



Office of the City Clerk

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Chicago, IL 60602
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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 May 1, 2005, DPD made a loan (the "Loan") of Multi-Family Program Funds in the original principal amount of \$3,350,000 to Hilliard Homes II Limited Partnership, an Illinois limited partnership (the "Borrower"), of which HH2 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 "2004-07 Rehab") two historically significant buildings which contain a total of 327 affordable dwelling units (the "Hilliard II Buildings"); and

WHEREAS, the 2004-07 Rehab utilized financing from PNC MultiFamily Finance, Inc. in the original principal amount of \$3,400,000, which is secured by a Leasehold Mortgage (the "Senior Mortgage"); and

WHEREAS, the 2004-07 Rehab further utilized financing from Bank of America, N.A. in the original principal amount of \$24,925,576, which is secured by a Leasehold Deed of Trust (the "Second Mortgage"); and

WHEREAS, the 2004-07 Rehab further utilized financing from the Chicago Housing Authority in the original principal amount of \$24,425,000, which is secured by a Subordinate Mortgage, Security Agreement and Financing Statement (the "Third Mortgage"), and

WHEREAS, the 2004-07 Rehab included preserving all the windows on the lower floors of the Hilliard II 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 2004-07 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

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1

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 \$308,765 (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 II Limited Partnership, an Illinois limited partnership (the "Borrower"), of which HH2 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 32, 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 II Buildings located at 2030 S. State Street and 30 W. Cermak Road, Chicago (the "Property")

Source:

Amount.

Term:

Interest:

Security:

Multi-Family Program Funds Not to exceed \$308,765 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 and Third Mortgages, and (ii) the lien of the Junior 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 II 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

2. 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 Avenue

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

Specification #

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))?

I. Indicate the nature of the Disclosing Party:

☐ Person []
☐ Publicly registered business corporation []
☐ Privately held business corporation []
☒ Sole proprietorship []
[] Yes L J No
☐ Other (please specify)
☐ General partnership (1
[X] 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?

pq 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

HH2 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, 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 Tax Credit Fund 32, Ltd.	99.98%	
	21600 Oxnard Street, Suite 1200 Woodland Hills	
	CA 91367-4949	

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

Address

retained or anticipated to be retained)

Applegate & Thorne-Thorns en
(subcontractor, attorney, lobbyist, etc.)

Attorney

paid or estimated.) NOTE: "hourly rate" or "t.b.d." is not an acceptable response. \$20,000

\$35,000

~~-2-2-j.-43or-th LaSalle Street7- Suite 3-3-3-3-~~
Chicago, Illinois 60601

(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.

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.I. 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").

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
------	------------------	--------------------

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 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 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.

Hilliard Homes II Limited Partnership (Print or type name of Di

(Sign here) ^

Peter Holsten

(Print or type name of person signing)

Member, HH2 Development Corporation

.Managing neneraJPartner

(Print or type title of person signing)

(state). ^ Notary Public.

Signed anoksworn to before me on (date) £q . ^ \ 2-QI ,
County,

Commission expires: _

"OFFICIAL SEAL NIKISHIANNACLAY Notary Public, State of Illinois

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: HH2

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. Slate the legal name of the Applicant in which the Disclosing Party holds an interest: Hilliard Homes n Limited Partnersh

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

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

Specification # and Contract #

Page 1 of 13

SECTION II - DISCLOSURE OF OWNERSHIP 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:

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,

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
Peter Holsten	1020 West Montrose Ave	100%

Chicago, Illinois 60613

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 Business retained or anticipated Address to be retained)

Relationship to Disclosing Party Fees (indicate whether

(subcontractor, attorney, lobbyist, etc.) 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

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.I. 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").

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").

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

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

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:

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 II 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)

HH2 Development Corporation

Peter Holsten

(Print or type name of person signing)

President

(Print or type title of person signing)

(state). '

Notary Public.

Signed and sworn to before me on (date)

at Ctfgh^ County,

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. La., 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.

SECTION I -- GENERAL INFORMATION

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

Alliant Tax Credit Fund 32, Ltd.

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. ☐ the Applicant

OR

2. **M 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 II 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 # 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 (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)?

☐ 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 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.

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)

[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

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 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, 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 32. Ltd.
(Print or type name of Disclosing Party) /

By:
^q- , n. By: Alliant Capital, Ltd., its general partner
(sign here) By: Brian Goldberg, President

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) _
at 1* > £ for vyjgS County, 0\$ (state).

Notary Public.

commission # 20 47R71 Mv rn An 9e, es County

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.La., 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 Capital, Ltd.

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. ☐ the Applicant

OR

2. **Dfl 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 II 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 # 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:

<input type="checkbox"/> Person	<input type="checkbox"/>
<input type="checkbox"/> Publicly registered business corporation	<input type="checkbox"/>
<input type="checkbox"/> Privately held business corporation	<input type="checkbox"/>
<input type="checkbox"/> Sole proprietorship	<input checked="" type="checkbox"/> -
<input type="checkbox"/> General partnership	(Is
<input checked="" type="checkbox"/> Limited partnership	
<input type="checkbox"/> Trust	<input type="checkbox"/>

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:

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 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, Inc.	340 Royal Poinciana Way, suite 305, Palm Beach, FL 33480	1% (GP)
<u>The Alliant Company, LLC</u>	<u>340 Royal Poinciana Way, suite 305, Palm Beach, FL 33480</u>	<u>99% (LP)</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	Business Address	Relationship to Disclosing Party (subcontractor, attorney,	Fees (indicate whether 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.

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

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 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
4. 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section
4. 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying
4. 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.

By:

Alliant Capital. Ltd.

Brian Goldberg

(Print or type name of person signing)

President

(Print or type title of person signing)
at U>£> ArW^l^s County,

Signed and sworn to before me on

^""^ My Comm. Expires Sep 24,2017
K-F-W-W-9-W-0-W-9

**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. La., 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:

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. ☒ **[X] 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 II 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 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:

- | | |
|---|-----|
| <input type="checkbox"/> Person | M |
| <input type="checkbox"/> Publicly registered business corporation | [] |
| <input type="checkbox"/> Privately held business corporation | [] |
| <input type="checkbox"/> Sole proprietorship | [] |
| <input type="checkbox"/> General partnership | (Is |
| <input type="checkbox"/> Limited partnership | |
| <input type="checkbox"/> 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:

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 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>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	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").

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 2-156-110 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 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:

**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.

The Alliant Company, LLC

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) I (*-f

Commission expires:

6.99

**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. La., 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. **Dfl 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 II Limited Partnership**

OR

3. ☐ a legal entity with a right of control (see Section II.B.I.) 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 # 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:

- | | |
|---|--------------------------|
| <input type="checkbox"/> Person | <input type="checkbox"/> |
| <input type="checkbox"/> Publicly registered business corporation | <input type="checkbox"/> |
| <input type="checkbox"/> Privately held business corporation | <input type="checkbox"/> |
| <input type="checkbox"/> Sole proprietorship | <input type="checkbox"/> |
| <input type="checkbox"/> General partnership | <input type="checkbox"/> |
| <input type="checkbox"/> Limited partnership | <input type="checkbox"/> |
| <input type="checkbox"/> Trust | <input type="checkbox"/> |

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:

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 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% 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>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
Scott Kotick	340 Royal Poinciana Way, suite 305, Palm Beach, FL 33480	25% 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):

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)

[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

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

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

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".

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. 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 ("EELS") 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, Inc.

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) 11-M / 10-f ,
at Lake County, IL (state).

Notary Public.

Commission expires: 11 / 1

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.

**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. SAK Housing, LLC

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

1. ☐ the Applicant

OR

2. **IX] 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 11 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

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	<input type="checkbox"/> PC
Publicly registered business corporation	<input type="checkbox"/>
Privately held business corporation	<input type="checkbox"/>
Sole proprietorship	<input type="checkbox"/>
General partnership	<input type="checkbox"/> (Is
Limited partnership	
Trust	<input type="checkbox"/>

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:

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

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
Kohl New Generations Trust	340 Royal Poinciana Way, suite 305, Palm Beach, FL 33480	11.25%
<u>SAK Housing, Inc.</u>	<u>340 Royal Poinciana Way, suite 305, Palm Beach, FL 33480</u>	<u>45%</u>
Sidney A Kohl 2012 Irrevocable Family Trust	340 Royal Poinciana Way, suite 305, Palm Beach, FL 33480	24%
<u>The Lawrence Kohl 2013 Family Trust</u>	<u>340 Royal Poinciana Way, suite 305, Palm Beach, FL 33480</u>	<u>15%</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)

fx] 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.I. 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):

 /A

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 Properly 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:

**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.

SAK Housing. LLC

(Print or type name of Disclosing Party)

Robert Kohl

(Print or type name of person signing)

Managing Member

(Print or type title of person signing)

MOIRAMALLOY-BERTH^".: MY COMMISSION *FF 073. 'S EXPIRES: March 24, *-Bonded Thnj Notary Public UnJeiv.-

Signed and sworn to before me on (date)
at 'VnJt m Ufah County, f^/nr.vJa (state).

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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.

Page 13 of 13

**CITYOFCHICAGO 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. ☒ **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 II 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: iienkins@eskopb.com

<mailto:iienkins@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

1. Indicate the nature of the Disclosing Party:

- | | |
|---|--------------------------|
| <input type="checkbox"/> Person | <input type="checkbox"/> |
| <input type="checkbox"/> Publicly registered business corporation | <input type="checkbox"/> |
| <input type="checkbox"/> Privately held business corporation | <input type="checkbox"/> |
| <input type="checkbox"/> Sole proprietorship | <input type="checkbox"/> |
| <input type="checkbox"/> General partnership | (Is |
| <input type="checkbox"/> Limited partnership | |
| M Trust | <input type="checkbox"/> |

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:

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
<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)

[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

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

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.

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, 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 LI. 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 New Generations Trust

(Print or/type name of Disclosing Party)

By: J^lQctyJ?i(^#^^

' f<?ion t.»»^y: Pentacorp, Inc., Trustee l^ign ixere,By. Patrj
cia 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)

:-2-Qi*-(,

at &ftfA County, -f lnr. A* (state).

XjA^/ - y2u* ^Mi^J-^ Notary Public.

Commission expires: J?-r^2V -o2^//f .

Page 12 of 13

MOIRA MALLOY-BERTRAND £fA?* MY COMMISSION # FF 073037 H-sZSrMi EXPIRES: Match 24,2018
Bonded Thru Notary Pubic Underwriters

**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 fJ.B.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:

A.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 II 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 1. Indicate the nature of the Disclosing Party:

- | | |
|---|--------------------------|
| <input type="checkbox"/> Person | <input type="checkbox"/> |
| <input type="checkbox"/> Publicly registered business corporation | <input type="checkbox"/> |
| <input checked="" type="checkbox"/> Privately held business corporation | <input type="checkbox"/> |
| <input type="checkbox"/> Sole proprietorship | <input type="checkbox"/> |
| <input type="checkbox"/> General partnership | (Is |
| <input type="checkbox"/> Limited partnership | |
| <input type="checkbox"/> Trust | <input type="checkbox"/> |

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: 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
<u>Jana Kohl 1992 Trust</u>	<u>340 Royai Poinciana Way, suite 305, Palm Beach, FL 33480</u>	<u>33.333% Shareholder</u>
<u>Lisa Kohl 1992 Trust</u>	<u>340 Royal Poinciana Way, suite 305, Palm Beach, FL 33480</u>	<u>33.333% Shareholder</u>
<u>Lori Gandleman 1992 Trust</u>	<u>340 Royal Poinciana Way, suite 305, Palm Beach, FL 33480</u>	<u>33.333% 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.

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").

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

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.2, 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 br 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.

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)

Signed and sworn to before me on (date) .4^ t/ o?-5~ -2 s) / *-/, at
l^flni /Qtar-J-, County, (state).

Page 12 of 13

Commission expires: , ^--^V -jz/y ,Jp

**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 H.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. 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 II 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 1. Indicate the nature of the Disclosing Party:

<input type="checkbox"/> Person	<input type="checkbox"/>
<input type="checkbox"/> Publicly registered business corporation	<input type="checkbox"/>
<input type="checkbox"/> Privately held business corporation	<input type="checkbox"/>
<input type="checkbox"/> Sole proprietorship	<input type="checkbox"/>
<input type="checkbox"/> General partnership	(Is
<input type="checkbox"/> Limited partnership	
M Trust	<input type="checkbox"/>

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: 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

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

SK Grandchildren

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.

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)

fX] 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.

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

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 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.

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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.

Sidney A Kohl 2012 Irrevocable Family Trust (Print or type name of Disclosing Party)

Robert Kohl
(Print or type name of person signing)

Trustee

(Print or type title of person signing)

**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

fx] 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:

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 II 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

Page 1 of 13

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY

1. Indicate the nature of the Disclosing Party:

- | | |
|---|--------------------------|
| <input type="checkbox"/> Person | <input type="checkbox"/> |
| <input type="checkbox"/> Publicly registered business corporation | <input type="checkbox"/> |
| <input type="checkbox"/> Privately held business corporation | <input type="checkbox"/> |
| <input type="checkbox"/> Sole proprietorship | <input type="checkbox"/> |
| <input type="checkbox"/> General partnership | (Is |
| <input type="checkbox"/> Limited partnership | |
| M Trust | <input type="checkbox"/> |

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:

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.

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.I. 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 2-156-110 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 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.

The Lawrefice Kohl 2013 Family Trust

Patricia Fadness

(Print or type name of person signing)

President

(Print or type title of person signing)

*Notary Public. Commission expires: **

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 II 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@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 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	<input checked="" type="checkbox"/>
Publicly registered business corporation	<input type="checkbox"/>
Privately held business corporation	<input type="checkbox"/>
Sole proprietorship	<input type="checkbox"/>
General partnership	<input type="checkbox"/>
Limited partnership	<input type="checkbox"/>
Trust	<input type="checkbox"/>

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	21600 Oxnard St., Suite 1200, Woodland Hills, CA 91367	50% (Managing Member)
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.

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)

[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").

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

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

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

4. 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section

4. 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying

4. 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. (Print or type name of Disclosing Party)

Palm Drive Associates. LLC

(Sign here)

By:

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) at UoZny&c^ County, _

Commission expires: _

(state).

Notary Public.

Page 12 of 13

ANUSH SINANIAN Commission # 2042671 Notary Public - California

**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:

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 II 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@alliantcapital.com

<<mailto:scott.kotick@alliantcapital.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 # N/A

Page 1 of 13

- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY 1. Indicate the nature of the Disclosing Party:

<input type="checkbox"/> Person	<input type="checkbox"/>
<input type="checkbox"/> Publicly registered business corporation	<input type="checkbox"/>
<input type="checkbox"/> Privately held business corporation	<input type="checkbox"/>
<input type="checkbox"/> Sole proprietorship	<input type="checkbox"/>
<input type="checkbox"/> General partnership	(Is <input type="checkbox"/>
<input type="checkbox"/> Limited partnership	
<input type="checkbox"/> Trust	<input type="checkbox"/>

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:

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
<u>Scott Kotick</u>	<u>21600 Oxnard St., Suite 1200, Woodland Hills, CA 91367</u>	<u>25% (Managing Member)</u>
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.

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)

rx] 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 **fx]** 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").

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 2-156-110 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
4. 501(c)(4) of the Internal Revenue Code of 1986; or (ii) it is an organization described in section
4. 501(c)(4) of the Internal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying
4. 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.

- (Sign here)

Scott Kotick
(Print or type name of person signing)

Managing Member
(Print or type title of person signing)
(state).

Signed and sworn to before me on (date)

Notary Public.

at

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 doinestic partner or as any ofthe 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. La., 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, ifthe Disclosing Party is a limited liability company; (2) all principal officers ofthe 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 n 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: 21 2-983-0895

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 # and Contract #

Page 1 of 13

SECTION II -- DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSING PARTY 1. Indicate the nature of the Disclosing Party:

<input type="checkbox"/> Person	<input type="checkbox"/>
<input type="checkbox"/> Publicly registered business corporation	<input type="checkbox"/>
<input type="checkbox"/> Privately held business corporation	<input type="checkbox"/>
<input type="checkbox"/> Sole proprietorship	<input type="checkbox"/>
<input type="checkbox"/> General partnership	(Is
<input type="checkbox"/> Limited partnership	
<input type="checkbox"/> Trust	<input type="checkbox"/>

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 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,

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
GTE Corporation	140 West Street New York, NY 10007	100%

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.

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:

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):

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? Upon knowledge without inquiry

☐ 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.I., 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. Verification is based on a cursory review 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.

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 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, 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, to the best of my knowledge.

Verizon Credit Inc. (Print or type name of
Disclosing Party)"

(Sign here) '

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).

Notary Public

MARVA LEVINE Notary Public, State of New York NO. 02LE-4818478 Qualified in New York County Commission
Expires February 28, 20__>



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, Scott L.
Ellis, Matthew D.
Golabek, Michael J.
Jankun, Richard P.
Krakowski, Richard F.
Krause, 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. - Current Directors

Name

Ellis, Matthew D.

Repp, Paul H.

Van Saders, William P.

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 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 n 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>>

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 #

Page 1 of 13

Tihlt el CmlMlU

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 (JR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the quarterly period ended September 30, 2014

OF THE SECURITIES EXCHANGE ACT OF 1934 For the transition period from

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)

Commission file number 1-43006

Verizon Communications Inc.

(Exact name of registrant as specified in its charter)

23-2259884

(IRS Employer Identification No.)

Delaware
(State of incorporation or organization)

1095 Avenue of the Americas New York, New York

(Address of principal executive offices)

(Zip Code)

100.16

Registrant's telephone number, including area code (212)395-1000

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months* (or for a shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
E Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (17 CFR 232.405) of the chapter during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).
E Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ☐ No

At September 30, 2014, 414,723,706 shares of the registrant's common stock were outstanding, after deducting 92,650,531 shares held in treasury.

PART I - FINANCIAL INFORMATION Item 1. Financial Statements (Unaudited)

Condensed Consolidated Statements of Income
Three and nine months ended September 30, 2014 and 2013

Condensed Consolidated Statements of Comprehensive Income
Three and nine months ended September 30, 2014 and 2013

Condensed Consolidated Balance Sheets
As of September 30, 2014 and December 31, 2013

Condensed Consolidated Statements of Cash Flow*
Nine months ended September 30, 2014 and 2013

Notes to Condensed Consolidated Financial Statements Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations Item 3. Quantitative and Qualitative Disclosures About Market Risk Item 4. Controls and Procedures*

PAUT II - OTHER INFORMATION Item 1. Legal Proceedings Item 1A. Risk Factors

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Item 6. Exhibits

Signature

Certifications

Condensed Consolidated Statements of Comprehensive Income

Verizon Communications Inc and Subsidiaries

Condensed Consolidated Statements of Income
Verizon Communications Inc and Subsidiaries

Three Month* Ended
September 30,
2014
Nine Months Ended
September 30,
2014 2013
2014 2013

635 13,283

230,152 140,520

At December 31.

2013

12,439 1,020 3,401

220,865 131,909

(dollars in millions) (unaudited)

Cash Flows from Operating Activities

Net Income

Adjustments to reconcile net income to net cash provided by operating activities: Depreciation and amortization expense Employee retirement benefits Deferred income taxes Provision for uncollectible accounts

Equity in earnings of unconsolidated businesses, net of dividends received

Changes in current assets and liabilities, net of effects from acquisition/disposition of businesses

Other, net

Net cash provided by operating activities

Nine Months Ended September 30, 2014 2013

12,423 649 3,011 746 (100) (1 078) (2,895) 28,387

Investment* in unconsolidated businesses

Wireless licenses

Goodwill

Other intangible assets, net

Other assets

Total assets \$

Liabilities and Equity

Current liabilities

Debt maturing within one year \$ Accounts payable and accrued liabilities

Other

Total current liabilities

Long-term debt Employee benefit obligations Deferred income taxes Other liabilities

Equity

Series preferred stock (\$ 10 par value none issued)

Common stock (\$ 10 par value, 4,242,374,240 312,967,610 1 19 shares issued in

each period, respectively) Contributed capital Reinvested earnings

Accumulated other comprehensive income Common stock in treasury, at cost

Deferred compensation - employee stock ownership plans and other

Noncontrolling interests

Total equity

Total liabilities and equity \$

818 75,303 24,617 5,738 5,112

226,293

1,603 17,055 8,231

107,627 25,770 42,289 5,750

11,089 6,964 1 175

(3,465.1 3⁰⁰ 1,391

1,412 75,747 24,634 5,800 4,535

274,098

3,933 16,453 6,664

89,658 27,682 28,639 5,653

37,93<* 1,782

Cash Flows from Investing Activities

Capital expenditures (including capitalized software)

Acquisitions of intangible assets and businesses, net of cash acquired

Acquisitions of wireless licenses

Proceeds from dispositions of wireless licenses

Proceeds from dispositions of businesses

Other, net

Net cash used in investing activities

Cash Flows from Financing Activities

T-Mobile (Verizon) adopted Accounting Standards during the first quarter of 2014, we adopted the accounting standard update relating to the presentation of a net operating loss carryforward, a similar tax loss, or a tax credit carryforward if such judgment is required in the event the uncertain tax position is disallowed. The adoption of this standard update did not have a significant impact on our condensed consolidated financial statements. Recent Accounting Standards In April 2014, the accounting standard update related to the reporting of discontinued operations and disclosures of components of an entity was issued. This standard update changes the criteria for reporting discontinued operations and enhances the reporting requirements for discontinued operations. As a result of this standard update, a disposal of a component of an entity or a group of components of an entity is required to be reported in discontinued operations if the disposal represents a strategic shift that has, or will have a major effect on an entity's operations and financial results. This standard update is effective as of the first quarter of 2015. However, earlier adoption is permitted. In May 2014, the accounting standard update related to the recognition of revenue from contracts with customers was issued. This standard update clarifies the principles for recognizing revenue and develops a common revenue standard for US generally accepted accounting principles (GAAP) and International Financial Reporting Standards. The standard update intends to provide a more robust framework for addressing revenue issues, improve comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets, and provide more useful information to users of financial statements through improved disclosure requirements. Upon adoption of this standard update, we expect that the 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 of the 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 these share-based payments by requiring that a performance target that is a hurdle 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 exercise the award and will 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. 2. Acquisitions and Divestitures Wireless Transaction On September 2, 2011, Verizon entered into a stock purchase agreement (the Stock Purchase Agreement) with Vodafone Group Plc (Vodafone) and Vodafone 4 Limited (V4) pursuant to which Verizon agreed to acquire Vodafone in a stock purchase agreement (the Verizon Wireless Transaction). The Partnership, and such interest, the Vodafone interest (or aggregate consideration of approximately \$1.30 billion) On February 21, 2014, pursuant to the terms and subject to the conditions set forth in the Stock Purchase Agreement, Verizon acquired (the Wireless Transaction) from Seller all of the issued and outstanding capital stock (the Transferred Shares) of Vodafone America Finance 1 Inc., a subsidiary of Seller (VAF1), which indirectly through certain subsidiaries (together with VAF1 the Purchased Entities) owned the Vodafone interest in consideration for the Transferred Shares, upon completion of the Wireless Transaction, Verizon (i) paid approximately \$1.6 billion in cash, (ii) issued approximately 1.27 billion shares of Verizon's common stock per value of the value of the stock consideration) which was valued at approximately \$61.3 billion at the time of the transaction (the Verizon Notes), (iii) sold Verizon's indirect interest in Vodafone New Netherland (VNNL) and such interest, the Omnitel interest, valued at \$3.5 billion and (iv) provided other consideration, which included the assumption of preferred stock valued at approximately \$1.7 billion. The total cash paid to Vodafone and the other costs of the Wireless Transaction, including financing fees and bank fees, were financed through the incurrence of third-party indebtedness. See Note 4 for additional information in accordance with the accounting standard on consolidation a change in a parent's ownership interest while the parent retains a controlling financial interest in its subsidiary is accounted for as an equity transaction and realignment of assets and liabilities of previously controlled and consolidated subsidiaries is not permitted. As a result, we accounted for the Wireless Transaction by adjusting the carrying amount of the noncontrolling interest to reflect the change in Verizon's ownership interest in the Partnership. Any difference between the fair value of the consideration paid and the amount by which the noncontrolling interest is adjusted has been recognized in equity attributable to Verizon. On February 21, 2014, Verizon and Vodafone also consummated the sale of the Omnitel interest (the Omnitel Transaction) by a subsidiary of Verizon to a subsidiary of Vodafone in connection with the Wireless Transaction pursuant to a separate share purchase agreement. As a result, during the nine months ended September 30, 2014, we recognized a pre-tax gain of \$1.9 billion on the disposal of the Omnitel interest. In equity in earnings (losses) of unconsolidated businesses on our condensed consolidated statement of income. Verizon Notes The Verizon Notes were issued to Vodafone pursuant to Verizon's existing indenture. The Verizon Notes were issued in two separate series with \$2.5 billion due February 21, 2022 (the eight-year Verizon Notes) and \$2.5 billion due February 21, 2026 (the eight-year Verizon Notes). The Verizon Notes bear interest at a floating rate, which will be reset quarterly, with interest payable quarterly on interest beginning May 21, 2014. The eight-year Verizon Notes bear interest at a floating rate equal to three-month London Interbank Offered Rate (LIBOR), plus 1.222%, and the eleven-year Verizon Notes bear interest at a floating rate equal to three-month LIBOR, plus 1.372%. The indenture that governs the Verizon Notes contains certain negative covenants, including a negative pledge covenant and a merger or similar transaction covenant, affirmative covenants and events of default that are customary for companies maintaining an investment grade credit rating. An event of default for either series of the Verizon Notes may result in acceleration of the entire principal amount of all debt obligations of that series. Beginning two years after the closing of the Wireless Transaction, Verizon may redeem all or any portion of the outstanding Verizon Notes or any of its affiliates for a redemption price of 101% of the principal amount plus accrued and unpaid interest. The Verizon Notes may only be transferred by Vodafone to third parties in specified amounts during specified periods, commencing January 1, 2017. Any Verizon Notes held by third parties will not be redeemable by Verizon prior to their maturity date. Verizon has agreed to file a registration statement with respect to the Verizon Notes at least three months prior to the Verizon Notes becoming transferable. Verizon's CHS/Verizon included in the other consideration provided to Vodafone is the indirect assumption of long-term obligations with respect to 5.143% Class D and Class E cumulative preferred stock (Preferred Stock) issued by one of the Transferred Entities. Both the Class D shares (\$25,000 shares outstanding) and Class E shares (\$25,000 shares outstanding) are mandatorily redeemable in April 2020 at \$1,000 per share plus any accrued and unpaid dividends. Dividends accrue at 5.141% per annum and will be treated as interest expenses. Both the Class D and Class E shares have been classified as liability instruments and were recorded at fair value as determined at the closing of the Wireless Transaction. Deferred taxes Certain deferred taxes directly attributable to the Wireless Transaction have been calculated based on an analysis of taxes attributable to the difference between the tax basis of the investment in the noncontrolling interest that is assumed compared to Verizon's book basis. As a result, Verizon recorded a deferred tax liability of approximately \$1.3 billion. 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 Advanced Wireless Services (AWS) and Personal Communication Services (PCS) licenses. The exchange included a number of swaps that we expect will result in more efficient use of the AWS and PCS bands. As a result of these

Table 1

During the second quarter of 2014, we completed transactions pursuant to two additional agreements with T-Mobile USA with respect to our remaining 700 MHz A block spectrum licenses. Under one agreement, we sold certain of these licenses to T-Mobile USA in exchange for cash consideration of approximately \$2.4 billion, and under the second agreement we exchanged the remainder of our 700 MHz A block spectrum licenses as well as AWS and PCS spectrum licenses for AWS and PCS spectrum licenses. As a result, we received \$1.6 billion of AWS and PCS spectrum licenses at fair value and we recorded a pre-tax gain of approximately \$0.7 billion in cash.

Selling, general and administrative expense on our condensed consolidated statement of income for the nine months ended September 30, 2014

cash
millions
During the three and

During September 2014, we entered into a license exchange agreement with affiliates of AT&T Inc. to exchange certain AWS and PCS spectrum licenses. This non-cash exchange, which is subject in approval by the Federal Communication Commission (FCC) and other customary closing conditions, is expected to close in the first quarter of 2015. Upon completion of the transaction, we expect to record an immaterial gain.

During September 10, 2014, we acquired various other wireless licenses and markets for

Table 2

Changes in the carrying amount of Goodwill are as follows

(dollars in millions)
Balance at January 1, 2014 Acquisitions (Note 2) Dispositions (Note 2) Reclassifications, adjustments and other Balance at September 30, 2014

Other Intangible Assets

The following table displays the composition of other intangible assets net

Wireless Wireline
(38)(4)
\$ 18,376 5 6,258 5 24,634
(38)(4)
\$ 18,391 5 6,226 5 24,617
* consideration that was not significant

On July 1, 2014, we sold a non-strategic Wireline business which provides communications solutions to a variety of government agencies, for net cash proceeds of \$0.1 billion and recorded an immaterial gain.

During February 2014, Verizon acquired a business dedicated to the development of Internet Protocol (IP) television for cash consideration that was not significant.

On October 7, 2014, Redbox Instant by Verizon, a venture between Verizon and Redbox Automated Retail, LLC (Redbox), a wholly-owned subsidiary of Outervest, Inc. (Outervest), ceased providing service to its customers in accordance with an agreement between the parties. Redbox with drew from the venture on October 20, 2014 and Verizon will wind down and dissolve the venture during the next few months. As a result of the termination of the venture, we expect to record a pre-tax loss of approximately \$0.1 billion in the fourth quarter of 2014.

3. Wireless Licenses, Goodwill and Other Intangible Assets Wireless Licenses Changes in the carrying amount of Wireless licenses are as follows

(dollars in millions)

c al January 1, 2014 Acquisitions (Note 2) Dispositions (Note 2) Capitalized interest on wireless licenses Rec li Siititc ilions, adjustments and other Balance at September 3(1, 2014

S 75 747 43K (1.978)

Reclassifications, adjustments and other includes the exchanges of wireless lice licenses that are classified as held for sale and included in Prepaid expenses an sheet at September 30, 2014 (see Note 2 for additional details)

At Septembei 10, 2014 approximate!) \$2.2 billion of Wireless licenses weic under development for commercial servc we weic capitalizing interest costs

At December 31, 201 3

Gross Accumulated Net Amount	Amortization Amount
<u>At September 30, 2014</u>	
Gron Accumulated Net Amount	Amortization Amount

powered by Legistar™

Performance Stock Units
(9,153) (252)
Outstanding, January 1 2014
Granted
14,840
Payments
Cancelled-Forfeited Outstanding, September 30,2014

As of September 30, 2014 unrecognized compensation expense was approximately \$0.5 billion and is expected to be recognized o
The RSUs granted in 2014 had
-lated to the unvested portion of outstanding RSUs and PSUs over approximately two years

Weighted-average grant date fair value of \$47.19 per unit
Time of Grant

Employer Benefits
We maintain non-contributory defined benefit pension plans for many of our employees. In addition, we maintain postretirement health care and life insurance plans for our retirees and their dependents, which are both contributory and non-contributory and include a limit on our share of the cost for certain recent and future retirees. In accordance with our accounting policy for pension and other postretirement benefits, operating expenses include pension and benefit related credits and/or charges based on actuarial assumptions, including projected discount rates and an estimated return on plan assets. These estimates are updated in the fourth quarter or upon a remeasurement event to reflect actual return on plan assets and updated actuarial assumptions. The adjustment will be recognized in the income statement during the fourth quarter or upon a remeasurement event pursuant to our accounting policy for the recognition of actuarial gains and losses.

Net Periodic Benefit (Income) Cost
Pension Health Care and Life-
The following table summarizes the benefit (income) cost related to our pension and postretirement health care and life insurance plans

(dollars in millions)

(2) (298)
(62) (58)
(62) (41) 277
Three Months Ended September 30,
Service cost
Amortization of prior service cost (credit) Expected return on plan assets Interest cost
Pension Health Care
245 \$ 2*6 ;
(6) 5 (886) (033)

Net periodic benefit cost (dollars in millions)
(185) (108)
Nine Months Ended September 30,
Service
130 \$ 11 17) \$ 713 \$
Amortization of prior service cost (credit) Expected return on plan assets Interest cost
Remeasurement gain, net Net periodic benefit (income) cost

Pension Remeasurement
During the three and six months ended June 30, 2011, 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 7.5% 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 actual 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 Payments
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.

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. Equity and Accumulated Other Comprehensive Income Equity
Changes in the components of Total equity were as follows:

	Attributable Noncontrolling Total	
	Equity	Verizon Interests
		56,580 S
		95,416
Net income	11,856	2,248 14,104
Other comprehensive loss	(1,183)	(23)
Comprehensive income	10,673	2,225 12,898

Issuance of common stock Contributed capital Dividends declared Common stock in treasury Purchase of noncontrolling interest Distributions and other Balance at September 30, 2014

(55,960) (55,960) (1,454) (1,485)
1,391 \$ 17,988

127 (26,850) (6,674) 496
127 (26,850) (6,674) 496

The changes in Common stock, Contributed capital and Purchase of noncontrolling interest are primarily due to the completion of the Wireless Transaction on February 21, 2014. See Note 2 for additional information.

Prior to the closing of the Wireless Transaction, noncontrolling interests included in our condensed consolidated financial statements primarily consisted of Vodafone's 45% ownership interest in Verizon Wireless. The noncontrolling interests that remain after the completion of the Wireless Transaction primarily relate to wireless partnership entities.

Common Stock
As a result of the Wireless Transaction, Verizon issued approximately 1.27 billion shares of Verizon common stock.

Common stock has been used from time to time to satisfy some of the funding requirements of employee and director plans, including 8.1 million common shares issued from Treasury stock during the nine months ended September 30, 2014, which had an aggregate value of \$0.4 billion.

Each component is as follows:

Accumulated Other Comprehensive Income

Foreign currency translation adjustments
Unrealized loss on cash flow hedges
Pension and other postretirement benefits
Unrealized gain on securities

Unrealized Defined benefit

113 \$
1,275
117 \$ 14
\$ 2,355 (30)

(17) (115)
853 \$
(143) 99
(911) (11)

The change, in the balance sheet of Accumulated other comprehensive income (loss) in millions

Balance at January 1, 2014 \$

Other comprehensive income (loss)

102
116 \$
1,158 \$ 1,175
(201) \$

Amounts reclassified to net income: Net other comprehensive loss

Balance at September 30, 2014 \$

The amounts presented above in net other comprehensive loss are net of taxes 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 translation adjustments are included in Equity in earnings (losses) of unconsolidated businesses on our condensed consolidated statement of income and are a result of the completion of the Omnitel 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 (expense) net on our condensed consolidated statement of income.

10. Segment Information Reportable Segments

We have two reportable segments which we operate and manage as strategic business units and organize by products and service. We measure and evaluate our reportable segments based on segment operating income, consistent with the chief operating decision maker's assessment of segment performance.

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 costs lease financing, as well as the historical results of diverted operations and other adjustments and gains and losses that are not allocated in assessing segment performance due to their non-operational nature. Although such transactions are excluded from the business segment results, 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, from our Wireline segment to Corporate, eliminations and other. The impact of this reclassification was not material to our condensed consolidated financial statements or our segment results of operations.

On July 1, 2014, our Wireline segment divested a non-strategic business (see Note 2). Accordingly, the historical Wireline results for these operations have been reclassified to Corporate, eliminations and other to reflect comparable segment operating results.

Our segments and their principal activities consist of the following:

Segment	Description
Wireless	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. Wireless voice, 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 to other countries, businesses and government customers both in the United States and in over 150 other countries around the world.

21

Table 1: Operating Revenues

Table

The following table provides operating income

(dollars in millions)
External Operating Revenues
Wireless

Retail service Other service Service revenue

Equipment Other
Total Wireless

Wireline
Consumer Small business Mass Markets

Strategic services Core Global Enterprise

Global Wholesale Other
Total Wireline Total segments

Corporate, eliminations and other Total consolidated - reported

Intersegment Revenues Wireless Wireline Total segments Corporate, eliminations and other Total consolidated - reported

Total Operating Revenues
Wireless
Wireline
Total segments
Reconciling items
Total consolidated - reported

Operating Income
Wireless
Wireline
Total segments
Reconciling items
Total consolidated - reported

Nine Months Ended September 30, 2014 2013

Information for our two reportable segments

Three Months Ended September 30, 2014 2013

6,735 3,011

17,543 \$ 16,764 \$ 52,052 \$ 46,327

794 717 2,113 1,950

5,679 2,666
3,902 61.1

64,111 50,822

6,207 6,055 4,097 4,575

3,735 11,606 11,020 637 1 858 1,907
92 224 87 930 1,663 1,555

2,068 2,044

1315 1,490

880 (K80)

S .11.586 5, 10.279 J 91.RH7 S 89.4X5

31.131 29 763 455 516

293 (293)

\$ 21,835 \$ 20,399 \$ 64,197 \$ 59,898
9,576 9,657 28,869 28,912
31,411 30,056 91,066 88,810
175 223 821 675

6,955 225

S 31,586 S 30,279 S 91,887 S 89,485

\$ 6.8R6 J 21,258 \$ 19,768
19,984
(79)
5 6,890 S 7 12R S 21 735 5 14,905

158,443 80,135
146,429 84,573
(dollars in millions)

Assets
218,578 231,002 43,096
(12,285)
Wireless Wireline Total segments
Corporate, eliminations and other
Total consolidated - reported

\$ 226,293 % 274,098

Corporate eliminations and other at December 31, 2013 is primarily comprised of cash and cash equivalents which were used to complete the Wireless transaction on February 21, 2014

A reconciliation of the segment operating revenues to consolidated operating revenues is as follows

(dollar)
S 31,411 \$ 30,056 \$ 93,066 \$ 88,810

157 256 466
175 66 565 209

S 31,586 S 30,279 5 93,887 5 89,485

Three Months Ended Nine Months Ended

September 30, September 30,
2014 2013 2014 2013

n million!

Total segment operating revenues

Impact of divested operations (Note 2) Corporate, eliminations and other Total consolidated operating revenues

Nine Months Ended September 30, 2014 2013

A reconciliation of the total of the reportable segments' operating income to consolidated income before provision for income taxes is as follows

Three Months Ended September 30, 2014 2013

(dollars in millions)

\$ 7,180 \$ 7,033 \$ 21,877 \$ 19,984

Total segment operating income

Gain on spectrum license transactions (Note 2) Tension remeasurement (Note 8) Impact of divested operations (Note 21) Corporate, eliminations and other Total consolidated operating income

Equity in earnings (losses) of unconsolidated businesses Other income and (expense) net Interest expense

Income Before Provision For Income Taxes

they develop and adjust an actual or disclosure as needed We do not expect that the ultimate resolution of any pending regulatory or legal matter in future periods, including the Hicksville matter described below, will have a material effect on our financial condition but it could have a material effect on our results of operations for a given reporting period

During 2003, under a government-approved plan, remediation commenced at the site of a former Sylvania facility in Hicksville, New York that processed nuclear fuel rods in the 1950s and 1960s Remediation beyond original expectations proved to be necessary and a reassessment of the anticipated remediation costs was conducted A reassessment of costs related to remediation efforts at several other former facilities was also undertaken In September 2005, the Army Corps of Engineers (ACE) accepted the Hicksville site into the Formerly Utilized Sites Remedial Action Program This may result in the ACE performing some or all of the remediation effort for the Hicksville site with a corresponding decrease in costs to Venzon To the extent that the ACE assumes responsibility for remedial work at the Micks Mills site, an adjustment to a reserve previously established for the remediation may be made Adjustments to the reserve may also be made based upon actual conditions discovered during the remediation at this or any other site requiring remediation

Venzon is currently involved in approximately 70 federal district court actions alleging that Venzon is infringing on patents Most of these cases are brought by non-practicing entities and effectively seek only monetary damages, a small number are brought by companies that have sold products and seek injunctive relief as well These cases have progressed to various stages and a small number may go to trial in the coming 12 months if they are not otherwise resolved

In connection with the execution of agreements for the sales of businesses and investments Venzon ordinarily provides representations and warranties to the purchasers pertaining to a variety of nonfinancial matters, such as ownership of the securities being sold as well as indemnity from certain financial losses From time to time, counterparties may make claims under them: provisions and Venzon will seek to defend against those claims and resolve them in the ordinary course of business

Subsequent to the sale of Venzon Information Services Canada in 2004, we continue to provide a guarantee to publish directories, which was issued when the directory business was purchased in 2001 and had a 30-year term (believe extensions) The preexisting guarantee continues, without modification, despite the subsequent sale of Venzon Information Services Canada and the spin-off of our domestic public and Internet yellow pages divisions business The possible financial impact of the guarantee, which is not expected to be adverse, cannot be reasonably estimated as a variety of the potential outcomes available under the guarantee result in costs and revenues or benefits that may offset each other We do not believe performance under the guarantee is likely

We generally account for intersegment sales of products and services and asset transfers at current and market prices No single customer accounted for more than 10% of our total operating revenues during the three months ended September 30, 2014 and 2013

11. Commitments and Contingencies

In the state and the ordinal federal level Where business is Venzon is involved in various commercial litigation and regulatory proceedings at the state and the probable amount and of estimable accrual in malpractice An given estimate of the Company reasonably establishes possible an loss on accrual of range In none of the settlement in currently excess pending of the

14 \$ 14 100 OV.

84 S 1811)

mn - not meaningful

Three Months Ended September 30, 2014 2013
 Nine Months Ended
 September 30,
 2014 2013

Increase/ (Decrease)(Decrease)

S 556 7H 7%
 (114) (60 0) S 700 nm

\$ 2.159 \$ 1.7€+8 8L 1V <http://8L 1V>. 553 1229) (414)

S :

Other income and (expense), net decreased during the nine months ended September 30, 2014 compared to the similar period in 2013 primarily due to net early debt redemption costs of \$0.9 billion recorded during the first quarter of 2014 (see "Other Items")

(dollars in millions)
 S 109 W S 56.636

S 107.014 S 54.524
 4 %> 5 3V.

Total interest costs on debt before Less capitalized interest costs Total

Average debt outstanding Effective interest rate

nm - not meaningful

Total interest costs on debt balances increased during the three and nine months ended September 30, 2014 compared to the similar periods in 2013 primarily due to the issuance of fixed and floating rate notes to finance the Wireless Transaction (see Acquisitions and Divestitures) resulting in an increase in average debt and a corresponding increase in interest expense, partially offset by a lower effective interest rate (see "Consolidated Financial Condition"). Capitalized interest costs were lower during the three and nine months ended September 30, 2014 compared to the similar periods in 2013 primarily due to a decrease in wireless licenses that are currently under development.

vi

Three Months Ended September 30, 2014 2013

Increase/ (Decrease)(dollars in millions)

Provision for income taxes Effective income tax rate
 1 034 S KM) 15 6%

32 9

80 IV. S 5,052 26 4%;

Nine Months Ended September 30, 2014 2013

\$ 2,886 S 2,166 75 1% 1 5 6%

The effective income tax rate is calculated by dividing the provision for income taxes by income before the provision for income taxes. As a result of the completion of the Wireless Transaction, the difference in the effective income tax rate as computed to the statutory federal income tax rate will no longer be significant due to the inclusion of income within our income before the provision for income taxes that was previously attributable to Vodafone's noncontrolling interest in the Verizon Wireless partnership. Prior to the completion of the Wireless Transaction, our annual effective income tax rate was significantly lower than the statutory federal income tax rate due to the inclusion of income attributable to Vodafone's noncontrolling interest in the Verizon Wireless partnership within our income before the provision for income taxes, which resulted in our effective income tax rate being 16.1 and 15.4 percentage points lower during the three and nine months ended September 30, 2013, respectively.

Provision for income taxes and the effective income tax rate during the three and nine months ended September 30, 2014 compared to the similar periods in 2013 is primarily due to increased income taxes on the incremental income included in Verizon's post-acquisition income before the provision for income taxes resulting from the acquisition of Vodafone's indirect 45% interest in Verizon Wireless on February 21, 2014. The increase during the nine months ended September 30, 2014 compared to the similar period in 2013 was partially offset by the utilization of certain tax credits in the current period.

Unrecognized Tax Benefits

Unrecognized tax benefits were \$1.8 billion at September 30, 2014 and \$2.1 billion at December 31, 2013. Interest and penalties related to unrecognized tax benefits were \$0.2 billion (after-tax) and \$0.3 billion (after-tax) at September 30, 2014 and December 31, 2013, respectively. The decrease in unrecognized tax benefits was primarily due to the resolution of issues with the Internal Revenue Service (IRS) involving tax years 2007 through 2009, partially offset by an increase in unrecognized tax benefits related to the acquisition of Vodafone's indirect 45% interest in Verizon Wireless. The uncertain tax benefits related to the acquisition of Vodafone's indirect 45% interest in Verizon Wireless concern pre-acquisition tax controversies and are the subject of an indemnity from Vodafone for which a corresponding indemnity asset has been established.

■ *Item 2*

Verizon and our subsidiaries file income tax returns in the US 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. Significant tax examinations and litigation are ongoing in New York City for tax years as early as 2000. It is reasonably possible that the amount of our liability for unrecognized tax benefits could change by a significant amount in the next twelve months. An estimate of the range of our possible change cannot be made until these tax matters are further developed or resolved.

Nine Months Ended September 30, 2014 2013

Increase/ (Decrease)

attributable to Verizon Wireless

99

Three Months Ended September 30, 2014 2013

(Decrease)
 3,346 S (3,247) (97 0)% S 2,248 S 9,201 5 (6,953) (75 6)%

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.

U.S. origin

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 earnings, 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 to operating income as a 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 variable cost basis as it excludes the depreciation and amortization expenses related primarily to capital expenditures and acquisitions that occurred in prior years, as well as in evaluating operating performance in relation to our core business. Segment EBITDA is calculated by adding back depreciation and amortization expense to segment operating income.

Wireless Segment EBITDA, as presented below, is calculated by dividing Wireless Segment EBITDA by Wireless service revenues. Wireless Segment EBITDA, as presented, utilizes service revenues rather than total revenues. Service revenues primarily exclude equipment revenues in order to reflect the impact of providing service to the wireless customer base on an ongoing basis. Wireline EBITDA margin is calculated by dividing Wireline EBITDA by total Wireline revenues.

33

Our Wireless segment is primarily comprised of Celco Partnership doing business as Verizon Wireless. Celco Partnership was formed as a joint venture in April 2000 by the combination of the U.S. wireless operations and interests of Verizon and Vodafone. Prior to the completion of the Wireless Transaction, Verizon owned and controlled 55% interest in Verizon Wireless and Vodafone owned the remaining 45%. On February 21, 2014, the Wireless Transaction was completed and Verizon acquired 100% ownership of Verizon Wireless. Verizon Wireless provides wireless communications services across one of the most extensive wireless networks in the United States.

We provide these services and equipment sales to consumer, business and government customers in the United States on a postpaid and prepaid basis. Postpaid connections represent individual lines of service for which a customer is billed in advance a monthly access charge in return for a monthly net service allowance, and usage beyond the allowances is billed monthly in arrears. Our prepaid service enables individuals to obtain wireless services without a long-term contract or credit verification by paying for all services in advance.

Three Months Ended September 30, 2014 2013
 (dollars in millions,
 except ARPA)

Operating Revenues and Selected Operating Statistics

1,955 5 1,322 5,690 2,886

\$ 17,556 S 16,776 800 740

376 3,099 1,047 153 1,200 S 4,299

Nine Months Ended

Increase/		September 30, Increase/			
(Decrease)		2014	2013 (Decrease)		
I S >2 090	S 49,367	S 2,723	5 5%		
54 421	6.737	3 039			
184					
5 3 14 0					
9,776	8,576	S 64,197	S 59,898		
106.156	101.150	5,006	100.103	95,185	4.918
Retail service Oltrei sen ice Service- revenue					
Other Equipment and olhet Total Operating Revenues					
1.525	1 516				
3.501	2.819	3,496	2.545		
464					
58					
Connections C000) ■ Retail connections Retail postpaid connections					
1 29%	I 00%				
1 28%	fl 97%				
1 30%	I 27%				
I 00%	0 97%				
Net additions in period (000) <=> Retail connections Retail postpaid connections					
				S 160.21	S 152.84
				S 7.37	35.435
				34,972	40.3
Churn Rate Retail connections Retail postpaid connections					
S 161.24	S 155.74	S 5.50			
Account Statistics Retail postpaid ARPA Retail postpaid accounts (000)* Retail postpaid connections per account**					
				2.82	2.72
				0.10	0.37
*** As of end of period					
<J Excluding acquisitions and adjustments					

Wireless' total operating revenues increased by \$1.4 billion or 7.1%, and \$4.3 billion or 7.2%, respectively, during the three and nine months ended September 30, 2014 compared to the similar periods in 2013 primarily as a result of growth in service revenue and equipment revenue.

34

Tihlir si Ciinlru

Accounts and Connections

Retail (non-wholesale) postpaid accounts, which represent retail customers under contract with Verizon Wireless that are directly served and managed by Verizon Wireless and use Verizon-branded services. Accounts include More Everything 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 to connections is terminated.

Retail connections under an account may include smart phones, basic phones, tablets and other Internet devices as well as Hume Phone Connect and Home Fusion. 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 gross 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 2.158 million tablets, respectively, as compared to 246 thousand and 824 thousand 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.

Service Revenue

Service revenue increased by \$0.8 billion or 4.8%, and \$3.1 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 connections as well as the continued increase in penetration of 4G LTE smartphones and tablets through our More Everything 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 ARPA, which excludes recurring equipment installment billings related to Verizon Edge 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 is primarily due to increases in bit rate data devices, which represented 13.1% 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.

Equipment and Other Revenue

Equipment and other revenue increased during the three and nine months ended September 30, 2014 compared to the similar periods in 2013 primarily due to an increase in equipment sales, driven by sales of equipment under both the traditional subsidy model and Verizon Edge.

Nine Months Ended September 30, 2014
Three Months Ended September 30, 2014

Increase/ (Decrease)

(Decrease/Increase)

7,043	5,698	2,139	
\$ 17,102	\$ 2,539		
16	15	76	
6,113	194		
\$ 40,130	\$ 2,809		
5,652	1,139	24.6%	\$ 19,641
5,801	(103)	(1.8)	16,991
2,060	79	3.8	6,307
\$ 13,513	\$ 1,367	10.1	14,293

Operating Expenses

(In millions)

Selling, general and administrative expense

Depreciation and amortization expense

Total Operating Expenses 114,880

Cost of Services and 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 \$1.4 billion and \$2.7 billion, respectively, as a result of an increase in the number of devices sold. The increase for the nine months ended September 30, 2014 was also due to an increase in cost of network services, partially offset by a decrease in cost of data services and decreased data 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 Verizon Edge.

Depreciation

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 first 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.

Li Expense

Li expense increased during the three and nine months ended September 30, 2014 compared to the similar period in 2013 primarily driven by an increase in net depreciable assets.

Three Months Ended September 30, 2014 2013

Tribune Company Segment Operating Income

Nine Months Ended									
(Decrease)	Increase/	September 10, Increase/							
(dollars in millions)	2014	2013 (Decrease)							
	\$ 6.955	\$ 6.8K6	\$ 69	10%	\$ 21.258	\$ 19.768	\$ 1.490	7.5%	
\$ 9.094	\$ 8.946	\$ 148	17	\$ 27,565	\$ 25,881	\$ 1,684	6.5		
Segment Operating Income Add Depreciation and									
33.1%	50.7%								
33.0%	60.4%								
33.8%	51.1%								
amortization expense Segment EBITDA									
Segment operating income margin Segment EBITDA service margin									
	31.9%	49.5%							

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 Wireless segment Operating income were as follows:
Gain on spectrum license transactions

		Three Months Ended	Nine Months Ended
		September 30,	September 30,
		2014	2013 2014 2011
(dollars in millions)			
	278	\$	707

3

Table of Contents 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.

On July 1, 2014, our Wireline segment divested a non-strategic business (see "Acquisitions and Divestitures"). Accordingly, the historical Wireline results for these operations have been reclassified to Corporate, eliminations and other to reflect comparable segment operating results.

Increase/ (Decrease) Increase/ (Decrease)

Operating Revenues and Selected Operating Statistics
4.5% \$ 11,606 \$ 11,020
(4.1) 1,551 1,912

3,735 639

\$ 3,902 613

154) 532
(dollars in millions)
Consumer retail Small business Markets
1,491 (175) (117)
M.
T.3K4 1,552
(336) (279)
s,5v>
L611
(4.8) 106
4,713 379
4,992 339
(5.6) 11 H (0.1)

Strategic services Core Global Enterprise <<http://Enterprise.se>>
\$ 9,576 \$ 9,687 \$ (81) (0.8) \$ 28,569 \$ 28,912

Global Wholesale Other
20,089 21,457 (1,168) (64)
Total Operating Revenues
9,146 6,471
R.995 5,946

Connections (OOO). <=> Total voice connections

Total Broadband connections FiOS Internet subscribers FiOS Video subscribers

"As of end of period
ended September 30.

Wireline's revenues decreased 0.8% and 0.1%, respectively, during the three and nine months ended September 30, 2014 compared to the similar periods in 2013 primarily as a result of declines in Global Enterprise Cote and Global Wholesale, partially offset by higher Consumer retail revenues driven by FiOS services. During the nine months ended September 30, 2014, the decrease in Wireline's revenues was also partially offset by increased Strategic services revenues within Global Enterprise <<http://Enterprise.se>>.

Mass Markets

Mass Markets operations provide broadband services (including high-speed internet, FiOS Internet and FiOS Video services), local exchange (basic service and end-user access) and long distance (including regional toll) voice services to residential and small business subscribers.

Mass Markets revenues increased \$0.1 billion or 3.2%, and \$0.5 billion or 4.1%, respectively, during the three and nine months ended September 10, 2014 compared to the similar periods in 2013 primarily due to the expansion of FiOS services (Voice, Internet and Video), including our FiOS Quantum offerings, as well as changes in our pricing strategies, partially offset by the continued decline of local exchange revenues. FiOS represented approximately 76% and 75%, respectively, of Consumer retail revenue during the three and nine months ended September 30, 2014, compared to approximately 71% and 70%, respectively, during the similar periods in 2013.

T.Mr of Cmtnii

The increase in Mass Markets rev due to a 5.9% decline in Con so r with wireless, ond compeling; voi access lines in service as well i Since October 1, 2013 we grew our subsenbei bate by 05 million FiOS inlicitict subscribel* and 0.4 million FiOS Video subshenh;, while also consistently improving penetration rates within nur FiOS sen'ice areas As of September 30, 2014, we achieved pent! rail on rates of 40.6% and 35.5% for FiOS Internet and FiUS Video, respectively compared to penetration rates of 39.21. and 34.9% l'orFiOS Internet and FiOS Video, respectively, as of September 30, 2013

nues was partially offset by the decline of local exchange revenues This decline was pnnmanly ri retail tone connections resulting pnnmanl) from compellition and technology substitution : over IP, hmadhand and cable services Total voice connection-, include liadmonal switched Fi OS digital voice coicouitions There was also a decline in Small business retail voice

connection!, pnnmanly tetlecting competition and a shift to both IP and high-speed cucuits Global Enterpi ise

Global Enterpense ofieis Strategic services including netwok products and solutions, advanced communications services, and othei coic communications services lu medium and large business customers, multinational coiporatiuns and state and fedcial government customers

Global Enterprise revenues decreased SO 2 billion or 4.4%, and SO 3 billion or 3.2%, respectively, during the three and nine monih ended September 30, 2014 compared to the similar periods in 2013 pnni.inly due to a decline of SO 1 billion or 11.91., and SO 4 billion or 11.5%, respectively, related to lower voice services and data networking revenues, which consist oftradition.it <http://oftradition.it>circuit-based services such as frame relay private line and legacy voice and dala services These core services declined compared to the sunil.it <http://sunil.it> penods in 2013 as our customer base continued to migrate to next generation IP sen ices Also contributing lo the decrease was the contraction of mantel rates due to compellition and a decline in Cote customer premise equipment revenues The decrease during the nine months ended September 30 2014 compared to the similar period in 2013 was partially ntset by nil increase in Strategic senices revenues of SO 2 billion, ot 2.6%, pnnmanly due to increases in our application sen ices, such as our cloud and data center offenggs

Global Wholesale

Clonal Wholesale pio) ides communications sen rec.s including data, voice and local dial tone and broad hand services primarily in local, long distance and other comers that use our facilities to provide services to their customers

Global Wholesale revenues decreased SO 1 hillou of 4.6*, and SO 3 billion or 5.6%, respectively, during the three and nine months ended September 30 2014 compared to the similar periods in 2013 pnnmanly due lo a decline in traditions! voice revenues and a 6.5% decline lu domestic wholesale connections as of September 30 2014 compared to Septembe 10, 2013 The traditional voice revenue declines are pnnmanly due to a decrease in minutes of use and (he cited of technology substitution Also coinnbutiing 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 Ethernet migrations from core customers as well as continuing demand loi highspeed digital dala services from fiber-to4he-cell customers upgrading their cote dala circuits to Ethernet facilities As a result of the customer migrations, at September 30, 2014, the number of tore dal.i circuits experienced a 13.7% decline compared to Septembci 10,2013

Nine Months Ended September 30, 2014 2013

Increase/ (Decrease)

Increase/ (Decrease)

Operating Expenses

Cost of services and sales Selling general and admin i si Ra Depreciation and amortization Total Operating Expenses

Three Monih F.ndrd September 30, 2014 2013

(dollars in millions)

5,325 \$ 5,342 S (17) (0.3)%/ S loOod J 15,925 S HI 0.5%
2,048 2,094 (46) (2.2) 6,22K 6,517 (2X91 (4.4)
1,978 2,074 (96) (4.6) 6,016 6,254 (2JH (3.8)
S 9,151 S u.510 SM59J (17) S 28,25Q S 28,696 S (446) (6)

Cost of Senices and Sales

During (he three months ended September 30, 2014, Coil of services and sales decreased compared to the similar period id 2013 pnnmanly due io a decrease in employee costs and a decline in access costs, dny en by declines in overall wholesale long distance volumes which were partially offset by an increase in lontenl losisof SO 1 htllion associated with continued FiOS subscribe) growih and piogiaianuung license tee increases

Dung the nine months ended Septembci 30 2014 Cost of sen ices and sales increased compaied lo the similar period in 2013 pnnmanly due lo an increase in content costs of SO 3 billion associated with continued FiOS subsenber growih and programming license lee iticieces, partially olset by a decline in employee costs and access costs, driven by declines in overall wholesale long distance volumes

Selling, General and 4dinmisirativ'e LLtpen'e

Dung the three months ended September 30, 2014, Selling general and administrative expense was consistent with the similar penod in 2013 Duing the nine monih ended Septembher 10, 2014, Selling, general and administrative expense decreased compared to the similar penod in 201 3 primarily due to declines in employee costs, pnnmatly as a result of lower headcount This decrease was partially offset by higher regulatory expenses

Dypret lalion and Amrlizatwn Eipemc

During the three and nine monih ended Septembci 30, 2014, Depreciation and amortization expense decreased compared to the similar penods in 201 3 pnnmanly due to a decrease in net depreciable assets

Three Months Ended September 30, 2014 2013

Segment Operating Income and EBITDA

Nine Months Ended

Increase/ September 30, Increase/
(Decrease) 2014 2013 (Decrease)
S 78 53 IV. S 619 S 216 S 403 nm

16) 6,016 6,254 _C23fi> (3.8)% 2.221 SJJS) (081 S 6, <15 S 6,470 % 165 2 o

The changes in lire table above during the three and nine monih ended September 10, 2014 compared to the similar penods in 2013 were primarily a result of the factors described in connection with operating revenues and operating expenses

Non-operational Hems excluded liorn our Wireline segment Operating income were as follows

Three Months Ended Nine Months Ended

September 30. September 30,

(dollars in millions)

2014 2013 2014 2013

| Gam on Spectrum License Transactions

During the second quarter certain ot 2014, we completed license exchange transactions with T-Mobile USA Inc (T-Mobile) number of swaps ihai SO wc " expect billion will of resul in AWS and PCS spectrum licenses As a result, we received SI 6 billion of AWS approximately SO 7 billion in Selling, general and adm the nine months ended September 30, 2014

lo iwo additional agreements with T-Mnbile USA with ay r cement, we sold certain of these licenses lo T-Mobile tclly S2.4 billion, and under the second agreement we exchanged the s well as AWS and PCS spectrum licenses for AWS and PCS spectrum ,d PCS spectrum licenses at fan value and we recorded a pre-tax gain ol isiralm- expense on our condensed consolidated statement of income lor

During the second quarter of 2014, we completed transactions pm respect to out remaining 700 MHz/ A block speclmm licenses Undi USA in exchange foi cash consideration of approxir remainder of our 700 MHz A block spectrum license: licenses As a result, we received SI 6 billion of AWS approximately SO 7 billion in Selling, general and adm the nine months ended September 30, 2014

During the third quarter of 2013, artei teceiv mg the required regulatory approvals, Venzon Wireless sold 39 lower 700 MHz B block spectrum licenses lo AT&T hie (AT&T) in exchange Tor a payment of SI 9 billion and the transfer by AT&T to Venzon Wireless of AWS(10 MI Iz) licenses in certain markets in the western United States Vcn/on Wireless also sold certain lowci 700 MHz B hlock spectra m licenses to an investment firm for a payment of SO 2 billion As a result, we received SO 5 billion of AWS licenses at (inr value and we recorded a pretax gam ofapproximately SO 3 billion in Selling, general and administrative expense on our condensed consolidated statements of income for the three and nine months ended September 30,201 3

The Consolidated Adjusted EBITDA non-GAAP measure presencl in the Consolidated Operating Income and EBITDA discussion (Sec ' Consolidated Results of Operaloiois' excludes the gain on the spectrum license transactions described above

| Wireless Transaction Coils |

As a result of the third-party indebtedness incurred to finance the Wueless Transaction, we incurred interest expense of \$0.4 billion dunn the nine months ended September 30, 2014 (see Consolidated Financial Condition") and SO 1 billion during the nine months ended September 30 2013

These amounts represent only the interest expense incurred prior to the closing ofthe Wireless Transaction

| Impact of Divested Operations

On July 1, 2014, we sold a non-strategic Wireline business, which provides communications notations to a vuncity of government agencies

Flic Consolidated Adjusted EBITDA non-GAAP measure presented in the Consolidated Operating Income and EBITDA discussion (Sec Consolidated Results of Operations") excludes the historical financial results ofthe divested operations described above

Gain on Sale of Omnicell Interest

As a result of the sale of the Omnicell Interest on February 21, 2014, which was part of the consideration for the Wireless Transaction, we recorded a gain of \$1.9 billion in Equity in earnings (losses) of unconsolidated businesses on our condensed consolidated statement of income for the nine months ended September 30, 2014.

Early Debt Redemption Costs

During March 2014, we recorded net debt redemption costs of \$99 billion in connection with the early redemption of \$1.25 billion aggregate principal amount of Celco Partnership and Verizon Wireless Capital LLC 8.50% Notes due 2018, and the purchase of the following notes pursuant to a tender offer (the "Tender Offer") \$0.7 billion of the then outstanding \$1.5 billion aggregate principal amount of Verizon 10% Notes due 2018, \$0.8 billion of the then outstanding \$1.5 billion aggregate principal amount of Verizon 5.50% Notes due 2018, \$0.6 billion of the then outstanding \$1.1 billion aggregate principal amount of Verizon 8.75% Notes due 2018, \$0.7 billion of the then outstanding \$1.25 billion aggregate principal amount of Verizon 5.55% Notes due 2016, \$0.4 billion of the then outstanding \$0.75 billion aggregate principal amount of Verizon 5.50% Notes due 2017, \$0.1 billion of the then outstanding \$1.0 billion aggregate principal amount of Celco Partnership and Verizon Wireless Capital LLC 5.00% Notes due 2018, \$0.2 billion of the then outstanding \$0.3 billion aggregate principal amount of Alltel Corporation 7.00% Debentures due 2016 and \$0.3 billion of the then outstanding \$0.6 billion aggregate principal amount of GTE Corporation 6.84% Debentures due 2018.

Table 1-1

Notes due 2018, \$0.7 billion of the then outstanding \$1.25 billion aggregate principal amount of Verizon 5.55% Notes due 2016, \$0.4 billion of the then outstanding \$0.75 billion aggregate principal amount of Verizon 5.50% Notes due 2017, \$0.1 billion of the then outstanding \$1.0 billion aggregate principal amount of Celco Partnership and Verizon Wireless Capital LLC 5.00% Notes due 2018, \$0.2 billion of the then outstanding \$0.3 billion aggregate principal amount of Alltel Corporation 7.00% Debentures due 2016 and \$0.3 billion of the then outstanding \$0.6 billion aggregate principal amount of GTE Corporation 6.84% Debentures due 2018.

Pension Remeasurement

and EBITDA
the
Consolidated Operating Income as described above.

During the three and six months ended June 30, 2013, we recorded net pre-tax pension reversion 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 7.5% 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. The Consolidated Adjusted EBITDA non-GAAP measure presented in discussion (See "Consolidated Results of Operations") excludes the pension expense.

Nine Months Ended

September 30,

2014 2013 Change

Table at Capital

\$ 21,157	\$ 28,387	\$ (5,230)
(10,430)	(10,023)	(407)
(59,037)	35,253	(94,290)

\$ (46,310) **\$ 53,017** **\$ (99,327)**

(dollars in millions)

Cash Flows Provided By (Used In)

Operating activities	
Investing activities	
Financing activities	Increase (Decrease) In Cash and Cash Equivalents

We use the net cash generated from our operations to fund network expansion and modernization, repay external financing, pay dividends and invest in new businesses. Our sources of funds, primarily from operations and, to the extent necessary, from external financing arrangements, are sufficient to meet ongoing operating and investing requirements. The cash portion of the purchase price for the Wireless Transaction was primarily funded by the incurrence of third-party indebtedness (see "Acquisitions and Divestitures"). We expect that our capital spending requirements will continue to be financed primarily through internally generated funds. Debt or equity financing may be needed to fund additional investments or development activities or to maintain an appropriate capital structure to ensure our financial flexibility. Our cash and cash equivalents are primarily held domestically in diversified accounts and are invested to maintain principal and liquidity. Accordingly, we do not have significant exposure to foreign currency fluctuations. See "Market Risk" for additional information regarding our foreign currency risk management strategies.

Our available external financing arrangements include financing arrangements, issuances of registered debt or also issue short-term debt through an active commercial paper program.

and it available under credit facilities and other bank lines of credit, vendor equity securities and privately-placed capital market securities. We may also have an \$8 billion credit facility to support such

1

Cash Flows 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 \$2.5 billion increase in interest payments primarily due to the incremental debt needed to fund the Wireless Transaction as well as a \$1.5 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 indirect 45% interest in Verizon Wireless, which among other benefits discussed herein, also provides us full access to the cash flows of Verizon Wireless, allowing full access to all the cash flows from our wireless business gives us the ability to continue to invest in our networks and spectrum, meet evolving customer requirements for products and services and take advantage of new growth opportunities across our line of business.

We do not expect to make any material employee contributions to our qualified pension plans in the fourth quarter of 2014.

Cash Flows Used In Investing Activities

Capital expenditures, including capitalized software, were as follows:

to be on a net basis

the primary use of capital resources to competitive challenges and

resources as they facilitate the increase in operating income

introduction of new products and efficiency and productivity of operations

Table 1-1

7,808,194

Capital expenditures, including capitalized software, were as follows
(dollars in millions)

6,720,467,620

Total as a percentage of revenue

13.4% 13.2%

The increase in capital expenditures during the nine months ended September 30, 2014 compared to the similar period in 2013 was primarily due to investments to increase the capacity of our 4G LTE network partially offset by lower capital expenditures at Wireline as a result of decreased legacy spending requirements.

In February 2014, Verizon acquired a business dedicated to the development of IP television for cash consideration that was not significant.

During the nine months ended September 30, 2014, we received proceeds of \$12.4 billion related to spectrum license transactions and \$0.1 billion related to the disposition of a wireless business. See "Acquisitions and Divestitures" for additional information.

Cash Flows Provided By (Used In) Financing Activities

We seek to maintain a mix of fixed and variable rate debt to lower borrowing costs within reasonable risk parameters and to protect against earnings and cash flow volatility resulting from changes in market conditions. During the nine months ended September 30, 2014 and 2013, net cash provided by (used in) financing activities was \$(5.0) billion and \$35.3 billion, respectively. The change in cash flows used in financing activities during the nine months ended September 30, 2014 as compared to the similar period in 2013 was primarily driven by the use of \$58.89 billion as part of the consideration for the Wireless Transaction. See "Acquisitions and Divestitures" for additional information.

During February 2014, we issued €1.75 billion aggregate principal amount of 2.375% Notes due 2022, €1.25 billion aggregate principal amount of 3.25% Notes due 2026 and €0.85 billion aggregate principal amount of 4.75% Notes due 2034. The issuance of these Notes resulted in cash proceeds of approximately \$5.4 billion, net of discounts and issuance costs. The net proceeds were used, in part, to finance the Wireless Transaction Net proceeds not used to finance the Wireless Transaction were used for general corporate purposes. Also, during February 2014, we issued \$0.5 billion aggregate principal amount of 5.90% Notes due 2054 resulting in cash proceeds of approximately \$0.5 billion, net of discounts and issuance costs. The net proceeds were used for general corporate purposes.

Principal
Interest Amount Rate Maturity Outstanding

Purchase Price")
On March 10, 2014 we announced the commencement of the Tender Offer to purchase for cash a listed in the following table

2018 2018 2018
1,500 1,500 1,300 1,250 750

1,000
300
\$1,170.07 1,146.91 1,288.35 1,093.62 11.022

1,279.63

1,125.26

1,196.85

5.55%

5.50%

8.50% 7.00%

6.84%

2018 2016 2018
millions, except for Purchase Price

Wireless Capital LLC

Cellco Partnership and Verizon

Alltel Corporation

GTE Corporation

\$4.122

Per \$1,000 principal amount of notes

The Tender Offer for each series of notes was subject to a financing condition, which was either satisfied or waived with respect to all series. The Tender Offer expired on March 17, 2014 and terminated on March 19, 2014. In addition to the purchase price, any accrued and unpaid interest on the purchased notes was paid to the date of purchase during March 2014. We recorded daily debt redemption costs in connection with the Tender Offer (see "Early Redemption").

During March 2014, we issued \$4.5 billion aggregate principal amount of fixed and floating rate notes resulting in cash proceeds of approximately \$4.5 billion, net of discounts and issuance costs. The issuances consisted of the following: \$0.5 billion aggregate principal amount Floating Rate Notes due 2010 that bear interest at a rate equal to three-month LIBOR plus 0.77% which rate will be reset quarterly; \$0.5 billion aggregate principal amount of 2.55% Notes due 2019; \$1.0 billion aggregate principal amount of 3.45% Notes due 2021; \$1.25 billion aggregate principal amount of 4.15% Notes due 2024 and \$1.25 billion aggregate principal amount of 5.05% Notes due 2034. During March 2014, the net proceeds were used to purchase notes in the Tender Offer described above.

During March 2014, Verizon Wireless redeemed \$1.25 billion aggregate principal amount of the Cellco Partnership and Verizon Wireless Capital LLC 8.50% Notes due 2018 at 127.135% of the principal amount of such notes, plus accrued and unpaid interest (see "Early Redemption"). Also, during March 2014, \$1.0 billion of LIBOR plus 0.61% Verizon Communications Notes and \$1.5 billion of 1.95% Verizon (omni)cat ions Notes matured and were repaid.

During September 2014, we issued \$0.9 billion aggregate principal amount of 4.8% Notes due 2044. The issuance of these Notes resulted in cash proceeds of approximately \$0.9 billion, net of discounts and issuance costs. The net proceeds were used for general corporate purposes. Also, during September 2014, we redeemed \$0.8 billion aggregate principal amount of Verizon 1.25% Note due November 2014 and recorded an immaterial amount of early debt redemption costs.

On October 22, 2014, we sold \$6.5 billion aggregate principal amount of fixed rate notes, which are expected to settle on October 29, 2014. We expect to receive cash proceeds of approximately \$6.425 billion, net of discounts and issuance costs and after reimbursement of certain expenses. The sale consisted of the following: \$1.5 billion aggregate principal amount of 3.00% Notes due 2021; \$2.5 billion aggregate principal amount of 3.50% Notes due 2024 and \$2.5 billion aggregate principal amount of 4.40V* Notes due 2034. The net proceeds from the offering will be used to redeem (i) in whole the following series of outstanding notes which have been called for early redemption in November 2014: Verizon 4.90% Notes due 2015; Verizon 5.55% Notes due 2016; Verizon 3.00% Notes due 2016; Verizon 5.50% Notes due 2017; Verizon 8.75% Notes due 2018; Alltel Corporation 7.00% Debentures due 2016 and Cellco Partnership and Verizon Wireless Capital LLC 6.50% Notes due 2018 and (ii) \$1.0 billion aggregate principal amount of Verizon 2.50% Notes due 2016. Any proceeds not used for the redemption of these notes will be used for general corporate purposes.

45

through open market purchases, at such prices as Verizon may
Verizon may continue to acquire debt securities issued by Verizon and its affiliates in the privately negotiated transactions, tender offers, exchange offers or otherwise upon such terms from time to time determine for cash or other consideration.

in Exchange (titer

On May 29, 2014, we announced the commencement of a private exchange offer (the May Exchange Offer) to exchange up to all Cellco (M)tiars,il <http://Mtiars,il> and Verizon Wireless Capital,il <http://Capil,il> LLC's \$0.6 billion outstanding aggregate principal amount of 4.875% Notes due 2018 (the 2018 Old Notes) for Verizon's new sterling-denominated Notes due 2024 (the New Notes) and an amount of cash. This exchange offer has been accounted for as a modification of debt. In connection with the May Exchange Offer, which expired on June 25, 2014, we issued \$0.7 billion aggregate principal of New Notes and made a cash payment of \$22 million in exchange for \$0.6 billion aggregate principal amount of tendered 2016 Old Notes. The New Notes bear interest at a rate of 4.073% per annum.

The table below lists the series of Old Notes included in the July Exchange Offer for the 2054 New Notes

	Principal	Principal Accepted	Interest Rate	Maturity	Outstanding	Exchange
Communications	6.55%	2043	\$	15,000	\$4,330.640%	2038 1,750 6.90% 2038 1,250

entered in

Concurrent with the issuance of the New Notes, payments in U.S. dollars (see "Market Risk")

July Exchange Offers

On July 23, 2014, we announced the commencement of eleven separate private offers to exchange (the July Exchange Offers) specified series of outstanding Notes issued by Verizon and Alltel Corporation (collectively the Old Notes) for new Notes to be issued by Verizon. The July Exchange Offers have been accounted for as a modification of debt. On August 21, 2014, Verizon issued \$3.3 billion aggregate principal amount of 2.625% Notes due 2020 (the 2020 New Notes), \$4.5 billion aggregate principal amount of 4.862% Notes due 2046 (the 2046 New Notes) and \$5.5 billion aggregate principal amount of 5.012% Notes due 2054 (the 2054 New Notes) in satisfaction of the exchange offer consideration on tendered Old Notes (not including accrued and unpaid interest on the Old Notes). The following tables list the series of Old Notes included in the July Exchange Offers and the principal amount of each such series accepted by Verizon for exchange.

The table below lists the series of Old Notes included in the July Exchange Offers in the 2020 New Notes

Communications
3.86% 2018

	Principal	Amount	Principal Accepted	Interest	Amount For
5.50%					
2016					
(dollars in millions)					
Rate	Maturity	Outstanding	Exchange		

File #: O2015-753, Version: 1

The table below lists the scenes of Old Notes included in the July Exchange Office-is for the 2046 Nevada
4,750 \$ 2,052 4,250 1,068
Notes

in Communications

Interest Rate

6,000 2,000 1,000 400

700

1,645 794

Principal Amount Principal Accepted Amount For Maturity Outstanding Exchange

Alltel Corporation

640% 203 *

775% 2030
735% 2034
775% 2032

775% 2032
680% 2029

TcimLan Agicemtnl

Dunning February 2014, we drew \$6.6 billion pursuant to a term loan agreement with a group of major financial institutions to finance, in part, the Wireless Transaction S3.3 billion of the loans under the term loan agreement had a maturity of three years (the 3-Year Loans) and \$3.3 billion of (the loans under the term loan agreement had a maturity of five years (the 5-Year Loans). The 5-Year Loans provide for the partial amortization of principal during the last two years that they are outstanding. Loans under the term loan agreement bear interest at the floating rate. The term loan agreement contains certain negative covenants, including a negative pledge covenant, a merger or similar transaction covenant and an accounting changes covenant. All-in-all, the covenants and events of default that are customary for companies maintaining an investment grade credit rating. In addition, the term loan agreement requires us to maintain a leverage ratio (as defined in the term loan agreement) not in excess of 3.50:1.00 until our credit ratings are equal to or higher than A3 and A- as Moody's Investors Service and Standard & Poor's Ratings Services, respectively.

During June 2014, we issued \$3.3 billion aggregate principal amount of fixed and floating rate notes resulting in cash proceeds of approximately \$3.3 billion, net of discounts and issuance costs. The issuances consisted of the following: \$1.3 billion aggregate principal amount of Floating Rate Notes due 2017 that will bear interest at a rate equal to three-month LIBOR plus 0.40% which will be reset quarterly and \$2.0 billion aggregate principal amount of 1.15% Notes due 2017. We used the net proceeds from the offering of these notes to repay the 3-Year Loans on June 12, 2014.

During July 2014, we amended the term loan agreement, senior the outstanding \$3.3 billion of 5-Year Loans and borrowed \$1.3 billion of new loans. The new loans mature in July 2019, bear interest at a lower interest rate and require lower amortization payments in 2017 and 2018. In connection with the transaction, which primarily settled on a net basis, we recorded approximately \$0.5 billion of proceeds from long-term borrowings and of repayments of long-term borrowings, respectively.

Other Credit Facilities

On July 31, 2014, we amended our \$6.2 billion credit facility to increase the availability to \$8.0 billion and extend the maturity to July 31, 2018. At the same time, we terminated our \$2.0 billion 364-day revolving credit agreement as of September 30, 2014. The unused borrowing capacity under this credit facility was approximately \$7.9 billion.

Early Debt Redemption

During March 2014, we recorded net debt redemption costs of \$0.9 billion in connection with the early redemption of \$1.25 billion aggregate principal amount of Celco Partnership and Verizon Wireless Capital LLC 5.0% Notes due 2018, and the purchase of the following notes pursuant to the Tender Offer: \$0.7 billion of the then outstanding \$1.5 billion aggregate principal amount of Verizon 6.10% Notes due 2018, \$0.8 billion of the then outstanding \$1.5 billion aggregate principal amount of Verizon 5.50% Notes due 2018, \$0.6 billion of the then outstanding \$1.3 billion aggregate principal amount of Verizon 8.75% Notes due 2018, \$0.7 billion of the then outstanding \$1.25 billion aggregate principal amount of Verizon 5.55% Notes due 2016, \$0.4 billion of the then outstanding \$0.75 billion aggregate principal amount of Verizon 5.50% Notes due 2017, \$0.6 billion of the then outstanding \$1.0 billion aggregate principal amount of Celco Partnership and Verizon Wireless Capital LLC 8.50% Notes due 2018, \$0.2 billion of the then outstanding \$0.3 billion aggregate principal amount of Alltel Corporation 7.00% Debentures due 2016 and \$0.3 billion of the then outstanding \$0.6 billion aggregate principal amount of GTE Corporation 6.84% Debentures due 2018.

47

Table of Contents

Other, net

The change in Other net financing activities during the nine months ended September 30, 2014 compared to the similar period in 2013 was primarily driven by a decline in tax distributions to Vodafone pursuant to the Celco Partnership agreement. As a result of the completion of the Wireless Transaction, the final tax distribution was made in the second quarter of 2014. Partially offsetting the decline in tax distributions to Vodafone were net early debt redemption costs of \$0.9 billion.

Dividends

As in prior periods, dividend payments were a significant use of capital resources. During the third quarter of 2014, Verizon's Board of Directors increased our quarterly dividend payments by 3.8% to \$0.55 per share from \$0.53 per share in the same period in 2013. This is the eighth consecutive year that the Board has approved a quarterly dividend increase.

Decrease in Cash and Cash Equivalents

Our Cash and cash equivalents at September 30, 2014 totaled \$7.2 billion, a \$46.3 billion decrease compared to Cash and cash equivalents at December 31, 2013, primarily as a result of the completion of the Wireless Transaction.

Free Cash Flow

Free cash flow is a non-GAAP financial measure that management believes is useful to investors and other users of Verizon's financial information in evaluating cash available to pay debt and dividends. Free cash flow is calculated by subtracting capital expenditures from net cash provided by operating activities. The following table reconciles Net cash provided by operating activities to Free cash flow.

During the nine months ended September 10, 2014, we paid \$5.7 billion in September 30, 2013, we paid \$4.4 billion in cash dividends. The increase in approximately 1.27 billion shares of Verizon common stock as part of the Transaction.

Common stock has been used from time to time to satisfy some of the funding requirements of employee and shareholder plans, including 8.1 million common shares issued from Treasury stock during the nine months ended September 30, 2014, which had an aggregate value of \$0.4 billion.

Special Distribution

In May 2013, the Board of Representatives of Verizon Wireless declared a distribution to its owners which was paid in the second quarter of 2013 in proportion to their partnership interests on the payment date, in the aggregate amount of \$7.0 billion. As a result, Vodafone received a cash payment of \$3.15 billion and the remainder of the distribution was received by Verizon.

As a result of the completion of the Wireless Transaction on February 21, 2014, we now have full ownership of Verizon Wireless and will no longer make special distributions to Vodafone.

**Nine Months Ended
September 30,
2014 2013 Change**

\$23,157 \$28,387 \$5,230 12,624 11,807 817 \$10,531 \$16,580 \$(6,047)

The change in Free cash flow during the nine months ended September 30, 2014 compared to the similar period in 2013 was primarily due to a \$3.2 billion increase in income tax payments, a \$2.5 billion increase in interest payments, a \$1.5 billion increase in pension contributions and higher capital expenditures. Subsequent to the completion of the Wireless Transaction on February 21, 2014, we now have full access to all of the cash flows generated by our wireless business.

49

As a result of the Wireless Transaction, Verizon issued approximately 1.27 billion shares of Verizon common stock.

On March 7, 2014, the 100 million Verizon shares program permits Board of Verizon to Directors common repurchase approved stock shares a tendering over share no later than buyback than program, the which of authorizes business the on repurchase of February 28, 2017. The repurchases depending on market conditions and corporate needs.

Verizon did not repurchase any shares of Verizon common stock through us authorized share buyback program during the nine months ended September 30, 2014.

Covenant*

Our credit agreements contain interest covenants that principal and are in typical for large, investment, grade companies. These with covenants include requirements to pay interest and preserve provide financial and consolidations, reports other to similar our covenants. Additionally, the of the ten.

credit agreement requires us to maintain a leverage ratio (as such term is defined in those agreements) not in excess of 3.50:1 until our credit ratings arc equal to or higher than A3 and Moody's Investors Service Standard

We and our consolidated subsidia

48

[illegible]

withdrew from the venture on October 20, 2014 and Ven/von will wind down and dissolve Competitive Trends I. There have been no material changes (o Regulatory and Compliance Document 11, 20 H | Environmental Matters *) During 2003, under a government-approved to be necessary and a reassessment of the anticipated remediation costs was conducted the Formerly Utilized Sites Remedial Action Program. This may result in the ACE performance, an adjustment to a reserve previously established for the remediation may be made 2014, the accounting standard update related to the reporting of discontinued operations requirements for discontinued operations As a result of this standard update, a disposal on an entity's operations and financial results This standard update is effective as of the update clarifies the principles for recognizing revenue and develops a common revenue revenue issues, improve comparability of revenue recognition practices across entities, expect that the allocation and timing of revenue recognition will be impacted We expect with customers Under one method, the guidance is applied retrospectively to contracts the cumulative effect of the change as an adjustment to the beginning balance of retained have on our condensed consolidated financial statements In June 2014, the accounting standard update results in the diverse revenue treatment for these share-based payments when the employee can cease rendering service and still be eligible to vest in the award

significant impact on our condensed consolidated financial statements 53

the Title 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 Litigation Reform Act of 1995 Title following important factors, along with those discussed elsewhere in this report and in other filings with the Securities and Exchange Commission (SEC), could affect future results and could cause those results affecting the cost, including interest rates, and/or availability of future financing, significantly increased levels of indebtedness as a result of the Wireless Transaction, changes in law, laws, which we operate, including any increase in restrictions on our ability to operate our network, breaches of network or information technology security, natural disasters, terrorist attacks or acts of war or significant litigation and any resulting increases in benefit plan costs or lower investment returns on plan assets, and the inability to implement our business strategies 54

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Item 3. Quantitative and Qualitative Disclosures About Market Risk

Information relating to market risk is included in Item 2. Management » 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 that will continue in phases over the next several quarters. We are also continuing an initiative to standardize and centralize transaction-processing activity. With respect to our accounting processes, which we expect to continue in 2012 or 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 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 third quarter of 2014 that have materially affected or are reasonably likely to materially affect, our internal control over financial reporting.

Item 1A Risk Factors

There have been no material changes to our risk factors as previously disclosed in Part I 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 over time, with the amount and timing of repurchases depending on market conditions and corporate needs.

Venzon did not repurchase any shares of Vcn/on common stock through us auithonzed share buyback program duning the three months ended September 30, 2014 At Scpiembei 30, 2014, the maximum number of shares that could be purchased by or on behalf of Venzon under our share buyback program was 100 million

Item I. Legal Proceedings

On September 15, 2010, the US Bank National Association Court (US Bank), as cm Litigation District Trustee of Texas for the Idecar Verizon Inc and certain subsidiaries U S challenging Bank, he which Nov represents ember a group of 2006 of spin-off creditors loi of who the Venzon's filed claims former in The foies Litigation Verizon U has against then alleged sought over its subsidiaries Appeals \$9 million insolvent nt the time June offhe spin-off 2013 on decision, became the insolvent District S Bank which would upheld the Distnei on Court's claim decision U s Bank Jul) Court appealed 30, entered thereafter judgment Decision L uaguan the Trust

In April 2014, to seek further review ofhe by the United States Supreme Court.

[illegible]

In October 2013, the California Attorney General's Office notified Venzon California, Inc. and other Venzon companies of potential violations of the California state hazardous waste disposal statutes.

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D C 20549
FORM 10-K

(Mark one)
B ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(c)
OF THE SECURITIES EXCHANGE ACT OF 1934 For the fiscal year ended December 31, 2013

OK

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the transition period from to
Commission file number 1-8606

Verizon Communications Inc.

(Exact name of registrant as it appears in its charter)
Indicate by check mark if disclosure of delinquent material pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K
Large accelerated filer

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act (Check one)

Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act) Yes No

At June 28, 2013, the aggregate market value of the registrant's voting stock held by non-affiliates was approximately \$144,030,746,074.

At February 24, 2014, 4,141,140,749 shares of the registrant's common stock were outstanding, after deducting 101,233,491 shares held in treasury.

Documents Incorporated By Reference:

Portions of the registrant's Annual Report to Shareowners for the year ended December 31, 2013 (Parts I and II)

23-2259894
(IRS Employer identification number)

Delaware
(State or other
jurisdiction of
incorporation or
organization)

140 West Street
(Aдрес по которому осуществляется связь)
New York, New York 10007
(Zip Code)

Registrant's telephone number, including area code: (212) 395-1000

Securities registered pursuant to Section 12(b) of the Act

Title of each class

Common Stock, \$ 10 par value

Name of each exchange on which registered

New York Stock Exchange The NASDAQ Global Select Market London Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act

Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the

Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was

required to file such reports), and (2) has been subject to such filing requirements for the past 90 days Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any,

every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this

chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post

such files) Yes No

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TABLE OF CONTENTS

PART I Item 1A, Item 1B Item 2 Item 3 Item 4.

PART II Item 5

Item 6, Item 7 Item 7A, Item 8 Item 9, Item 9A Item 9B.

PART III Item 10, Item 11, Item 12, Item 13 Item 14

PART IV Item 15 Signatures

Business Risk Factors

Unresolved Staff Comments

Properties

Legal Proceedings
Mine Safety Disclosures
Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities
Selected Financial Data
Management's Discussion and Analysis of Financial Condition and Results of Operations Quarterly and Qualitative Disclosures About Market Risk Financial Statements and Supplementary Data
Changes in and Disagreements with Accountants on Accounting and Financial Disclosure Controls and Procedures Other Information
Directors, Executive Officers and Corporate Governance Executive Compensation
Security Ownership of Certain Equity Holders and Management and Related Stockholder Matters Certain Relationships and Related Transactions, and Director Independence Principal Accounting Fees and Services
Exhibits, Financial Statement Schedule
Index

[General]

Our principal business is the holding company for Verizon Communications Inc. ("Verizon" or the "Company"). Verizon Communications Inc. is a holding company that, through its subsidiaries, 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 215 countries around the world. Formerly known as Bell Atlantic Corporation, we were incorporated in 1981 under the laws of the State of Delaware. We began doing business as Verizon on June 10, 2000 following our merger with U.S. West Corporation. We have a highly diverse workforce of approximately 176,000 employees. We have two reportable segments, Wireless and Wireline, which we operate and manage as separate businesses and services. Our offices are located at 140 West Street, New York, New York 10007 (telephone number 212-395-1000).

Our business segments are:

- 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. Wireless services include broadband video and data, corporate networking solutions, data center and cloud services, security and managed services and local and long distance voice services. We provide these products and services to customers 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.

- The following portions of the 2013 Verizon Annual Report to Shareowners are incorporated into this report:
- "Overview" on pages 10 through 12, and,
 - "Segment Results of Operations" on pages 17 through 22 and in Note 13 to the consolidated financial statements on pages 65 through 67.

Background

Our Wireless segment is primarily composed of Verizon Wireless. Verizon Wireless is a joint venture formed in April 2000 by the combination of the US wireless operations and interest of Verizon and Vodafone Group Plc (Vodafone). As of December 31, 2013, Verizon owned a controlling 55% interest in Verizon Wireless and Vodafone owned the remaining 45%. 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 US 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 indirect 45% interest in Verizon Wireless for aggregate consideration of approximately \$130 billion (the "Wireless transaction"). We completed the transaction on February 21, 2014 and acquired 100% ownership of Verizon Wireless. The consideration paid was primarily composed of cash and Verizon common stock.

Powered by retail connections and revenue. At 2013 revenues of approximately \$161 billion.

Verizon Wireless is the largest wireless service provider in the United States as of December 31, 2013. Verizon Wireless had 102 million retail connections and 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 services at a lower cost compared to that provided via 3G networks.

Wireless Service and Product Offering

Our wireless services are available to our customers receiving service under the Verizon Wireless brand. In addition, customers can obtain wireless products and services that operate on our network from resellers that purchase network access from us on a wholesale basis.

Wireless Services

We offer our wireless services on a prepaid and prepaid basis. Retail (non-wholesale) prepaid accounts represent retail customers under contract with Verizon Wireless that are directly served and managed by Verizon Wireless and use its branded services. Our prepaid accounts 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 new accounts. A single account may receive monthly wireless services for a variety of connected devices. Postpaid connections represent individual lines of service for which a customer is billed in advance a monthly access charge in lieu of a monthly network service allowance (access service revenues), and usage beyond the allowance is billed in arrears (usage service revenues). Approximately 94% of our retail connections received our wireless services on a prepaid basis as of December 31, 2013. Our prepaid service enables individuals to obtain wireless services without a long-term contract or credit verification by paying for all services in advance.

Our wireless plans offer various packages of services that allow customers, regardless of the device, 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, video and picture messaging, cloud storage and a single data allowance that can be shared among up to 10 devices connected to the Verizon Wireless network. Customers with Verizon Edge, which provides a device payment plan option, also will receive discounted monthly access fees on More Everything plans. For an additional monthly access fee, our customers have the option of sharing long distance and roaming minutes among their devices for calls from the United States and calls while within Canada and Mexico. The More Everything plans also include the Mobile Hotspot service on our smartphones at no additional charge. The Mobile Hotspot service allows a customer to use our network to create a Wi-Fi network that can be used by Wi-Fi enabled devices. Verizon Wireless also offers shared data plans for business with the More Everything plans for Small Business and the Nationwide Business Data Packages and Plans. As of December 31, 2013, Share Everything accounts represented approximately 46% of our retail postpaid accounts, compared to approximately 23% as of December 31, 2012.

We offer a wide variety of wireless services, including Internet access via our broad range of devices. Our customers can access the Internet on all of our smartphones, as well as our basic phones that include HTML web-browsing capability. We also offer service that enables our customers to access the Internet wirelessly at broadband speeds on notebook computers and tablets that either have embedded 4G LTE or 3G EV-DO modules or that are used in conjunction with separate devices that enable access to this service, such as smartphones and USB modems as well as Jetpacks and other dedicated devices that provide a mobile Wi-Fi connection. These devices can be added to the customer's More Everything plan for an additional monthly fee, or the customer can obtain a separate plan for the device at various price points, depending upon both the size of the data allowance purchased and the device covered by the plan.

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, consisting of applications providing music, video, gaming, news and other content, while our handset-based 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 communicate with 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, let hered 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 in more than one million applications and services developed and distributed by third parties, such as those offered by Google Play accessible on our smartphones running on the Google, Inc (Google) Android operating system, those offered via the Apple, Inc (Apple) iTunes store, accessible through smartphones 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 (BlackBerry), through the BlackBerry App World website.

When home phone handsets using our wireless network through our Home

Connect service or Verizon 4G LTE Broadband Router with Vo Internet service that provides customers with Internet connectivity. We also offer Hume Fun on Broadband, a high-speed service using our 4G LTE network.

In addition, we provide network access and, in some cases, enhanced value added services to support telemetry-type applications, which are characterized by machine-to-machine (M2M) wireless connections. Our M2M services support devices that are used by a variety of commercial segments, including healthcare, education, manufacturing, utilities, distribution and consumer products. For example, companies purchase network access and, in some cases, enhanced services from us in order to connect with and monitor equipment, such as medical devices used to monitor patients, fleet management devices used to monitor company-operated vehicles and utility monitoring devices used for smart grid applications. Other companies purchase cellular access and, in some cases, enhanced services from us to support devices that are included in a service they, in turn, sell to end users. We also support telematics services for some of the largest automotive manufacturers. We expect that consumer use of M2M wireless connections, such as home monitoring,

health monitoring, energy management and utilities management. It will increase as consumers integrate these devices into their mobile lifestyle.

Smartphones, tablets and other Internet access devices as well as basic

Wireless Device

We offer several types of wireless devices, including smartphones

Smartphones Our device line-up includes an array of smartphones that are enabled to utilize our 4G LTE and/or 3G EV-DO high-speed data services and run on various operating platforms, such as Apple iOS, Google Android, Black Berry OS, and Windows Phone OS. In August 2013, we launched the new Verizon Edge device payment plan option which now allows customers to trade in their phone for a new phone every minimum of thirty days, subject to certain conditions.

Tablets and Other Internet Devices We offer a variety of 4G LTE and/or 3G EV-DO-enabled tablets from multiple manufacturers that run primarily on either the Apple iOS, Google Android or Microsoft Windows operating system. In 2013, we launched the Ellipsis 7 tablet, which is available exclusively from Verizon Wireless. The tablets we offer also permit our customers to access the Internet via a Wi-Fi connection. In addition, we offer dedicated devices that provide a mobile Wi-Fi 4G LTE and/or 3G EV-DO connection, which we refer to as Jetpacks, capable of connecting multiple Wi-Fi enabled devices to the Internet at one time. Our customers can also access the Internet wirelessly at broadband speeds on their computers via data cards, USB modems or through the use of certain laptop computers and notebooks with embedded 4G LTE and 3G EV-DO Mobile Broadband modules offered by original equipment manufacturers (OEMs). During 2013 we continued to experience strong subscriber demand for tablets and other Internet devices and the percentage of our total prepaid connection base represented by connections to these devices continued to increase.

Basic Phones Most of the basic phones we offer are 3G EV-DO-enabled and have HTML-browsing capability.

We purchase wireless devices and accessories from a number of manufacturers, with the substantial majority of our purchases made from Apple, Motorola Mobility, Samsung, LG Electronics, Black Berry, HTC, Hitachi and Quality One Wireless (through which we purchase Pantech devices and accessories).

A key component of all wireless devices is the chipset, which contains the "intelligence" of the device. The LTE chipsets used in our 4G LTE-enabled devices are manufactured by various companies each using its own 4G LTE chipset technology. For the manufacture and supply of our CDMA-1XRTT and EV-DO chipsets, most of our wireless device suppliers rely on Qualcomm Incorporated (Qualcomm). We also sell phones that include CDMA-1XRTT and EV-DO chipsets manufactured by VIA Telecom under license from Qualcomm. In addition, there are a number of other component - common to wireless phones provided by various electronic component manufacturers that we do not deal with directly.

Strategic Initiatives

We have undertaken several initiatives to develop innovative devices, data services and applications available to run on our networks, including the following:

- **Mobile Video** Video content is projected to account for a majority of mobile network traffic by 2018. We believe the growth in video consumption using mobile devices provides us with an opportunity for revenue growth. We have made investments in converging technologies and services involving content delivery networks, video streaming and related consumer hardware to leverage new content models. Our 4G LTE network enables us to move towards a unified video strategy that positions us to take advantage of this growth opportunity. For example, we are using Multimedia Broadcast Multicast Service technology to develop our LTE Multicast service. This service has the potential to enhance our network efficiency and provide our customers with access to live streaming video content with virtually no latency, regardless of the number of devices using the service.
- **Mobile Commerce** Every day, large volumes of transactions are earned across our network. As a result, we believe we are well positioned to influence and benefit from the rapid growth of the mobile commerce market that is being driven by technology advances such as the proliferation of smartphones and tablets. First, a mobile commerce platform, represents the first phase of our initiatives to address this opportunity. Launched in November 2013 as a joint venture with AT&T Intellectual Property and T-Mobile USA, Inc. (T-Mobile USA), Isis enables customers to pay for point-of-sale purchases via their mobile phones using near field communications technology rather than paying with cash or a credit card. Known as the "ISIS Mobile Wallet," this service enables customers to organize all of their payment cards, offers and loyalty cards in one convenient application on their Isis-ready phone.
- **Innovation Centers** We operate innovation centers in Wallingford, Massachusetts and San Francisco. We believe our centers serve as catalysts for the development of non-traditional devices, services and applications that take full advantage of our 4G LTE network. The centers work with many of our strategic partners representing various industries to help them quickly bring products, services, applications and solutions to market.

Service

We have the largest 4G LTE and 3G EV-DO networks of any service provider in the United States, with licensed and operational coverage in all of the 100 most populous U.S. metropolitan areas. As of January 21, 2014, our 4G LTE network covers approximately 105 million people in the U.S., including those in areas served by our LTE in Rural America program.

We strive to provide our customers with the highest network reliability for their wireless services. We design and deploy our network in an efficient manner that we believe maximizes the number of successful data sessions and completions of large file downloads and uploads while delivering on our advertised throughput speeds and that maximizes the number of calls that are connected on the first attempt and completed without being dropped. We plan to continue to expand and upgrade our network primarily to increase capacity, as well as explore strategic opportunities to expand our national network coverage through selective acquisition, of wireless operations and spectrum licenses.

Network

In addition to our own network coverage we have roaming agreements with a number of wireless service providers to enable our customers to receive wireless service in nearly all other areas in the United States where wireless service is available. We also offer a variety of international wireless voice and data services to our customers through roaming arrangements with wireless service providers outside of the United States. Certain of our roaming agreements are terminable at will by either party upon several months' notice, however we do not believe that the termination of any of these at-will agreements would have a material adverse effect on our business.

Technology

Our primary network technology platforms are 4G LTE and 3G Code Division Multiple Access (CDMA). 4G LTE provides higher data throughput performance for data services at a lower cost compared to those offered by 3G technologies. We continue working to expand 4G LTE coverage beyond our network footprint through our LTE in Rural America Program. We currently have 20 committed program participants that have the potential to provide 4G LTE coverage to approximately three million people under the program and, to date, sixteen participants have commenced operations on such networks.

In 2012, we began testing our mobile Voice over Internet Protocol (VoIP) network known as Voice over LTE (VoLTE). This technology, which is expected to be used in addition to the current voice technology, is anticipated to launch commercially in 2014.

Our 3G CDMA network is based on spread-spectrum digital radio technology. CDMA-1XRTT technology is deployed in nearly all of the cell sites in our 3G CDMA network. In addition, EV-DO, a 3G packet-based technology intended primarily for high-speed data transmission, is deployed in substantially all of the cell sites in our 3G CDMA network.

Our network includes various elements of redundancy designed to enhance the reliability of our service. Power and backhaul transportation facilities can often become a network's vulnerability. Consequently, we have a hot standby backup at every switch and every cell site in our network. We also utilize backup generators at a majority of our cell sites and at every switch location. In addition, we have a fleet of portable backup generators that can be deployed to cell sites if needed. We further enhance reliability by using a fully redundant backbone Multiprotocol Label Switching network in all critical locations.

Spectrum

The spectrum licenses we hold can be used for mobile wireless voice and data communications services. We have licenses to provide these wireless services on portions of the 800 MHz band also known as cellular spectrum, the 1900-1900 MHz band, also known as Personal Communication Services (PCS) spectrum, and the 1700 and 2100 MHz band, also known as Advanced Wireless Services (AWS) spectrum, in areas that collectively, cover nearly all of the population of the United States. In addition, we hold licenses for portions of the 700 MHz, upper C band, including the licenses that can, together, be used to provide wireless service coverage in the entire United States and the Gulf of Mexico.

Since 2012 we have entered into several spectrum transactions including:

- In 2012, Verizon Wireless acquired AWS spectrum in separate transactions with SpectrumCo, LLC and Cox Telecommunications Company, LLC for which it paid an aggregate of \$3.9 billion at the time of the closings. During 2012, Verizon Wireless also completed license purchase and exchange transactions with Leap Wireless, Savan Island Wireless, which is majority owned by Leap Wireless, and a subsidiary of T-Mobile USA. As a result of these transactions, Verizon Wireless received an aggregate of \$2.6 billion of AWS and PCS licenses at fair value and transferred certain AWS licenses to T-Mobile USA and a 700 megahertz (MHz) lower A block license to Leap Wireless.
- During the first quarter of 2013, we completed license exchange transactions with T-Mobile License LLC and Cnet License Company, LLC, a subsidiary of Leap Wireless, to exchange certain AWS licenses. These non-cash exchanges include a number of intra-market swaps that we expect will enable Verizon Wireless to make more efficient use of the AWS band. As a result of these exchanges, we received an aggregate of \$0.1 billion of AWS licenses at fair value.
- During the third quarter of 2011, after receiving the required regulatory approvals, Verizon Wireless sold 30 lower 700 MHz D block spectrum licenses to AT&T Intellectual Property 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 D 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.
- During the fourth quarter of 2011, we entered into license exchange agreements with T-Mobile USA to exchange certain AWS and PCS licenses for certain AWS and PCS exchanges, which are subject to approval by the Federal Communications Commission (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

5

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■ 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 in the future to meet future demand. This increasing demand is being driven by growth in customer connections and usage of wireless broadband services, which use more bandwidth and require ever faster rates of speed to stay competitive. We can meet spectrum needs by acquiring licenses or leasing spectrum from other licensees, or by acquiring new spectrum licenses from the FCC, if and when offered by the FCC in future spectrum auctions. Although the availability of new spectrum for commercial wireless services and the possible dates of future FCC spectrum auctions are uncertain at this time, the FCC and the current Presidential Administration have been seeking the release of additional mobile use spectrum. The FCC is expected to conduct an auction for AWS-3 spectrum in late 2014. In addition, Congress has adopted legislation that provides for the establishment of a national public safety network and the reallocation of spectrum, through the use of voluntary incentive auctions, by 2022 of portions of the existing broadcast spectrum. The incentive auction related to the 600 MHz band is expected to take place in mid-2015, although the specific timing of the AWS-3, 600 MHz and other auctions will be determined by future regulatory proceedings.

Since we and competing wireless service providers have experienced spectrum shortages in certain markets and may have spectrum surpluses in others, we have at times exchanged spectrum licenses with other service providers through secondary market swap transactions. We expect to continue to pursue similar opportunities to trade spectrum licenses in order to meet certain of our capacity and expansion needs in the future. In other cases, Verizon Wireless has entered into in-market spectrum swaps designed to increase the amount of contiguous spectrum within frequency bands in a specific market. Contiguous spectrum improves network performance and efficiency. These swaps as well as any spectrum purchases are subject to obtaining governmental approvals for the transfer of spectrum licenses in each instance.

Network Equipment and Build-out

Alcatel-Lucent and Ericsson are currently our primary network vendors for our LTE network deployments for macro sites as well as small cells. Our primary CDMA cell site equipment infrastructure vendors are Alcatel-Lucent, which provides more than half of our CDMA cell site equipment, and Nokia Siemens Networks (NSN) and Ericsson, which together provide nearly all of our remaining cell site equipment. We also rely on Alcatel-Lucent, NSN and Ericsson for our switching equipment.

As we continue to build and upgrade our existing network, we must complete a variety of steps, including securing rights to a large number of sites and obtaining zoning and other governmental approvals for macro sites, small cells, in-building systems and antennas and related radio equipment that comprise distributed antenna systems. We utilize tower site management firms, such as Crown Castle International Corp. and American Tower Corporation, as lessors or managers of a portion of our existing tower sites upon which our operations depend.

Marketing and Distribution

Our marketing strategy is focused on offering solutions tailored to the needs of our various customer market groups promoting our brand, leveraging our extensive distribution network, and jointly marketing our products and services to large business and government customers with Verizon's Wireline business units through Verizon Enterprise Solutions, a sales and marketing organization that encompasses all of Verizon's solutions for medium and large business and government customers globally. Our marketing plan includes a coordinated program of television, print, radio, outdoor signage, Internet and point-of-sale media promotions designed to present our corporate message consistently across all of our markets. We use a combination of direct, indirect and alternative distribution channels in order to increase customer growth while reducing customer acquisition costs.

Company-operated stores are a core component of our distribution strategy. Our direct channel, which includes our business-to-business sales operations and systems organization, is focused on supporting the wireless communication needs of consumers and local, regional and national business customers. In addition, we have a telemarketing sales force dedicated to handling incoming calls from customers, and we offer fully-automated end-to-end web-based sales of wireless devices, accessories and service plans.

In November 2013, we launched our first Verizon Destination store at Mall of America in Bloomington, Minnesota. The store focuses on the mobile lifestyle and highlights the many ways consumers can use wireless technology in their daily lives. The store is part of a broader initiative that includes the redesign of our retail stores nationwide to become "smart stores." These newly

labr -Cnmf-ll -http://%e2%80%a2rCnmf-ll-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 also compete for retail active of new technologies, the introduction of new products and services, new market entrants, the availability of additional spectrum, both licensed and unlicensed, and regulatory changes. Competition may also increase as smaller, stand-alone wireless service providers merge or transfer licenses to larger, better equipped companies like Google, Apple and others that are offering alternative means for making wireless voice calls that, in certain cases, can be used in lieu of the wireless provider's voice service. We believe that the following are the most important competitive factors in our industry: Network reliability, capacity and coverage. We believe customer usage of wireless services, which, in turn, puts pressure on network capacity. In order to compete effectively, wireless service providers must keep pace with network capacity needs and offer highly reliable national coverage through their networks. We believe that our 4G LTE network will help us to that include unlimited voice minutes and text messages and a specific amount of data access in varying megabyte or gigabyte size or, in some cases, unlimited data usage. In addition, certain wireless service providers are also offering minutes-sharing plans, larger bundles of included minutes with no roaming also offering price plans that decouple service pricing from equipment pricing and blur the traditional boundary between prepaid and postpaid plans. In addition, some wireless service providers are offering a credit to new customers to reimburse early termination fees paid to their former wireless service providers and attracting new customers, including those of other wireless providers. Our customer service, retention and satisfaction programs are based on providing customers with convenient and easy-to-use products and services in order to promote long-term relationships and minimize churn. Our continued development of new and enhanced data products and services. We continue to pursue the development and rapid deployment of new and innovative wireless products and services both independently and in collaboration with application service providers. We also collaborate with various device manufacturers sales success in the wireless industry is the reach and quality of sales channels and distribution points. We believe that attaining the optimal combination of varying distribution channels is important to achieving industry-leading profitability, as measured by operating income. We endeavor to increase sales through access in both traditional resellers, which resell network services to their end-users, and through our own sales force to enable wireless service providers to offer their M2M device or to provide provision of telecommunications services. Capital resources - Capital resources are a key factor in our industry. Wireline segment provides voice and video communications products and enhanced services including broadband services. We provide these products and services to consumers in the United States as well as to business, government and other customers. Wireline Service and Product Offerings We organize our service and product offerings by the primary Telecommunications (the "Telecoms") (Telecoms). The acquisition has accelerated our ability to bring more telecommunications offerings to market for existing and new customers and services. We provide services to new vehicles in the United States and in 2013, we extended our agreement with two auto manufacturers to provide services of cloud services by acquiring Terremark Worldwide Inc. (Terremark), a global provider of information technology infrastructure and cloud services space, enhanced our offerings to business and government customers globally and contributed to our growth in revenues. *Mass Markets* (service and end-user access) and long distance (including regional toll) voice services to residential and small business subscribers. In 2013, Mass Market speed Internet data products with varying downstream and upstream processing speeds, including FIOS Quantum. With FIOS Quantum, customers can access devices and stream more video that they will require increased broadband speeds. As of December 31, 2013, approximately 15% of our FIOS service met or exceeded approximately 15 million homes across 12 states, as well as the District of Columbia. We believe FIOS Video has features that differentiate it from the competition. With Flex View FIOS customers can watch content anytime, anywhere, on any device. Customers who subscribe to FIOS Video and Internet also have a capable device. The HBO GO offering provides customers with unlimited access to HBO programming on any device-capable device. Verizon's FIOS Video addition, through FIOS TV Widgets, viewers have one-touch, on-demand access to local weather, traffic and community information and popular social media content environment, which provides opportunities for third parties to develop enhanced customer features via the FIOS Video product. A Customer Prem consoles, smart televisions and tablets. This technology further expands our initiative to provide customers with the ability to watch content anytime, anywhere, voice messaging services, as well as VoIP services, which use the Internet or private broadband networks to transmit voice.

Global Enterprise

Global Enterprise offers Strategic services, 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 Inc. Global Enterprise revenues were \$14.7 billion, representing approximately 31% of Wireline's aggregate revenues.

Strategic services consist of networking products and solutions, advanced communication services for voice and video, and security, infrastructure and cloud services.

Networking products and solutions primarily include

- Private IP- This service built on multiprotocol label switching, enables customers to leverage the efficiency, performance and value of IP in a secure manner. Our Private IP network allows customers to communicate over a private, secure network in more than 121 countries using a variety of access methods, including Ethernet and Verizon Wireless 4G LTE.
- Other core network services - Other services primarily include Ethernet access and managed Ethernet services allow customers to connect network environments around the world and enable application, and technologies to work seamlessly and with little disruption. Ring services include technologies that help customers handle bandwidth demands and control their costs.

Advanced communication services primarily include

- IP communications - Our IP communications services help improve network management and drive operational efficiencies by enabling the convergence of voice and data traffic on the same access connection.
- Infrastructure and cloud services - Our infrastructure and cloud services include Infrastructure as a Service (IaaS) and managed hosting services that provide enterprise customers with data center, computing, data storage and network facilities, connectivity, security, architecture and support, data center collocation services that handle customers' critical applications and systems including several facilities that offer extensive on-site support, application management services that provide customer with comprehensive monitoring and management of applications and advanced enterprise-class cloud services that provide organizations with the ability to virtualize IT resources such as computing, memory and storage, enabling their constituents to produce, store, process, consume and share information.
- Mobile-to-Mobile (M2M) services - Our acquisition of HUGHES Telematics in July 2012 provided a technology platform that we are leveraging in M2M markets which has enabled us to further develop strategic partnerships in the automotive, transportation, energy, health monitoring, education and insurance industries. M2M services permit customers to connect and monitor equipment, such as medical devices, fleet management devices and utility monitoring devices. We believe that these services, which are enabled by 4G LTE wireless technology, have the ability to reshape the way businesses operate and the way consumers interact with devices around them. Verizon offers, in addition to form-based solutions tailored to specific industries to enable value creation and new commercial business models. Our goal is to be a leader in implementing the next generation of connected services, centered on a core platform of safety, security, fleet management, convenience and other services. Our commercial fleet operators, individual consumers and other customers.
- Security - We provide internet-based solutions to help companies secure their networks and data through the following services:
 - Set up and manage a secure network - SecureNet consultant that construct security plans tailored to the needs of our customers.
 - Government, risk and compliance - Allows customers to assess risk level based on current security controls and develop plans to address security-related compliance objectives.
 - Identity management - Provides identity-based access management for customer data, application and systems across multiple IT environments.
 - Managed services - We design, implement, and maintain a secure IT infrastructure for our clients and help them prevent, detect, and report security threats.
- Other advanced 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 customer 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

Cote 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 networks. Cote 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 Wholesale

Global Wholesale 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 2017, Global Wholesale revenues were \$6.7 billion, representing approximately 17% of Wireline's aggregate revenues. A portion of Global Wholesale revenues is generated by a few large telecommunications companies, most of which compete directly with us.

9

Liberty of Cements

Global Wholesale provides the following services, which it jointly markets with Verizon's other business units through Verizon Enterprise Solutions:

- **Ultra-Reliable** 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 DS-1s and DS-3s. In addition, data services include special access revenues that are generated from customers that buy dedicated local exchange capacity to support their private networks.
- New Ethernet connectivity in the United States represents the largest data growth opportunity in wholesale as we pursue our technology upgrade initiative and customers look to the future and higher capacity demands. The customers are also migrating networks from time division multiplexing to Ethernet, which will further scale and sustain the growth of broadband services driven by smartphones, mobile broadband and mobile video. Global Wholesale offers a complete suite of services to support the expansion of 4G and 4G networks.
- Data services also include certain value-added business services, which leverage many of the same offerings available in the Global Enterprise portfolio, including:
 - **Managed services** - Offer wholesale customers the opportunity to outsource the management of their networks.
 - **Security, remote access, and web applications** - Verizon's Mobility - Enables wholesale customers to enhance their portfolio to triple-play or quad-play capability by leveraging wireless devices and services offered through Verizon Wireless and packaged and resold under their own brand, and
 - **Security** - Provides wholesale customers integrated solutions to help their enterprise end-users secure their networks and data.
- **Voice services** - We provide switched access services that allow customers to complete their end-user calls that originate or terminate within our territory.
- **Local services** - We offer an array of local dial tone and broadband services to competitive local exchange carriers, some of which are offered to comply with telecommunications regulations. In addition, we offer services such as collocation, resale and unbundled network elements in compliance with applicable regulations.

Other

Other services include such services as local exchange and long distance services derived from former MCI mass market customers and operator services in 2013. Other revenues were \$0.5 billion, representing approximately 1% of Wireline's aggregate revenues.

Strategic Initiatives

Technology developments, interconnected markets, shifting consumer needs and converging industry ecosystems are creating innovative opportunities for Verizon. Our vision is to be a globally-connected solutions company. Our market solutions are designed to deliver best-in-class products and services, strengthen our competitive advantage in the marketplace and drive a high-quality experience for our customers. To take advantage of these market trends, we have undertaken several strategic initiatives to further develop innovative products and services and enhance our market agility. The following areas are of focus:

- **Broadband** Customers are increasingly consuming large amounts of broadband data as connected devices and associated online applications continue to experience significant growth. U.S. broadband usage has more than doubled in the past two years and we expect broadband usage to continue to increase. Our FIOS network positions us in the industry with leading broadband speeds and reliability. Broadband represents a growth opportunity for us as the use of over-the-top video, user-generated content and data and connected homes and devices continue to need more.
- **Consumer and Enterprise Video** Our FIOS Video service continues to experience consumer growth. We are enhancing our FIOS service by providing customers with increasing mobility options to view content in and out of the home to meet the demand for video consumption anywhere and at any time.
- **Cloud Services** Capitalizing on market growth in cloud services and on enterprise trends toward outsourcing IT infrastructure and services, Verizon introduced an evolutionary cloud platform built for speed and performance, using our own software-based intellectual property and enterprise-grade reliability. Verizon Cloud Compute and Cloud Storage adopt a new approach to how public clouds are built, enabling customers of all sizes to take advantage of the agility and economic benefit of a generic public cloud.

cloud along with the reliability and scale of an enterprise-level service, while maintaining control of performance. Virtual machines (software-based computers and servers) can be created and deployed in seconds, and users build and pay for what they need.

Our cloud infrastructure also enables real-time analytical capabilities for our M2M customers, providing an end-to-end capability where customers can store, process and analyze large amounts of data on a real-time basis. Our cloud infrastructure also has the ability to handle multiple instances of an application providing global support and availability of the applications without increased latency. The integration of our cloud infrastructure with our telematics assets provides our customers with new and innovative service capabilities that are scalable, and which we believe are operationally superior to other bifurcated approaches.

10

Table of Contents

- **Security** With new technologies changing how enterprises 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 customer loyalty. We believe that Verizon has an advantage in its ability to reduce cyber risks and mitigate the damaging impact of advanced cyberattacks due to the volume of traffic earned globally on our networks. We will continue to advance our portfolio of forensic services and managed security services, building new capabilities to identify risks and threats and expanding our IT security professional services and outsourcing.
- **Verizon Telematics** Our suite of real-time vehicle communications services and applications connects automobiles with content, services and call centers. Our platform enables factory-installed and aftermarket automotive safety and security as well as location-based services and vehicle diagnostics. We provide usage-based data services to new vehicles in the United States and in 2013 we extended our agreement with two auto manufacturers to provide services for new vehicles in China and in Europe. Through our In-Drive solution, we have partnered with a major automotive insurance provider to deliver usage-based insurance programs and other connected applications. Our NetworkFleet solution provides commercial fleet managers throughout North America with real-time access to data that yields operational efficiencies, increased vehicle reliability and improved driver safety. We also provide this service to approximately 18,000 vehicles operated by Verizon. We are further expanding our telematics portfolio to add asset 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 architecture as well as development stage products and services. We believe these investments will assist us in bringing innovative next-generation products and services to market and uncover new sources of revenue increase revenue of existing projects and leverage our strengths across the company.

Network

To provide services to our customers, we operate an advanced telecommunications network in the United States and around the world.

• **FIOS** Our goal is to distinguish FIOS as a premier residential broadband service in the United States. As of December 31, 2013, our FIOS service passed over 15.5 million premises and our latest FIOS Quantum service offerings now provide download speeds up to 500 Mbps and upload speeds up to 100 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 emergence of new video and data applications and the proliferation of IoT devices in the home.

The passive optical network technology upon which the FIOS network is deployed positions Verizon to meet growing bandwidth requirements. Our network architecture provides the flexibility to adapt our facilities more easily to future product development. For example, new optical terminals can be added to the fiber-to-the-premise network providing greater bandwidth and new services without any additional field construction. Select field markets have successfully achieved connection speeds of nearly one gigabit per second (Gbps), and when a more advanced next-generation technology has been connected to the fiberoptic network, 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 services. • **Global IP** Verizon owns and operates one of the largest global fiber networks with long haul, metro and submarine cable assets providing connectivity to customers in over 130 countries. Verizon's global network encompasses over 130,000 route miles of terrestrial and undersea cable, serving the business community to support and enable far-reaching international operations. Global IT traffic has increased substantially over the last five years and is expected to continue to grow significantly. This global business is also rapidly evolving to an "everything-as-a-service" model in which business 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 packet switching technology. The result is a global IP network that can offer powerful solutions to these service demands.

Although overall worldwide capital expenditures declined in 2013 compared to 2012 primarily as a result of decreased legacy spending requirements and a decline in spending on our FIOS network, we furthered our Global IP network expansion initiatives into Europe, Asia, Africa and South America as well as the continued deployment of the industry's first commercial 100Gbps technology on US and European backbone routes. More than 13,000 100G Ultra-Long-Haul route miles were added to the global IP network in 2013, and we plan to further extend our 100G technology in 2014.

We believe that our continued focus on advancing our fiber-based networks and achieving cost-efficient solutions through new technology deployments will help Verizon advance its position as a provider of choice to residential and enterprise customers.

11

risk of Commit Competition

The wireline telecommunications industry is highly competitive. We expect competition to intensify further with traditional, non-traditional, and emerging players seeking increased market share. Current and potential competitors include cable companies, wireless service providers, other domestic and foreign telecommunications providers, satellite television companies, Internet service providers and other companies that offer network services and managed enterprise solutions.

In addition, companies with a global presence increasingly compete with our wireline businesses. A relatively small number of telecommunications and integrated service providers with global operations serve customers in the global enterprise and, to a lesser extent, global wholesale market. We compete with the full or near-full service provider, but large contracts to provide integrated services to global enterprises. Many of these companies have a strong market presence, brand recognition, and existing customer relationships all of which contribute to intensifying competition and which may affect our future revenue growth.

We believe the following are the most important competitive factors and trends in the wireline industry:

- Customer service. Customers expect industry-leading service from their service providers. As technologies and services evolve, the ability to excel in this area is very important for customer acquisition and retention. In Mass Markets, we compete in this area through our service representatives and online support. In Global Enterprise, we provide our customers with ready access to their system and performance information, and we conduct proactive testing of our network to identify issues before they affect customers. In the wholesale business, we believe service improvement can be achieved through continued system automation initiatives.
- Network reliability and bandwidth (speed). As both consumers and small business customers look to leverage high-speed connections for entertainment, communications and productivity, we expect broadband penetration will continue to increase over the next several years. As online and online-enabled activities increase, so will bandwidth requirements, both downstream and upstream. To succeed, we and other network-based providers must ensure that our networks can deliver against these increasing bandwidth requirements. We continue to invest in our network to be able to meet this future demand. In addition, network reliability and security are increasingly important competitive factors in the global enterprise market.
- Pricing. Cable, telecommunications companies and integrated service providers use pricing to capture market share from incumbents. Pricing is also a significant factor as non-traditional modes of providing communication services emerge and new entrants compete for customers. For example, VoIP and portal-based calling is free or nearly free to customers and is often supported by advertising revenues.
- Product differentiation. As a result of pricing pressures, providers need to differentiate their products and services. Customers are shifting their focus from access to applications and are seeking ways to leverage their broadband and video connections. Converged features, such as integrated wireless and wireline functionality, are becoming similarly important, driven by both customer demand and technological advancement.

In the Mass Markets business, cable operators are significant competitors. Cable operators have increased the size and digital capacity of their networks so that they can offer digital products and services. We continue to market competitive bundles of services that include high-speed Internet access, digital television and voice services. Several major cable operators also offer bundles with wireless services through strategic relationships.

In addition, wireless substitution is an ongoing competitive trend which we expect to continue as wireless companies position their service as a landline alternative. We also face increasing competition from cable companies and other providers of VoIP services as well as Internet portal providers.

As a result of the Telecommunications Act of 1996, which requires us to allow potential competitors to purchase our services for resale or access components of our network on an unbundled basis at a prescribed cost, competition in our local exchange markets continues. Our telephone operations generally have been required to sell their services to competitive local exchange carriers at significant discounts from the prices our telephone operations charge their retail customers. The scope of these obligations going forward and the rates we receive are subject to ongoing review and revision by the FCC and state regulators. (See "Regulatory and Competitive Trends" in the 2013 Verizon Annual Report to Shareholders.)

In the global enterprise market, the customer's need to reduce technical complexity coupled with the growth opportunity created by technology convergence is driving the expansion of the competitive landscape. Major competitors include system integrators, carriers and hardware and software providers. Some of the biggest companies in IT services are either making acquisitions or forging new alliances to be better positioned for a rebound in technology spending. Most new alliances and acquisitions have focused on emerging fields such as cloud computing, software delivery, communication applications and other computing tasks.

Table of Contents

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. They ensure that information relating to the registrant which is required to be disclosed in this report is recorded, processed, summarized and reported within 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 of December 31, 2014. <http://Dccnhr.31.20n>

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 financial 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 Shareowners on pages 36 and 37 and are incorporated herein by reference.

Set forth below is information with respect to our executive officer:

Name		
Lowell C McAdam Roy H Cfrsinnott Roger Liumani Darnel S Mead		
Anthony J Metcone Randal S Milch VV Rohert Mudge Man C Reed Francis J Shammo Anthony T Skiadas JhnG Straioni Mami M Walden		
Office	Held Since	
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
Executive Vice President and Chief Technology Officer	2010	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, each of the above officers has held high-level managerial positions with the Company. 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		

Tamara C. Cinton

Roy H. Cfrsinnott 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 American and Motorola Networks from June 2010 to June 2011, and from 2006 to 2010, 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 Corporation, Nextel Communications and AirTouch Communications.

Set forth below is information with respect to Directors currently in office who are retiring from the Board of Directors in April 2014 and are not standing for re-election: Sandra O. Moose

Dr. Moose, 72, is president of Strategic Advisory Services LLC, a consulting firm. She was Senior Managing Partner of The Boston Consulting Group, Inc. (BCG) until 2004. At BCG, Dr. Moose provided strategic planning, operational effectiveness and related consulting services to global clients in a variety of industries, including consumer and industrial goods, financial services and telecommunications, over a 35-year career. Dr. Moose was a principal founder of BCG's Financial Services practice and a key contributor to the development of the firm's daily management concepts. She led BCG's New York office from 1988 to 1994 and was Chair of the East Coast region, which accounted for approximately 20% of BCG's overall revenues, from 1994 to 1999.

Dr. Moose's experience at BCG as 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 telecommunications issues. In addition to her strategic planning expertise, Dr. Moose has been the chair or presiding director of several public companies and several charitable organizations, which has given her extensive expertise in corporate governance. Dr. Moose also brings to the Board substantial financial expertise and insights into the views of institutional investors, which are important to Verizon as a public company.

Dr. Moose has served as a Director of Verizon since 2000 and was a director of GTE Corporation from 1978 to 2000. She is Presiding Director, Chairperson of the Corporate Governance and Policy Committee and a member of the Audit Committee. Dr. Moose is also Chairperson of the Board of Trustees of National Endowment for the Arts (where she has served as a trustee of the funds and their predecessors since 1952) and Loomis Sayles Funds (where she has served as a trustee since 2001) and a director of The AES Corporation (since 2004). In the past five years, Dr. Moose has acted on the board of Rohm and Haas Company as its lead director.

Joseph Neubauer

Mr. Neubauer, 72, is Chairman of ARAMARK Holdings Corporation and its subsidiary ARAMARK Corporation, a professional services company. Until May 2012, he was also the Chief Executive Officer. He has served in those roles with ARAMARK and its predecessors for more than 25 years. ARAMARK's approximately 272,000 employees provide food, hospitality, facility and uniform services in 22 countries and generated \$13.9 billion in revenue during its 2013 fiscal year. Mr. Neubauer joined ARAMARK's predecessor, ARA Services, in 1979 as Executive Vice President of Finance and Development, Chief Financial Officer and, later, director. He was elected President in 1981, Chief Executive Officer in 1983 and Chairman in 1984.

During his long tenure as Chairman and Chief Executive Officer of ARAMARK, Mr. Neubauer gained business and management experience leading a large, complex organization with international operations and a large, diverse workforce. This experience gives him a thorough understanding of many important issues facing Verizon. Mr. Neubauer brings to the Board, along with other skills and qualifications, extensive expertise in corporate finance, strategy and development. His broad background in hospitality and professional services, as well as his in-depth knowledge of consumer services, gives Mr. Neubauer insights on reaching retail and business customers, which is critical to Verizon's success.

Mr. Neubauer has served as a Director of Verizon since 1995 and is Chairperson of the Human Resources Committee. He is also a director of Macy's, Inc. (since 1992).

Hugh B. Price

Mr. Price, 72, is a Non-Resident Senior Fellow at The Brookings Institution, an independent research and policy institute. Mr. Price was President and Chief Executive Officer of the National Urban League from 1994 until 2003. During that time, Mr. Price restructured the board of directors, developed a new mission for the League and established its research and policy center.

Following his work at the National Urban League, Mr. Price was Senior Advisor to DLA Piper Rudnick Gray Cary US LLP from 2003 to 2005 and a Non-Resident Senior Fellow of the Economic Studies Program at The Brookings Institution from 2006 to 2008. From 2009 to June 2013, he served as a visiting professor at the Woodrow Wilson School at Princeton University. Prior to joining the National Urban League, Mr. Price held a variety of positions in journalism, law and public interest organizations, including serving on the Editorial Board of The New York Times.

Thomas A. Coarima

Mr. Price brings to the Board, among other skills and qualifications, a wide range of experience in leadership positions in both the private and non-profit sectors. As a result of his experience at the National Urban League and The Brookings Institution, Mr. Price is able to advise the Board and senior management on economic, government and public interest issues. His extensive management and leadership experience enables him to provide insights on corporate governance matters. He also has expertise in strategic planning, operations management and human resources, which are critical issues for Verizon.

Mr. Price has served as a Director of Verizon since 1997 and was a Director of NYNEX Corporation from 1995 to 1997. He is a member of the Corporate Governance and Policy Committee. Mr. Price is also a director of MetLife Inc. (since 1999) and Metropolitan Life Insurance Company (since 1994).

Other information required by this item is incorporated by reference to the biographies of the Directors standing for re-election on pages 11-16 of Exhibit 99, the section entitled "Section 16(a) Beneficial Ownership Reporting Compliance" on page 59 of Exhibit 99, the section entitled "Business Conduct and Ethics" on page 2 of Exhibit 99, and the information relating to the Audit Committee on page 5 of Exhibit 99. There have been no material changes to shareholder nominating procedures.

(4) This number reflects shares subject to deferred stock units credited to the Verizon Income Deferral Plan, which were awarded in 2002 under the Verizon Communications Broad-Based Incentive Plan. No new awards are permitted to be issued under this plan.

Information with respect to compensation of executive officers is incorporated by reference to the section entitled "Compensation of Executive Officers" on page 57-59 of Exhibit 99. The Compensation Committee Report required to be incorporated and disclosed pursuant to the Securities Exchange Act of 1934.

Information with respect to security ownership is incorporated by reference to the section entitled "Security Ownership of Certain Beneficial Owners and Management" on pages 57-59 of Exhibit 99.

The following table provides information as of December 31, 2013 for (i) all equity compensation plans that have been approved by the Company's Board of Directors and (ii) all equity compensation plans that have been approved by the Company's Board of Directors and the Compensation Committee. The table includes information regarding the number of shares of common stock that are subject to the plans, the number of shares of common stock that are available for future issuance under the plans, and the number of shares of common stock that are subject to the plans as of the end of the period covered by the financial statements.

Plan Name	Number of Shares Subject to Plan	Number of Shares Available for Future Issuance	Number of Shares Subject to Plan as of End of Period
Verizon Long-Term Incentive Plan	17,133,926	34,351	99,062,483
Verizon Short-Term Incentive Plan	248,756	17,382,682	17,382,682
Verizon Restricted Stock Unit Agreement	1	34,351	34,351
Verizon Performance Stock Unit Agreement	1	34,351	34,351

Equity compensation plans approved by the Company's Board of Directors and the Compensation Committee. The table includes information regarding the number of shares of common stock that are subject to the plans, the number of shares of common stock that are available for future issuance under the plans, and the number of shares of common stock that are subject to the plans as of the end of the period covered by the financial statements.

- This amount includes 982,881 shares of common stock subject to the plan. The number of shares of common stock subject to the plan is 17,133,926. The number of shares of common stock subject to the plan is 17,133,926.
- This number reflects the number of shares of common stock that remained available for future issuance under the 2009 LTIP.
- This number reflects the number of shares of common stock that remained available for future issuance under the 2009 LTIP.

Information with respect to transactions with related persons is incorporated by reference to the section entitled "Related Person Transaction Policy" on pages 2-3 of Exhibit 99. Information with respect to Director independence is incorporated by reference to the section entitled "Independent Director" on page 3 of Exhibit 99.

Information with respect to principal accountant fees and services is incorporated by reference to the section entitled "Appointment of Independent Registered Public Accounting Firm" on page 17 of Exhibit 09.

Documents filed as part of this report include: Report of Management on Internal Control Over Financial Reporting.

- Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting.
- Report of Independent Registered Public Accounting Firm on Financial Statements.

Financial Statements covered by Report of Independent Registered Public Accounting Firm:
Consolidated Statements of Income
Consolidated Statements of Comprehensive Income
Consolidated Balance Sheets
Consolidated Statements of Cash Flows
Consolidated Statements of Changes in Equity
Notes to Consolidated Financial Statements

> Annual Report to

- Incorporated herein by reference to the appropriate portions of the Shareowners for the fiscal year ended December 31, 2013 (See Part II).

Financial Statement Schedule

11 - Valuation and Qualifying Accounts

Exhibits

Table of Remittals Exhibit
Number Description

3u(i) Restated Certificate of Incorporation of Verizon Communications Inc. (Verizon) (filed as Exhibit 3a to Form 10-K for the year ended December 31, 2005 and incorporated herein by reference)

3a(n) Certificate of Amendment of Restated Certificate of Incorporation of Verizon, effective February 4, 2011

3b Bylaws of Verizon, as amended, effective as of December 3, 2009 (filed as Exhibit 3b to Form 8-K dated December 7, 2009 and incorporated herein by reference)

4a Indenture between Verizon, both individually and as successor in interest to Verizon Global Funding Corp., and U.S. Bank National Association as successor trustee to Wachovia Bank, National Association formerly known as First Union National Bank as Trustee, dated as of December 1, 2000 (incorporated by reference to Verizon Global Funding Corp.'s Registration Statement on Form S-4, Registration No. 333-64792, Exhibit 4.1)

4b First Supplemental Indenture between Verizon both individually and as successor in interest to Verizon Global Funding Corp., and U.S. Bank National Association as successor trustee to Wachovia Bank, National Association, formerly known as First Union National Bank as Trustee, dated as of May 15, 2001 (incorporated by reference to Verizon Global Funding Corp.'s Registration Statement on Form S-3, Registration No. 333-67412, Exhibit 4.2)

4c Second Supplemental Indenture between Verizon, both individually and as successor in interest to Verizon Global Funding Corp., and U.S. Bank National Association, as successor trustee to Wachovia Bank, National Association, formerly known as First Union National Bank, as Trustee, dated as of September 29, 2004 (incorporated by reference to Form K-K filed on February 9, 2006, Exhibit 4.1)

4d Third Supplemental Indenture between Verizon, both individually and as successor in interest to Verizon Global Funding Corp., and U.S. Bank National Association, as successor trustee to Wachovia Bank, National Association, formerly known as First Union National Bank, as Trustee, dated as of September 29, 2004 (incorporated by reference to Form S-K filed on February 9, 2006, Exhibit 4.2)

Except for Exhibits 4a - 4d above no other instrument which defines the rights of holders of long-term debt of Verizon and its consolidated subsidiaries is filed herewith pursuant to Regulation S-K, Item 601(b)(4)(K)(i)(A). Pursuant to this regulation, Verizon hereby agrees to furnish a copy of any such instrument to the SEC upon request.

10a GTE's Charitable Awards Program (filed as Exhibit 10-10 to GTE's Form 10-K for the year ended December 31, 1992, File No. 1-2755 and incorporated herein by reference)

10b NYNEX Directors' Charitable Award Program (filed as Exhibit 10-10 to Form 10-K for the year ended December 31, 2000 and incorporated herein by reference) **

10c 2009 Verizon Long-Term Incentive Plan, As Amended and Restated (incorporated by reference to Appendix D of the Registrant's Proxy Statement included in Schedule 14A filed on March 1, 2011)

10c(i) Performance Stock Unit Agreement 2011-2013 Award Cycle (filed as Exhibit 10a to Form 10-Q for the period ended March 31, 2011 and incorporated herein by reference) **

10c(ii) Restricted Stock Unit Agreement 2011-2013 Award Cycle (filed as Exhibit 10b to Form 10-Q for the period ended March 31, 2011 and incorporated herein by reference) **

10c(iii) Form of 2011 Special Performance Stock Unit Agreement (filed as Exhibit 10 to Form 10-Q for the period ended September 30, 2011 and incorporated by reference) **

10c(iv) Performance Stock Unit Agreement 2012-2014 Award Cycle (filed as Exhibit 10a to Form 10-Q for the period ended March 31, 2012 and incorporated herein by reference) **

Table of TMI

10c(v) Restricted Stock Unit Agreement 2012-2014 Award Cycle (filed as Exhibit 10b to Form 10-Q for the period ended March 31, 2012 and incorporated herein by reference) **

10c(vi) Performance Stock Unit Agreement 2013-2015 Award Cycle (filed as Exhibit 10a to Form 10-Q for the period ended March 31, 2013 and incorporated herein by reference) **

10c(vii) Restricted Stock Unit Agreement 2013-2015 Award Cycle (filed as Exhibit 10b to Form 10-Q for the period ended March 31, 2013 and incorporated herein by reference) **

10d Verizon Short-Term Incentive Plan, As Amended and Restated (incorporated by reference to Appendix C of the Registrant's Proxy Statement included in Schedule 14A filed on March 23, 2009) **

10e Verizon Income Deferral Plan (filed as Exhibit 10C to Form 10-Q for the period ended June 30, 2002 and incorporated herein by reference) **

IOe(i) Description of Amendment to Plan (filed as Exhibit 10e(i) to Form 10-K for the year ended December 31, 2004 and incorporated herein by reference) **

101 Verizon Excess Pension Plan (filed as Exhibit 10p to Form 10-K for the year ended December 31, 2004 and incorporated herein by reference) **

IO(i) Description of Amendment to Plan (filed as Exhibit 10p(i) to Form 10-K for the year ended December 31, 2004 and incorporated herein by reference) **

IOg (TTE's Executive Salary Deferral Plan, as amended (filed as Exhibit 10 to GTE's Form 10-K for the year ended December 31, 1998, File No 1 -2755 and incorporated herein by reference) **

IOh Hell Atlantic Senior Management Long-term Disability and Survivor Protection Plan, as amended (filed as Exhibit 10h to Form 10-K for the year ended December 31, 1997 and incorporated herein by reference) **

IOi GTE Executive Retiree Life Insurance Plan (filed as Exhibit 10i to Form 10-K for the year ended December 31, 2010 and incorporated herein by reference) **

IOj Verizon Executive Life Insurance Plan As Amended and Restated September 2009 (filed as Exhibit 10j to Form 10-K for the year ended December 31, 2010 and incorporated herein by reference) **

IOk Verizon Executive Deferral Plan (filed as Exhibit 10k to Form 10-Q for the period ended June 30, 2009 and incorporated herein by reference) **

IOl Form of Aircraft Time Sharing Agreement (filed as Exhibit 10l to Form 10-K for the year ended December 11, 2010 and incorporated herein by reference) **

IOm NYNEX Deferred Compensation Plan for Non-Employee Directors (filed as Exhibit 10m to NYNEX's Registration Statement No 2-S7850, File No 1-4603 and incorporated herein by reference)**

IOn Amendment to NYNEX Deferred Compensation Plan for Non-Employee Directors (filed as Exhibit 10n to NYNEX's Quarterly Report on Form 10-Q for the period ended June 30, 1996, File No 1-K60N and incorporated herein by reference)

Table at Conclusion

IOp US. Wireless Agreement, dated September 21, 1999, among Hell Atlantic and Vodafone AirTouch plc, including the forms of Amended and Restated Partnership Agreement and the Investment Agreement (filed as Exhibit 10 to Form 10-Q for the period ended September 30, 1999 and incorporated herein by reference)

IOq Tenn Loan Credit Agreement, dated as of October 1, 2013, among Verizon, JPMorgan Chase Bank, N.A. as administrative agent, and the lender, party thereto (filed as Exhibit 10 to Form 10-K on October 3, 2013 and incorporated herein by reference)

12 Computation of Ratio of Earnings in Fixed Charges filed herewith

13 Portions of Verizon's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 filed herewith Only the information incorporated by reference in this Form 10-K is included in the exhibit

101 INS 101 SCH 101 PRE 101 CAL 101 LAB 101 DEF

21 List of principal subsidiaries of Verizon filed herewith 23 Consent of Ernst & Young LLP filed herewith 1) 1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 filed herewith 3 1 2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 filed herewith 32 1 Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 filed herewith 32 2 Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 filed herewith 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

XBRL Instance Document.

XBRL Taxonomy Extension Schema Document

XBRL Taxonomy Extension Linkbase Document

XBRL Taxonomy Calculation Linkbase Document

XBRL Taxonomy Label Linkbase Document

Management contract

XBRL Taxonomy Extension Definition Linkbase Document

compensatory plan or arrangement

i 10-Q for the period ended March 11, 2010 and

Table of Contents

Schedule 11 - Valuation and Qualifying Accounts		Verizon Communications Inc. and Subsidiaries	
For the Years Ended December 31, 2013, 2012 and 2011			
		(dollar* in millions)	Additions
Balance at -		Charged to	
Beginning of Charged to		Other Accounts	Deductions
Period		Expenses	Note (a) (b) Note (c) (d) End of Period
993			
972 1,028			
1,161			
1,248 1,237			
802 B76			
Allowance for Uncollectible Accounts Receivable			
Year 2013			
Year 2012 Year 2011			
			2.04 2,376 credited

Valuation Allowance for Deferred Tax Assets

2011

25 1,178 isly written off where

\$ 2.041 \$ 235 \$

2.376 120 3.421 108

able primarily includes amounts previ

(a) Allowance for Uncollectible Accounts Receivable

directly to this account when recovered (b) Valuation Allowance for Deferred Tax Assets includes current year increase to valuation allowance charged to reclassifications from overbalance sheet accounts

(c) Amounts written off as uncollectible or transferred to other accounts or utilized

(d) Reductions to valuation allowances related to deferred tax assets

Table of Contents

Signature

Pursuant to the requirements 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, who is duly authorized

VERIZON COMMUNICATIONS INC

By /s/ Anthony T Skiadas

Anthony T Skiadas

Date February 27, 2014

\$ 10483 (444) 4H0 2 827 817 148
Years Ended Decembci 31,
9.897 (124)

\$ 29,277 (142)
\$ 13,520 (551)

2,571 837
2,523 837
Earnings-Income before (provision) benefit for income taxes Equity in earnings of unconsolidated businesses Div idcncls from urn onsolidaled businesses Interest expense ">
Portion of rem expense representing interest Amortization of capitalized Inteicst Earnings, as adjusted
* 32,870 \$ 13,544 \$ 14311 \$ 16,185 \$ 17,984

Fixed Charges:
Interest expense ¹⁻¹ Portion of rem expense Capitalized inleicst Fixed Charges

Ratio of earnings to fixed charges
2,523 837 964
83*) 927

2,467 \$ 2,571 1 2,K27

851 837 817
754 406 442

\$ 4,272 \$ 3,814 j 4,086 \$ 4,324 \$ 4,868
7.69 3.55 3.50 3.74 3.69

We classify interest expense recognized on iiricctain tax positions as income tax expense and therefore such interest expense is not included in the Ratio of Earnings to Fixed Charges

The graph compare lhc cumulative total returns of Verizon the SAP 500 Telecommunications Services Index, and the SA P 500 Stock Index ovcrn live-year period ll assumes \$100 was invested on December 31, 2008 with dividends (including the value of each respective spin-off) being reinvested

Results of Operations
Operating revenues
Operating income
Net income attributable to Verizon
Per common share - basic
Per common share - diluted Cash dividends declared per common share Net income attributable in noncontrolling interests

(dollars in millions, except per share amounts)
2012 2011 2010 2000

\$ 120,550 \$ 115,446 \$ 110,475 \$ 106,565 \$ 107,808
875 31

2,030 9(.82
1 <=>75 7,794
31,948 11,497 4,01 4,00 2,090 12,050

Financial Position
Total assets \$ 274,098 \$ 225,222 \$ 230,4M \$ 220,005
Debt maturing within one year 3,933 4,369 4,849 7,542
Long-term debt 89,658 47,618 50,303 45,252
Employee benefit obligations 27,682 34,346 32,957 28,164
Noncontrolling interests 56,580 52,376 49,938 48,343
Equity attributable to Verizon 38,836 31,157 15,970 38,569

* Significant events affecting our historical earnings trends in 2011 through 2013 are described in "Other It

"Management's Discussion and Analysis of Financial Condition and Results of Operations" section

• 2010 and 2009 data includes severance pension and benefit charges, merger integration and acquisition costs, and other items 2010 data also includes Medicare Part D Subsidy charges

1,226,907 7,205 55,051 32,622 42,761 41,182

Comparison of Five-Year Total Return Among Verizon, SAP
500 Telecommunication* Services Index and SAP 500 Stock Index

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 communications products and services, including broadband data and video services, network access, voice, long distance and other communications products and services, and also owns and operates one of the most extensive end-to-end global Internet Protocol (IP) networks. We have a highly skilled, diverse and dedicated workforce of approximately 176,800 employees as of December 31, 2013.

In recent years, Verizon has embarked upon a strategic transformation as advances in technology have changed the ways that our customers interact in their personal and professional lives and that businesses operate. To meet the changing needs of our customer base and address the changing technological landscape, we are focusing our efforts on higher margin and growing areas of our business: wireless data, wireline data and Strategic services, including cloud computing services.

Our strategy requires significant capital investments primarily to acquire wireless spectrum, put the spectrum into service, invest in the fiber optic network that supports our wireless and wireline businesses, maintain our wireless and wireline networks and develop and maintain significant advanced database capacity.

In our Wireless business, in 2013 compared to 2012, revenue growth of 8% was driven by connection growth and the demand for smartphones, tablets and other Internet devices. During 2013, we experienced a 4.6% increase in retail postpaid connections compared to 2012, with smartphones representing 70% of our retail postpaid phone base as of December 31, 2013 compared to 51% as of December 31, 2012. Also during 2013, postpaid smart phone activations represented 86% of phones activated compared to 77% in 2012.

We have substantially completed the deployment of our fourth-generation (4G) Long-Term Evolution (LTE) network. Our 4G LTE network is available to 97% of the US population in more than 200 markets covering approximately 305 million people, including those in areas served by our LTE in Rural America. Our 4G LTE network provides higher data throughput performance for data services at lower cost compared to those provided via third-generation (3G) networks. In December 2013, 69% of our total data traffic was earned on our 4G LTE network.

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, video and picture messaging, cloud storage and a single data allowance that can be shared among up to 10 devices connected to the Verizon Wireless network. Customers with Verizon Edge, which provides a device payment plan option, also will receive discounted monthly access fees on More Everything plans. As of December 31, 2013, Share Everything accounts represented approximately 46% of our retail postpaid accounts, compared to approximately 23% as of December 31, 2012. Verizon Wireless offers shared data plans for business, with the More Everything plans for Small Business and the Nationwide Business Data Packages and Plans. In August 2013, we launched the new Verizon Edge device payment plan option which now allows customers to trade in their phone for a new phone after a minimum of thirty days, subject to certain conditions.

On September 2, 2011, Verizon entered into a stock purchase agreement (the Stock Purchase Agreement) with Vodafone Group Plc (Vodafone) and Vodafone 4 Limited (Seller), pursuant to which Verizon agreed to acquire Vodafone's indirect 45% interest in Celco Partnership d/b/a Verizon Wireless (the

Partnership, and such interest, the Vodafone Interest) for aggregate consideration of approximately \$130 billion On February 21, 2014, pursuant to the terms and conditions set forth in the Stock Purchase Agreement Verizon acquired (the Wireless Transaction) from Seller all of the issued and outstanding capital stock (the Transferred Shares) of Vodafone Airacus Finance I Inc a subsidiary of Seller (WI Inc), which indirectly through certain subsidiaries (to get her with VF1 Inc , the Pulchascio Entities) owned (the Vodafone Interest) The consideration paid was primarily composed of cash of approximately \$58.89 billion and Verizon common stock with a value of approximately \$60.15 billion See "Acquisitions and Divestitures" for additional information

WI Wireline, during 2013 compared to 2012, revenues were positively impacted by higher revenues in Consumer retail driven by FIOS services FIOS represented approximately 71% of Consumer retail revenue during 2013, compared to approximately 65% during 2012 As the penetration of FIOS products increases, we continue to seek ways to increase revenue and further realize operating and capital efficiencies as well as maximize profitability As more applications are developed for this high-speed service, we expect that FIOS will become a hub for managing multiple home services that will eventually be part of the digital grid, including not just entertainment and communications, but also machine-to-machine communications such as home monitoring health monitoring, energy management and utilities management

Also positively impacting Wireline's revenues during 2013 was a 4.6% increase in Strategic services revenues, which represented 57% of total Global Enterprise revenues during 2013 However, total Global Enterprise and Global Wholesale revenues declined due to declines in Core customer premise equipment revenues and traditional voice revenues The decline in Core customer premise equipment revenues is a result of our focus on improving our margins by continuing to de-emphasize sales of equipment that are not part of an overall enterprise solutions bundle To compensate for the shrinking market for traditional voice service, we continue to build our Wireline segment around data, video and advanced business services-areas where demand for reliable high-speed connections is growing

Operating Revenue:

Selling, General and Administrative Expense:
Depreciation and Amortization Expense:

Expense:

Depreciation and Amortization Expense:

Cost of

Consolidated Operating Income and EBITDA

Consolidated operating income before interest, taxes, depreciation and amortization expenses (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 investor 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 EBITDA is calculated by adding back interest taxes, depreciation and amortization expense, equity in earnings of unconsolidated businesses and other income and (expense), net of net income

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 data 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 related credits and/or charges based on actuarial assumptions, including projected discount rates and an estimated return on plan assets These estimates are updated in the fourth quarter to reflect actual return on plan assets and updated actuarial assumptions The adjustment has been recognized in the income statement during the fourth quarter of 2011 upon a remeasurement event pursuant to our accounting policy for the recognition of actuarial gains/losses

It is management's intent to provide non-GAAP financial information to enhance the understanding of Verizon's GAAP financial information, and it should be considered by the reader in addition to but not instead of, the financial statements prepared in accordance with GAAP Each non-GAAP financial measure is presented along with the corresponding GAAP measure so as not to imply that more emphasis should be placed on the non-GAAP measure than the non-GAAP financial information presented may be determined or calculated differently by other companies

		\$ 31.968	\$ 11.160	\$ 12.880
	(dollars in million)	16,607	16,460	16,446
Years Ended December 31				
2013				
2012				
2011				
Consolidated Operating Income				
Add Depreciation and amortization expense				
Consolidated EBITDA				
Add (Less) Non-operating (credits) charges				
Consolidated Adjusted EBITDA				
Other Consolidated Results				

Equity in Earnings of Unconsolidated Businesses

2012 compared to 2011 primarily due to 2011 of the Euro against the U.S. dollar

Equity in earnings of unconsolidated businesses decreased \$182 million, or 56.2%, in 2013 compared to 2012 primarily due to lower earnings from operations at Vodafone Omnitel NV (Vodafone Omnitel) The decrease during 2013 was partially offset by an immaterial gain recorded by Verizon Wireless upon obtaining control of previously unconsolidated wireless partnerships, which were previously accounted for under the equity method and are now consolidated

Equity in earnings of unconsolidated businesses decreased \$120 million, or 27.0% lower earnings from operations at Vodafone Omnitel and, to a lesser extent, the devaluation of the Vodafone Omnitel Transaction a subsidiary of Verizon sold its entire ownership interest in Vodafone Omnitel to a subsidiary of Vodafone on February 21, 2014

Other Income and (Expense), Net

File #: O2015-753, Version: 1

Additional information relating to Other income and (expense), net is as follows
(11) (6.2) W (991) nm
Interest income Other, net Total

S 64 S 57 J 68 (230) (1,073) (821 S (166) S (1,016) S (14)

(dollars in millions) Increase/(Decrease)

Years Ended December 31.

S 7 12.3* 843 (78.6) S 850 (83.7) J (1,002)

nm - not meaningful
*01 is primarily driven by higher fees of SI 1 hire

Other income and (expense), net decreased during 2011 compared to 2012 primarily due to fees of SI 1 billion incurred in 2011 related to the early redemption of debt, partially offset by \$0.2 billion of fee* incurred during the fourth quarter of 2013 as a result of the termination of a bridge credit agreement upon the effectiveness of a term loan agreement (see "Other Items")

Other income and (expense), net increased during 2012 compared to the early redemption of debt (see "Other Items")

The changes in Consolidated Operating Income Consolidated EBITDA and Consolidated Adjusted EBITDA in the table above were primarily a result of the factors described in the connection with operating revenues and operating expenses

> Ended December 31.

Total interest costs on debt balances Less Capitalized interest costs Total

Average debt outstanding Effective interest rate

\$ 3,421.754

565,959

5.2%

S 444.348

(dollars in millions) Increase/(Decrease)

14.9% S (292) (8.9)%

85.7 (36) (8.1)

3.7 S (256) (9.1)

Total interest costs on debt balances increased during 2013 compared to 2012 primarily due to the issuance of \$49.0 billion of fixed and floating rate notes to finance the Wireless Transaction (see Acquisitions and Divestitures) resulting in an increase in average debt as well as an incremental increase in interest expense of \$0.7 billion partially offset by a lower effective interest rate (see "Consolidated Financial Condition") Capitalized interest costs were higher in 2013 primarily due to increases in wireless licenses that are currently under development

Total interest costs on debt balances decreased during 2012 compared to 2011 primarily due to a \$2.7 billion decrease in average debt (see "Consolidated Financial Condition") and a lower effective interest rate Capitalized interest costs were lower in 2012 primarily due to our ongoing deployment of the 4G LTE network

n (Benefit) for income

2013 vs 2012

S 285 \$ 6,390 nm S (945)

s Ended December 31.

Provision (Benefit) for income taxes Effective income tax rate

S 5,730 \$ (660) 19.6% (6.7)%

nm - not meaningful

The effective income tax rate is calculated by dividing the provision for income taxes by income before the provision for income taxes Our effective income tax rate is significantly lower than the statutory federal income tax rate for all years presented due to the inclusion of income attributable to 10 Vodafone's noncontrolling interest in the Verizon Wireless partnership within our income before the provision for income taxes In 2013 and 2011, we recorded a tax provision of 11 income before the provision for income taxes and when we included the income attributable to Vodafone's noncontrolling interest in the Verizon Wireless partnership in our income before the provision for income taxes it resulted in our effective income tax rate being 13.7 percentage points lower during 2013 and 7.9 percentage points lower during 2011 In 2012, we recorded a tax benefit on income before the provision for income taxes, which resulted in a negative effective income tax rate In this case, the income attributable to Vodafone's noncontrolling interest in the Verizon Wireless partnership did our income before the provision for income taxes resulted in our negative effective tax rate being 300.1 percentage points higher during 2012

Verizon completed the acquisition of Vodafone's 45% indirect ownership interest in Verizon Wireless on February 21, 2014 Our provision for income taxes and effective income tax rate subsequent to the closing will reflect the change in Verizon's ownership interest in Verizon Wireless Our provision for income taxes and effective income tax rate will increase subsequent to the closing due to the inclusion of the provision for income taxes previously attributable to Vodafone's ownership interest

The effective income tax rate for 2013 was 19.6% compared to (6.7)% for 2012 The increase in the effective income tax rate and provision for income taxes was primarily due to higher income before income taxes as a result of severance, pension and benefit credits recorded during 2013 compared to lower income before income taxes as a result of severance, pension and benefit charges as well as early debt redemption costs recorded during 2012

The effective income tax rate for 2012 was (6.7)% compared to 12.7% 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 lower income before income taxes as a result of higher severance, pension, and benefit charges as well as early debt redemption costs recorded during 2012

A reconciliation of the statutory federal income tax rate to the effective income tax rate for each period is included in Note 12 to the consolidated financial statements

Management manages strategic business units based on segment operating income of segment performance

We have two reportable segments: Wireless and Wireline, which we operate as by products and services We measure and evaluate our reportable segment: segment operating income is consistent with the chief operating decision maker

Segment earnings 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 to operating income as a 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 variable cost basis as it excludes the depreciation and amortization expenses related primarily to capital expenditures and acquisitions that occurred in prior years as well as in evaluating operating performance in relation to our competitors Segment EBITDA is calculated by adding back depreciation and amortization expense to segment operating income

Wireless Segment EBITDA service margin, also presented below, is calculated by dividing Wireless Segment EBITDA by Wireless service revenues Wireless Segment EBITDA service margin utilizes service revenues rather than total revenues Service revenues primarily exclude equipment revenues 111 order to reflect the impact of providing service to the wireless customer base on an ongoing basis Wireline EBITDA margin is calculated by dividing Wireline EBITDA by total Wireline revenues You can find additional information about our segments in Note 13 to the consolidated financial statements

Set Income Attributable to Non

(dollars in millions)

Years Ended December 31.

Net income attributable to noncontrolling interests J 12,050 S 9,682 S 7,794 S 2,3* 24.5% \$ 1,888 24.2%

The increases in Net income attributable to noncontrolling interests during 2013 compared to 2012 and 2012 compared to 2011 were due to higher earnings in the Verizon Wireless segment, which had a 45% noncontrolling partnership interest attributable to

We expect Net income attributable to noncontrolling interests to decline substantially in 2014 as a result of the Wireless Transaction (see "Acquisitions and Divestitures") The noncontrolling interests that remained after the completion of the Wireless Transaction primarily relate to wireless partnerships

Wireless

Our Wireless service is primarily comprised of Celco Partnership doing business as Verizon Wireless. Celco Partnership is a joint venture formed in April 2010 by the combination of the US wireless operations and interests of Verizon and Vodafone. Verizon Wireless provides wireless communications services across one of the most extensive wireless networks in the United States. As of December 31, 2013, Verizon owned a controlling interest in Verizon Wireless and Vodafone owned the remaining 45%. On February 21, 2014, the Verizon Transaction was completed, and Verizon acquired 100% ownership of Verizon Wireless.

We provide these services and equipment sales to consumer, business and government customers in the United States on a postpaid and prepaid basis. Postpaid connections represent individual lines of service for which a customer is billed in advance a monthly access charge in return for a monthly network service allowance, and usage beyond the allowance is billed monthly in arrears. Our prepaid service enables individuals to obtain wireless services without a long-term contract or credit verification by paying for all services in advance.

All financial results included in the tables below reflect the consolidated results of Verizon Wireless.

Accounts and Liabilities

Retail (non-wholesale) postpaid accounts represent retail customers under contract with Verizon Wireless who are directly served and managed by Verizon Wireless and use US branded services. Accounts include Share Everything 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 to connections is terminated.

Retail connections include an account may include smartphones, basic phones, tablets and other Internet devices, as well as Home Phone Connect and Home Fusion. We expect to continue to experience retail connection growth based on the strength of our product offerings and network service quality.

Operating Revenues and Selected Operating Statistics

Years Ended December 31,

2013 vs. 2012

2012 vs. 2011

Retail service	\$633.4	\$1,440	\$56.600
Other service	2.69*	2.293	2.497
	\$636.09	\$1,442.293	\$59.097
	\$75,868	\$70,154	

Equipment and other Total Operating Revenues

Connections (000)

Retail connections	102,799	911,230	92,167
Retail postpaid connections	96,752	92,530	87,382

Net additions in period (000) -

Retail connections	4,472	5,917	4,624
Retail postpaid connections	4,119	5,024	4,252

Churn Rate Retail connections Retail postpaid connections

Account Statistics

Retail postpaid ARPA	\$153.93	\$144.04	\$134.51
Retail postpaid accounts ('000) F*	35,073	35,057	34,561
Retail postpaid connections per account ^{1,2}	2.76	2.64	2.53

(dollars in millions, except ARPA)

Increase/Decrease		
6,063	5,148	
2013 vs. 2012	2012 vs. 2011	

4,569

MI2

(1,445) (24.4) 1,293 (906) (16.0) 772

\$53,496 0.11

As of end of period Excluding acquisition

2013 Compared to 2012

The increase in service revenue was primarily due to the increased penetration of tablets and other Internet devices. The increase in service revenue was primarily due to the increased penetration of tablets and other Internet devices. The increase in service revenue was primarily due to the increased penetration of tablets and other Internet devices.

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 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 4.5% as of December 31, 2013 compared to December 31, 2012 primarily due to the increased penetration of tablets and other Internet devices.

Service Revenue

Service revenue increased \$5.3 billion, or 8.3%, during 2013 compared to 2012 primarily driven by higher retail postpaid service revenue, which increased largely as a result of an increase in retail postpaid connections as well as the continued increase in penetration of smartphones, tablets and other Internet devices through our Share Everything plans. The penetration of smartphones was driven by the activation of smartphones by new customers as well as existing customers migrating from basic phones to smartphones.

The increase in retail postpaid ARPA (the average revenue per account from retail postpaid accounts) during 2013 compared to 2012 was primarily driven by increases in smartphone penetration and retail postpaid connections per account. As of December 31, 2013, we experienced a 4.5% increase in retail postpaid connections per account compared to 2012, with smartphones representing 70% of our retail postpaid phone base as of December 31, 2013 compared to 58% as of December 31, 2012. The increased penetration in retail postpaid connections per account is primarily due to increases in Internet data devices, which represented 10.7% of our retail postpaid connection base as of December 31, 2013 compared to 9.3% as of December 31, 2012, primarily due to activations of tablets and other Internet devices. Additionally, during 2013, postpaid smart phone activations represented 86% of phones activated compared to 77% during 2012.

Other service revenue increased during 2013 compared to 2012 due to growth in wholesale connections, partially offset by a decrease in revenue related to third party roaming.

Equipment and Other Revenue

Equipment and other revenue decreased during 2013 compared to 2012 as a decline in regulatory fees was partially offset by an increase in revenue related to upgrade fees.

2012 Compared to 2011

The increase in Wireless' total operating revenues during 2012 compared to 2011 was the result of growth in both service and equipment and other revenue.

Accounts and Liabilities

Retail connection net additions increased during 2012 compared to 2011 primarily due to an increase in retail postpaid and prepaid connection gross additions and improvements in our retail connections churn rate. Higher retail postpaid connection gross additions

during 2012 primarily reflected the launch of our Share Everywhere™ plans coupled with new device introductions during the second half of 2012

Retail Postpaid Connections per Account

Retail postpaid connections per account increased during 2012 compared to 2011 primarily due to the increased use of tablets and other Internet devices

The increase in retail postpaid ARPA during 2012 compared to 2011 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 8.1% as of December 31, 2011, primarily due to strong sales of tablets and Jcpcak™.

Other service revenue decreased during 2012 compared to 2011 primarily as a result of a decrease in third party roaming revenue

Service Revenue

Service revenue increased largely as a result of an increase in smartphone penetration. This increase was primarily driven by higher retail postpaid connections, which also contributed to the increase in our retail postpaid ARPA.

Equipment and Other Revenue

Equipment and other revenue increased due to regular sales of equipment.

(dollars in millions) Increase/(Decrease)

2013
2011 2013 vs. 2012
2012

Operating Expenses

Year-Ended December 31,

Cost of services and sales Selling general and administrative Depreciation and amortization Total Operating Expenses

Cost of Services and Sales

Cost of services and sales decreased during 2013 compared to 2012 primarily due to a decrease in cost of equipment sales of \$0.4 billion, which was partially due to a decline in postpaid upgrades, decreased data roaming, a decline in cost of data services and a decrease in network connection costs due to the deployment of Ethernet backhaul facilities primarily targeted at sites upgrading to 4G LTE, partially offset by an increase in cost of network services.

Cost of services and sales increased during 2012 compared to 2011 primarily due to \$0.7 billion in higher cost of equipment sales, 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 Ethernet backhaul facilities primarily targeted at sites upgrading to 4G LTE and a decrease in the cost of long distance.

Segment Operating Income and EBITDA

\$ 25,997 \$ 202
\$ 18,127 7,962
\$ 4,128 242 \$ 4,471

(dollars in millions) Increase/(Decrease)

Year-Ended December 31,

\$ 24,199 \$ 29,726 \$ 26,489

Segment Operating Income

32.1% 49.5%

28.4% 44.1%

Add Depreciation and Amortization to Segment EBITDA

Segment operating income margin Segment EBITDA service margin

The changes in the table above during the periods presented were primarily a result of the factors described in operating revenues and operating expenses

(dollars in millions)
2013 2012 2011
\$ (278) \$ - \$ -
(61) 37.76

in-operational items* excluded from Wireless' Operating income were as follows

Years Ended December 31,

Gain on spectrum license transaction Severance, pension and benefit (credits)

Selling, General and Administrative Expense

Selling general and administrative expense increased during 2013 compared to 2012 primarily due to higher sales commission expense in our indirect gross additions and upgrades, as well as the average commission per unit, as the mix of units primarily continues to shift toward smartphones and more customers.

Selling general and administrative expense increased during 2012 compared to 2011 primarily due to higher sales commission expense in our indirect gross additions and upgrades, as well as the average commission per unit, as the mix of units primarily continued to shift toward smartphones and more customers.

Depreciation and Amortization Expense

The increase in depreciation and amortization expense during 2013 compared to 2012 was primarily driven by an increase in depreciable assets. Depreciation and amortization expense was essentially unchanged during 2012 compared to 2011.

Wireline

Our Wireline segment provides voice 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.

Opera Line Revenues and Selected Operating Statistics

(dollar in millions) Increase/(Decrease)

Pic 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 revenues.

File #: O2015-753, Version: 1

Years Ended December 31.

Small business Mass Markets
Strategic services
Core Global Eriterpn.se <<http://Eriterpn.se>>Global Wholesale-Other
Total Opera one Revenues

Connections (000) "> Total voice connections

Total Broadband coinni-cuum FiOS Internet subscribers FiOS Video subscribers

49% S417

17^28 16.702 16.337

8,420 8,052 7,575

6.283 7.247 8.017

(596) (526)

S 14.737 S 14.043 S 13.606 S 694

14.703 6.714 478

5 39.223 S 39.7R0 S 40.6S2 S (557) (1 4) S (902) (2 2)

15.2°9.15.622.7.240.7.973.539.750

9.015 6.072 5.262

9,015 8,0
220 648

22
536536
11 9 11

24 137 (1,418) (6JI) (1.6.14) (6 8)

8.795 8.670 5.424 4.817 4.72h 4.173

^mAs of end of period

Wireline's revenues decreased SO 6 billion, or 1 4%. dunn 2013 compared to 2012 primarily driven and by declines in Global Enterprise Core and
Global Wholesale, partially offset by higher Consumer retail revenues driven by FIOS services and increased Strategic services revenues within

[illegible]

2013 Compared in 2012

Mass Markets revenues increased \$0.6 billion, or 3.7%, during 2013 compared to 2012 primarily due to the expansion of FiOS services and Voice, Internet and Video) as well as changes in our pricing strategies partially offset by the continued decline of local exchange revenues.

During the year ended December 31, 2012	2013, we improved our FIOS Internet	grew our penetration and FIOS	our subscriber rates within Video,	subscriber rates within Video,	tasked us with, respectively,	by FIOS, compared to	0 service to	6 million areas of penetration	FIOS As rates of	Internet subscribers December 31, 2013, and 33	by 0 we achieved for FIOS	5 million penetration Internet	FIOS sales and	V idea of 30 FIOS	subscriber, and Video,	while 35 respective	also eth.al
---	-------------------------------------	-------------------------------	------------------------------------	--------------------------------	-------------------------------	----------------------	--------------	--------------------------------	------------------	--	---------------------------	--------------------------------	----------------	-------------------	------------------------	---------------------	-------------

We continued to grow our subscriber base and improved penetration rates within our FIOS service areas during 2012. Also contributing to the increase in revenue from FIOS services were changes in our pricing strategy adopted in 2012. As of December 31, 2012, we achieved penetration rates of 37.3% and 33.3% for FIOS Internet and FIOS Video, respectively, compared to penetration rates of 35.5% and 31.5% for FIOS Internet and FIOS Video, respectively, at December 31, 2011.

Mass Markets revenues were negatively impacted by the decline of local exchange revenues primarily due to a 6.1% 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 service as well as FIOS digital voice connections. There was also a decline in Small business retail voice connections, primarily reflecting challenging economic conditions, competition and a shift to both IP and high-speed circuits.

Global Enterprise

Global Hntcrpn.se <<http://Hntcrpn.se>> offers Strategic services including network products and solutions, advanced communications services, and other core communications services to medium and large business customers, multinational corporations and state and federal government customers.

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 voice product reductions are primarily due to the continued impact of competitors de-emphasizing their local market initiatives 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 10 Gbps, 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% decline compared in 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 F.I.hcmcl and IP services.

2013 Compared to 2012

[illegible]

2012 Compared to 2011 ■

Global traditional trans.it next continuing ofset as managed network solutions contact center solutions, IP communications and our cloud and data center offerings

Global Wholesale

Global Wholesale provides communications services including data, voice and local dial tone and broadband services primarily to local, long distance and other carriers that use our facilities to provide services to their customers.

2013 Compared to 2012 >

Global voice revenues as a result of decreased SO 5 billion or 7 a 3%. during 2013 compared to 2012 primarily due to a decline in traditional voice reductions are primarily due to the decline of competitors in the voice revenues is the continuing demand for local market initiatives contraction of market rates due to competition of technology substitution. Also contributing overall decrease in wholesale revenue was a continuing demand for Ethernet facilities as well as Ethernet migrations from high-speed digital data services to fiber-to-the-cell customers upgrading their core data circuits compared to Ethernet facilities as well as Ethernet migrations from high-speed digital data services to fiber-to-the-cell customers.

of the customer upgrades, the number of core data circuits experienced an 11.3% decline compared to the similar period in 2012

Segment Operating Income and EBITDA DA

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 volumes outside of our network footprint.

2013vi.2012

2012

Cost of services and sales Selling, general and administrative Depreciation and amortization Total Operating Expenses

(dollars in millions) *actual/(Decrease)

(2.5) (0.4)

Years Ended December 31.

S 21,928S 22,413S 22 158S (485)(2.2)%\$255

1395* 8.883 9 107(288)(3.2) (224)

8,3278.424 8.458 (97) (1.2) (34)

S 38.850S 39,705 10.72* S (870)(2.2)%0

2013 vs. 2012

2012 vs 2011

S 313 (97) S 21*

S (899) (9) 11*

S (34) 10 4)

S (433) 19 9)

Years Ended December 31.

Segment Operating Income

Add Depreciation and amortization expense

Segment EBITDA

Segment operating income margin Segment EBITDA margin

The changes in Wireline's Operating income Segment EBITDA and Segment EBITDA margin during the periods presented were primarily a result of the factors described in connection with operating revenues and operating expenses

Cost of Services and Sales

Cost of services and sales decreased during 2013 compared to 2012, primarily due to a decrease in costs related to customer premise equipment which reflected our focus on improving margins by de-emphasizing sales of equipment that are not part of an overall enterprise solutions bundle, a decline in access costs resulting primarily from declines in overall wholesale long distance volumes and the net effect of storm-related insurance recoveries. These decreases were partially offset by higher content costs associated with continued FIOS subscriber growth and vendor rate increases.

Cost of services and sales increased during 2012 compared to 2011, primarily due to higher content costs associated with continued FIOS subscriber growth and vendor rate increases and increased expenses related to our cloud and data center offerings. Cost of services and sales was also impacted by higher costs related to FIOS installation, as well as higher repair and maintenance expenses caused by storm-related events in 2012 compared to 2011. The increases were partially offset by a decline in access costs primarily from management actions to reduce exposure to unprofitable international wholesale routes and declines in overall wholesale long distance volumes. Costs related to customer premise equipment also decreased, which reflected our focus on improving margins by de-emphasizing sales of equipment that are not part of an overall enterprise solutions bundle.

and Administrative Expense

Employee expense decreased during 2013 compared to 2012 primarily due to declines in employee costs, including headcount, and declines in rent expenses partially offset by higher transaction and property tax

Selling, General

Selling, general and administrative primarily as a result of reduced expenses

Selling, general and administrative expense decreased during 2012 compared to 2011 primarily due to lower allocations related to centralized administrative functions, and to a lesser extent lower property and transaction tax expenses and employee costs

Depreciation and Amortization Expense

Depreciation and amortization expense decreased during 2013 compared to 2012, as well as 2012 compared to 2011, due to decreases in net depreciable assets, partially offset by an increase in amortization expense related to non-network software

3

[Gain on Spectrum License Transaction]

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 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 on 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)

During December 2012, we recorded debt redemption costs of \$0.3 billion in connection with the early redemption of \$0.7 billion of the \$2.0 billion upfront 75% Verizon Communications Notes due 2018. \$1.0 billion of 4.75% Verizon Virginia LLC Debentures. Series A, due March 2013 and \$0.75 billion of 4.35% Verizon Communications Notes due February 2013, as well as \$0.3 billion of Other costs.

During November 2011, we recorded debt redemption costs of \$0.1 billion in connection with the early redemption of \$1.0 billion of 7.375% Verizon Communications Notes due September 2012. \$0.6 billion of 6.875% Verizon Communications Notes due June 2012. \$0.4 billion of 6.125% Verizon Florida Inc Debentures due January 2013, \$0.5 billion of 6.125% Verizon Maryland Inc Debentures due March 2012 and \$1.0 billion of 7.875% Verizon New York Inc Debentures due April 2012.

Wireless Transaction Costs

During 2013, as a result of the Wireless Transaction, we recorded costs of \$0.2 billion in 2013 primarily for interest expense on the bridge credit agreement pursuant to "Consolidated financial Condition").

[Severance, Pension and Benefit (Credits) Charges]

During 2013, we recorded net pre-tax severance, pension and other benefits accounting of approximately \$0.2 billion primarily for losses incurred in the year in which they occurred. The severance charges were primarily for the weighted-average of 4.2% at December 31, 2012, to increase the actuarial discount rate and assumption weighted other December 31, 2012 and our actual return on assets of 6% at December 31, 2013 (SO 5).

During 2012, we recorded net pre-tax severance, pension and other benefits accounting charges of approximately \$0.2 billion primarily for losses incurred in the year in which they occurred. The severance charges were primarily for the weighted-average of 4.2% at December 31, 2011, to increase the actuarial discount rate and assumption weighted other December 31, 2011 and our actual return on assets of 6% at December 31, 2012 (SO 5).

During 2011, we recorded net pre-tax severance, pension and other benefits accounting charges of approximately \$0.2 billion primarily for losses incurred in the year in which they occurred. The severance charges were primarily for the weighted-average of 4.2% at December 31, 2010, to increase the actuarial discount rate and assumption weighted other December 31, 2010 and our actual return on assets of 6% at December 31, 2011 (SO 5).

Adjusted EBITDA non-GAAP measure presented in the Consolidated Results of Operations" excludes the Consolidated Operating Income and EBITDA pension and benefit (credits) charges presented

[Early Debt Redemption and Other Costs]

During November 2012, we recorded debt redemption costs of \$0.9 billion in connection with the purchase of \$0.9 billion of 8.95% Verizon Communications Notes due 2019 in a cash tender offer.

Capital expenditures, including capitalized software

In the third quarter of 2012, we settled a number of patent litigation matters, including cases with Active Video Networks Inc (Active Video) and TiVo Inc (TiVo) In connection with the settlements with Active Video and TiVo, we recorded a charge of \$0.4 billion in the third quarter of 2012 and will pay and recognize over the following six years an additional \$0.2 billion

Years Ended December 31,

The Consolidated Adjusted EBITDA non-GAAP measure presented in the Consolidated Operating Income and EBITDA discussion (See "Consolidated Results of Operations") excludes the litigation settlement costs presented above

(dollars in millions) 2012 2011

Cash Flows Provided By (Used In)

Operating activities

Investing activities

Financing activities Increase (Decrease) In Cash and Cash Equivalents

We use the net cash generated from our operations to fund network expansion and modernization, repay external financing, pay dividends, repurchase Verizon common stock from time to time and invest in new businesses. Our sources of funds, primarily from operations and, to the extent necessary, from external financing arrangements, are sufficient to meet ongoing operating and investing requirements. The cash portion of the purchase price for the Wireless Transaction was primarily funded by the incurrence of indebtedness including the issuance of \$49.0 billion aggregate principal amount of fixed and floating rate notes and other indebtedness (see "Acquisitions and Divestitures"). We expect that our capital spending requirements will continue to be financed primarily through internally generated funds. Debt or equity financing may be needed to fund additional investments or development activities or to maintain an appropriate capital structure to ensure our financial flexibility. Our cash and cash equivalents are primarily held domestically in diversified accounts and are invested to maintain principal and liquidity. Accordingly, we do not have 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. Our available external financing arrangements include credit available under credit facilities and other bank lines of credit, vendor financing arrangements, issuances of registered debt or equity securities and privately-placed capital market securities. We may also issue short-term debt through an active commercial paper program and have a \$6.2 billion credit facility to support such commercial paper issuances. In addition, during 2013, we entered into a \$12.0 billion 364-day revolving credit agreement.

Cash Flow* 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 2013 increased by \$7.3 billion compared to 2012 primarily due to higher consolidated earnings, lower pension contributions and improved working capital levels. The increase in net cash provided by operating activities in 2013 was partially offset by net distributions of \$0.3 billion received from Vodafone Omnicast in 2012.

Net cash provided by operating activities during 2012 increased by \$1.7 billion compared to 2011 primarily due to higher consolidated earnings, as well as improved working capital levels, due to timing differences, partially offset by an increase in pension contributions. Net cash provided by operating activities during 2012 and 2011 included net distributions received from Vodafone Omnicast of \$0.1 billion and \$0.4 billion, respectively.

9,425 6,229 950

K.857 S 8,973 6.342 6.399 976 S72

Years Ended December 31,

\$ 16,804 \$ 16,175 \$ 16,244

Wireless Wireline Other

Total as a percentage of revenue

13.8% 14.0% 14.7%

Capital expenditures increased at Wireless in 2013 compared to 2012 in order to substantially complete the build-out of our 4G LTE network. Capital expenditures declined at Wireline as a result of decreased legacy spending requirements and a decline in spending on our FiOS network.

Capital expenditures declined slightly at Wireless in 2012 compared to 2011 due to the decreased investment in the capacity of our wireless EV-DO network, partially offset by the increased build-out of our 4G LTE network. Capital expenditure* declined slightly at Wireline due to lower legacy spending requirements.

During 2013, 2012 and 2011, we invested \$0.6 billion, \$4.3 billion and \$0.2 billion, respectively, in acquisitions of wireless licenses. During 2013, 2012 and 2011, we also invested \$0.5 billion, \$0.9 billion and \$1.8 billion, respectively, in acquisitions of investments and businesses, net of cash acquired.

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. Additionally, we acquired a technology and television cloud company for cash consideration that was not significant. In February 2014, Verizon acquired a business dedicated to the development of cloud television products and services for cash consideration that was not significant.

During 2012, we paid approximately \$4.3 billion to acquire wireless licenses primarily to meet future LTE capacity needs and enable LTE expansion. Additionally, during 2012, we acquired HUGHES Telematics, a provider of telematics services, for \$0.6 billion. See "Acquisitions and Divestitures" for additional details.

During April 2011, we paid approximately \$1.4 billion for the equity of Terrestrial, which was partially offset by \$0.1 billion of cash acquired (see "Acquisitions and Divestitures"). See "Cash Flows From Financing Activities" regarding the debt obligations of Terrestrial that were repaid during May 2011. In addition, during 2011, we acquired various wireless licenses and markets as well as a provider of cloud software technology for cash consideration that was not significant.

Dispositions

During 2013, we completed the sale of 700 MHz lower B block spectrum licenses and as a result, we received proceeds of \$2.1 billion. Additionally, on January 6, 2014, we announced agreements with T-Mobile USA, Inc. (T-Mobile USA) pursuant to which we will dispose of our remaining 700 MHz A block spectrum licenses, and as a result of these agreements, we expect to receive cash consideration of approximately \$2.4 billion and additional spectrum. See "Acquisitions and Divestitures" for additional information.

During 2012, we received \$0.4 billion related to the sale of some of our 700 MHz lower A and B block spectrum licenses. We

acquired these licenses as part of Federal

Communications Commission (FCC) and

Cash Flows Provided By (Used In) Investing Activities

Capital Expenditures

Capital expenditures continue to be our primary use of capital resources, enhance responsiveness to competitive challenges at networks.

Our investments are intended to facilitate the introduction of new products and increase the operating efficiency and productivity of our

During 2011, Other net primarily included proceeds related to the sales of long-term investments in our consolidated statements of income.

Cash Flows Provided By (Used In) Financing Activities

We seek to maintain a mix of fixed and variable rate debt to lower borrowing costs within reasonable risk parameters and to protect against earnings and cash flow volatility resulting from changes in market conditions. During 2013, 2012 and 2011, net cash provided by (used in) financing activities was \$26.5 billion, \$(21.3) billion and \$(5.8) billion, respectively.

2013

During March 2013, we issued \$0.5 billion aggregate principal amount of floating rate Notes due 2015 in a private placement resulting in cash proceeds of approximately \$0.5 billion, net of discounts and issuance costs. The proceeds were used for the repayment of commercial paper.

During April 2013, \$1.25 billion of 2.25% Verizon Communications Notes matured and were repaid. During May 2013, \$0.1 billion of 7.0% Verizon New York Inc. Debenture* matured and were repaid. During June 2013, \$0.5 billion of 4.375% Verizon Communications Notes and \$0.1 billion of 7.0% Verizon New York Inc. Debentures matured and were repaid. In addition, during June 2013, we redeemed \$0.25 billion of 7.15% Verizon Maryland LLC Debentures due May 2023 at a redemption price of 100% of the principal amount of the debentures.

During September 2013, in connection with the Wireless Transaction, we issued \$49.0 billion aggregate principal amount of fixed and floating rate notes resulting in cash proceeds of approximately \$48.7 billion, net of discounts and issuance costs. The issuances consisted of the following: \$2.25 billion aggregate principal amount of floating rate Notes due 2016 that bear interest at a rate equal to three-month LIBOR plus 1.75% which rate will be reset quarterly; \$4.25 billion aggregate principal amount of 2.50% Notes due 2016; \$4.75 billion aggregate principal amount of 3.65% Notes due 2018; \$4.0 billion aggregate principal amount of 4.50% Notes due 2020; \$1.0 billion aggregate principal amount of 5.15% Notes due 2021; \$6.0 billion aggregate principal amount of 6.40% Notes due 2033 and \$15.0 billion aggregate principal amount of 6.55% Notes due 2043 (collectively, the new notes). The proceeds of the new notes were used to finance, in part, the Wireless Transaction and to pay related fees and expenses. As a result of the issuance of the new notes, we incurred a net expense related to the Wireless Transaction of \$0.7 billion during 2013.

During October 2013, \$0.3 billion of 4.75% Verizon New England Inc. Debentures matured and were repaid. During November 2013, \$1.25 billion of 7.375% Verizon Wireless Notes and \$0.2 billion of 6.5% Verizon Wireless Notes matured and were repaid. During November 2013, Verizon Wireless redeemed \$3.5 billion of 5.55% Notes due February 1, 2014 at a redemption price of 101% of the principal amount of the notes and \$0.3 billion of 6.70% Verizon New York Inc. Debentures due November 2021 at a redemption price of 100% of the principal amount of the debentures. Any accrued and unpaid interest was paid to the date of redemption.

During December 2013, we redeemed \$0.2 billion of 7.0% Verizon New York Inc. Debentures due December 2033 at a redemption price of 100% of the principal amount of the debentures. Any accrued and unpaid interest was paid to the date of redemption.

In addition, during 2013 we utilized \$0.2 billion under fixed rate vendor financing facilities.

During February 2014, we issued \$1.75 billion aggregate principal amount of 2.375% Notes due 2022, \$1.25 billion aggregate principal amount of 3.25% Notes due 2026 and \$0.85 billion aggregate principal amount of 4.75% Notes due 2034. The issuance of these Notes resulted in cash proceeds of approximately \$5.4 billion, net of discounts and issuance costs. The net proceeds were used in part, to finance the Wireless Transaction. Any net proceeds not used to finance the Wireless Transaction will be used for general corporate

Cms:Current:Swaps

Wireless:Licenses

FCC Regulation

- Broadband

Verizon offers many different broadband and Internet access services. The FCC has adopted a series of orders that impose lesser regulatory requirements on broadband services than apply to older voice and slower data services. For example, certain facility unbundling requirements that apply to narrowband facilities of traditional telephone companies do not apply to broadband facilities. In addition, the FCC concluded that both wireline and wireless broadband Internet access services qualify as largely deregulated information services. Our broadband Internet access services are subject to various attempts to impose so-called "network neutrality" rules, some of which were a Timed and others vacated on appeal in early 2014. Verizon has been and remains committed to the open Internet which provides consumers with competitive choices and unblocked access in lawful uses and content when, where and how they want. Tims will not change in light of the court's decision. Our commitment applies to broadband Internet access services provided over both our wireline and wireless networks and can be found on our website at <http://responsibility.verizon.com/broadband-commitment>.

Video

Verizon offers a multi-channel video service that is equivalent like traditional cable service. The FCC has a body of rules that apply to cable operators, and these rules also generally apply to Verizon. In addition, the Act generally requires companies to obtain a local cable franchise, and the FCC has adopted rules that interpret and implement this requirement. In areas where Verizon offers its facilities-based multichannel video services, Verizon has typically been required to obtain a franchise from local authorities.

Wireline Voice

Verizon offers many different wireline voice services including traditional telephone service and other services that rely on newer technologies such as VoIP. For regulatory purposes, legacy telephone services are generally considered to be "common carrier" services. Common carrier services are subject to heightened regulatory oversight with respect to rates, terms and conditions, and other aspects of the services. The FCC has not decided the regulatory classification of VoIP but has said VoIP service providers must comply with certain rules, such as 911 capabilities and law-enforcement assistance requirements.

Wireless Services

The FCC regulates several aspects of Verizon Wireless' operations. Generally, the FCC has jurisdiction over the construction, operation, acquisition, and transfer of wireless communications systems. And all wireless services require use of radio frequency spectrum, the assignment and distribution of which is subject to FCC oversight. Verizon Wireless anticipates that it will need additional spectrum to meet future demand. It can meet spectrum needs by purchasing licenses or leasing spectrum from others, or by participating in a competitive bidding process for new spectrum from the FCC. Both processes are subject to certain reviews, approvals, and conditions.

Today, Verizon Wireless holds FCC spectrum licenses that allow it to provide a wide range of mobile and fixed communications services, including both voice and data services. FCC spectrum licenses typically have a term of 10 years at which time they are subject to renewal. While the FCC has routinely renewed all of Verizon Wireless' licenses, challenges could be raised in the future. If a wireless license was revoked or not renewed, Verizon Wireless would not be permitted to provide services on the spectrum. Some of our licenses require us to comply with so-called "open access" FCC regulations, which generally require licensees of particular spectrum to allow customers to use devices and applications of their choice, subject to certain technical limitations. The FCC has also imposed certain specific mandates on wireless carriers including construction and geographic coverage requirements, technical operating standards, provision of enhanced 911 services, roaming obligations, and requirements for wireless lower and ancillary facilities.

The Communications Act imposes restrictions on foreign ownership of US wireless systems. The FCC has approved the foreign ownership in Verizon that has resulted from the Wireless Transaction. In addition, Verizon Wireless, Verizon and Vodafone entered into an agreement with the federal government that imposes national security and law-enforcement-related obligations on the ways in which Verizon Wireless stores information and otherwise conducts its business.

Intercarrier Compensation and Network Access

The FCC regulates some of the rules that carriers pay each other for the exchange of voice traffic (particularly traditional wireline traffic) over different networks and other aspects of interconnection for some voice services. Verizon makes payments to other providers and in turn receives some payments from other carriers. In 2011, the FCC issued a broad reform order changing, among other things, the framework for many of the per-minute rates that carriers charge each other for the exchange of voice traffic. The new rules gradually reduce many of these rates to zero. This order is subject to pending reconsideration petitions and appeals. The FCC also regulates some of the rules and terms and conditions for certain wireline "special access" and other services and network facilities. Verizon is both a seller and a buyer of these services. For example, on the wireline side, Verizon sells wholesale circuits to other voice and data service providers. On the wireless side, Verizon purchases special access and other services to transport traffic to and from cell towers. In addition, as required by the Act, Verizon unbundles certain wireline network elements and makes these facilities and services available to other network providers.

The Communications Act charges the FCC with ensuring that certain groups and areas have access, including rural and other high-cost areas, low-income subscribers, schools and libraries, rural health-care organizations, and deaf and hard-of-hearing individuals. The FCC established different subsidy and discount programs to achieve these goals. To pay for these programs, the FCC requires contributions from providers such as Verizon based on reported revenues for certain services. Verizon also receives some payments from some of these programs but is not a net payer into them.

State Regulation and Local Regulation

Wireline Services

State public utility commissions regulate Verizon's telephone operations with respect to certain telecommunications intrastate matters. Verizon operates as an "incumbent local exchange carrier" in 14 states. These interstate operations are subject to various levels of pricing flexibility and other state oversight and requirements. Verizon also has other wireline operations that are more lightly regulated. In addition, as a video services operator in many states, Verizon has been required to obtain a cable franchise from local government entities, or in some cases a state-wide franchise, and to comply with certain one-time and ongoing obligations as a result.

Wireless Services

The Communications Act generally preempts regulation by state and local governments of the entry of, or the rates charged by, wireless carriers. The Act does not prohibit states from regulating the other "terms and conditions" of wireless service. For example, some states attempt to regulate wireless customer billing matters and impose reporting requirements. Several states also have laws or regulations that address safety issues (e.g., use of wireless handsets while driving) and taxation matters. In addition, wireless tower and antenna facilities are often subject to state and local zoning and land use regulation, and securing approvals for new or modified lines is often a lengthy and expensive process.

Environmental Matters

During 2003, under a government-approved plan, remediation commenced at the site of a former Sylvania facility in Hicksville, New York that processed nuclear fuel rods in the 1950s and 1960s. Remediation beyond original expectations proved to be necessary and a reassessment of the anticipated remediation costs was conducted. A reassessment of costs related to remediation efforts at several other former facilities was also undertaken. In September 2005, the Army Corps of Engineers (ACE) accepted the Kicks tile site into the Formerly Utilized Sites Remedial Action Program. This may result in the ACE performing some or all of the remediation effort for the Hicksville site with a corresponding decrease in costs to Verizon. To the extent that the ACE assumes responsibility for remedial work at the Hicksville site, an adjustment to the reserve previously established for the remediation may be made. Adjustments to the reserve may also be made based upon actual conditions discovered during the remediation at this or any other site requiring remediation.

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 information concerning our possible or assumed future results of operations. Forward-looking statements also include those preceded or followed by the words "anticipates," "believes," "estimates," "hopes" 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.

The following important factors, along with those discussed elsewhere in this report and in other filings with the Securities and Exchange Commission (SEC), could affect future results and could cause those results to differ materially from those expressed in the forward-looking statements:

- the ability to realize the expected benefits of the Wireless Transaction in the timeframe expected or at all,
- an adverse change in the ratings afforded our debt securities by nationally accredited ratings organizations or adverse conditions in the credit markets affecting the cost, including interest rates, and/or availability of further financing,
- significantly increased levels of indebtedness as a result of the Wireless Transaction,
- changes in tax laws or treaties, or in their interpretation,
- adverse conditions in the U.S. and international economies
- material adverse changes in labor matters, including labor negotiations, and any resulting financial and/or operational impact,
- material changes in technology or technology substitution, disruption of our key suppliers' provisioning of products or services,
- changes in the regulatory environment in which we operate, including any increase in restrictions on our ability to operate our networks,
- breaches of network or information technology security, natural disasters, terrorist attacks or acts of war or significant litigation and any resulting financial impact not covered by insurance, the effects of competition in the markets in which we operate,
- changes in accounting assumptions that regulatory agencies, including the SEC may require or that result from changes in the accounting rules or their application, which could result in an impact on earnings, significant increases in benefit plan costs or lower investment returns on plan assets, and the inability to implement our business strategies.

We, the management of Verizon Communications Inc., are responsible for establishing and maintaining adequate internal control over financial reporting of the company. Management has evaluated internal control over financial reporting of the company using the criteria for effective internal control established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 1992.

Management has assessed the effectiveness of the company's internal control over financial reporting as of December 31, 2013. Based on this assessment, we believe that the internal control over financial reporting of the company is effective as of December 31, 2013. In connection with this assessment, there were no material weaknesses in the company's internal control over financial reporting identified by management.

The company's financial statements included in this Annual Report have been audited by Ernst & Young LLP, independent registered public accounting firm. Ernst & Young LLP has also provided an attestation report on the company's internal control over financial reporting.

/s/ Lowell C. McAdam
Lowell C. McAdam
Chairman and Chief Executive Officer

/s/ Francis J. Shammo
Francis J. Shammo
Executive Vice President and Chief Financial Officer

/s/ Anthony T. Skiadas
Anthony T. Skiadas
Senior Vice President and Controller

To The Board of Directors and Shareowners of Verizon Communications Inc.:

of

We have audited Verizon Communications Inc. and subsidiaries' internal control over financial reporting December 31, 2013, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission in 1992 (the COSO criteria). Verizon's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Report of Management on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company, (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company, and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Verizon maintained, in all material respects, based on the COSO criteria:

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Verizon as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, cash flows and changes in equity for each of the three years in the period ended December 31, 2013, of Verizon and our report dated February 27, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP

Ernst & Young LLP
New York, New York
To The Board of Directors and Shareowners of Verizon Communications Inc.:

We have audited the accompanying consolidated balance sheets of Verizon Communications Inc. and subsidiaries (Verizon) as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, cash flows and changes in equity for each of the three years in the period ended December 31, 2013. These financial statements are the responsibility of Verizon's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Verizon at December 31, 2013 and 2012, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Verizon's internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) and our report dated February 27, 2014 expressed an unqualified opinion thereon.

/s/ Ernst & Young LLP
Ernst & Young LLP
New York, New York

February 27, 2014			
February 27, 2014			
Years Ended December 31,			
Operating Revenues			
Operating Expenses			
Cost of services and sales (exclusive of items shown 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 Interest expense			
Income Before (Provision) Benefit For Income Taxes			
(Provision) Benefit for income taxes Net Income			
Net income attributable to noncontrolling interests Net income attributable to Verizon Net Income			
Basic Earnings Per Common Share Net income attributable to Verizon Weighted-average shares outstanding (in millions)			
Diluted Earnings Per Common Share			
Net income attributable to Verizon			
Weighted-average shares outstanding (in millions)			
46.275 39.951 16.460			
45.875 35.624 16.460			
			(dollars in millions except per share amounts)
88,582	2013	2012	2011
			31,968.142 (2,667)
1,795			
12.5M 444.114			
(2.127)			
44,887 27,089 16,604			
1,226			
10,413 12K5			
1,997			
660			
			13,160 324 11,016 12,571
9.6K2 X75			
29,277 (5,730)			
12,050 \$ 11,497			
4.01 2.866			
4.00 \$ 2.114			
Years 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 postretirement plans Other comprehensive income attributable to Verizon Total comprehensive income (loss) attributable to noncontrolling interest Total Comprehensive Income			
Comprehensive income attributable to noncontrolling interest Comprehensive income attributable to Verizon Total Comprehensive Income			
			(dollars in millions)
	2013	2012	2011
\$ 23,547 \$ 10,557 \$ 10,195			
692 1,841			
7.70-5 2.624			
(119) 30 (7)			
\$ 23,655 \$ 11,513 \$ 10,419			
12,035 11,620			
* 23,655 \$ 11,533 \$ 10,419			

Assets
Current assets
Cash and cash equivalents Short-term investments
Accounts receivable, net of allowances of \$45.4 million

Prepaid expenses and other Total cument asseis	
Plant, property and equipment	Less accumulated dcprocialio
Investments in unconsolidated businesses	
Wireless licenses	
Goodwill	
Other intangible assets, ncl Other assets Tolaj assets	
Liabilities and Equity Current liabilities	
Debt maiming within one year	
Accounts payable and accrued liabilities	
Othei	
Total cument liabilities	
Long-icnn debl Employee benefil obligations Deferred income laxcs Othei liabilities	
Equity	
Sones preferred stock (\$ 10 par value, none issued)	
Common stock (\$ 10 par value, 2 *67,610 1 19 shaies issued in both penods) Contrhuted capital	
Reinvested earnings (Accumulated deficit) Accumulated other comprehensive income Common stock in treasury, at cost	
Deferied compensator. - employee stock ovvueiship plans and other	
Nuucontrolling vclicicrt-Total equity	
Total liabilities and equity	
53. 528 *01	
12, 439 1, 020 3, 406	
70, 994	
220,865 131,909	
68,956	
3,432 75,747 24,634 5,800 4,53f	
274,098	
3,933 16,45,1 6,664	
89,658 27,682 28,639 5,653	
297 37,939 1,782 2,35* (3,961)	
36,580	421
3. 003 470 12, 576 1. 075 4. 021	
21. 235	
20s>-.575 120.911	
8K,642	
1,401 77,744 24 139 5,933 4 12K	
225,2	
4,369 16,1K2 6,405	
47,61H 34,346 24,677 6,092	
	297 3 7,9 *0 (3,7341 2,235 (4,071)
440	
2,376	
Cash Flows from Operating Activities Net Income	
Adjustments to reconcile net income to net cash provided by operating at l>-cperiation and amortization expense Employee retirement benefits Deferred income laxcs Provision for uncollectible accounts	
Equity in earnings of unconsolidated businesses, net of div idends n Changes in cument asseis and liabilities net l>t effects llim acquisition/disposition ul businesses	
Accounts receivable	
Inveniones	
Other assets	
Accounts payable and accrued liabilities Othei. net	
Net cash provided by operating activ ities	
Cash Flows from Investing Activities	
Capital expenditures (including capitalized so lt vv-arc)	
Acquisitions ofmv estments and businesses net of cash acquired	
Acquisitions of wireless licenses	
Proceeds from dispositions of wireless licenses	
Net change in shnn4cim investments	
Other, ncl	
Net cash used in investing activities	
Cash Flows from Financing Activities Proceeds from long-term borrowings	
Repayments of long-icnn bonowings and capital lease obligations Decrease in short-term obligations excluding curvilit maturities Dividends paid	
Proceeds from sale ofcommon stock Purchase ofcommon stock fur treasury Special disinbulion to noncnlmlimp interesi Othei, nei	
Net cash provided by (used in) financing ncm itics Increase (decrease) in cash and cash equivalents Cash and cash equivalents, hoginning of period Cash and cash equivalents, end of period	
	Sec Notes to Consolidated Finan
16,606	(5,052) 5,785 993 (102)

			(143) 925 (2,954)
			(16,604) H94) (580) 2,111 63 671
49,166 (8.163) (142) (5,936) 85 <u>(153) (3,150) (SJS7)</u>			
50,435 3,093			
1 P>4cn R.198 (952)			
3 1.4So			fl.717) (136) 306 1.144 (3 423)
			(16 175) (913) (4.29Si
4,48** (6.4031 (l 437) (5.230.) 315 <u>(8.325) (4 662)</u> <u>110 269) l3,312</u>			
			16.496 7,426 1221) 1.026 36
<u>S6 (1.607) (2.900)</u>			
			(16.244) (1.797) 1221)
			11.060 (l 1.K05) l.92K (5.555) 241
6.694 0.6 6ft			
See Notes to Consolidated Financial Statements (dollars in millions, except per share am			
<u>Descriptionof Business and Summary of Significant Accounting Policies</u>			
Common Stock			
Balance al beginning of year Balance at end ofycar			
Contributed Capital Balance at beginning of year Other			
Balance at end ofycar			
Reinvested Earnings (Accumulated Deficit)			
Balance ut beginning of year Nei income allnbulable to Yen/on Dm idends declared (\$2 09. \$2 03. SI 975) pei share			
Balance ai end ofycar			
Accumulated Other Comprehensive Income			
Balance at beginning of year attributable to Venzon			
Foreign currency translation adjustment* Unrealized gains (losses) on cash flow hedges Unrealized gams (losses) on marl cubic sceuntu IX-fined benefit pension and postrelicrmenl plar Other comprehensive income Balance al end of yeai attributable to Verizon			
Treasury Stock			
Balance ai beginning ofycar Shares purchased Employee plans (Note 15) Shareowner plans (Note 15) Balance at end nl yeai			
Deferred Compeniabon-ESOPi and Other			
Balance ai beginning of year Kesincicd stock equity grant Amortization Balance ni end of year			
Noncontrolling Interest*			
Balance at beginning nfyenr Nei income attrbuiaible to noncontrolling intciests			
Other comprehensive income (loss) Total comprehensive income Disinbutions and other Balance at end of y cai			
297 2.967.610			
2,967,610 S 297 2,967,610 S 297 2,967,610			
			37
4,36K 2,404 1.179 R75			
			37,990 (51)
(3,734) 11,497			

There were a total of approximately 8 million 9 million and 6 million stock options and restricted stock units outstanding included in the computation of diluted earnings per common share for the years ended December 31, 2013, 2012 and 2011, respectively. 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 non-dilutive for the period, were not significant for the years ended December 31, 2013 and 2012, respectively, and included approximately 19 million weighted-average shares for the year ended December 31, 2011.

As of December 31, 2013, we were authorized to issue up to 4.25 billion and 250 million shares of common stock and Series Preferred Stock, respectively. On January 24, 2014, at a special meeting of our shareholders, we received shareholder approval to increase our authorized shares of common stock by 2 billion shares to an aggregate of 6.25 billion authorized shares of common stock. On February 4, 2014, this authorization became effective.

Cash and Cash Equivalents

We consider all highly liquid investments with a maturity of 90 days or less when purchased to be cash equivalents. Cash equivalents are stated at cost, which approximates quoted market value and include amounts held in money market funds.

Marketable Securities

We have investments in marketable securities, which are considered "available-for-sale" under the provisions of the accounting standard for certain debt and equity securities, and are included in the accompanying consolidated balance sheets in Short-term investments. Investments in unconsolidated businesses 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. Our evaluation includes, in addition to persistent declines in stock prices, general economic and company-specific evaluations. In the event of a determination that a decline in market value is other-than-temporary, a charge to earnings is recorded for the loss, and a new cost basis in the investment is established.

Inventory consists of wireless and wireline equipment held for sale, which is carried at the lower of cost (determined principally on either a weighted 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 average 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 2011, 2012 and 2011. In connection with our ongoing review of the estimated remaining average 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, sortware maintenance and training costs are expensed in the period in which they are incurred. Also, we capitalize interest associated with the development of internal-use network and non-network software. Capitalized non-fee-based 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 indications of 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 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 term, generally ten years, 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 our wireless licenses each year to determine whether events and circumstances continue to support an indefinite useful life.

We test our wireless licenses for potential impairment annually. In 2013, we performed a qualitative assessment to determine whether it is more likely than not that the fair value of our wireless licenses was less than the carrying amount. As part of our assessment, we considered several qualitative factors including the business enterprise value of wireless, macroeconomic conditions (including changes in interest rates and discount 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.

Interest expense incurred while qualifying assets are being developed 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 Not Subject to Amortization

Our intangible assets that do not have indefinite lives (primarily customer lists and non-network internal-use software) are amortized over their estimated useful lives. All of our intangible assets subject to amortization and long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If any indications were present, we would test for recoverability by comparing the carrying amount of the asset group to the net undiscounted cash flows expected to be generated from the asset group. If those net undiscounted cash flows do not exceed the carrying amount, we would perform the next step, which is to determine the fair value of the asset and record an impairment, if any. We evaluate the useful life determinations for these intangible assets each year to determine whether events and circumstances warrant a revision to their remaining useful lives.

For information related to major components and assets:

Carrying amount of goodwill by segment, wire useful lives of other acquired intangible.

Fair Value Measurements

Fair value of financial and non-financial assets and liabilities is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The three-tier hierarchy for inputs used in measuring fair value which prioritizes the inputs used in the methodologies of measuring fair value into three categories and liabilities is as follows:

- Level 1-Quoted prices in active markets for identical assets or liabilities
- Level 2-Observable inputs other than quoted prices in active markets for identical assets and liabilities
- Level 3-Non-observable pricing inputs in the market

Financial assets and financial liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurements. Our assessment of the significance of a particular input to the fair value measurements requires judgment, and may affect the valuation of the assets and liabilities being measured and then placement within the fair value hierarchy.

Income Taxes

Our effective tax rate is based on pre-tax income, statutory tax rates, tax laws and regulations and tax planning strategies available to us in the various jurisdictions in which we operate.

Deferred income taxes are provided for temporary differences in the bases between financial statement and income tax assets and liabilities. Deferred income taxes are recalculated annually at tax rates then in effect. We record valuation allowances to reduce our deferred tax assets to the amount that is more likely than not to be realized.

We use a two-step approach for recognizing and measuring tax benefits taken or expected to be taken in a 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 position will be examined by 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 recognize 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 protected 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 (or 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 sheets. 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 post-retirement health care and life insurance benefits earned during the year as well as interest on projected benefit obligations are accrued currently. Prior 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. Actual 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 remeasurement event. Verizon non-union employees no longer earn pension benefits or earn service towards the company retiree medical subsidy (see Note 11).

We recognize a pension or a post-retirement plan's funded status as either an asset or liability on the consolidated balance sheets. Also, 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 fair values of derivative instruments not qualifying as hedges or any ineffective portion of hedges are recognized in earnings in the current period. Changes in the fair values 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.

Recently Adopted Accounting Standards

During the first quarter of 2013, we adopted the accounting standard update 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 reclassifications 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.

Recent Accounting Standards

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 a net jurisdictional deferred tax asset 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 first 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 (the Stock Purchase Agreement) with Vodafone Group Plc (Vodafone) and Vodafone 4 Limited (Seller), pursuant to which Verizon agreed to acquire Vodafone's indirect 45% interest in Celco Partnership d/b/a Verizon Wireless (the Partnership, and such interest, the Vodafone Interest) for aggregate consideration of approximately \$1.30 billion.

On February 21, 2014, pursuant to the terms and subject to the conditions set forth in the Stock Purchase Agreement, Verizon acquired (the Wireless Transaction) from Seller all of the issued and outstanding capital stock (the Trail Interest Shares) of Vodafone America Finance I Inc., a subsidiary of Seller (VFI Inc.), which indirectly through certain subsidiaries (together with VFI Inc., the Purchased Entities) owned the Vodafone Interest in consideration for the Transferred Shares upon completion of the Wireless Transaction. Verizon (i) paid approximately \$5.4 billion in cash, (ii) issued approximately \$6.0 billion of Verizon's common stock, par value \$0.10 per share (the Stock Consideration), (iii) issued senior unsecured Verizon notes in an aggregate principal amount of \$5.0 billion (the Verizon Notes), (iv) sold Verizon's indirectly owned 23.1% interest in Vodafone Omnicell N.V. (Omnicell, and such interest, the Omnicell Interest), valued at \$3.5 billion and (v) provided other consideration of approximately \$2.5 billion. As a result of the Wireless Transaction, Verizon issued approximately 1.27 billion shares. The total cash paid to Vodafone and the other costs of the Wireless Transaction, including financing, legal and bank fees, were financed through the incurrence of third-party indebtedness. See Note H for additional information.

In accordance with the accounting standard on consolidation, a change in a parent's ownership interest while the parent retains a controlling financial interest in its subsidiary is accounted for as an equity transaction and remeasurement of assets and liabilities of previously controlled and consolidated subsidiaries is not permitted. As a result, we will account for the Wireless Transaction by adjusting the carrying amount of the noncontrolling interest to reflect the change in Verizon's ownership interest in Verizon Wireless. Any difference between the fair value of the consideration paid and the amount by which the noncontrolling interest is adjusted will be recognized in equity attributable to Verizon.

Omnicell Transitions

On February 21, 2014, Verizon and Vodafone also implemented the sale of the Omnicell Interest (the Omnicell Transaction) by a subsidiary of Verizon to a subsidiary of Vodafone in connection with the Wireless Transaction pursuant to a separate share purchase agreement. We will recognize a gain on the disposal of the Omnicell interest in the first quarter of 2014.

Petizon Soles

the Verizon Notes were issued pursuant to Verizon's existing indenture. The Verizon Notes were issued in two separate series, with \$2.5 billion due February 21, 2025 and \$2.5 billion due February 21, 2025. The Verizon Notes bear interest at a floating rate, which will be reset quarterly, with interest payable quarterly in arrears, beginning May 21, 2014. The eight-year Verizon notes bear interest at a floating rate equal to three-month LIBOR, plus 1.22%, and the eleven-year Verizon notes bear interest at a floating rate equal to three-month LIBOR, plus 1.372%. The indenture that governs the Verizon Notes contains certain negative covenants, including a negative pledge covenant and a merger or similar transaction covenant, affirmative covenants and events of default that are customary for companies maintaining an investment grade credit rating. An event of default for either series of the Verizon Notes may result in acceleration of the principal amount of all debt securities of that series. Beginning two years after the closing of the Wireless transaction, Verizon may prepay any amount of the outstanding Verizon Notes held by Vodafone at any of its affiliates for the redemption price of 100% of the principal amount plus accrued and unpaid interest. The Verizon Notes may only be transferred by Vodafone to third parties in specified amounts during specified periods, commencing January 1, 2017. The Verizon Notes held by third parties will not be redeemable. Verizon has agreed to file a registration statement with respect to the Verizon Notes at least three months prior to the Verizon Notes becoming transferable.

Othfi Coii/idmHuw

Included	in	the	other	consideration	paid	to	Vodafone	by	the	indirect	assumption	of	long-term	obligations	with	respect	to	5	143%	Class	D	and	Class	E
cumulative		preferred	stock	(Preferred)	(Stock)	mandatorily	issued	redeemable	one	of the	Purchased	at	Both	per	Class	D	(\$25,000)	accrued	shares	and	outstanding)	unpaid	dividends	Dividends
accrue	at	5	141%	per annum	and	will	be	treated	as	in interest	Both	the	Class	D	and	Class	h	shares	be	classified	as	liability	instruments	and

Fio l'orma Infill malum

[illegible]

The would have actually been obtained ifthe Wireless Transaction had occurred as of January 1, 2012. do noi puipon lo be indicative of lhe results that

The following unaudited pro forma consolidated results of operations assume that the Wireless Transaction was completed as of January 1, 2012:

		(dollars in millions)
<u>Years ended December 31,</u>		<u>2013</u> <u>2012</u>
Net income attributable to Verizon	\$ 17,058	\$ 4,449

Spectrum License Transactions

Since 2012 we have entered into several strategic spectrum transactions including

[illegible]

- 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. 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, 2011. Upon completion of the transaction, we expect to record an immaterial gain.

* Subsequent to the transaction with T-Mobile USA in the fourth quarter of 2013, on January 0, 2014 we announced two agreements with 1-Mobile USA » nb 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

Other

During 2011, we acquired various other wireless licenses and markets for cash consideration that was not significant. Additionally, we obtained control of previously unconsolidated wireless partnerships, which were previously accounted for under the equity method and are now consolidated which resulted in an immaterial gain. We recorded \$0.2 billion of goodwill as a result of these transactions.

During 2012, we acquired various other wireless licenses and markets for cash consideration that was not significant and recorded \$0.2 billion of goodwill as a result of these transactions.

Wireline

HUGHES Telematics, Inc.

During July 2012, we acquired HUGHES Telematics, Inc. (HGHGF.S Telematics) for approximately \$12 per share in cash for a total acquisition price of \$6 billion. As a result of the transaction, HUGHES Telematics became a wholly-owned subsidiary of Verizon. The consolidated financial statements include the results of HUGHES Telematics' operations from the date the acquisition closed. We recorded approximately \$6 billion of goodwill, \$0.1 billion of other intangibles, and assumed the debt obligations of HUGHES Telematics, which were approximately \$0.1 billion as of the date of acquisition and which were repaid by Verizon. Had this acquisition been completed on January 1, 2012 or 2011, the results of the acquired operations of HUGHES Telematics would not have had a significant impact on the consolidated net income attributable to Verizon. The acquisition has accelerated our ability to bring more telecommunications offerings to market for existing and new customers.

The acquisition of HUGHES Telematics was accounted for as a business combination under the acquisition method. The cost of the acquisition was allocated to the assets and liabilities acquired based on their fair values as of the close of the acquisition, with the excess amount being recorded as goodwill.

Terremark Worldwide, Inc.

During April 2011, we acquired Terremark Worldwide, Inc. (Terremark), a global provider of information technology infrastructure and cloud services, for \$11 per share in cash. Closing and other direct acquisition-related costs totaled approximately \$13 million after-tax. The acquisition was completed via a tender offer followed by a "short-form" merger under Delaware law through which Terremark became a wholly-owned subsidiary of Veeva. The acquisition enhanced Veeva's offerings to business and government customers globally.

The consolidated financial statements include the results of Tenet's operations from the date the acquisition closed. Had this acquisition been consummated on January 1, 2011, the results of Tenet's acquired operations would not have had a significant impact on the consolidated net income attributable to Venzon. The debt obligations of Terremark that were outstanding at the time of its acquisition by Venzon were repaid during May 2011.

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

cloud 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.

Other

On July 21, 2014, Verizon announced its agreement to acquire a business dedicated to the development of cloud television products and services for cash consideration that was not significant. The transaction, which was completed in February 2014, is expected to accelerate the availability of next-generation video services.

Other Intangible Assets

The following table displays the composition of Other intangible assets:

Wireless Licenses, Goodwill and Other Intangible Assets

Wireless Licenses
(dollars in millions)

73,250 4,544 205 1,255

Change in the carrying amount of Wireless licenses as follows:

Balance at January 1, 2012

Acquisitions (Note 2)

77,744 579

(2,311) 56* <TM1

Capitalized interest on wireless licenses

Reclassifications, adjustments and other Balance at December 31, 2012

Acquisitions (Note 2)

Disposition (Note 2)

75,747

Capitalized interest on wireless licenses

Reclassifications, adjustments and other Balance at December 31, 2013

Reclassifications, adjustments and other includes \$0.9 billion of Wireless licenses that are in Prepaid expenses and other on our consolidated balance sheet at December 31, 2011. See Note 1 for additional details.

At December 31, 2013 and 2012, approximately \$7.7 billion and \$7.3 billion, respectively, of wireless licenses were under development for commercial service for which we were capitalizing interest costs.

The average remaining renewal period of our wireless license portfolio was 5.1 years as of December 31, 2011. See Note 1 for additional details.

Goodwill

Changes in the carrying amount of Goodwill are as follows:

Balance at January 1, 2012

\$ 18,172 \$ 5,967 \$ 24,139

\$ 18,371 \$ 6,258 \$ 24,629

Acquisitions (Note 2)

Reclassifications, adjustments and other Balance at December 31, 2012

Acquisitions (Note 2) Balance at December 31, 2013

The increase in Goodwill at Wireless at December 31, 2013 was primarily due to obtaining control of previously unconsolidated wireless partnerships, which were previously accounted for under the equity method and are now consolidated. This resulted in an immaterial gain recorded during the year ended December 31, 2011. The increase in Goodwill was primarily due to the acquisition of a provider of content delivery.

\$ 3,639 11,770

\$ 3,556 10,415

979 4,453 368

(2,660) (7,317) <TM3

\$ (2,318) \$ 1,218 (6,210) 4,205 (292) 510

At December 31:

Customer lists (5 to 13 years)

Non-competitive internal-use software (3 to 7 years)

Other (2 to 25 years)

Total

\$ 16,100 \$ (10,300) \$ 5,800 \$ 14,773 \$ (8,440) \$ 5,933

2011

2012 2011

Fiscal Year

The amortization expense for Other intangible assets was as follows:

(dollars in millions)

1,587

1,540 1,505

The amortization expense for Other intangible assets is as follows:

1,440 1,215

2014 2015 2016 2017 2018

Plant, Property and Equipment

(dollars in millions)

2012

The following table displays the details of Plant, property and equipment which are:

\$ 819 23,857 121,594 55,240 5,877 4,176 9,302

\$ 859 22,909 111,262 53,761 5,404 4,126 9,254

nil

15-45 3-15 11-50 5-20

3-20

At December 31:

Land

Buildings and equipment

Central office and other network equipment

Cable, poles and conduit

Leasehold improvements

220,865 131,909

200,575 120,033

Work in progress

Furniture, vehicles and other

Less accumulated depreciation Total

Investments in Unconsolidated Businesses

Our investments in unconsolidated businesses are comprised of the following

23 1V. \arious
At December 31,
Equity Investee Vodafone Omnitel Othei
S 3,412 S 401
Total equity investee

S 2,511 S 2,200 818 1,106

Cost Investee Total investments in
unconsolidated businesses

Dividends and repatriations of foreign earnings received from these investees were not significant in 2013. SO 4 billion in 2012 and SO 5 billion in 2011 See Note 12 regarding undistributed earnings of our foreign subsidiaries

Equity Method Investments

IoJu/mie Omnitel

Vodafone Omnitel N V (Vodafone Omnitel) is one of the largest wireless communications companies in Italy At December 11, 2011 and 2012, our investment in Vodafone Omnitel included goodwill of \$1.1 billion and \$1.0 billion, respectively As part of the consideration of the Wireless Transaction a subsidiary of Verizon held its entire ownership interest in Vodafone Omnitel to a subsidiary of Vodafone on February 21, 2014 See Note 2 for additional information

Other Equity Investments

The remaining investments include wireless partnerships in the U.S., limited partnership investments in entities that invest in affordable housing projects and other smaller domestic and international investments

Summarized Financial Information

Summarized financial information for our equity investees is as follows

S 51,492,884
% 55,465,115

At December 31

Verizon Wireless Wireless partnerships

\$6,180 \$ 52,176

Our Wireless segment is primarily comprised of Celco Partnership doing business as Verizon Wireless (Verizon Wireless) Celco Partnership is a joint venture formed in April 2000 by the combination of the U.S. wireless operations and interests of Verizon and Vodafone As of December 31, 2013, Verizon owned a controlling 55% interest in Verizon Wireless and Vodafone owned the remaining 45% On February 21, 2014, Verizon completed the Wireless Transaction and acquired 100% ownership of Verizon Wireless See Note 2 for additional information

Special Distributions

In May 2013, the Board of Representatives of Verizon Wireless declared a distribution to its owners, which was paid in the second quarter of 2011 in proportion to their partnership interests on the payment date, in the aggregate amount of \$7.0 billion As a result, Vodafone received a cash payment of \$3.15 billion and the remainder of the distribution was received by Verizon

In November 2012, the Board of Representatives of Verizon Wireless declared a distribution to its owners which was paid in the fourth quarter of 2012 in proportion to their partnership interests on the payment date, in the aggregate amount of \$8.5 billion As a result, Vodafone received a cash payment of \$3.8 billion and the remainder of the distribution was received by Verizon

In July 2011, the Board of Representatives of Verizon Wireless declared a distribution to its owners, which was paid in the first quarter of 2012 in proportion to their partnership interests on the payment date in the aggregate amount of \$10 billion As a result, Vodafone received a cash payment of \$4.5 billion and the remainder of the distribution was received by Verizon

Leasing Arrangements

At December 31,

Current assets Noncurrent assets Total assets

Current liabilities Noncurrent liabilities Equity

Liabilities and equity Income Statement

Years Ended December 31,

Net revenue Operating income Net income

\$ 8,984,163,925

(dollars in 2013)
S 3,981 S 3,516

S 11,731 S 11,675

S 4,692 S 5,526

7,748 8,159

5 5

S 11,731 S 11,675
S 12,668 4,021 2,451

7,034 6,144

(dollars in millions) 2012 2011
S 10,825 2,823 1,679
As Lessor

We are the lessor in leveraged and direct financing lease agreements for commercial aircraft and power generating facilities which are primarily for leasing portfolio along with telecommunications equipment, commercial real estate property and other equipment These leases have remaining terms of up to 37 years as of December 31, 2013 In addition, we lease space on certain of our cell towers to other wireless carriers Minimum lease payments receivable represent unpaid rentals, less principal and interest on third-party nonrecourse debt relating to leveraged lease transactions Since we have no general liability for this debt, which is secured by a senior security interest in the leased equipment and rentals, the related principal and interest have been offset against the minimum lease payments receivable in accordance with US GAAP All recourse debt is reflected in our consolidated balance sheets

At each reporting period, we monitor the credit quality of the various lessees in our portfolios Regarding the leveraged lease portfolio, external credit reports are used where available and where not available we use internally developed indicators These indicators or internal credit risk grades factor historical loss experience, the value of the underlying collateral, delinquency trends, and industry and general economic conditions The credit quality of our lessees varies from AAA to CCC- For each reporting period the leveraged leases within the portfolio are reviewed for indicators of impairment where it is probable the rent due according to the contractual terms of the lease will not be collected All significant accounts, individually or in the aggregate, are current and none are classified as impaired

Lease receivables, which are comprised of the following
(dollars in millions)

Direct
Leveraged Finance Leases Leases

cluded in Prepaid expenses and other and Other assets,
 At December 31,
 1,005,785
 929,166 1,576
 (99) 1,477 22 1,455 1,477

Leveraged Leases

1,069.7 «0

1,277 (99)
 Minimum lease payments | Estimated residual value | Unearned income Total
 Prepaid Other

S

1,182
 Allowance for doubtful accounts Finance lease receivables, |
 expense sets

mied to \$1.0 billion

Accumulated deferred taxes arising from leveraged leases, which are included in Deferred income taxes, at December 31, 2011 and \$1.2 billion at December 31, 2012
 Years Ended December 31.

The following table is a summary of the components of income from leveraged leases

	(dollars in millions) 2013	2012	2011
Pre-tax income	\$ 34	\$ 30	\$ 61
Income tax expense	12	12	24

The future minimum lease payments to be received from noncancelable capital leases (direct financing and leveraged leases) net of nonrecourse loan payments related to leveraged leases and allowances for doubtful accounts, along with expected receipts relating to operating leases for the period shown at December 31, 2013, are as follows

Amortization of capital leases is included in Depreciation and amortization expense in the Capital lease amounts included in Plant, property and equipment are as follows

At December 31
 Capital leases Less accumulated a

The aggregate minimum rental commitments under noncancelable lease obligations

Capital Lease*

2014 2015 2016 2017 2018
 Total minimum rental commitments
 Less interest and executory costs
 Present value of minimum lease payments
 Less current installments
 Long-term obligation at December 31, 2013

Changes to debt during 2013 are as follows
 Use certain facilities and equipment for operating leases amounted to \$2.6 billion

operations under \$2.5 billion

both capital and operating lease: 2012 and 2011, respectively

(dollars in millions) Capital Operating Leases Leases
 47,618 49,166
 (4,220)

(1,328) 422
 S 51,987 49,166 (8,163) (142)

743
 (3,943) (142) 3,128

Balance at January 1, 2013

Proceeds from long-term borrowings
 Repayments of long-term borrowings and capital leases obligation
 Debt issued in short-term obligations, excluding current maturities
 Reclassifications of long-term debt
 Other

Balance at December 31, 2013
 (dollars in 2013)

S 3,869,500
 S 3,486,447

Debt maturing within one year is
 At December 31
 S 1,933 S 4,169
 Long-term debt maturing within one year
 Commercial paper and other
 Total debt maturing within one year

The weighted-average interest rate for debt respectively
 Interest rate on outstanding was 0.2% and 0.4% at December 31, 2013 and 2012

the paper containing the C-Edit Agreement of 2013 and 2014.

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 2011, we entered into a \$2.0 billion 164-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, affirmative covenants and events of default. It also customary for companies maintaining an investment grade credit rating. In addition, this agreement requires us to maintain a leverage ratio (as defined in the agreement) not in excess of 3.50:1.00, until our credit ratings reach a certain level.

Long-Term Debt

(dollars 2013)

Interest Rates *

Maturities

2012

2014-2042 \$ 20,416 \$ 11.19K

0.50-3.85 4.50-5.50 5.55-6.90 7.35-8.95 Floating

1.50 - 8.11 6.80 - 7.88 5.13-6.86 7.38-7.88 8.00-8.75

Outstanding long-term debt obligations are as follows:

2015 2041

2016 2043

2018 2039

2014 2018

2015 2018

2016 2032 2027 -2033 2022-2032

2019-2031

7,062 11,031 5,017 1,000

8,635 1,500 2,045 1,349 880

1,700

At December 31,

31,965 5,023 5,500

3,931 1,300 1,075 1,099 880

is notes payable and other

Venzon Wireless-notes payable and other Venzon Wireless-Alltel assumed notes Telephone subsidiaries-debentures

Other subsidiaries-debentures and other

Capital lease obligations (average rate of \$

293 (264)

93,144 3,486

51,487 3,869

2011 and 2012, respectively) Unamortized discount, net of premium Total long-term debt, including current maturities Less long-term debt maturing within one year Total long-term debt

\$ 89,658 \$ 47,614

During March 2013, we issued \$0.5 billion aggregate principal amount of floating rate Notes due 2015 in a private placement resulting in cash proceeds of approximately \$0.5 billion, net of discounts and issuance costs. The proceeds were used for the repayment of commercial paper.

During April 2013, \$1.25 billion of 5.25% Venzon Communications Notes matured and were repaid. In addition, during June 2013, \$0.5 billion of 4.375% Venzon Communications Notes matured and were repaid.

g table

During September 2013, in connection with the Wireless Transaction, we issued \$4.9 billion aggregate principal amount of fixed and floating rate notes resulting in cash proceeds of approximately \$4.7 billion, net of discounts and issuance costs. The issuances consisted of the following: \$2.25 billion aggregate principal amount of floating rate Notes due 2016 that bear interest at a rate equal to three-month LIBOR plus 1.53% which rate will be reset quarterly; \$1.75 billion aggregate principal amount of floating rate Notes due 2018 that bear interest at a rate equal to three-month LIBOR plus 1.75% which rate will be reset quarterly; \$4.25 billion aggregate principal amount of 2.50% Notes due 2016; \$4.75 billion aggregate principal amount of 3.65% Notes due 2018; \$4.0 billion aggregate principal amount of 5.0% Notes due 2020; \$1.0 billion aggregate principal amount of 5.15% Notes due 2021; \$6.0 billion aggregate principal amount of 6.40% Notes due 2011 and \$1.0 billion aggregate principal amount of 6.55% Notes due 2043 (collectively, the new notes). The proceeds of the new notes were used to finance, in part, the Wireless Transaction and to pay related fees and expenses. As a result of the issuance of the new notes, we incurred interest expense related to the Wireless Transaction of \$0.7 billion during 2013.

In addition, during 2013 we utilized \$0.2 billion under lived r.

iv

During February 2014, we issued \$1.75 billion aggregate principal amount of 2.375% Notes due 2022, \$1.25 billion aggregate principal amount of 3.25% Notes due 2026 and \$0.85 billion aggregate principal amount of 4.75% Notes due 2034. The issuance of these Notes resulted in cash proceeds of approximately \$5.4 billion, net of discounts and issuance costs. The net proceeds were used, in part, to finance the Wireless Transaction. Any net proceeds not used to finance the Wireless Transaction will be used for general corporate purposes. Also, during February 2014, we issued \$0.5 billion aggregate principal amount of 5.9% Retail Notes due 2054 resulting in cash proceeds of approximately \$0.5 billion, net of discounts and issuance costs. The proceeds will be used for general corporate purposes.

i Suits

During February 2014, in connection with the Wireless Transaction, we issued \$5.0 billion aggregate principal amount of floating rate notes. The Venzon Notes were issued in two separate series, with \$2.5 billion due February 21, 2022 and \$2.5 billion due February 21, 2025. The Venzon Notes bear interest at a floating rate, which will be reset quarterly with interest payable quarterly in arrears, beginning May 21, 2014 (see Note 2). The eight-year Venzon notes bear interest at a floating rate equal to three-month LIBOR, plus 1.222%, and the eleven-year Venzon notes bear interest at a floating rate equal to three-month LIBOR, plus 1.372%.

Term Loan Agreement

During October 2013, we entered into a term loan agreement with a group of major financial institutions pursuant to which we drew \$6.6 billion to finance, in part, the Wireless Transaction and to pay transaction costs. All of our loans under the term loan agreement have a maturity of three years and the other half have a maturity of five years (the 5-Year Loans). The 5-Year Loans provide for the partial amortization of principal during the first two years that they are outstanding. Loans under the term loan agreement bear interest on floating rates. The term loan agreement contains certain negative covenants including a negative pledge covenant, a merger or similar transaction covenant, an accounting changes covenant, affirmative covenants and events of default that are customary for companies maintaining an investment grade credit rating. In addition, the term loan agreement requires us to maintain a leverage ratio (as defined in the term loan agreement) not in excess of 3.50:1.00, until our credit ratings.

Bridge Credit Agreement

During September 2013, we entered into a \$61.0 billion bridge credit agreement with a group of major financial institutions. The credit agreement provided us with the ability to borrow up to \$61.0 billion to finance, in part, the Wireless Transaction and to pay related transaction costs. Following the September 2013 issuance of notes, borrowing availability under the bridge credit agreement was reduced to \$12.0 billion. Following the effectiveness of the term loan agreement in October 2013, the bridge credit agreement was terminated in accordance with its terms and as such, the related fees of \$0.2 billion were recognized in Other income and (expense), net during the fourth quarter of 2013.

2012

On November 2, 2012, we announced the commencement of a tender offer (the Tender Offer) to purchase for cash any and all of the outstanding \$1.25 billion aggregate principal amount of 9.95% Venzon Communications Notes due 2011. In the Tender Offer that was completed November 9, 2012, \$0.9 billion aggregate principal amount of the notes was purchased at a price of 186.5% of the principal amount of the notes (see "Early Debt Redemption and Other Costs"). \$0.75 billion of 4.35% Notes due February 2013 in a redemption price of 100.7% of the principal amount of the notes and certain telephone subsidiary debt (see Telephone and Other Subsidiary Debt"), as well as for the Tender Offer and other general corporate purposes. Any accrued and unpaid interest was paid to the date of redemption.

During November 2012, we issued \$4.5 billion aggregate principal amount of fixed rate notes resulting in cash proceeds of approximately \$4.7 billion net of discounts and issuance costs. The issuances consisted of the following: \$1.0 billion of 0.70% Notes due 2015; \$0.5 billion of 1.10% Notes due 2017; \$1.75 billion of 2.45% Notes due 2022 and \$1.25 billion of 3.85% Notes due 2042. During December 2012, the net proceeds were used to redeem \$0.1 billion of the \$2.0 billion of 8.75% Notes due November 2018 at a redemption price of 140.2% of the principal amount of the notes (see "Early Debt Redemption and Other Costs"). \$0.75 billion of 4.35% Notes due February 2013 in a redemption price of 100.7% of the principal amount of the notes and certain telephone subsidiary debt (see Telephone and Other Subsidiary Debt"), as well as for the Tender Offer and other general corporate purposes. Any accrued and unpaid interest was paid to the date of redemption.

In addition, during 2012 we utilized \$0.2 billion underlined telecommunications financing facilities Venzon Wireless - Notes Payable and Other

Venzon Wireless Capital LLC, a wholly-owned subsidiary of Venzon Wireless, is a limited liability company formed under the laws of Delaware on December 7, 2001 as a special purpose finance subsidiary to facilitate the offering of debt securities of Verizon Wireless by acting as co-issuer. Other than the financing activities as a co-issuer of Venzon Wireless indebtedness, Venzon Wireless Capital LLC has no material assets, operations or revenues. Venzon Wireless is jointly and severally obligated with Venzon Wireless Capital LLC for co-issued notes.

2013

During November 2013, \$1.25 billion of 7.375% Verizon Wireless Notes and \$0.2 billion of 6.50% Verizon Wireless Notes matured and were repaid. Also during November 2011, Verizon Wireless redeemed \$3.5 billion of 5.55% Notes, due February 1, 2014 at a redemption price of 101% of the principal amount of the notes. Any accrued and unpaid interest was paid to the date of redemption.

2012

During February 2012, \$0.8 billion of 5.25% Verizon Wireless Notes matured and were repaid. During July 2012, \$0.8 billion of 7.0% Verizon Wireless Notes matured and were repaid.

Telephone and Other Subsidiary Debt

2013

During May 2013, \$0.1 billion of 7.0% Verizon New York Inc. Debentures matured and were repaid. During June 2013, \$0.1 billion of 7.0% Verizon New York Inc. Debentures matured and were repaid. In addition, during June 2013, we redeemed \$0.25 billion of 7.15% Verizon Maryland LLC Debentures, due May 2021 at a redemption price of 100% of the principal amount of the debentures. During October 2013, \$0.3 billion of 4.75% Verizon New England Inc. Debentures matured and were repaid. During November 2013, we redeemed \$0.3 billion of (i) 7.0% Verizon New York Inc. Debentures, due November 2023 at a redemption price of 100% of the principal amount of the debentures. During December 2013, we redeemed \$0.2 billion of 7.0% Verizon New York Inc. Debentures, due December 2033 at a redemption price of 100% of the principal amount of the debentures and \$20 million of 7.0% Verizon Delaware LLC Debentures, due December 2021 at a redemption price of 100% of the principal amount of the debentures. Any accrued and unpaid interest was paid to the date of redemption.

2012

During January 2012, \$1.0 billion of 5.875% Verizon New Jersey Inc. Debentures matured and were repaid. During December 2012, we redeemed the \$1.1 billion of 4.62% Verizon Virginia LLC Debentures, Series A, due March 2011 at a redemption price of 101.1% of the principal amount of the debentures. Any accrued and unpaid interest was paid to the date of redemption.

In addition, during 2012, various Telephone and Other Subsidiary Debentures totaling approximately \$0.2 billion were repaid and any accrued and unpaid interest was paid to the date of payment.

Early Debt Redemption and Other Costs

During November 2012, we recorded debt redemption costs of \$0.8 billion in connection with the purchase of \$0.9 billion of the \$1.25 billion of 4.5% Verizon Communications Notes due 2039 in a cash tender offer.

During December 2012, we recorded debt redemption costs of \$0.3 billion in connection with the early redemption of \$0.7 billion of the \$2.0 billion of 8.75% Verizon Communications Notes due 2018. \$1.0 billion of 4.625% Verizon Virginia LLC Debentures, Series A, due March 2011 and \$0.75 billion of 4.5% Verizon Communications Notes due February 2013 as well as \$0.1 billion of other costs.

Guarantees

We guarantee the debentures and first mortgage bonds of our operating telephone company subsidiaries. As of December 31, 2013, \$3.1 billion principal amount of these obligations remain outstanding. Each guarantee will remain in place for the life of the obligation unless terminated pursuant to its terms, including the operating telephone company no longer being a wholly-owned subsidiary of Verizon.

We also guarantee the debt obligations of GTE Corporation that were issued and outstanding prior to July 1, 2013. \$1.7 billion principal amount of these obligations remain outstanding.

Debt Covenants

We and our consolidated subsidiaries are in compliance with all debt covenants. Maturities of Long-Term Debt:

Year: 3.4% 2,740 10,818 1,331 U.S. \$ 59,799

Maturities of long-term debt outstanding at December 31, 2013 are as follows:

(dollars in millions)

2014 2015 2016 2017 2018

Thereafter

on a recurring basis as of December 31

Fair Value Measurements and Financial Instruments

The following table presents the balances of assets and liabilities:

\$187,214

\$387

\$75,166

Assets: Cash and cash equivalents, Fixed income securities, Short-term investments, Equity securities, Fixed income securities, Other assets

Forwards, interest rate swaps, Fixed income securities, Cross currency swaps, Total

Liabilities: Other liabilities

Interest rate swaps, Total

¹ quoted prices in active markets for identical assets or liabilities

² observable inputs other than quoted prices in active markets for identical assets and liabilities ³ no observable pricing inputs in the market

Equity securities consist of investments in common stock of domestic and international corporations measured using quoted prices in active markets.

Fixed income securities consist primarily of investments in U.S. Treasuries, as well as municipal bonds. We use quoted prices in active markets for our U.S. Treasury securities and therefore these securities are classified as Level 1. For all other fixed income securities that do not have quoted prices in active markets, we use alternative pricing resulting in these debt securities being classified as Level 2.

Derivative contracts are valued using models based on readily observable market parameters for all substantial terms of our derivative contracts and thus are classified within Level 2. We use mid-market pricing for fair value measurements of our derivative instruments. Our derivative instruments are recorded on a gross basis.

We recognize transfers between levels of the fair value hierarchy at the end of the reporting period. There were no transfers within the fair value hierarchy during 2013.

Fair Value of Short-Term and Long-Term Debt

(dollars in millions)

The fair value of our debt is determined using various methods, including quoted prices for identical terms and maturities, which is a Level 1 measurement, as well as quoted prices for similar terms and maturities in inactive markets and future cash flows discounted at current rates, which are Level 2 measurements. The fair value of our short-term and long-term debt, excluding capital leases, was as follows:

At December 31,

Carrying Amount

Fair Value

Short-term debt excluding capital leases

\$93,298 \$103,527 \$51,689 \$61,552

Derivative Instruments

Interest Rate Swaps

We have entered into domestic interest rate swaps to achieve a targeted mix of fixed and variable rate debt. We synthetically receive fixed rates and pay variable rates based on LIBOR, resulting in a net increase or decrease to interest expense. These swaps are designated

as fair value hedges and hedge against changes in the fair value of our debt portfolio. We record the interest rate swaps at fair value on our consolidated balance sheets as assets and liabilities.

During 2012, interest rate swaps with a notional value of \$5.8 billion were settled. As a result of the settlements, we received net proceeds of \$0.7 billion, including accrued interest which is included in Other, net opening activities in the consolidated statement of cash flows. The value basis adjustment to the underlying debt instruments was recognized into earnings as a reduction of Interest expense over the remaining lives of the underlying debt obligations. During the second quarter of 2013, interest rate swaps with a notional value of \$1.25 billion matured and the impact to our consolidated financial statements was not material. During the third quarter of 2011, we entered into interest rate swaps with a total notional value of \$1.8 billion. At December 31, 2013 and 2012, the fair value of these interest rate swaps was not material. At December 31, 2013, the total notional amount of these interest rate swaps was \$1.8 billion. The ineffective portion of these interest rate swaps was not material at December 31, 2013.

Forward Interest Rate Swaps

In order to manage our exposure to future interest rate changes, during the fourth quarter of 2013, we entered into forward interest rate swaps with a notional value of \$2.0 billion. The fair value of these swaps was not material at December 31, 2013. We designated these contracts as cash flow hedges.

Currency Swaps

Verizon Wireless previously entered into cross currency swaps designated as cash flow hedges to exchange approximately \$1.6 billion of British Pound Sterling and Euro-denominated debt into U.S. dollars and in fixed future interest and principal payments in U.S. dollars, as well as to mitigate the impact of foreign currency transaction gains or losses. A portion of the gains and losses recognized in Other comprehensive income was reclassified to Other income and (expense), net to offset the related pre-tax foreign currency transaction gain or loss on the underlying debt obligations. The fair value of the outstanding swaps was not material at December 31, 2013 or December 31, 2012. During 2013 and 2012, the gains with respect to these swaps were not material.

During February 2014, we entered into cross currency swaps designated as cash flow hedges to exchange approximately \$5.4 billion of Euro and British Pound Sterling denominated debt into U.S. dollars and to fix our future interest and principal payments in U.S. dollars, as well as to mitigate the impact of foreign currency transaction gains or losses.

Concentrations of Credit Risk

Financial instruments that subject us to concentrations of credit risk consist primarily of temporary cash investments, short-term and long-term investments, trade receivables, certain notes receivable, including lease receivables, and derivative contracts. Our policy is to deposit our temporary cash investments with major financial institutions. Counterparties to our derivative contracts are also major financial institutions with whom we have negotiated derivatives agreements (ISDA master agreement) and credit support annex agreements which provide rules for collateral. We generally apply collateralized arrangements with our counterparties for uncleared derivatives to mitigate credit risk. We may enter into swaps on an uncollateralized basis in certain circumstances. While we may be exposed to credit losses due to the nonperformance of our counterparties, we consider the risk remote and do not expect the settlement of these transactions to have a material effect on our results of operations or financial condition.

As of December 31, 2013, unrecognized compensation expense related to the unvested portion of Verizon's RSUs and PSUs was approximately \$0.4 billion and is expected to be recognized over approximately two years.

The RSUs granted in 2013 and 2012 have weighted-average grant date fair values of \$47.96 and \$38.77 per unit, respectively. During 2013, 2012 and 2011, we paid \$1.1 billion, \$0.6 billion and \$0.7 billion, respectively, to settle RSUs and PSUs classified as liability awards.

Stock-Based Compensation

Verizon Communications Long-Term Incentive Plan

The restricted stock plan provides for the granting of restricted stock to certain employees of Verizon Communications Inc. The plan is authorized to grant up to 119 million shares of common stock. The plan is administered by the Compensation Committee of the Board of Directors. The plan provides for the granting of restricted stock to certain employees of Verizon Communications Inc. The plan is authorized to grant up to 119 million shares of common stock. The plan is administered by the Compensation Committee of the Board of Directors.

Restricted Stock Units

The plan provides for the granting of restricted stock to certain employees of Verizon Communications Inc. The plan is authorized to grant up to 119 million shares of common stock. The plan is administered by the Compensation Committee of the Board of Directors. The plan provides for the granting of restricted stock to certain employees of Verizon Communications Inc. The plan is authorized to grant up to 119 million shares of common stock. The plan is administered by the Compensation Committee of the Board of Directors.

Performance Units

The plan provides for the granting of performance units to certain employees of Verizon Communications Inc. The plan is authorized to grant up to 119 million shares of common stock. The plan is administered by the Compensation Committee of the Board of Directors. The plan provides for the granting of performance units to certain employees of Verizon Communications Inc. The plan is authorized to grant up to 119 million shares of common stock. The plan is administered by the Compensation Committee of the Board of Directors.

Verizon's Restricted Stock Unit and Performance Stock Unit

(shares in thousands) Outstanding January 1, 2011: Granted

Cancelled/Forfeited Outstanding December 31, 2011: Granted Payments

Cancelled/Forfeited Outstanding December 31, 2012: Granted Payments

Cancelled/Forfeited Outstanding December 31, 2013

Restricted Stock

Units
20,923 (6,067) (7,600)
(152)
19,836 (6,350) (7,169)
(144)
18,669 (4,950) (7,241)
(300)
16,191

Performance Stock Units
32,310 (10,348) (12,137) (2,977) 27,614 (20,537) (8,499) (679) 39,463 (7,470) (22,703) (50A) 23,724

Verizon's 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, 2013, all VARs were fully vested. We have not granted new VARs since 2004.

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 them. VARs 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 defined in the Wireless Plan, on the date of the grant.

The following table summarizes the assumptions used in the Black-Scholes model during 2013:

Risk-free rate	0.11%	End of Period
Expected term (in years)	0.12	
Expected volatility	43.27%	

The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of the measurement date. Expected volatility was based on a blend of the historical and implied volatility of publicly traded peer companies for a period equal to the VARs' expected life ending on the measurement date.

56,844 (7,104) (21,921)

The following table summarizes Verizon's stock option activity:

(shares in thousands)

27,819 (7,447) (17,054)

Outstanding, January 1, 2011: Exercised

3,318

(2,253)

Cancelled/Forfeited Outstanding, December 31, 2011: Exercised

Cancelled/Forfeited Outstanding, December 31, 2012: Exercised
Cancelled/Forfeited Outstanding, December 31, 2013

Canceled Stock Options Outstanding, December 31, 2013 Canceled Stock Options Outstanding, December 31, 2012

All stock options outstanding at December 31, 2013, 2012 and 2011 were exercisable

The following table summarizes information about Veeva's stock options outstanding as of December 31, 2013

	Weighted -Average Exercise Price
44 25 15 00 51 06 41 24 35 20	
45 15 34 69 34 85 14.49 34J5	
The following table	
VARs	

izes the Value Appreciation Rights ;

(shares in thousands)	
Outstanding rights, January 1, 2011	11,569
Exercised	(3,303)
Canceled/Forfeited	(52)
Outstanding rights, December 31, 2011	8,214
Exercised	(3,427)
Canceled/Forfeited	(21)
Outstanding rights, December 31, 2012	4,766
Exercised	(1,910)
Canceled/Forfeited	(3)
<u>Outstanding rights, December 31, 2013</u>	<u>2,847</u>

During 2013, 2012 and 2011, we paid \$0.1 billion, respectively, to settle VARs classified as liability awards Stock-Based Compensation Expense, see <http://Espec.se>

After-tax compensation expense for stock-based compensation related to RSUs, PSUs, and VARs described above in income attributable to Veeva was \$0.4 billion \$0.7 billion and \$0.5 billion for 2013, 2012 and 2011 respectively

The Plan provides for grants of stock options to participants at an option price per share equal to the fair market value of Veeva common stock on the date of grant Each grant has a 10-year life, beginning on the date of the grant We have not granted new stock options since 2004

34 18 46 31 34.35
Range of Exercise Prices
0.1

830 00-30 00 40 00-1) 00 Total

983

The total intrinsic value for stock options outstanding as of December 31, 2011 is not significant The total intrinsic value of stock options exercised was not significant in 2013, 2012 and 2011 The amount of cash received from the exercise of stock options was \$0.1 billion in 2013, \$0.3 billion in 2012 and \$0.2 billion in 2011 There was no stock option expense for 2013, 2012 and 2011

Employee Benefits

We maintain non-qualified defined benefit pension plans for many of our employees In addition, we maintain post-retirement health care and life insurance plans (or our retirees and their dependents, which are both contributory and non-contributory, and include a limit on our share of the cost for certain recent and future retirees In accordance with our accounting policy for pension and other postretirement benefits, operating expenses include pension and benefit related credits and/or charges based on actuarial assumptions, including projected discount rates and an estimated return on plan assets These estimates are updated in the fourth quarter to reflect actual return on plan assets and updated actuarial assumptions The adjustment is recognized in the income statement during the fourth quarter or upon a remeasurement event pursuant to our accounting policy for the recognition of actuarial gains/losses

Pension and Other Postretirement Benefits

Pension and other postretirement benefits for many of our employees are subject to collective bargaining agreements Modifications in benefits have been bargained from time to time, and we may also periodically amend the benefits in the management plans The following tables summarize benefit costs, as well as the benefit obligations, plan assets, funded status and rate assumptions associated with pension and postretirement health care and life insurance benefit plans

(dollars in millions) Health Care and Life
id \$26.5 billion at December 31.
plans was \$22.9 billion,

Information for pension plans with an accumulated benefit obligation in excess of plan assets follows

At December 31,

Change in Benefit Obligations

Beginning of year Service cost Interest cost Plan amendments Actuarial (gain) loss, net 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 Benefits paid Settlements paid Annuity purchase-End of year

Funded Status

End of year

358 1,449

395 1,002 (149) (2,327) (1,777)
318 1,095 (111) (3,576) (1,520)

27,369 359
1,284 (1,826)
1,402 (1,744)

(88.02)
6,074 (2,735)
(8,352) (75.2)

\$ 23,032 \$ 26,773 \$ 23,042 \$ 26,844

\$ 11,282 \$ 24,110 \$ 2,657 \$ 2,628

107 3,719 1,360 1,461
1,051
2,657
(1,777) (2,715) (1,520) (1,744) (889) (766)

\$ 17,111 \$ 18,282
millions) and Life

1,188 2,326 556 312

(8,352) - -

\$ (5,921) \$ (8,491) \$ (19,981) \$ (24,187)

(dollars in Health Care

Years Ended December 31,

Service cost

Amortization of prior service cost (credit) Subtotal

Expected return on plan assets

Interest cost

Subtotal

Net periodic benefit (income) cost Curtailment and termination benefits Total

358 (1)

401 957 970

(1.245) (1.795) (1.976) 1,002 1 449 1.590

\$22,610 \$ 26,351 22,492 26,081 16,350 17,623
318 (247)

(dollars in millions) 2013 2012
(143) 1,095

359 (89)
1,500 1.787
(171) (163) 1,284 1.421
1,023 1,383 (3,989) 1,210
3 loss are as follow?

At December 31.

Amounts recognized on the balance sheet

Noncurrent assets Current liabilities Noncurrent liabilities Total

Prior Service Benefit (Cost) Total

Amounts recognized in Accumulated Other Comprehensive Income (Pre-tax)

S (2,120) S (2,247)
S (1,120) S (2,247)

Beginning in 2013, as a result of federal health care reform, Verizon no longer files for the Retiree Drug Subsidy (RDS) and instead contracts with a Medicare Plan D plan on a group basis to provide prescription drug benefits to Medicare eligible retirees

During 2012, we reached agreements with the Communications Workers of America and the International Brotherhood of Electrical Workers on new, three-year contracts (that cover approximately 43,000 Windstream employees). This resulted in the adoption of plan amendments which will result in lower other postretirement benefit costs in 2011 and beyond.

\$ (149) \$ 183
At December 31.

\$ 184
\$ 128
(1,737)
\$ (955)

Prior service cost Reversal of amortization items

Prior service cost Total recognized in other comprehensive income (loss) (pre-tax)

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 not significant. The estimated prior service cost for the defined benefit postretirement plans 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:

Health Care and Life

At December 31

Discount Rate

Rate of compensation increases

5.00% 4.20%

3.10 100

5.00%

N/A

4.20% N/A

Pension Plans

The fair values for the per

Discount Rate

Expected return on plan assets Rate of compensation increases

4.20% 5.00% 5.75% 4.20% 5.00% 5.75% 7.50 7.50 R 00 5.60 7.00 6.00 3.00 100 1.00 N/A N/A N/A

In order to project the long-term target investment return for the total portfolio, estimates are prepared for the total lifetime of each major asset class over the subsequent 10-year period. Those estimates are based on a combination of factors including the current market interest rates and valuation levels, consensus earnings expectations and historical long-term risk premiums. To determine the aggregate return for the pension trust, the projected return of each individual asset class is then weighted according to the allocation to that investment area in the trust's long-term asset allocation policy.

The assumed health care cost trend rates follow:

6.50% 7.00%
4.75 5.00

2020 2016

Healthcare cost trend rate assumed for next year Rate to which cost trend rate gradually declines Year the rate reaches (the level is assumed to remain 1 thereafter)

Health Care and Life

At December 31.

7.50% 5.00 2016

One-Percentage Point

A one-percentage point change in the assumed health care cost trend rate would have the following effect on 2013 service and interest cost:

Effect on postretirement benefit obligation as of December 31, 2013

(dollar increase)
(150) (2,086)

Plan Assets

Historically, our portfolio strategy emphasized a long-term equity orientation, significant global diversification, and the use of both public and private investments. In an effort to reduce the risk of our portfolio strategy and better align assets with liabilities, we have shifted our strategy to one that is more liability driven, where cash flows from investments better match projected benefit payments but result in lower asset returns. We intend to reduce the likelihood that assets will decline at a time when liabilities increase (referred to as liability hedging), with the goal to reduce the risk of underfunding to the plan and its participants and beneficiaries. Both active and passive management approaches are used depending on perceived market efficiencies and various other factors. Our diversification and risk control processes serve to minimize the concentration of risk.

While target allocation percentages will vary over time, the company's overall investment strategy is to achieve a mix of assets, which allows us to meet projected benefits payments while taking into consideration risk and return. The current target allocation for plan assets is designed so that 70% of the assets have the objective of achieving a return in excess of the growth in liabilities (comprised of public equities, private equities, real estate, hedge funds and emerging debt) and 30% of the assets are invested as liability hedging assets (typically longer duration fixed income). This allocation will shift as funded status improves to a higher allocation in liability hedging assets. Target policies will be revisited periodically to ensure they are in line with fund objectives. Due to our diversification and risk control processes, there are no significant concentrations of risk, in terms of sector, industry, geography or company names.

Pension and healthcare and life plans assets do not include significant amounts of Verizon common stock.

Total Level 1

900

406

908 4 200

2,579 313 3

1,714	1,097 2,953 364 3
3,942 1,800	
<u>Asset Category</u>	
691 212	
Cash and cash equivalents Equity securities Fixed income securities	
US Treasuries and agencies	
Corporate bonds	
International bonds	
3,942 1,196	
Other Real estate Other	
Private equity	
Hedge funds Total	
	\$ 17,111 \$ 5,135 \$ 4,192 \$ 7,084
<u>Asset Category</u>	
The (an values for the pension plans by asset category at December 31, 2012 are as follows)	
	(dollars in millions) Total Level 1 Level 2 Level 3
	\$ 1.61K 1.586 2.944 2.469
1.586) 2.456	
Cash and cash equivalents Equity securities Fixed income securities	
US Treasuries and agencies	
Corporate bonds	
International bonds	
5,039 1,807	
5,039 55R	
Other Real estate Other	
\$ 18.282 \$ 5.355 \$ 5,116 \$ 7.811	
Private equity	
Hedge funds Total	
	Corporate Bonds
Real Estate	
The following is a reconciliation of list begin significant unobservable inputs	
Balance at January 1, 2012 Actual gain on plan assets Purchases and sales Transfers in	
(1.3) (3.3)	
Balance at December 11, 2012 Actual gain on plan assets Purchases and sales Transfers in (out) Balance at December 31, 2013	
<u>Health Care and Life Plans</u>	
The fair values for the other postretirement	
1237 2,178	
Health Care and Life Plans by asset category at December 31, 2013 are as follows	
<u>Asset Category</u>	
Cash and cash equivalents Equity securities Fixed income securities	
US Treasuries and agencies	
Corporate bonds	
International bonds	
Category at December 31 2013 U	
Other Total	
The fair values for the other postretirement	
<u>Asset Category</u>	
Cash and cash equivalents Equity securities Fixed income securities	
US Treasuries and agencies	
Corporate bonds	
International bonds	
Other Total	
The methodologies and inputs used to determine the	
Cash and Level 2	
The following are general descriptions of asset categories, as well as the fair value of each major category of assets	
Valuations include short-term investment funds, primarily in diversified portfolios of investment grade money market funds valued using quoted market prices or other valuation methods and thus are classified within Level 1 or	
Equity securities are investments in common stock of domestic and international corporations in a variety of industry sectors, valued primarily using quoted market prices or other valuation methods, and thus are classified within Level 1 or Level 2	
Real estate investments include those in limited partnerships that invest in various commercial and residential real estate projects both domestically and internationally. The fair values of real estate assets are typically determined by using income and/or cost approaches or a comparable sales approach, taking into consideration discount and capitalization rates, financial conditions, local market conditions and the status of the capital markets and thus are classified within Level 3	
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 pricing data from the most recent equity financing taking into consideration illiquidity, and thus are classified within Level 3	
Hedge fund investments 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 investment. Verizon has the ability to redeem these investments at NAV within the near term and thus are classified within Level 2. Investments that cannot be redeemed in the near term are classified within Level 3	
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	
<u>Estimated Future Benefit Payments</u>	
Pension Benefits	
The benefit payments to retirees are expected to be paid as follows	
1,582 1,574 1,538 1,506 1,474 6.846	
2,280 1,742 1,666 1,377 6,712	
(dollars in millions) Health Care and Life	
2017 201R	
2019-2023	
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 contributions to the savings plans with shares of our common stock from time to time. At 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

Pension Amortization

On October 17, 2012, we, along with our subsidiary Verizon Investment Management Corp. and Fiduciary Counselors Inc. as independent fiduciary of the Verizon 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 41,000 Verizon 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 results as future payments, such as survivor benefits, that are currently offered by the Plan.

The following table provides an analysis of our accounting standard regarding employers' accounts.

We contributed approximately \$2.6 billion to the Plan between September 1, 2012 and December 31, 2012 in connection with the transaction so that the Plan's funding percentage would not decrease as a result of the transaction (dollars in millions).

an annually determined severance liability for postemployment benefits

(474) (531) (381)

1,113 1,010 757

Charged to
Expense
2012 2013
\$ 1,569
1,113 396 1,010 134

Benefit Credits

During 2013, we recorded net pre-tax severance, pension and benefits credits of approximately \$6.2 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 credits were primarily driven by an increase in our discount rate assumption used to determine the current year liabilities from a weighted-average of 4.2% at December 31, 2012 to a weighted-average of 5.0% at December 31, 2013 (\$4.3 billion), lower than assumed retiree medical costs and other assumption adjustments (\$1.4 billion) and the difference between our estimated return on assets of 7.5% at December 31, 2012 and our actual return on assets of 8.6% at December 31, 2013 (\$0.5 billion).

During 2012, we recorded net pre-tax severance, pension and benefits charges of approximately \$7.2 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 used to determine the current year liabilities from a weighted-average of 5% at December 31, 2011 to a weighted-average of 4.2% at December 31, 2012 (\$5.3 billion) and revisions to the retirement assumptions for participants and other assumption adjustments, partially offset by the difference between our estimated return on assets of 7.5% and our actual return on assets of 10% (\$0.7 billion). As a result of this charge, we also recorded \$1.0 billion related to the amortization of pension liabilities, as described above, as well as severance charges of \$0.4 billion primarily for approximately 4,000 management employees.

During 2011, we recorded net pre-tax severance, pension and benefits charges of approximately \$6.0 billion 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 used to determine the current year liabilities from 5.75% at December 31, 2010 to 5% at December 31, 2011 (\$5.0 billion), the difference between our estimated return on assets of 8% and our actual return on assets of 5% (\$0.9 billion), and revisions to the Medicare assumptions (dollars in millions).

2012 2011
\$ 28,833 \$ 9,316 \$ 9,724

444 581 759

\$ 29,277 \$ 9,897 \$ 10,483

The components of income before (provision) benefit for income taxes are as follows:
Years Ended December 31.

Domestic Total
(dollars in millions)
\$ (17)

(59)

The components of the provision (benefit) for income taxes are as follows:
Current

Federal
Foreign
State and Local

(38) (455)

Total Deferred
Federal

State and Local Total

Total income tax provision (benefit)

\$ 5,730 \$ (660) \$ 285

2012
2011

35.0% 21.0% (0.4) (0.3) (14) (1-9)

35.0% (1.9) (1.1) (1.1) (33.7) (1.7)

35.0% (1.0) (1.8) (14) (1.9) (23.0) (3.2)

The following table shows the principal reasons for the difference between the effective income tax rate and the statutory federal income tax rate:

Years Ended December 31,

Statutory federal income tax rate

State and local income tax rate, net of federal tax benefits

Affordable housing credit

Employee benefits including ESOP dividend

Equity in earnings from unconsolidated businesses

(6.7)%

19.6%

2.7%

Noncontrolling interests

Other net <http://Other.net>

The effective income tax rate and net severance, pension and health pension and benefit charges

Effective income tax rate

The effective income tax rate for 2013 was 19.6% compared to (6.7)% for 2012. The increase in provision for income taxes was primarily due to higher income before income taxes as a result of credits recorded during 2013 compared to lower income before income taxes as a result of as well as early debt redemption costs recorded during 2012.

The effective income tax rate for 2012 was (6.8)% 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 lower income before income taxes as a result of higher severance, pension and benefit charges as well as early debt redemption costs recorded during 2012.

Years Ended December 31,

The amounts of cash taxes paid are as follows:

1,422 \$ 351 1,212 1,308 2,082 1,727

1,328 1,453

(dollars in millions) 2013 2012 2011

\$ 3.7M \$ 3.386 \$ 3.7V)

Income taxes, net of amounts refunded Employment taxes Property and other taxes

Total

Deferred taxes arise because of differences in the book and tax bases of certain assets and liabilities. Significant components of deferred tax assets and liabilities are as follows:

8 10 242 2 747 213 082

At December 31,

14,161 14,719 (1,596) (2,041)

Employee benefits tax loss and credit carry forwards Uncollectible accounts receivable Other assets

1,121 14,030 967 23,032

1,470

1,275 13,953

1,208 22,171

1,320

Valuation allowances Deferred tax assets

former MCI Intercompany accounts receivable basis difference Depreciation Leasing activity

40,650

\$ 28,095 \$ 22,249

Wireless joint venture including wireless licenses Other 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 from 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.

recognized tax benefits

Verizon Wireless

Idollars in millions) 2012 2011

\$ 2,943 \$ 3,078 \$ 3,242

A reconciliation of the beginning and ending balance of

456 (644) 100 (56) (43) (31)

Balance at January 1,

131

(41.5)

(80.1) (210) (168)

Additions based on tax positions related to the additions for tax positions of prior years Reductions for tax positions of prior years Settlements

Lapses of statutes of limitations Balance at December 31,

\$ 2,130 \$ 2,943 \$ 3,078

for income taxes

(dollars in millions)

Included in the total unrecognized (tax benefits at December 31, 2013 2012 and 2011) is \$1.4 billion, \$2.1 billion and \$2.2 billion, respectively, that if recognized, would favorably affect the effective income tax rate.

We recognized the following net after-tax benefits related to interest and penalties in the prior years ended December 31,

2013

2012 2011

of interest and penalties in the consolidated balance sheets are as follows

The after-tax accruals for the prior years ended December 31,

(dollars in millions)

2013

\$ 274

of issues with the Internal Revenue Service in Canada and Italy

is primarily due to the net effect of the resolution of

2012 386

The decrease in unrecognized tax benefits involving tax years 2004 through 2008, and

Verizon and/or its subsidiaries file income tax returns in the US 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 US income tax returns for tax years 2007-2009 and Celco Partnership's US 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 2000. 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 fully developed and resolved.

During 2013, the valuation allowance for December 31, 2013 and the 2013 activity is

used approximately \$0.4 billion. The balance is related to state and foreign tax losses.

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. We measure and evaluate our reportable segments based on segment operating income, consistent with the chief operating decision maker's assessment of segment performance.

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 costs, lease financing, as well as other adjustments and gains and losses that are not allocated in assessing segment performance due to their non-operational nature. Although such transactions are excluded from the business segment results, 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.

The reconciliation of segment operating revenues and expenses to consolidated operating revenues and expenses below also includes those items of a non-recurring or non-operational nature. We exclude from segment results the effects of certain items that management does not consider in assessing segment performance, primarily because of their non-recurring or non-operational nature.

We have adjusted prior period consolidated and segment information, where applicable, to conform to current year presentation.

Our segment and its principal activities consist of the following:

Segment	Description
Wireless	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	Wireline's voice, 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 to carriers, businesses and government customers both in the United States and in over 150 other countries around the world.

2013

External Operating Revenues Retail service

Service revenue

Equipment Other

Consumer retail Small business Mass Markets

Strategic services Core Global Enterprise

Orange County Core Global Enterprise

Global Wholesale Other Intersegment revenues Total operating revenues

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

\$ 66,282 2.691

8,096 3.851

23,649 23,176 8.202

\$ 148,429

35,932 9,425

(dollars in millions) Wireline Total Segments

66,282 2.691

14,737 2.587

8,096 3.851

8,410

6,267

14,737 2.587

5,703 456 1,166

8,410 6,267

21,828 8,595 8.127

5,703 456 1,06.1

231,002 87,817 15,654

45,576 31,771 16,529

\$ 84,773 51,885 6.229

Internal Operating Revenue Retail service Other service Service revenue

Equipment Other

Consumer retail Small business Markets

M.

Strategic services

Core Global Enterprise Global Wholesale Other Intersegment revenues Total operating income

\$ 61,333 2.29(1

H.I.H 0 4.096

(dollars in millions) Wireline Total Segments

61,383 2.290 63.673

14,043 2.648

8,010 4.096

\$ 0.52 7.240

14,041 2.648

6,177 50K

16,691 8.052

0.177 50K 1201

201 I

External Updating Revenues

Retail service

Other service Service revenue Equipment Other

Consumer retail

Small business Mass Markets

Core Global Enterprise

Global Wholesale Other Intersegment revenues

Total operating revenues

50,601 2.497

7,446 3.517

(dollars in millions) Wireline Total Segments

\$ 56,601 \$ 2.497

13,605 2.720

7,446 1.517

7,607 8.014

13,605 2.720

[illegible]

the Hicksv ilk mallei described below, will hav e a material effect on our any financial condition, but n e could have a maicnal effect on our results of operations for a given reporting period

Verizon Communications Inc. and Subsidiaries

Principal Subsidiaries of Registrant at December 31, 2013
Operating Operating Income Revenues (Loss)
2013 March 31 June 30 September 30 December 31
2012 March 31 June 30 September 30 December 31

(dollars in millions, except per share u le (Loss) attributable to Verizon "e")
S 4222 4,555 7,128 12,063

S 5,195 5,651 5,483 (3,169)
1,952 2246 2232 5,047

1 686 1,825 1,593 (4 229)
S 29,420 29,786 30,279 31,065

S 28242
28,552
29 007
30 045
(Loss)
.68S 4,855
.785,198
785,578
1 767,916
30
59S 3.-J06
644,285
564,292
(1 4R)(1,926)
(1 48)

- Results of operations for the sccond quarter of 2013 include after-tax credits attributable to Verizon of \$0.1 billion related to a pemtion remeasurement
- Results of operations for the thud quarter of 2013 include immaterial after-tax credits attributable to Verizon related to a gain on a spcetrim license transaction ns well as immaterial after-tax costs attributable to Verizon related to the Wireless Transaction
- Results of operations for the fourth quarter of 201 3 include after-tax credits attributable to Verizon of \$3.7 billion related to severance, pension and benefit credits, as well as after-tax costs attributable to Verizon of \$0.5 billion related to the Wireless Transaction
- Results of operations (or the third quarter of 2012 include after-tax charges attributable to Verizon of \$0.2 billion related to legal settlements
- Results of operations for the fourth quarter of 201 2 include after-tax ehaiges attributable to Verizon of \$5.3 billion related to severance, pension and benefit charges and early debt redemption and othei costs

" Net income (loss) attributable to Verizon per common share is computed independently for each quarter and the sum of the quarters may not equal the annual amount
Name

Verizon California llre
Verizon Delaware LLC
Verizon Florida LLC
Verizon Maryland LLC
Verizon New England Inc
Verizon New Jersey Inc
Verizon New York Inc
Verizon Pennsylvania LLC
GTE Southwest Incorporated (d/b/a Verizon Southwest)
Verizon Virginu LLC
Bell Atlantic Mobile Systems LLC
Celloco partnership
(J/b/a/c/clizon Wireless)
GTE Corporation CTE Wireless Incorporated MCI Communications Corporation Verizon Business Global LLC Cranberry Properties LLC
Jurisdiction of Organization

California Delaware l'hnda Delaware New York New Jersey New York Delaware Delaware
Virginia Delaware
Delaware New York Delaware Delaware Delaware Delaware

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Verizon Communications Inc. (Verizon) of our reports dated February 11, 2014 with respect to the consolidated financial statements of Verizon and the effectiveness of internal control over financial reporting of Verizon, included in the 2013 Annual Report to Shareowners of Verizon.

Our audits also included the financial statement schedule of Verizon listed in Item 15(a). This schedule is the responsibility of Verizon's management. Our responsibility is to express an opinion based on our audits. In our opinion, as to which the date is February 27, 2014, the financial statement schedule related to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also consent to the incorporation by reference in the following registration statements of Verizon and where applicable related Prospectuses, of our reports dated February 27, 2014, with respect to the consolidated financial statements of Verizon and the effectiveness of internal control over financial reporting of Verizon, incorporated herein by reference, and our report included in the preceding paragraph with respect to the financial statement schedule of Verizon included in this Annual Report (Form 10-K) for the year ended December 31, 2013: Form S-1, No. 333-11573; Form S-3, No. 333-15153; Form S-4, No. 333-50146; Form S-4, No. 333-76171; Form S-4, No. 333-76171; Form S-8, No. 333-51130; Form S-8, No. 333-82610; Form S-4, No. 333-124008; Form S-8, No. 333-124008; Form S-1, No. 333-132651; Form S-8, No. 333-169267; Form S-8, No. 333-172501; Form S-8, No. 333-17299V; Form S-3, No. 333-182749; Form S-3, No. 333-190954; and Form S-4, No. 333-191628.

Ernst & Young LLP
Ernst & Young LLP
New York, New York
February 27, 2014
1, Lowell C McAdam, 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 are 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.
- 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 31.1

1. 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 are 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.
- 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.

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 18 OF THE UNITED STATES CODE

1. 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

A signed original of this written statement required by Section 406, 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 906, has been provided to Verizon Communications Inc. and will be retained by Verizon Communications Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Date: February 27, 2014

/s/ Francis J Shammo
Francis J Shammo
Executive Vice
President and Chief
Financial Officer

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 10, 2015. The Code of Conduct applies to all employees, including the Chief Executive Officer (CEO), the Chief Financial Officer and the Controller. The Code of Conduct describes each employee's responsibility to conduct business with the highest ethical standards and to report any violations of the Code of Conduct to the appropriate personnel. We have posted the Code of Conduct on the Corporate Governance section of our website at www.verizon.com/investor. You can also obtain a copy by writing to the Assistant Corporate Secretary, Verizon Communications Inc., 100 New York Avenue, New York, NY 10038. Related Person Transaction Policy The Board has adopted the Related Person Transaction Policy that is included in the Guidelines, which can be found in Appendix A The Corporate Governance and Information. In the event of a conflict of interest, the Committee may approve, disapprove, ratify or cancel the transaction or recommend another course of action. Any member of the Committee who is involved in a transaction under review cannot participate in the decision. Robert Mudge, President - Consumer and 2

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Audit Committee

Donald Nicotaisen, Chairperson M Frances Kccth Sandra Moose
Clarence Otis, Jr Gregory Wasson

The Board has and determined meets that each member of the Committec is an audit committee
financial expert Nasdaq and the GuideUnes and meets the independence requirements of applicable laws, the NYSE.

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RICHARD L. CARRION

Mr. Camon, 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.

File #: O2015-753, Version: 1

is the largest financial institution based in Puerto Rico, with consolidated assets of \$36 billion, total deposits of \$2.7 billion and 8,059 employees as of December 31, 2012. In addition to his experience guiding these companies, Mr. Camon has been a class A director of the Federal Reserve Bank of New York since 2008. 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 his tenure as Chairman, President and Chief Executive Officer of Popular, Inc. and Banco Popular de Puerto Rico, Mr. Camon brings to the Board a strong operational and strategic background and extensive business, leadership and management experience. In addition, Mr. Camon's knowledge of business and consumer services gives him insights into providing services to retail and business customers, activities that make up a significant portion of Venzon's business. Mr. Camon's experience at the Federal Reserve Bank of New York also enables him to advise the Board and senior management on risk management, which is an important area for a large, complex organization like Venzon.

Mr. Camon has served as a Director of Venzon since 1997 and was a director of NYNEX Corporation from 1995 to 1997. He is Chairperson of the Finance Committee and a member of the Corporate Governance and Policy Committee and the Human Resources Committee.

Ms. Archambeau, 51, is Chief Executive Officer of MetncStream, Inc., a leading provider of governance, risk, compliance and quality management solutions to corporations across diverse industries. Under her leadership, the privately-held MetncStream has grown 2,500% over the past ten years, with approximately 1,000 employees worldwide. Prior to joining MetncStream in 2002, Ms. Archambeau was Chief Marketing Officer and Executive Vice President of Sales for Loudcloud, Inc., a leader in Internet infrastructure services. Chief Marketing Officer of NorthPoint Communications and President of Blockbuster Inc.'s e-commerce division. Before joining Blockbuster, she held domestic and international executive positions during a 15-year career at IBM.

Ms. Archambeau brings to the Board, among other skills and qualifications, leadership experience in technology, e-commerce, digital media and communications. An active participant in Silicon Valley's emerging company community, her in-depth knowledge of the technology sector and extensive background in the application of emerging technologies to address business challenges uniquely position her to advise the Board and senior management on implementing the Company's growth strategies. Ms. Archambeau's experience developing and marketing telecommunications and Internet services and solutions gives her insight into areas critical to Venzon's success.

Ms. Archambeau has served as a Director of Venzon since December 2013. In the past five years, she has served on the board of Arbitron, 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 180 countries around the world. In this role, Ms. Healey is responsible for the overall North America business, which in fiscal 2013 had net sales of \$32.8 billion. Since joining Procter & Gamble in 1990, 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, among other skills and qualifications, an extensive background in consumer goods, marketing and international operations. Her experience in marketing, including more than 15 years outside the United States, uniquely positions Ms. Healey to advise the Board and senior management on critical issues facing Venzon, including corporate strategy with respect to brand management, the consumer experience and global growth. In addition, Ms. Healey's leadership experience at a complex international organization with a large, diverse workforce gives her a thorough understanding of the operational challenges facing Venzon.

Ms. Healey has served as a Director of Venzon since 2011 and is a member of the Human Resources Committee.

LOWELL C. MCADAM

Ms. Keeth, 67, was Executive Vice President of Royal Dutch Shell plc, an energy company, from 2005 to 2006. In this role, Ms. Keeth was accountable for Shell's global chemicals businesses, which produced \$36.3 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 1997, 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 advise the Board and senior management on a wide range of strategic 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 Venzon 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 Venzon 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-Venzon Wireless and Venzon Telecom and Business-as well as Venzon's shared services operations. Prior to assuming this role, Mr. McAdam held key executive positions at Venzon Wireless from its inception in 2000 and was instrumental in building Venzon Wireless into an industry-leading wireless provider. He was President and Chief Executive Officer of Venzon Wireless from 2007 until 2010, and before that served as the company's Executive Vice President and Chief Operating Officer. Before the formation of Venzon 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 Venzon 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 Venzon since 2011. Mr. McAdam has been a member of the Board of Representatives of Venzon 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. Thus, 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 Venzon 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 five years, Mr. Lane has served on the board of Deere & Company as its Chairman.

13

DONALD T. NICOLAISEN

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 1988 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 enables 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 Venzon 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).

14

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 26, 2013, the company's 206,000 employees operated 2,138 restaurants in the United States and Canada and generated fiscal 2013 sales of \$5.5 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 2004 and President of Smokey Bones Barbeque & Grill, a restaurant concept formerly owned and operated by Darden Restaurants, from 2002 to 2004. 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 Venzon. He has extensive business, leadership and management experience. Mr. Otis leads a complex organization with a large, diverse workforce, which gives him a thorough understanding of many of the operational challenges Venzon faces. In addition, as a result of his experience at the Federal Reserve Bank of Atlanta, Mr. Otis is positioned well to advise the Board and senior management on risk management, which is an important area for a large, complex organization like Venzon.

Mr Otis has served as a Director of Venzon since 2006 and is a member of the Audit Committee, the Finance Committee and the Human Resources Committee He is also a director of VF Corporation (since 2004)

RODNEY E. SLATER

Mr. Slater, 59, is a partner at the law firm Palton Boggs LLP, focusing his practice in the areas of transportation and infrastructure and public policy. Prior to joining Pattern Boggs, from February 1997 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 1993 to 1997, Mr. Slater was the Administrator of the Federal Highway Administration, which provides financial and technical support for constructing, improving and preserving the U.S. highway system.

Mr Slater's experience as the U S Secretary of Transportation and as the Administrator of the Federal Highway Administration positions him well to provide oversight to our Company, which operates in a highly regulated industry, and to advise the Board and senior management on logistics, strategic partnerships, government relations and public policy. Each of these areas is an important focus for Venzon and has a fundamental impact on the way the Company operates. Mr Slater also brings to the Board his experience guiding clients in developing infrastructure, as well as insights on the role of law in our business

Mr. Slater has served as a Director of Venzon since 2010 and is a member of the Corporate Governance and Policy Committee. He is also a director of Kansas City Southern (since 2001), Transurban Group (since 2009) and Atkins plc (since 2011) In the past five years, Mr. Slater has served as a director of Delta Air Lines, Inc and ICx Technologies.

Ms Tesija, 51, is Executive Vice President, Merchandising and Supply Chain and a member of the Executive Committee of Target Corporation, the second largest discount retailer in the United States with 1,782 stores, revenues of \$70.0 billion and approximately 365,000 employees in fiscal 2012 In this role, which she has held since 2008, Ms Tesija oversees all merchandising functions, including product design and development, sourcing, inventory management, merchandising systems, presentation and operations as well as the company's global supply chain Ms. Tesija joined Target in 1986 and was appointed to numerous positions of increasing responsibility at the company, ranging from Director, Merchandise Planning to Senior Vice President, Hardlines Merchandising

As a result of her long tenure at Target, Ms Tesija has gained broad business and leadership experience Along with her significant management skills, Ms Tesija 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 important issues facing Venzon. Her extensive background positions Ms Tesija well to advise the Venzon Board and senior management on implementing the Company's strategies

Ms. Tesija has served as a Director of Venzon since December 2012 and is a member of the Corporate Governance and Policy Committee.

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 240,000 employees. In June 2012, Walgreens announced a strategic partnership with Alliance Boots, the leading pharmacy-led health and beauty group 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 2004, Executive Vice President of Walgreens in 2005 and President and Chief Operating Officer of Walgreens in 2007.

As Chief Executive Officer of Walgreens, Mr. Wasson has gained valuable operational and management experience at a complex organization with a large, diverse workforce and significant global operations, which gives him a thorough understanding of the challenges facing Venzon in implementing our growth strategies Mr Wasson brings to the Board an in-depth knowledge of the retail industry and insight into the consumer experience. In addition, his extensive background in the healthcare industry positions Mr. Wasson well to advise the Board and senior management on an area of increasing importance to Venzon's evolving business strategy

Mr. Wasson has served as a Director of Venzon since March 2013 and is a member of the Audit Committee and the Human Resources Committee.

15

Ratification of Appointment of 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 Venzon for the fiscal year 2014 and to examine the effectiveness of internal control over financial reporting Ernst & Young has been retained as Venzon's Independent Registered Public Accounting Firm since 2000.

Venzon paid the following fees to Ernst & Young for services rendered during fiscal years 2013 and 2012.

	2013	2012
Audit fees	\$ 24.6 million	\$ 23.9 million
Audit-related fees	\$ 4.0 million	\$ 3.6 million
Tax fees	\$ 1.1 million	\$ 0.7 million
All other fees	\$ 0	\$ 0

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 Venzon 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 is 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 audit 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 Venzon's independent registered public accounting firm is in the best interests of Venzon 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.

17

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 Carrion
McLanie Healey
M Frances Keith
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 Venzon'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 - Venzon Wireless
Executive Vice President and Chief Financial Officer
Executive Vice President and President - Venzon Enterprise Solutions
Executive Vice President - Public Policy and General Counsel

For 2013, Venzon'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 EPS	\$2.84	26.8%
Total Revenue	\$120.6B	4.1%
Free Cash Flow	\$22.2B	45%
Return on Equity	23.6%	1% (654 bps)

¹ A 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 its 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 - comprised 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.
- 10% fixed pay - annual cash base salary.

In addition, the compensation program does not include other forms of fixed, non-performance related pay, such as guaranteed pension and supplemental retirement 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 & 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 executive compensation (say-on-pay) 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 proposal. The Committee considered this vote as demonstrating strong shareholder support for the Company's executive compensation programs.

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 described 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 opportunities and to evaluate 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, comprised 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 determine 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 opportunities for 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 Peers. Actual total compensation may fall above or below the targeted percentile based on annual and long-term performance results.

Appendix B 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 SEC filings.

Compensation Objectives and Elements of Compensation Compensation Objectives

Verizon's compensation program is designed to:

- 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 has developed a compensation program that:

- focuses extensively on 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

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	Annual fixed cash compensation	Attract and compensate high-performing and experienced executives
Short-term incentive opportunity (STI)	Variable cash compensation based on the achievement of annual performance measures	Incentivize executives to achieve challenging short-term performance goals
Long-term incentive opportunity (LTI)	Long-term variable equity awards granted annually as a combination of PSUs and RSUs	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.

corporate executives. The following table shows the amount of the Short-Term Plan awards paid to each named executive officer.

Named Executive Officer	4,125,000	1,089,000	937,750	877,250	810,700
	Actual 2013				
	Short-Term Plan Award				
	(\$)				
Mr. McAdam, Mr. Mead, Mr. Shammo, Mr. Stratton, Mr. Milch					

1A reconciliation of non-GAAP measures to the most directly comparable GAAP measures may be found in Appendix C to this proxy statement.

Long-Term Incentive Compensation 36

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 accrues 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 award 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 accrues 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.

4,725,000 4,068,750 3,806,250 3,350,000

2013 Long-Term Plan
Target Award Opportunity
(\$)

Mr. Mead, Mr. Shammo, Mr. Stratton, Mr. Milch

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 TSR 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.

TV-i

Venzon's TSR during the three-year performance cycle must rank at least 15th or at the 58th percentile, among the Related 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 in 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 for 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 Compared to Relative TSR Percentile Ranking Percentage of Awards

Venzon's Relative TSR Ranking Among the Companies in the Related Dow Peers	Corresponding Relative TSR Among the Companies in the Related Dow Peers	Percentile Ranking	Percentage of Awarded PSUs that will Vest
1-4 5-8 9-12	91 st to 100 th 79 th to 88 th 67 th to 76 th	200% 175% 150%	

17-21 22-25 26-34

39th to 52nd ~<J 27th to 36th U< 0 to 24th m

75% 50% 0%

Over the three-year performance cycle ending on December 31, 2013, Venzon's TSR ranked 13th, or at the 64th 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 the 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 64th percentile of the Related Dow Peers, the named executive officers only received 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 limited personal benefits as generally described 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 excise tax liability under Internal Revenue Code Section 4999 related to any Section 280G excess parachute payments.

Transportation

The Company provides certain aircraft 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 SEC 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.

40

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 46.

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, Venzon 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 Venzon's named executive officers are described in more detail under the section titled "Pension Plans" beginning on page 48.

During 2013, all of Venzon'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 Venzon 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 Venzon's broad-based severance plan that is provided to substantially all of Venzon'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 (here 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 Venzon and agree not to compete or interfere with any Venzon business for a period of one year after their separation from employment.

41

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 Venzon. Under the Long-Term Plan, if, in the twelve months following a change in control, the participant's employment is terminated without cause, all then-unvested PSUs will fully vest at the target level performance, all then-unvested 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 Venzon'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 Venzon'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 Venzon tax-qualified savings plan or the Venzon nonqualified savings plan and other deferred compensation plans and arrangements that are valued by reference to Venzon'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 Venzon'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 Venzon 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.

42

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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 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 will 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 Chair of each committee for approval by the Board. The Committee periodically considers rotating Chairs and members of the committees.

Meetings. 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, a substantial majority of the Board will be independent and not more than two Directors will be current or former employees of Venzon.

Qualifications. 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 ("Venzon");
 - ♦ 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 (or 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 "Venzon 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 one percent of that company's consolidated gross revenues,
4. The Director is an executive officer of a lender to Venzon 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 consolidated gross revenues (excluding matching gift contributions by Venzon's Foundation), or
6. The Director has any other relationship that the Board determines is inconsistent with applicable laws and regulations on directors' independence or that is likely to impair the Director's ability to act independently.

For purposes of these Guidelines except as 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-in-law, brothers and sisters-in-law, 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

Definitions. For purposes of this Policy,

"Related Person" means:

1. any person who has served as a Director or a Venzon executive officer ("Officer") at any time during the Corporation's last fiscal year;
2. any person whose nomination to become a Director has been presented in a proxy statement relating to the election of Directors since the beginning of the Corporation's last fiscal year;
3. any person who was at any time during the Corporation's last fiscal year an "Immediate Family Member" of any of the persons listed above. Immediate Family Member means spouse, child, stepchild, parent, stepparent, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law of the Director, Officer or nominee, and any person (other than a tenant or employee) sharing the household of such Director, Officer or nominee, or

4. any person or any Immediate Family Member of such person who is known to the Corporation to be the beneficial owner of more than 5 percent of the Corporation's stock at the time of the Transaction (as defined below).

* Related Person's Firm * means any firm, corporation or other entity in which a Related Person is an executive officer or general partner or in which all Related Persons together have a 10 percent or more ownership interest.

* Transaction* means any transaction, arrangement or relationship with Venzon since the beginning of the Corporation's last fiscal year in an amount greater than \$120,000 that involves or will involve a Related Person or a Related Person's Firm. It does not include:

(a) compensation to a Director or Officer which is or will be disclosed in the Corporation's proxy statement.

A-3

compensation to an Officer who is not an Immediate Family Member of a Director or of another Officer and which has been approved by the Human Resources Committee or the Board, a transaction in which the rates or charges involved are determined by competitive bids, or which involves common, contract earner or public utility services at rates or charges fixed in conformity with law or governmental authority.

(c) 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.

* 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

Policy Statement. The Board of Directors recognizes that Related Person Transactions can present potential conflicts of interest (or the perception thereof) and therefore has adopted this policy which shall be followed in connection with all Related Person Transactions involving the Company.

Process. Annually, each Director and Officer shall submit to Venzon the name and employment affiliation of his or her Immediate Family Members and the name of any Related Person's Firm with which any of them are affiliated. Directors and Officers shall notify Venzon promptly of any changes to this information. Each Director and Officer shall also identify any Transaction that they, their Immediate Family Members or their Related Person Firms are or will be involved in on an ongoing basis. Directors and Officers shall promptly advise the Committee of any changes to such Immediate Family Members, Transactions or Related Person Firms.

Management shall submit Transactions and appropriate 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, cancellation, or a recommendation to management. Only disinterested members of the Committee shall participate in these determinations. In the event it is not practical to convene a meeting of the Corporate Governance and Policy Committee, the Chair of that 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 action with respect to any Related Person Transaction to the Board of Directors. Change in Status or Retirement

If a Director retires or changes his or her employment status or principal responsibility, the Director will tender a resignation to Venzon. The Corporate Governance and Policy Committee will recommend to the Board whether the resignation should be accepted.

Service on Other Boards

A Director who serves as an executive officer of a public company should not serve on more than three public company boards, including that of his or her own company, and other Directors should not serve on more than six public company boards in order not to disrupt existing affiliations with other boards, a Director may maintain current positions, even if the number of those positions exceed these limits, unless the Board determines that permitting the position to continue will impair the Director's ability to serve on the Venzon Board. Directors are expected to advise the Corporate Governance and Policy Committee of any changes in their membership on other boards.

Retirement

A Director will retire from the Board the day before the Annual Meeting of Shareholders next following his or her 72nd birthday.

Compensation

The Human Resources Committee periodically reviews and determines Director compensation and benefits. The Committee determines compensation based on a review of comparable companies, alignment with the interests of shareholders and the advice of independent advisors.

A-4

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, Venzon 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 those Guidelines, applicable laws and regulations, and the spirit of the Venzon Code of Business Conduct for employees. Employee Directors are also governed by Venzon'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 Venzon. 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 Venzon, 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 Venzon ("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 Venzon, 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 Venzon.

A non-employee Director is expected to advise Venzon prior to acquiring or continuing any interest or entering 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 properly belongs to Venzon, including any activity that is discovered as a result of the use of Venzon information or property or in connection with his or her service as a Director. A Director should not use Venzon information, property or his or her position with Venzon for personal gain.

Securities Transactions. A Director should not trade, or enable any other person (other than, in Venzon's securities or the securities of another company while aware of material non-public information)

Confidentiality. Directors should maintain the confidentiality of information about Venzon and other entities which Venzon entrusts to them, except where the disclosure is authorized or required by law.

Fair Dealing. 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 Venzon Code of Business Conduct for a Venzon 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.

Venzon Senior Executives Serving on Outside Boards

A Venzon 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. Venzon Senior Executives may not serve on the Board of more than two public companies other than Venzon.

A Venzon 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 Venzon.

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:

Venzon 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

Venzon will forward all shareholder correspondence about Venzon to the Board, Committee or individual Directors). 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	Market Capitalization (\$ Millions)	Net Income Attributable to the Company (\$ Millions)	Revenue (\$ Millions)	Total Employees
3M	93,300			
Alcoa	11,385			
American Express	97,196			
AT&T	185,645			

Bank of America	166.072
Boeing	102.566
Caterpillar	57.787
CenturyLink	18.826
Chevron	240.224
Cisco Systems	119.925
Coca-Cola	182.427
Comcast	134.921
Du Pont (E I)	60.169
Exxon Mobil	442.094
General Electric	283.590
Hewlett-Packard	53.408
Home Depot	115.953
IBM	203.674
Intel	129.022
Johnson & Johnson	258.416
JPMorgan Chase	219.837
McDonald's	96.548
Merck	146.243
Microsoft	312.298
Pfizer	198.515
Procter & Gamble	221.291
Sprint Nextel	42.271
Time Warner Cable	38.196
Travelers	32.963
United Health	75.809
United Technologies	104.421
Wal-Mart	254.623
Walt Disney	134.256
Vonage	140.626
Verizon's Ranking	15
Verizon's Percentile Ranking	58%

Verizon Communications Inc Reconciliation of Non-GAAP Measures Adjusted Net Income Reconciliation

Year Ended December 31,

Reported Net Income Attributable to Verizon
 Severance, Pension and Benefit Credits
 Gain on Spectrum License Transaction ¹
 Wireless Transaction Costs Adjusted Net Income Attributable to Verizon

¹ The after-tax Gain on Spectrum License Transaction amounted to \$47.8 million.

Adjusted EPS Reconciliation

Year Ended December 31,

Reported EPS
 Severance, Pension and Benefit Credits Gain on Spectrum License Transaction Wireless Transaction Costs
 Adjusted EPS

Note EPS may not add due to rounding

Free Cash Flow Reconciliation

Year Ended December 31,

Not Cash Provided by Operating Activities
 Less: Capital Expenditures (including capitalized software)

Less: Capital Expenditures (including capitalized software)
Free Cash Flow

11.5 (3.9)

(dollars in billions) 2013

2013 \$4.00

(135) (0.02) 020 \$284

(dollars in billions)

2013

B-1