporate Governance and Policy Committee.

Ms. Archambeau, 51, is Chief Executive Officer of Venon, Inc., a leading provider of technology and quality management solutions to corporations across diverse industries. Under her leadership, the privately-held Metric Stream has grown 200% over the past ten years, with approximately 1,000 employees worldwide. Prior to joining Metric Stream in 2002, Ms. Archambeau was Chief Marketing Officer and Executive Vice President of Sales of Louctcloud, Inc., a leader in Internet infrastructure services. Chief Marketing Officer of Non-Interactive Communications and President of E-JobKusuf, Inc., division of the joining Diocuster she led domestic and international executive positions during a 15-year career at IBM.

Ms. Archambeau brings to the Board, a strong offer skills and qualifications in technology, e-commerce, digital media and communications. An active participant in Silicon Valley & emerging technology community, her in-depth knowledge of the technology sector and extensive background in the application of technology to address business challenges uniquely position her to advise the Board and senior management on the company's growth strategies. Ms. Archambeau's experience developing and managing multi-media and Internet services and solutions gives her insight into areas critical to Venon's success.

Ms. Archambeau has served as a Director of Venon, Inc. since December 20, 2011. In the past year, she has served on the board of Arulion, Inc.

MELANIE L. HEALEY

Ms. Healey, 52, is Group President - North America and Global Hyper-Market Super-Market and Mass Channel of The Procter & Gamble Company, a provider of branded consumer packaged goods to customers in over 150 countries around the world. In this role, Ms. Healey is responsible for the overall North America business which, for fiscal 2011, had net sales of \$32.5 billion. Prior to joining Procter & Gamble in 2007, Ms. Healey has held positions of increasing responsibility including Group President Global Feminine and Health Care and President, Global Feminine, Care & Adult Care.

Ms. Healey brings to the Board a strong offer skills and qualifications, an extensive background in consumer goods, marketing and international operations. Her experience in marketing in 15 years outside the United States and her management of the Borden and Borden management issues facing Vendor, including the company's transition to brand management, the consumer experience and global growth, and her experience in leading a large, diverse workforce gives her insight into the operational challenges facing Venon.

Ms. Healey has served as a Director of Venon, Inc. since December 20, 2011.

M. FRANCES KEETH

Ms. Keeth, 67, was Executive Vice President of Royal Dutch Shell plc an energy company, from 2005 to 2008. Ms. Keeth was accountable for Shell's global chemicals businesses, which produced \$36 billion in third party revenue in 2006 and operated in 35 countries. From 2001 to 2006, she was also President and Chief Executive Officer of Shell Chemicals LP, Shell's U.S. operating company through which it conducted all of its operations in the United States during her 37-year career. Ms. Keeth held multiple positions of increasing responsibility at Shell, including serving as Executive Vice President, Finance and Business Systems, and Executive Vice President, Customer Fulfillment and Product Business Units. In addition, from 1996 to 1999, Ms. Keeth was controller and principal accounting officer of Mobil Corporation.

Ms. Keeth's extensive senior leadership experience at Shell, a complex global business organization, positions her well to provide the Board and senior management on a wide range of strategy and financial matters. Ms. Keeth brings to the Board, among other skills and qualifications, valuable business leadership and operations management experience in a global, capital-intensive business. As a result of this experience, she is able to provide insights into many aspects of our business, including business systems, public accounting and finance. Ms. Keeth also has extensive expertise in international operations and strategic partnerships, which assists the Company in implementing our growth strategies.

Ms. Keeth has served as a Director of Venon since 2006 and is a member of the Audit Committee, the Human Resources Committee, and the Finance Committee. She is also a director of Arrow Electronics Inc. (since 2004) and, in the past five years, she has served as a director of Peabody Energy Corporation.

Mr. McAdam, 59, is Chairman and Chief Executive Officer of Venon Communications Inc. Mr. McAdam became Chief Executive Officer on August 1, 2011 and Chairman on January 1, 2012. From October 2010 until becoming Chief Executive Officer, Mr. McAdam served as President and Chief Operating Officer and had responsibility for the operations of the Company's network-based businesses - Venon Wireless and Venon Telecom and Business-as well as Venon's shared services operations. Prior to assuming this role, Mr. McAdam held key executive positions at Venon Wireless from its inception in 2000 and was instrumental in building Venon Wireless into an industry-leading wireless provider. He was President and Chief Executive Officer of Venon Wireless from 2007 until 2010, and before that served as the company's Executive Vice President and Chief Operating Officer. Before the formation of Venon Wireless, Mr. McAdam held executive positions with PricewaterhouseCoopers, a joint venture owned by Bell Atlantic and Vodafone AirTouch AirTouch Communications and Pacific Bell.

Mr. McAdam brings to the Board a unique understanding of our strategies and operations through his broad experience in the telecommunications industry and his pivotal role in the development of Venon Wireless. Mr. McAdam serves a key leadership role on the Board, providing the Board with an in-depth knowledge of the Company's business, industry, challenges and opportunities. His extensive leadership experience enables Mr. McAdam to play a key role in all matters involving our Board and positions him well to act not only as the Board's Chairman, but also as the principal intermediary between management and the independent members of our Board.

Mr. McAdam has served as a Director of Venon since 2011. Mr. McAdam has been a member of the Board of Representatives of Venon Wireless since 2003 and has served as its Chairman since 2010.

ROBERT W. LANE

Mr. Lane, 64, served as Chairman and Chief Executive Officer of Deere & Company from 2000 to 2009. Deere & Company is an equipment manufacturer that in fiscal 2009 had net sales and revenues of \$23.1 billion and approximately 51,300 employees as of October 31, 2009. During his 28 years at Deere, Mr. Lane held positions of increasing responsibility across a wide variety of domestic and overseas units. These positions included serving as President and Chief Operating Officer of the company, President of the Worldwide Agricultural Equipment Division, Chief Financial Officer of the company and President and Chief Operating Officer of Deere Credit, Inc.

Mr. Lane's tenure as Chairman and Chief Executive Officer of Deere & Company and as a senior executive in several of its business units provides him with valuable business, leadership and management experience, including experience leading a large, complex organization with global operations. This background gives him a global perspective that positions him well to advise the Board and senior management on implementing the Company's growth strategies. Mr. Lane also brings to the Board an extensive background in manufacturing, marketing, operations and finance.

Mr. Lane has served as a Director of Venon since 2004 and is a member of the Finance Committee. He is also a director of General Electric Company (since 2005) and Northern Trust Corporation (since 2009) and a member of the supervisory board of BMW AG (since 2009). In the past 16 years, Mr. Lane has served on the board of Deere & Company as its Chairman.

Mr. Nicolaisen, 69, was Chief Accountant of the U.S. Securities and Exchange Commission from 2003 to 2005. In that role, Mr. Nicolaisen was responsible for establishing and enforcing accounting and auditing policy applicable to all U.S. reporting companies and for improving the professional performance of public company auditors. Prior to joining the SEC, he was a Partner in PricewaterhouseCoopers and its predecessors, which he joined in 1967. At PricewaterhouseCoopers, Mr. Nicolaisen served on the firm's global and international boards, led the firm's national office for accounting and SEC services from 1968 to 1994, led the firm's financial services practice, and was responsible for auditing and providing risk management advice to large, complex multinational firms.

Mr. Nicolaisen brings to the Board a range of experience in leadership positions in both the public and private sector. His extensive experience as Chief Accountant at the SEC, an outside strategic advisor to multinational companies and a senior leader of one of the world's largest accounting firms enable him to advise the Board and senior management on accounting matters, government relations and public policy. Mr. Nicolaisen's unique financial and accounting background also provides financial expertise to the Board, including an in-depth understanding of risk management, corporate finance and accounting, as well as the numerous issues facing a public reporting company.

Mr. Nicolaisen has served as a Director of Venon since 2005 and is Chairperson of the Audit Committee and a member of the Corporate Governance and Policy Committee. He is also a director of MGIC Investment Corporation (since 2006), Morgan Stanley (since 2006) and Zurich Insurance Group.

(since 2006).

CLARENCE OTIS, JR.

Mr. Otis, 57, has been Chairman of Darden Restaurants, Inc., a restaurant holding company, since 2005 and Chief Executive Officer since 2004. Darden Restaurants is the largest company-owned and operated full-service restaurant company in the world. As of May 29, 2013, the company's 206,000 employees operated 2,138 restaurants in the United States and Canada and generated fiscal 2013 sales of \$8.5 billion. Mr. Otis joined Darden in 1995 as Vice President and Treasurer and held positions of increasing responsibility, including serving as Chief Financial Officer from 1999 until 2002. Executive Vice President from 2002 to 2001 and President of Smokey Bones Barbeque & Grill, a restaurant concept formerly owned and operated by L'amen P. Clairan, from 2002 to 200-1. In addition, Mr. Otis has served as a class B director of the Federal Reserve Bank of Atlanta since 2010. In that role, he contributes to the formulation of monetary policy, oversight of the bank's operational risk management and the review and appointment of senior management of the bank.

Mr. Otis brings to the Board among other skills and qualifications, a broad background in consumer services, retail operations and finance, which are critical areas for Verizon. He has extensive business leadership and management experience. Mr. Otis leads a complex program with a large divestiture of Verizon's operations in the United States and Canada and generated fiscal 2013 sales of \$8.5 billion. Mr. Otis joined Darden in 1995 as Vice President and Treasurer and held positions of increasing responsibility, including serving as Chief Financial Officer from 1999 until 2002. Executive Vice President from 2002 to 2001 and President of Smokey Bones Barbeque & Grill, a restaurant concept formerly owned and operated by L'amen P. Clairan, from 2002 to 200-1. In addition, Mr. Otis has served as a class B director of the Federal Reserve Bank of Atlanta since 2010. In that role, he contributes to the formulation of monetary policy, oversight of the bank's operational risk management and the review and appointment of senior management of the bank.

As a result of her long tenure at Target, Ms. Tesja has gained broad business and leadership experience. Along with her significant management skills, Ms. Tesja brings to the Board an in-depth knowledge of the retail industry, expertise in leading the complex, large-scale global retail functions of merchandising and supply chain and significant insight into consumer behavior which give her a thorough understanding of many of the important issues facing Verizon. Her extensive background positions Ms. Tesja well to advise the Verizon Board and senior management on implementing the Company's strategy.

Ms. Tesja has served as a Director of Verizon since December 2017 and is a member of the Corporate Governance and Policy Committee. Mr. Otis has served as a Director of Verizon since 2006 and is a member of the Human Resources Committee. He is also a member of the Finance Committee.

Ms. Tesja has served as a Director of Verizon since December 2017 and is a member of the Corporate Governance and Policy Committee.

Mr. Otis has served as a Director of Verizon since 2006 and is a member of the Human Resources Committee. He is also a member of the Finance Committee.

Mr. Otis has served as a Director of Verizon since 2006 and is a member of the Human Resources Committee. He is also a member of the Finance Committee.

Mr. Otis has served as a Director of Verizon since 2006 and is a member of the Human Resources Committee. He is also a member of the Finance Committee.

Mr. Otis has served as a Director of Verizon since 2006 and is a member of the Human Resources Committee. He is also a member of the Finance Committee.

RODNEY E. SLATER

Mr. Slater, 59, is a partner at the law firm Patton Boggs LLP, focusing his practice in the areas of transportation and infrastructure and public policy. Prior to joining Patton Boggs, from February 1999 to January 2001, Mr. Slater was the U.S. Secretary of Transportation. In that position, Mr. Slater was responsible for overseeing national transportation policy, encouraging intermodal transportation negotiating international transportation agreements and assuring the fitness of U.S. airlines. Prior to his appointment, as Secretary of Transportation from 2001 to 2003, Mr. Slater was the Administrator of the Federal Highway Administration which provided financial and technical support for constructing, improving and preserving the U.S. highway system.

Mr. Slater has served as the U.S. Secretary of Transportation and as the Administrator of the Federal Highway Administration position. He has worked to provide oversight to our Company's operations in the highway industry, and to advise the Board and senior management on the role of law in our business. Mr. Slater has served as a Director of Verizon since 2010 and is a member of the Corporate Governance and Policy Committee. He is also a director of Kansas City Southern (since 2001), Iron Mountain (since 2009) and Aluma (since 2011). In the past five years, Mr. Slater has served as a director of Delta Air Lines and iStockphoto.

Mr. Slater has served as a Director of Verizon since 2010 and is a member of the Corporate Governance and Policy Committee. He is also a director of Kansas City Southern (since 2001), Iron Mountain (since 2009) and Aluma (since 2011). In the past five years, Mr. Slater has served as a director of Delta Air Lines and iStockphoto.

GREGORY D. WASSON

Mr. Wasson, 55, is President and Chief Executive Officer of Walgreen Co., the nation's largest retail drugstore chain, which in fiscal 2013 had \$72.2 billion of net sales, 8,582 locations and 210,000 employees. In June 2012, Walgreens announced a strategic partnership with Alliance Boots, the leading pharmacy-led health and beauty retailer across Europe with a presence in more than 25 countries. Mr. Wasson has served as President and Chief Executive Officer and as a member of the board of directors of Walgreens since 2009. A registered pharmacist, he joined the company in 1980 and was appointed to positions of increasing responsibility including President of Walgreens Health Initiatives in 2002, Senior Vice President of Walgreens in 200-1, Executive Vice President of Walgreens in 21X15 and President and Chief Operating Officer in Walgreens in 2007 and the

Mr. Wasson has served as a Director of Verizon since 2010 and is a member of the Human Resources Committee.

Mr. Wasson has served as a Director of Verizon since 2010 and is a member of the Human Resources Committee. He is also a member of the Finance Committee.

Mr. Wasson has served as a Director of Verizon since 2010 and is a member of the Human Resources Committee. He is also a member of the Finance Committee.

Ratification of Appointment of [REDACTED] - Independent Registered Public Accounting Firm (Item 2 on Proxy Card)

The Audit Committee of the Board considered the performance and qualifications of Ernst & Young LLP, and has reappointed the independent registered public accounting firm to examine the financial statements of Verizon for the fiscal year 2014 and to examine the effectiveness of internal control over financial reporting. Ernst & Young has been retained as Verizon's Independent Registered Public Accounting Firm since 2000.

Verizon paid the following fees to Ernst & Young for services rendered during fiscal years 2013 and 2012:

Table with 2 columns: Year (2013, 2012) and Fees (Audit fees, Tax fees, All other fees). 2013: Audit fees \$24.6 million, Tax fees \$4.6 million, All other fees \$54.0 million. 2012: Audit fees \$23.9 million, Tax fees \$3.3 million, All other fees \$38.0 million.

Audit fees include the financial statement audit, the audit of the effectiveness of the Company's internal control over financial reporting required by the Sarbanes-Oxley Act of 2002, as well as financial statement audits required by statute for our foreign subsidiaries or by regulatory agencies in the United States. Audit-related fees primarily include audits of other subsidiaries, employee benefit plan audits, reviews of controls over services provided to customers, as well as other audit and due diligence procedures performed in connection with acquisitions or dispositions. Tax fees primarily consist of federal, state, local and international tax planning and compliance. All other fees primarily consist of support services to certain Verizon expatriate employees. The Committee considered, in consultation with management and the independent registered public accounting firm, whether the provision of these services is compatible with maintaining the independence of Ernst & Young.

The Committee is directly responsible for the appointment, compensation, retention and oversight of the independent registered public accounting firm retained to perform audit services. In order to assure continuing auditor independence, the Committee periodically considers whether there should be a regular rotation of the independent registered public accounting firm. The Committee ensures that the mandated rotation of the independent registered public accounting firm's personnel occurs routinely and is directly involved in the selection of Ernst & Young's lead engagement partner.

The Committee has established policies and procedures regarding pre-approval of services provided by the independent registered public accounting firm and is responsible for the audit fee negotiations associated with the engagement of the independent registered public accounting firm. At the beginning of the fiscal year, the Committee pre-approves the engagement of the independent registered public accounting firm to provide out-of-the-household services based on fee estimates. The Committee also pre-approves proposed audit-related services, tax services and other permissible services, based on specified project and service details, fee estimates, and aggregate fee limits for each service category. The Committee receives a report at each meeting on the status of services provided or to be provided by the independent registered public accounting firm and the related fees and all fees are approved.

The affirmative vote of a majority of the shares cast at the annual meeting is required to ratify the reappointment of Ernst & Young for the 2014 fiscal year. The Committee believes that the continued retention of Ernst & Young to serve as Verizon's independent registered public accounting firm is in the best interests of Verizon and its shareholders. If this appointment is not ratified by the shareholders, the Committee will reconsider its decision.

One or more representatives of Ernst & Young will be at the 2014 Annual Meeting of Shareholders. They will have an opportunity to make a statement and will be available to respond to appropriate questions.

The Board of Directors recommends that you vote FOR ratification.

Compensation Committee Report

The Human Resources Committee has reviewed and discussed the Compensation Discussion and Analysis with management. Based on such review and discussions, the Committee recommended to the Board of Directors, and the Board has approved, the inclusion of the Compensation Discussion and Analysis in this proxy statement and the Company's Annual Report on Form 10-K.

Respectfully submitted,

Human Resources Committee

Joseph Neubauer, Chairperson; Richard Canon; Metama Healey; M. Frances Keeth; Clarence Otis, Jr.; Gregory Wasson

Dated February 25, 2014.

Compensation Discussion and Analysis

The Human Resources Committee of the Board of Directors oversees the development and implementation of the total compensation program for Verizon's named executive officers. Throughout this discussion and analysis of compensation, we refer to the Board of Directors as the Board and the Human Resources Committee as the Committee.

Chairman and Chief Executive Officer

Executive Vice President and President and Chief Executive Officer - Wireless

Executive Vice President and Chief Financial Officer

Executive Vice President and President - Verizon Enterprise Solutions

Executive Vice President - Public Policy and General Counsel

For 2013, Verizon's named executive officers were

Lowell C McAdam Daniel S. Mead

Francis J Shammo John G Stratton Randal S Milch

Executive Summary

Verizon's strategy is to build on the strength of our network as a platform for future growth and innovation To that end, in 2013 we focused on the growing areas of our business - mobility, broadband, video, cloud services and security We also passed a strategic milestone, entering into a transaction that would give us sole ownership of Verizon Wireless, which we expect to enable us to better leverage our assets and capabilities across our business going forward Under the leadership of our management team, our solid execution on our strategic initiatives and our disciplined focus on our financial objectives delivered strong results in 2013 These included

Performance Metric 1	2013 Result	Change from 2012
Adjusted LPS Total Revenue Free Cash Flow Return on Equity	\$2.84 1120.6B 572.2B 23.6%	26.8V, 4.1% 45.1% 654 bps

1A reconciliation of non-GAAP measures to the most directly comparable GAAP measures can be found in Appendix C to this proxy statement.

As discussed in greater detail below, based on Verizon's strong financial performance in 2013 and total shareholder return over the past three years, the 2013 short-term incentive award was paid at 110% of Ms targeted level and the performance stock units granted in connection with the 2011-2013 long-term incentive award vested at the 100% level.

Summary of Executive Compensation Program and Practices

Our commitment to adopting industry-leading compensation and governance practices is reflected in the design of our compensation program. Some of these elements include

Pay-for-Performance

Approximately 90% of our named executive officers' annual total compensation opportunity is variable. At risk and incentive-based The primary components of our executive compensation program and their approximate percentage of the total compensation opportunity are as follows

- 90% variable, incentive-based pay - composed of an annual cash incentive based on achievement of pre-established performance goals and a long-term incentive in the form of an equity-based award that vests after three years and is composed of PSUs and RSUs
 - does not include other forms of guaranteed pension and supplement:
 - 100% fixed pay - annual cash salary
- In addition, 100% compensation opportunity non-performance related pay such as benefits

Benchmarking Total Compensation

evaluation of Potential linkage between Compensation and Risk Taking

The Committee benchmarks each executive's total compensation opportunity against a single peer group referred to as the Related Dow Peers and described beginning on page 32 and in Appendix B The Committee references the 50th percentile of the Related Dow Peers for total compensation opportunity, with further consideration given to the tenure and overall level of responsibility of a particular executive

When reviewing the compensation program and the performance metrics used under the program the Committee considers the impact of the compensation program on the Company's risk profile The Committee believes that Verizon's compensation program has been structured to provide strong incentives for executives to appropriately balance risk and reward consistent with the Company's enterprise business risk management efforts

Shareholder Outreach Program

At the request of the Committee, management and the Committee's compensation consultant, Pearl Meyer A Partners (the Consultant), engage in a semiannual shareholder outreach program with certain institutional investors to discuss the design and operation of Verizon's executive compensation program Management and the Consultant provide a report to the Committee on the results of that outreach The Committee believes this program provides opportunities for shareholders to provide input on Verizon's executive compensation program and policies in addition to the annual say-on-pay vote

The Role of Shareholder Say-on-Pay Votes and Shareholder Outreach

The Company provides its shareholders with the opportunity to cast an annual advisory vote on the Company's executive compensation program At the Company's Annual Meeting of Shareholders held in May 2013, approximately 89% of the votes cast on the say-on-pay proposal were voted in favor of the Company's executive compensation program

Based on the shareholders' strong support for the Company's say on pay proposal in 2013 as well as in each of the preceding years that a say-on-pay vote has been held and the discussions with the Company's investors during the semiannual shareholder outreach program described above, the Company continued to apply the same effective principles and philosophies highlighted above and disclosed more fully below that have been applied in prior years when making compensation decisions for 2013

Role of Benchmarking and Peer Group Selection

The Committee believes that it is appropriate to use the same peer group to benchmark executive pay for purposes of evaluating Verizon's relative stock performance under its long-term incentive plan For this purpose, the Committee uses a single peer group that includes the 29 companies (other than Verizon) in the Dow Jones Industrial Average, plus Verizon's four largest industry competitors that are not included in the Dow Jones Industrial Average This group is referred to as the Related Dow Peers. The Committee believes that this group of companies, composed of similarly-sized companies based on market capitalization, net income, revenue and total employees that are included in an established and recognizable index, as well as Verizon's four other largest industry competitors, is appropriate for the dual purpose of benchmarking executive pay opportunities and evaluating relative stock performance under the long-term incentive plan because the companies in the Related Dow Peers represent Verizon's primary competitors for executive talent and investor dollars Moreover, this peer group is self-adjusting so that changes in the companies included in the Dow Jones Industrial Average are also reflected in the Related Dow Peers over time For this reason, the Committee believes that the Related Dow Peers provides a consistent measure of Verizon's performance and makes it easier for shareholders to evaluate, monitor and understand Verizon's compensation program

To decline whether the compensation opportunities for executives are appropriate and competitive the Committee compares each named executive officer's total compensation opportunity -which represents the aggregate total amount of the executive's base salary and target award amounts under the short-term and long-term incentive plans - to the total compensation opportunity (or executives in comparable positions at peer companies The Committee generally references the 50th percentile of the Related Dow Peers for total compensation opportunity, although the total compensation opportunity may be above or below the 50th percentile depending upon the tenure and overall level of responsibility of a particular executive The Committee believes that this is an appropriate targeted level of total compensation, opportunity because of Verizon's emphasis on performance-based incentive pay and Verizon's size relative to the Related Dow Peer; Actual total compensation may fall above or below the targeted percentile based on annual and long-term performance results

Appendix 13 to this proxy statement includes a chart that lists the companies included in the Related Dow Peers for 2013 compensation purposes, their market capitalization as of December 31 2013, as reported by Bloomberg, and their net income attributable to the company, revenue and total number of employees, as of each company's most recent fiscal year-end as reported in SIC Mings

Compensation Objectives and Elements of Compensation Compensation Objectives

Verizon's compensation program is designed to attract and retain the best talent for the Company and its business units, and to align the interests of management and shareholders, the Committee

Align executives' and shareholders' interests through the use of performance-based compensation and attract retain and motivate high-performing executives

To promote a performance-based culture that further links the interests of management and shareholders, the Committee

focuses extensive/ or variable, performance-based compensation, with fixed compensation in the form of base salary constituting only approximately 10% of each executive's total compensation opportunity, and does not include such fixed compensation elements as guaranteed defined benefit pension and supplemental pension benefits

In establishing the mix of incentive pay used in the Company's pay-for-performance program, the Committee balances the importance of meeting the Company's short-term business goals with the need to create shareholder value over the longer term To help ensure that the interests of executives remain closely aligned with the interests of shareholders target long-term compensation opportunities represent more than twice the target compensation opportunities related to short-term performance

Additionally, the Company's compensation program features three-year long-term incentive awards, including PSUs subject to both performance-based and time-based vesting requirements and to encourage high-performing executives to remain with the Company RSUs that vest based on the executive's continued employment through the end of the three-year performance cycle

33

Elements of Compensation, Fixed and Variable Pay Elements

In setting total compensation at competitive levels, the Committee determines the appropriate balance between

Fixed and variable pay elements. Short- and long-term pay elements, and Cash and equity-based pay elements

The following table illustrates the principal elements of Verizon's executive compensation program

Pay Element	Characteristics	Primary Objective							
Base salary	Short-term incentive opportunity (STI)	Annual fixed cash compensation	Annual variable cash compensation based on the achievement of annual performance measures	Long-term incentive opportunity (LTI)	Annual fixed cash compensation	Annual variable cash compensation based on the achievement of long-term performance measures	Attract and compensate high-performing and experienced executives	Incentivize executives to achieve challenging short-term performance goals	Align executives' interests with those of shareholders to grow long-term value and retain executives

As discussed above, the Committee references the 50th percentile of the Related Dow Peers to benchmark the total compensation opportunity of each of our named executive officers However the Committee does not benchmark each element of a named executive officer's total compensation opportunity Instead, consistent with the Committee's emphasis on a performance-based culture, the Committee has determined that a substantial majority of each named executive officer's total compensation opportunity should be variable and performance-based Accordingly, the Committee determined in its

business judgment to allocate approximately 10% of each executive's total compensation opportunity in the form of base salary, approximately 15% to 25% in the form of short-term incentive and approximately 65% to 75% in the form of long-term incentive. The following chart illustrates the approximate allocation of the named executive officers' total compensation opportunity for 2013 between elements that are variable, performance-based and fixed pay.

2013 Annual Base Salary, 2013 Fixed Variable Pay, 2013 Short-Term Incentive Compensation, 2013 Long-Term Incentive Compensation

To determine an executive's base salary, the Committee, in consultation with the Consultant, reviews the competitive pay practices of the Related Dow Peers for comparable positions and considers the scope of the executive's responsibility and experience. In particular, the Committee focuses on how base salary levels may impact the market competitiveness of an executive's total compensation opportunity. The Committee also discusses its assessment of the other named executive officers with the CEO. Based on its assessment, the Committee approved a base salary increase in 2013 of 12.5% for Mr. Mead, 10.7% for Mr. Shammo, 7.4% for Mr. Stratton and 3.1% for Mr. Milch. The base salary levels of the named executive officers were adjusted with the goal of providing a total compensation opportunity that more closely approximates the 50th percentile for comparable executives within the Related Dow Peers, with approximately 10% of each named executive officer's total compensation opportunity provided in the form of base salary. In 2013, the independent members of the Board approved an increase of 7.1% for Mr. McAdam. This is the first base salary increase that Mr. McAdam has received since 2010 when he was promoted to the position of President and Chief Operating Officer of Verizon.

2013 Short-Term Incentive Compensation

The Verizon Short-Term Incentive Plan, which is referred to as the Short-Term Plan, motivates executives to achieve challenging short-term performance goals. Each year, the Committee establishes the potential value of the opportunities under the Short-Term Plan, as well as the performance targets required to achieve these opportunities.

The Committee sets the values of the Short-Term Plan award opportunities as a percentage of an executive's base salary. The applicable percentage for each named executive officer is based on the scope of the executive's responsibilities and on the competitive pay practices of the Related Dow Peers. These award opportunities are established at threshold, target and maximum levels. The Short-Term Plan award opportunities at the threshold, target and maximum levels for each of the named executive officers are shown in the Grants of Plan-Based Awards table on page 46.

The following chart shows the 2013 Short-Term Plan target award opportunity for each of the named executive officer:

3,750,000 990,000 852,500 797,500 737,000

2013 Short-Term Plan Target Award Opportunity (\$)

Named Executive Officer
Mr. McAdam Mr. Mead Mr. Shammo Mr. Stratton Mr. Milch

The 2013 target award opportunities for our named executive officers, expressed as a percentage of base salary, did not increase from the target levels established for their 2012 award opportunities. Whether, and the extent to which, the named executive officers earn the targeted Short-Term Plan award is determined based on whether Verizon achieves performance measures established by the Committee at the beginning of the year.

35

The named executive officers are also eligible to receive medical, disability and savings plan benefits that are generally provided to all management employees, as well as certain other benefits that are described under "Other Elements of the Total Compensation Program" beginning on page 40.

34

Determination of Annual Performance Measures

The Committee reviews and establishes the performance measures for the Short-Term Plan on an annual basis to help ensure that the program design appropriately motivates executives to achieve challenging financial and operational performance goals. In the first quarter of 2013, the Committee reviewed and approved the following annual financial and operating performance measures for all corporate executives, including the named executive officers, and assigned to each the weighting shown below as the percentage of the total Short-Term Plan award opportunity at target level performance.

2013 Short-Term Plan Performance Weights

Consistent with 2012, the Committee based the Short-Term Plan award opportunities for all corporate executives including the named executive officers, primarily on three Company-wide financial performance measures, as determined by specific goals for adjusted EPS, revenue and free cash flow. These three measures were selected to reflect the Company's strategy goals of encouraging profitable operations, overall growth in the Company and efficient use of capital. The Committee believes that these performance measures are appropriate to incentivize the Company's executives to achieve outstanding short-term results and, at the same time, help build long-term value for shareholders.

Adjusted EPS. The Committee also views adjusted EPS as an important indicator of Verizon's success. The Committee assigns the greatest weight to adjusted EPS in determining awards under the Short-Term Plan, because it is broadly used and recognized by investors as a significant indicator of Verizon's ongoing operational performance and is a clearly defined indicator of the Company's profitability. Adjusted EPS excludes non-recurring and non-operational items, including but not limited to impairments and gains from discontinued operations, business combinations, changes in accounting principles, the net impact of pension and post-retirement unit costs, extraordinary items and restructurings. As a result, adjusted EPS is not positively or negatively impacted by the type of items, so the Committee believes that it best reflects the relative success of the Company's ongoing business.

is an important indicator of Verizon's level of penetration

Revenue. The Committee also views achievement of consolidated total revenue, Company's growth and success in managing its capital investments in Verizon's products and services in key markets.

Free Cash Flow. The Committee views consolidated free cash flow as an important indicator of Verizon's success in delivering shareholder value because investors often consider free cash flow as part of their valuation model. Free cash flow is determined by subtracting capital expenditures from cash flow from operations. The Committee believes that this type of cash flow measure is relevant for Verizon because Verizon's businesses require significant capital investment, and the level of free cash flow reflects how efficiently a business is managing its capital expenditures. Free cash flow also provides an indication of the amount of cash available to return to shareholders in the form of dividends and to reduce its outstanding debt, both of which are important to the Company's goals.

36

Diversity. The Company is committed to promoting diversity among its employees and to recognizing and encouraging the contribution of diverse business partners to the Company's success. To reflect that important commitment, the 2013 performance measures also include a diversity measure. For 2013, the Committee determined that the diversity target would be measured for these purposes by the percentage of new hires and promotions at and above the manager level consisting of minority and female candidates and the levels of supplier spending at the corporate level with minority- and female-owned or operated firms.

The value of the Short-Term Plan award opportunity with respect to each performance measure varies depending on the Committee's assessment of the Company's performance with respect to that measure. The Committee also has the discretion to modify awards based on other factors that it deems appropriate.

In addition, under the Short-Term Plan awards may be paid if Verizon's return on equity for the plan year calculated based on adjusted net income (ROE), does not exceed 8%, even if some or all of the other performance measures are accrued.

2013 Annual Performance Measures

The 2013 annual performance measures for all corporate executives

including the named executive officers.

An adjusted EPS target range of \$2.52 to \$2.66.

A consolidated total revenue target range of \$121.4 billion to \$172.0 billion. A consolidated free cash flow target range of \$20.8 billion to \$27.4 billion.

A diversity target of (i) having 50% or more of new hires and promotions at and above the manager level consist of minority and female candidates and (ii) directing at least 10% of the overall supplier spending at the corporate level to minority- and female-owned or operated firms.

2013 Company Results and Annual Performance Awards

In 2013, Verizon reported generally strong results. Verizon's 2013 results included a ROE of 23.6%.

Adjusted EPS of \$2.81, which exceeded the target range.

Consolidated total revenue of \$170.5 billion, which was just below the target range.

Consolidated free cash flow of \$22.2 billion, which was within the target range, and

Diversity in new hires and promotions above target performance and supplier spending above target performance.

After considering the level of performance with respect to each performance measure and applying its business judgment, the Committee, on behalf of the independent members of the Board, determined the final Short-Term Plan awards as a percentage of the target level for all participants. For 2013, the payout percentage was determined to be 110% of the target level for all corporate executives. The following table shows the amount of the Short-Term Plan awards paid to the named executive officers:

Named Executive Officer
Mr. McAdam
Mr. Mead
Mr. Shammo

Actual 2013 Short-Term Plan Award

M' Strallon
 ii fo.mJ if Appendix C
 Mr Milch
 of non-GAAP mi atcmfnl.
 >si drectly comparable GAAP mcaasi

Long-Term Incentive Compensation

The Venzon Long-Term Incentive Plan, which is referred to as the Long-Term Plan, is intended to reward participants' for the creation of long-term shareholder value over a three-year period and further link executives' interests to shareholders' interests. In considering the appropriate duration of the performance cycle under the Long-Term Plan, the Committee believes that it is important to establish a period that is longer than one year in order to meaningfully evaluate the performance of long-term strategies and the effect on value created for shareholders. Based on this consideration, the Committee determined that a three-year performance cycle for the Long-Term Plan awards was appropriate.

Consistent with the three prior award cycles, the 2013 PSUs are payable in cash and the 2013 RSUs are payable in Venzon shares. The Committee believes that paying PSUs in cash and RSUs in shares creates an appropriate balance between the potential shareholder dilution from paying awards in shares and cash flow considerations, and that both types of awards further align executives' interests with those of Venzon's shareholders as the ultimate values of the awards are based on the value of Venzon's common stock. In addition, paying the 2013 RSU awards in shares is consistent with Venzon's policy of requiring a significant level of equity ownership by our named executive officers.

The value of each PSU is equal to the value of one share of Venzon common stock and accrued dividend equivalents that are deemed to be reinvested in PSUs. The dividend equivalents are only paid to the extent that PSUs are vested and earned. The Committee determines an executive's total compensation opportunity by assuming that he or she will earn 100% of the PSUs initially awarded in any performance cycle. However, the number of PSUs that are actually earned and paid is determined based on Venzon's achievement of the pre-established performance goals over the three-year performance cycle. The final value of each PSU is based on the closing price of Venzon's common stock on the last trading day of the year that the performance cycle ends. As a result, awarding PSUs provides a strong incentive to executives to deliver value to Venzon's shareholders.

On the date the long-term incentive is awarded, the Committee also establishes the number of RSUs that may be earned based on the executive's continued employment with the Company through the end of the three-year award cycle as reflected in the award agreement. The value of each RSU is equal to the value of one share of Venzon common stock and accrued dividend equivalents that are deemed to be reinvested in RSUs. The dividend equivalents are only paid to the extent that the RSUs vest. The 2013 RSU awards are payable in shares at the end of the three-year award cycle and provide both a retention incentive and a performance incentive as the value of the award depends on Venzon's stock price. The Committee determines an executive's total compensation opportunity by assuming he or she will earn 100% of the RSUs awarded.

2013 Long-Term Plan Award Opportunities

Consistent with the 2012 awards, for 2013, each of the named executive officers received 60% of their 2013 Long-Term Plan award opportunity in the form of PSUs and 40% of their award opportunity in the form of RSUs. Two-thirds of the PSUs are eligible to vest based on Venzon's relative TSR performance and one-third is eligible to vest based on Venzon's cumulative free cash flow. This allocation reflects the Committee's focus on encouraging both outstanding relative TSR performance and free cash flow creation and the retention of the Company's highly-qualified executive team.

The Committee generally establishes an executive's Long-Term Plan target award opportunity as a percentage of the executive's base salary. The Long-Term Plan target award opportunity for each of the named executive officers in 2013 was 625% of base salary for Mr. McAdam, 525% of base salary for Messrs. Mead, Shammo and Stratton and 500% of base salary for Mr. Milch. The target award opportunities for the named executive officers increased over their 2012 target award opportunities solely as a result of their base salary increases identified above (i.e., their target award opportunities, expressed as a percentage of their base salaries, did not change). The Committee determined that these award levels were appropriate so that each executive's target annual Long-Term Plan award opportunity would constitute a significant portion of the executive's benchmarked total compensation opportunity consistent with the objectives of the Company's pay-for-performance program. The target award opportunity for an executive is allocated between PSUs and RSUs as noted above, and the target award opportunity allocated to each type of award is converted into a target number of shares using the closing price of Venzon's common stock on the grant date.

38

The following table shows the target value of the awards granted to the named executive officers during 2013 in connection with the annual long-term incentive compensation opportunity. Additional detail regarding the 2013 PSU

awards, including the performance requirements, follows the table:

Named Executive Officer

2013 Long-Term Plan Target Award Opportunity (S)	
Mr. McAdam	9,375,000
Mr. Mead	4,725,000
Mr. Shammo	4,061,750
Mr. Stratton	3,806,250
Mr. Milch	3,350,000

Terms of 2013 PSU Awards

Two-thirds of the number of PSUs awarded are eligible to vest based on Venzon's TSR as compared to the TSRs of the companies in the Related Dow Peers, as constituted on the grant date of the award, over the 2013-2015 performance cycle. One-third of the number of PSUs awarded is eligible to vest based on Venzon's cumulative free cash flow over the 2013-2015 performance cycle compared against the performance targets established by the Committee at the beginning of the performance cycle.

TSR Metric. With respect to PSUs that vest based on relative TSR performance (TSR PSUs), the following chart shows the percentage of the 1SR PSUs awarded for the 2013-2015 performance cycle that will vest based on Venzon's relative TSR positioning compared with the companies in the Related Dow Peers.

Venzon's TSR during the three-year performance cycle must rank at least 15th, or at the 58th percentile, among the Rotated Dow Peers in order for 100% of the target number of TSR PSUs to vest. Similarly, the maximum number of TSR PSUs (200% of target) will vest only if Venzon's TSR during the three-year performance cycle ranks among the top four companies in the Related Dow Peers, which corresponds to the 91st percentile or higher. If Venzon's TSR during the three-year performance cycle ranks below 25th, or below approximately the 27th percentile of the companies in the Related Dow Peers, none of the TSR PSUs will vest.

Free Cash Flow Metric. The percentage of PSUs awarded for the 2013-2015 performance cycle that will vest based on Venzon's cumulative free cash flow (FCF) (referred to as FCF PSUs) will be determined based on the extent to which

performance levels that were established by the Committee at the beginning of the performance cycle. FCF is determined by subtracting capital expenditures from cash flow from operations, and is subject to adjustment to eliminate the financial impact of significant transactions, changes in legal or regulatory policy and other extraordinary items.

At the end of the performance cycle, the number of FCF PSUs that will vest, if any, will be determined by comparing the actual performance of the Company against the performance objectives. The cumulative FCF target for the 2013-2015 performance cycle was set at a level that the Committee believes may be challenging in light of the economic environment, but attainable. The number of FCF PSUs that will vest will range from 0% if performance is below the threshold cumulative FCF level and up to 200% for performance at or above the maximum cumulative FCF level. The number of FCF PSUs that will vest is between threshold and maximum performance levels will be determined by linear interpolation between vesting percentage levels.

2011 PSU Awards Earned in 2013

With respect to the PSUs awarded in 2011, the Committee determined the number of PSUs that vested (or a participant based on Venzon's TSR for the 2011-2013 three-year performance cycle relative to the TSRs of the Related Dow Peers) as constituted on the date the award was granted. The following table shows the percentage of PSUs awarded for the 2011-2013 performance cycle that could vest based on a range of Venzon's relative TSR positioning compared with the companies in the applicable Related Dow Peers.

Venzon's Relative TSR Ranking Among the Companies in the Related Dow Peers	Corresponding Relative TSR Percentile Ranking Among the Companies in the Related Dow Peers	Percentage of Awarded PSUs that will Vest
1-4	91 st to 100 th	200%
5-8	79 th to 88 th	175%
9-12	67 th to 76 th	150%

17-21 22-25 26-34

39th to 52nd 27th to 36th 0 to 24th

75% 50% 0%

Over the three-year performance cycle ending on December 31, 2013, Venzon's TSR ranked 13th out of the 64 in percentile, when compared to the Related Dow Peers. As a result of this achievement, in early 2014 the Committee approved a payment to all participants including named executive officers, of 100% of the number of PSUs awarded for the 2011-2013 performance cycle, plus dividend equivalents credited on those PSUs that vested pursuant to the terms of the award. As a result, even though the Company achieved performance at the 75th percentile of the Related Dow Peers the named executive officers will receive the target number of PSUs granted, plus dividend equivalents.

Other Elements of the Total Compensation Program

The Company also provides the named executive officers with certain non-occupational personal benefits that generally do not exceed below None of the named executive officers is eligible for any tax gross-up payment in connection with any of these benefits including with respect to the estate tax liability under Internal Revenue Code Section 4999 (related to any Section 280G excess parachute payments).

Transportation

The Company provides certain, non-raft and ground transportation benefits to enhance the safety and security of certain named executive

Officers These transportation benefits even when classified as a perquisite under applicable SBC rules, also serve business purposes as they frequently enhance the ability of the executive to attend to business matters while in transit. Additional information, on Company-provided transportation is included in footnote 4 to the Summary Compensation Table on page 45

Executive Life Insurance

The Company offers the named executive officers and other executives the opportunity to participate in an executive life insurance program in lieu of participation in the Company's basic and supplemental life insurance programs. The executives who elect to participate in the executive life insurance program own the life insurance policy, and the Company provides an annual cash payment to the executives to defray a portion of the annual premiums. Additional information on this program is provided in footnote 4 to the Summary Compensation Table on page 45.

Financial Planning

The Company provides a voluntary Company-sponsored financial planning benefit program for the named executive officers and other executives. Additional information on this program is provided in footnote 4 to the Summary Compensation Table on page 45.

Retirement Benefits

In 2006, the Committee determined that guaranteed pay in the form of pension and supplemental executive retirement benefits was not consistent with the Company's pay-for-performance culture. Accordingly, effective June 30, 2006, Verizon froze all future pension accruals under its management tax-qualified and supplemental defined benefit retirement plans. These legacy retirement benefits that were previously provided to Verizon's named executive officers are described in more detail under the section titled "Pension Plans" beginning on page 48.

During 2013, all of Verizon's named executive officers were eligible to participate in the Company's tax-qualified and nonqualified retirement savings plans. These plans are described in the section titled "Defined Contribution Savings Plans" beginning on page 50.

Severance and Change in Control Benefits

The Committee believes that maintaining a competitive level of separation benefits is appropriate as part of an overall program designed to attract, retain and motivate the highest quality management team. However, the Committee does not believe that named executive officers should be entitled to receive cash severance benefits merely because a change in control transaction occurs. Therefore, the payment of cash severance benefits is triggered only by an actual or constructive termination of employment.

The Company was not a party to an employment agreement with any of the named executive officers in 2013. All senior managers of the Company (including each of the named executive officers other than Mr. McAdam) are eligible to participate in the Verizon Senior Manager Severance Plan, which provides certain separation benefits to participants whose employment is involuntarily terminated without cause from the Company. Mr. McAdam is not eligible to participate in the Senior Manager Severance Plan and is not eligible for cash severance benefits upon a termination.

The Senior Manager Severance Plan is generally consistent with the terms and conditions of Verizon's broad-based severance plan that is provided to substantially all of Verizon's management employees other than senior managers. Under the Senior Manager Severance Plan, if a participant has been involuntarily terminated without cause or, in the case of a named executive officer, if the independent members of the Board determine that there has been a qualifying separation, the participant is eligible to receive a lump-sum cash separation payment equal to a multiple of his or her base salary and target short-term incentive opportunity, along with continuing medical coverage for the applicable severance period. To the extent that a senior manager is eligible for severance benefits under any other arrangement, that person will not be eligible for any duplicative benefits under the severance plan. The plan does not provide for any severance benefits based upon a change in control of the Company.

Under the plan, the named executive officers (other than Mr. McAdam) are eligible to receive a cash separation payment based on a formula equal to two times the sum of their base salary and target short-term incentive opportunity. Other senior manager participants are eligible to receive a cash separation payment based on a formula equal to between 0.75 and two times their base salary and target short-term incentive opportunity depending on their position at the time of their separation from employment. In order to be eligible for any severance benefits, participants must execute a release satisfactory to Verizon and agree not to compete or interfere with any Verizon business for a period of one year after their separation from employment.

Consistent with the Committee's belief that named executive officers should not be entitled to receive cash severance benefits merely because a change in control transaction occurs, the Long-Term Plan does not allow "single trigger" accelerated vesting and payment of outstanding awards in connection with a change in control of Verizon. Under the Long-Term Plan, if, in the twelve months following a change in control the participant's employment is terminated without cause, all den-vested PSUs will fully vest at the target level performance, all then-vested RSUs will fully vest and PSUs and RSUs (including accrued dividend equivalents) will become payable on the regularly scheduled payment date after the end of the applicable award cycle.

Selected Compensation Policies

Stock Ownership Guidelines

To further align the interests of Verizon's management with those of its shareholders, the Committee has approved guidelines that require each named executive officer and other executives to maintain certain stock ownership levels.

The guidelines require the CEO to maintain share ownership equal to at least seven times his base salary and require the other named executive officers to maintain share ownership equal to at least four times their base salaries. Executives are also prohibited from short-selling or engaging in any financial activity where they would benefit from a decline in Verizon's stock price.

In determining whether an executive meets the required ownership level, the calculation includes any shares held by the executive directly or through a broker, shares held through the Verizon tax-qualified savings plan or the Verizon nonqualified savings plan and other deferred compensation plans and arrangements that are valued by reference to Verizon's stock. The calculation does not include any unvested PSUs or RSUs. Each of the named executive officers is in compliance with the stock ownership guidelines. None of the named executive officers has engaged in any pledging transaction with respect to shares of Verizon's stock.

Recovery of Incentive Payments

The Committee believes that it is appropriate that the Company's compensation plans and agreements provide for the termination or repayment of certain incentive awards and payments if an executive engages in certain fraudulent or other inappropriate conduct. Accordingly, the Committee has adopted a policy that enables the Company to claw back and cancel certain incentive payments received by an executive who has engaged in financial misconduct. The Committee reviews this policy from time to time and will refine the current policy to take into account changes in applicable law, including, for example, any changes that may be required under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

Shareholder Approval of Certain Severance Arrangements

The Committee has a policy of seeking shareholder approval or ratification of any new employment agreement or severance agreement with an executive officer that provides for a total cash value severance payment exceeding 2.99 times the sum of the executive's base salary plus Short-Term Plan incentive target opportunity. The policy defines severance pay broadly to include payments for any consulting services, payments to secure a non-compete agreement, payments to settle any litigation or claim, payments to offset tax liabilities, payments or benefits that are not generally available to similarly-situated management employees and payments in excess of, or outside, the terms of a Company plan or policy.

Tax and Accounting Considerations

Federal income tax law generally prohibits publicly-held companies from deducting compensation paid to a named executive officer (other than a chief financial officer) that exceeds \$1 million during the tax year unless it is based upon attaining pre-established performance measures that are set by the Committee pursuant to a plan approved by the Company's shareholders. The Committee has the flexibility to take any compensation-related actions that it determines are in the best interests of the Company and its shareholders including determining when to request shareholder approval of the Verizon incentive plans and when to award compensation that may not qualify for a tax deduction. The Committee considered the desirability of tax deductibility for performance-based executive compensation in determining to submit the Long-Term Plan to the shareholders for approval in 2013. Compensation paid to the named executive officers under the Short-Term Plan, as well as the PSUs

awarded under the Long-Term Plan, are generally intended to meet the performance-based exception for deductibility under the tax laws.

The Committee also considers the effect of certain accounting rules that apply to the various aspects of the compensation program available to the named executive officers. The Committee reviews potential accounting effects in determining whether its compensation actions are in the best interests of the Company and its shareholders. The Committee has been advised by management that the impact of the variable accounting treatment required for long-term incentive awards that are payable in cash (as opposed to fixed accounting treatment for awards that are payable in shares) will depend on future stock performance.

Committee Actions Taken After Fiscal Year 2013

On February 6, 2014, the Committee recommended, and the Board of Directors approved compensation adjustments for Messrs. Mead, Shammo, Straumann and McIn. In making these decisions, the Committee, and in the case of Mr. McAdam, the Board, noted that the changes reflect Verizon's commitment to emphasizing performance-based incentive pay and compensating its executive officers at levels commensurate with Verizon's position in the market. For 2014, Mr. McAdam's target annual long-term incentive opportunity, expressed as a percentage of base salary, was increased from 62.5% to 70%, and the target annual short-term incentive opportunity for each of the named executive officers other than Mr. McAdam was increased from 110% to 150%. The base salaries of each of the named executive officers were increased as follows for Mr. McAdam, 6.7%; for Mr. Mead, 5.6%; for Mr. Shammo, 6.1%; for Mr. Straumann, 10.3%; and for Mr. McIn, 12%. The base salary adjustments are effective March 2, 2014. No change was made to Mr. McAdam's target annual short-term incentive opportunity, and no change was made to the target annual long-term incentive opportunities for any of the named executive officers other than Mr. McAdam.

File #: O2015-758, Version: 1

The following table provides information about the 2013 awards granted under the Short-Term Plan and the Long-Term Plan to each named executive officer.

Named Executive Officer	Short-Term Plan	Long-Term Plan	Other Awards
Mr. McAdam	STIP - 426,250 RSUs 3/6/2013	STIP - 1,278,750 RSUs 3/8/2013	STIP - 852,500 RSUs 3/6/2013
Mr. Mead	STIP - 45,500 RSUs 3/6/2013	STIP - 1,400,000 RSUs 3/8/2013	STIP - 101,804 RSUs 3/6/2013
Mr. Stratton	STIP - 308,750 RSUs 3/8/2013	STIP - 757,500 RSUs 3/8/2013	STIP - 1,196,250 RSUs 3/8/2013
Mr. Milch	STIP - 101,804 RSUs 3/6/2013	STIP - 1,105,500 RSUs 3/8/2013	STIP - 717,000 RSUs 3/8/2013

These awards are described in the Compensation Discussion and Analysis on pages 34-39. The actual amount awarded in 2013 was paid in February 2014 and is shown in column (g) of the Summary Compensation Table on page 44. These columns reflect the potential payout range of PSU awards granted in 2013 to our named executive officers in accordance with the Company's annual long-term incentive award program, as described on pages 38-10. At the conclusion of the three-year performance cycle, payouts can range from 0% to 200% of the target number of units awarded based on Venzon's relative TSR position as compared with the Related Dow Peers and Venzon's cumulative free cash flow over the three-year performance cycle as described in more detail on pages 38-40. PSU awards and the applicable dividend equivalents are paid only to the extent that the applicable performance criteria for the award are achieved at the end of the award cycle. When dividends are distributed to shareholders, dividend equivalents are credited on the PSU awards in an amount equal to the dollar amount of dividends on the total number of PSUs credited as of the dividend distribution date and divided by the fair market value of the Company's common stock on that date. This column reflects the RSU awards granted in 2013 to the named executive officers in accordance with the Company's annual long-term incentive award program. When dividends are distributed to shareholders, dividend equivalents are credited on the RSU awards in an amount equal to the dollar amount of dividends on the total number of RSUs credited as of the dividend distribution date and divided by the fair market value of the Company's common stock on that date. This column reflects the grant date fair value of each equity award computed in accordance with FASB ASC Topic 718 based on the closing price of Venzon's common stock on the grant date. For PSUs, the grant date fair value has been determined based on the vesting of 100% of the nominal PSUs awarded, which is the performance threshold the Company believes is the most likely to be achieved under the grants.

Outstanding Equity Awards as of Fiscal Year-End

Named Executive Officer	Option Awards	Stock Awards
Mr. McAdam	0	0
Mr. Mead	0	0
Mr. Stratton	0	0
Mr. Milch	0	0

The annual 2012 and 2013 RSU awards vest on December 31, 2014 and December 31, 2015 respectively. Mr. McAdam's 2011 special RSU award vests on July 31, 2016. RSUs accrue quarterly dividends that are reinvested into the participant's account as additional RSUs and will be included in the dual RSU payment. The awards vest. This column includes dividend equivalent units that have accrued through December 31, 2013. This column represents the value of the RSU awards listed in column (g) based on a share price of \$19.14 the closing price of Venzon's common stock on December 31, 2013. The annual 2012 and 2013 PSU awards vest on December 31, 2014 and December 31, 2015. Respectively Mr. McAdam's 2011 special PSU award vests on July 31, 2016. PSUs accrue quarterly dividends that are reinvested into the participant's account as additional PSUs and the applicable dividend equivalents are paid if and to the extent that the applicable PSU award vests. As required by SEEC rules, the number of units in this column represents the 2012 PSU awards at a 119% vesting percentage, the 2013 PSU awards at a 78% vesting percentage, and Mr. McAdam's 2011 special PSU award at a 200% vesting percentage, in each case including accrued dividend equivalents through December 31, 2013 that will be paid to the executives if the awards vest at the indicated levels. This column represents the value of the PSU awards listed in column (i) based on a share price of \$49.14, the closing price of Venzon's common stock on December 31, 2013.

Value Realized from Stock Options and Certain Stock-Based Awards

Named Executive Officer	Value Realized
Mr. McAdam	\$1,866,497
Mr. Mead	\$1,400,000
Mr. Stratton	\$1,196,250
Mr. Milch	\$1,105,500

Named Executive Officer	Number of Shares Acquired on Exercise	Value Realized	Number of Shares Acquired on Vesting	Value Realized
Mr. McAdam	420,863	\$8,062,500	120,675	\$2,368,666
Mr. Mead	20,900	\$407,500	16,125	\$312,500
Mr. Stratton	308,750	\$6,007,500	119,625	\$2,282,500
Mr. Milch	101,804	\$2,036,000	71,700	\$1,392,300

2Mr McAdam did not participate in the financial planning program in 2013 and, as a result would not have been entitled to receive financial planning services if his employment had terminated on the last business day of 2013
3 If Mr Mead had retired on December 31, 2013, he would not have been entitled to receive additional company contributions because he had reached plan maturity as of that date

Potential Payments upon Death, Disability or Retirement

Under the terms of the executive life insurance plan, in the event of disability or a qualifying retirement, a named executive officer who continues to pay the annual premiums on the life insurance policy owned by the executive would be eligible to receive an annual payment from Verizon to pay 3 portion of the annual premium until (1) in the case of Messrs McAdam, Mead, Shammo and Siratton, the latest of the executive's attainment of age 60, the completion of 5 years of plan participation or qualifying retirement, or (ii) in the case of Mr Mich, the later of the executive's attainment of age 65 or 15 years of plan participation. If the named executive officer dies, his beneficiary would be entitled to receive the proceeds of the life insurance policy owned by the executive, payable by the third-party issuer of the policy As of December 31, 2013 Mr Mead had attained plan maturity and was no longer eligible to receive any additional payments from Verizon with respect to this benefit if his employment had terminated on the last business day of 2013

Under the Short-Term Plan, if the named executive officer's employment terminates due to death, disability or a qualifying retirement prior to the last day of the year, the executive would be eligible for a prorated Short-Term Plan award for the year in which the termination date occurred, determined based on the actual level of achievement of the performance criteria under the Short-Term Plan for the applicable year and payable at the time that awards are generally payable to participating employees under the plan. As described above, if the executive's employment terminates on the last day of the year for any reason other than for cause, the full amount of the Short-Term Plan award, determined based on the actual level of achievement of the performance criteria under the Short-Term Plan for the applicable year, would have been payable.

In addition, upon death, disability or a qualifying retirement, each named executive officer would also be eligible to receive financial planning services for one year following termination on the same basis as provided to other senior executives, provided that they participated in the program in the year 111 which their employment terminates Upon disability, the named executive officers would also be eligible for disability benefits under the tax-qualified and nonqualified disability plans

53

Estimated Payments The following table shows Verizon's estimate of the amount of benefits the named executive officer would receive if his employment terminated due to death, disability or qualifying retirement

Officers would have been entitled to receive had their employment terminated due to death, disability or qualifying retirement on the last business day of 2013

8,026,000 163,157 163,157

10,000 10,000 10,000

7,696,000 162,534 162,514

1,768,505
10,000 10,000 10,000
Disability

2,328,000 134,853 134,853

1 In the event of death, the amount represents the proceeds from the life insurance policy owned by the named executive officer, payable from the third-party issuer of the policy. In the event of disability or retirement, the amount if any, represents the total amount of annual payments to the named executive officer to pay a portion of the annual premium of the life insurance policy owned by him, provided that the named executive officer continues to pay the annual premiums pursuant to the terms of the executive life insurance program If Mr Mead had retired on December 31, 2013, he would not have been entitled to receive additional company contributions because he had reached plan maturity as of that date

2 Assumes that each named executive officer would be immediately eligible for long-term disability benefits from Verizon's qualified and nonqualified disability benefit plans Messrs Shammo and Siratton do not participate in the nonqualified portion of the disability benefit The assumptions used to calculate the value of the disability benefits include a discount rate of 5.0% and mortality and recovery based on the 1987 National Association of Insurance Commissioners Group Disability Table These rates represent the probability of death or recovery between the date of disability and the payment end date. The qualified portion of the disability benefit for Messrs. McAdam, Mead, Shammo, Stratton and Mich is estimated at \$445,974, \$410,789, \$420,677, \$423,793 and \$591,385, respectively, and the nonqualified portion of the disability benefit for Messrs McAdam, Mead and Mich is estimated at \$887,687, \$817,654, and \$1,177,120 respectively In order to receive the nonqualified portion of the disability benefit, the executive must pay the premium associated with the qualified portion of the benefit

3 Mr McAdam did not participate in the financial planning program in 2013 and, as a result, would not have been entitled to receive financial planning services if his employment had terminated on the last business day of 2013

4 Mr Siratton would not have been entitled to receive executive life insurance benefits or financial planning benefits because he had not fulfilled the eligibility requirements for retirement under the terms of those programs on the last business day of 2013

Potential Payments upon Change in Control

Verizon does not maintain any plans or arrangements that provide for any named executive officer to receive cash severance or any other cash payments in connection with a change in control of Verizon. If the named executive officer's employment terminates in connection with or following a change in control, he would be eligible for the same benefits, if any, that would become payable to the executive upon his termination under the circumstances as described above. Under the Short-Term Plan, if a change in control occurs, all outstanding awards will vest and become payable on the regularly scheduled payment date

Equity Awards

As is the case for all participants under the terms of the Long-Term Plan and the applicable award agreements, upon an involuntary termination of employment without cause, death, disability or qualifying retirement, each named executive officer's then unvested RSUs will vest and be paid on the regularly scheduled payment date after the end of the applicable award cycle and each named executive officer's then unvested PSUs will vest and be paid on the regularly scheduled payment date after the end of the applicable award cycle, but only if and to the extent that the applicable performance criteria for the award are achieved at the end of the applicable award cycle. However, Mr. McAdam's special PSU and RSU awards granted in 2011 will be forfeited if Mr McAdam retires prior to July 31, 2016. Under the Long-Term Plan, a qualifying retirement generally means to retire after having attained at least 15 years of vesting service (as defined under the applicable Verizon tax-qualified savings plan) and a combination of age and years of vesting service that equals or exceeds 75 points As of December 31, 2013, Messrs McAdam Mead Shammo and Mich were retirement-eligible under the Long-Term Plan

In addition, under the terms of the Long-Term Plan and the applicable award agreements, if in the 12 months prior to a change in control of Verizon, a participant's employment is involuntarily terminated without cause all then unvested RSUs will vest and be paid on the regularly scheduled payment date after the end of the applicable award cycle and all then unvested PSUs will vest at target level performance and be paid on the regularly scheduled payment date after the end of the applicable award cycle

Under the Long-Term Plan, a change in control of Verizon is generally defined as any of the following events:

- Any person becomes a beneficial owner of shares representing twenty percent or more of Verizon's outstanding voting stock,
- Verizon consummates a merger, consolidation, reorganization or any other business combination, or
- The Board adopts resolutions authorizing the liquidation, or dissolution or sale of all or substantially all of the assets of Verizon

However, a change in control will not occur if:

- The amount of Verizon voting stock outstanding immediately before the transaction represents at least forty-five percent of the combined voting power of the corporation that survives the transaction,
- Verizon Directors constitute at least one-half of the board of directors of the surviving corporation,
- Verizon's CEO is the CEO of the surviving corporation, and
- The headquarters of the surviving corporation is located in New York, New York

Estimated Payments The following table shows the estimated value of the payouts that the named executive officer could have received in respect of their outstanding unvested equity awards if any of the following events occurred on the last business day of 2013 (1) a change in control of Verizon without a termination of employment, (2) a change in control of Verizon and an involuntary termination of employment without cause and (3) a termination of employment as a result of an involuntary termination without cause, qualifying retirement, or death or disability The amounts represent the estimated value of the RSU and PSU awards granted in 2012 and 2013 and in addition for Mr McAdam, his special 2011 PSU and RSU awards, that would have been payable pursuant to the terms of the award agreements, calculated using the total number of units (including accrued dividends) on the last business day of 2013 and the closing stock price on that date, and for the PSUs, assuming the award would vest at target performance on the actual award date under these awards can be determined only at the time the awards would be paid
1 Mr Stratton would not have been entitled to receive any amount in respect of his outstanding unvested equity awards upon retirement because he had not met the eligibility requirements for retirement under the terms of the Long-Term Plan on the last business day of 2013.

Non-Employee Director Compensation

In 2013, each non-employee Director of Verizon received an annual cash retainer of \$100,000 Any Director who served on the Board for less than the full year received an amount pro-rated to reflect the portion of the year he or she served The Corporate Governance and Policy and Finance Committee Chairpersons received an additional annual cash retainer of \$15,000, the Audit and Human Resources Committee Chairpersons received an additional annual cash retainer of \$25,000, and the Presiding Director received an additional annual cash retainer of \$10,000 Each Director also received an annual grant of Verizon share equivalents valued at \$150,000 on the grant date No meeting fees were paid A Director attended a Board or Committee meeting on the day before or the day after the meeting or on any other date received a meeting fee of \$2,000

In addition in 2013 the Board established a committee composed of Mr Phee (Chairperson) Ms Keeth and Ms Tsija to assist the Board in responding to a shareholder demand The Chairperson received a cash retainer of \$5,000, and each committee member received a meeting fee of \$2,000 for each of the three meetings held by the committee during 2013

Each Director who joins the Board receives, as a one-time payment on the date that the Director joins the Board, a grant of 3.0% of Verizon's closing stock price on the date that the Director joins the Board

All share equivalents are initially credited to the Director's deferred compensation account under the Verizon Executive Deferral Plan and invested in a hypothetical Verizon stock fund Amounts in the deferred compensation account are paid in a lump sum in the year following the year that the Director leaves the company

Under the Verizon Executive Deferral Plan, Directors may defer all or part of their annual cash retainer and meeting fees A Director may elect to invest these amounts in a hypothetical cash account that earns a return rate equal to the long-term high-grade corporate bond yield average as published by Moody's Investor Services or the other hypothetical investment options available to participants in Verizon's Management Savings Plan

Directors who are 55 years of age or older at the time of their election to the Board may elect to participate in the Verizon Charitable Foundation's disaster relief campaign, which provides for a grant of \$1,000 per year of charitable contributions to designated disaster relief campaigns

Directors who served as directors of NYNEX Corporation participate in a charitable giving program Under this program, each participant is required to contribute to the program if he or she is 65 years of age (whichever occurs later) or dies, one or more charitable contributions in the aggregate amount of \$1,000,000 are made, payable in ten annual installments Directors who served as directors of GTE Corporation, participate in a similar program for which the aggregate contribution is \$1,000,000, payable in five annual installments commencing upon the Director's death The GTE and NYNEX programs are financed through the proceeds of the sale of the shares of the respective corporations

purchase of insurance of the life of each participant, the charitable giving programs are closed to future participants in 2013, the aggregate cost of maintaining and administering the legacy charitable giving programs for all participants was \$62,100

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Change in Funshun Value and Nonqualified

Deferred Compensation Earnings S (S) (0)

All Other Compensation
Fees Earned or Awards Paid in Cash 1 2 (S) (S)
(i) (E) Director Compensation
Total (S) (")>
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Non-Equity Option Incentive Plan Awards Compensation

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107 333 2CS 160

- ' Denotes a Chairperson of a standing or special committee
- 1 This column includes all fees earned or paid in 2013, whether the fee was paid in 2013 or deferred
- 2 For each Director this column reflects the grant date fair value of the Director's 2013 annual stock award computed in accordance with FASB ASC Topic 718 For Ms Archambeau, this column reflects the grant date fair value of her annual share equivalents award valued at \$12,500, which was prorated to reflect the portion of the year that she served on the Board, and includes the one-time grant of 3,000 Venzon share equivalents with the grant date fair value of 1147,780 that she received upon her appointment to the Board effective December 1, 2013, in each case based on the closing price of Venzon's common stock on the grant date For Mr Wasson, this column reflects the grant date fair value of his annual share equivalents award valued at \$125,000, which was prorated to reflect the portion of the year that he served on the Board and includes the one-time grant of 3,000 Venzon share equivalents with the grant date fair value of \$140,160 that he received upon his appointment to the Board effective March 1, 2013, in each case based on the closing price of Venzon's common stock on the grant date The following table reflects the aggregate number of share equivalent awards and the aggregate number of option awards outstanding as of December 31, 2013 for each person who served as a non-employee Director during 2013: Sheilyo Archambeau, 3,254 and 0, Richard Camon 90,366 and 0, Melamo Healey, 11,007 and 0, M. Frances Keeth, 38,399 and 0, Robert Lane, 48,982 and 0, Sandra Moose, 80,085 and 0, Joseph Neubauer, 99,201 and 7,798, Donald Nicolaisen, 45,615 and 0, Clarence Otis, Jr., 44,994 and 0, Hugh Pnce, 70,160 and 0, Rodney Slater, 20,131 and 0, Kathryn Tcsija, 6,646 and 0, and Gregory Wasson, 5,851 and 0
- 3 This column reflects above-market earnings on nonqualified deferred compensation plans Non-employee Directors do not participate in any defined benefit pension plan.
- 4 This column reflects matching contributions made on the Directors' behalf under the Venzon Foundation Matching Gift Program.

Security Ownership of Certain Beneficial Owners and Management

Principal Shareholders

On March 3, 2014, there were approximately (XX) billion shares of Verizon common stock outstanding and each share is entitled to one vote. The following table sets forth information about persons we know to beneficially own more than five percent of the shares of Verizon common stock, based on our records and information reported in filings with the SEC To the extent that information in the table is based on information contained in a SEC filing, it is accurate only as of the date referenced in the filing On February 21, 2014 in connection with the Verizon Wireless transaction, we issued approximately 1.27 billion shares, thereby increasing our outstanding common stock by approximately 45% As a result, it is possible that shareholders' percentage interest in our outstanding common stock has changed significantly since that date.

57

-1- Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	% Percent of Class
BlackRock Inc. 40 East 52nd Street New York New York 10022	169,544,335	5.9%

* This information is based on a Schedule 13G filed with the SEC on February 10, 2014 by BlackRock Inc. setting forth information as of December 31, 2013 The Schedule 13G states that BlackRock Inc. has sole voting power with respect to 137,363,936 shares and shared voting power with respect to 17,014 shares and sole dispositive power with respect to the 169,527,321 shares and shared dispositive power with respect to 17,014 shares

Directors and Executive Officers

In the following table, you can find information showing the number of shares of Venzon common stock beneficially owned by each of the named executive officers, each Director and all executive officers and Directors as a group as of January 31, 2014 * This information includes shares held in Venzon's employee savings plans and shares that may be acquired within 60 days pursuant to the exercise of stock options and/or the conversion of certain stock units under deferred compensation plans The aggregate number of shares owned by executive officers and Directors represents less than one percent of the total number of outstanding shares of Venzon common stock Unless we have indicated otherwise, each individual and/or his or her family members has or have sole or shared voting and/or investment power with respect to the securities Executive officers and Directors also have interests in other stock-based units under Venzon deferred compensation plans and stock-based long-term incentive awards We have included these interests in the Total Stock-based Holdings* column in the table below to show the total economic interest that the executive officers and Directors have in Venzon common stock

322,191 46,164 73,686 53,197 76,131
1,296,685 434,492 410,817 378,090 345,210

Total Stock-based Holdings 2

3,254 91,626 11,007 38,399 48,982 80,085 145,348 45,615 47,954 70,218 20,131 6,646 5,851 4,734 567

Named Executive Officers Lowell McAdam* Daniel Mead Francis Shammo John Stratton Randal Milch
3,000 2,559

Directors: Shollyc Archambeau Richard Camon Melamo Healey M. Frances Keeth Robert Lanu Sandra Moose Joseph Neubauer Donald Nicolaisen Clarence Otis, Jr.
Hugh Pnce Rodney Slater Kathryn Tcsija Gregory Wasson
All of the above and other executive officers as a group 3

811,605

* Mr. McAdam also serves as a Director.

1 In addition to direct and indirect holdings, the "Stock" column includes shares that may be acquired within 60 days pursuant to the conversion of RSUs granted in 2011 as follows: 109,531 shares for Mr. McAdam; 23,823 shares for Mr Mead; 44,360 shares for Mr. Shammo, 33,779 shares for Mr. Stratton; and 39,119 shares for Mr Milch The "Stock" column also includes shares that may be acquired within 60 days pursuant to the conversion of certain stock units under deferred compensation plans as follows: 12,771 shares for Mr Milch; 3,191 shares for Mr Camon, and 2,501 shares for Mr. Pnce Prior to conversion, the shares underlying the RSUs and deferred compensation units may not be voted or transferred. No shares are pledged as security

58

2 The stock-based units which may not be voted or transferred. Stock-based Holdings* column includes, in addition to shares listed in the "Stock" column, awards,

Section 16(a) Beneficial Ownership Reporting Compliance

SEC rules require that we disclose any late filings of stock transaction reports by our executive officers and Directors. Based solely on a review of the reports that we filed on behalf of these individuals or that were otherwise provided to us, our executive officers and Directors met all Section 16(a) filing requirements during calendar year 2013

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Appendix A

CORPORATE GOVERNANCE GUIDELINES

The Board has adopted these Guidelines and the Committee Charters to provide a framework for the functioning of the Board. The Board will periodically review these materials and practices in light of ongoing developments and the Corporation's needs to determine whether any changes are required.

Role of the Board

The business of the Corporation is conducted by management, under the direction of the Board of Directors. The Board, and each committee of the Board, has complete access to management. In addition, the Board and each committee have access to independent advisors as each deems necessary or appropriate.

Strategic Planning and Management Development At least once a year, the Board conducts a strategic planning session with management. The Board reviews succession planning and management development at least annually. The process includes consideration of organizational needs, competitive challenges, the potential of key managers, planning for future development and emergency situations.

Executive Sessions The independent Directors of the Board meet at least twice each year in an executive session. The non-employee Directors of the Board meet at least three times each year in executive session. Any Director has the right to call a meeting or executive session of the independent Directors or of the non-employee Directors. In at least one executive session, the Board assesses the process and effectiveness of the Board (including opportunities for continuing education and orientation of new Directors) and considers any other matters that the Directors request. In an executive session of independent Directors, the Board receives the Human Resources Committee's report on the CEO's performance and compensation.

Presiding Director At or prior to the Annual Meeting of Shareholders, the independent members of the Board of Directors shall elect an independent Director to serve as Presiding Director until the next Annual Meeting, or until his or her successor is elected and qualified. The Presiding Director shall act as liaison with the Chairman, in consultation with the other Directors. In addition, all Directors shall have direct and complete access to the Chairman at any time as they deem necessary or appropriate. The Presiding Director shall chair all executive sessions of the Board and all other meetings of the Board at which the Chairman is not present. The Presiding Director may, in his or her discretion, call a meeting of the Board or an executive session of the Board, and shall call an executive session at the request of any other Director.

The Presiding Director, in consultation with the Chairman, shall review and approve the schedule of meetings of the Board, the proposed agendas and the materials to be sent to the Board. Directors shall have the opportunity to provide suggestions for the meeting schedule, agenda items and materials to the Chairman or the Presiding Director. Any shareholder or interested party may communicate directly with the Presiding Director.

Venzon Communications Inc.
Presiding Director
Board of Directors
140 West Street, 29th Floor
New York, New York 10007

Committees There are three (3) standing committees of the Board: Audit, Corporate Governance and Policy, and Human Resources.

The members of the Audit, Corporate Governance and Policy and Human Resources committees shall be independent as required by law or regulation. The Board may change the number of committees from time to time. The responsibilities of each committee are set forth in its charter, which is approved by the Board and posted on the Corporation's website. Each committee chair approves the agenda and materials for each meeting and reports its actions and discussions to the Board as soon as practicable. At least annually, each committee conducts an assessment of its charter and its processes and effectiveness.

Membership The Corporate Governance and Policy Committee annually reviews and recommends the members and chairs of each committee for approval by the Board. The Committee periodically considers total chairs and members of the committees.

Attendance Directors are expected to attend all meetings of the Board and each committee on which they serve. Directors are provided with a copy of the proposed agenda sufficiently in advance of each scheduled meeting in order to have the opportunity to comment on or make changes to the agenda. Directors standing for election are expected to attend the Annual Meeting of Shareholders. Board Composition and Director Qualifications

The Board will periodically assess the needs of the Corporation to determine the appropriate size of the Board. At all times, 3 substantial majority of the Board will be independent and not more than two Directors will be current or former employees of Venzon. A candidate must be ethical.

- Have proven judgment and competence,
- Have professional skills and experience in dealing with a large, complex organization or in dealing with complex problems that are complementary to the background and experience represented on the Board and that meet the needs of the Corporation.
- Have demonstrated the ability to act independently and be willing to represent the interests of all shareholders and not just those of a particular philosophy or constituency, and
- [be willing and able to devote sufficient time to fulfill his or her responsibilities to Venzon and its shareholders]

In assessing the appropriate composition of the Board, the Corporate Governance and Policy Committee also considers other factors that are relevant to the current needs of the Corporation, including those that promote diversity. Identification and Consideration of Candidates The Corporate Governance and Policy Committee considers candidates proposed by members of the Committee, other Directors, management and shareholders. The Committee considers candidates for re-election, provided that the candidate has consented to stand for re-election and tendered an irrevocable resignation to the Chairman of the Committee prior to nomination each year. All candidates are evaluated in the same manner. After the Committee has completed its evaluation, it presents its recommendation to the full Board for its consideration and approval. In presenting its recommendation, the Committee also reports on other candidates who were considered but not selected.

Venzon will conduct an orientation program for each new Director that includes, among other things, a review of the Corporation's business, financial condition, strategy, ethical obligations, key issues and other relevant topics. Independence A Director is considered independent if the Board finds that the Director is independent under the corporate governance listing standards of the New York Stock Exchange and the Nasdaq Stock Market. In addition, in evaluating independence, the Board will not consider a Director independent if:

1. Within the past three years, the Director or a Member of the Director's Immediate Family has:
 - Been an employee of Venzon or a Venzon subsidiary ("Verizon");

- Received during any 12-month period more than \$100,000 in direct compensation from Venzon (other than Director's compensation and other than pension or other deferred compensation for prior service with Venzon);
- Been an executive officer of a company where at the same time a Venzon executive officer or executive in compensation Band 1 (each a "Verizon Senior Executive") served on the company's compensation committee.

2. The Director is retained under a personal or professional services contract by Venzon.
3. The Director is an employee, or a Member of the Director's Immediate Family is an executive officer, of a company that has made payments to, or received payments from, Venzon in an amount that, in any of the past three years, exceeded the greater of \$1 million or 0.1% percent of that company's consolidated gross revenues.
4. The Director is an executive officer of a lender to Verizon and Venzon's outstanding indebtedness to the lender in any of the past three years exceeded one percent of the lender's outstanding loans at the end of the lender's fiscal year.

5. The Director is an executive officer of a non-profit entity that has received contributions from Venzon or its Foundation that, in any of the past three years, exceeded one percent of that entity's (or its Foundation's) gross revenues (excluding matching gift contributions by Verizon's Foundation) or G. The Director has any other relationship with the Board of Directors that is likely to impair the Director's ability to act in the best interests of the Corporation. For purposes of these Guidelines, "Related Person" otherwise noted a Member of a Director's Immediate Family includes his or her spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters, brothers and sisters-in-law and anyone (other than domestic employees) who shares the Director's home.

An executive officer of a company on whose board a Venzon Senior Executive serves is not eligible for nomination as a new Director of the Corporation Related Person Transaction Policy Definition. For purposes of this Policy, "Related Person" means:

- any person who has served as a Director or a Venzon executive officer (including at any time during the Corporation's last fiscal year,
- any person whose nomination to become a Director has been presented in a proxy statement to the election of Directors since the beginning of the Corporation's last fiscal year
- any person who was at any time during the Corporation's last fiscal year an Immediate Family Member of a Director or of another Officer and which has been approved by the Human Resources Committee or the Board,
- brother-in-law or sister-in-law of the Director, Officer or nominee, and any person (other than a joint tenant or employee) residing in the household of such Director, Officer or nominee, or

As used in this Policy:

"Related Person's Firm" means any firm, corporation or other entity in which a Director, Officer or nominee is a general partner or in which all Related Persons together have a 10 percent or more ownership interest.

"Related Person's Firm" means any firm, corporation or other entity in which a Director, Officer or nominee is a general partner or in which all Related Persons together have a 10 percent or more ownership interest.

a transaction in which the rates or charges involved are determined by competitive bids, or which involves common, contract energy or public utility services at rates or charges fixed in conformity with law or governmental authority,

a transaction that involves services as a bank depositary of funds, transfer agent, registrar, indenture trustee, or similar services; or

a transaction in which the Related Person's interest arises solely from the ownership of Venzon stock and all shareholders receive the same benefit on a pro rata basis.

(c)

related Person irar . adopted this policy

Related Person Transaction means a Transaction in which a Related Person is determined to have, had, or will have a direct or indirect material interest

Transactions can present potential conflicts of interest which shall be followed in connection

Policy Statement The Board of Directors recognizes that in the performance of their duties, the Board of Directors has a fiduciary duty to the Company

Process Annually each Director and Officer shall submit to the Board of Directors a statement of his or her immediate family members and the name of any Related Person or Firm with which any of them are affiliated. Directors and Officers shall promptly advise the Committee of any changes to such Immediate Family Members or Related Person or Firm.

Verizon Communications Inc. shall submit supplemental information to the Corporate Governance and Policy Committee for its review

The Corporate Governance and Policy Committee shall review Transactions in order to determine whether a Transaction is a Related Person Transaction. The Committee shall take such action with respect to the Related Person Transaction as it deems necessary and appropriate, under the circumstances, including approval, disapproval, ratification, confirmation, or a recertification of management. Only disinterested members of the Committee shall participate in the management of the Transaction. In the event it is not practical to convene a meeting of the Corporate Governance and Policy Committee, the Chair of the Committee shall have the right to make such determination and shall promptly report his or her determination in writing to the other members of the Committee.

The Committee shall report its recommendation to the Board of Directors

The Committee shall report its recommendation to the Board of Directors

Change in Status or Retirement

If a Director retires or changes his or her position with Verizon, the Director shall promptly advise the Board of Directors of such change.

Service on Other Boards

Annual Report of Service on Other Boards

A Director who serves as a director, officer, or director of a public company shall disclose to the Board of Directors the name of the company and other Director should not serve on more than six public company boards in order to prevent conflicts of interest with other boards, a Director may not accept current positions even if the duties of the positions do not conflict with the duties of the Director's position at Verizon. Directors and Officers shall promptly advise the Committee of any changes to such Immediate Family Members or Related Person or Firm.

Retirement

A Director will

Transaction means any transaction or relationship with Verizon Corporation's last fiscal year in an amount greater than \$1,000 that involves a Related Person's ruin; does not include

- (a) compensation as a Director or Officer which is or is not a proxy statement

Director's Unrelated Person

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Stock Ownership

Within three years of joining the Board, each Director shall acquire, and continue to hold during his or her tenure on the Board, Verizon stock with a value equivalent to three times the cash component of the annual Board retainer. Shares held by the Director under any deferral plan are included in determining the number of shares held.

Business Conduct and Ethics

Directors are expected to act in compliance with these Guidelines, applicable laws and regulations, and the spirit of the Verizon Code of Business Conduct for employees. Employee Directors are also governed by Verizon's Code of Business Conduct.

Conflicts of Interest A Director should avoid situations that result or appear to result in a conflict of interest with Verizon. A Director may be considered to have a conflict of interest if the Director's interest interferes or appears to interfere in any material way with the interests of Verizon, including if

- The Director, any Member of the Director's Immediate Family, or any company with which any of them is associated as an officer, director, five percent or more owner, partner, employee or consultant (i) is a five percent or more owner of, or (ii) has any management interest in, any company that is in the same business as Verizon ("potential competitive interest"), or
- The Director offers gifts or other benefits to or solicits or receives gifts or other benefits from another entity as a result of his or her position with Verizon, or
- The Director has any other relationship that the Corporate Governance and Policy Committee believes is likely to result in a conflict of interest with Verizon.

A non-employee Director is expected to advise Verizon prior to acquiring or continuing any interest or entanglement into any transaction or relationship that may present a potential competitive interest. The Corporate Governance and Policy Committee, in consultation with the CEO and Chairman, will review and advise the Board as soon as practicable whether a conflict would be presented.

Corporate Opportunities A Director should not take advantage of an opportunity to engage in a business activity that property belongs to Verizon, including any activity that is discovered as a result of the use of Verizon information or property or in connection with his or her service as a Director. A Director should not use Verizon information, property or his or her position with Verizon (or personal gain).

Securities Transactions A Director should not trade, or enable any other person to trade, in Verizon's securities or the securities of another company while aware of material non-public information.

Confidentiality Directors should maintain the confidentiality of information about Verizon and other entities which Verizon entrusts to them, except where the disclosure is authorized or required by law.

Dealings Directors should act fairly in any dealings with the Corporation's stakeholders, including customers, suppliers, competitors, employees and shareholders.

Waiver No waiver of any provision of the business conduct and ethics requirements for a Director, or of any provision of the Verizon Code of Business Conduct for a Verizon Senior Executive, may be granted without the approval of the Board of Directors. The Board is strongly predisposed against any such waivers. However, in order to approve any such waiver, the Board must affirmatively find that the waiver does not violate any applicable law or regulation and that the waiver is in the best interests of the Corporation. In the event the Board approves a waiver, it will ensure that the waiver and the Board's rationale for granting the waiver are promptly disclosed, consistent with applicable legal and stock exchange requirements.

Verizon Senior Executives Serving on Outside Boards

A Verizon Senior Executive must obtain approval from the Corporate Governance and Policy Committee in advance of accepting any new membership on the Board of a public company. Verizon Senior Executives may not serve on the Board of more than two public companies other than Verizon.

A Verizon Senior Executive will not accept a new directorship with a company if the CEO or other executive officer of that company is serving as a Director of Verizon.

Shareholder Communications with Directors

If a shareholder wishes to communicate directly with the Board, a Committee of the Board or with an individual Director, he or she should send the communication to

Verizon Communications Inc
The Board of Directors (or Committee name or Director's name, as appropriate) 140 West Street, 29th Floor New York, New York 10007

Verizon will forward all shareholder correspondence about Verizon to the Board, Committee or individual Director(s) in accordance with the Policy on Adoption of Shareholder Rights Plans.

The Corporation does not currently have a shareholder rights plan, or "poison pill," and the Board currently has no plans to adopt such a plan. However, if the Board is presented with a set of facts and circumstances which leads it to conclude that adopting a rights plan would be in the best interest of shareholders, it will seek prior shareholder approval unless the independent Directors, exercising their fiduciary duties, determine that such submission would not be in the best interests of shareholders under the circumstances. If any rights plan is adopted without prior shareholder approval, it will be presented to shareholders within one year or expire within one year without being renewed or replaced. Any plan adopted by the Board will also contain a "sunset" provision, providing that shareholders will have the opportunity to ratify or reject the plan every three years following the date of initial shareholder approval.

Shareholder Advisory Vote

Effective with the Corporation's 2009 Annual Meeting of Shareholders, a management proposal related to executive compensation in the form approved by the Board of Directors will be submitted annually to shareholders for a non-binding vote.

Related Dow Peer Information

The following chart lists the companies included in the Related Dow Peers for 2013 compensation purposes, and their market capitalization as of December 31, 2013, as reported by Bloomberg, and net income attributable to the company, revenue and total employees, as of each company's most recent fiscal year-end as reported in SEC filings.

Company	Net Income Market Attributable to Capitalizer Company (\$ Millions)	Revenue (\$ Millions)	Employees
3M	93,300		
Alcoa	1,385		
American Express	97,100		
ATM	1,100		
Bank of America	160,072		

11 5 (7 9)

(dollars in billions) 2013

2013
1.00 (1.35) (0.02) 0.20
1.23

(dollars in billions)

S 38.8
16.6

2013