

Office of the City Clerk

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Legislation Text

File #: O2015-753, Version: 1

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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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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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 ofthe 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. P] 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.l.) 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>

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

J 1 U S

- 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:

File #: O2015-753, Version: 1	
Specification #	and Contract #
Page 1 of 13 SECTION II DISCLOSURE OF OWNERSHIP INTE	RESTS
A. NATURE OF THE DISCLOSING PAI	RTY
[] Limited liability company [] Limited li profit corporation also a 501(c)(3))?	ability partnership [] Joint venture [] Not-for-profit corporation (Is the not-for-
	I. Indicate the nature of the Disclosing Party:
[] Person [] Publicly registered business corporation [] Privately held business corporation [j Sole proprietorship	
 For legal entities, the state (or foreign lillinois 	gn country) of incorporation or organization, if applicable:
3. For legal entities not organized in State of llinois as a foreign entity?	n the State ofIllinois: Has the organization registered to do business in the
pq n/a	
B. IF THE DISCLOSING PARTY IS A L	EGAL ENTITY:
profit corporations, also list below all men	of all executive officers and all directors of the entity. NOTE: For not-for- nbers, if any, which are legal entities. If there are no such members, write "no lar entities, list below the legal titleholder(s).

If the enlity 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 lhe Disclosing Party. NOTE: Each legal entity listed below must submit an EDS on its own behalf.

Name Title

HH2 Development Corporation

Managing General Partner

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2. Please provide lhe following information concerning each person or enlily 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 m a partnership or joint venture.

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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 Hiiri7CA 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 [Xi 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.

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Address
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retained or anticipated to be retained)

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

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

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$35,000
-2-2-j.-43or-th LaSalle Street7- Suite 3-3-3-3-
Chicago, Illinois 60601
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(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 ofthe 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.

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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), ifthe 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.

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- 2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.l. 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 ofthe 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").

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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.

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- 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 ofthe above statements in this Part B (Further Certifications), the Disclosing Party must explain below:

N/A

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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 ofall 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, ofthe 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 ofthe City recipient. None.

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

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

1. [] is [X] 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

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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

pq No

NOTE: If you checked "Yes" to Item D.L, 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.

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Does the Matter involve a City Property Sale?

[]Yes []No

3. If you checked "Yes" to Item D.l., 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

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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

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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.l. 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.

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- 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.l. 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.l. 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?

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[X] Yes	[] No	
If "Yes," answer the t	hree qg^stions below:	
1. Have you devregulations? (See 41 G	•	on file affirmative action programs pursuant to applicable federal
[] Yes	X] No	
•	, ,	Committee, the Director of the Office of Federal Contract Compliance Commission all reports due under the applicable filing requirements?
[] Yes	[X] No	
3. Have you par opportunity clause?	ticipated in any previous con	ntracts or subcontracts subject to the equal
[]Yes	[XJ No	
	to question 1. or 2. above, p	lease provide an explanation: The Applicant is a

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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:

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- 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 ofthe items in F.I., 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) $\qquad \pm q \ . ^ \ 2\text{-QI}$, 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.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 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.

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CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

SECTION I -- GENERAL INFORMATION

A. Legal name of the Disclosing Party submilting 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
- 2. p] 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

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OR			
3. [] a legal entity with a right of owhich the Disclosing Party holds a	•	.l.) State the legal 1	name of the entity in
B. Business address of the Disclosing		ontrose Avenue Ilinois 60613	
C. Telephone: 312-274-9137	fax: 312-337-4592	Email: josep	hdunne@holstenchicago
D. Name of contact person: Joseph De	unne		
E. Federal Employer Identification N	o. (if you have one):	^ .	'
F. Brief description of contract, transathis EDS pertains. (Include project nu			
Subordinate financing from the City of Chic	cago for replacement of exist	ing windows.	
G. Which City agency or department is reque	esting this EDS? Department	of Planning and Devel	opmen
If the Matter is a contract being has the following:	ndled by the City's Depa	artment of Procurer	ment Services, please complete
Specification #	and Con	itract #	
Page 1 of 13			
SECTION II - DISCLOSURE OF OWN	ERSHIP INTERESTS		
A. NATURE OF THE DISCLOSING PA	ARTY		
1. Indicate the nature of the Disclosin [] Publicly registered business corporation partnership [] Limited partnership [] True Party: [] Limited liability company [] Limited liability partnership [] Joint venture [] Not-for-profit corporation	on [x] Privately held busin	ess corporation [] So	ole proprietorship [] General
(Is the not-for-profit corporation als	so a 501(c)(3))?	[] Yes	[] No

[] Other (please specify)

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

Illinois

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

XJ N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

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

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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%

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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 [Xi 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.

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Name (indicate whether Business retained or anticipated Address to be retained)

Relationship to Disclosing Party Fees (indicate whether

(subcontractor, attorney, paid or estimated.) NOTE:

lobbyist, etc.) "hourly rate" or "t.b.d." is

not an acceptable response.

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(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 [X] No [] No person directly or indirectly owns 10% or more ofthe Disclosing Party.
If "Yes," has the person entered into a court-approved agreement for payment of all support owed and is the person 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

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year compliance timeframes in certifications 2 and 3 below.

2. The Disclosing Party and, ifthe Disclosing Party is a legal entity, all of those persons or entities identified in

Section II.B.l. 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").

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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
 ofany 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 ofthe 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 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

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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 ofthe 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 ofthe City recipient. None.

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

- 1. The Disclosing Party certifies that the Disclosing Party (check one)
- 1. [] is [X] 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

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	word "None," or no response appears losing Party certified to the above st	s on the lines above, it will be conclusively atements.				
D. CERTIFICATION	REGARDING INTEREST IN CITY	BUSINESS				
Any words or terms that used in this Part D.	at are defined in Chapter 2-156 of the	e Municipal Code have the same meanings when				
		ipal Code: Does any official or employee of the City have a ny other person or entity in the Matter?				
NOTE: If you checked Part E.	l "Yes" to Item D.l., proceed to Items	S D.2. and D.3. If you checked "No" to Item D.l., proceed to				
employee shall have a purchase of any propert legal process at the suit	financial interest in his or her own nay that (i) belongs to the City, or (ii) is of the City (collectively, "City Prop	Iding, or otherwise permitted, no City elected official or ome or in the name of any other person or entity in the s sold for taxes or assessments, or (iii) is sold by virtue of erty Sale"). Compensation for property taken pursuant to the interest within the meaning of this Part D.				
Does the Matter involv	e a City Property Sale?					
[] Yes	[] No					
•	"Yes" to Item D.l., provide the name interest and identify the nature of su	es and business addresses ofthe City officials or ach interest:				
Name	Business Address	Nature of Interest				
4. The Disclosing I City official or employe	-	pited financial interest in the Matter will be acquired by any				

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

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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.l. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee ofany 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.

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3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there

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occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.l. 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.l. 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 X]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:

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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 ofthe 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 ofthe date furnished to the City. (Sign here)

HH2 Development Corporation

Peter Holsten (Print or type name of person signing)

Presi rjpnt (Print or type title of person signing) (state). '

Notary Public.

Signed and sworn to before me on (date)

at CtfgH^ County,

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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. La., ifthe 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.

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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/ ifapplicable:

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. <u>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</u>

OR

- 3. [] a legal entity with a right of control (see Section II.B.l.) 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 "M atter") 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

Alliant Capital. Ltd.

SECTION II - DISCLOSURE OF OWNERSHIP INTERESTS

A. NATURE OF THE DISCLOSI [] Person [] Publicly registered business corporation [] Privately held business corporation [] Sole proprietorship [] General partnership [XJLimited partnership [] Trust	ING PARTY 1. Indicate the nature of the Disclosing Party: [] [] [][■-]- (Is []
Limited liability company Limited liability partnersh Not-for-profit corporation - the not-for-profit corporation also a 501(c)(3))? [] Yes [] No Other (please specify)	nip Joint venture
2. For legal entities, the state (or foreign co	ountry) of incorporation or organization, ifapplicable:
Florida	
3. For legal entities not organized in the S the State of Illinois as a foreign entity?	State of Illinois: Has the organization registered to do business in
[] Yes XJ No	[] N/A
B. IF THE DISCLOSING PARTY IS A LEG	AL ENTITY:
-profit corporations, also list below all members write "no members." For trusts, estates or other or joint venture, list below the name and title or	all executive officers and all directors of the entity. NOTE: For not-for ers, if any, which are legal entities. If there are no such members, er similar entities, list below the legal titleholder(s). d partnership, limited liability company, limited liability partnership of each general partner, managing member, manager or any other nanagement of the Disclosing Party. NOTE: Each legal entity listed

General Partner

File #:	O2015-753.	Version:	1

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,

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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 |X] 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.

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"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.

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Name (indicate whether retained or anticipated to be retained)

Relationship to Disclosing Party Fees (indicate whether retained or anticipated to be retained)

Relationship to Disclosing Party Fees (indicate whether paid or estimated.) NOTE:

| bobbyist, 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 [X] 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?

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[] 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.

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- 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").

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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;
- 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

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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 Universified 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

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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.

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C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION	
1. The Disclosing Party certifies that the Disclosing Party (check one)	
1. [] is X] 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 ofthe 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

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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

[X] No

NOTE: If you checked "Yes" to Item D.l., proceed to Items D.2. and D.3. If you checked "No" to Item D.l., 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 MNo

3. If you checked "Yes" to Item D.l., 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.l. 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.

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- 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.l. 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.l. 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

	lly funded, federal regulations require the Application with their bids or in writing at the outset of		ntractors to submit
Is the Disclosing Party	y the Applicant?		
[]Yes	IX] No		
If "Yes," answer the th	hree questions below:		
1. Have you devergulations? (See 41 C	reloped and do you have on file affirmative CFR Part 60-2.) [] No	action programs pursuant	t to applicable federal
•	d with the Joint Reporting Committee, the Direct al Employment Opportunity Commission all repo [] No		•
3. Have you part opportunity clause?	icipated in any previous contracts or subcontract	s subject to the equal	
[] Yes	[] No		
If you checked "No" to	o question 1. or 2. above, please provide an expla	anation:	
	Page 10 of 13		
SECTION VI COMPLIANCE, PEN	II - ACKNOWLEDGMENTS, NALTIES, DISCLOSURE	CONTRACT	INCORPORATION,

The Disclosing Party understands and agrees that:

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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:

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- 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.I., 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 (ifapplicable) 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.

commission # 20 4?R71 Mv rn A"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 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, 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 |X] No

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

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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. <u>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</u>

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OR 3. [] a legal entity with a right of control which the Disclosing Party holds a right of	`	State the legal name of the entity in
B. Business address of the Disclosing Party	: 340 Royal Poinci	ana Way. Suite 305
<i>.</i>	-	ach, FL 33480
C. Telephone: 818-668-6800 Fax <mailto:brian.goldberg@alliantcapital.com></mailto:brian.goldberg@alliantcapital.com>	:: 818-668-2828	Email: brian.goldberg@alliantcapital.com
D. Name of contact person: Brian G	Goldberg	
E. Federal Employer Identification No. (if y	ou have one):.	
F. Brief description of contract, transactio EDS pertains. (Include project number and le		ng (referred to below as the "Matter") to which this applicable):
Subordinate financing from the City of Chic	cago for replacement of	of existing windows.
G. Which City agency or department is requ	esting this EDS? Dep	artment of Planning and Development
If the Matter is a contract being handled following:	d by the City's Depa	artment of Procurement Services, please complete the
Specification # N/A	and Contr	ract # N/A
Page 1 of 13		
SECTION II DISCLOSURE OF OWNER	RSHIP INTERESTS	
A. NATURE OF THE DISCL	OSING PARTY 1.	Indicate the nature of the Disclosing Party:
[] Person	[]	
[] Publicly registered business corporation [] Privately held business corporation	[]	
	[-■]-	
[] General partnership	(Is	
rX] Limited partnership	`	
[] Trust	[]	

File #: O2015-753, Vers	sion: 1		
Limited liability compa Not-for-profit corporati the not-for-profit corporati []Yes [JNo Other (p	ration also a 501(c)(3))?	ership Joint venture	
2. For legal entities,	the state (or foreign cour	ntry) of incorporation or organization, ifa	pplicable:
Florida			
3. For legal entities State of Illinois as a fore	_	te ofIllinois: Has the organization register	red to do business in the
[] Yes	X] No	[] N/A	
B. IF THE DISCLOSIN	NG PARTY IS A LEGAL	ENTITY:	
corporations, also list be members." For trusts, es If the entity is a gene venture, list below the r	elow all members, if any, states or other similar ent ral partnership, limited pa name and title of each ger	executive officers and all directors of the which are legal entities. If there are no sities, list below the legal titleholder(s). artnership, limited liability company, limited partner, managing member, manage Disclosing Party. NOTE: Each legal entity	such members, write "no ited liability partnership or joint or or any other person or entity
Name Title			
Alliant. Inc.		General Partner	
interest (including owner	_	concerning each person or entity having a of the Disclosing Party. Examples of suc or joint venture,	
		Page 2 of 13	

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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)

The Alliant Company, LLC 340 Royal Poinciana Way, suite 305, Palm Beach, FL 33480 99% (LP)

SECTION III - BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

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

[] Yes [X] 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.

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Name (indicate whether Business Relationship to Disclosing Party Fees (indicate whether retained or anticipated Address (subcontractor, attorney, paid or estimated.) NOTE:

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to be retained)	lobbyist, etc.)	"hourly rate" or "t.b.d." is not an acceptable response.
N/A		not an acceptable response.
(Add sheets if necessary)		
[X] Check here ifthe Disclos	ing Party has not retained, nor exp	ects to retain, any such persons or entities.
SECTION V CERTIFICATIO	ONS	
A. COURT-ORDERED CHILI	SUPPORT COMPLIANCE	
•	on 2-92-415, substantial owners of busine child support obligations throughout the	ess entities that contract with the City must contract's term.
	indirectly owns 10% or more ofthe Discle Illinois court of competent jurisdiction?	osing Party been declared in arrearage on any
[] Yes X] No	[] No person directly or indirectly Disclosing Party.	owns 10% or more of the
If "Yes," has the person entered compliance with that agreement		ment of all support owed and is the person in
[] Yes [] No		
B. FURTHER CERTIFICATION	NS	

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.

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- 2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.l. 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").

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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;
- 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 Univerified 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

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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").

9. To the best of the Disclosing Party's knowledge after reasonable inquiry, the following is a complete list ofall 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.

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

- 1. The Disclosing Party certifies that the Disclosing Party (check one)
- 1. [] is |X] 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

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2-32 of the Municip _N_A	al Code, explain here (attach additiona	l pages if necessary):
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	the word "None," or no response appearance of the above some state of the above state of	ars on the lines above, it will be conclusively statements.
D. CERTIFICATIO	ON REGARDING INTEREST IN CIT	Y BUSINESS
Any words or terms used in this Part D.	s that are defined in Chapter 2-156 ofth	e Municipal Code have the same meanings when
		cipal Code: Does any official or employee of the City have a any other person or entity in the Matter?
NOTE: If you chec Part E.	eked "Yes" to Item D.l., proceed to Iten	ns D.2. and D.3. If you checked "No" to Item D.1., proceed to
employee shall have purchase of any pro legal process at the	e a financial interest in his or her own reperty that (i) belongs to the City, or (ii) suit of the City (collectively, "City Pro	idding, or otherwise permitted, no City elected official or name or in the name of any other person or entity in the is sold for taxes or assessments, or (iii) is sold by virtue of perty Sale"). Compensation for property taken pursuant to the all interest within the meaning of this Part D.
Does the Matter inv	olve a City Property Sale?	
[] Yes	FX] No	
	xed "Yes" to Item D.l., provide the namuch interest and identify the nature of st	nes and business addresses of the City officials or uch 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

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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 ofthe 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.l. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee ofany agency, as defined by applicable federal law, a member of Congress, an officer or employee ofCongress, 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.

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- 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.l. 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.l. 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 rx] 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

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_	ams, or the Equal Emplo Yes	oyment Opportunity Commission all reports due under the applicable filing requirements?
3.	Have you participated	in any previous contracts or subcontracts subject to the equal
oppor	tunity clause?	
[]	es []No	

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

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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.cityofchicaRO.org/Ethics http://www.cityofchicaRO.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 ofthe 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 ofthe 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:

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- 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.I., 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

File #: O2015-753, Version: 1		
(Print or type title of person signing) at U>£> ArW^lg <s county,<="" th=""><th></th><th></th></s>		
Signed and sworn to before me on		

^"" My Comm. Expires Sep 24,2017

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

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

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

"Applicable Party" means (1) all executive officers of the Disclosing Party listed in Section II.B. 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	rx] No	
1 03	17/110	

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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.

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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/ ifapplicable:

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. [XI 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.l.) 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

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E. Federal Employer Identification No. (if you	have one): _
F. Brief description of contract, transaction or opertains. (Include project number and location of	other undertaking (referred to below as the "Matter") to which this EDS of property, if applicable):
Subordinate financing from the City of Chicag	go for replacement of existing windows.
G. Which City agency or department is request	ing this EDS? Department of Planning and Development
If the Matter is a contract being handled by t following:	the City's Department of Procurement Services, please complete the
Specification # N/A	and Contract # _N/A
Page 1 of 13 SECTION II - DISCLOSURE OF OWNERSE A. NATURE OF THE DISCLOS] Person] Publicly registered business corporation] Privately held business corporation] Sole proprietorship] General partnership] Limited partnership] Trust	HIP INTERESTS SING PARTY 1. Indicate the nature of the Disclosing Party: M [] [] [] [] [] (Is
Limited liability company Limited liability par Not-for-profit corporation the not-for-profit corporation also a 501(c)(3))? []Yes []No Other (please specify)	rtnership Joint venture
2. For legal entities, the state (or foreign con	untry) of incorporation or organization, if applicable:
Florida	

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

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

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

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

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

Name Title

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,

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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% (Managing Member)

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)

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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 |X] 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.

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N/A

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(Add sheets if ne	ecessary)	
[X] Check here	e if the Disclosin	ng Party has not retained, nor expects to retain, any such persons or entities
SECTION V 0	CERTIFICATION	S
A. COURT-OR	DERED CHILD S	SUPPORT COMPLIANCE
	-	2-92-415, substantial owners of business entities that contract with the City must ild support obligations throughout the contract's term.
	•	lirectly owns 10% or more ofthe Disclosing Party been declared in arrearage on any linois court of competent jurisdiction?
[] Yes	X] No	[] No person directly or indirectly owns 10% or more of the Disclosing Party.
If "Yes," has the compliance with	-	to a court-approved agreement for payment of all support owed and is the person in
[] Yes	[] No	
B. FURTHER C	CERTIFICATION	S
terms (e.g., "doing doing business we person is current supervision for, a perjury, dishones understands and City. NOTE: If A	ng business") and I vith the City, then the ly indicted or chargency criminal offensity or deceit against acknowledges that Article I applies to	e Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined egal requirements), if the Disclosing Party submitting this EDS is the Applicant and is the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling ged with, or has admitted guilt of, or has ever been convicted of, or placed under se involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, at an officer or employee of the City or any sister agency; and (ii) the Applicant to compliance with Article I is a continuing requirement for doing business with the the Applicant, the permanent compliance timeframe in Article I supersedes some five-tifications 2 and 3 below.

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2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.l. 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 (federah 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").

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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 ofthe 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 Universified 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

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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.

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

- 1. The Disclosing Party certifies that the Disclosing Party (check one)
- 1. [] is |X] is not
- a "financial institution" as defined in Section 2-32-455(b) of the Municipal Code.
 - 2. If the Disclosing Parly 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

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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.

 In accordance 	e with Section 2-156-110 of	f the Municipal Code: Does any official or employee of the City have a
financial interest in hi	is or her own name or in th	e name of any other person or entity in the Matter?
[] Yes	X] No	
NOTE: If you check	ed "Yes" to Item D.l., proc	eed 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 |X] No

3. If you checked "Yes" to Item D.l., 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

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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

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

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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 the occurs any event that materially affects the accuracy of the statements and information set forth in paragraphs A.l. at 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 substant to paragraphs A.l. 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 rx] No	
If "Yes," answer the three questions below:	
1. Have you developed and do you have on file affirmative action programs pursuant to applicable feder regulations? (See 41 CFR Part 60-2.)	ral
[] 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:	

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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 ofthe 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

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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:

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- F.1. The Disclosing Party is not delinquent in the payment ofany 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 ofthe items in F.I., 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 ofthe date furnished to the City.

The Alliant Company, LLC	
Shawn Horwitz (Print or type name of person signing)	;)

<u>Chief Executive Officer</u> (Print or type title of person signing)

Signed and sworn to before me on (date) I (*-f

Commission expires:

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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. 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 [X] No

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

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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. <u>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</u>
- 3. [] a legal entity with a right of control (see Section II.B.l.) 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):

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Subordinate financing	from the City of Chicago for	replacement of existing windows.
G. Which City agency	or department is requesting th	nis EDS? Department of Planning and Development
If the Matter is a co following:	ntract being handled by the C	ity's Department of Procurement Services, please complete the
Specification # N/A		and Contract # N/A
Page 1 of 13		
SECTION II - DISCL	OSURE OF OWNERSHIP IN	NTERESTS
A. NAT	URE OF THE DISCLOSING	PARTY 1. Indicate the nature of the Disclosing Party:
[] Person[] Publicly registeredP<][.] Sole proprietorship[] General partnership		[] Privately held business corporation [] .[]. (Is
[] Limited partnership		[]
Not-for-profit corpora	any Limited liability partnershion. oration also a 501(c)(3))? [] No	hip Joint venture
2. For legal entities	, the state (or foreign country)) of incorporation or organization, if applicable:
Florida		
3. For legal entities State of Illinois as a for	_	flllinois: Has the organization registered to do business in the
[] Yes	X] No	[] N/A

B. IF THE DISCLOSING PARTY IS A LEGAL ENTITY:

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

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

Name Title

Sidney Kohl

Shawn Horwitz

Director/Chairman of the Board

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,

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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

Sidney Kohl 340 Royal Poinciana Way, suite 305, Palm Beach, FL 33480 50% Shareholder

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?



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.

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

N/A

(Add sheets if necessary)

[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 |X] 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.

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- 2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.l. 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").

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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-intheTJnited.States.of.America, in thatofficer's

or employee's official capacity;

- 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 Universified 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

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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 ofthe Disclosing Party's knowledge after reasonable inquiry, the following is a complete list ofall 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").

 9. To the best ofthe 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 ofthe City recipient. N/A

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

- 1. The Disclosing Party certifies that the Disclosing Party (check one)
- 1. [] is |X] 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

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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.

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File #: O2015-753, V	ersion: 1 ————————————————————————————————————	
D. CERTIFICATION	N REGARDING INTEREST IN CITY	Y BUSINESS
Any words or terms meanings when used	that are defined in Chapter 2-156 of the in this Part D.	ne Municipal Code have the same
		cipal Code: Does any official or employee of the City have a any other person or entity in the Matter?
NOTE: If you check Part E.	ted "Yes" to Item D.l., proceed to Item	as D.2. and D.3. If you checked "No" to Item D.1., proceed to
employee shall have purchase of any prop legal process at the st	a financial interest in his or her own n erty that (i) belongs to the City, or (ii) uit of the City (collectively, "City Prop	dding, or otherwise permitted, no City elected official or ame or in the name of any other person or entity in the is sold for taxes or assessments, or (iii) is sold by virtue of perty Sale"). Compensation for property taken pursuant to the l interest within the meaning of this Part D.
Does the Matter invo	lve a City Property Sale?	
[] Yes	fx] No	
· ·	ed "Yes" to Item D.l., provide the nam ch interest and identify the nature of s	es and business addresses ofthe City officials or uch interest:
Name	Business Address	Nature of Interest
4. The Disclosing City official or emplo	-	bited financial interest in the Matter will be acquired by any
E. CERTIFICATION	REGARDING SLAVERY ERA BU	SINESS
Please check either	er 1. or 2. below. If the Disclosing Pa	arty checks 2., the Disclosing Party must disclose below or in

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

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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.l. 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 ofCongress, or an employee of a member ofCongress, 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.

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3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in which there

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occurs A.2. a	*	ially affects the accuracy of the statements and information set forth in paragraphs A.l. and
4.	The Disclosing Party	certifies that either: (i) it is not an organization described in section
4.	501(c)(4) of the Inter	nal Revenue Code of 1986; or (ii) it is an organization described in section
4.	501(c)(4) of the Inter	nal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying
4.	Activities".	
Disclo	ance to paragraphs A.l. osing Party must maint	ty is the Applicant, the Disclosing Party must obtain certifications equal in form and through A.4. above from all subcontractors before it awards any subcontract and the ain all such subcontractors' certifications for the duration of the Matter and must make such able to the City upon request.
В. СЕ	ERTIFICATION REGA	ARDING EQUAL EMPLOYMENT OPPORTUNITY
	•	ded, federal regulations require the Applicant and all proposed subcontractors to submit the heir bids or in writing at the outset of negotiations.
Js the	Disclosing Party the A	pplicant?
[]	Yes	M No
If "Ye	es," answer the three qu	estions below:
regula	Have you developed tions? (See 41 CFR Pa	and do you have on file affirmative action programs pursuant to applicable federal rt 60-2.) [] No
2. Progra	Have you filed with t	he Joint Reporting Committee, the Director of the Office of Federal Contract Compliance oyment Opportunity Commission all reports due under the applicable filing requirements? [] No
3.	Have you participated tunity clause?	d in any previous contracts or subcontracts subject to the equal
	Yes	[] No

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

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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.

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The Disclosing Party represents and warrants that:

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- 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. G.eneral Serv.ices. Administration..
- F.3 If the Disclosing Earty is the Applicant, the Disclosing Earty 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 Earty has reason to believe has not provided or cannot provide truthful certifications.

NOTE: If the Disclosing Earty cannot certify as to any of the items in F.I., 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 Earty, 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

(Frint or type name of person signing)

President

(Frint or type title of person signing)

Signed and sworn to before me on (date) $1^-M / 'O' - f$, at $L^xSAnge(@S County, OPr (state).$

Notary Eublic.

Commission expires: ^\ /1

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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	X] No

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

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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.l.) 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 handl complete the following:	ed by the City's Department of Procurement Services, please
Specification # N/A	and Contract # N/A
Page 1 of 13	
SECTION II DISCLOSURE OF OWNERS	SHIP INTERESTS
A. NATURE OF THE DISCLOSIN Person Publicly registered business corporation' Privately held business corporation Sole proprietorship General partnership Limited partnership Trust	IG PARTY 1. Indicate the nature of the Disclosing Party: PC] [] [] [] (Is
Limited liability company Limited liability particle. 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 co	ountry) of incorporation or organization, if applicable:
Florida	
3. For legal entities not organized in the State of Illinois as a foreign entity?	State of Illinois: Has the organization registered to do business in
[] Yes X] No	[] N/A
B. IF THE DISCLOSING PARTY IS A LEG	GAL 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,

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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 Po	oinciana Way, suite 305, Palm Beach, FL 33480	11.25%
SAK Housing, Inc.	340 Royal Po	oinciana Way, suite 305, Palm Beach, FL 33480	<u>45%</u>
Sidney A Kohl 2012 Irrevocabl	e Family Trust 340 Royal Po	oinciana Way, suite 305, Palm Beach, FL 33480	24%
The Lawrence Kohl 2013 Fami	ilv Trust 340 Royal Po	pinciana Way, suite 305, Palm Beach, FL 33480	15%

SECTION III - BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

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

[] Yes FX] 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.

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Name (indicate whether **Business** retained or anticipated Address to be retained)

(subcontractor, attorney, lobbyist, etc.)

Relationship to Disclosing Party 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

File	#:	02015 -	753	Version:	1

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 [X] 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.

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- 2. The Disclosing Party and, ifthe Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.l. of this EDS:
 - a. arc 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 ofthe 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").

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Neither the Disclosing Party, nor any Contractor, nor any Affiliated Entity of cither 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 Universified 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.

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

- 1. The Disclosing Party certifies that the Disclosing Party (check one)
- 1. [] is fx] 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 ofthe 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

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If the letters "NA," the word "None," or no response appears on the lines above, it will be

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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 |X] No

NOTE: If you checked "Yes" to Item D.l., proceed to Items D.2. and D.3. If you checked "No" to Item D.l., 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 FX] No

3. If you checked "Yes" to Item D.l., 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.l. 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 ofCongress, 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,

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grant, loan, or cooperati	ive agreement. Page 9 of 13
_	Party will submit an updated certification at the end of each calendar quarter in which t that materially affects the accuracy of the statements and information set forth in 2. above.
the Internal Revenue Co	Party certifies that either: (i) it is not an organization described in section 501(c)(4) of ode of 1986; or (ii) it is an organization described in section 501(c)(4) of the Internal but has not engaged and will not engage in "Lobbying Activities".
and substance to paragrand the Disclosing Part	g Party is the Applicant, the Disclosing Party must obtain certifications equal in form raphs A.l. through A.4. above from all subcontractors before it awards any subcontract y must maintain all such subcontractors' certifications for the duration of the Matter and rations promptly available to the City upon request.
B. CERTIFICATION F	REGARDING EQUAL EMPLOYMENT OPPORTUNITY
•	funded, federal regulations require the Applicant and all proposed subcontractors to formation with their bids or in writing at the outset of negotiations.
Is the Disclosing Party	the Applicant?
[] Yes	rx] No
If "Yes," answer the thr	ree questions below:
Have you develor regulations? (See 41 CF [] Yes	ped and do you have on file affirmative action programs pursuant to applicable federal FR Part 60-2.) [] No
-	with the Joint Reporting Committee, the Director of the Office of Federal Contract or the Equal Employment Opportunity Commission all reports due under the applicable
[] Yes	[] No
3. Have you partic opportunity clause?	ipated in any previous contracts or subcontracts subject to the equal
[] Yes	[] No
If you checked "No" to	question 1. or 2. above, please provide an explanation:

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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.orK/Ethics http://www.cityofchicago.orK/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 ofthe 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:

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- 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.I., 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 (ifapplicable) 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-BERTHA'.": MY COMMISSION *FF 073. 'S EXPIRES: March 24.*'-Bonded Thni Notary Public UnJeiv.-

Signed and sworn to before me on (date) c25~ JO/*/, at 'VnJt m Ufafh County, f^/nr.vJa (state). $\sim -y/K^La^{\sim}9^{\wedge}$

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.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 |X] No

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

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CITYOFCHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

SECTION I -- GENERAL INFORMATION

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

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. [XI 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.l.) 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

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If the Matter is a contract being the following:	ng handled by the C	ity's Department of Procurement Services, please complete
Specification # N/A		and Contract # N/A
Page 1 of 13		
SECTION II - DISCLOSURI	E OF OWNERSHIP	INTERESTS
A. NATURE OF THE DISCI	LOSING PARTY	
1. Indicate the nature of th [] Person [] Publicly registered business [] Privately held business corp [] Sole proprietorship [] General partnership [] Limited partnership M Trust Limited liability company	corporation []	 s
Limited liability partnership Joint venture		
Not-for-profit corporation	lso a 501(a)(2))2	
the not-for-profit corporation a [] Yes [] No		
Other (please specify)		
2. For legal entities, the sta	te (or foreign country	y) of incorporation or organization, if applicable:
Florida		
3. For legal entities not or the State of Illinois as a foreign	_	oflllinois: Has the organization registered to do business in
[]Yes r	ː] No	[] N/A
B. IF THE DISCLOSING PA	RTY IS A LEGAL E	NTITY:

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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 infonnation 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 |X] No

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

rclationship(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.

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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. "hourly rate" or "to

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

File	#:	$\Omega 20^{\circ}$	15-	753	Ve	ersion:	1

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 |X] 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.

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- 2. The Disclosing Party and, ifthe Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.l. 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").

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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 ofthe following lists maintained by the Office of Foreign Assets Control of 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, ofthe City of Chicago (if none, indicate with "N/A" or "none").

N/A

9. To the best ofthe 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 |X] 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

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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.

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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 |X] No

NOTE: If you checked "Yes" to Item D.L, 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 |X] No

3. If you checked "Yes" to Item D.l., 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 ofthe 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.l. 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.

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- 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.l. 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.l. 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 Pa	arty the Applicant?
[] Yes	rx] No
If "Yes," answer the	e three questions below:
1. Have you devregulations? (See 4)	reloped and do you have on file affirmative action programs pursuant to applicable federal I CFR Part 60-2.) [] No
•	ed with the Joint Reporting Committee, the Director of the Office of Federal Contract ms, or the Equal Employment Opportunity Commission all reports due under the applicable
	rticipated in any previous contracts or subcontracts subject to the equal
TC 1 1 1 10NT	

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

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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 ofthe 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:

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- 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 ofthe items in F.I., 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 (ifapplicable) 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)

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*-(,

File #: C	02015-753, Version: 1		
at	&£tfA County, -f lnr. A*	(state).	
			XjA^/ - y2u* ^Mi^J-^ Notary Public.
Commi	ssion expires: J?-r^2V -o2^//f		
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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 p(] 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.

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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/ ifapplicable:

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. [XJ 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.l.) 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>

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D. Name of contact person: James Jenkins	
E. Federal Employer Identification No. (if you h	nave one):
F. Brief description of contract, transaction or of this EDS pertains. (Include project number and l	ther undertaking (referred to below as the "Matter") to which ocation of property, ifapplicable):
Subordinate financing from the City of Chicago	for replacement of existing windows.
G. Which City agency or department is requestir	ng this EDS? Department of Planning and Development
If the Matter is a contract being handled by the the following:	e City's Department of Procurement Services, please complete
Specification # N/A	and Contract # N/A
Page 1 of 13 SECTION II - DISCLOSURE OF OWNERSH	HP INTERESTS
A. NATURE OF THE DISCLOSING [] Person [] Publicly registered business corporation {Xj Privately held business corporation [] Sole proprietorship [] General partnership [] Limited partnership [] Trust	PARTY 1. Indicate the nature of the Disclosing Party: [] [] [] [] [] [] [] [
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)	

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- 2. For legal entities, the state (or foreign country) of incorporation or organization, ifapplicable: 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?

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,

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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 Disclosing Party	n the
Jana Kohl 1992 Trust	340 Royai Poinciana Way, suite 305, Palr	m Beach, FL 33480	33.333% Shareholder
Lisa Kohl 1992 Trust	340 Royal Poinciana Way, suite 305, Paln	n Beach, FL 33480	33.333% Shareholder
Lori Gandleman 1992 Trust	340 Royal Poinciana Way, suite 305, Palm	n Beach, FL 33480	33.333% Shareholder

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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 |X] 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.

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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. "hourly rate" or "to be provided in the contract of the c

paid or estimated.) NOTE:

"hourly rate" or "t.b.d." is

not an acceptable response.

N/A

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(Add sheets if n	ecessary)	
`	• ,	sing Party has not retained, nor expects to retain, any such persons or
· -		
entities. SECTIO	ON V CERTIF	*ICATIONS
A. COURT-OR	DERED CHILD	SUPPORT COMPLIANCE
	•	on 2-92-415, substantial owners of business entities that contract with the City their child support obligations throughout the contract's term.
• 1	•	Indirectly owns 10% or more of the Disclosing Party been declared in bligations by any Illinois court of competent jurisdiction?
[] Yes	X] No	[] No person directly or indirectly owns 10% or more of the Disclosing Party.
If "Yes," has the person in compli	•	into a court-approved agreement for payment of all support owed and is the greement?
[] Yes	[] No	
B. FURTHER C	CERTIFICATIO	NS
1 Dynaman t	a Maniainal Cad	do Chantan 1 22 Antiala I ("Antiala I")(which the Annicent should consult for

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.

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2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.l. 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 ofthe 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 ofthe 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 Parly 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, ofthe 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.

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

- 1. The Disclosing Party certifies that the Disclosing Party (check one)
- 1. [] is |X] 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 ofthe 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

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2-32 ofthe Municipa N/A	al Code, explain here (attach additio	nal pages if necessary):
	Page 7 of	f 13
	the word "None," or no response apmed that the Disclosing Party certif	•
D. CERTIFICATI	ON REGARDING INTEREST IN O	CITY BUSINESS
Any words or term meanings when us	-	of the Municipal Code have the same
		unicipal Code: Does any official or employee of the City e name of any other person or entity in the Matter?
NOTE: If you che proceed to Part E.	cked "Yes" to Item D.L, proceed to	Items D.2. and D.3. If you checked "No" to Item D.L,
official or employe entity in the purcha is sold by virtue of	e shall have a financial interest in hi se of any property that (i) belongs to legal process at the suit of the City (uant to the City's eminent domain p	e bidding, or otherwise permitted, no City elected s or her own name or in the name of any other person of the City, or (ii) is sold for taxes or assessments, or (iii) (collectively, "City Property Sale"). Compensation for ower does not constitute a financial interest within the
Does the Matter in	volve a City Property Sale?	
[] Yes	X] No	
~	ted "Yes" to Item D.L, provide the resuch interest and identify the nature	names and business addresses of the City officials or 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

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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

None

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):

(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 eto influence or attempt to influence an officer or employee of any agency, as defined by applicable federa 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, exinto any cooperative agreement, or to extend, continue, renew, amend, or modify any federally funded congrant, loan, or cooperative agreement. Page 9 of 13	entity al law, ntering
1 age 7 01 13	
3. The Disclosing Party will submit an updated certification at the end of each calendar quarter in there occurs any event that materially affects the accuracy of the statements and information set f paragraphs A.l. and A.2. above.	
4. The Disclosing Party certifies that either: (i) it is not an organization described in section 501(c)(c) 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 for and substance to paragraphs A.l. through A.4. above from all subcontractors before it awards any subcontract the Disclosing Party must maintain all such subcontractors' certifications for the duration of the Mat must make such certifications promptly available to the City upon request.	ntract
B. CERTIFICATION REGARDING EQUAL EMPLOYMENT OPPORTUNITY	
If the Matter is federally funded, federal regulations require the Applicant and all proposed subcontractor to submit the following information with their bids or in writing at the outset of negotiations.	rs
Is the Disclosing Party the Applicant?	
[] Yes Qfl No	
If "Yes," answer the three questions below:	
1. Have you developed and do you have on file affirmative action programs pursuant to applicable regulations? (See 41 CFR Part 60-2.) [] Yes [] No	federa
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 applifiling requirements?	
[] Yes [] No	

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

[j Yes [] No

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

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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 ofthe 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:

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- 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 Ifthe 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.I., 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 $^{\circ}$ t/ o?-5 $^{\circ}$ -2 s) / *-/ , at l^flni /Qtar-J-, County, (state).

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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.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

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have a "familial relationship" with an elected city official or department head?

X No

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

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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

[]Yes

- 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.l.) 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

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<mailto:jjenkins@eskopb.com></mailto:jjenkins@eskopb.com>	
D. Name of contact person: James Jenkins	
E. Federal Employer Identification No. (if you hav	e one): ■ ,
F. Brief description of contract, transaction or which this EDS pertains. (Include project number a	other undertaking (referred to below as the "Matter") to and location of property, ifapplicable):
Subordinate financing from the City of Chicago for repla	acement 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 complete the following:	the City's Department of Procurement Services, please
Specification # N/A	and Contract # N/A
Page 1 of 13	
SECTION II - DISCLOSURE OF OWNERSHIP	INTERESTS
[] Person [] Publicly registered business corporation [] Privately held business corporation [] Sole proprietorship []]] Is
Limited liability company Limited liability partner Not-for-profit corporation the not-for-profit corporation also a 501(c)(3))? [] Yes [] No Other (please specify)	ship Joint venture

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- 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 |XJ 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,

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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

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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 [X] 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.

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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 "hourly rate" or "

paid or estimated.) NOTE:

"hourly rate" or "t.b.d." is

not an acceptable response.

N/A

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(Add sheets if nece	essary)	
fX] Check here	if the Disclos	sing Party has not retained, nor expects to retain, any such persons or
entities. SECTION	V - CERTIF	ICATIONS
A. COURT-ORDI	ERED CHILD	SUPPORT COMPLIANCE
-		on 2-92-415, substantial owners of business entities that contract with the City their child support obligations throughout the contract's term.
• •	•	indirectly owns 10% or more of the Disclosing Party been declared in arrearage by any Illinois court of competent jurisdiction?
[] Yes	X] No	[] No person directly or indirectly owns 10% or more of the Disclosing Party.
If "Yes," has the person in complian		into a court-approved agreement for payment of all support owed and is the greement?
[] Yes	[] No	
B. FURTHER CE	RTIFICATIO	NS
defined terms (e.g.,	, "doing busin	de Chapter 1-23, Article I ("Article I")(which the Applicant should consult for less") and legal requirements), if the Disclosing Party submitting this EDS is

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 ofthe 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.

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2. The Disclosing Party and, ifthe Disclosing Party is a legal entity, all of those persons or entities

identified in Section II.B.l. of this EDS:

- a. are not presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from any transactions by any federal, stale 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 ofany 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

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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 ofall 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 ofthe City recipient. N/A

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

- 1. The Disclosing Party certifies that the Disclosing Parly (check one)
- 1. [] is [X] 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):

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	oraion.		
N/A			
	Page 7 of	f 13	
	the word "None," or no response apmed that the Disclosing Party certification.	•	
D. CERTIFICATION	ON REGARDING INTEREST IN C	ITY BUSINESS	
Any words or term when used in this I	-	of the Municipal Code have the same meanings	
		unicipal Code: Does any official or employee of the e name of any other person or entity in the Matter?	City
NOTE: If you che proceed to Part E.	cked "Yes" to Item D.l., proceed to I	tems D.2. and D.3. If you checked "No" to Item D.1	l.,
official or employe entity in the purcha is sold by virtue of	the shall have a financial interest in his ase of any property that (i) belongs to be legal process at the suit of the City (of suant to the City's eminent domain per suant to the City's eminent domain to the C	bidding, or otherwise permitted, no City elected so or her own name or in the name of any other person the City, or (ii) is sold for taxes or assessments, or collectively, "City Property Sale"). Compensation for ower does not constitute a financial interest within the	(iii) or
Docs the Matter in	volve a City Property Sale?		
[]Yes	X] No		
	ked "Yes" to Item D.l., provide the n such interest and identify the nature	ames and business addresses of the City officials or 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

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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.l. 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.

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- 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.l. 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.l. 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 Par	ty the Applicant?
[] Yes	rx] 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 wilh 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

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filing requirements?	
	d 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:

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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.citvofchicago.org/Ethics http://www.citvofchicago.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 ofthe 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 ofthe Municipal Code.

The Disclosing Party represents and warrants that:

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- 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.I., 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 (ifapplicable) 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)

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<u>Trustee</u>		

CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

APPENDIX A

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.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 fx] No

(Print or type title of person signing)

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

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

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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. <u>fX</u>] 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.l.) 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):

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F. Brief description of contract, transaction or other undopertains. (Include project number and location of propert	ertaking (referred to below as the "Matter") to which this EDS y, if applicable):
Subordinate financing from the City of Chicago for	replacement of existing windows.
G. Which City agency or department is requesting this E	DS? Department of Planning and Development
If the Matter is a contract being handled by the City's I following:	Department of Procurement Services, please complete the
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 [] [] Publicly registered business corporation [] [] Privately held business corporation [] [] Sole proprietorship [] [] General partnership (Is [] Limited partnership M 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 Florida	e) of incorporation or organization, ifapplicable:

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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 f(X) No f(X)

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,

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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>Lawrence Kohl</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 [x] 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 Cily whether disclosure is required or make the disclosure.

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Name (indicate whether Business Relationship to Disclosing Party Fees (indicate whether retained or anticipated to be retained)

Address (subcontractor, attorney, paid or estimated.) NOTE:
lobbyist, etc.) "hourly rate" or "t.b.d." is not an acceptable response.

N/A

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(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 Ci must remain in compliance with their child support obligations throughout the contract's term.	ty
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 X] 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	
D. FLIDTHED GEDTIELGATIONG	

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 ofthe 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.

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- 2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.l. 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 ofthe 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").

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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 [X] 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):

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-MA		
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	" the word "None," or no response apumed that the Disclosing Party certif	
D. CERTIFICAT	ION REGARDING INTEREST IN	CITY BUSINESS
Any words or termeanings when u		of the Municipal Code have the same
		unicipal Code: Does any official or employee ofthe City te name of any other person or entity in the Matter?
NOTE: If you che proceed to Part E.	-	Items D.2. and D.3. If you checked "No" to Item D.1.,
official or employed entity in the purch is sold by virtue of	ee shall have a financial interest in hi ase ofany property that (i) belongs to f legal process at the suit of the City (suant to the City's eminent domain p	e bidding, or otherwise permitted, no City elected is or her own name or in the name of any other person or the City, or (ii) is sold for taxes or assessments, or (iii) (collectively, "City Property Sale"). Compensation for ower does not constitute a financial interest within the
Does the Matter in	volve a City Property Sale?	
[] Yes	rxl No	
-	ked "Yes" to Item D.l., provide the n such interest and identify the nature	names and business addresses of the City officials or 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.)

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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.l. 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.l. 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.l. 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 rx] 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

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

[J Yes [] No

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

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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 ofthe 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:

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- 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.I., 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)

 \blacksquare ^y^y^v^.^-V^^Ay-&j j^oaJjIotary Public. Commission expires: *^I

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CITY OF CHICAGO ECONOMIC DISCLOSURE STATEMENT AND AFFIDAVIT APPENDIX A

FAMILIAL RELATIONSHIPS WITH ELECTED CITY OFFICIALS AND DEPARTMENT HEADS

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

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

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

File #: O2015-753, Version: 1				
[] Yes	X] No			
If yes, please identi	y below (1) the name and title of such person, (2) the name of t	the legal entity to which		

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.

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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. XJ 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
- 3. [] a legal entity with a right of control (see Section II.B.l.) 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 opertains. (Include project number and location of	other undertaking (referred to below as the "Matter") to which this EDS of property, if applicable):
Subordinate financing from the City of Chicago	for replacement of existing windows.
G. Which City agency or department is requesti	ng this EDS? Department of Planning and Development
If the Matter is a contract being handled by the following:	ne City's Department of Procurement Services, please complete the
Specification # N/A	and Contract # N/A
A. NATURE OF THE DISCLOS Person Publicly registered business corporation Privately held business corporation Sole proprietorship	SING PARTY 1. Indicate the nature ofthe Disclosing Party: X] [] []
General partnership Limited partnership Trust	[] (Is
Limited liability company Limited liability part 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 cou	ntry) of incorporation or organization, if applicable:

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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 1X1 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,

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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)

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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 [X] 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.

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Name (indicate whether retained or anticipated to be retained)

Relationship to Disclosing Party Fees (indicate whether paid or estimated.) NOTE:

lobbyist, etc.)

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

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

N/A

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(Add sheets if necessary)	
[X] Check here if the Disclosing Party has no	ot retained, nor expects to retain, any such persons or entities.
SECTION V - CERTIFICATIONS	
A. COURT-ORDERED CHILD SUPPORT COMI	PLIANCE
Under Municipal Code Section 2-92-415, substaremain in compliance with their child support oblig	ntial owners of business entities that contract with the City must ations throughout the contract's term.
Has any person who directly or indirectly owns 10% child support obligations by any Illinois court of co	% or more of the Disclosing Party been declared in arrearage on any mpetent jurisdiction?
[] Yes rx] No [] No person Disclosing	a directly or indirectly owns 10% or more of the Party.
If "Yes," has the person entered into a court-approv compliance with that agreement?	ed agreement for payment of all support owed and is the person in
[] Yes [] No	
B. FURTHER CERTIFICATIONS	
terms (e.g., "doing business") and legal requirement doing business with the City, then the Disclosing Pa person is currently indicted or charged with, or has a supervision for, any criminal offense involving actu	article I ("Article I")(which the Applicant should consult for defined is), if the Disclosing Party submitting this EDS is the Applicant and is arty certifies as follows: (i) neither the Applicant nor any controlling admitted guilt of, or has ever been convicted of, or placed under al, attempted, or conspiracy to commit bribery, theft, fraud, forgery, imployee of the City or any sister agency; and (ii) the Applicant

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year compliance timeframes in certifications 2 and 3 below.

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-

- 2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.l. 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 ofthe Disclosing Party, any Contractor or any Affiliated Entity or any other official, agent or employee ofthe Disclosing Party, any Contractor or any Affiliated Entity, acting pursuant to the direction or authorization of a responsible official ofthe Disclosing Party, any Contractor or any Affiliated Entity (collectively "Agents").

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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 Universified 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

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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 ofall 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 ofthe City recipient. N/A

C. CERTIFICATION OF STATUS AS FINANCIAL INSTITUTION

- 1. The Disclosing Party certifies that the Disclosing Party (check one)
- 1. [] is |X] 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):

NiA

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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

[X] No

NOTE: If you checked "Yes" to Item D.l., proceed to Items D.2. and D.3. If you checked "No" to Item D.l., 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 |X] No

3. If you checked "Yes" to Item D.l., 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.l. above for his or her lobbying activities or to pay any person or entity to influence or attempt to influence an officer or employee ofany 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,

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renew, amend, or me	· · ·	r, grant, loan, or cooperative agreement. Page 9 of 13
	-	certification at the end of each calendar quarter in which there of the statements and information set forth in paragraphs A.l. and
4. The Disclos	ing Party certifies that either: (i) it is	is not an organization described in section
4. 501(c)(4) of	the Internal Revenue Code of 1986	6; or (ii) it is an organization described in section
4. 501(c)(4) of	the Internal Revenue Code of 1986	6 but has not engaged and will not engage in "Lobbying
4. Activities".		
substance to paragra Disclosing Party mu	aphs A.l. through A.4. above from a	sclosing Party must obtain certifications equal in form and all subcontractors before it awards any subcontract and the certifications for the duration of the Matter and must make such est.
B. CERTIFICATIO	N REGARDING EQUAL EMPLO	YMENT OPPORTUNITY
	rally funded, federal regulations rec nation with their bids or in writing a	quire the Applicant and all proposed subcontractors to submit at the outset of negotiations.
Is the Disclosing Pa	rty the Applicant?	
[] Yes	fX] No	
If "Yes," answer the	three questions below:	
1. Have you de regulations? (See 41	-	Tile affirmative action programs pursuant to applicable federal
· · · · · · · · · · · · · · · · · · ·		ittee, the Director of the Office of Federal Contract Compliance mission all reports due under the applicable filing requirements?
3. Have you pa opportunity clause?	articipated in any previous contracts	s or subcontracts subject to the equal
[] - 		

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

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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.cityofchicaKo.org/Ethics http://www.cityofchicaKo.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:

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- 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.I., 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^dame of Disclosing Party)'

Palm Drive Associates. LLC

ign 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, _

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ommission expires:_			
state).			
lotary Public.			
age 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 ofthe 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 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.l.a., ifthe Disclosing Party is a corporation; all partners of the Disclosing Party, ifthe 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?

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[] Yes	X] No				

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

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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. (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.l.) 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>

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D. Name of contact person: Scott Kotick	
E. Federal Employer Identification No. (if you have o	ne):
F. Brief description of contract, transaction or other uppertains. (Include project number and location of prop	ndertaking (referred to below as the "Matter") to which this EDS erty, if applicable):
Subordinate financing from the City of Chicago for rep	placement of existing windows.
G. Which City agency or department is requesting this	s EDS? Department of Planning and Development
If the Matter is a contract being handled by the City following:	y's Department of Procurement Services, please complete the
Specification # N/A	and Contract # N/A
Page 1 of 13 - DISCLOSURE OF OWNERSHIP INTERESTS	
A. NATURE OF THE DISCLOSING P	PARTY 1. Indicate the nature of the Disclosing Party:
	[]
[] Publicly registered business corporation	
[] Privately held business corporation	[]
	[]
	(Is
Pd Limited partnership	
[] Trust	
Limited liability company Limited liability partnership Not-for-profit corporation	p Joint venture
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:

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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 IXJ 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,

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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 Disclosing Party	the
Scott Kotick	21600 Oxnard St., Suite 1200, Woodland	Hills, CA 91367	25% (Managing Member)
Myra Kotick	21600 Oxnard St., Suite 1200, Woodland	Hills, CA 91367	25% (Member)
Kotick Family, LP	21600 Oxnard St., Suite 1200, Woodland	Hills, CA 91367	50% (Member)

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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 pq 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 ofthe 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 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.

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Name (indicate whether retained or anticipated to be retained)

Relationship to Disclosing Party Fees (indicate whether paid or estimated.) NOTE:

lobbyist, etc.)

retained or anticipated to be retained)

lobbyist, etc.)

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

N/A

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(Add sheets if neo	cessary)	
rx] Check here	if the Disclosin	g Party has not retained, nor expects to retain, any such persons or entities.
SECTION V - CI	ERTIFICATIONS	S
A. COURT-ORI	DERED CHILD S	SUPPORT COMPLIANCE
	•	2-92-415, substantial owners of business entities that contract with the City must ild support obligations throughout the contract's term.
• •	•	lirectly owns 10% or more of the Disclosing Party been declared in arrearage on any linois court of competent jurisdiction?
[] Yes	fx] No	[] No person directly or indirectly owns 10% or more ofthe Disclosing Party.
If "Yes," has the peompliance with the		to a court-approved agreement for payment of all support owed and is the person in
[] Yes	[] No	
B. FURTHER C	ERTIFICATION	S
derms (e.g., "doing doing business wi berson is currently supervision for, an berjury, dishonest anderstands and a City. NOTE: If A	g business") and lath the City, then to y indicted or charging criminal offensity or deceit against acknowledges that rticle I applies to	e Chapter 1-23, Article I ("Article I")(which the Applicant should consult for defined egal requirements), if the Disclosing Party submitting this EDS is the Applicant and is the Disclosing Party certifies as follows: (i) neither the Applicant nor any controlling ged with, or has admitted guilt of, or has ever been convicted of, or placed under se involving actual, attempted, or conspiracy to commit bribery, theft, fraud, forgery, at an officer or employee of the City or any sister agency; and (ii) the Applicant compliance with Article I is a continuing requirement for doing business with the the Applicant, the permanent compliance timeframe in Article I supersedes some five-rifications 2 and 3 below

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

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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;
- 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, ofthe 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 rx] 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

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	he word "None," or no response appose sclosing Party certified to the above	ears on the lines above, it will be conclusively statements.
D. CERTIFICATION	N REGARDING INTEREST IN CIT	TY BUSINESS
Any words or terms tused in this Part D:	that are defined in Chapter 2-156 oft	he Municipal Code have the same meanings when
		cicipal Code: Does any official or employee of the City have a fany other person or entity in the Matter?
NOTE: If you check Part E.	ted "Yes" to Item D.l., proceed to Ite	ms D.2. and D.3. If you checked "No" to Item D.1., proceed to
employee shall have purchase of any prop legal process at the st	a financial interest in his or her own erty that (i) belongs to the City, or (i uit of the City (collectively, "City Pr	pidding, or otherwise permitted, no City elected official or name or in the name of any other person or entity in the i) is sold for taxes or assessments, or (iii) is sold by virtue of operty Sale"). Compensation for property taken pursuant to the ial interest within the meaning of this Part D.
Does the Matter invo	lve a City Property Sale?	
[] Yes	X] No	
•	ed "Yes" to Item D.l., provide the nature of	mes and business addresses of the City officials or 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

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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.l. above for his or her lobbying activities or to pay any person or entity to influence or attempt

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or employee of Congress, contract, making any feder	employee of any agency, as defined by applicable federal law, a member of Congress, an officer or an employee of a member of Congress, in connection with the award of any federally funded rally funded grant or loan, entering into any cooperative agreement, or to extend, continue, any federally funded contract, grant, loan, or cooperative agreement. Page 9 of 13
	ty will submit an updated certification at the end of each calendar quarter in which there terially affects the accuracy of the statements and information set forth in paragraphs A.l. and
4. The Disclosing Pa	rty certifies that either: (i) it is not an organization described in section
4. 501(c)(4) of the Int	ternal Revenue Code of 1986; or (ii) it is an organization described in section
4. 501(c)(4) of the In	ternal Revenue Code of 1986 but has not engaged and will not engage in "Lobbying
4. Activities".	_
substance to paragraphs A Disclosing Party must mai	Party is the Applicant, the Disclosing Party must obtain certifications equal in form and all through A.4. above from all subcontractors before it awards any subcontract and the intain all such subcontractors' certifications for the duration of the Matter and must make such allable to the City upon request.
B. CERTIFICATION REG	GARDING EQUAL EMPLOYMENT OPPORTUNITY
· · · · · · · · · · · · · · · · · · ·	unded, federal regulations require the Applicant and all proposed subcontractors to submit with their bids or in writing at the outset of negotiations.
Is the Disclosing Party the	Applicant?
[] Yes	IX] No
If "Yes," answer the three	questions below:
1. Have you develop regulations? (See 41 CFR []Yes []No	ed and do you have on file affirmative action programs pursuant to applicable federal Part 60-2.)
· · · · · · · · · · · · · · · · · · ·	th the Joint Reporting Committee, the Director of the Office of Federal Contract Compliance apployment Opportunity Commission all reports due under the applicable filing requirements? [] No

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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:

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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 ofthe 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 ofthe 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:

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- 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.I., 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, 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 |X] No

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

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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. P] 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
- 3. [] a legal entity with a right of control (see Section II.B.l.) 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.

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G. Which City agency or de	partment is requesting thi	is EDS? Department of Planning and Development
If the Matter is a corcomplete the following	-	by the City's Department of Procurement Services, please
Specification #		and Contract #
Page 1 of 13		
SECTION II DISCLOS	SURE OF OWNERSHI	P INTERESTS
A. NATUI [] Person	iness corporation	ING PARTY 1. Indicate the nature of the Disclosing Party: [] [] [] [] (Is
Limited liability company Not-for-profit corporation the not-for-profit corporation [] Yes Other (please specify)	1	nership Joint venture
2. For legal entities, t	the state (or foreign cou	antry) of incorporation or organization, if applicable: Delaware
3. For legal entities n State ofIllinois as a foreig	-	te of Illinois: Has the organization registered lo do business in the
k] Yes	[] No	[] N/A
B IF THE DISCLOSING	CDADTVIS A LEGAL	ENTITY.

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

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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,

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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_{We}st Street

New York, NY 1 0007

SECTION III BUSINESS RELATIONSHIPS WITH CITY ELECTED OFFICIALS

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

1 00%

[] Yes [X] No

If yes, please identify below the namc(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.

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Name (indicate whether Business Relationship to Disclosing Party Fees (indicate whether retained or anticipated to be retained)

Relationship to Disclosing Party Fees (indicate whether paid or estimated.) NOTE:

| lobbyist, etc.) | "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.

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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 [XNo [] 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.

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- 2. The Disclosing Party and, if the Disclosing Party is a legal entity, all of those persons or entities identified in Section II.B.l. 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 slate 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 ofthe 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").

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Neither the Disclosing Parly, nor any Contractor, nor any Affiliated Entity of cither 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 Stales of America, in that officer's or employee's official capacity;
- b. agreed or colluded with olher bidders or prospective bidders, or been a party lo 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 Enlity 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 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:

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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 Parly 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, ofthe 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 S20 per recipient (if none,

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indicate wilh "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 (x] 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):

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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 arc defined in Chapter 2-1 56 of the Municipal Code have the same meanings when used in this Part D.

1. In accordance with Section 2-156-110 of the Municipal Code: Does any official or employee of the City have a financial interest in his or her own name or in the name of any other person or entity in the Matter? _{Upon} knowledge without inquiry

[] Yes bd No

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

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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.

Docs the Matter involve a City Property Sale?

[] Yes fc] No

3. If you checked "Yes" to Item D.l., 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

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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 arc 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.l. above for his or her lobbying activities or to pay any person or enlity 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.

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- 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.l. 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.l. 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.

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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 fc] 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:

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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.cityofchicaRO.orR/Ethics http://www.cityofchicaRO.orR/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 ofthe 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 Cily 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:

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- F.1. The Disclosing Party is not delinquent in the payment ofany tax administered by the Illinois Department of Revenue, nor arc 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 Parlies 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.I., 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 (ifapplicable) 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 DisdcisjjigP^rty)"

(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,

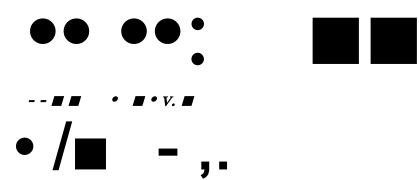
at New York

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

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[]Yes

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 ofthe date this EDS is signed, the Disclosing Party or any "Applicable Parly" 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.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?

[] 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.

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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

File #: O2015-753.	Version:	1
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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/ ifapplicable:

Verizon Communications, Inc.

Check ONE of the following three boxes:

Indicate whether the Disclosing Party submitting this EDS is:

- 1. [] the Applicant
 - OR
- 2. p] 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.l.) 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. <u>Telephone</u>: 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, ifapplicable):

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 «l CimlMiU

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

OUARTF.RLY REPORT PURSUANT TO SECTION 13 (JR 15(d) Or THE SECURITIES EXCHANGE ACT OF 1934 Fur lhe quarterly period ended September 30. 2014

☐ TRANSIT]ONRLP(jRTPi;RSI!ANTTOSECTI(>N 13 OR 15(d)

OF THE SECURITIES EXCHANGE ACT OF I') 34 For lhc transition penod from lo

Commission file numbel I -Kfi06

Verizon Communications Inc.

(Exacl name oi" registrant as specified in lit charier)

23-2259884

(IRS Employer Identification No)

Delaware (Stale ot ulhei jurisdiction of incorporation or orjjiini7Jiion j

1095 Avenue of Ihe Americas Ne* York. New York

(Address of piincipal executive offices)

100.16

(Zip Code)

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

Indicace by check mark whether libe 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 month* (or tor with shorter period that the registrant was required to tile *uch reports), and (2) hus been subject Hi such filing requirements but the past 90 days E Yes no

Indicate hy check mailt whether the registrant has submitted electronicilly and posted on its corporate Web site it'any, every Interactive Data File required to be submitled and polled pursuant to Rule 405 of Repulsion S-T (fc232 405 of tho chapter) during the preceding 12 months (or lor such shorter penod ihad libr registrant was required to submit and post such tiles) [Ki Yes a No

Indicate by check mark wheihei ihe resist rant is a large accelerated filer, an accelerated filer, or a smaller reporting company See the delimitiuit. of 'large aicelevaled filer." inderaicel filer" and 'smaller icpoiting company" in Rule 12h-2 of the Exchange Ac)

Large accelerated filer E)
Non-ac<.i.leraii.d filer □ (Do not cheuk if a smnller reporting company)

Accelerated tiler

Smaller reporting company

Indicate by check mark whether (he registrant is a shell company (as defined in Rule 12b-2 of the Exchange Actj \square Vcs E No

At September 30, 2014. 4 149.723,706 shares of the registrant's common stock were outstanding, after deducting 92.650.53J «Jijio-; held in treasury

PART 1 - FINANCIAL INFORMATION Kern 1. financial Statements (Unaudited)

Condensed Consolidated Statements of Income Thice and nine nmnth\ended September Ml. 2Ul4 and 2011

Condensed Consolidated Statements of Comprehensive Income Three and nine mnnlhi ended September 30. 2(1/-f and 2013

Cwndcninl Consolidated Halanrr Sheets

At September 30 2014 and December 31 2013

Condensed Consolidated Statements of Cash Flow*

Nine monthi en Jed September 30, 2011 and 2013

Nom to Condensed Consolidated Financial Statements Item 2 Management** Discussion and Analysis of Financial Condition and Kesnlts of Opt rain Item 3. Quantifum c and Quililitatin e Disclosures About Market Kiil. Item 4 Controli and Procedure*

PAUT II - OTHER INFORMATION Item I Legal Proceedings Item IA. Hnk Factors

Item 2. Unregistered Sales of Equity .Securities and I'se of Proceeds

Itrm 6. I shibi

Signature

Certifications

Condensed Consolidated Statements of Comprehensive Income

Ven/on Communications Inc and Subsidiaries

Condeaied Consolidated Statements of Income Ven/ou Communications Inc and Subsidiaries

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

Operating Ketenurs Operating Expenses

Cost nt sen ices and sales (exclusive of items iJiown below) Sell in)), general and administrative expense http://expenses-Depreciation and amortization expense Total Operating Expenses Income Before ProMiinn For Income Taxes Provision for income taxes Net Income Net income niinbuiable to nuncotiirulling inicrvsis Net income attributable, to Vonron Net Income Basic Earnings Per Common Share Net income artnbulable lo Verizon Weighted-a\eiage shaies outstanding (in millions) Net income attributable to Verizon Wejgliled-a/er.igu shares outstanding (in millions) Three Months Ended Nine Months Ended 2013 2014 2014 2013 S ".1.586 S 30.279 J 91.KX7 S K"}.4H^ 12,252 8,277 10 96035 . 52832 925 4 15412,4(-512.423 23.IM 7.128 21.735I«905 5,658 (1.864) 19 |7.->7| 84 (555)(3.633) (1,6061 «9 S 4 152 $S \hspace{0.5cm} 99 \hspace{0.5cm} S \hspace{0.5cm} 3.346 \hspace{0.5cm} I \hspace{0.5cm} 2.238 \hspace{0.5cm} S \hspace{0.5cm} y, 201 \hspace{0.5cm} 3,695 \hspace{0.5cm} 2.232 \hspace{0.5cm} I1.K56 \hspace{0.5cm} 6.4311 \hspace{0.5cm} S \hspace{0.5cm} 3,794 \hspace{0.5cm} S \hspace{0.5cm} 5,57S \hspace{0.5cm} S \hspace{0.5cm} 14.104 \hspace{0.5cm} S \hspace{0.5cm} 15,631 \hspace{0.5cm} S \hspace{0.5$ 4.15V 7K S 3 03 S 2 24 :,K66 3.912 2,Uf> 7S 1 3 01 & 2 24 2.874 3,919 2.874 \$ 3.794 \$ 5.578 S 14.104 S 15.631 (1.054) 11) (117) (13) (39) (1.183)(23) (17) U-J

Other romprobenuor gain (loss), net of taxes For-Hill currency translation adjustments Unrealized gain (loss) on cash (low hedges Unrealized gjin (lns:-) on nwrketable securities Defined benefit pension and poMretirement plans Olher comprehensive gain (lo*s) attiihuiahle to ^cll/on Other cmnpiehensive nam i^loss) attnbuiahlr to nonconlmlling n Total Comprehensive Income \$ 99 S 3350 S 2.225 S 9.190 1.682 2 356 10 673 6.313 S 3.781 \$ 5.706 J 12.898 S 15.503 S 3.7KI J 5706 J12H9K \$15.503 ing inletesls Comprehensive iiicoiru' allnbuiable lo noneontu CompiehensM c income altnbiiuble io Veri/on Tolal Comprehensive Income Sec Notes to Condensed Consolidated Financial St ait S 0 55 S :s lo Condensed Consolidaied Financial Statements 3 Condensed Consolidated Balance Sheets Venzon Communications Inc and Subsidiaries Condensed Consolidated Slate me nil of Cash Flows Assets L urrent asseis Cash and cash equivalents Short-term invc-.imcni> Accounts receivable, net of allowances of S646 and 5645 In ven tones Prepaid expenses and othei Total current a kitl* Plant, propeny and equipment Less accumulated depieciaiion

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At Seplernh*r30, 2014

635 13.283

230,152 140,520

2013

12.439 1.020 3.401>

(dollars tn millions) (unaudited)

Cash Flows from Operating Attn ities

Construints from operating continues.

Not Income

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

Equity in earnings of unconsolidated busine ses.net http://businesses.net ol'dividends received Changes in current ussels and liabilities, net ofe-ffeels ft urn acquisition/disposition ofbusinesses Other, net

Net cash provided b> operating activities

Nine Months Ended September 30, 2014 2013

12.423 649 3.011 746 (100) (1 078) (2,895) 28,387

Wireless licenses

Goodwill Other intangible assets, net

Other assets Total assets S

Debt maturing within one year S Accounts payable and accrued liabilities

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

Equity

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

Common stock (\$ 10 par value. 4,242,374,240 31*2.967,610.1 19 shares issued in each penod, respectively) Communuted capital Reinvested earnings

Accumulated other comprehensive income Common stock in treasury, at cost

Deferred compensation - employee stock ownership plans and other

Noticoitrollmu interests

lotalequiiy 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

(3.465.1 3^U0 1.391

1.412 75.747 24.634 5,800 4.535

3.933 16.453 6.664

89.658 27.682 28.639 5.653

37,93<* 1.782

Capital expenditures (including capitalized software)
Acquisitions of in\cstmcnis and businesses, net of cash acquired Aiquismons-of wireless licenses
Proceeds from dispositions of wireless licenses Proceeds from dispositions of businesses

Net cash used in investing activities

Cash Flows from Financing Activities

Proceeds from long-term borrowings

Repayments of long-term borrowings and capital lease obligations Decrease in short-term obligations excluding current maiunites Div tdends paid

Proceeds from sale of common slock Putchase of common stock for treasury Special distribution to noncotmolling interest Acquisition of noncontrolling interest Other, net Net cash provided by (used in) financing adit Hies

crease (decrease) in cash and cash equit alents Cash and cash equivalents, beginning of penod Cash and cash equivalents, end olpenod

12 624) (180) (14.1) 2 367 120 230

21.575 (12,594) (426) (5,651) 34

(58.886) (3.087)

(46.310) 53.528

(I 1.807) (81 ((430) 2.1 11

(324) (4,4201

(151) (3.150)

53.617 3.093

Sec Notes to Condensed Consolidated financial Statement.-

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Notes to Condensed Consolidated Financial Statement

men in included in lhe Venzon Communications Inc (Verizon or the Company) Annual Report on Form 104i lor the j ear ended December II. 2013 These financial statements reflect all adjustments thai are necessary for a fair presentation of results of operations and financial condition for the interim penods shown including normal recumim accruals and other ilems Tlie results for the interim periods are not necessarily indicative of results for lhe full year We have reclassified certain pnor yeai amounts to contibin to the current year presentation Effective January 1. 2014, we have also reclassified the results all certain businesses, such as development stage businesses that support our sinuec.it initiatives, from our Wireline segment to Corporate, eliminations and other The impact of ibis reclassification was not material to our condensed consolidated financial statement*

September 30. 2014 Outstanding options to puichase stinted dial wen, not included in the compulation of diluted earnings per common share, because to do so would have been anii-dilutive for the penod. were not significant for the nine months ended September 30. 2014 and the thice and nine months ended September 30. 2014 outstanding options to puichase stinted dial wen, not included in the compulation of diluted earnings per common share, because to do so would have been anii-dilutive for the penod. were not significant for the nine months ended September 30. 2014 and the thice and nine months ended September 30. 2014 and the thice and nine months ended September 30. 2014 outstanding options to puichase stinted dial wen, not included in the compulation of diluted earnings per common share, because to do so would have been anii-dilutive for the penod. were not significant for the nine months ended September 30. 2014 and the thice and nine months ended September 30. 2014 and the thice and nine months ended September 30. 2014 and the thice and nine months ended September 30. 2014 and the thice and nine months ended September 30. 2014 and the thice and nine months ended September 30. 2014 and the thice and nine months ended September 30. 2014 and the thice and nine months ended September 30. 2014 and the thice and nine months ended September 30. 2014 and the thice and nine months ended September 30. 2014 and the thice and nine months ended September 30. 2014 and the thice and nine months ended September 30. 2014 and the thice and nine months ended September 30. 2014 and the thice and nine months ended September 30. 2014 and the thice and nine months ended September 30. 2014 and the thice and nine months ended September 30. 2014 and the thice and nine months ended September 30

Wc upgrade good woiking signing nent installment plan is exchanged tor the used handsel This trade-in right is a

typically trade-in ofthe ImIiiiiic equipmen time recognition result The nsk, which wilt occur ai the earlier of the lime the trade-in right is exercised or exp

At credit poilfolio. available lease will not be collected All significant accounts, individually or in the aggregate, are current and none are classified as impaired

2014. million of diluted carnings pei common share options to purchase shares lhat would have been anti-dilutive for the lliree months ended

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Tak of Covil-et) Rec mit Adopted Accounting, Standards Dring die first quarter of 2014, we adopted the accounting standard update reciting to the pricipations of an immoscogilacid tax boerell when a net operating lose carryforward, almiliar tax icas, or a tax credit carryforward oxida The standard update provides had a lability related to an unaccognized tax boerell should be offset against assess required the provides of the several temperature of the provides of the several temperature of the provides of the power the update is a standard update of the several temperature of a component of an extra formation of the provides is declared update and poperation and financial results. The standard update is disclosed update that the has credit them are might be an employed the provides of th

l'abir •rCnoimii

ining the second quart ei of 2014, we completed transactions pursuant to two additional agreements with T-Mobile USA will 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 eash consideration of approximately S2 4 billion, and der the second agreement we exchanged the remainder of our 700 Mil/A block spectrum licenses as well as AWS and PCS spectrum licenses As a resull, we received SI 6 billion of AWS and PCS spectrum licenses after value and we recorded a pre-lax gain of approximately SO 7 hillion in Selling, general and administrative expense on our condensed consolidated statement of income tor the nine months ended September 30, 2014

Dunng the three and n

Dunng 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-eash exchange, which is subject in approval by lhe Federal Communication* Commission (FCC) and other customary closing conditions, is expeUed to close in Ihe lirsi quarter of 2015 Upon completion of the transaction, we expect to record an immaterial gain

tided September 10, 2014, we acquired various olher wireless licenses and markets foi

alance at January 1, 2014 Acquisitions (Note 2) Di<posilions(Noie2) Reclassifications, adjustments and other Balance at September 30.2014

The following table displays the composition of Olher intangible asseis net

ess Wireline (38) (4) 5 18,376 5 6.258 5 24,634

(38) (4) S 18.391 J 6.226 S 24.617

On July 120)4 we sold a non-strategic Wneline business which provides communications solutions to a vanety of gov agencies, for net cash proceeds of SO 1 billion and iccorded an immatenal gam

Dunng February 2014. Venzon acquired a business dedicated to the development of Internet Protocol (IP) telev ision for cash consideration thai was noi significant

On October 7, 2014. Redbox Instant by Venzon. a venture between Venzon and Redbox Automated Retail, LLC (Redbox), a wholly-owned subsidiary of Ouierwil http://ouierwilb-11nc, ceased providing service to its customers In accordance with an agreement between the parties Redbox wilh drew from the venture on October 20. 2014 and Ven/on will wind down and dissolve the venture dunng the next lew months As a result of the leimiliaiion of lhe venture, we expect to record a pre-tax loss of approximately \$0.1 billion in the fourth quancrof2014

3 Wireless Licensei, Goodwill and Other Intangible Assets Wireless Licenses Changes in (he carrying ai mi of Wireless licenses are as follows

(dollars in millions)

S 75 747 43K (1.978)

c al January 1. 2014 Acquisitions iNole 2) Dispositions (Note2) Capitalized interest on wireless licenses Rec liiSitic.ilions. adjustments and other Balance at September 3(1, 2014

Reclassifications, adjustments and other includes the exchanges of wireless lice licenses lhat are classified as held for sale and included in Prepaid expenses an sheet at September 30.2014 (see Note 2 for additional details)

At Septenibei 10. 2014 approximate!) \$2.2 billion of Wireless licenses weie under development for commercial servic we weie capitalizing interest costs Al December 31, 2013

Gross Accumulated Net Amount Amortization Amount

At September 30,2014

5 3 634 S (2.870) S 764 S 3.639 S (2.660)5 979 2 841 (8.183) 4 658 1 1.77(1 (7 317) 4.453 (349) 316 691 (323) 368

5 17.140 5 (11,402) S 5.738 5 16 100 S 110.300) 5 3.HOO

I he amortization expense for Other intangible assets was as follows

Three Months Ended Nine Months Ended

September 30,

September 30. 1.I7K 1.183

Hie estimated fulure amortization expense foi Olher intangible assets is as follows

2015 20 In 2017 2018

Loag-Jerm Debt

89.658 21.575 5.000 1,650 (9,231)

(1 097) •J3.59I 21,575 5 0OU 1.650 (12 594) (426)

Changes to debt during the r.tne months ended September 30, 2014 are as follows (dollars in millions)

Balance at January 1.2014

13.363) (426) 1.097

Proceeds from long-ieru borrowings Ver.ion Noles Preferred Stock

Repay men Is of long-term borrowings and capital leases obligations Decrease in shon-ierm obligations, excluding current maturities Reclassifications of long-term debt Other

Balance al September 30.2014

1.603 5 107.627 5 109.230

Dunng Febiuaiy 2014, we issued FI 75 billion aggregate pnnupal amount of 2 375V. Nolo due 2022, FI .25 billion aggregate pnncipal amount of 25% Notes due 2026 and £0 85 billion aggregate principal amount of 4 75% Notes due 2014 The issuance of these Notes resulted in eash proceeds of approximately 55 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, duning February 2014, we issued 50 5 billion aggregate puncipal amount of 5 90% Notes due 2054 resulting in eash proceeds of approximately 50 5 billion, net of discounts and issuance costs The net proceeds were used in general corporate purposes

Interest Rate

On March 10, 2014, we announced the commencement of a tender offer (the Tender Offer) to puichas sense of notes listed in the following table 1.500 5 1.17007 5

2018 2018 20IS 2(116 2017

2016

6 10% 5 50% 8 75% 5 55%

8 50%

7 00%

6 84%

Principal Principal

Maturity Outstanding

Price " Purchased 1.500 1.300 1.250 750

1.146 91 1.288 35 1,093 f-2 1.133 22 (dollars in millions, except for Purchase Pncc)

1.000 | 279.63.300 | 1.125.26

Cellco Partnership and Vcn/on Wireless Capital LLC Alltel Coiporation GTE Coiporation

Per SI 000 principal amount of notes

'cd wilh iespect to
The Tender Oiler for each sense of noles was subject to a financing c all sense The Tender Oiler expired on March 17, 2014 and settled on March 19, 2014 In addition to the purchase price, any accruied and unpaid interest on the purchased notes was paid to the dale of purchase Dunng March 2014. we recorded eatly debt redemption costs in connection with the Tendei Offet (see 'Eaily Debt Redemption')

IXing March 2014, we issued \$4.5 billion aggregate pnncipal 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

which rate will be level quarter 1> 50 5 billion aggregate puncipal amount of 2 55% Notes due 2019. S 10 billion aggregate puncipal amount of 3 45% Notes due 2021,51 25 billion aggregate puncipal amount of 4 15% Noles due 2024 and 51 25 billion aggregate puncipal amount of 5 05% Notes due 2034 During March 2014. the net proceeds were used to purchase notes in the Tendri Oiler described above

Dunng March 2014, Ven/on Wireless redeemed f 1 25 billion aggregate principal amount offithe Cellco Partnership and Venzon Wireless Capital LLC 8 50V* Notes due 2018 at 127 135% of the principal amount ofsuch notes, plus accrued and unpaid interest (see "Fart) Debt Redemplton") Also, dunng March 2014, \$10 billion of LIBOR plus 0 61% Ven/on Communications Notes and \$15\$ billion of 1 95% Verizon Communications Notes matured and were repaid

Dunng Sepiembet 2014, we issued \$0 9 billion aggregate pnneipal amount of 4 8% Notes due 2044 The issuance of these* Noies resulted in eash proceeds of approximately \$0 9 billion, net of discounts and issuance costs The net proceeds were used for general corporate purposes Also, dunng September 2014, we redeemed \$0 8 billion aggregate principal amount of Verizon I 25% Noles due Novembet 2014 and recorded an immaicnal amount of early debt redemption costs

On October 22. 2014. we sold 56 5 billion aggregate puncipal amount of fixed rate notes, which are expected to settle on October 29, 2014 We expect to receive cash proceeds in approximately 56 425 billion, net of discounts and issuance costs and after reimbursement of certain expenses. The tale consisted offthe following SI 5 billion aggregate puncipal amount of 3 00% Notes due 2021.52 5 billion aggregate puncipal amount of 4 40% Notes due 2014. The net proceeds from the offering will be used to redeem n) in whole the following series of outstanding notes which have been called for early redemption in November 2014 Vexora 490% Notes due 2015, Vexora 5 55% Notes due 2014 The veries of 550% Notes due 2016 and Cellco Partnership and Venzon Wneless Capital LLC 8 50% Notes due 2018 and (n) \$10 billion aggregate puncipal amount of Vezzon 2 50% Notes due 2016 Aury proceeds not used for the redemption of these notes will be used for general corporate purposes

On May 29.2014, we announced the commencement of a provine exchange offer (ibe May Exchange Offer) to exchange up lo all Cellso Partnership and Ven/on Wireless Capital LLCs £0 6 billion outstanding aggregate principal amount of 8 875% Notes due 2018 (the 2018 Old Noles) for Venzon'j new sterling-denominated Notes due 2024 (lhe 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, 21) U, we issued 10 7 billion aggregate principal of New Notes and made a cash payment of 122 million m exchange for 10 6 billion aggregate principal amount of tendered 2018 Old Noles The New Notes hear interest at a rate of 4073% per annum

Concurrent with the issuance of the New Notes, we entered into cross currency swaps lo fix our future interest and pnneipal pay men it in U S dollars (see Note 6)

On Jul J 23, 2014, we announced the commencement of eleven separate pnvaic offers to exchange (the July Exchange Offers) specified sense of outstanding Notes issued by Venzon and Alltel Corporation (collectively, the Old Notes) for new Notes to be issued by Ven/on The July Exchange Offers have been accounted for as a modification of debt On August 21, 2014, Venzon issued S3 3 billion aggregate pnncipal amount of 2 625% Notes due 2020 (the 2020 New Notes). S4 5 billion aggregate principal amount of 4 Rr.2% Notes due 2046 (the 2046 New Notes) and 55 5 billion aggregate pnncipal 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 sense in Old Notes included in the July Exchange Offers and the puncipal amount of each such sense accepted by Venzon for exchange

12

Tilling Coaded The, fibits before their the sealer of CM fibits included in the July Exchange Clien or the 2000 New Holes Principal Annual Pri

S - 5 2M S - 9 281 1" quoted pner
prices in active marties for identical assets and its
investments in common stock of domestic and inte
courtiles consiste primary of investments in munk
alternative mointx pricing resulting in these dobt se
on readily observable marters parameters for all su
mid-mark of pricing for fair value measurements of
Thir I - Common II We recognize transfers between levels including quoted pnace for identical terms are
are Level 2 measurements. The fair value of our shorh-cim and inny-term devit, excluding capalled less
Amount. Fair Values Short-end long-term detex excluding capalle disease.

\$ 10.86
raises, and equity and commodity prece We employ rask meanagement strategies, which may include it
agreements and interest rate locks We do not hold derivatives for landing purposes We measure all
a sheets Changes in the fair values of den value utesturients not qualifying as hedges or any ineffective
earnings, along with changes in the fair value of the hedged nor. Changes in the fair value of the effect order into domestic trieletes rate swaps to achior or a targeted mix of flood and vanable rate dob! We p
and hedge against changes in the fair value of one det portfolio. We record the interest rate swaps and
conditions are considered to the process of the conditional amount of this interest rate swaps was
in order to manage our expourer to future interest rate changes, during the borth quarter of 2015, we interest rate swaps and the pro-tax gam was not maturing 545 billion of Euro and Shill, if pound six
is a second to the process of the product of the fair shade of the product of the product of the product of 261 in the same of 261 i

Venzon Wireless previously entered into cross currency swap* designated as cash flow hedges to exchange approximately \$1 6 billion ofBanish Pound Sterling and Euro-denominated debt into U -S dollar* and 10 fix our future interest and puncipal payments in U S dollars, as well as to mitigate the effect nf foreign cur transaction gains or losses In June 2014, we settled 5.0 K billion of these cross cuiicucy swaps as pan of the Exchange Offer and the gams with respect to these swaps were not material

A portion of the gams and losses recogniced in Othei comprehensive income (loss) was reclassified 10 Other income and texpenie), net to offset rite related pre-tax foreign cunency transaction gain or loss on the underlying debl obligations. The fair value of the outstanding swaps was SO I billion at September 1.0. 2014 and was not material ail December 31. 2017 Duning the thire and nine months ended September 30. 2014. a pre-tax loss of SO I billion and an 1111m.it http://1111m.it=cnail-pre-tax loss, respectivel) were recognized in Other comprehensive income (loss) During the three and nine months ended September 10. 2013, a pre-tax gain of SO I billion and an imm.il.enal pre-tax loss, respectively, were recognized in Other comprehensive income (loss)

ienzwn Cnmmuim alum? Ling-Term fa, eniixe Plan

The Venzon Communications Inc Long-Tenn Incentive Plan (the Plan) permits the granting of stock options, imk appreciation lights, re-Incired stock, restricted stock units, performance shares, performance slock units and other awards The maximum numbei of shares available for awards from the Plan is 119 6 million shares

The Plan provides foi giants of Resincted Slock Units (KSUs) that generally vest at the end of the ihnd yeai after the grant the RSUs are classified as equnv awards because the RSUs will be paid in Venzon common slock upon vesting The RSL' equity awards Mre measured using the grant date fair \ alue of Ven/on common slock and are not icmeasured at the end of each reporting penod Div idend equiv aleut units at also paid to participants at the nine the RSU award is paid, and 111 libe same proportion as the RSUaward

The Plan also provides for grants of Performance Slock Units (PSIM thai general!) vest at the end of lhe third year after the gram As defined by the Plan, the Human Resources Committee ofthe Bo.nd of Once tors determines the number of PSUs a participant cams based on the extent to winch the corresponding performance goals have been achieved over the three-year petilbrmance cycle The PSUs are classified as liability awaids he-cause the PSU awards are paid in eash upon vesting The PSU award hahiliny is measured ai its (air value at the end of each reporting period and, therefore will fluctuate based on the price of Ven/on common slock as well as performance relative 10 the targets Dividend equivalent unns aie also paid to participants at the time that the PSU award is determined and paid, and in the same proportion as the PSU award Restricted Stock Units (shares in thousands)

lb.193 5.041 (6.165) (229)

(9.153) (2521

Outstanding, January 1 2014

Can celled-'Forfeited Outstanding, September 30.2014

As of September 30. 2014 unrecognized compensation expense was approximately SO 5 billion and is expected to be recognized of The RSI's granted in 2014 hai

.-lated lo the unvested portion of outstanding RSUs auj PSUs acr approximately two years

e-ighted-average giant date liitr value of \$47 1 9 pet unit

We maintain noii-corilnhuiory defined benefit pension plans for many of our employees In addition, we maintain posiretiremeni 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 offile cost for certain recent and future retirees In accordance with our accounting policy for pension and other poslerliermeiil benefits, operating expenses include pension and benefit related credits and/or chatges based on actuarial assumptions, including projected discount rates and an estimated return on plan assets These estimates are updated in the fourth quartet or upon a remicasurenicit event to reflect actual return on plan assets and updated actuarial gains and losses

Net Periodic Benefil (Income) Cost Pension Health Care and Lift-

The following table summarizes the benefit (income) cost related tn our pension and post ret ireincni health care and life insurance plans

(2) (296) (62) (36)

(63) (41) 277 Three Months Ended September 30,

Amortization ol/pnor service cosl (credit) Expected return 011 plan assets Interest cosi Pension Health Can 245 S 2^+ 6;

(6) 5 (886) (033)

Net penodic benefit cost (dollars in millions)

Net penso... (185) (108) Nine Months Ended September 30,

Servn 130 S II 17) S 713 S

Amurii/aijon of prior service cost (credit) Expected return on plan assets Interest cost Re-measurement gain, net Net periodic benefil (income) cosi

Pension Re measure mrni

During the three and six months ended June 30. 2011. we recorded net pre-tax pension remeasurement credits of approximately SO 2 billion, in accordance with our accounting policy to recognize actuaiial gains and losses in the penod in which they occur The pension remeasurement credits relate to settlements for employees received lump-sum diMnbuiionj; The credits were primarily dmen by an approximately 75 basis point increase in our discourn rate assumption used to determine the current year liabilities of one of our pension plans The change in discount rate resulted in a gam of SO 3 billion, partially offset by a loss resulting from the diller between out expected remm nu asseis assumption of 7 5% all December 3 1. 2012 and our annualized actual return on asseis of 7 2% all June 30. 2013. as well a> other losses (SO 1 billion) Our weighlod-uierage discount rate assumption increased from 4.2% ai December 31. 2012 and our annualized actual return on asseis of 7 2% all June 30. 2013.

Dumg the three months ended September 3(1 2013 as a result of lhe settlements noted above we performed a pension icmeasureincal in accordance with our accounting policy to recognize actual in I gains and losses 111 the period in which they otcui This re measurement was not material to our condensed consolidated stated

Dumng October 2014, the Society of Actuaries simalifed new actuarial tables foi applying mortality assumptions 10 measuic 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.

Dunng lhe three and nine months ended September 30, 2014, we paid severance benefits of SO I billion and S04 hilhon. respectively Ai September 30. 2014, we had a remaining severance liability of SO.4 billion a portion of which includes future contractual payments 10 employees separated as of September 30. 2014

Duning the three and nine months ended Sep 1 ember 30, 2014, we coninbuled SO 2 billion and St I billion, respectively, to our other postretirement benefit plans During the three and nine months ended September 30, 2014, we coninbuled SO 7 billion and St 5 billion respectively, to our qualified pension plans The coninbulions to our nonqualified pension plans were SO I billion dunng lhe three and nine months ended September 30, 2014 There have been no inatenal changes with respect to lhe qualified and noisiqualitied pension contributious in 2014 as previously disclosed 111 Part II Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations' in our Annual Report on Fomi 10-K foi lhe year ended December 31 2013

9. Equiiv and Accumulated Other Comprehensive Income Equity Changes in the components ol Total equity were a> follows

Attrihuuble Nuncuntrelline Total

		lu Equity	Verizon	Interests
				56,580 S 95.416
income			,856	2.248 14.104
ercompietiensive 206)	loss	(1.183)		(23)
mprehensive uuome		<u>10</u>	673	2.225 12,898

Issuance of common slock Coninbuled capital Dividends declared Common stock in trensury Purchase of noucoriuolliiig interest Disinbutions and other Balance at September 30, 2014

127 (26,850) (6,674) 496 127 (26.850) (6.674) 496

(55,960) (55,960) (1,454) (1.485)

1,391 \$ 17,968

The changes in Common stock. Coninbuled capital and Purchase of noncontrolling interesi are primarily due to the completion of the Wireless Transaction on February 21 2014 Sec Note 2 for additional infoimation

Prior to the closing of the Wireless Trailsaction noncontrolling interests included in our condensed consolidated financial statements primarily onsisted of Vodafone's 45% ownership interest in Venzon Wireless Hie riouconlrtiUing interests that remain after the completion of the Wireless Transaction primarily relate to wireless partnership entities

Common Slock

As a result of the Wireless Transaction, Venzon issued approximately I 27 billion shares of Ven/on common stock

Common slock has been used from lime to time to satisfy some ofihe funding requirements of employee and idiarcowner plans, including 8 1 mil lion common shares issued from Treasury stock during the nine mouths ended September 30,2014, which had an aggregate value of SO 4 billion

e hy component arc ai follow

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Accumulated Other Comprehensive Income

```
Fu reign currency Unrealized
                                        luiton
                                                           pension and
         translation loss on cash marketablepostretirement
       adjusiraents flan hedges securities
                                                            plans
113 $
1.275
117 $ 14
     S 2.355 (30)
17) (I 153j
853 S
(143) 99
1911)
The change;, in the biljni.es <a href="http://biljni.es">http://biljni.es</a> of Accumulated other comprehensive u
(dollars in millions)
Balance ai January 1.2014 S
   Othet comprehensive income (loss)
102
116 S
1 158 S 1.175
(201) S
    Amounts reclassified io net income Nei oiher comprehensive loss
```

Balance at September 30,2014 J

The amounts presented above in net other comprehensive loss are nei of taxes and nonconlrolliug interests, which aie 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) tif unconsolidated businesses on our condensed consolidated kijicment of income and are a result office completion office Omnited 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 persoin and posteritement plane 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

IU. Segment Information Reportable Segments

We have two repnnable segments which we operate and manage as strategic business units and organize by products and service We measure and evaluate our reportable segments hased on segment operating income, consistent with the chief operating decision nent of segment perlormance

Corporate, eliminations and olher includes unallocated corporate expenses, intersegment eliminations recorded in consolidation, the results of other businesses, such as our investments in unconsolidated businesses, pension and oiher employee benefit related costs lease financing, as well as the histoneal results of diverted operations and oiher 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 businesses such as general results, they are included in an allocated carnings Gains and losses that are not individually significant are included in all segment I results as these Henra are included in an allocated in segment of the properating decision maker's assessment of segment performance effective January 1, 2014 we have also reclassified the results of certain businesses such as development Mage businesses that support our strategic initiatives, from our Wireline segment to Corporate, eliminations and other Tlie impact of this reclassification was not understand to a significant are required to the properation of th material lo oui condensed consolidated financial statements nroui segment results of operations

On Jul) 1. 2014, out Wireline segment divested a non-strategic business (see Note 2). Accordingly, the histonical Wireline results foi these operations have been reclassified to Corporate, eliminations and other lo reflect comparable seg mm I operating results

Oui segments and their puncipal activities consist of the following

Segment

Description

communications products and services include wireless voice and data services and equipment *alcs. winch are provided to consumer, business and government customers across tin: Untied States

Wireline's voice, data and video communications products and enhanced services include broadband video and data, corporate networking solutions, data centei 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 omen, businesses and government customers both in the United States and in over 150 other countries around the world

Tlie following lahte provides operating I'm

(dollars ii

External Operating Revenues

Retail service Other service Service revenue

Equipment Other Toial Wireless

Wireline

Consumer Small business Mass Markets

Strategic services Coie Global Er.teipiise

Total Wireline Total segments Corporate, eliminations and other Total consolidated - reported

Intersegment Revenues Wireless Wireline Total segments Cnrpninte. clim Total cotisolidat<

matrons and other ed - reported

Total Operating Revenues Wireless Total segments Reconciling Hems

Toial consolidated - reported

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

Kmc Months Ended September 30. 2014 2013

lal infoiniaiion for our two reportable segmenls

Three Month* Ended September 30, 2014 2013

6.735 3 011

17.543 S 16.764 S 52.052 S 4«.327 794

717 2.113 1.950

5 679 2 K 66 6.207 6.055 4.097 4.575

64.111 5'».822

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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

31.131 29 763 455 516 880 (K80)

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

293 (293)

9,576 9.657 28.869 28.912 31.41 1 30 056 91.066 88.810 175 223 821

6,955 225

S 31,586 S 30 279 S 91.887 S 89,485

J 21,258 \$ 19.768 6.8R6 19.984

158.443 80,135 146.429 84.573 (dollars in millions) Assets 218.578 231,002 (12,285) 43.096 Wireless Wireline Total segments Corporate, eliminations and oiher

Total consolidated - reported 226.293 % 274,098

Corporate eliminations and other ai 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 segmenl operating revenues tn consolidated operating revenues is as follows

(dollar S 31.411 \$ 30.056 \$ 93,066\$ 88,810

S 31.586 S 30.279 5 93.8875 89.485

175 565 209

September 30. 2014 2013 2014 2013 n million!

Total segment operating revenue

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

Nine Months Ended September 30. 2014 2013

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

Three Months Ended September 30, 2014 2013

(dollars in millions)

\$ 7.180 \$ 7,033 i 21,877 S 19.984

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

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

Income Before Provision For Income Taxes

they develop and adjust an) aceiual or disclosure as needed We do not expect thai lhe ultimate resolution of any pending regulatory or legal mailer in future periods, including the llicksville mailer described below, will have a material effect on our financial condition but it could have a material effeci on our results of operations for a given reporting penod

Duning 2003, under a government-approved plan, remediation commenced at the site of a former S) Iyama facility in Ilicksville. New York that processed nuclear fuel rods in the 1950s and 1960s Remediation beyond original expectations pieved to be necessary and a Duning 2005, under a government-approve plan, remediation commence at une site of a former 5) visuali activity in interesting 2005. Interest a government-approve plan, remediation commence at une site of a former 5) visuali activity in interesting 2005. Interest possibility and 1908 Remediation of possibility and 1908 Remediation of possibility and 1908 Remediation of possibility for remediation commence at une site of a former possibility for remediation of po

Venzon is cutTcntly involved in approximately 70 federal district court actions alleging that Venzon is infringing van on s 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 mil in the comm* 12 months if they are not otherwise resolved

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

Subsequent to the sale of Vcn/on Information Services Canada in 2004. we continue to provide a guarantee to publish directories, which was issued when tire directory business Mas purchased in 2001 and had a 30-year term (beli)re evtensions) 7 lie preexisting guarantee continues, without mod iii cat ion, despite the subsequent sale of Venzon Information Services Canada and line spm-olf of our domestic pand and Internet yellow pages directones business line possible financial impact of the guarantee, which is noi expected io be adverse, cannot be reasonably estimated as a variety ofthe potential outcomes available under the guarantee result in costs and rev enucs or benefits lhat may offset each other we do not believe performance under the guarantee is likely

generally intersegment products market during 10% total the ended Scplcmbcr K), 2014 and 2013

11. Commitments and Contingencies

involved ihe Where consultation settlemen federal determined, with probable mallei, establishe accrual given Company In none ofihc currently pending malenal accrual estimate possible range

S 21.835 \$ 20.399 \$ 64 197 \$ 59,898

Three Months Ended Nine Months Ended

amounts	already	accrued	cannot	be	made	ai	this	time	due	io	various	s factors	typical	in	contested	proceedings,	including
(1)	uncertain	damage	theories	and	demand	s	(2) a	1	less	than	complete	factual	record	(3)	uncertainty	concernin	g legal
theories	and	their	resolution	by	courts	or	regulators.	, а	nd	(4)	the	unpredictable	nature	ofthe	opposing	party	and its
demands V	demands We continuously monitor these proceedings a*																

23

plans for business, with More Evciylhing plans for Small business and the Nationwide Business Data Packages and Plans

Ven7on Communications Inc (Venzon or the Company) is a holding company that, acting through its subsidiaries, is one ofthe world s lending prm iders of communications information and entertainment producls and sen ices locally consumers, businesses and governmental agencies With a presence in over 150 countnes around lihe world, we oiler of the communications on our wireless and wneliuu nclwoths that aie designed lo meet customers which connectivity, reliable network connectivity, security and contiol We have two reportable segments. Wheles, and Wilcline Our wireless business, updating as Venzon Wireless, provides v oice and data sen ices and equipment sales across the United Stales using one ofthe most extensive and reliable wireless networks. Our wireline business prov ides consumer, business and government customers with communications products and services, including broadband data and v teleo sen ices, network access, voice long distance and oihet communication, products and services, and also owns and operates one offithe most expansive cnd-lo-end global Internet Protocol (IP) networks We have a highly skilled, dn erse and dedicated workforce of approximately 178,500 employees as of September 10 2014
In recent years Venzon has embarked upon a strategic transformation as adv ances in technology have changed lhe ways that our customers interact in then personal and professional lives and that businesses operate To meet the changing needs of om customers and address the clung inc, technological landscape, we are focusing our efforts around Inghei matgin and growing areas ot our business wireless data, wireline data and Strategic services, including cloud computing services
Out strategy iequires significant capital investments pnnninly lo acquire wireless sped mm. put the spectrum into sen ice, provide additional capacity lor growth in our wireless and wireline networks, invest in the Uber optic nei work that supports our wireless mid wireline businesses, maintain our wireless and wireline networks and develop and maintain significant advanced information technology systems and data system capabilities We believe that steady and consistent investments in networks and platforms will dmc innovative products and services and fuel our growth Our wireless and wireline networks will continue to be ihe hallmark of our brand and provide the fundamental strength upon which we build our competitive advantage
On February 21, 2014, we completed lhe acquisition of Vodafone Group Pic s (Vodafone) indirect 45"/* interest in Cellco Pailuciship d'b'a Venzon Wireless for aggregate consideration of approximately S130 billion (the Wireless Transaction) The consideration paid was primarily comprised of cash ol approximately S5fi 89 billion and Venzon common stock with a value ot approximately St* I 3 billion See ' Acquisitions and Divestitures' for additional infonnation
In our Wireless business dunng the three months ended September 30 2014 compared to the similar penod in 2013. revenue growth of 7 0% was driven by service revenue growth of 4 8% as the demand for fourth -generation (4(i) Long-Term Evolution (1.TE) smamphones and table continues Also coninbuung to the increase in Wireless rev cauce was equipment revenue growth of 28 9% driven by higher sales of equipment under both the traditional subsidy model and Venzon Edge At September 10, 2014, retail postpaid coinci lions were 5 2% higher than al September 10, 2013 with smamphones repises-iiinig 77% of our retail postpaid phone base nt September 30, 2014 compared to 67% at September 30, 2014 compared to 67% at September phones activated compared to 85% in the similar penod in 2013.
Now that we have substantially completed the deployment of out 4G LTE network, we are locusine. the capital spending in our Wireless business on adding capaniy and density lo our existing 4G LTE network Our 4(1 LTE network is available to approximately 9K% of the U S population in more than 500 markets and covering approximately 108 million people, including those in ateas served by our LTE in Rural Amenca partners Oui 4G LTE network provides higher data throughput performance tor data seivices ai lower IOsi compared to those provided via thud-generation provides additional bandwidth, which we refet lo as XI.TE. provides additional network capacity and is currently available in more than 400 markets Nearly all ofthe devices Vcn/on Wireless currently sells can operate ou XLTE Neatly 79% of our total data I ra flic in September 2014 was earned ou out 4GI.TE network.
On February 13. 2014, we introduced our More Everything 'plans which replaced our Share Everything "plans and provide more value lo our customers These plans, which .ire available to both new and existing postpaid customers, feature domestic unlimited v oice minutes unlimited domestic and international text, v ideo and picture messaging cloud storage and a single data allowance that can be shared among multiple devices connected to the Venzon Wireless network As of September 10 2014 More Everything accounts represented uppioxumnlely 57% of our retail postpaid accounts compared to Share Everything plans representing approximately 41V* of om retail postpaid accounts as of September 30. 2013 Ver.zon Wireless offets shaied data

[n our Wireline business, revenues declined 0 8% dunng the three months ended September 30. 2014 compared to the similar penod in 2013 pnmanly due to revenue declines in Global Enterpnse Cote and Global Wholesale These decreases were partially offset by revenue increases in Consumer retail dnven by FiOS FiOS represented approximately 76% of Consumer retail revenue dunng the thice months ended September 10. 2014 compared to approximately 71% during the similar penod in 2011 As the penetration of FiOS products increases, we continue to seek ways lo increase revenue and lurther realize operating and capital eals a maximize profitability As more applications are developed for this high-speed sen (i.e., we expect that 705 will become a bub for managing multiple home semces that will eventually be part of the digital grid, including nut just entert.imment and communications bul also machine-to-machine communications such as home monitoring, health monrtoing, energy management and utilities

We continue to enrich lhe customer value proposition and drive inveslment returns by creating new and innovative services on our FiOS platform Dunng 2014 Venzon announced the introduction of FiOS Quantum TV which provides I'IOS TV customers with new features including the ability to record up to 12 shows at once and control live TV from any room in their home This new service is now available everywhere thai FiOS TV is offered Wilh our FiOS Quantum hroadhnnd service, residential and small business customers can achieve .symmetrical upload and download speeds up lo 500 megabytes per second, which we refer lo as SpeedMatch -

Also in our Wireline business total Global Emerprise and Global Wholesale revenues decreased due to declines in core services primarily as a result of loveci voice sen ices and data networking revenues as well as the contraction of market rales due to compensate tor the shrinking market for traditional voice service, we continue to build our Wireline segment around data. video and advanced business sen ices - areas where demand for reliable high-speed connections is growing Dunng ihe three months ended September 30, 2014 Strategic semces revenues totaled S2 1 billion and represented 61% ol total Global Enterpose revenues

We are my est ing in innovative technology like wireless networks high-speed titter and cloud services in position ourselves all the cemer of growth trends of Ihe future Dunng the nine months ended September 30. 2014. these investments included capital expenditures of S1 2 6 billion acquisitions of wireless licenses of SO 3 billion and acquisitions of investments and businesses of SO.2 billion Dunng the nine months ended September 10, 2014. we also completed spectrum license transactions and, as a result, ne received proceeds of SI 2 6 billion acquisitions of wireless licenses of SO 3 billion and acquisitions of investments and businesses of SO.2 billiof S2 4 billion Sec "Cash Flow s Used in Investing Activ nres" and "Acquisitions and Divestitures' lor additional infomutiori

By investing in oui own capabilities, we are also investing in the markets we sene by providing our communities with an efficient, reliable infrastructure foi competing in the information economy We aie committed to pulling oui customcis fiisi and being a responsible membei of our communities Guided by this commitment and by our core values of inlegnty, respect, performance excellence and accountability, we believe we aie well-positioned to produce a long-term reium for our shaicowncis. create meaningful work foi ourselves and provide something of lasting value foi society

There have been no signified Item 7 of our Annual Report oi

We expect lhc activation of devices on Venzon Edge to contribute positively lo our consolidated operating income and our Wueless segment operating income As more customers adopt Verizon Edge, we expect ictail postpaid ARPA (the average revenue per account from retail postpaid accounts) and sen ice revenue io continue to be negatively impacted, and we expect equipment and olher rev enue lo continue lu be posmy cly impacted

1 changes to Ihe information related to trends affecting our business thai was disclosed in Pan II. Form 10-K foi lhe year ended December 11.2013, except to the extent described above

111 this section, we discuss o oui segment results Wehav

inns and oigam/e by products and si r overall results of operations and highlight items of a non-operational nature that aie not included n; two reportable segments Wireless and Wireline, which we operate and manage as strategic business; In 'Segment Results of Operations' we rev tew the performance of oui two reportable

On February 21, 2014, we completed the acquisition of Voilafone's indued 45% interest in Verizon Wireless As' a result, our results reflect our 55% ownership of Venzon Wireless through the closing of the Wireless Transaction and relicet our full ownership of Verizon Wireless from the closing of the Wireless Transaction through September 10, 2014

Corporate, eliminations and other includes unallocated corporate expenses such as certain pension and other employee benefit related costs, intersegment eliminations recorded in consolidation, the results of other businesses, such as our investments in unconsolidated businesses, lease financing, as well as the histonical results of di vested operations and other adjustments and gains and losses that me not allocated in assessing segment petto nuance due to their non-operational nature Although such transactions aic cm. hided from the business segment results, hey are included in reported consolidated earnings Gains and losses thai are nut individually significant are included in all segment results as these items are included in the chief operating decision maker's assessment of segment perfinnance. We believe that this presentation assists users of out financial statements in better understanding our iresults of operations and trends hum penod to penod Effective January 1, 2014, we have also reclassified the iscillis of certain businesses, such as development stage businesses that support our situacies initialives. 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 I. 2014. oui Wireline segment divested a non-strategic business (see "Acquisitions and Divestitures") Accordingly the historical V. ireline results for these operations, which ucie not material to our condensed consolidated financial statements of our segment results of operations, have c been reclassified in Corporate, eliminations and other in re 11 cel comparable seg in en I operating results of operations related to this divestiture included within Corporate, eliminations and other are as follows

Three Months Ended Nine Muntfai Ended

September 30. September 30, 466 421 (dollais in millions) 2014 2013 2014 2013 Impact of Uivcited Operations Operating revenues Selling, general and administrative expen* Nine Months Ended September 30, Increase/ Increase/ 2014 2013 (Decrease) (Decrease) Three Months Ended September 30, 2014 2013 S 18.356 S 17.516 1.479 2.881 4 8% S 54 421 20 7 9.776 (dollars in S 51,322 5 3,099 64,197 13,464 10.313 4.713 379 28.869 Service revenue Equipment and other Torn] 10.649 4.992 339 (279) 40 11 8 (4 4.1 (4 8) 12 106 (81) (0 8) (48) (21 5J 4,515 4.374 3.384 3.539 1,552 1.6.11 (155) (79) 9,657 223 Mass Markets Global Enterprise Global Wholesale Other Toial

Talk .f.Cm.tml The increase in consolidated revenues at Wireless agent well as higher Mass Markets revenues and or Virelina segment will be a primarily due to higher revenues at Wireless as great to the first of the services and collaboration and services and collaboration of the services and collaboration of t

\$ 93,887 S 89,485 S 4.402

Consolidated Operating licomr \$ 6.890 \$ 7.128 \$ 21,715 \$ 19,905 Add Deprec expense 4.167 4 154 12.465 12.423 Consolidated EBITDA \$ 11.282 \$ 34.200 \$ 32.328 Less Gam on spectrum license transactions (278) Less pension remeasuremeni - (217) Less Impact of divested operatic - (8) (12) (26) Consolidated Adjusted EBITDA \$ 11.057 \$ 10.996 \$ 3 S 33.481 \$31,787 The - (a) (12)(20) Consolicated Agusted EBH DA Adaptive CBH DA STILLOY STI

S 31,586

S 30,279

Corporate, eliminations a Consolidated Revenues

S 1.307

Other Consolidated Results

Equity iii Earnings (La%ie*i oj {iioinwlidateil /firtmrwt

Equity in earnings (losses) of unconsolidated businesses decreased SO 1 billion during the three mo 2014, compared to the similar period in 2013, primanly due to the sale of our interest in Vodalom Omnitel) during the first quarter of 2014, which was pan of the consideration Ibi the Wireless Transaction

Equity in earnings (losses) of unconsolidated businesses increased St 7 billion dunng the nine monihs ended September Hi. 2014. compared to the Minilai period iis 2013 primarily due to the gain ol 51 9 billion recoided on the sale ot our interest in Vodafone Oniniiel dunng the first quarter of 2014

Olhei Income •mJ (Expense), Set Nine Months Knded September 30, 2014 2013 Increase/ (Decrease)

Additional information relating to Other income and icxpense), net is as follows Intclesi income

Three Months Ended September 30, 2014 2013

14 \$ 14 100.0\/

84 S 1811)

mn - not meaningful

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

Increase/ (Pi crease)
Increase/
(Decrease)

(1 14) (60 0) S 700 nm

S 2.159 \$1.7«»8 8I.1V . 553 1229) (414)

one and (expense), net decicased during the nine months ended September 30, 2014 compared to the similar period in 2013 primarily duelo net early debt redemption eoktsot SO 9 hillion recorded during the first quarter of 2014 (see * Other Items*)

(dollars in millions) S 109 W S 56 636

\$ 107.014 \$ 54 524 *>% 5 3V.

80 IV S 5 052 26 4"-

Total niieiesi costs on debl balar Less capitalized interest cosis Total

Average deht outstanding Effective interest rate

nm - not meaningful

32.9

Total interest costs on debt balances increased during line three and nine months ended September 30. 2014 compared to the sinulai penods in 2013 primanly due to the-lissuance of fixed and floating rale notes lo finance (he Wireless Transaction tsee Acquisitions and Divestitures) resulting in an increase in average debt and a corresponding increase in interest expense, panially offset by a lower effective interest rate (sec 'Consolidated Financial Condition') Capitalized inleiest cost? were lower during the three and nine mouths ended September 10,2014 compared to the similar periods in 2013 pi iman I v due to a docicia see "http://docicia.se>in wireless licenses ihai are currently underdevelopment

vl

Three Months Ended September 30, 2014 2013

Increase/ (Decrease) (dollars in millions) Pruvisum fur income tales Effective income tax rate 1 034 S KM) 15 6%

NineMunths Ended •September 30, 2014 2013

\$ 2,886 S 2.166 75 1*/ 1 5 6%

The e fir cm e income tax rate is calculated by dividing the prov ision for income taxes by income be fore the provision for income-taxes A.s a result ofthe completion ofthe Wireless Tiausaetion the difference in the effective income tax rate as computed to the .statutory federal income tax rate was injufficant due to the inclusion of income within our income before the provision for income laves that was previously attribut, iblo to VodaTone's nonconimilling interest in the Von/on Wireless partnership Prior to the completion ofthe Wireless Transaction, oui annual effective income tax rate was significantly lower than the statutory federal income tax rate due to the inclusion of income alimbutable to Vodafone's noncontrolling interest in the Venzon Wireless partnership within our income before the provision for income taxes, which resulted in our effective income tax tale being 16 1 and 15 4 percentage points lowerduring the three and nine months ended Sophembic 30 2013 respectively

Pic mc reuse in the provision for income taxes and the effective income tax rate during the three and nine months ended Septembei 30.2014 compared In the similal penods in 2013 is primarily due to increased income taxes on the incremental income included in Venzon's pout-acquisition income before the provision for income taxes resulting hum the acquisition of Vodafone's indirect 45V; interest in Venzon Wireless on February 21. 2014 The increase during the nine months ended September 30. 2014 compared to the similar penod in 2013 was partially offset by the utilization of certain lax credits in the current pend.

Unrecognized T ax Benefits

Unrecognized tax benefits were SI 8 billion at September 30. 2014 and S2 I billion at December 31 2013 Intoresi and penalties relaied to unrecognized tax benefits were \$0.2 billion (after-lax) and SO 3 billion raffic-tax) at September 30. 2014 and December 31.2011. respect ively The den ease in unrecognized tax benefits was primarily of interest in the internal Revenue Service (IRS) involving tax years 2010. Through 2009, partially offset by an increase in unrecognized tax benefits related to the acquisition of Vodalore's indirect 45V. Interest in Verzon Wireless Concern pre-acquision tax benefits related to the acquisition of Vodalore's indirect 45V. Interest in Verzon Wireless Concern pre-acquision tax to Amendmently from Vodalore for which a corresponding indemnity asset has been established.

Vcnion and 'nr its subsidiaries file income tax returns in the US federal jurisdiction, and various Male, local and foreign jurisdictions As a large taxpayer, wc are under audit by lhe IRS and multiple slate and foreign jurisdictions for vanous open tax years Significant lax examinations and litigation are ongoing in New York City for tax years as early as 2000 It is reasonably possible inhal inc amount office liability for unrecognized lax benefits could change by a significant amount in ihe next twelve months An estimate of the range office possible change cannot be made until these lax mailers. Ire turthout developed or resolved

Increase/ (Decrease)
ributable in Xorconlrollim: In!

Nine 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 altribulahic lo intificantirolling interests during the three and nine months ended September 30, 2014 compared in the similar periods in 2013 was primarily due to line completion of line Wireless Transaction on hebruary 21. 2014 As a result, our results reflect our 55**. ownership of Venzon Wireless Transaction through September 30.2014 Tile noncontrolling interests thai remained affeit the completion of the Wireless Transaction primarily related to wireless partnership entities.

I.I.U.rr.uiran

We have t

We have two reportable segments. Wireless and Wilelinc, which we operate and manage as strategic business units and organize by products and services We measure and evaluate our reportable licgmonts based on segment operating income The use of segment operating income is consistent with the chief operating decision niakci's assessment of segment performance

Segment earnings- before interest taxes depreciation and amortization (Segment EBITDA) which is presented below- is a non-CIAAP measure and does not purport to be an alternative to operating income as a measure- of operating performance Management believes that (his measure is useful to investors and orhei users of our financial information in evaluating operating profitability on a more variable cost basis as it excludes the depreciation and anioritiznnon expenses relaied pnmanly to capital expenditures and acquisitions that occurred in proi years, as well as in evaluating operating profitability on a more variable cost basis as it excludes the depreciation and anioritization expenses preciation and anioritization expenses preciation and anioritization expenses of the depreciation and a

Wireless Segment EBITDA sen ice margin: also presented below, is calculated by dividing Wireless Segment EBITDA by Wireless Service rev enues Wireless Segment EBITDA sen ice margin utilizes service rev enues rather ihrfii total rev times Service revenues pnmanly exclude equipment revenues in cidet to ic fleet the impact of providing sen¹ ice to the wireless customat 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 Cellco Partnership doing business as Verizon Wireless Cellco Partnership was formed as a joint venture in April 2000 by the combination of the U S wireless operations and interests of Venzon and Vodafouc Proit to the completion of linc Wireless Transaction, Venzon word n controlling 55% imeres in Venzon Wireless and Vodafone owned his remaining 45% On February 21. 2014 the Wireless Transamoti was completed and Venzon acquired 100% ownership of Von/on Wireless Venzon Wireless provides wireless communications services across one of the most extensive wireless are wireless and vodafone ownership of Von/on Wireless Venzon Wireless Venzon Wireless Venzon Wireless Venzon Wireless Venzon Wireless Venzon Vireless Venz

Wc provide these senices and equipment sales to consumer, business and government customers in ihe United States on a postpaid and prepaid basis Postpaid connections represent individual lines of sen ice for which a customer is billed in advance a monthly access charge in return for a monthly nei win k service allowance, and usage beyond the allowances is billed monthly in aitcars Our prepaid sen ice enables midi viduals to obtain wireless seivices without a long-term contract or credit verification by paying for nil services to advance

Three Months Ended September 30, 2014 2013
(dollars in millions.

Operating Revenues and Selected Operating Statistics

\$ 17.556 S 16,776 800 740

376 3,099 1,047 153 1.200 S 4,299

Nine Months Ended

2014 2013 (Decrease) (<u>Decrease</u>)
i S >2.090 S 49,367 S 2,723 5 5% 5 3 14 0 9,776 8.576 S 64,197 S 59,898 Retail service Othrei sen ice Service, revenue 106.156 101.150 5,006 100.103 95,185 4.918 Other Equipment and olhet Total Operating Revenues 3.501 2.819 3,496 2.545 464 58¹» Connections C00O) ■" Retail connections Retail postpaid connections 1 29% I 00% 1 28% fl 97% 1 30% 0 97% 100% Net additions in penod (000) <-'> Retail connections Retail postpaid connections S 160 21 S 152 84 S 7 37 35.435 34,972 4o3 Chum Rale Retail connections Retail postpaid connections S 161 24 S 155 74 \$ 5 50 Account Statistics Retail postpaid ARPA Retail postpaid accounts (000)** Retail postpaid connections per 2 72 0 10 3 7

J Excluding acquisitions and adjustments

Wireless' lotal operating rev enues increased by \$14 billion or 7 (1%. and S4 3 billion or 7.2%. respectively, during the three and nine months ended September 10. 2014 compared to the similar penods ill 2013 primanty as a result of growth m service revenue and equipment revenue

Tihlr si Ciinlrnu

Retail (non-wholesale) poilpaid an. mini!, represent retail customers under contract with Venzon Wilder that ate directly served and managed b> Ven/on Wireless and use Us 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 sen ices foi a vancty of connected devices Retail connections represent our retail customer device connections Chum is the rate at which service to connections is

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 tn continue to expense retail connection growth based on network service quality and the strength in four product ofTenngs Retail postpaid connection nei additions increased duning the three and nine months ended September 30, 2014 compared to the similar penods in 2013 pmmanly due in an increase in retail postpaid connection gross additions, partially offset by an increase in our retail postpaid connection connection channel mate Higher retail postpaid connection en by gross additions of tablets as well as smanphones Duning the three and nine monihs ended September 30, 2014. our retail postpaid connection net addmons included approximately 1,074 million and 2 H58 million tablets, respectively, as compared to 246 thousand and 824 thousand tablets, respectively, in the similar penods 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 ofthe end of the penod Retail postpaid connections per account increased 3 7% as of September 30. 2014 compared to September 30. 2013, pnmanly due to the increased penetration of tablets

Sen ice revenue increased by \$0.8 billion or 4.8%, and \$3.1 billion or 6.0%, respectively dunng the three and nine months ended September 30, 2014 compared to the similar penods in 2013 pnmanly driven by higher retail postpaid service revenue, which incieased largely as a result of an increase in retail postpaid connections as well as the continued increase in penetration of 4G LTE smanphones and tablets thiough om More Everything plans The penetration of 4(i LTE smartphones was dm en by the activation of smanphones by new customers us well as existing customers migrating from basic phones and 3G smaiTphones to 4G LTE smartphones

The incicise in retail postpaid ARPA which excludes recuming equipment installment hillings lelated to Venzon Edge during the three and nine monihs ended September 30, 2014 compared to the similar penuds in 2013 was pnmanly driven by increases in sinarlphnne penetration and retail postpaid connections per account. As of September 30, 2014, we experienced a 3.7% incicase in retail postpaid connections per account, compared to September 30, 2013, with smanphones representing 77% of our retail postpaid phone hase as of September 30, 2014 compared to 67% as of September 30, 2013 The increased penetration in retail postpaid connections per account; pmmanly due to increases in bit cme I data devices, which represented 13 18 mt our postpaid connection base as of September 30, 2014 compared to 102*** as of September 30, 2013, prinianly due to tablet activations per account is pmmanly due to increase in bit cme I data devices, which represented 13 18 mt our postpaid connection base as of September 30, 2014 compared to 102*** as of September 30, 2013, prinianly due to tablet activation serves as of September 30, 2014 compared to 102*** as of September 30, 2014 compared to 102*** as of September 30, 2014 compared to 85% in the similar penod in

Other service revenue increased dunng the three and nine months ended September 30. 2014 compared to the similar penods in 2013 due io growth in wholesale connections

Equipment and Other Relenue

Equipment and other revenue increased dunng lhe three and nine months ended September 30 2014 compared to the similat penods in 2013 primarily due io an increase tn equipment sales, driven by sales of equipment under bnth the traditional subsidy model and Vinzou Edge

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

Increase/ (Decrea I acre aie/ »c) 043 5 698 2 139 S 17.102 S 2,539 16U156 113 194 S 40.130 S 2.809 5.652 J 1 391 5.801 2,060 79 13.513 S 1.367

Operating Expenses I dollars in millions)

Selling, geneial and administrative expense

Depreciation and amortization expense-

Total Operating Eipensts I 14.880

Cost of services and sales increased dunng the three and nine months ended September 30, 2014 compared to the similar penods in 2013 primarily due lo an increase in cost of equipment sales of SI 4 billion and S2 7 billion, respectively, as a result of an increase in the number of dev k es sold The increase for the nine mouths ended Septeinbei 30.2014 was also due to an increase in cuM of net work sei vices, partially offset by a decrease in cost of dala services and decreased data teaming

Selling, gencial and administrative expense decreased dunng the lluce monihs ended Sepiembei 30. 2014 compared to the similar penod in 2013 pnmanly due to a decline of SO I billion in sales commission expense largely driven by the adoption of Venzon Edge tailon and Amoi tizu

Selling, general and administrative expense increased during the nine months ended Sepiembei 30, 2014 compared to the similar penod in 2013 pnmanly due to higher advertising expense and gams recorded in the first quarter of 2013 related to wireless license exchange agreements, partially offset by lower salary expense and a decline of SO 2 billion in sales commission expense li Expense

n expense increased dunng the three and nine months ended Scpiembci' 30. 2014 compared to the

n 2013 pnmanly dnven by an increase in net depreciable assets

Three Months Ended September 30, 2014 2013

Tibfc.fO.ainu Segment Operating Ini

Nine Months Ended

September .10, Increase/ 2013 (Decrease) (dollars in millions) 8 6.955 S 6.8K6 S 69 10% S 21.258 S 19.768 S 1 490 7 5', S 8.946 S 148 17 S 27,565 S 25 881 S 1.684 6 5 Segment Operating Income Add Depreciation and 33 1% 50 7% **33 0% 50 4%** 33 8% 51 1%

amortization expense Segment EBITDA

Segment operating income margin Segment EBITDA service margin 319%~49~5%

The changes in the table above during the three and nine months ended September 30, 2014 compared to the similar periods n 2013 were pnmanly a result of the factors described in connection wilh 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

2014 2013 2014 2011

(dollars in millions)

278 S 707 S

3

Total schedical Title of the Comparate of Invited Institute and Video communications products and enhanced services including broadband video and daia. corporate networking solutions, data center and cloud sen.lies, security and managed network senices and local and long distance voice setvices. We provide these products and sen ices to consumers in the United States, as well as to curriers, businesses and government customers both in the United States and in over 150 while countries around the world

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

Nine Months Ended September 30, 2014 2013

Increase/ (Decrease) I nere aie/ (Decrease)

Operating Revenues and Selected Operating Statistics 4 5% \$ II 606 S I 1.020 (4 1) 1 S5H 1,912 1 S5H 1,912

3,735,639

S 3.902 613

Three Months Ended September 30, 2014 2013

154) 532

(dollars m millions)
Consumer retail Small business iss Markets
1,491 (175) (117)
M. T.3K4 1,552

s,5v> t611 (48) 106 4,713 379 4,992 339 (5 6) I I H (0 1)

(336) (2791

Strategic services Core Global Enterpn.se http://Enterpn.se 9.576 9.687 S 9.576 9.687 S 9.889 <a href="http

Global Wholesale Olher 20 089 21,457 (1.168) (64) Total Operating Revenues 9.146 6.471

Connections('OOO). •<> Tolal voice connections

Tolal Hroadhand connections FiOS Internet subscribers FiOS Video subsenhers

"Asofcnd of period ruded Scpiembci 30.

Wireline's revenues decreased 0 8% and 0 1%, respectively, dunng the thm auu nine momus cnucu .xi'mn.ti compared to the similar penods in 2013 primarily is a result of declines in Global Enterprise Cote and Global Wholesale, partially offset by higher Consumer retail revenues driven by FiOS senices Dunng the nine mouths ended September 30, 2014, the decrease in Wireline's revenues was also partially offset by increased Strategic services revenues wulnn Global Enlerpn.se http://Enlerpn.se

Mass Markets operations provide broadband senices (including high-speed tnlcmcl. FiOS Internet and FiOS Video senices). local exchange (baste sen ice and end-user access) and long distance (including regional loll) voice services to residential and .small business subsenbers

Mass Markets revenues increased SO 1 billion or 3 2%, and \$0.5 billion or 4 1%, respectively, duning the three and nine monihs ended September 10. 2014 compared to the similar penods in 2013 pinumly due to the expansion of FiOS strategies, increased and the continued color, 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 duning the three and nine months ended Seplember 30. 2014. compared to approximately 71V* and 70%, respectively, duning the similar periods in 2013

T Mr ol Cmtnii

The increase in Mass Markets rev due lo a 5 9% decline in Con so r with wireless, and compelini; voi access lines in service as well i Since Oclobei 1. 2013 we grew our subscribei bate by 05 million FiOS inleitiet subscribei* and 0.4 million FiOS Video subsenhen; while also consistently improving penetration rates within nur FiOS scribe areas As of September 30. 2014. we achieved pent! rail on rales of 40 6% and 35 5% foi FiOS Internet and FiUS Video, respectively compared to penetration rales of 39 21. and 34 9% TorFiOS Internet and FiOS Video, respectively, as of September 30, 2013

nues was partially offset by the decline of local exchange revenues. This decline was pnmanly ri retail tone connections resulting pnmanl) from compellilion and technology substitution: over IP, hmadhand and cable services Total voice connection-, include liadmonal switched Ft OS digital voice coilucitions Theie was also a decline in Small business retail voice

connection!, pnmanly tetlecting competition and a shift to both IP and high-speed cucuits Global Enterpi ise
Global Enterpnsc oficis Strategic services including network pioducts and solutions, advanced communications services, and othei coic communications services lu medium and large business customers, multinational coiporatiums and state and fedeial government

Global Enterprise revenues decreased SO 2 billion or 4 4%, and SO 3 billion or 3 2%, respectively, during the three and nine monihs 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, winch consist offradition.it <a href="http://olfradition.it=circuit-based services such as frame relay pnyate line and legacy voice and data services These core services declined compared to in the sunil it <a href="http://olfradition.it=circuit-based services such as frame relay pnyate line and legacy voice and data services These core services declined to the sunil it http://olfradition.it=circuit-based services such as frame relay pnyate line and legacy voice and data networking revenues, which consists of the similar periods in 2013 are consistent under the such as frame relay pnyate line and legacy voice and data networking revenues, and a frame relay pnyate line and legacy voice and data networking revenues, and a frame relay pnyate line and legacy voice and data networking revenues, and a frame relay pnyate line and legacy voice and data networking revenues, and a frame relay pnyate line and legacy voice and data networking revenues, and a frame relay pnyate line and legacy voice and data networking revenues, and a frame relay pnyate line and legacy voice and data networking revenues, and a frame relay pnyate line and legacy voice and data networking revenues, and a frame relay pnyate line and legacy voice and data networking revenues, and a frame relay pnyate line and legacy voice and data networking revenues, and a frame relay pnyate line and legacy voice and data networking revenues, and a frame relay pnyate line and legacy voice and data networking revenues, and a frame relay pnyate line and legacy voice and data networki cloud and data center offenngs

Global Wholesale

Clonal Wholesale pio\ ides communications sen ree.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 I hilhou oi 4 ft*, and \$0.3 billion or 5 6%, respectively, during the three and nine months ended September 30 2014 compared to the similar periods in 2013 pnmanly due lo a decline in traditions! voice revenues and a 6 5% Moreaux Continual Sections of Institute of 14 years 25 institute of 14

Nine Months Ended September 30, 2014 2013

Increase!/ (Decrease)

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

Three Monihs F.ndrd September 30, 2014 2013

(dollars in millions)

5 325 S 5.342 S (17) (0 3)*/. S loOOd J 15.925 S HI 0 5% 2,094 (46) (2 2) 2,074 (96) (4 h) 6.22K 6.517 6,016 6.254 S 9.151 S u.510 SM59J (17) S 28 25Q S 28,696 S (446) (16)

Cost of Senices and Sales

During (he three months ended September 30, 2014. Coil of services and sales decreased compared to the similar penod id 2013 pnmanly due to a decrease in employee costs and a decline in access costs, dnv en by declines in overall wholesale long distance volumes which were partially offset by an increase in lonten! losisof SO 1 htllion associated with continued FiOS subscribe) growth and piogiainutiig license tee increases

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

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

During the three and nine monihs ended Sepiembei 30. 2014, Depreciation and amortization expense decreased compared to the similar penods in 2013 pnmanly due to a decrease in net depreciable assets

Three Months Ended September 30, 2014 2013

Segment Operating Income and EBITDA

Nine Months Ended

September 30. Increase 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 monihs ended September 10, 2014 compared to the similar penods in 2013 were primarily a result of the factors described in connection with operating expenses and operating expenses.

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

Three Months Ended Nine Months Ended

September 30,

(dollars in millions)

2013 2014 2013

| Gam on Spectrum License Transactions

During	the	second	quarter	ot	2014,	wc	complete	d lice	ense	exchange	transact	ions	with	T-Mo	bile	USA	Inc	(T-	-Mobile
USA)	to	exchange	certain	AWS	and	Personal	Com	munication	Sen	ices	(PCS)	lie	censes	T	he	exchange	inc	luded	u
number	of	swaps ihai	wc	expect	will	resuli in	more	efficient	use	ofthe	AWS	and	PCS	bands	As	a	result	of	these
exchanges,	we	received	SO	u billio	n of	AWS	and	PCS	spectrum	licenses	ai	fair	value	and	wc	recorded	an	imn	naterial

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

During the second quarter of 2014, we completed transactions pm respect to out remaining 700 MH/ A block speclmm licenses Undi USA in exchange foi cash consideration of approxir remainder of our 700 MHz A block spectrum licenses: 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 lhe required regulatory approvals. Venzon Wireless sold 39 lower 700 MHz B block spectium licenses lo AT&T hie (AT&T) in exchange Tor a payment of SI 9 billion and lhe transfer by AT&T to Venzon Wireless of AWS(10 MI Iz) licenses in certain markets in the western United States Ven/on Wireless also sold certain lowei 700 MHz B block spectra m licenses to an investment firm for a payment of SO 2 hillion As a result, we received SO 5 billion of AWS licenses at (invalue and we recorded a pretax gam ofapproximately SO 3 billion in Selling, general and administrative expense on our condensed consolidated statements of income for ihe three and nine months ended September 30,201 3

The Consolidated Adjusted EBITDA non-GAAP measure presented in the Consolidated Operating Income and EBITDA discussion (See ' Consolidated Results of Operalioiis'lexcludes the gain on the spectrum license transa

| Wireless Transaction Coils |

As a result of lhe third-parly indebtedness incurred lo finance the Wuelcss Transaction, we incurred interest expense of \$0.4 billion during the nine months ended September 30. 2014 (see Consolidated Financial Condition") and SO 1 billion during the nine months

These amounts represent only the interest expense incuned prior to the closing of the Wireless Transaction

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

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

Gain on Sale ol Omailel Interest

As a result of the sale of fihe Oinmlel Interest on February 21 2014, which was part of the consideration for the Wireless Transaction we recorded a gain of S19 billion in Equity in earnings (losses) of unconsolidated businesses on our condensed consolidated statement of income for the nine months ended September 30,2014

Dunng March 2014, we recorded net debt redemption costs of \$09 billion in connection with the early redemption of \$I\$ 25 hillion aggregate principal amount of Cellco Partnership and Venzon Wireless Capital LLC 8 50*. Notes due 2018. and the purchase of lhe following notes pursuant to a lender offer (the 1 ender Offer) SO 7 billion of lhe then outstanding \$I\$ 5 billion aggregate puncipal amount of Venzon n 10% Notes due 2018. SO h billion of the then outstanding \$I\$ 5 billion aggregate puncipal amount of Venzon n 10% Notes due 2018. SO h billion of the then outstanding \$I\$ 5 billion aggregate puncipal amount of Venzon n 10% Notes due 2018. Nuies due 2118. \$0.6 billion of the then outstanding SI.1 billion aggregate principal amount of Venzon 8.75%

Notes due 2018. \$0.7 billion office then outstanding \$I\$ 25 billion aggregate principal amount of Venzon 5.55% Notes due 2016. \$SO\$ 4 billion of the then outstanding \$SO\$ 75 hillion aggregate principal amount of Venzon 5.50% Notes due 2017. \$SO\$ the then outstanding \$I\$ 0 billion aggregate principal amount of Alltel Corporation 7.00% Debentures due 2016 and \$SO\$ 1.00 billion aggregate principal amount of Alltel Corporation 7.00% Debentures due 2016 and \$SO\$ 1.00 billion aggregate principal amount of Alltel Corporation 7.00% Debentures due 2016 and \$SO\$ 1.00 billion aggregate principal amount of Alltel Corporation 7.00% Debentures due 2016 and \$SO\$ 1.00 billion aggregate principal amount of Alltel Corporation 7.00% Debentures due 2016 and \$SO\$ 1.00 billion aggregate principal amount of Alltel Corporation 7.00% Debentures due 2016 and \$SO\$ 1.00 billion aggregate principal amount of Alltel Corporation 7.00% Debentures due 2016 and \$SO\$ 1.00 billion aggregate principal amount of Alltel Corporation 7.00% Debentures due 2016 and \$SO\$ 2.00 billion aggregate principal amount of Alltel Corporation 7.00% Debentures due 2016 and \$SO\$ 2.00 billion aggregate principal amount of Alltel Corporation 7.00% Debentures due 2016 and \$SO\$ 2.00 billion aggregate principal amount of Alltel Corporation 7.00% Debentures due 2016 and \$SO\$ 2.00 billion aggregate principal amount of Alltel Corporation 7.00% Debentures due 2016 and \$SO\$ 2.00 billion aggregate principal amount of Alltel Corporation 7.00% Debentures due 2016 and \$SO\$ 2.00 billion aggregate principal amount of Alltel Corporation 7.00% Debentures due 2016 and \$SO\$ 2.00 billion aggregate principal amount of Alltel Corporation 7.00% Debentures due 2016 and \$SO\$ 2.00 billion aggregate principal amount of Alltel Corporation 7.00% Debentures due 2016 and \$SO\$ 2.00 billion aggregate principal amount of Alltel Corporation 7.00% Debentures due 2016 and \$SO\$ 2.00 billion aggregate principal amount of Alltel Corporation 7.00% Debentures due 2016 and \$SO\$ 2.00 billion aggregate principal 3 hilliun of the then outstanding \$0.6 billion aggregate puncipal amount of GTE Corporation 6.84% Debentures due 2018

| Pension Remeasuremeni nd EBITDA

Consolidated Operating Income t described above

During the thiee and sit months ended June 30. 2013, we iccoided nei pre-lax pension re uvea sure men 1 credits of approximately \$0.2 billion, in accordance with our accounting policy to recognize actuarial gains and losses in the penod in which they occur The pension remeasurement credits relate lo settlements for employees who received lump-sum distributions The credits were pnmanly driven by an approximately 75 basis point increase in out discount rate assumption used to del emu ne the current year liabilities of one of our pension plans. The change in discount rate resulted in a gain of S0 3 billion partially offset by a loss robe fifterence between our expected return on assess 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 (SO 1 billion) Our weighted-average discount rate assumption increased from 4 2% at December 31 2012 io 5 0% a; June 30.2013

The Consolidated Adjusted EBITDA non-GAAP measure presented i discussion (.See "Consolidated Results of Operations") excludes the penso

Nine Months Ended | September 30, | 2014 | 2013 Change | Tahle at Cantruli | \$ 21,157 | \$ 28.387 | \$ \$ (5.230. (10.430) (10.023) (59.037) 35.253 (407) (94.200)

Operating activities

Financing activities Increase (Decrease) In Cash and Cash Equivalents

We use lhe 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, piiiiianly fiom operations and. Io the extent neicessaiy, from external financing arrangements, are sufficient to meet ongoing operating and investing requirements. The cash portion ofthe purchase pine for the Wireless Transaction was pinmanly funded by the incurrence of third-party indebtedness (see "Acquisitions and Divestinions and Divestinio additional information regarding our foreign currency nsk management strategies

Our available external financing arrangements include financing anangenicnts issuances of registered debt o also issue shon-term debt through an aclive commerc commercial paper issuances

red it available under credit facilities and other bank lines of credit, vendor equity securities and pnvately-placed capital market securities We may al paper program and have an \$8 billion credit facility to support such

Cash Flows Provided By Operating Activities

Our primary source of funds continues lo be cash generaled from operations primarily from our Wireless segment Net cash provided by operating activities during the nine monihs ended September 30. 2014 decreased by \$5.2 billion compared to the similar penod in 2 (11 3 pmmanly due to a \$3.2 billion increase in income tax payments due to the incremental income included in Ven/.on's income since the closing ofthe 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 asa \$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 oiher benefits discussed herein, also piovides us full access to the cash flows of Verizon Wireless llav ing full access lo all the cash flows from oui wneless business gives us the ability lo comitiue to invest in our nei works and spectrum, meet evolving customei requirements fur products and services and lake adv anlage of new growth opportunities across our hnei of bu

We do noi expect to make any material eniployei contribunoiis to our qualified pension plans in the fourth quarter of 2014

| Cash Flows Used In Investing Activities

Capita/ExjH-rrtittut rx Capital expenditures cont services, enhance respon« net winks

ii primary use of capital reso rompetiiive challenges and

rces as they facilitate th urease lhe operating i

introduction of new products and Ticiency and productivity of om

Nine Milnthi Ended September 30, 2014 2013

Capital expenditures, including capitalized software, wete as follows (dollar; in millions)

6,720 4,467 620

Total asa percentage of revenue

13.4% 13.2%

The increase in capital expenditures dunng the nine months ended September 30. 2014 compared lo lhe similar period in 2013 was pnmanly due to investments to increase the capacity of our 4G LTE network partially offset by lowei capital expenditures ai Wireline ns a result of decreased legacy spending requirements

In February 2014. Venzon acquired a business dedicated tn the development of IP television for cash consideration thai was not significant

During Ihc nine monihs ended Septembci 30. 2014, we received proceeds of 12 4 billion related to spectrum license transactions and \$0 1\$ billion related to the disposition of a uoiwtrategu business See 'Acquisitions and Divestitures'" for additional information

Cash Flows Provided By (Cted In) Financing Activities

We seek to maintain a mix of fixed and variable rale debl to lower borrowing costs within reasonable nsk parameters and to protect against earnings and cash flow volatility resulting from changes in market conditions Dunng the nine monihs ended Sepiember 30, 2014 and 2013, net cash provided by (used in) financing activities was $S(S^{>}0)$ billion and \$35 3 hillion. respectively The change in cash Hows used in financing activ ntes dunng the nine months ended September 30,2014 as compared to the similar penod in 2013 was pnmanly driven by the use of \$58 89 billion as pan of the consideration for the Wireless Transaction Sec "Acquisitions and Divestitures" for additional information

Dung Fe binary 2014. we issued £1 75 billion aggregate principal amount of 2 375% Notes due 2022, fl 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 offhese Notes resulted in eash proceeds of approximately \$5 4 billion, net of discounts and issuance costs The net proceeds were used, in pan. to finance the Wireless Transaction Net proceeds not used to finance the Wneless Transaction were used for general corporate purposes Also, dunng February 2014. we issued \$0.5 billion aggregate puncipal amount of 5 90% Notes due 2054 resulting in eash proceeds of approximately \$0.5 billion, net of discounts and issuance costs The net proceeds were used for general corporate purposes

Interest Amount Rale Maturity Outstanding

Principal Amount Purchased

Purchase

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

1 500 1 500 1 300 1 250 750

S I 170 07 1.146 91 1.288 35 1.093 62 I I .U.22

1.279 63

1.196.85

5 55%

5 50%

6 84%

2018 2016 2018

nillions. except for Purchase Pnci

n Wireless Capital LLC

Cellco Partnership and Vei

Alltel Corporation

GTE Corporation

S 4,122

" Pci \$1,000 pnncipal amounl of notes

The Tender Offer for each series of notes was subject to a financing condition, winch was cither satisfied or wan ed with respect to all sense The Tender Offer expired on Maich 17 2014 and jellied on March 19, 2014 In addition to the puichase pnee, any accrued and unpaid interest on the puichased notes was paid to the date of purchase During March 20)4, we recorded eaily debt redemption costs in connection with the Tender Offer (see 'Early IVbt Redemption')

Dunng March 2014, we issued \$45 billion aggregate pnncipal amount of fixed and floating rale notes resulting in eash proceeds of approximately \$45 billion, net of discounts and issuance costs Tlie issuances consisted of the following \$0.5 billion aggregate pnncipal amount Floating Rate Notes due 2010 that bear interest at a rate equal to three-month LIBOR plus 0.77% which rale will be reset quarterly. \$0.5 billion aggregate pnncipal amount of 2.55% Notes due 2019, \$1.0 billion aggregate pnncipal amount of 2.55% Notes due 2019, \$1.0 billion aggregate pnncipal amount of 2.55% Notes due 2019, \$1.0 billion aggregate pnncipal amount of 2.55% Notes due 2019, \$1.0 billion aggregate pnncipal amount of 2.55% Notes due 2019, \$1.0 billion aggregate pnncipal amount of 2.55% Notes due 2019, \$1.0 billion aggregate pnncipal amount of 2.55% Notes due 2019, \$1.0 billion aggregate pnncipal amount of 3.45% Notes due 2021 \$1.25 billion aggregate pnncipal amount of 2.55% Notes due 2019, \$1.0 billion aggregate pnncipal amount of 2.55% Notes due 2019, \$1.0 billion aggregate pnncipal amount of 2.55% Notes due 2019, \$1.0 billion aggregate pnncipal amount of 2.55% Notes due 2019, \$1.0 billion aggregate pnncipal amount of 2.55% Notes due 2019, \$1.0 billion aggregate pnncipal amount of 2.55% Notes due 2019, \$1.0 billion aggregate pnncipal amount of 2.55% Notes due 2019, \$1.0 billion aggregate pnncipal amount of 2.55% Notes due 2019, \$1.0 billion aggregate pnncipal amount of 2.55% Notes due 2019, \$1.0 billion aggregate pnncipal amount of 2.55% Notes due 2019, \$1.0 billion aggregate pnncipal amount of 2.55% Notes due 2019, \$1.0 billion aggregate pnncipal amount of 2.55% Notes due 2019, \$1.0 billion aggregate pnncipal amount of 2.55% Notes due 2019, \$1.0 billion aggregate pnncipal amount of 2.55% Notes due 2019, \$1.0 billion aggregate pnncipal amount of 2.55% Notes due 2019, \$1.0 billion aggregate pnncipal amount of 2.55% Notes due 2019, \$1.0 billion aggregate pnncipal amount of 2.55% Notes due 2019, \$1.0 billion aggregate pnncipal amount of

Dunng March 2014, Venzon Wireless redeemed SI 25 billion aggregate puncipal amount of hc Cellco Partnership and Venzon Wireless Capital LLC 8 50% Notes due 2018 al 127 135% of the principal amount of such notes, plus accrued and unpaid interest (see 'Early Debt Redemption') Also, dunng March 2014. SI 0 billion of LIBOR plus 0 61% Venzon Communications Notes and SI 5 billion of 1 95% Verizon ('omnium cat ions Notes matured and were repaid

Dunng September 2014, we issued SO 9 billion aggregate principal amount of 4 8% Notes due 2044 The issuance offhese Notes resulted in cash proceeds of approximately \$0 9 billion, net of discounts and issuance costs The net proceeds were used lor general corporate purposes .Also, dunng September 2014. we redeemed SO 8 billion aggregate puncipal amount of venzon 1.25% Nolo due November 2014 and recorded an immaterial amount of early debl redemption cost

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 reimburse men 1 of certain expenses. The sale consisted offthe following \$5.5 billion aggregate principal amount of 3 00% Notes due 2021, \$2.5 billion aggie gate puncipal 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 like following series of outstanding notices which have been called foi eaily redemption in November 2014. Venzon 4 90% Notes due 2015. Venzon 5 55% Notes due 2016. Venzon 5 00% Notes due 2016. Venzon 5 50% Notes due 2018 and (n)SI 0 billion aggregate principal amount of 4 40V* Notes due 2016 and Cellco Partnership and Verizon Wireless Capital LLC 6 50% Notes due 2018 and (n)SI 0 billion aggregate principal amount of 4 90% Notes due 2016 and cellco Partnership and Verizon Wireless Capital LLC 6 50% Notes due 2018 and (n)SI 0 billion aggregate principal amount of 4 90% Notes due 2016 and cellco Partnership and Verizon Wireless Capital LLC 6 50% Notes due 2018 and (n)SI 0 billion aggregate principal amount of 4 90% Notes due 2016 and cellco Partnership and Verizon Wireless Capital LLC 6 50% Notes due 2018 and (n)SI 0 billion aggregate principal amount of 4 90% Notes due 2016 and cellco Partnership and Verizon Wireless Capital LLC 6 50% Notes due 2018 and (n)SI 0 billion aggregate principal amount of 4 90% Notes due 2016 and cellco Partnership and Verizon Wireless Capital LLC 6 50% Notes due 2018 and (n)SI 0 billion aggregate principal amount of 4 90% Notes due 2016 and cellco Partnership and Verizon Wireless Capital LLC 6 50% Notes due 2018 and (n)SI 0 billion aggregate principal amount of 4 90% Notes due 2016 and cellco Partnership and Verizon Wireless Capital LLC 6 50% Notes due 2018 and (n)SI 0 billion aggregate principal amo

>ugh open market purchases, t such prices as Verizon may
Venzon may continue to acquire debt secuniics issued by Ven/on and its affiliates in the fi provately negotiated transactions tender offers, exchange o tiers or otherwise upon such ter from time lo time determine for cash or other

On Ma) 29. 21 (14, we announced lhe commencement of a privaie exchange oiler (the May Exchange Offer) lo exchange up to all Cellco IMriticrs.il http://imriticrs.ii ip and Venzon Wireless Capii.il <a href="http://imriticrs.ii in an amount of H 875% Notes due 2018 (like 2018 Old Notes) for Venzon s new sterling-denominated Notes due 2024 (like New Notes) and an amount of eash 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 al a rate of 4 073% per annum Tililr at Ctnlmi.

The table below lists the series of Old Notes included in the July Ext hange OfTcis for the 2054 New Notes

Principal Accepted

Interest Amount For Rale Maturity Outstanding Exchange

2043 \$ 15.000 S 4,330 6 40% 2038 1,750 6 90%

entered i

Concurrent with the issuance of the New Notes 1 payments in U S dollars (see 'MmLei Risk")

On July 23, 2014, we announced lhe commencement of eleven separate pnvalc offets to exchange (the July Exchange Offers) specified scnes in outstanding Notes issued by Venzon and Alltel Corporation (collectively the Old Notes) for new Notes to he issued by Ven/on The July Exchange Oilers have been accounted for .is a modification of debl On August 21 2014, Y'cn/nn issued S3 3 billion aggregate principal amount of 2 625% Notes due 2020 (the 2020 New Notes), S4 5 billion aggregate principal amount of 4 862% Notes due 2046 llhe 2046 New Notes) and S5 5 billion aggregate principal amount of 5 012% Notes due 2054 (the 2054 New Notes) in satisfaction of the exi hange offei consideration on tendered Old Noles (not including ai.ciued and unpaid interest on the Old Notes) The lollowing tables list the series of Old Notes included in the July Exchange Oilers and the puncipal amount of each such series accepted by Vcn/on forexehange

The table below lists the scnes of Old Notes included in the July Exchange Oflers iunhe 2020 New Notes

n Communications 3 65% 20IR S

Principal

Principal Accepted

Interest Amount For

(dollars in nullionsi Maturity Outstanding Exchange

Office of the City Clerk Page 217 of 316 Printed on 3/30/2023

The table below lists the scnes of Old Notes included in the July Exchange Offc-is foi ihe 2046 New

4.750 \$ 2,052 4.250 1,068

Notes

6.000 2.000 I 000 400

Principal Amount Principal Accepted Amount For Maturity Outstanding Exchange

Interest Rate

n Communications

Alltel Corporation

640% 203 *

2032

7 K75%

TcimLfan Agieemtnl

Dunng February 2014, we drew \$6 6 billion pursuant to a term loan agreement with a group of major financial institutions to finance, in pail, the Wireless T ransaction S3 3 billion of (lie loans under the term loan agreement had a maturity of three years (the 3-Year Loans) and \$3 3 billion of (lie loans under the term loan agreement had a maturity of five years (the 5-Year Loans) The 5-Year Loans) pmv ide for the partial amortization nt pnncipal dunng the last two years that they are outstanding Loans under the tenn loan agreement bear interest at lla.it http://lla.it=ing-rales The lenn loun agreement contains certain negative covenants, including a negative of delimit lhar are customary for companies maintaining an investment grade credit rating landdition the term loan agreement of a family landdition the term loan agreement of the partial amortization not pnncipal dunng the last two years that they are outstanding Loans under the tenn loan agreement and an accounting changes covenant and an accounting changes covenant alliamative covenants and events of delimit lhar are customary for companies maintaining an investment grade credit rating landdition the term loan agreement J nut in excess of 3 50 100 until our credit ratings are equal to or higher than A3 and A- ai Moody's Investors Servue and Standard & Pour's Ratings Services, respectively

During June 2014 we issued S3 3 billion aggregate puncipal amount of lixi d and floating rate notes resulting in cash proceeds of approximately S3 3 billion, nei of discounts and issuance costs The issuances consisted of lhe lollowing SI 3 billion aggregate puncipal amount of Floating Rate Notes due 2017 that will hear interest ai a rate equal to three-month LIBOR plus 0 40% winch will be resci quarterly and S2 0 billion aggregate principal amount of 115% Notes due 2017 We used lhe net proceeds liom the offenng of these notes lo repay like 3-Yeai Loans on June 12 2 2014

Dunng July 2014, we amended the term loan agreement, senied the outstanding S3 3 billion of 5-Yeai Loans and borrowed SI 3 billion of new loans The new loans mature in July 2019. bear it. teresi at a luwei interest rate and require lowei amortization payments in 2017 and 201 Ij In connection wilh ihe transaction, which primarily settled on a net basis, we recorded approximately SO 5 billion of proceeds from lone,-tenn bonowings and of repayments of long-tenn borrowings, respectively

On July 3 1, 2014, we amended om \$6 2 billion credit facility to increase the availability to \$8 0 billion and extend the milunty to July 3 1, 2018 At the same time, we terminated our \$2 0 hillion 364-day revolv ntg credit agreement As of September 30 20 14, the unused borrowing capacity under this credit facility was approximately S7 9 billion

Dung March 2014, we recorded nel debt redemption costs of SO 9 billion in conned ion with the early redemption of SI 25 billion aggregate pnncipal amount of Cellco Partnership and Verizon Wireless Capital LLC K 50% Noles due 2018, and lhe purchase office following noles pursuant to the Tender Oder SO 7 billion offic then outstanding SI 5 billion aggregate principal amount of Verizon 6 10% Notes due 2018. SO 8 billion offite then outstanding SI 3 billion aggregate principal amount of Verizon 7 55% Notes due 2016. SO 4 billion offite then outstanding SI 3 billion aggregate principal amount of Verizon 5 55% Notes due 2016. SO 4 billion offite then outstanding SI 3 billion aggregate principal amount of Verizon 5 55% Notes due 2017, \$0 6 billion aggregate principal amount of Verizon 5 55% Notes due 2018. SO 2 billion aggregate principal amount of Verizon 5 55% Notes due 2018. SO 2 billion offite then outstanding SI 3 billion aggregate principal amount of Verizon 5 55% Notes due 2018. SO 2 billion offite then outstanding SO 3 billion aggregate principal amount of Cellco Partnership and Verizon Wireless Scapital LLC 8 50% Notes due 2018. SO 2 billion offite then outstanding SO 3 billion aggregate principal amount of Cellco Partnership and Verizon Wireless Scapital LLC 8 50% Notes due 2018. SO 2 billion offite then outstanding SO 3 billion aggregate principal amount of GTE Corporation 6 84% Debentures due 2018

Othvi. net

The change in Othci net financing activ tues dunng the nine months ended September 30. 2014 compared to the similar period m 2013 was pnmanly driven by a decline in lax distributions to Vodafone putsuaul lo ihe Cellco 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 m tax distributions to Vodiitone, were net early debt redemption costs of SO 9 billion

As in prior penods, dividend payments were a significant use of capital resources During the thud quarter of 2014. Verizon's Board of Directors increased our quarterly dividend payments by 3 8% to S 55 per shere troin \$ 53 per share in the same penod in 2013 This is the eighth consecutive year that lhe Board has approved a quarterly dividend increase

Decrease In Cash and Cash Equivalents

Our Cash and cash equivalents ai September 30. 2014 totaled \$7.2 billion a \$46.3 billion decrease compared to Cash and cash equivalents al December 31, 20] 3 pnmanly as a result of the completion of the Wireless Transaction

Flee cash flow is a non-GAAP financial measure that management believes is useful to investors and other users of Venzon s financial inlormalion in evaluating cash available lo pay debl and dividends Free cash flow is calculated by subtracting capital expenditures from net cash provided by operating activities The lollowing table reconciles Ncl cash provided by operating activities to Freeco

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

Common stock has been used from time to lime lo satisfy some ofihe funding requirements of employee and shareownet plans, including 8 1 million common shares issued from Treasury slock during the nine monihs ended September 30, 2014, which had an aggregate value of SO 4 billion

In May 2013 lhe Boaid of Represent jtivesoj Venzon Wireless declared a disinbulion io its owners which was paid in ihe second quarter of 2013 in proportion lo their partnership interests on the pay menl dale, in the aggregate amounl of S7 0 billion As a result. Vodafone received a cash payment of S3 15 billion and the remainder of the disinbulion vi-js received by Venzon

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

Nine Monihs Ended September 30. 2013 Change 2014

S 23,157 S 28,387 S f5.230> 12,624 1 1.807 817 \$ 10.531 \$ 16,580 S (6.047)

The change in Five cash flow duning 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 hillion 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

Asn result of lhe Wireless TiansaiUon. Venzon issued approximately 1 27 billion shares of Venzon common stock

				11														
On repurchase February repurchases	March of 28, depending on mar	7. up 2017 rket conditi	The	the 100 million program porate needs	Venzon shares permits	Board of Venzon	ot Venzon to	Directors common repurcha	approved slock se shar	lenninanng	share no time,	buyback latet with	than the	ogiarn, the	which eloie nount	of and	business timing	the on of
Venzon the nine mon	did ihs ended Septen	noi nber 30. 20	repurcha 4	ise any	shares	of	Venzon	common	slock	through	us	auihonze	ed s	share	huyhack	pr	rogram	dunng
Covenant*																		
Our	credit	agreeme	nts	contain	covenants	lhat	aie	typical	for	large,	inves	stment	grade	cor	mpanies	Thes	e	covenants
include	requirements			pay interes	st and	principal	in	a	timely	fashion,	pay	taxes,	mainta	ain	insurance	wit		esponsible
and	reputable	insura		companies	preserve	our	corpor	ate	existence,	keep	nppropnale	boo	oks	and	records		ol	financial
transactions,	mainta	ain	our	properties,	provide	financ		and	oiher	reports	to	our	lenders,	hrr		http://hrr.	it>	pledging
and	disposition	of	9880	ete and	mergers	and	conso	didations	and	olher	cimilar	covenant	ts	Additional	llv f	the	tenn	loan

agreement 50 requires 00 orhighei Investors until ratings equal than Poor's Ratings Sei\ ices, respectively

Wc and our consolidated subsidia

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Talkr af Cant ran 🌓 t. We are exposed tib various i) pes of market nsk in the normal course of business, including the ctreds of interest rate changespay incuts in U S dollars, as well as to mitigate the impact of foreign currency transaction gains or losses During the second quarter of 2014, in connection management strategies which may include the use of a variety of derivative transactions only to the extent necessary to achieve or borrowing costs within reasonable in the parameters and to protee gainst earnings and cash how violatily resulting from cash how hoped gainst cash cash how hoped gainst cash cash how hoped gainst cash how hoped gainst cash how hoped gainst cash how hoped gainst cash how hoped in forth quarter of 2014 we entered into forward interest rate swaps | Foreign Currency Translation of the part of the cash hoped gainst and hoped gainst cash hoped gainst cas into material burning the instant security qualeties or 2014 we relieved into invarior interests sewage with other included in dedispated these contracts as cash How hedges in Octobel 2014, we settled \$1.25 billion of forward interest rate swaps. Foreign Currency Translation our foreign operations into U S dollars is recorded as cumulative translation adjustments, which are included in Accumulated otheir comprehensive in statements of income in Other income and (expense), net Al September 30 2014, our primary translation exposure was to the Bnisila Pound Sterling, currency swaps designated as cash flow hedges to exchnings approximately \$5.4 billion of Euro and British Pound Stelling denominated debt into C \$1.00 and \$1.00 are approximated as the first provided in the contract of the cont

statements of income in Other income and (expense), net IA September 30 2014, our primary translation exposure was to the Bnislal Pound Sterling, II currency swaps designated as cash flow hedges to exchange approximately \$54 billion of Eran A. Trans (the eleven-year Venzon Notes | The Venzon Notes

s "| Dunng 2003, under with customers Under one method, the guidance is explicit entrepactively the cumulative sleet of thic change as an adjustment to the beginning belance have on our condensed consolidated financial statements in June 2014, the standard update resolv as the diverse accounting treatment for these eherewhen the employee can cases rendering service and still be eligible to vest eat and uncertainties Forward-boding statements include the Information or

Item 3. Quantitative and Qualitative Disclosures About Market Risk

liifunnation relating to market nsk is included in Item 2, Management » Discussion and Analysis of Financial Concilium and Results of Operations under Ihc caption "Market Risk"

Our chief executive officer and chief financial officer have evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules I3a-15(e) and 15d-I5(e) of the Sri unties Exchange Act of 1934 j, as of the end of the penod covered by this quancily report Bated on this evaluation, om chief executive officei and chief financial officer have concluded lhat 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 ensute an etlective internal control environment Wc 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 activ Mies within oui accounting processes, which we expect io continue of cr the next several years These initiatives will incorporate certain changes in personnel as well In connection with these initiatives and the resulling 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 ovei oui financial reporting remain effective

Except as noted above there were no changes in the Company's internal contiol ovei financial report ing dunng the thud quartet of 2014 that have materially affected or are reasonably likely to materially affect, our internal onli over financial reporting Item IA Risk Factors

There have been no material changes to our nsk flu ton as previously disclosed in Part 1 Item 1A of our Annual Report on Form 10-K for the year ended December 31,2013

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

Ou Match 7. 2014, the Verizon Board of Directors approved a share buyback program, which authorizes lhe repurchase of up to 100 million shares of Venzon common sioi k terminating no later than the close of business on I ehnrary 2 H, 20 J 7 The program permits Venzon to repurchase shares ovei time, with the amount and timing of repurchases depending on maiket conditions and corporate needs

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

Item I. Legal Proceedings

On September 2010. the US Bank National Association (US Bank), Litigation Idearc Verizon known Litigation Trust 'Litigation Trusl), fled suil US District 1he North District Texas against and 2006 Idearc S which creditors who claims Idearc U Bank, represents group filed Idcares bankruptcy alleged that insolvent nt the time ofthe spin-off became insolvent shortly thereafter The Litigation Trust sought over S9 billion damages ΙK 2013 ihe District entered foi Verizon subsidiarie mid U ruled would Court "take nothing" appealed decision for 15. Appeals Circuit, 2014 upheld lhe December Filth which Distnei Court's decision Jul) The 1.iugaiion Trust has until 2014, to seek further review ofihe decision by the United States Supreme Court dunng 2011. On October Litigation created the bankruptcy proceedings FairPoint Communications Inc filed complainl m slate court in Mecklenburg County. North Carolina. against Venzon othe related entities The landltne complaint clair ihai FaiiPuiin's Venzon's Maine New Ham and Us earned October 2008 out way lvent olvency billion thereafter a bankruptcy and ultimately 2009 Litigation sought The Tmsl approximately lo Venzon District Coun Western District the lo United the North damages removed case Slates the Carolina November 2011 A1 the close ol discovery February 2013. Venzon filed summary iudgment lo dismiss the On counts the complaint-constructive fraudulent transfe and actual fraudulent transfer June 12 2013. the Dtsinct Liiigalion concluded Vcnz lhe dulen 2013 Decembe transf 2014. entered and Litigation Venzon the Trust settlement agreement. the terms which ate material our 18. 2014 the The settlement agreement approved by Bankruptcy Court on September and matter was dismissed by the District Court on October 16, 201 4 October 2013 California Attorney General's Office notified Venzon California other Venzon companies potential pnmanly hazardous violations California ansing from the disposal electronic state

California components aerosol al facilities with this batteries and cans certain cooperating investigation ond hazardous penalties review operations relating management waste While relating the alleged violations could exceed M 00,000. we do not expect that any penalties ultimately incurred will be material

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Item 6 Exhibits

Description

Computation of Ratio ot Earnings to Fixed Charges

32 I 32 2 101 INS

ioi sen

mi pre

101 CAL 101 LAB 101 DEF

Certification of Chief Executive Officer pursuant to Section 302 of the Sarhnnrs-Oxley Act of 2002

Certification of Chic! Financial Officer pursuant to Section 102 offic Sarbaues-Oxley Act of 2002

Certification of Chief Executive Officer pursuant to Section *>06 of the Sarbancs-Oxley Act of 2002

Certification ol'Clucf Financial Otticerpursuant lo Section 906 ofthe Sarbancs-Otley Aei of 2002

XBKL Taxonomy Extension Schema Document

XBKL Taxonomy Presentation Linkb.we Document

XBRL Taxonomy Calculation Lmkhase Document

XBRL Taxonomy Label Lmkhase Document

XBKL Taxonomy Extension Delii 1 Lmkhase Document

Tihtr •(rtiulrati Signature

Pursuant to the requirements of the Secunties Exchange Act of 1934, the registrant has duly caused this report to be signed on Us behalf by the undersigned thereunto duly authorized

VERIZON COMMUNICATIONS INC

Hy /s/Anthony T Sktadas

Dale October 28, 2014

Anthony T Skiadas Senior Vice President and Controller (Pnncipal Accounting Officer)

Tiblr .foment. Eihibit Index Exhibit Number Descri

EXHIBIT 12 Computation of Ratio »f Earnings to Fixed Charges Ven/on Communications Inc and Subsidiaries Nine Months Ended September IS. tdollais in millions) 2014

\$ 1*.1.56 Equity in earnings of ft.Kl 1) Div idends from unconsolidated businesses 26 Interes >,63 * fortiori of tent expense representing interest 6 \$ 21.R21 Fixe

\$ 1,156 Equily in earnings of fixed Charges interest 2/4 Examples of Charges interest 4,15 Earnings, as adjusted Earnings of E

EXHIBIT 32.2

TER TIKI CATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 906 OF THE SARHANES-OXLEY ACT OF 2002. PURSUANT TO SECTION 1 350 OF CHAPTER (S3 OF TITLE 18 OF THE UNITED STATES CODE

I. Lowell C McAdam, Chairman and Chief Executive Officer of Vcn/nn Communication-. Inc (the Company), centf} lhat

- 1) lhe report of lhe Company on Form 1U-C? tor ihe quarterly penod ending September 30, 2014 (ihe Report) hilly complies with lhe requirements of section 1 3(a) ol lhe Secunties Exchange Act of 1934 (the Exchange Act I, and
- 2) the information contained in tire Rep on fairly presents, ui all material respects, the financial condition and results of operations of the Company as of the dates and for the penods referred to in the Report

Date October28.2014

/s/Lowell C McAdam

Chairman and Chief Execmiv c Officer

A signed onginal of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting lhe signature thai appears in typed to mi within the electronic version of this writieu statement required by Section 906, has been provided to Venzon Communications Inc and will be retained by Venzon Communications Inc and furnished to the Secunties and Exchange Commission oi its staff upon request CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION V06 OI" THE SARBANES-OXLEY ACT OF 2002, PURSUANT TO SECTION I 350 OF CHAPTER 63 OF TITLE 1 8 OF THE UNITED STATES CODE

- 1, Francis J Shammo, Executive \ ice President and Chief Financial Officer of Vcn/on Communications Inc (the Company), certily that
- (11 the report of the Company on Form 10-Q (bribe quarterly period ending September 30, 2014 (the Report i fully complies with the requirements of section 13(a) of the Secunties Exchange Act of 1934 (the Exchange Act), and
- (2) the information contained m the Report fairly presents, in all niatenal respects, the financial condition and results of operations of lhe Company as ol lhe dates and foi the periods referred to in lhe Report

1*1 Francis J Shammo

Francis) Shammo Executive Vice President and Chief Financial Ol titer

A signed onginal of this written siaicmeni required by Section 906, or other document authenticating, acknowledging, or otherwise adopting (he signature thai appears in lyped form within the elect route version of this written statement required by Section 906, has been provided lo Ven/on Communications Inc and will be retained by Ven/on Communications Inc and furnished to the Secunties and Exchange Commission oi its staff upon request

Properties

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

FORM 10-K

(Mark one)		
	В	ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(c)
	OF THE SECURITIES EXCHANGE ACT OF 1024 For the food year anded December 21, 2012	

OK

□ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 For the transition penod from to Verizon Communications Inc. (Exact nam* of ngtirant a* ip«cffl*4 In Its chart* r| Indicate by check mark if disclosure of deliquent for grouns at missions. It is built. I]
Indicate by check mark if disclosure of deliquent for grouns at later market in the properties of the 10-K or any amendment, to this Form 10-K ± Large accelerated filer f_ Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-acceterated 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) Smaller reporting company Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act) Yes 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 m treasury. Portions of the registrant's Annual Report to Shareowners for the year ended December 31, 2013 (Parts I and II) 23-2259894 (IRS Errpbyor Id • n lineal id ri No) New York, New York 10007 (Zfl Code) 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: Indicate by check mark it the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Seeunties Act Indicate by check mark if the registrant-is noi required to file reports pursuant to Section 13 or Section 15(d) of the Act Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Seeunties Exchange Aci of 1934 dunng the preceding 12 months (or for such shorter penod (hat the registrant was required No such reports), subject Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Dala File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232 405 of this chapter) duning the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files) Yes s T.bLr (.rendu TABLE OF CONTENTS PARTI Item 1 Item 1A. Item IB Item 2 Item 3 Item 4. P ART II Item 5 Item 6. Item 7 liem 7A. ItemS Item 9. Item 9 A Item 9B. PART HI Item 10. Item 11. Item 12. Item 13 Item 14 PART IV Item 15 Signatures Business Risk Factors

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[General |

Venzon Communications Lie (Venzon. or lhe Company) is a holding company thai, ailing through its subsidiaries one of lhe world's leading providers of communications, infoimation and entertaininetit products and sen ice* to consumers, businesses and governmental agencies with a presence in over ISO countries around the world Formerly known as Bell Atlantic Corporation, we were incorporated in 19K1 under the laws of the Slate of Delaware We began doing business as Venzon on June 10. 2000 following oui merger with UTil Corporation We have a highly diverse workloice of approximately 176.HOII employees
We have two reportable segments, Wireless and Wireline, which we operate and manage as organize by product! and services
ive offices are located at 140 West Sirect. New York, New York 10007 (telephone number 212-395-1000)

: business segments a

Wireless' communications pioducts and sen ices include wireless voice and data serv ices and equipment

sales, which aie provided to consumer, business and gov emmeiit customcis acioss the United Stales

r'ireline s voice, data and video communications products and enhanced services include broadband ideo and data, corporate networking solutions, data center and cloud sen ices, secuniy and managed ci work >emces and local and long distance voice services. We provide these products and service* to mourners in lhe United States, as well as to earners, businesses and government customers both in lhc nited States and in o\er 150 other countnes around the work

lhe following portions ot ihe 2013 Verizon Annual Report to Shareowneis aie incoiporated into this icpoit

- "Overview" on pages 10 thmugh 12. and,
- "Segment Results of Operations" on pages 17 ihrough 22 and in Note 13 to lhe consolidated financial statements on pages 65 through 67

Our Wireless segment is pnmanly compnsed of Cellco Partnership doing business as Venzon Wireless Cellco Partnership is a joint veniuie formed in April 2000 by lhe combination of the US wireless operations and interest < ot Venzon and Vodafone Group I'k (Vod.ibne). As of December 31, 2013. Venzon owned a controlling ***% interest in Venzon Wireless and Vodafone owned the Iernailing -45*1 Ven7on Wheless provides wireless communication senices across one of the most extensive wireless networks in the United States and has the largest fourth-general ion (4G) Long-Tenn Involvation (LTD technology and third-paining (3G) Involvation - Data Optimi?ed (EV-TX)) networks of any U S wireless son ice provider

On September 2. 2013. Venzon entered into a slock purchase agreeinem with Vodafone and Vodafone 4 LiuiHed, pursuant to which Venzon agreed to acquire Vodafnne's indirect 45% interest in Cellco Partnership d'h/a Verizon Wireless for aggregate consideration of approximately \$130 billion (the Wireless 'transaction) We completed the transaction on February 2 1. 2014 and acquired 1001* ownership of Ven/on Wneless The consideration paid was pnumanly compnsed ufcash and Ven/on common stock

L-d by retail connections and revenue At 2013 revenues of approximately SKI 0 billion.

Verizon Wireless is lhe largest wireless service prov ider in the United Stales as: December 31. 2013, Verizon Wneless had 102 K million retail connections and representing approximate!) 67% of Venzon's aggregate

We have substantially completed the deployment of our 4G LTI network Our 4G LTE network is available to 97". of the U S 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, wr are working with wireless earners in rural areas to collaboratively build and operate a 4G L IT network using each earner's network assets and our core 4G LTI equipment and 700 MHz C-Block spectium Our4G LTE network provides higher data throughput performance for dala services ul a lower cost compared to that prov ideii via 30 networks

Wireless Service and Product Offering and Product O Wireless Service and Product Offering*

Oui wireless senices are available lo out cu stumers rveciv ing sen ice under the Verizon Witeless brand In addition, customers cm obtain wireless products and semees that operate on our network from resellers tha; purchase network access from us on a wholesale

Wt relet* Services

We oiler our wireless sen ices on a postpaid and prepaid basis Retail (non-whnlesale) postpaid accounts represent retail customers under confract with Ven7nn Wireless that are directly served and managed by Ven/on Wireless and use its branded services Our postpaid account plans include More Fverylhing' plans, single coincellum plans, plans tailored lo lhe 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 sentles to ra variety of connected devices Postpaid connections represent individual lines of service fur which a customer is billed in advance a monthly access sentjee in elium for ia monthly network sen ice allowance (access sent-ice revenues) Approximate!) 94% of our retail connections received our wireless services on u postpaid basis as of December 31 2013 Our prepaid service enables individuals to obtain wireless sent-ices without a long-lenn contract or credit vcnJicaimn by paying liir all sen'tecs in adv ance

Our wireless plans oiler various packages of senices that allow customers, regardless of the device, to select the plan (hat best matches their nelwoik usage patterns On February 13. 2014, we introduced our Mote Lverything plans which replaced oui Shaic Il Cerything * plans and provide more v alue 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 find a single daia allowance that can be shared among up to 10 devices connected to the Ver7on Wricelss network Customers with Verzon Fdge, which provides not evice payment plan option, also will receive discounted monthly access lecs on More Everything plans For an additional monthly access fee, our customer* have the option of sharing long distance and roaming minutes among their dev ices for calls from the United Slates to and calls while within. Canada and Mexico The More Everything plans also include lhe Mobile llotspot service on our smartphones ain to additional charge The Mobile Motspoi service allows a customer low or create a Wi-Fi network that cim be used by Wi-Fi enabled devices Ven/on Wireless also of Ters shaied 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, Shaie Everything accounts represented approximatel*) 46V* of oui retail postpaid accounts, compared to approximately 23% as of December 31. 2012

We offer a wide vanety of wireless senices, including Internet access via our broad range of devices Our customers can access the Internet on all ofour smartphones, as well as our basic phones that include HTML web-browning capability We also offer sen ice thai enables our cusiomers io access the Internet wirelessly at broadband speeds on nntebook computers and tahlets thai either hav c embedded 4(3 LTE or 3G EV-DO modules or that are used in conjunction with separate devices thai enable access to this sen ice, such as smartphones and USB modems as well as Jeipacks Mand other dedicated devices lhat provide a mobile Wi-Fi connection These devices can be added to the customer's More Lvcrything plan tor an additional monthly tee, ur the customer can obtain a separate plan for the dev ice ai vanous pnee points, depending upon both lhe size of the data allowance purchased and the device covered by the plan

In addition, we oiler mcs>aging senices, which enable our customers to send and receive lexl, picture and video messages Our customers can access multimedia oflenngs. mostly provided by third panies, consisting of applications providing music, video, gaming, news and other content, while our h u sine ss-foe used offerings, which are designed to increase productivity, include solutions that enable customers to access the internet and their corporate intranets, as well as products thai enable wireless e-mail across our diverse portfolio of writeless devices (ou lucalion-based senices provide oui customers with directions to their destinations and enable out business customers to lucale, emoitor and communicate with then mubile field workers Oui global dala services allow our customers to access data sen' ices on our Global Ready Phones from hundreds of international destinations and to access it laternet ai such destinations with laptops that are either Global Ready, let he red to a Global Ready Phone, or are used in conjunction with other Global Ready devices, such as certain USB moderns or Jetpacks In addition, our customers have access in more than otic million applications and services developed and dislibuted by thud panies, such as those offered via Google Play accessible on our smartphones running on the Google, Inc (Google) Android operating js stem, those offered via the Apple, I Tune solve, accessible invoging snurtphones and tablets running on the Apple io So operating system, those ottered by Microsoft Inc (Microsoft), via Microsoft's Windows Phone OS operating system and those ottered by Black Berry Limited (BlackBeny), through Ms Black Berry App World webstore

i then home phone handsets using our wireless network through oui Hoi

Connect servu e or Vcn/.on 4G LTH Broadband Router wilh Vo Internet service that provides customcis with Internet connectror

We also offer Hume Fun on 'Broadband, a high-spec jmes 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 aie characterized b) machine-to-machine (M2M) wireless conned ion*. Our M2M services suppon devices that are used by a vanety of verneal market segments, including healthcare, education, manufacturing, utilities, disinbulion and consumer pioducts For example, companies purchase network access and, in some cases, enhanced senices from us in order to connect with and monitor equipment, such as medical device used to monitor patients, fleet management devices used to monitor patients, monitoring advices used to monitor patients, monitoring devices used lor sinari gad applications. Other companies puichase itievink access- and in some cases enhanced services from us to suppon devices that are included in a service they, in turn, sell to end users We also suppon telematics senices tor some ofthe largest automotive manuficities. We expect that consumer use of M2M wireless connections, such as home monotoning.

health mumlonng, energy management and utilities management Hill increase as consumers integrate these devices into then mobile lifestyle

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

Wireless Devii et

We ofler several tMegones of wireless devues, including s phones

Snuirt[fhose.\ Our device line-up includes an array of smartphones lhat are enabled io utilize our4G LTE and'or 3G EV-DO highspeed data sen ires and nin on v annus operating platfonns, such as Apple iOS. Google .Android, Black Berry OS. and Windows Phone OS In August 2013. we launched lhe new Verizon Edge dev ice payment plan option which now allows customers to trade in their phone foi a new phone ufici a minimum of thirty days, subject to certain conditions

Tablets and Other Internet Devices We offer a vanety of 4G LTE and/ot 3G LV4XJ-enabled tablets from multiple manufacturcis that it iii primarily on either the Apple iOS, Google Android oi Microsoft Windows operating system tn 2013, we launched the Ellipsis 7 tablet, which is av a liable exclusively trom Venzon Wireless The tablets we otter also penmt our customers to access the Internet via a Wi-Fi connection in addition, we oiler dedicated devices that provide a mobile Wi-Fi 4G LTE and/or 3G EV-DO connection, which we refer io as Jetpacks, capable of connecting multiple Wi-Fi enabled devices io the Internet ai one lime Our customers can also access the lutein et wirelessly al broadband speeds on their compuleis via data cards, USB modems or ihrough (he use ufcenain laptop computers and neibooks wilh embedded 4G LTF and 3G EV-DO Mobile Broadband modules offered by onginal equipment manufacturers (OEMs) Dunng 2013 we continued to expeneuce strung subsenber demand for tablets and other Internet devices and the percentage of our iciail postpaid connection base represented by connections to these devices continued to increase

Bain Plumes Most ofthe basic phones we ofler aie 3G EV-DO-enabled and have HTML-hrowsing capability

We purchase wireless devices and accessones from a number of manufacturers, with ihe substantial majorly ofour purchases made from Apple. Motorola Mobility. Samsung. LG Electronics. Black Berry. HTC Hitachi and Quality One Wireless (thmugh which we purchase Pantech devices and accessones)

A key component ofall wneless dev ices is the chipset, which contains the "intelligence" ofthe dev tee The LTE chipsets used in oui 4G LTE-enabled devices are manufactured by various companies each using Us own 4G LIE chipset technology For lhe manufacture and supply of out CDMA-IXRTT and EV-DO chipsets, most ofour wireless device suppliers rely on Qualcomm Incorporated (Qualcomm) We also acll phones that include CDMA-IXRTT and EV-DO chipsets manufactured by VIA Telecom under license from Qualcomm In addition, there are a number of other component.- common lu wireless phones provided by vanous electronic component manufacturers that we do not deal with directly

Strategic Initiatives

We have undertaken several initiatives io develop innovative devices, data services and applications available io run on our nei works, including the following

- Mobile Video Video content is projected to account foi a majonly of mobile network Ira flie by 201 R Wc believe the growth in video consumption using mobile devices provides us with an opportunity for revenue growth Wc had made investments in converging technologies and services involving content delivery networks, video streaming and related consumer hardware to leverage new content models Our4G LTE network enables us to move lowands a unified video strategy that positions us to take advantage of this growth opportunity For example, we are using Multimedia Broadcast Multicast Sen ice technology lo develop out LTI: Multicasi sen ice This sen'ice has the potential to enhance our network efficiency and provide our customers with access to live streaming video content with virtually no hulTenng, regardless ofthe number of devices using the icnice
- with virtually no hull leng, regardless ofthe number of devices using the tennee

 biahtle Commerce Every day, large volumes of transactions aic earned acioss our network As a ic-sult, we heheve e
 we aic well positioned to influence and benefit trom the rapid grouin of the mobile commerce market that is being
 driven by technology advances such as the proliferations of smartphones and tablets I sis, a mobile commerce
 platform, represents the first phase of our initiatives to address this opportunity Launched in November 2013 as a
 joini venture with AT&T Inc (AT&T) and T-Mohile USA, Inc (T-Mnhile USA), Isis enables cusiomers to pay for
 point-of-sale purchases via liheir mohile phones using near field communications technology rather than paying wilh
 cash or a credit card Known as the "ISIS Mobile Wallet." this setvice enables customers to organize all of their
 payment cards, offers and loyally cards in one convenient application on their Isis-ready phone
- en Innovation centers We operate innovation centers in Wallham, Massachuestts and San Francisco We beheve out centers sen as catalysts for like development of non-traditional devices, senices and applications that lake full advantage often 4G LTE network The ienters work with many ol our strategic partners representing vanous industries to help them quukly hnng products services, applications and solutions to maikel

Stlwnrk

We have the largest 4G LTF. and 3G Y.\-IX> networks of any scrice provider in lhc United Slates, with licensed and operational coverage in all of the 100 most populous US meliopoln.in areas As of January 21. 2014, our 4G LTF, network covers approximately 10S million people m lhc IIS, including ihnse in nieas served hy our 1.1 E in Rural America program

We ilme to provide our customers with the highest network reliability fur their wirele.ss. crvices We design and deploy our nei work 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 thai maximizes the number of tails lhat aie connected on the fust attempt and completed without being dropped We plan to continue to expand and upgrade our ndwork, pnmanly lo increase capacity, as well as explore strategic opportunities to expand our national netwuk coverage through selective acquisitions, of wireless operations and spectimin licenses

libir oi Cunitnti

In addition to our own network coverage we have roaming agreements with a number of wireless service is available. We also offer a variety off international wireless is oice and data sen ices to our customers through roaming arrangements with wireless sen ice provideis ouiside of the United Stales Certain of our roaming agreements are temu liable al will by either part) upon several months' nonce, however we do not believe that the icnninatiuii ofany ofthese at-will agreements would have a material adverse effect on our husiness

Technology

Oui primary network technology platfonns are 4G LTE and 3G Code Division Multiple Access (CDMA) 4G LTE provides higher data throughput perlormance lor daia sen ices al a tower cosi compared io those oflered by 3G technologies Wc continue working lo expand 4G LTE coverage hejond our network foolpnnl through our LTE in Rural America Program We citnenlly have 20 committed program participants that have lhe potential to provide 4G LTE cov crate to approximately three million people under lhe program and. to date sixteen patiticipants have commenced operations on such networks

In 2012, we began Iesiing our mobile Voice over hit erne I protocol fVoIP) network known as Voice over LTE (VuLTE) 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-I XRTT technology is deployed in neariy all offthe cell sues in our 3G CDMA network In addition EV-DO. a 1G packet-based technology intended pnmnnly lor highspeed dala transmission, is deployed in substantially all offthe cell sties to our 3G CDMA network

Our neiwork includes vanous elements of redundancy designed lo enhance the reliability of our sen ice Power and backhaul Iran sport facilities can often become a network's vulnerability Consequently, we have h.iltery backup at every switch and every cell sue in our network We also utilize backup generators at a majonly of our cell sites and al every switch location In addition, uc have a Heel of portable backup generators lhat can be deployed to cell sites ifneeded We further enhance reliability by using a fully redundant backboom Multiprotocol Label Switching network in all critical locations

Spectrum

The spectium licenses we hold can be used for mohtle wireless voice and dala communications services We have licenses lo provide these wnelcss services on portions of the K00 MHz band also known as cellular spectrum, the 1X00-1900 MMz band, also known as Penurial Communication Senices (PCS) spectrum, and let 1700 and 2100 MH/ band, also known as Advanced Wireless Senices (AWS) spectrum, in areas lhal collectively, cover nearly all ofthe population ofthe United Stales In addition we hold licenses for portions of the 700 MIL/, upper C hand, including len licenses thai 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 xpei irum transactions including

- hi 2012 Venzon Wireless at quired AWS spectnim in separate transactions with SpectrumCo. LLC and Cox TMI Wireless. LLC for which it paid an aggregate of S3 9 billion at lhe time ofthe closings Dunng 2012, Ven/on Wireless, which is also completed license purchase and exchange transactions with Leap Wireless Savan Island Wireless, which is majonly owned by Leap Wireless, and a subsidiary of T-M obi le USA As a result offhese transactions, Ven/on Wneless received an aggregate S2 6 billion of AWS and PCS licenses at fair value and transferred i crluin AWS licenses lo 1-Mobile USA and a 700 megahertz. (MHzl lower A block license to Leap Wireless
- Dunng the first quarter of 2013, we completed license exchange transactions with T-Mobile License LLC and Cnckci
 License Company. LLC. a subsidiary of Leap Wireless, lo exchange certain AWS licenses These non-cash exchanges
 include a number of intra-markei swaps that we expect will enable Venzon Wireless to make more cflistue of the
 AWS band As a result of iliese exchanges, vve received an aggregate SO 1 billion of AWS licenses at fan value
- Dunng the third quarter of 2011, alter receiving the required regulatory approvals, Verizon Wnelcss sold 3V lower 700 MIL D block spectium licenses to AI AVI in exchange for a payment of SI 9 billion and the transfei by AT&T in Venzon Wireless of AWS (10 MHz) licenses in certain markets in the wesiem United Slates Ven/on Wireless also sold cenain lower 700 MHz. B block spectrum licenses to an investment firm for a payment of S02 billion As a result we received S0 5 billion of AWS licenses al fair value
- Dunng the fourth quarter of 2011, we entered into license exchange agreements with T-Mohile USA lo exchange certain AWS and rCS licenses These iiv>n-ew4i exchanges, which are sutyect to approval by the Federal CnmmuniLalions Commission (FCC)

and other customary closing conditions are expected to close in lhe Jitsl lull" of 2014 The exchange includes a number of swaps that we expect will result in more efficient use of the AWS and I'CS bands

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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 52.4 billion, and under the second agreement wr will exchange the remainder of these licenses for AWS and PCS spectrum licenses These transactions ore subject to the appro\all of the FCC as well as olher customary closing conditions These transactions are expected to close in the middle of 2014

We anticipate we will need additional sped rum in meet luture demand This increasing demand is being dnven by growth in customer connections and usage of wireless broadband sen ices, which use more bandwidth and require ever faster rales of speed to slay competitive We can meet sped turn needs by acquiring licenses or leasing spectrum from offler licensees, or b) 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 sen ices 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 acution lor AWS-3 spectrum in laic 2014 In addition. Congress has adopted legislation that provides tor the establishment of a national public safely network and the reallocation und auction, through the use of voluntary incentive auctions by 2022 of portions of the existing broadcas; spectrum The incentive auction related to the 600 MHz band is expected tu lake place in nud-2015 although the specific liming offic AWS-3, 600 MHz and uthei auctions will be determined by future regulatory proceedings

Since we and competing wireless sen ice providers have experienced spectrum shortages m certain markets and may have spectrum surpluses in others, we have ul 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 olher cases, Verizon Wireless has entered into in Ira-market spectrum swaps designed to imrease the amount of contiguous spectrum within frequency bands in a specific maiket Contiguous spectrum within frequency bands in a

Network Equipment and Build-out

Aleatel-Luccni and Encsson are currently oui primary network vendors foi oui LTE network deployments foi macro sites Acades-Lucchi and Enesson are currently our primary network requirements for our Lie network deployments for factors which provides more than half of our CDMA cell site equipment, and Nokia Siemens Networks (NSN) and Enesson, which together provide nearly all ofour remaining cell site equipment We also rely on Alcalcl-Luccnt, NSN and Enesson liir our switching eqiupmeiil

As we continue lo build and upgrade our existing network, we must complete a variety of steps, including securing nghis lo a large number of sues 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 touei sue management firms, such as Crown Castle International Coip and American Tower Corporation, as lessors oi managers of a portion of our existing tower sites upon which our operations depend

Our marketing strategy is focused on ottenng solutions tailored io the needs of out vanous customer market groups promoting our brand, leveraging our extensive distnhuiion network, and jointly marketing our products and sen ices to large business and government customers with Venzon's Wireline business units through Venzon Enterprise Solutions, a sales and makicing organization that encompasses all of Venzon s solutions for medium and large business and government cusiomers globally Our marketing plan includes a coordinated program of television, print, radio, outdoor signage. Internet and point-ofrale media promotions designed to present our corporate message consistently across all ofour markets We use a combination of direct, indirect and illemative disimbulion channels in order to increase customer growth while reducing customer acquisition costs

Company-operated stores are a core component ofour distribution strategy Oui direct channel, which includes oui business-robustness 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 lo handling incoming calls from customers, md we oiler fully -automat cd. end-l o-end web-based sales of wireless devices accessones and service plans

In November 2013, we launched our first Ven/on Destination store at Mall of America in Bloomington. Minnesota The store focuses on the mobile lilestyle and highlights the many ways consumers ran use wireless technology in then daily liv es The store is pan ofa broader initiative that includes the redesign ofour retail slores natron wide io become "smart stores" These newly

inhi + rCnrilf-II http://se2%80%a2/Cnrilf-II-Competition We operate in a highly competitive industry We compete gainst other national wireless service providers, including AT&T, Sprint Corporation and T-Mobile USA, as well as various regional wireless service providers with continuents of new technologies, line introduction of new products and senices, new mailel entrants, the availability of additional spectnim. both licensed and unlicensed, and regulatory changes Competition may also increase as smaller, stand-alone wireless service providers may also increase as smaller, stand-alone wireless service providers may also increase as smaller, stand-alone wireless service providers may also increase as smaller, stand-alone wireless service providers insulated to the continuents of the co

Tiblrof Cynlrolt Global Enterprise

Global Enicipnsc offers. Strategic scrv ices, including nclwoiking products and solutions, advanced communications services, and oilier core communications services to medium and large business customers, including multinational corporations, as well as state and federal government customers Global Enterprise jointly markeis these services with Vcn/on's other business units through Venzon Enterprise Solutions In 2* 13. Global Enterprise your presenting approximately 3K*i of Wireline's aggregate revenues

Suategii u-n-ti es Strategic sen ices consist of notwoiking products and solutions, advanced communication scivices for voice and video, and security, infrastructure and cloud services

Networking products and solutions pnmanly include

- Private IP- This service built on multiprotocol label so tching, enables customers 10 leverage the efficiency, performance and value of II* in a secure manner Our Private TP network allows customers to communicate over a private, secure network in more than 12(1 countries using a v ariely of access methods, including Ethernet and Venzon Wireless 4G LTE
- Othei cm partite networking sen tees Other services primarily include Ethernet access and nng scivices Ethernet services allow customers 10 connect network environments around the world and enable application¹, and technologies 10 work seamlessly and with little disruption Ring services include ies that help customers handle handwidih demands and contiol then costs

Advanced communication sen ices pnmanly include

- IP lommunuations Our IP communications services y imp lily network management and drive operational efficiencies by enabling the convergence of voice and data irallic on the same access connection
- Infrastructure and cloud senices Our infrastructure and cloud senices include Infrastructure and service llaaSj and managed hosting sen'tocs that provide enterprise cusiomers with data center, computing, data storage and network facilities, connectivity, secuilly, architecture and support, data center colocatton services that house and protect customers' critical applications and tystuns including several facilities that offer extensive earner neutral options, application management sen'tocs that provide customer: with comprehensive monitoring and management of applications and advanced enterprise-class cloud senices that provide organizations with the ability to virtual uc IT resources such as computing, memory and storage, enabling their constituents 10 produce, store, process consume and share information
- MitHuite to-Sinhiliic (M2.M) (Nnnc* Our acquisition of HUGHES Telematics in July 2012 provided a technology platform thai we jrc leveraging in M2M markets which has enabled us to further develop strategic partnerships in the automotive. Iran spoil at ion, energy., health monitoring, education and insurance industics M2M sen ices permit customers 10 connect and inonlici equipment, such as medical devices, fleet management devices and utility monitoring devices We believe that these sen ices, which are enabled 011 a large scale by 4(J LTE wireless technology, have line ability to reshape line way businesses operate and the way consumers interact with devices mount of the views mount of
- . Security We provide inlet rated solutions to help companies secute their net works und data through the following sen ices
 - Set uittyptofeiMottiil »*rvn 0 Secuniy consultant* ihai construct secunty plans tailored 10 lhe needs ol'oui customers
 - Govt inanee, risk and compliance Allows customers to assess risk lev eli baied on current security controls and develop pl.ins 10 address security -related compliance objectit es. 0 Identifi management Provides identity-based access management for customer data, application and sysTcms across multiple IT env irontnents.
 - Managed serin itv- We design implement, and maintain a secure IT infrastructure fur our clients and help them prevent, detect, and report security threats
- Other ad ¼i need < animunirations sendees Other scivices primanly include dedicated Internet access, whun provides enterprise customers with high-bandwidth dedicated access 10 Verizon's global network unified communications and tollubotution capabilities, which enable customer to

communicate in real time through VoIP and IP conferencing, and emergency communication scivices which allow customcis to respond effectively to emergencies while maintaining business continuity

Cote sen-ice\ Core senices include core voice and dala services, which consist ofa comprehensive portfolio of global solutions utilizing traditional telecommunications technology such as conferencing and contact center solutions, and private I tre and data access networks Cote services also include providing cusiomei premise equipment installation, maintenance and site services Wc arc continuing to transition customers out of historical con' services such as frame Relay and Asynchronous Transfer Mode services

Global Wholesale

Global Wholesale provides communications services including data, voice, local dial lone and broadband services primarily to local, long distance and other carriers tha; use oui facilities 10 provide services 10 their customcis 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

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lible of Cament

Global Wholesale provides the following senices, which 11 jointly markets with Venzon's other business units through Venzon Entcronsc Solutions

■ litta vr' 111 es Wc offer a robusi portfolio of data services with vary 1 nji speeds and options to enhance our wholesale cusiomers networks and provide connections to ihcir end users and subscribers Our data services include high-speed digital data offerings, such as Elhemel and Synchronous Optical Network, as well as core data circuits, such as D.S Is- and DSm In addition, data sen ices include special access revenues that are generated from earners that buy dedicated local exchange capacity to support then provale net works

New Ethernet connectivity in the United States represents the largest data growth opportunity in wholesale as we pursue out technology upgrade initiative and customers look to the future and higher capacity demands The*: customers are also migrating networks from tunc division multiplexing to Ethernet, which will heller scale and scriicc the growth of broadband services driv on by smartphones, mobile bioadband and mobile video Global Wholesale offers a complete suite of sen ices 10 suppon line expansion of 4G and **G networks*

Data services also include certain value-added business services, which leverage many ofthe same offenngs available m ihe Global Enierpnse portfolio, including

- Managed sen-ices Oik is wholesale customers the opportunity' to outsource the management of their networks.
- sccunty, remote access, and web applications to Vcn/on, 0 Mobilin Enables wholesale customers tu enhance their portfolio to trplo-play or quad-pi ay capability by leveraging wireless dev lees and sen ices offered through Verizon Wireless and packaged and resold under then own cumet
- 9 Security Provides wholesale customers integrated solutions to help their entcrpnsc end-users secure then networks and data
- . Voice sen tret Wc provide switched access senices that allow earners to complete their end-user calls that ongiuaic or terminate within our territory
- Local senices We offici an array of local dial lone and broadband services 10 competitive local exchange earners, some of winch are offered 10 comply will telecommunications regulations In addition, we offer sen'tccs such as colocation, resale and unbundled network elements in compliance with applicable regulations

Other

Other sen ices include such services as local exchange and long distance services denved from former MCI mass market customers and operator senices In 2013. Other revenues were SO 5 hillion, representing approximately 1% of Wireline's aggregate revenues

Strategic Initiatives

Technology developments, interconnected markets, shilling consumer needs and converging industry ecosystems are creating innovative opportunities for Verizon Our vision is to be a globally-connected solutions company Oui maiket solutions are designed 10 deliver heshn-class products and senices strengthen our competitive advantage in the marketplace and drive a high-quality expenence for our customers Tu take advantage of these market trends, we have undertaken several strategic initiatives 10 further develop innovative products and senices and enhance our market agility 111 the following areas in flocus.

- 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 line p.ist 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 inc use of over-tho-log video, user generated content and data and connected homes and devices continue to need crate.
- Consumer and Enterprise Video Our FIOS Video service continues to experience consumer growth We etc enhancing our FIOS service by providing customcis with increasing mobility options to vicw content in and out of the home to meet the demand for video consumption anywhere and all any time
- Cloud Sei vices Capitalizing on mark et giowth in cloud sen ices and on enierpnse trends low-aid outsourcing IT in tra struct uic and sen ices. Venzon introduced an evolutionary cloud platform built for speed and performance, using our own software-based intellectual piopcny and enterprise-grade reliability Venzon Cloud Compute and Cloud Storage adopt a new approach to how public clouds are built, enabling customers of nil sizes to take advantage ofthe agility and economic benefit nf a generic public

cloud along with linc reliability and teale of un enterprise-level scricc, while maintaining control of performance Virtual machines (software-based compulers and servers) can be created and deployed in seconds, and users build and pay lor what they need

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

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- Security With new technologies hanging how enterprises do business, the cyber security landscape continues to evolve We believe that businesses are making business and customer data protection one of thicr highest priorities in order to protect their brand and enhance customer loyally We herber or least vertical vertical transparent in the saliny to reduce cyber risks and mitigate the damaging impact ul advanced cyberattacks due to (he volume of tiattic earned globally on oui networks We will continue to advance our portfolio of forensic* sen ices and managed security sen ices, building new capabilities to identify risks and threats and expanding our IT Security professional sen-ices and outsourcing
- Venzon Telematics Oui suite of real-time vehicle communications scivices and applications connects automobiles with content, sen ices and call crnleis Our platform enables factory installed and aftennarket automotive safety and security as well as local ion-based senices and vehicle diagnostics We provide usage-based data services to new vehicles in the Unnot Slates and in 2013 we extended our agreement with two autom manufacturers to provide senices fol new vehicles in China and in Europe Through our In-Drive solution, we have partnered with a major automotive insurance provider to deliver usage-hased data services to programs and other connected applications Our NeiworkFiele solution provides commercial feet managers throughout Nonh Aincnca with real-lune access the data hat yields operation a I efficiencies, increased vehicle reliability and unproved driver safety We also provide this sen ice io approximately 18,000 vehicles operated by Venzon We are furnher expanding out telematics portfolio to add asset tracking capabilities.

In addition to these strategic areas of focus, we are investing in Vcnion Labs and the Software Center of Excellence io support software development and aichitectule 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 notwork in the United States and around the world

FIGS Our goal is to distinguish FIGS as a premier residential broadband senice in the United States As of December 3 1. 2013, our FIGS sen-ice passed over IS 5 million premises and our latest FIGS Quantum senice ortrongs now provide download speeds up to 500 Mbps and upload speeds up to 10(t Mbps New sen ices such as the FIGS Mobile App arc also extending our TVexpenence to a host offmibile dev ices We expeel bandwidth demands in grow with the continued emergence of new video and dala applications and the profiferation of 17 devices in the home

The 1'assive Optical Nctwolk technology upon which tire FIOS network is deployed positions Venzon to meet growing bandwidth requirements Our network architecture provides the flexibility to adapt our facilities more easily (o future product development For example, new optical lenninals can be added to the libert-o the-permise network providing greater bandwith and we sen ices without any additional field construction Select field mats hav c successfully achieved connection speeds of nearly one gigabit per second (Gbps), and when a more adv anced nexi-generalion 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 Elhornci-based access sen ices " Ginhril IP Venzon owns and operates one of the largest global fiber networks with long haul, metro and submanne cable assets providing connectivity to cusiomers in over 130 countries Venion's global network encompasses over H30,000 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 expected to continue to grow xignilicently This global business is also rapidly evolving to an "evcrything-as-a-sen-icc" model in which business customcis seek cloud-hased, converged enierpnes solutions delivered securely via managed and professional sen'ices With the continued deployment of its packet optical transport strategy. Vertizon is creating a single, high-capucity global notwoik platform inhi combines optical transport with advanced packet switching technology The result is a global II* network that can otter powerful solutions to these sentice demands

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

We believe that our continued focus on advancing out fiber-based networks and achieving cost efficient solutions through new tec hnology deployments will help Venzon advance its position as a provider of choice to residential and enteripnse customers

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ribk «t Commit Competition

The wireline telecommunications industry is highly competitive We expeel compelition to intensify further with traditional, non-tradition.il http://tradillion.il> and emerging players seeking increased market share Current and potential competitors include cahic companies, wireless senice providers, oither domestic and foreign telecommunications providers, satellite television companies, Internet scricc providers and other companies that offer notwork sen ices and managed enierpnse solutions

In addition, companies with a global presence increasingly compete with out wireline businesses A relatively small number of telecommunications and integrated service providers with global operations serve customers in the global enterprise and, lo a lesser extent, global wholesale market' We compete with line, se- http://line.se-. Full or near-full sen'ice provider, thi large contracts to provide integrated services to global enterprises Many offhese companies have a strong maiket presence, brand recognition, and existing customer relationships all of winch collinbute to intensifying competition and which may affect our future revenue growth

We heliev e the following are the most important competitive factors and trends in the wireline industry

- Customer service Customers expect industry-leading ten ice from their sen ice providers. As technologies and services evolve, the ability to excel in this area is v cry important for custumct acquisition and retention In Mass Markets, we compete in this atea through our sen'ice representatives and online support In Global Entorprisc, we provide our customers in the wholesale business we believe service improvement can be achieved ihrough 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 produr.liv ity, we expect broadband penetration will continue to increase over the next several yean As online and online-enabled activities increase, so will bandwidth require men is. both downstream and upstream To succeed we add here network-based providers must ensure thai our networks can deliver against these increasing bandwidth requirements Wc continue to invest in our letwork to be able to meet this future demands obscuring the increasingly important competitive factors in the global energies market
- Pacing Cahlc, telecommunications companies and integrated scricc providers use pricing to capture market share from incumbents pricing is also a significant factor as nou-iraditional modes of providing communication services emerge and new entrants compete foi customers For example. Voir and portal-based calling is free or nearly free lu customers and is often supported by advertising revenues
- Product difficientialioti As a result of pricing pressures, providers need to differentiate their products and services Customers are shifting then focus from access to applications and are seeking ways to leverage then bioadband and video connections Conv crged features, such as integrated wireless and wireline functionality, are becoming similarly important, driven by both customer demand and technological advancement

In the Mass Mark els business, cable operators are significant competitive Cahlo operators have increased the size and digital capacity of their networks so that they can offer digital products and services Wc continue to market competitive bundled otTcnngs that include high-speed Intern el access, digital television and voice senices 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 fileir service as a landluie alternative We also face increasing competition (rom cable companies and other providers of VoIP scivices as well as Internet portal providers

As a result offine Telecommunications Act of 1996, which requires us to allow potential competitors to purchase our scivices for resale or access components ofour network on an unbundled basis at a presented cost, competition in our local exchange markets continues Our telephone operations generally have been required in self their services to competitive local exchange earners at significant discounts from the prices our telephone operations charge liheir retail customers. The scope offinese obligations going forward and the rates we receive ale subject to ongoing rev rew and rev ision by the FCC and state requisitors (Sec "Regulatory and Competitive Trends" in the 2013 Venoro, Annual Report to Share-owners).

In the global enierpnse mantel, 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, canicts and hardware and software providers Some of the biggest companies in IT senices are either making acquisitions or forging new alliances to be helier positioned for a rebound in irchnology spending Molt new alliances and acquisitions have focused on emerging fields such as cloud computing, software delivery, communication applications and other composition tasks

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Our chief executive officer jnd chief financial officer have evaluated the effectiveness ofthe registrant** disclosure controls and procedures (as defined in Rules 13a-15(c) and 15d-15(c) of the Securities Exchange Act of 1934), as officed of the pend of the pend covered by this Annual Report, flail ensure thai information relating lo lib registrant which is required 10 he disclosed in llus report is iccoided, processed, summarized and reported within required lime penods Based on this evaluation, our chief executive officer and chief financial officei have concluded that the registrant's disclosure controls and procedures were effective as of Decenibre.31.20n https://documber.312.0n

In the ordinary course of business, we review oui system of internal contiol 01 or financial reporting and make changes to our systems and processes intended to ensure an effective Intem.11 http://Intem.1 control environment We rice continuing an initiative to implement new financial systems that will continue in phases over the next several quarters. We are also continuing an initiative in standardize and centralize iransae lion-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 transact ion-processing activities, the Company continues 10 enhance the design and documentation ofour 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 ovei financial reporting dunng the fourth quartei of 2013 thai have maienally affected, or are reasonably likely 10 materially affect, our internal control over financial reporting

Management's report on inlemal control over financial reporting and the attestation report of Verizon's independent registered public accounting firm nre included in the 2013 Venzon Annual Report to Shareowners on pages 36 and 37 and are incorporated herein by reference

Set forth below is information with respect 10 our executive officer

Lowell C McAdam Roy H Cfresinutt Roger Liumani Darnel S Mead

Anthony J Mctone Randal S Milch VV Rohert Mudge Man C Reed Francis J Shammo Anthony T Skiadas JnhnG Straiion Mami M Walden

Held Sine Chairman and Chief Executive Officer Executive Vice President - Strategy. Dev elopmoni and Planning Executive Vice President and Chief Information Officer 2013 2010 Executive Vice President and President and Chief Executive Officer -

Executive Vice President and Chief 1 echnology Officer Executive Vice President - Public Policy and General Counsel President - Consumer and Mass Business Markets 2010 Executiv c Vice President and Chief Admin isl rati ve Officer 2004 Executive Vice President and Chief Financial Otticei 2010 Executive Vice President and President - Venzon Enterprise Solutions 2012 Executiv c Vice President and President - Product and New Business

Verizon Wireless 2010

2014

Pnoi in serving as an executive officer, each ofihe above officers has held high-level managenal positions with the Company 01 one ot its subsidiaries tor at least live years with the exception of Mr Chestnut!, who has been with the Company since 2011 Officers are not elected foi a fixed icim of office and may be removed from office at any time at the discretion of lhc Boaid of

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Roy H Chesinutl ts Executive Vice President - Strategy. Development and Planning foi Venvon From the time he joined the Company 111 2011 until he was appointed 10 his current role in January 2013. Mi Chestnut! was Senior Vice President of Corporate Strategy Pror to joining Venzon, Mr Chestnut I served as Corporate Vice President office Amen c as al Motorola Networks from June 2010 to June 2011, and from 2006 to 21)0°, Mi Chestnuti was Chatman and Chief Executive Officer of Grande Communications Networks (Grande), a facilities-based provider of bundled communications services Pror lo joining Grande. Mi Chestnutt held a vanety of management positions with Spinnt-Nextel Corporation. Nextel Communications and AirTouch Communications

Set forth below is information with respect lo Directors eunenlly in office who are retiring from the Board of Directois in April 2014 and are not standing lor re-election Sandra O Moose

Di Moose. 72 is president of Strategic Advisory Services LLC, s consulting fum She was Semoi Managing Part nei of The Boston Consulting Group. Inc (BCG) until 2004 At BCG. Di Moose provided strategic planning, operational effectiveness and related consulting services to global clients m a vanety of industnes, including consume! and induslnal goods, financial services and telecommunications, ovei a 35-year career Dr Moose was a pnncipal founder of BCG's Financial Services practice and a key conlinbuim 10 ihe development of ihe firm's caily management concepts She led BCG's New York office from IUX8 10 144S and was Chair ofthe East Coast region, which accounted for approximately 20V. of BCG's overall revenues, from 1994 to 1999

Dr Moose's expenence at BCG as a strategic advisor to diverse clients enables her 10 advise lhe Board and senior management on key issues of corporate strategy, including with respect tu global growth, consumer goods and telecommunications issues In addition to her strategic planning expertise. Dr Moose has been the chair or presiding directoi of several public companies and several charitable organizations, which has given hei extensive expertise in corporate governance Dr Moose also bnngs to the Board substantial financial expertise and insights into the views of institutional investors, winch are important to Venzon as a public company

Dr Moose has served as a Dim lor of Venzon since 2000 and was a director of GTE Corporation from 1978 to 2000 She is Presiding Director, Chairperson ofthe Corporate Governance and Policy Committee and a member of the Audit Committee Dr Moose is also Chairperson of the Board of Tnistees of Nat ix is Adv isor Funds (where she has served as a trustee of the funds and their predecessors since 1982) and Loomis Sayles Funds (where she has served as a trustee since 2001) and a director of The AES Coiporation (since 2004) In Ihe pas) five years, Dr Moose has aeixed on the boaid of Rohm and Haas Company as its lead director

Mr Neubauer, 72. is Chainnar, of AK AM ARK Holdings Corporation and its subsidiary ARAMARK Corporation, a professional services company Until May 2012, he was also the Chief Executive Officer He has served 111 those roles with AR AM ARK and in predecessors for more than 25 years ARAMARK's approximately 272,000 employees provide food, hospitality, facility and uniform senices in 22 countnes and generated \$13.9 billion in revenue duning its 2013 fiscal year Mi Neubauer joined ARAMARK's predecessor. ARA Senices. 111 1979 as Executive Vice President of Finance and Development, Chief Financial Officer and ,1 director He was elected President in 1981. Chief Executive Officer in |OR3 and Chairman in 1984

Dunng his long tenure as Chairman and Chief Executive Officer of ARAMARK, Mr Neubauei gamed business and management expenence leading a large, complex organization wnh international operations and a large, diverse workforce This expenence gives him a thorough understanding of many important issues facing Verizon Mi Neubauer brings 10 (he Board, along with other skills and qualifications, extensive expertise in corporate finance, strategy and developmen! I lis bioad background in hospitality and professional senices. as well as his in-depth knowledge of consumer sen'ices. gives Mi Neubauer insights on reaching retail and business customers, which isenlical lo Venzon's success

Mr Neubauer has served as a Director of Ven/on since 1995 and is Chairperson of the Human Resources Committee He is also a director of Maiy's, Inc (since 1992

Mr Pnee, 72, is a Non-Resident Senior Fellow al The Brookings Institution, an independent research and policy institute Mt Pnee was President and Chief Executive Officei of the National Urban League from 1994 until 2003 Dunng that time, Mr Pnee restmetured us boaid of directors, developed a new mission for lhe League and established its research and policy center

Following his work at the National Urban League, Mt Pnee was Senior Advisor of DLA Piper Kudnick Gray Cary US LLP from 2003 io 2005 and a Non-Resident Senior Fellow of the Economic Studies Program ut The Brookings Institution from 2006 to 200X From 2

(KIM to June 2013, he served as a visiting professor al the Woodrow Wilson School at Panceion University 1*nor 10 toining the National Urban League. Mr Price held a variety of positions in journalism, lavv and public interest organizations, including sen ing on the Editonal Board of The AW York Times

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management on economic, government and public interest issues His extensive management and leadership experience enables him to pn>v ide insights on corporate governance matters He also has expertise in strategic planning, operations management and hu>incss <erv ices, which ure critical

Mr Price has served as a Director of Venzon since 1997 and was a Director of NYNEX Corporation from 1995 to 1997 He is a member of the Corporate Governance and Policy Committee Mi Price is also a director of Mel Life Inc (since 195-9) and Metropolitan Life Insuiance Company (since 199-4)

Other information icquired by this item is incorporated by reference to lhc biographies of the Directois standing foi 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 C ommittee on page 5 of Exhibit 9« There have been no maternal changes to share ho Idei nominating procedures (4) This number reflects shares subject to deferred stock units credited to the Venzon Income Deferral Plan, which were awarded in 2002 under the Venzon Communications Broad-Based Incentive Plan No new awards are permitted to be issued under this plan

and 11 Compensation Tables-Report Analysis* pages There Exhibit compensation committee insider transactions required disclosed pursuant Hem 4f)7(c)(J) of Regulation S-K under the .Securities Exchange Act of 1934 Information with respect to s
Beneficial Owners and Management" on pages 57-59 of E>hibn oo incoiporated Ownership

The following lable provides information as ot December 31, 2013 for (i) all equity compensation plans piev rou Company's shareholders, and (u) all equity compensation plans not previously approved by (he Company's shareholde 2009 the Company has only issued awards under the 2009 Verizon Communications Inc Long-Term Incentive Plan provides foi awaids of stock options, listnoted stock, iostnoted stock units, periormance stock units and other iock units to employees of Venzon and its subsidiaries. No new awards ale polimilied to be issued under any plan In accordance with SEC rules the table docs not include outstanding awards ihai ate payable solely in cash by award, and such Awards du not reduce the numbet of chares remaining fur issuance under the 200	(200<* LTIPI winch r equity-based hypothetical other equity compensation
nmumut volitik file file file file file file file file	fa, lure
Y_m ndm umii ad n≥i ia) sim <i (shu="")="" ana*="" i="" i)<="" talana*="" td=""><td></td></i>	
Equity compensation plans approved by scunty holders 17,133,926-1' J 34.35'- 'S Equity compensation plans noi approved by security holders 248,756 -	99,062,483
approved by security induces 246, 505 1 Total 17.382.6B2 < http://17.382.6B2 > 1 34.35 \$>9.0>2.483	
1) This amount includes 982,881 shales of common stock subject to outstanding slock options, 16.120,285 stock subject to outstanding restricted stock units and performance stock units, and 30,760 shares defened stock units, m each case including, foi awards other than stock options, dividend equivalents accrued through Determine 3 1 201 3 This docs not include pollormance stock units, docincd stock units and payable xilicy in ca.h None offitic outstanding slock opiums include tandem dividend equivalent nghis	shaies of common subject lo outstanding ed on such awaids deterred share equivalents
Tins number reflects lire weighted average exercise pnee of outstanding stock options Vcnzon's outs units performance Hock onus and deferred stock units do not have exercise pnees associated with the	tstanding rcsinctcd stuck settlement of these

3) 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 lespect to Director independence is incoiporated by reference to line section entitled "Independent e" on page 3 of Exhibit 99

Intonnatinn with respect to principal accountant tecs and scivices is incorporated by reference to the section entitled of Appoint mem of Independent Registered I uhlre Accounting Finn on page 17 of Exhibit 09

Documents filed as pail of Ihis re pun II) Report of Management ou Internal Control Over Financial Reporting

- 2) Report of Independent Registered Public Accounting Firm on Internal Control Ovei Financial Report in
- Report of Independent Registered Public Accounting Firm on Financial Statements

Financial Statements covered by Report ofIndcpendenl Registered Public Accounting Finn 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

Incorporated herein by reteicnce to the appropriate portions of the Shareowners for (he fiscal year ended December 31.2013 (See Part II I

11 - Valuation and Qualifying Accounts

Exhibits

awards

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

3a(n) Certificate of Amendment of Restated Certificate of Incorporation of Verizon, effective Echmary 4 201J

- 3b Bylaws of Venzon, as amended, effective as of December 3, 2009 (filed as Exhibit 3b lo Form 8-K dated IX-cember 7. 2009 and incorporated herein by reference)
- 4a Indenture holwcon Von/on. both indiv idually and as successor in interest to Ven/on Global Funding Corp., and IJ S Bank National Association as successor trustee to Wachovia Bank, National Association formerly known as First Union Ndilonal Bank as Tmsiee. dated as of December 1, 2000 (incorporated by reference lo Verizon Global Funding Corp's Registration Statement on Form S-4. Registration No 333-64792. Exhibit 4 I;
- 4b First Supplemental mdeilituic between Venzon both individually and as successor in interest to Venzon Global Funding Corp. and US Bank National Association as successor trustee io Wachovia Bank. National Association, formerly known as First Union National Bank as Trustee, dated a of May 1 5. 200) (incorporated by reference to Von/on Global Funding Corp "s Registration Statement on Forn S-3, Registration No 333-674 12 Exhibit 4 2)
- 4c Second Supplemental Indenture between Venzon, both individually and as successor in mil crest to Venzon Global Funding Coip, and US Bank National Association, as successor trustee to Wachovia Bank, National Association, fonnetly known as First Union National Bank, us Trustee, dated as of September 29, 2004 (incorporated by reference to Fonn K-K filed on February 9,2006, Exhibit 4 I)
- 4d Tilnd Supplemental Indenture between Venion, both individually and as successor in interest to Venion 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 2j

Except for Exhibits 4a - 4d above no oiher instrument which defines the nghis of holders of long-tenn dehi of Venzon and its consolidated subsidiaries ts filed herewith pursuant to Regulation S-K, Item 60I(bK4KinXA) Pursuant in this regulation. Venzon hereby agrees to furnish a copy ofany

10a GTE's Chantable Awaids Program (filed as Exhibit 10-10 io GTE's Form 10-K for ihe year ended December 31, 1992. File No 1-2755 and incoiporated herein by refe

I Oh NYNIiX Directors' Charitable Award Program (filed as Exhibn IOi lo Form 10-K for lhe year ended December 31, 2000 and incorporated herein by reference)

10c 2009 Venzon Long-Term Incentive Plan, As Amended and Restated (incorporated by reference to Appendix D of the Registrant's Proxy Statement included in Schedule 14 A filed on March I K, 201 3)

10c(ii) Restricted Stock Unit Agreement 201 1-2013 Award Cycle (filed as Exhibit 10b lo Form 10-0 foi the penod ended March 31.2011 and incorporated herein by reference)

IOc(iii) Fonn 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 J **

10c(iv) Pcrfomiance Stock Unit Agreement 2012-2014 Awaid Cycle (filed as Exhibit 10a to Form 10-Q for ihe penod ended

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10c(v) Restricted Stock Unil Agreement 2012-2014 Award Cycle (Tiled as Exhibit 10b lo Form 10-Q for the penod ended March H ,2012 and incorporated herein by refrrer.ee http://refrrer.ee)*

10c(vi) Performance Slock Unit Agreement 2013-2015 Award Cycle (Filed as Exhibit 10a io Fonn 10-Q (in the penod ended March 31.2013 and incorporated herein by reference) **

IOc(vii) Restneied Stock Unit Agreement 2013-2015 Award Cycle (filed as Exhibit 10b to Form 10-Q lor Ihe pennd ended March 31,2013 and incorporated herein by reference) **

10d Venzon Short-Term Incentive Plan. As Amended and Reflated (incorporated by reference io Appendix C ot the Registrant's Proxy Statement included in Schedule 14A filed on March 23. 2009) **

10c Verizon Income Deferral Plan (filed as Exhibit 10C to Fonn 10-Q lor the penod ended June 30, 2002 and incorporated herein by reference) •*

IOe(i) Description of Amendment to Plan (filed as Exhibit 10o(illo Form 10-K fur the year ended Decembet 31. 2004 and incorporated herein by reference) **

101 Venzon Excess Pension flan (tiled as Exhibit 1 Op lo Forni 10-K for the yeai ended December 3 I, 2004 and incorporated herein by reference) **

IO(i/) Description of Amendment io Plan (filed as Exhibit 10p(t) to Form 10-K for the year ended December 31.2004 and incorporated herein by reference) * •

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

10h Hell Atlantic Senior Management Long-lenn Disability and Survivor Protection Plan, as amended (filed as Exhibit I Oh to Fonn SE filed on March 27. 19R6 and Exhibit 10b(n) to Form 10-K for the year ended December 31. 1997 and tneotyporaled herein by referent cl 4s

lin fGTE Executive Retiree Life Insurance Plan (filed as Exhibit IOq in Fonn 10-K for the year ended December 31, 2010 and incorporated herein by reference) **

III] Venzon Executive Life Insurance Plan As Amended and Restated September 2009 (tiled as Exhibit Ids to Form 10-K lor lhe year ended December 31, 2010 and incorporated herein by reference) **

I Ok Venzon Executive Deferral Plan (filed as Exhibit 10c to Fonn 10-Q tor lhe penod ended June 30. 2009 and incorporated herein by reference) *•

10m NYNEX Deferred Compensation Plan fot Non-Employee Directors (filed as Exhibit lOgg to NYNEX's Registration Statement No 2-87850, File No 1-4603 and incoiporated herein by reference)*

Kin Amendment to NYNEX Deferred Compensation Plan for Non-Employee Directors (filed as Exhibit IOiii 5a to NYNEX's Quarterly Report on Form 10-Q for the penod ended June 30, 1996. File No 1-K60N and incorporated herein by reference) Table at Cunlruii

10p US. Wheless Agreement, dated September 21. 19r9, among Hell Atlantic and Vodafone Ainouch pic, including the forms of Amended and Resisted Partnership Agreement and the Investment Agreement (filed as Exhibit 10 io Form 10-Q foi ihe penod ended September 30. 1999 and incorporated herein by reference) IQq Tenn Loan Credit Agreement, dated as of <Xtoher 1. 2013. among Ven/on. JPMorgan Chase Bank. NA. as administrative agent, and ihe lender, party thereto (filed as Exhibit 10 I to Form 8-K filed on October 3. 2013 and incorporated herein by reference

- 12 Compulation of Raiio of Earnings in Fixed Charges filed herewith
- 13 Portions of Venzon's Annual Repon to Shurcowirera for the fiscal year ended December 31, 2013 filed herewith Only the infonnation incorporated by reference mm this Fonn 10-K is included in the exhibit

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

21 List ort puncipal subsidiances of Venion filed herewith 23 Consent of Ernst St Young LLP filed herewith 1) I Certification of Chref Executive Officer pursuant to Section 302 offiles Sarbanes-Oxley Act of 2002 filed herewith 3 1 2 Certification of Chief Financial Officer pursuant to Section 302 offiles Sarbanes-Oxley Act of 2002 filed herewith 3 1 2 Certification of Chief Financial Officer pursuant to Section 302 offiles Sarbanes-Oxley Act of 2002 filed herewith 3 1 2 Certification of Chief Financial Officer pursuant to Section 302 offiles Sarbanes-Oxley Act of 2002 filed herewith 3 1 2 Certification of Chief Financial Officer pursuant to Section 302 offiles Sarbanes-Oxley Act of 2002 filed herewith 3 1 2 Certification of Chief Financial Officer pursuant to Section 302 offiles Sarbanes-Oxley Act of 2002 filed herewith 3 1 2 Certification of Chief Financial Officer pursuant to Section 302 offiles Sarbanes-Oxley Act of 2002 filed herewith 3 1 2 Certification of Chief Financial Officer pursuant to Section 302 offiles Sarbanes-Oxley Act of 2002 filed herewith 3 1 2 Certification of Chief Financial Officer pursuant to Section 302 offiles Sarbanes-Oxley Act of 2002 filed herewith 3 1 2 Certification of Chief Financial Officer pursuant to Section 302 offiles Sarbanes-Oxley Act of 2002 filed herewith 3 1 2 Certification of Chief Financial Officer pursuant to Section 302 offiles Sarbanes-Oxley Act of 2002 filed herewith 3 1 Certification of Chief Financial Officer pursuant to Section 302 offiles Sarbanes-Oxley Act of 2002 filed herewith 3 1 Certification of Chief Financial Officer pursuant to Section 302 offiles Sarbanes-Oxley Act of 2002 filed herewith 3 1 Certification of Chief Financial Officer pursuant to Section 302 offiles Sarbanes-Oxley Act of 2002 filed herewith 3 1 Certification of Chief Financial Officer pursuant to Section 302 offiles Sarbanes-Oxley Act of 2002 filed herewith 3 1 Certification of Chief Financial Oxford Sarbanes-Oxley Act of 2002 filed herewith 3 Certification of 2002 filed herewith 3 Certif 2002 filed herewith 32 I Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 filed herewith 99 Selected Corporate Governance and Executive Compensation Information included in like Preliminary Proxy Statement for like Venzon 2014 Annual Meeting of Shareholders filed with the Securities and Exchange Commission on Lebiuary 26, 2014

XBRL Instance Document.

XBRL Taxonomy Extension Schema Document

XBRI. Taxonomy Picsenialiou Ltnkbase Document

XBRL Taxonomy Label Linkbase Document meni conira

XBRL Taxonomy Extension Definition Linkbase Docui

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

TaMr *f Cu at rati

Schedule 11 - Valuation and Qualifying Accounts

Verizon Communications Inc. and Subsidiaries

For the Years Ended December 3 I, 2013, 2012 and 2011

Note (a Kb) Note <c)(d) End of Period

Beginning of Charged to Other Accounts Deductions Balance at

Charged to

993 972 1,026 1,151 1,246 1,23>

802 B76 Allowance for Uncollectible Accounts Receivable

Year 201.3 Yeai 20)2 Yeai 201 I

2.04] 2,376 credited

Valuation Allowance for Deferred Tax Assets || 201 ||

25 1,178 isly wntten offwhre

S 2.041 S 235 S

Balance at -

Period Expenses

2.376 120 3.421 108

able pnmanly includes amounts previ (a) Allowance for Uncallcouble Accounts Rec

directly to this account when recovered (h) Valuation Allowance for Deferred Tax Asseis includes current year increase to valuation allowance charged n 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 lax asseis **Tahlr af CaolfoH**

[Signaiu

Pursuant to lhe requirements of Section 13 or 15(d) of the Secunties Exchange Act of 1934. lhe registrant has duly caused this report lo he signed nn Us behalf hy the undesigned, theicuiilo duly aulhonzed

VERIZON COMMUNICATIONS INC

Anihony T Skiadas

By /IJ Anihony T Skiadas

Dale February 27,2014

Senior Vice President and Controller

Puisuant to the requirements of the Securities Exchange Act of 1°34, this report has been signed below by the following person on behalf of the registrant and in the capacities and on the dates indicated February 27 2014

Pnnt ipal Executive Office Is' Lowell C McAdam

February 27.2014

Lowell C McAdam Pnncipal Financial Officer

,'s/ Francis J Shammo February 27.2014

Executive Vice Presideni and Chief Financial Officer

Senior Vice President and Controller

Francis J Shammo

/s/ Anihony T Skiadas Anthony T Skiadas

Tahlr *i Caairnti

Shellve L Archamhe,i Richard L Carrion

knh.nl http://knh.nl L Camiin !s! Mclanic L Healey

Mclanre L Hcaley Is! M Frances Keeth

M Frances Kccih Robert W Uiie

Robert W Lane It! Sandra O Moose

Sandra 0 Moose Is-1 Joseph Neuh.iuei

Joseph Neubauer Donald T Nicolai

Donald T Nicolaisen .V Clarence Otis. Jr.

Clarence Otis Ji Hugh 13 Pne

Hugh H Price f<J Rodney I: Slater

Rodney li Slater Raihiyii A Tesija

Kathryn A Tesija It! Gregory D Wasson Gregory D Wasson

February 27.2014 Februa

EXIIIBIT3a(u)

Chairman and Chief Executive Officet

CERTIFICATE OF AMENDMENT OF RESTATED CERTIFICATE OF INCORPORATION OF V ERIZON COMMUNICATIONS INC.

Venzon Communications Inc (the "Corporation"), a corporation organized on October 7. 1983, and existing under and by vinue of the General Corporation Law of ihe Stale olDelaware. HEREBY DOES CERTIFY

FIRST That at a meeting of the Board of Directors of the Corporation held on September 2,2011. resolutions were duly adopted approving a proposed amendment to the recommending that the proposed Certiflicate Amendment is attached heteio as Exhibit A ed amendment io the Restated Certificate of Incorporation I lhc "Certificate Amendment") of the Corporal ion and

SECOND Thai, there alter pursuant resolution of the Corporation's Boaid of Directors, a special meeting office clock holders was held on January 2 ft. 2014 upon notice and in accordance with ihe provisions of Section 222 of lhe General Coiporation Law of the Slate of Delaware, al which meeting a majorily of lhe outstanding slock entitled lo vote thereon was vuled in favor of lhe Certifitate Amendment as proposed by the Corporation's Board of Directors

THIRD That the Certificate Amendment was duly adopted in accordance u nh the applicable provisions of Section 242 of the General Corporation Law of Ihe Slate of Deluw are

IN WITNESS WHEREOF, the Corporation litis cuiised this certificate to he signed by William L Horton, Jr, its Senior Vice President. Deputy General Counsel and Corporate Secretary, this 3id day of Febm.iry, 2014

VERIZON COMMUNICATIONS INC.

By . s'William L Horton, Jr William I. Horton, Jr Senior Vice Presidenl. Deputy General Counsel and Corporate Secretaiy

CHARTER AMENDMENT

Article 4.A of the Reslaicd Certificate of Incugiorat ion is heieby amended and rv staled in its entirety to road in full as follows 4 Capital Slock

fhe total number of shares of all classes of stock which lhe Corporation shall have the authority to issue is 6,500,000.000 shares, of which 6250.000,000 shares are Common Stock. S 10 par value per share, and 250.000,000 shares jre Senes Preferred Stock S 10 par value per shaie (dollan m millions) 2010 2009 2011

Compulation of Ratio of Earnings tu Fixed Chargei Verizon Communications Int. and Subsidiaries

Office of the City Clerk Page 230 of 316 Printed on 3/30/2023

\$ 10483 (444) 4H0 2 827 817 148

S 29.277 (142) S 13.520 (551)

Years Ended Decembei 31, 9.897 (124)

S 12.f.84 (508)

2.571 837 2 523 837

Earnings-Income before (provision) benefit for income laxes Equity in earnings of unconsolidated businesses Div idends from urn onsolidated businesses Interest expense ">

Portion of rem expense representing interest Amortization of capitalized threiest Earnings, as adjusted

* 32.870 S 13.544 \$ 14311 S 16,185 S 17.984

Interest expense 1,1 Portion of rem expen« Capitalized inleicsi Fixed Charges

Ratio of earnings to fixed charges 2.523 837 964

83*) 927

2.467 S 2.571 1 2.K27

\$ 4.272 S 3.814 j 4.086 S 4,324 S 4,868 7.69 3 55 3 50 3 74

We classily interest expense recognized on irriccitain 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! the cumulative total returns of Venzon the SAP 500 Telecommunications Services Index, and the SAP 500 Slock Index overn live-year penod II assumes SI00 was invested on December 31, 2008 with dividends (including the value of each respective spin-off) being reinvested

Results of Operations

Per common share - basis

Pet common sluie - diluted Cash dividends declared pet common share Net income attribulable in noncontrolling interests

15 97* 4 894 1 72 1 72 1 870 6 707

2012 2011 2010 2000

120,550 S I I5.K46 S 1 IO.K75 S 106.565 S 107,808

875 31

2,404 85

2 030 9.(.82

31,948 11,497 4.01 4.00 2.090 12,050

Financial Position Total assets \$ 274,098 \$ 225222 S 230.4M S 220,005 4.849 7.542 Debt maturing within one year 3.933 4.369 47.618 34.346 52.376 50.303 45252 32,957 28,164 49.938 48.343 Long-teimdcbl 89 658 -mploycc benefit obligations Nonconirolling iniei 15,970 38.569

Fquilyatinhuiahlcio Venzon 38,836 31,157 Significant evenis affecting oui historual earnings trends in 2011 through 2013 are desenbed

in "Other I

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

2010 and 200V data includes severance pension and benefit charges, merger integration and acquisition costs, disp othel items 2010 dala also includes Medicare Pait D Subsidy charges

1 226 907 7 205 55 0S1 32 622 42 761 41 182

Companion of Five-Year Tolal Return Among Venzon, SAP

Verzon Communications Inc (Veilzon or the Company) is a holding company that, acting through its subsidianes is one ofthe world's leading prov ulers of communications infonnation and entertainment products and ten ne" to consumets, businesses and governmental agencies with a presence in over 150 countnes around the world Our offennas, designed to meet customers' demand for speed, mobility, security and control, include voice, data and video services on our wireless and wireline not write two two reportables segments. Wireless and equipment sales across the United States using one office most extensive and reliable wireless not wireless colliums business sometiess and government customers with 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 offite must expansive end-to-end global Internet Protocol (IP) ncl works We have a highly skilled, diverse and dedicated workfoice of approximately I 76.800 employees as of December 31, 2013

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

Oui strategy requites significant capital investments primarily to acquire wireless spectrum, put the spectrum into service, invest in the fibei optic network that supports our wireless and wireline businesses, maintain our wireless and wireline networks and develop and mniniatn significant advanced

In our Wireless business, in 201 3 compared io 2012, revenue growth of fi 8% was driven by connection growth and the demand for smartphones, tablets and other Internet devices Dunng 2013. wc c.\text{peneneed a 4 6* increase in retail postpaid connections compared in 2012. with smanphones representing 70% ofour retail postpaid phone base at December 31. 2013 compared in 5k% at 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 ourflufih-generation (4C)Long-Term Evolution (I.TE)network Oui40 LTF network is available to 97% of the US population in mure than *>00 markets covening approximately 305 million people, including those in areas served by oui LTF in Rutal Amencu pallnois Our 40 LTF 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 out total data traffic was earned on our 40 LTL network

On February 13, 2014. we introduced oui More Evciy thing * plans winch replaced our Share Everything * plans and provide more value to our cusiomers These plans, which aie 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 Wheless network Customers with Venzon Ldgc, which provides a device payment plan option, also will receive disconnected monthly access tested on Wore Everything plans so I December 31, 2013 Share Everything accounts represented approximately 48% often. soon place to a poption and by 32% as of December 11, 2012 Venzon Everything accounts represented approximately 48% often. Soon place to a poption and by 32% as of December 11, 2012 Venzon Everything accounts represented approximately 48% often. Soon place to a poption and by 32% as of December 11, 2012 Venzon Everything accounts represented approximately 48% often. Soon place to the standard plans to the standard plans in August 2013, we launched the new Venzon 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, Venzon entered into n stock purchase agreemen (the Stock Purchase Agreement) with Vodafone Group Pic (Vodafone) and Vodafone 4 Limited (Selter;, pursuant to which Venzon agreed to acquire Vodafone s indirect 45% intcress in Cellco Partneiship d'b/a Verizon Wireless (the

Partnership. and such interest, the Vodafone Interest) ful aggregate consideration of approximately 5130 billion On February 21, 2014, pursuant to the termis and juhicot to the conditions set forth in the Stock Purchase Agreement Venzon acquired (like Wireless Transaction) from Seller all of the issued and outstanding capital stock (the Transferred Shares) of Vodafone Ainercas Finance I Inc a subsidiary of Seller (WI Inc.), which indirectly through certain subsidiaries (to get her with VF1 Inc. the Pulchased Entities) owned (he Vodafone Interest The consideration paid was primarily comprised of cash of approximately S58 89 billion and Venzon common slock with a value ofapproximately S60 15 hillion Sec "Acquisitions find Div cultures" for additional infonnation

hi Wireline, dunng 2013 compared to 2012, revenues were positively impacted hy higher revenues in Consumer retail driven by FIOS services FIOS represented approximately 71% of Consumer retail revenue dunng 2013, compared to approximately 65% dunng 2012 As the penetration of FIOS

reproducts increases, we continue to seek ways to increase revenue and further realize operating and capital efficiencies as well as maximize profitability. As more applications ate developed for this lngh-cpeed service, we expect that FiOS will become a hub for managing multiple home services that will eventually be part of the digital gnd, including not just entertainment and communications, but also machine/an-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 serv ices revenues, which represented 57% of total Global Enterprise revenues during 2013 However, total Global Enterprise and Global Enterprise and Global Wholesale revenues declined due to declined in Core customer premise equipment revenues and traditional voice revenues lhe decline in Core customer premise equipment revenues is a result ofour focus on improving our margins by continuing to dc-craphasize sales of equipment that arc not part of an overall entorprise solutions bundle Tu compensate for like shnnking market for traditional voice serv ice, wc continue to build our Wireline segment around data, video and advanced business scivices-areas where demand for reliable high-i-jleed connections n, grow ing

Selling. General and Adimmsnatixe Expeine Depreciation and Amoitiztition Expense

Depieciation and Amontzuttoii F.-ipense

Cast o

Consolidated Opeiattng Income and EBITDA

Con io lid a ted earnings before interest, taxes depreciation and amortization excenses (Consolidated EBITDA) and Consolidated Adjusted EBITDA, which are presented below, arc non-GAAP measures and do not purport to be alternatives to operating income as a measure of operating performance Management believes (hat these measures are useful to investor and other users ofour financial information in evaluating operating profitability on a more variable cost basis as they exclude the depreciation and amortization expense related piinmaily to capital expenditures and acquisitions that or in proi vears, as well as in evaluating operating performance in relation in our competitors. Consolidated EBITDA is calculated by adding hack interest taxes, depreciation and mmoni/aimn expense, equity in earnings of unconsolidated businesses and other income and (expense), net 10 net income

Consolidated Adjusted EBITDA is calculated by excluding the cilect of non-operational items from the calculation of Consolidated EBITDA Management helieves that this measure provides additional relevant and useful information to investors and other use of our financial data in evaluating the effectiveness of our operations and underlying business tiends in a manner that is consistent with management's evaluation of business performance See 'Other Items' tor additional details regalding these non-operational items

es include pension and benefil related credits and/oi charges based on actuarial assumptions, including projected discount rates and an estimated return on plan asseis These estimates arc updated in the fourth quarter to reflect actual return on plan assets and updated actuarial assumptions The adjustment has been recogni7cd in the income statement during the fourth quarter 01 upon a remeasurement event pulsuant to oul accounting policy for the tecognijion of actuarial galus/losses Is J

Il is management's intront in provide non-GAAP financial in formal ion to enhance the understanding of Verizon's GAAP financial information, and it should be considered by the leader in addition 10 but not instead of, the financial statements piepaied 111 accordance with GAAP Each non-GAAP financial measure is picscnicd along with the coitesponding GAAP measure so as not to imply that mure emphasis should be placed on the non-GAAP measure lic non-GAAP financial information presented rury be determined or calculated differently hy other companies

S 31.968 S 11.160 \$ 12,880

(dollars in mil In

48,574 (6,510) 29,376 5,954 Consolidated Operating Income Add Depreciation and amortization expeiu S 42.064 5 37,466 S 35,MO

Consolidated EBITDA Add (Less) N'on-operating (credits) charges I Other Consolidated Results

Equity 111 Earnings of UnconsolidatedBusinesses

2012 compaied to 20] I pnmanly due to 1011 of the Euro against the U S dollar

Equity in earnings of unconsolidated businesses decreased SI 82 million, or 56 2V. in 2013 compared to 2012 pnmanly due 10 lower earnings from operations at Vodalbne Omnitel NV (Vodafone Omnitel) The decrease during 2013 was partially offset by an immaienal gain recorded by Verizon Wireless upon obtaining control of previously unconsolidated wireless partnerships, which were previously accounted for undci the equity method and are now consolidated

Equity 111 earnings of unconsolidated businesses decreased 5120 million, or 27 0% lowci earnings fioili operations at Vodafone Omniiel and, to a lessed extent, the deval

Other Income and (Expense). AW

Years Ended December i I

dditional information relating to Other income and (expense), nei is as follows

(11) (I6.2)W (991) nin

S 64 S 57 J 68 (230) (1.073) (821 S (166) S (1,016) S (14)

(dollars in millions) I ncrcase/(Decrease

Ycais Ended December 31.

S 7 12.3"/ 843 (78.6) S 850 (83 7) J (1.002)

nm - not meaningful '01 I pnmanly driven by higher tecs of SI I hi lire

Other income and (expense), net decreased during 2011 compared 10 2012 primanly due to fees of SI I billion incurred 11 relaied to line early redemption ofdebl, pailully offset by SO 2 billion of fee* incurred during the fourth quarter of 2013 as 1 of the teniunation 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 10 the early redemption of debt (see '0:her lleitis")

The changes in Consolidated Operating Income Consolidated EBITDA and Consolidated Adjusted EBITDA in the table above were primarily a result of the factorsdcscribed 111 connection with operating revenues and operating expenses

> Ended December31

Total intcresi costs on debl balances Less Capitalized interest costs Tot-1

Average debt outstanding Lffecin e interest rate

\$ 3,421 754

565.959

5.2%

S 444 348

(dollars in millions) Increase/(I)ecreasc)

14 9% S (292) (8 9)%

(36) (81) 37 S (256) (91)

> Total interest costs on debt balances increased dunng 2013 compared 10 2012 pnmanly due to the issuance ofS49 0 billion of fixed and floating rale notes to finance the Wireless Transact ion (see Acquisitions and Divestitures') resulting in an metease in average debt us well as an incremental increase in interest expense of S0 7 billion partially offset by a lower effective interest rate I sec * Consolidated Financial Condition*) Capitalized interest costs wete higher in 2013 pnmanly due 10 increases in wireless licenses that arc currently under dev elopment

> Total interest costs on debt balances decreased during 2012 compared 10 2011 pnmanly due to a S2 7 billion decrease in average-debt (see "Consolidated Financial Condition") and a lower effecme interest rate Capitalized interest costs were lower in 2012 pnmanly due lo our ongoing deployment of lhc 4G LIE nctwoik

n (Benefit) foi Incot

2013 vs 2012 S 285 \$ 6,390 nm S (945)

\$ 5 730 \$ (660) 19 6% (6 7)%

s Ended December 3 I. Provision (Benefit) for income taxes Effective income tai rate

nm - not meaningful

The effective income tax rate is calculated by dividing the provision tor income taxes by income before the provision of income attributable 10 Oddfore's noncontrolling interest in the Venzon Wireless partnership within our income before the provision for income taxes in 2013 and 2011, we recorded a lax provision for 11 income before the provision for income taxes and when we included the income attributable to VodaTone's noncontrolling interest in the Venzon Wireless partnership in oul income before the provision for income taxes and when we included the income attributable to VodaTone's noncontrolling interest in the Venzon Wireless partnership in oul income before the provision for income taxes and when we included the income attributable to VodaTone's noncontrolling interest in the Venzon Wireless partnership in oul income taxes and when we included the income attributable to VodaTone's noncontrolling interest in the Venzon Wireless partnership in oul income taxes which resulted in an engative effective income taxes and when we included the income attributable to VodaTone's noncontrolling interest in the Venzon Wireless partnership in oul income taxes and when we included the income attributable to VodaTone's noncontrolling interest in the Venzon Wireless partnership in oul income taxes and when we included the income attributable to VodaTone's noncontrolling interest in the Venzon Wireless partnership in oul income taxes and when we included the income attributable to VodaTone's noncontrolling interest in the Venzon Wireless partnership in oul income taxes when we included the income attributable to VodaTone's noncontrolling interest in the Venzon Wireless partnership in oul income taxes when we included the income attributable to VodaTone's noncontrolling interest in the Venzon Wireless partnership in oul income taxes when we included the income attributable to VodaTone's noncontrolling interest in the Venzon Wireless partnership in oul income taxes when we included the income attributable to VodaTone's noncontrolling interest in the Venzon Wireless partnership in oul income taxes are the income attributable to VodaTone's noncontrolling interest

ted lihe acquisition of Vodafone's 45% indirect ownership interest in Vcn/on Wireless on February 21, 2014 Our prov ision for income taxes and effective inenmc tax raic subsequent to the closing will reflect lhc change in Vonzon's ownership interest in Verizon Wireless Our provision for income taxes and ellecrive income lax rate will increase subsequent to the closing due to the inclusion ofthe piov ision for income laxes previously attributable to \'oiia tone's ownership interest

The effective income tax rale for 201 3 was 19 6% compared to (6 7)% for 2012 The increase 111 the etleitive income tax rate and provision for in come laxes was pnmanly due 10 higher income bclorc income taxes as a result ul severance, pension and benefit credits recorded dunng 2013 compared to lower income before income- laxes as a result of severance, pension and benefit charges as well as early debt redemption costs recorded dunng 2012

ncome tax rale for 2012 was (b>7)% compared 10 2 7% for 2011 The negative effective income tax rale for 2012 and the decrease in the provision for income taxes during 2012 compared to 2011 was primanly due to lowiv income before income-taxes as n result of higher seveNincc pension, and benefit chinges 11s well as eaily deht redemption costs iccoided during 2012

ation ot the statutory lodoral income tax rate 10 the effect iv c income lax rate lor cacti penod is included in Note 12 to the consolidated financial statements

d manage as strategic business units based on segment operating ineum. of segment performance
We have two reportable segments. Wireless and Wireline, which we operate a by products and services Wc measure and evaluate oui reportable segment operating income is consistent with the chief operating decision make

Segment earnings before inlerest, taxes, depreciation and amortization (Segment EBITDA), which is presented below, is a non-GAAP measure and does not purport to be an alternative 10 operating income as a measure of operating performance Management believes ihai this measure is useful to stors and other useis of our financial information tn ev aluatmg operating profitability on a mote variable cost basis as it excludes the depreciation and amortization expenses related pnmanly to capital expenditures and aiquisilions that otclined in pnor years as well as in evaluating operating pcifoimantc in relation to our competitors SegmenI EBITDA is calculated by adding back depreciation and amortization expense to segment operating income

eless Segment EBI TDA sen ice margin, also presented below, is calculated by dividing Wireless Segment EBI TDA by Wireless Sen ice revenues Wireless Segment EBITDA service margin utilizes son icc revenues rather than total revenues Sen ice revenues pnmanly exclude equipment revenues oddr to 1 cllect the impact of providing sen ice 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 Atuihvtahlc to Non

millions)

Years Ended December 3 I

attnbutable 2013 due 10 higher earnings in our Venzon Wireless segment, which had a 45V* nonconiiolling partnership inlerest attributable to

Net e-xpeel income noncolitiollilig interests substantially 2014 result Transaction Divestitures noncontrolling Transaction pnmanly relate to wireless partnerships

j Wireless 1

Our Wireless >cpmem n pnmanly comprised of Cellco Partnership doing business as Venzon Wireless Cellco Partnership it a joint venture formed in April 20(10 by the combination of the US wireless operations and interests of Venzon and Vodafone Verizon Wireless provides wireless communications senices across one of the most extensive wireless networks in the United States As of December 31. 2013. Venzon owned a com ml I ing Si*/, interest in Venzon Wireless and Vodafone owned the remaining 45% On February 21 20)4. the Wireleu Transaction was completed, and Venzon acquired 100% ownership of Venzon Wireless

We provide these services and equipment sales to consumer, business and government cusiomers in the United Stales on a posipaid and prepaid basis Postpaid connections represent individual lines of senice for winch a customer is hilled in advance a monthly access charge in return toi a monthly network sen'ice allowance, and usage beyond the allowance is billed monthly in arrears Our prepaid sen'ice 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 ufVcnzon Wireless

Retail (non-wholesale) postpaid accounts repiesent retail customers under contract with Venzon Wireless ihai are directly served and managed by Venzon Wireless and use Us branded sen ices Accounts include Share Everything plans and corporate accounts, as well as legacy single connection plans and family plans A single account may receive monthly wireleis sen ice.s for a vanety of connected devices Retail connections rt pre sent our retail customer device connections Chum is the rate ai which senice to connections is

Retail connections iindei 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 giovvtli based ou the strength ofour product

Operating Revenues and Selected Operating Statistics

Vears Ended December 31. 59.157 I0.9<*7

63.733 12.135

Retail service

1*6334 S f.1,440 S 56.600 2.69* 2.293 2.497

69.033 11.990

S 75,868 \$ 70,154

Equtpmeni and other Total Operating Revenues

Connections I 000)

911,230 92 167 92,530 87,382 Retail connections Retail postpaid connections

Nei additions in penod COOO)

Retail connections Retail postpaid connections

Chum Rate Retail connections Retail postpaid connections

Account Statistics

Retail postpaid ARPA
Retail postpaid accounts ('000) f"
Retail postpaid connections per account^{1,1} \$ 153 93 S 14404 S 134 51 35,057 2 64 35,0*3 2.76

Increase/fDecrease)

6,063 5.148 2013 vs. 2012 2012 v s 2011

4,569 •MI2

(1,445) (24.4) 1.293 (906) (IS.0) 772

9 53 496 0.11

Asof end of penod Excluding acquisilio

2013 Compared to 2012

The inciease in V ihe result of growth in service revenue billion. 2013 2012

Retail postpaid connection net additions decreased during 2013 compared to 2012 pnmanly due to an increase in oui retail postpaid connection chum rate, partially offset by an increase in retail postpaid connection gioss addMions

Retail postpaid connections per account is calculated b> dividing the (otal number of retail postpaid connections by the number uf retail postpaid accounts as ofthe end ofthe penod Retail postpaid connections per account increased 4 5% as of December 31. 20| 1 compared to December 31,2012 pntrunl) due to the increased penetration of (ablets and other Internet devices

Service revenue increased \$5 3 billion, or 8 3%, dunng 2013 compared to 2012 pnmanly driven b> higher retail postpaid service revenue, which increased latgely as a result of an increase in retail postpaid connections as well as the lonlinucd increase in penelr.it ion of smanphones. tablets and other Internet devices through oui Share Everything plans The penetration of smartphones was driven by the activation of smanphones hy new customers as well as existing cusiomers migtating tmm basic phones to

The increase in retail postpaid ARPA (the average revenue per account from retail postpaid accounts) during 2013 compared to 2012 was pnmanl) duven bj increases in smanphone penetration and retail postpaid connections per account As of December 31. 2013, we expensed a 4 5% increase in retail postpaid connections per account compared to 2012, wills smartphones represented professor for testial postpaid connections per account is pnmanly due lo increases in Internet data devices, winch represented 10 7% of our testial 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 acli vat ions represented 86% of phones activated compared to 77% duning 2012

Other senice revenue increased dunng 2013 compared to 2012 due io growth in wholesale connections, partially ousel hv a decrease in revenue related to third party roaming

Equipment and Other Relenue

Equipment and other revenue decreased dunng 2013 compared to 2012 as a decline in regulatory fees was partially offset by an increase in rev enue related io upgrade fees

2012 Compared to 20II

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

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

(dollnis in millions.except ARPA)

dunng 2012 pnmanly reflected tire launch ofour Share Ev er> thing plans coupled with new device introductions dunng the second halfof2012

Retail Postpaid Connections per Account

Retail postpaid connections per account increased during 2012 compared to 2011 pnmanly due to the increased use of tablets and other internet devices
The increase in retail postpaid ARPA during 2012 compared to 2011 was pnmanly duven hy increases in snapphone penetration and retail postpaid connections per account Dunng 2012, we expenenced a 4 3% increase in retail postpaid connections per account compared to 2011, with smartiphones represententing 58% offour retail postpaid connections per account Dunng 2012 were expenenced a 4 3% increase in retail postpaid connections per account was pnmanly due to increases in Internet data devices, which represented 9 3% offour retail postpaid connection base as of December 31. 2012 compared to 8 1% asot December 31. 2011 pnmanly due to increase in table to and Jetpack* TM

Other sen ice revenue devreased dunng 2012 compared to 2011 pnmanly as a result of a decrease in llmd party roaming revenue

Sen ice Revenue

Sen'ice	revenue	increas	sed	dun	ing	2012	cc	mpared	to	2011	pnma	inly dny	ren	by	high	ner	retail	posipa	iid	scnicc	r	evenue,
which	increased	largely	as	a	result	of	an	increase	ui	retail	postpaid	connections	of	5	I	million	in	2012.	as	well	as	the
continued	increase	e in		penetrat		of	smai	rtphones	This	incr	eased	penetration	also		coninbute	d	to	the	increase		in	our

retail postpaid ARPA
Equipment and Other Rever

Equipment and other revenue increased di reguLitoiy Ices and equipment sale* (dollars in millions) Increase/(L>ec reuse)

2011 2013 vs. 2012 2012

Verar- Einded December 31,
Coil of scivices and sales Selling general and admims! Depreciation and amortizuiio Total Operating Expenses

Co it of setv ices and wales decreased dumng 2013 compared to 2012 pnmanly due io a decrease in not of equipment sales of \$0.4 billion, which was pan tally due to a decline in posipaid upgrades, decreased data roaming, a decline in cost of data scivices and a decrease in network connection costs due to the deployment of Ethernet backhaul facilities pnmanly taigeted at sites upgrading to 4G LTE, partially offet by an increase in cost of network scivices

Cost of services and sales increased during 2012 compared to 2011 pnmanly due to \$0.7 billion in higher cost of equipment sales, which was driven by incicased sale* of higher cost smanphones, increased cost of network services and increased data roaming, partially offset b> a decrease in cost for data services, a decrease in network connection costs due to the ongoing deployment of Ethernet backhaul facilities pnmanly targeted at sitis upgrading to 40 LTE and a decrease in the cost of long distance Segment Operating Income and RBITDA

\$ 25,997 8,202 \$ 4,129 242 \$ 4,471

(dollars in millions) Intrcate/(l)ecreaic)

26 4% 44 K%

ent operating income margin Segment HBITDA serv ice margin

The changes in Ihe table above dunng the penods presented were pnmanly a result of the factors desembed in c operating revenues and operating expenses

[dollars in millions] 2013 2012 2011 S (278) S - S -61) 37 76

in-operational item* excluded from Wireless' Operating income were as follow

Cain on spectrum license transaction Severance, pension and benefil (credits)c

Selliiii/. Oeneral and Adiiunisiiatnr Expe

Selling	general	and	administrative	expense	increased	during			lo 201	12 pnmanly	due	io	higher	sales	commission	expense	in	our indirect
channel	Indirect	sales	commission	expense	increased	SI 1	billion	dunng 2	013 сог	mpared to	2012	pnmanly	as	a	result of	increases	in	indirect gross
additions	and	upgrades,	as well	as	the average	commission	pei	unit, a	s the	mix of	f units	continues	to	shift	toward	smanphones	and	more customeis
activate data	services																	
Selling	general	and	administrative	expense	mciea>ed	dunng	2012	compared	to	201 I	pnm.mly	due	to	higher	sales	commission	expense	in our
indirect	channel	as	well as	costs	associated	vith regulato	ry tees	Indirect	sales	commission	expense	increased	S	I	3 billion	dunng	2012	compared to
2011	pnmanly	as a	result	of increa	ises in	ihe average	commis	ssion per	unit,	as the	mix	of units	s contin	ued	to shift	Inward	smartphones	and more
customers act	tivated data sci	ivices																
/. Vjii ecinnoi	ii mirf Xnmnu	ofioit Expense																
The	increase	in	depreciation	and	amortization	expense	during	2013	compared	to	2012	was	pnmanly	dny	cn	by	an r	nc depreciable
assets Deprec	ciation and am	ortization expens	se was essentially unc	hanged dunng 20	012 compared to 2011													

Our Wireline segment provides voice data and video communications products and enhanced services including broadband v ideo and data, corporate networking solutions, data center and cloud services, secunty and managed network services and local and long distance voice services We provide these products and scivices lo consumers in the United States, as well as to earners, businesses and gov eminent cusiomers both in the United States and m over 150 other countries around the world

(dollar in millions) Increase/fDecrease)

Pic increase in Mass Markets lev enues driven by I'iOS serv ices was partially offsed by the decline of local exchange revenues pnmanly due to a 5 2% decline in Consumer retail voice connections resulting pnmanly 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 pnmanly reflecting competition and a shift to both IP and high-speed circuits

Mass Markets revenues increased duning 2012 compared to 2011 pnmanly due to the expansion of FiOS services (Voice Internet and Vidro) as well as changes in our pncing strategy adopted in 2012, partially offsel by the continued decline of local exchange revenues

Years Ended December 31.

Core Global Eriterpn.se http://Eriterpn.se>Global Wholesale-Other

Total Opera one Revenues

nections I 000) "> Tolal v oice connectio

Total Broadband coiini-cuum FiOS Internet subsenbers FiOS Video subscribers 49% 8417

17^28 16.702 16.337 8.420 8.052 7.575 7.247 8.017 (596) (526)

S 14.737 S 14.043 S 13.606 S 694

Voice,

15.2°9 15.622 7.240 7.973 539 750

FiOS

39,223 S 39.7R0 S 40.6S2 S (557) (1 4) S (902) (2 2) 9.015 6.072 5.262

11.9 IIJ

24 137 (1,418) 8.795 8.670 5.424 4.817 4.72h 4.173

SO

billion.

Wireline's Enterprise Wholesale FiOS

Mass Markets

broadband FiOS service and end-user access) and long distance (including regional toll) voice services lo residential and small business subsenber

during

2013

2013 Compared in 2012

Markets

Inlemet and Video) as well as changes in our pncing strategics partially offset by the continued decline of local excha 0 million FiOS FiOS FiOS respectively, compared ely.al penetration December31, 2012

2012

Wc continued tu grow oui subscribel base ind imploicd penetration rales within oul FIOS service areas dunng 2012 Also contributing to the increase in icvenue from I'l OS 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% fi>r 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 sen ice as well as FiOS digital i oice connections There was also a decline in Small business retail voice connections, primantly reflecting challenging economic conditions, competition and a shift to both IP and high-speed circuits

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

Global Wholesale revenues decreased dunng 2012 compared to 2011 pnmanly due to a decline in tiaditional voice lev enues as a result of decreased MOUs and a 5 3% decline in domestic wholesale connections The traditional voice product reductions are pnmanly due to the continued impact of competitors do-comphasiting their local market initiatives coupled with the impact of technology substitution Also contributing to the decline in voice revenues is the elimination nl low margin international products and the continuing contraction of market raies due to compellifon Partially offsetting the overall decrease in wholesale revenue was a continuing demand for high-speed digital data services from fiber-io-lhe-cell customers upgrading their coic data circuits to lit he met facilities as well as Ethemet migrations from other core customers As a result of the customer upgrades, the number of core data cucults excenenced a 9 0% decline compared in lihe similar penod in 2011 We expect Global Wholesale revenue to continue to decline approximately 10% per guartet compared to the similar penod in 2011 as we believe that the continued decline in core producis will only be partially offset by growth in F.ihcmcl and IP services

2013 Compared to 2012

SC premise such 2012 Global Enierpnse 2013 2012 pnmanly customer Core eireuil-hascd 2013 sen compared ronous core in ΙP focus reflection son son Strategic senices, reflected premise equipment revenues on The improving margins by continuing dc-emphasi/e sales equipment thai not crall solutions bundle decline due to lovvci revenue from public This offset scivice so 2013 2012 due to growih in adv airecd senices, suc well as revenue liom a tclenuiics sen ices business lhat we acquired in lhe third quarter of 2012

2012 Compared to 2011 's

Global <http://Fuicrpn.se> 2012 2011 revenues unfavorable equipment foreign revenues, cunency sen'ices 2011 Iransl.it <http://lransl.it>ion Core declined compared io similar penod as our cusinmer continued sen'ices The decline customer revenues reflected improving margins de-cmphasize oher Strategic to uc higher sales of equipment continuing Strategic as managed network solutions contact center solutions, IP communications and our cloud and data center oflerings

communications including data, voice and local dial lone broadhand pnmanly local, long distance and other earners that use our facilities to provide sen ices to their customers

2013 Compared to 2012 >

Global Wholesale so 7 2013 2012 3%. during compared traditional decreased and 5 vuice MOUs 2% decline wholesale connections traditional oice product primarily fled leduciions are due competitors de emphasizing local market initiatives coupled with the technology upgrading of the customer upgrades, the number of core data circuits expenenced an 11 3% decline compared to the similar period in 2012

Segment Operating Income and EBI1 DA

Other revenues include such sen ices as local exchange and long distance senices outside ofour network fnotonnt and operator scivices which are no longer being marketed. The decrease in revenues hom other services during 2013 and 2012 was pnmanly due to reduced volumes outside of out network 2013vi.2012

S (899) (9*. If,

Cost of sen'ices and sales Selling, general and administ Depreciation and amortizatio Total Operating Eipcnscs

(dollars in millions) *acreaie/(Decrratc) (2 5) (0 4) Years Ended December 31 S 21.928S 22.413S 22 158S (485)(2.2)%S255 1395' 8.883 9 107(288)(3.2) (224) 8,3278.424 8.458 S 38.850S 39.7:05 lu.72* S (870)(2 2)50)

S 313 (97) S 21*

S (¥33) \ \9 9\} Years Ended December 3 1. Segment Operating Income Add IVpieciaiion 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 penods presented were primarily a result of the factors described in connection with operating revenues and operating expenses

Cost of services and sales decreased dunng 2013 compjred to 2012. pnmanly due to a decrease in costs related to customer premise equipment which reflected our focus on improving margins by do-comphasizing sales ot equipment that are not part of an overall enierpnse solutions bundle, a decline in access costs resulting primanly from declines in overall wholesale long distance volumes and the net effect of sionn-rebied insurance iccoveilics. These decreases were partially offsel by highei control costs associated with continued FIOS subsenher growth and vendor rate increases.

Cost oi servues and sales increased dunng 2012 compared io 2011, pnmanly due lo higher content costs associated with continued FiOS subsenher gn<wlh and vendoi rate increases and increased expctise-s related to our cloud and data contei of Tenngs Cost of sen ices and sales was also impacted by

alive expense decreased dunng 2013 compared to 2012 primarily due to declines in employee costs, d hcadcouni. and declines in rem expenses partially offset by higher transaction and property ta:

Selling. C"i

ral and administrative expense decreased dunng 2012 compared to 2011 pnmanly 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 Ainoitization Expense

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



LCain on Spot: frum License Transaction

Dunng the third quarter nf 2013. Ilier receiving lhe required regulator) approvals. Venzon Wireless of AWS (10 MILz) licenses in certain markets in lhe western United Slates Venzon Wireless also sold cenain lower 700 MHz B block spectrum licenses lo an investment film for a payment of SO 2 billion As a issult uc received SO 5 billion of AWS licenses al fair 'alue < file:///alue> and we recorded a pre-lax gam of approximately SO 3 billion rn Selling, general and administrative expense on our consolidated statement of income for lhe year ended Decunbei 31 2013

I'he Consolidated Adjusted EBITDA non-GAAJ* measuie presented in the Consolidated Operating Income and EBITDA discussion (See "Consolidated Results of Operations"; excludes the gain on the spectium license tra Dunng December 2012. wx- iccotded debl redemption costs of SO 3 billion in connection with the early redemption of SO 7 billion of the S2 0 hillion uftt 75% Verizon Communications Notes due 2018. SI 0 billion of 4 525% Venzon Virginia 1.1,C Debentures. Series A, due March 2013 and \$0.75 billion of 4.35% Ven/nn Communications Notes due February 2013. as well as SO 3 billion of Other costs

Dunng November 2011, we recorded debt redemption costs of SO 1 billion in connection wilh ihe earl) redemption of SI U billion of 7 375% Vc-nzon Communications Noles due Sepieinbei 2012. SO 6 billion of 6 875% Venzon Communications Noles due June 2012. SO 4 billion of 6 125V* Ven/on Flonda Inc Debentures due January 2013, SO 5 billion of 6 125% Venzon Maryland Inc Debentures due Murch 2012 and SI 0 billion of 875;; Verizon New Yolk Inc Debentures due April 2012

result relaied During 2013, as of SO 7 billion Wirelesi Transaction, recorded costs billion primarily for interest expense with the issuance ofthe notes. connection bridge credit agreement fsce "'Consolidated financial Condition').

| Severance, Tension and Benefit (Credits) Charges

IXuing benefits approximate!) pnmanly pie-tax severance (or pension and postretiremen! plans in accordance with our accounting policy to recognize actuarial gains and The pnmanly year which they occur credits were b) ourdiscouni the 0% from ot billion), weighted other used deiennine current liabilities weighted-average 2% December 2012 3 retiree of 5 December lower nt than eiage assumption adjustments (SI 4 billion) 31. 2012 and oui actual return on assets of S 6% at December 31. 2013 (SO 5 between

During 2012, wc recorded pre-tax severance, pension and benefits charges of approximately S7.2 billion pnmanly gains pension postteliremeui which ti accordance with policy charges dnven in thev The were pnmanly decrease discount rare our lhe liabilities 2012 Irom (\$5 2011 weightedvear -avcrage 2% billion) average Hutments, partially oflsel the difference other assumption ad between our estimated return on assets and actual return on asseis (SO billion) As part Benefit this also recorded SI 0 billion related Ihe liabilities I'lan funded Contributions") well severance charges of SO 4 bill ton piimanly foi approximately -1 000 managem

charges Dunng 2011. led pre-tax benefits ofapproximately billion our positetircmetil which cunvni in with policy hı acc.. dnven H. accounting iccogm/.e assumption (S5 ihcy occur liabilities pnmanly December decrease 5% discount 11. charges ermine fiom December billion) cslimalci between oui return asseis of 8% and oui actual return on 5% (SO lion). and revisions to the life expectancy of participants and other adjustments lo assumptions

olulaled Adjusted EBITDA non-GAAP measure presenle (See "Consolidated Results of Operations") excludes Ihe Consolidated Operating Income and EBITDA pension and benefit (credits) charges presented

Early Debt Redemption and Other Costs

November recorded debt redemption costs SO billion connection with nurchase SO billion of S I 25 billion of 8 95% Vcn/on Communications Notes due 2019 in a cash lender offer

Capital expenditures, including capitalized sortwai

In the third quarter of 2012, we settled a number of patent litigation mailers, including cases with Active Video Networks Inc (Active Video) and TiVo Inc (TiVo) In connection with the settlements with Active Video and TiVn. we recorded a charge of SO 4 billion in the third quarter of 2012 and will pay and recogm/e over lhe following six years an additional SO 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 m millions) 2012 2011

Cash Flows Provided By (Used In) Operating activities

Financing activities Incrrase (Decrease) In Cash and Cash Equivalents

We use the net cash generated Irom our operations lo fund network i xpansion und modernization, repay external financing, pay dividends, repurchase Venzon common stock Irom time to time and invest in new businesses Out sources of funds, pnmanly Irom operations and, to lhe exleni necessary, from external financing arrangements, are sufficient to meel ongoing operating and investing requirements Tlie cash portion ofthe purchase pnee for the Wireless Transaction was pnmanly funded by the incurrence of ihud-paity indebtedness including the issuance of \$49 to billion aggregate principal amount of fixed and floating rate notev and other indebtedness (see "Acquisitions and Divestitures") We expect that our capital spending requirements will continue to be financed pnmanly through internally generated funds Debt orequil) financing may be needed to fund additional investments development activities or to maintain an appropriate capital simetute to ensure our financial flexibility Our cash and cash equivalents are primarily held domestically in diversified accounts and are invested to maintain pnncipal .md liquidity Aci urdingly. we do not have significant exposure to foreign cunency fluctuations

The volatility in world debl and equity markets has not had a significant effect on our ability io access external financing Oui available external financing arrangements include credit available under credit facilities and other hank lines of credit, vendor financing anangements issuances of registreied debt or equity secunities and provulely-placed capital market securities We may also issue short-tenn debt through an active conimercial paper program and have a \$6.2 billion eiedil facility to support such commercial paper issuances. In addition, dunng 20)3, we entered into a 12.0 billion 3.64-day revolving credit agreement

Cash Flow* Provided By Operating Activities

Our pniualy source of funds continues to be cash generated from operations, pnmanly from our Wireless segment Net cash provided by operating activities dunng 2013 increased by S7 3 billion compared to 2012 pnmanly due lo highei consolidated earnings, lowei pension contributions and improved woiking capital levels lhe increase in net cash provided by operating activities in 2013 was partially ntiset by net distributions of SO 3 billion received from Vodafone Omniiel in 2012

Net cash provided by operating activities dunng 2012 increased by SI 7 billion compared to 2011 pmnanly due to higher consolidated earnings, as well as improved working capital levels, due lo liming differences, partially offset by an increase in pension contributions Net cash provided by operating activities dunng 2012 and 20] 1 included net distributions received from Vodafone Omnitel of SO 1 billion und SO 4 billion, respectively

9,425 6,229 950 K.857 S 8.973 6.342 6.399 976 S72

Years Ended December 11, **S 16,604 S 16.175 S 16.244** Wneless Wireline Other

Total as a percentage of revenue

13 8% 14 0% 14 7%

Capital expenditures increased al Wireless m 2013 compared to 2012 in order lo substantially complete lhe build-oul 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 al Wireless in 2012 compared to 2011 due to the decreased investment in the capacity of our wireless EV-DO network, partially oil.set by the increased build-out ofour 4G LTE network Capital expenditure* declined slightly at Wireline due in lower legacy spending requirements

During 2013, 2012 and 2011, we also invested \$0 b billion. S4 3 billion and \$0 2 billion, respectively, in acquisitions of wireless licenses Dunng 2013,2012 and 2011, we also invested \$0 5 billion. \$0 9 billion and \$1 8 billion, respectively, in acquisitions of investments and businesses, nei of cash acquired

Dunng the fourth quarter of 2013 Ven/on acquired an industry leader in content delivery networks fur SO 4 billion We expect the acquisition will increase out ability to meet the growing demand for online digital mediu content Additionally, we acquired a technology and television cloud company tor cash iimsideration that was not significant In Fehniary 2014, Venzon acquired a business dedicated to the development ul cloud television products and senices for cash consideration that was not significant.

During 2012 we paid approximately \$4 3 billion to acquire wireless licenses pnmanly lo meet linure LTE capacity needs and enable LTE expansion Additionally, dunng 2012, we acquired HUGHES Telematics, a provider of telematics senices, for JO 6 billion See Acquisitions and Divestitures" lor additional details

Dunng Apnl 2011, we paid approximately \$1.4 billion for ihe equity of Terreinark. which was partially offset by \$0.1 billion of cash acquired (see "Acquisitions and Divestitures" 1 See "Cash Flows From Financing Activ Hies' regarding the debt obligations of Terreiiuirk that were repaid dunng May 2011 In addition, dunng 2011. we acquired various wireless licenses und markets as well as a provider ofcloud software technology for cash consideration Ihai was not significant

Dtipojiliiut

Dunng 2013, we completed the sale of 700 MHz lower B block spectrum licenses and as a result, we received proceeds of 52 I billion Additionally, on January 6, 2014, we announced agreements with T-Mobile USA. Inc (T-Mobile USA) pursuant to which we will dispose oToui remaining 700 MHz A block spectrum licenses, and as a result offhese agreements we expect to receive cash consideration of approximately \$2.4 billion and additional spectrum Sec 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 spectium licenses We

acquired these licenses as part of Federal"~

nications Commission (FCC) And

| Cash Rows Vjird In Investing Activities

Capital hxpetulttuiex

Capital expenditures continue to be our primary use of capital r services, enhance responsiveness lu competitive challenges ai networks

iuii.es http://iuii.es as incy facilitate the introduction ofnew products and increase the operating efficiency and productivity ofour Dunng 2011, Other net pnmanly included proceeds related to (he sales of long-term u our consolidated statements of income

| Cash Flows Provided by (Used In) Financing Activities

We seek to maintain a mix uf fixed and vanable rale debl to lower borrowing costs within reasonable nsk parameters and to protect against earnings and cash flow volatility resulting from changes in market conditions During 201 3, 2012 and 2011 net cash provided by (used in 1 financing activ Hies was S26 5 billion S(21 3) billion and S(5 8) billion, respectively

2013

During March 201 3. we issued SO 5 billion aggregate puncipal amount of floating rate Notes due 2t) 1.5 in a private placement resulting in cash proceeds uf approximately SO 5 billion, net ul' discounts and issuance etuis The proceeds were used fur the repayment of commercicul paper

During April 2013, SI 25 billion ui 5 25V* Venzon Communications Notes matuied and wete icpaid Duning May 2013. SO I billion of 7 OV* Verizon New York Inc Debenture* matuied and were repaid During June 2013, SO 5 billion of 4 375% Venzon Communications Notes and SO I billion of 7 0% Venzon New York Inc Debentures matured and weie repaid In addition, during June 2013, we redeemed \$0.25 billion of 7 15% Verizon Maryland LLC Debentures due May 2023 at a redemption pince of 100% of the pincipal amount offthe debentures

Dunng September 201 3, in connection with the Wireless Transaction, we issued S49 0 billion aggregate pnncipal amount of fixed and floating rate notes resulting in cash proceeds of approximately S48 7 billion, net of discounts and issuance costs The issuances consisted offthe following \$2.25 billion aggregate pnncipal amount of floating rate Notes due 2016 that bear interest at a rale cut.ua shtp://cut.uas-! to lhice-month London Interbank Offered Rale (LIBOR) plus 1 75% which rate will be rised quarterly, \$4.25 billion aggregate pnncipal amount of 2 50% Notes due 2016 \$4.05 billion aggregate pnncipal amount of 2 50% Notes due 2016 \$4.05 billion aggregate pnncipal amount of 2 50% Notes due 2016 \$4.05 billion aggregate pnncipal amount of 5 5% Notes due 2016 \$4.05 billion aggregate pnncipal amount of 5 50% Notes due 2016 \$4.05 billion aggregate pnncipal amount of 5 50% Notes due 2016 \$4.05 billion aggregate pnncipal amount of 5 50% Notes due 2016 \$4.05 billion aggregate pnncipal amount of 5 50% Notes due 2016 \$4.05 billion aggregate pnncipal amount of 5 50% Notes due 2016 \$4.05 billion aggregate pnncipal amount of 5 50% Notes due 2016 \$4.05 billion aggregate pnncipal amount of 5 50% Notes due 2016 \$4.05 billion aggregate pnncipal amount of 5 50% Notes due 2016 \$4.05 billion aggregate pnncipal amount of 5 50% Notes due 2016 \$4.05 billion aggregate pnncipal amount of 5 50% Notes due 2016 \$4.05 billion aggregate pnncipal amount of 5 50% Notes due 2016 \$4.05 billion aggregate pnncipal amount of 5 50% Notes due 2016 \$4.05 billion aggregate pnncipal amount of 5 50% Notes due 2016 \$4.05 billion aggregate pnncipal amount of 5 50% Notes due 2016 \$4.05 billion aggregate pnncipal amount of 5 50% Notes due 2016 \$4.05 billion aggregate pnncipal amount of 5 50% Notes due 2016 \$4.05 billion aggregate pnncipal amount of 5 50% Notes due 2016 \$4.05 billion aggregate pnncipal amount of 5 50% Notes due 2016 \$4.05 billion aggregate pnncipal amount of 5 50% Notes due 2016 \$4.05 billion aggregate pnncipal amount of 5 50% Notes due 2016

Dunng October 201 3. \$0.3 billion ul'4 75% Venzon New England Ine Debentures matured and were icpaid During November 2013. \$1.25 hillion of 7 375% Venzon Wireless Notes and \$0.2 billion of 6 5% Verizon Wireless Notes matured and were repjid Dunng November 2013. Venzon Wireless redeemed \$3.5 billion uf 5 55V. Noles due February 1. 2014 at a redemption pnee of 100% of the puncipal amount of the notes and \$0.3 billion of 6 70% Verizon New York Inc Debentures due Nov ember 2021 at a redemption pnee of 100% of the puncipal amount of the debentures Any accrued and unpaid interest was paid to the date of redemption

Dunng Decembei 2013. we redeemed SO 2 billion of 7 0% Venzon New Yoik Inc Debentures due December 2033 at a redemption pnee of 100% offthe puncipal amount offthe debentures and S20 million of 7 0 V* Venzon Delaware LLC Debentures due December 2023 at a redemption pnee of 100% of the puncipal amount of the debentures Any accrued and unpaid interest was paid to the date of redemption

In addition, dunng 2013 we utilized SO 2 billion under fixed rate vendor financing facilities

Dunng February 2014, we issued th 75 billion aggregate principal amount of 2 375% Nines due 2022 Cl 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 ihese Notes resulted in cash proceeds nf approximately \$5 4 billion, net of discounts and issuance costs The nei proceeds were used in pan, to finance the Wireless Transaction Any net proceeds not used to finance the Wheless Transaction will be used for general corporate

purposes Also, during Febniary 2014, we issued SO 5 billion aggregate principal amount of 5 9% Retail Notes due 2054 resulting in cash proceeds of approximately SO 5 billion, net uf discounts and issuance costs The proceeds will be used for general corporate

Term Loan Agreement

Dunng October 2013. we entered into a tenn loan agreement with a group of major finaiuia! institutions pursuant to which we drew \$6 6 billion in February 2014 lo finance, m pan. the Wireless Transaction and tu pay transaction costs Half of any loans under the tenn loan agreement have a matunly of three years and like other half have a malunly of (is e years (like 5-Year Loans) Fib 5-Year Loans provide for the partial amortization of pnncipal dunng like last two years that they are outstanding Loans under the lenn loan agreement bear inlerest at floating rales Fib term loan agreement in agreement contains certain negative ecovenant, affirmative covenants is including a negative power of similar transaction covenant and an accounting changes covenant, affirmative covenants events of default that are customary for companies maintaining an investment grade credit tating In addition, the term loan agreement requires us lo maintain a leverage ratio (as defined in the lenn loan agreement) nm in excess of 3 SO 100, until our credit ratings reach a certain level

During	Febru	uary	2014.	in	connec	tion	with	the	Wireless	Trans	saction	we	issued	S5		0 b	illion	aggregate		principal	amount
ol	floating	rate	notes	The	Venzon	Notes	wei	e issued	in	two	separate	series,	with	\$2	5	billion	due	Februar	y	21 2022	und
S2	5 bi	illion	due	Fchruary	21,	2025	The	Verizon	Notes	bear	interes	t at	a	floating		rale,	which	will	be	reset	quarterly,
with	interest		payable	quarterly	in	anears	. 1	eginning	May	21.	2014	(sec	,	Acquisition	18	and	Divest	itures')	The	eighi-y	car
Verizon	notes	3	bear	inlerest	al	a fl	oating	rale	equal	to	three-mouth	LIB	OR,	plus	1	222%.	and	the		eleven-year	Venzon
notes be	ar interest at a	floating	rate equal to	three-month I	BOR plue	372%															

Bi itige Credit Agi eemeat

Dunng Sepiember 2013, we entered into a Sol 0 billion bndge credit agreement with a group ol major financial institutions. The credit agreement provided us with the ability to be now up to \$61.0 billion to finance, in pail the Wireless Transaction and to pay related transaction costs Following the September 2013 issuance of noles. borrowing availability under the budge credit agreement vv-as reduced to \$12.0 billion Following the effectiveness of the term loan agreement in October 2013, the budge credit agreement was terminated in accordance with its terms and as such, the related Ices of \$0.2 billion were recognized in Other income and (expense I, net dunng the fourth quarter of 2013

During January 2012. SI 0 billion of 5 875% Venzon New Jersey Inc Debentures matured and were repaid Dunng February 2012, SO 8 billion of 5 25% Venzon Wireless Notes matured and were repaid Dunng July 2012. SO 8 hillion of 7 0% Venzon Wireless Notes matured and were repaid In addition dunng 2012 we utilized \$0.2 billion under fixed rale vendor financing facilities

On November 2, 2012, we announced the commencement of a tender offer (the Tendei Offer) io purchase for cash any und all uf lhe outstanding SI 25 billion aggregate pnncipal amount of 8 95% Verizon Communications Notes due 2039 In lhe lender Offer that was completed November 9. 2012 \$0.9 billion aggregate pnncipal amount of the notes was purchased and SO 35 billion pnncipal amount office notes remained outstanding Any accrued and unpaid meters in the pnncipal purchased was paid in the dale of purchase

Dung November 2012. we issued \$4.5 hillion aggregate pnneipal amount of fixed rate notes ai varying in uunties resulting in cash proceeds of approximately \$4.47 billion, nel of discounts and issuance costs The net proceeds were used for general corporate purposes, foi the Tender Ofler, and to redeem \$0.7 hillion of \$2.0 billion of \$4.35% Venzon Communications Notes due 2013. \$1.0 billion of \$4.625% Venzon Virginia LLC Debentures, Senes A due 2013 and SO 75 billion of \$4.35% Venzon Communications Notes due 2013.

In addition, dunng 2012, various fixed rate notes totaling approximately \$0.2 billion were repaid and any accrued and unpaid interest was paid to the date of payment

See 'Other Items'* regarding the early debt redemption cosls incurred in connection with the aforementioned repurchases and redemptions

Dunng December 2011. we repaid SO 9 billion upon mammy for the F0 7 billion of 7 625% Venzon Wireless Notes, and the related cross currency swap was settled Dunng May 2011. \$4 fl billion Venzon w ireless two-year fixed and floaling rate notes matured and were repaid

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

During debl, redeem	2011, higher interest	proceeds beanng dehl matur	from nng in the near	long-term term and foi othei		rowings orate purposes	lotalcd	Sill	billion,	which	was	pnmanly	used	lo	repay	O	outstanding
[Airing billion under	2011, fixed rate vend	SO 5 for financing facilit	billion ties	of 5	35%	Venzon	Commu	nications	Notes	matured	and	were rep	aid, ar	nd we	utilized	SO.) 3
Dunng maturities proceeds \$2 0 billion a	Mauli resuliing were ggregate pnncip	in used	cash tor ih	ued \$6 proceeds e repayme ry debt during Apri		billion approximately feummeteial	aggregate S6 paper	pnncip 19 and	al uniou billion, other	nl of net general	fixed nf corporate	and discounts purposes	floaling and as	rale issuance well	notes costs as	at The to	varying net redeem
The second unarte		digations o	ol'Terremark	that	were	outstanding	at	the ti	me of	its	acquisition	hy	Venzon	wete	repaid	dunng	the
\$1 o repayment	billion of	ceeds we	nte pn pap	ofapproximatel ed io incipal am er and	redeem	55 S1 of telepl	hone s	net	pnncipal of aggregate debt purposes	amounl discounts pnncipal Tlie See	of and amounl remaining "Other	issuance of net	de no costs Verizon proceeds rega	tes al During Commur were arding	, Nov	ng embci noics for early	maturities 2011. und the debt

In Novemibci 2012, the Boaid of Representatives of \union Wireless declared a distribution to Us owncis. which was paid in the fluith quarter of 2012 in proportion to then partnership interests on the payment date, in the aggregate amount of \$8 5 billion As a result. Vndatone received a cash payment of S3 X hillion and the remainder of lhe distribution was received by Verizon

lu July 2011, the Board of Representatives of Ven/on Wneless declared a disinbulion io ns owners, which was paid in lhc first quarter of 2012 in proportion to their partnership interests on the payment date in the aggregate amount of S10 billion As a result, Vodafone teccived a cash pay mem of S4 5 billion and lhe remainder of the disinbulion was received by Ven/on

The change in Other, nel financing activities during 201.1 compared in 2012 was primanly driven by higher dislinhuuons lo Vodajone, winch owned a 45'.. noncontrolling interest in Venzon Wireless as of December 31. 2013 The change in Other, net financing activities during 2012 compared to 2011 was primanly driven by higher distributions to Vodafone, and higher early debt redemption costs (see Other Items')

During the thud quartet of 2013. Verizon's credit ratings were downgraded by Moody's Investors Service (Moody's). Standard & Poor's Ratings Services (Standard St Poor s) and Filch Ratings (Filch) as a result of Venzon'. announcement ofthe agreement to acquire Vodafone's 45??, nonconlinnling interest in Ven/on Wneless for approximately SI 30 hillion including the incurrence of third-part y indebtedness to fund the cash portion of the purchase pine for the Wireless Transaction Moody's downgraded Ven/oil's long-term debt ratings one notch from AI to Baal, while Standuid & Pool's lowered its corpora ic credit rating and senior unsecured debt rating one notch from A- to Hill - and Fitch lowered its long-term issuer default rating and senior unsecured debt rating one notch from A- to Hill - and Fitch lowered its long-term issuer default rating and senior unsecured debt rating one notch from A- to Hill - and Fitch lowered its long-term issuer default rating and senior unsecured debt rating one notch from A- to Hill - and Fitch lowered its long-term issuer default rating and senior unsecured debt rating one notch from A- to Hill - and Fitch lowered its long-term issuer default rating and senior unsecured debt rating one notch from A- to Hill - and Fitch lowered its long-term issuer default rating and senior unsecured debt rating one notch from A- to Hill - and Fitch lowered its long-term issuer default rating and senior unsecured debt rating one notch from A- to Hill - and Fitch lowered its long-term issuer default rating and senior unsecured debt rating one notch from A- to Hill - and Fitch lowered its long-term issuer default rating and senior unsecured debt rating one notch from A- to Hill - and Fitch lowered its long-term issuer default rating and senior unsecured debt rating one notch from A- to Hill - and Fitch lowered its long-term issuer default rating and senior unsecured debt rating one notch from A- to Hill - and Fitch lowered its long-term issuer default rating and senior unsecured debt rating one notch from A- to Hill - and Fitch lowered its long-term issuer default rating and senior unsecured debt rating and the hill - and Fitch lowered its long-term issuer default rating and the hill - and Fitch lowered its long-term issuer default rating and the hill - and F

basis	by	considering	such	fact	ors	as	long-term	grow	/th	opportun	ities,	intern	nal	cash	requ	uirements	ar	ıd	the	expe	ectations
ofour	shareowners	Dunng	the	third	quartet	ol	2013,	the	Board	increase	d ou	r c	quarterly	div	idend	payment	2	9%	to	S	53
per	share Iron	n \$515	per	share	in 1	the same	penod	of	2012	This	is	the	seventh		consecutive	year	lhat	Ver	izon's	Board	of
Directo	rs has	approved	a	quarterly	/	dividend	increase	Duni	ng .	lhc	third	qua	rter	of	2012.	lhe		Board	increas	sed	our
quarter	y dividend	payment	3 0"".	to :	S 5	I 5	per :	share f	iom 5	S 50	per	share	in	the	same	penod	of	2011	During	the	third
quartet	of 201	1. the	Board	increased	oui	quarterly	dividend	paym	ent	2 6*.	to	S	50	pei	share	from	S	4875	pci	share	in
lhc sam	e penod of2010																				
Dunng	2013. v	e paid	S5 9	billion	in	dividends	compared	to	\$5	2 bil	lion ii	n 20	012 an	d	S5 6	billion	in	2011	As	ui	pnor
penods.	div	ulend	payments	were	a	significan	use	of	cap	pital	resources	W	Vhile	ihe	div	idend	s	declared	per		common
share	increased	in	2012	compared	to	2011.	(he	total	amou	int	of c	ash	dividend	S	paid	decrease	d	dunng	20)2	C	ompared
to	the prior	year	as	a port	ion	of ihe	divide	ends 1	was	satisfied	throug	gh	lire	issuanc	e of	com	mon	shares	from	-	Treasury

slock (sec Common Stotk") On August 13,2013, we amended our So 2 billion credit facility major financial institutions 12, 201 3, malunty date August As of December 31, 201 unused borrowing capacity under specified We credit does facility approximately billion The facility box us to with financial credit lhc if change paper, corporate purposes tor genera Dunng financial S2 Ociohei 364-day revolving agreement group Although this

major We 364-day prrot the completion ofthe Transaction may bonowings under the credit agreement including for general corporate purposes 'Die 364-day revolving credit agreement contains certain ncgalive covenants, negative covenants pledge and simila transaction and chan allirmative default lhat cuslomary leverage for credit grade addition this agreement requires 00. until oui credit ratings reach a i cnain level agreement) excess noi

Common Stork

used 24 has be including million of Common been liom lime satisfy funding requirements 2012 employee ing dining Board Treasury 201 issued On plans, which common •ggregatc value February of had SI replaced payments, billion Directors the previously shares authorized share program wnh program on for repurchase 2014 up Board 100 million common February tenmnating shares later the close ol 28. Tlie also dctemuncd (hat under 2013. billion common slock under ihis program There were no repurchases of common slock dunng 2012 oi2011

As a icsult of the Wireless Transaction, Venzon issued approximately I 27 billion share:

nough the ratings downgrade is not expecied to significantly impact our access to capital, it could increase both lhe cost of refinancing debt and (he cost of financing any new capital requirements Secunties ratings assigned by rating organizations are expressions of opinion and are not recommendations to buy, sell or hold secunties A secunties rating is subject to revision or withdrawal at any time by the assigning rating organization Each rating should he evaluated independently of

ents contain covenants that are typical for laige, investment grade companies These covenants include requirements (o pay interest and principal in a timely fashion, pay laxes. maintain insurance wnh responsible and reputable insurance companies, piesenc our corpoiale existence, keep appropriate books and tecoids of financial transact inns, maintain our properties provide financial and other reports lo our lenders, limn pledging and disposition ul assets and mergers and consolidations and other similar covenants Additionally, the term loan credit agreement and the 364-day revolving credit agreement require us to maintain a leverage ratio (as such term is delined in those agreement*) not in excess of 3 5 0 1 00 until our credit ratings are equal lo or higher than A3 and A-

We and out consolidated subsidiaries are in compliance wih all dehi covenants

On December 10, 2012, upon issuance of the group annuity contract by Pnidential. Prudential mvocahly assumed the obligation to make ruiure annuity payments to approximately 4 1.000 Venzon management retirees who began receiving pension pay menu from the Plan prior to January 1, 2010 T he 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 nghis io (Inure payments, such as survivor benefits, that are cuncntly offered by the Plan

We coninbuled approximately S2 6 billion to the Plan between September 12012 and December "11. 2012 in connection with the transaction so thai ihe Plan s funding percentage would not decrease as a result of the transaction

| Increase (Decrease) In Cash and Cash Equivalents |

equivalents Our Cash and cash December 31. 2013 S53 billion S50 billion increase compared Cash equivalents 31. \$49 hillion aggregate amount of fixed and floating rate notes equivalents 20)2 December equivalents cash factors connection with our flows provided hy operating activities, cash flows used in investing activities and cash flows used in financing activities

olher users of Venzon's financial in formal ion in evaluating cash available to pay debt and dividends Free cash flow is calculated by subtracting capital expenditures from nei cash provided by operating activities The following table reconciles net cash provided by operating activities lo Free cash flow

2013 2012 20 S 31,811 S 31,486 \$ 24,780 Years Ended December 31. 2011 Net cash provided by operating activities
Less Capital expenditures (including capitalized software) 16.175 16,244 S 22.114 \$ 15.31 I S 13.536 Free cash flow

2013 2012 2011 wilh nei cash provided by operating activities and capital expenditures

| Employee Benefit Plan Funded Status and Contributions | Pension Annuitization

October along we. fiduciary wilh subsidiary Venzon Investment Management Corp Counselors our independent Venzon into the Management Pension (ihe Plan). entered definitive purchase ot Insurance Financial. wnh Prudential Company .America (Prudential) and Prudential pursuant to which the Plan would purchase a single premium group annuity contract from Prudential

extend

credit

this

File #: O2015-753. Version	on:	1
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Cms* Cuirenc\ Swaps

Wireless Licenses

FCC Regulation

....

Venzon offers many different broadhand and Internet access services The FCC has adopted a scries of orders thai impose lesser regulatory requirements on broadband sen ices than apply (o older voice and slower data services For example cenain facility unbundling requirements that apply to narrowband facilities of traditional telephone companies do not apply un broadband infeinities in addition, the FCC concluded that both wireline jnd wireless broadband linement access services qualify as largely deergulated infomation services Our broadband Internet access services ais subject to vanous attempts to impose so-called 'network neutrality' rules, some of which were a (Timed and others vacacted on appeal in early 2014 Venzona has been and remains committed to the open Internet winder, before the control of the control of the provides on sometimes with competitive choices and unblocked access in lawful uclsiles and content when, where and how they want Tins will not change in light at the courts 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 venzon combroadband-commitment

Venzon offers a mult1-channel video serv ice that is reutalised like traditional calb eservice. The FCC has a hody of niles Ili.il ">https://lli.il> apply to Venzon In uddilion. the Aet generally requires companies to obtain a local cable franchise, and lhe FCC has adopted rules that interpret and implement this requirement In areas where Venzon offers its facilities-hused multichannel video services, Venzon has typically been required to obtain a franchise from local authorities.

Hueline Voice

Verizon utiers many different wireline voice services including traditiumal telephone service and other services that tely on newer technologies such as Vol!* For regulatory purposes, legacy telephone sen ices aie generally considered to be "common camer" services Common earner services are subject to heightened regulatory oversight with respect lo rates, terms and conditions, and other aspects of the services The FCC has not decided the regulatory classification of Vol!P but has said VolP service providers must comply with cenain tules, such as 91 Leapabilities and law-enforcement assistance requirements

Wireless Serines

The F(C regulates several aspects of Venzon Wireless' operations Generally, the FCC has jurisdiction ov er 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 Venzon Wireless anticipates thai n will need additional spectrum to meet luture demand It can nicel 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, approv nls. and potential. It 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 tenn of 10 years at which lime they are subject to renewal While ihe FCC has routinely renewed all of Verizon Wireless licenses, challenges could be raised in the future If a wireless license were revoked or not renewed. Verizon Wireless would not be permuned lo provide services on the spectrum Some ofour licenses require us to comply with so-called "open access" FCC regulations, which generally require licensees of particulai spectrum to allow customers to use dev ices and applications of their choice, subject tu certain technical limitations The FCC has also imposed certain specific mandates on wireless carners including cansimication and geographic coverage requirements, technical operating sundaids, provision of enhanced 911 services, roaming obligations, and requirements for wireless lower and amentia lacilities

The Communications Act imposes restrictions on foreign ownership of US wireless systems The FCC has approved the foreign ownership in Verizon thai has resulted from the Wireless Transaction In addition Venzon Wireless Venzon and Vodafone entered into an agreement with the federal government thai imposes national security and lawenforceme-ii-relaiced obligations on ihe ways in which Verizon Wireless systems The FCC has approved the foreign ownership in Verizon thai has resulted from the Wireless Transaction In addition Venzon Wireless Venzon and Vodafone entered into an agreement with the federal government thai imposes national security and lawenforceme-ii-relaiced obligations on ihe ways in which Verizon Wireless systems The FCC has approved the foreign ownership in Verizon thai has resulted from the Wireless Transaction In addition Venzon Wireless Venzon and Vodafone entered into an agreement with the federal government thai imposes national security and lawenforceme-ii-relaiced obligations on ihe ways in which Verizon Wireless systems The FCC has approved the foreign ownership in Venzon Wireless Transaction In addition Venzon Wireless Venzon and Vodafone entered into an agreement with the federal government thai imposes national security and lawenforceme-ii-relaiced obligations on ihe ways in which Verizon Wireless Venzon Wireless Venzon and Vodafone entered into an agreement with the federal government of the venzon Wireless Venzon and Vodafone entered into an agreement with the federal government of the venzon with the venzon with the venzon Wireless Venzon and Vodafone entered into an agreement with the federal government of the venzon with the

Intercarner Compensation and Ne.t\i oik Access

The FCC regulates some nf ihe rales ihai canters pay each othei for the exchange voice traffic (particularly traditional wireline traffic) over different networks and other aspects ut interconnection for some voice services In many instances. Venzon makes pay ments to other provi deue in turn *v enzon teceiv es some payments from other carners In 2011, lhe FCC issued a boxed icformi order changing, among other things the frame work foi many ofthe per-immute rates lhat earners charge each other for the exchange of voice traffic The new rules gradually reduce many of these rales to zero This order is subject to pending reconsideration petitions and appeals The FCC also regulates some of the rales und terms and conditions for certain writine's special access' and other services and every facilities to evilon is boiln a seller and a buyer of the expectation of the rales and terms and access and other services to transport Irra file to and fine needl towers In addition, as required by (the Act. Venzon unbundles certain wireline network elections and makes these facilities and services available to other network feedities.

The Communications Act chuiges the FCC with ensuring that certain groups and areas have access including rural und other hifth-cost areas, low income sub sen hers, schools and lithranes, trarul health-care organizations, and deaf and hard-of-hearing indiv iduals The FCC established different subsistly and discount programs to achieve these goals To pay lor these programs, the FCC requites coninbusons from providers such us Venzon based on reported revenues for certain services Venzon also receive some payments from some of these programs but is an ell payer into ihem

Stale Regulation and Local Regulation

Hueluic Sen-ice

State public utility commissions regulate Venzon's telephone operations with respect to certain telecommunications intrastate matters Venzon operates as an "incumbent local exchange eamer" in 14 states These iiKiimbeni operations at subject to vanous levels of pncing flexibility and other state oversight and requirements Venzon also has other wireline operations that are more lightly regulated In addition as n video services operator in many si ales. Verizon has been required lo obtain a cable frauchisc from local government entities, of th some cases a stale-wide lhincht.se http://hincht.se, and to comply with certain one-time and ongoing obligations as a result

livelses Seniors

The Communications Act generally preempts regulation by state and local governments of (he entry of, or the rales charged by, wireless earners The Act dues not prohibit states from regulating the other "terms and conditions" of wneless service Foi example, some stales attempt to regulate wireless customer in properties reporting requirements Several slates also have laws or regulations (hat address safely issues (eg. use of wireless handsets while driving) und taxation matters in addition, wireless tower and antenna facilities are often subject to stale and local zoning and land use regulation, and securing approvals for new or modified liici lines is olien a lenthy and excessive process

11

Knv ironmental 1Matters

Duong 2003, under a government-approved plan, remediation commenced all lbc site of a former Sylvama facility in Hicksville. New York that processed nuclear fuel rods in the 1950s and 1960s Remediation beyond ungmal expectations proved lu be necessary and a reassessment of the anticipated remediation costs was conducted A reassessment of costs related to remediation efforts a several oilier former facilities was also undertaken In September 2005, the Anny Corps of Engineers (ACF) accepted the Kicksv tile site into lbc Formerly Utilized Sites Remedial Action Program This may result in the ACE performing some or alt of the remediation effort for the lilicksville 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 of any other suc regimning remediation.

ort we have made forward-looking statements. These sialements ore based on our estimates and assumptions and are subject to risks and uncertainties Forward-looking statements include like infoimation concerning our possible oi assumed future issuhs uf operations Forward-look ing statements also include those properties are words "anticipates." "believes." "estimates," "hopes' or similar expressions For those statements, we claim the protection office sate harbor for forward-looking statements contained in the Private Sec unties Litigation Reform Act of 199? followed b> the words "anticipates.' "believes.

The following important factors, along with those discussed elsewhere in this report and in other filings with the Secunties and Kxchange Commission (SF.C), could affect future results and could cause those results lo differ matenally from those expressed in the forward-looking slateniculs

the ability lo realize the expected benefits of the Wireless Transaction in the timeframe expected or at all,

an adveise change in the tatings affbided our debt securities by nationally accredited ratings organizations oi 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 icsult of the Wireless Transaction.

changes in tax laws or treaties, or in their interpretation

adverse conditions in the L1 S and international economies

material adverse changes in labor matters, including labor negotiations, and any resulting financial and/ot operational impact.

material changes in technology or technology substitution, disruption of our key suppliers" provisioning of products or service

changes in ihe regulatory environment in which we operate, including any increase in restnetmns on our uhtlily lo operate our nel works

breaches of nelwark or information technology secunty, natural disasters, iermnst attacks or acts of war or significant litigation and any resulting financial imp net not covered by insurance, the effects of competition in the maikets in which we necessary

changes in accounting assumptions that regulatory agencies, including the SEC may require or that result from changes in the accounting rules or then 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 out business strategies

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

agement has assessed the effectiveness offthe company's internal control ovei financial reporting as of December 31, 2013 In connection with this assessment, there were no makenesses in line 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 repon on the company's internal control over financial reporting

/s/ Lowell C McAdam

Iv Francis I Shammo

Executive Vice President and Chief Financial Officer ■V Anihony T Skiadas Anthony T Skiadas Senior Vice President and Controlle

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

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

We conducted our audit in accordance with the standards ofthe Public Company Accounting Oversight Board (United States) Those standards require that we plan and perfonn the audit lo obtain reasonable assurance about whelher effective internal control over financial reporting was maintained in all maternal respects Our audit included obtaining an understanding of internal I control over financial reporting, assessing the nsk thai a maternal 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 lhat our audit provides a reasonable basis for our opinion

pamy's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and lhe preparation of financial statements for external purposes in accordance with generally accepted accounting punciples A company's internal control over financial reporting es those policies and procedures (hat (1) pertain to the maintenance of records (hat. in reasonable detail, accurately and fairly reflect the transactions and dispositions of the asserts of the company, (2) provide teasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in includes those policies and procedures that (1) pertain to the mainte rinciples, and that receipts and expenditures office company are being made only in accoidame with authorizations of management and directors office company, and (3) provide reasonable assurance regarding prevention or timely detection of unauth

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 penods are subject to the nsk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or

In out opinion, Venzon maintained, in all ma: < 2013, based on Ihe COSO entena

We also have audited in accordance with the standards of the Public Commany Accounting Oversight Boaid (United Stales), the consolidated balance sheets of Venzon as of December 31, 2013 and 2012. and the relaied consolidated statements of income comprehensive income, cash flows and changes in equity for each of the librer years in the period ended December 31, 2013 of Venzon and our report daied February 27 2014 expressed an unqualified opinion thereon

Rrnsl & 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 Venzon Communications Inc and silisidianes (Ven/on) as ot December 31,2013 and 2012, and the related consolidated stalements of income, comprehensive income, cash flows and changes in equity for each of the ihree years in the penod ended December 31, 2013 These financial statements are the responsibility of Venzon'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 Slates) Those standards require (hat we plan and perfonn the audit to obtain reasonable assurance about whether the financial statements are nee of material misstatement An audi includes examining, on a test basts, evidence supporting the amounts and disclosures in the financial statements An audit also includes assessing the accounting punciples used and significant estimates made by management, us well as evaluating the overa! I financial statement presentation We believe (hat our audits provide a reasonable hasis for our opin

In oui opinion, the financial stakments referred to above present fairly, in all material respects, (the consolidated financial position of Verizon at Drecinbei 31, 2013 and 2012, and the consolidated results of its operations and its cash flows for each of the three yens in the penod ended December 31 2013, in conformity with U S generally accepted accounting principles

We also have audited, in accordance with the standards ofthe Public Company Accounting Oversight Board (United States). Ven/on s internal control over financial reporting as of December 31, 2013. based on entena established in Internal Control-Inicitated Framework issued by the Committee of Spousoring Oigam/alions uf the Tieadway Commission (1992 fiamewark) and out report dated February 27 2014 expressed an unqualified opinion (hereon

/</ Fnisi ft Young LLP Ernst 4 Young LLP New York. New York

February 27. 2014

February 27, 2014

Years Ended December 31, Operating Revenues

Operating Eipenses
Cost of services and sales (exclusive of tiems shov 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

l Provision) Benefit for income uxe.s Net Income

Net income attributable to noncontrolling interests Net income attributable to Verizon Net Income

Bane Earnings Per Common Share Net income attributable to Venzon Weighied-average shares outstanding (m millions)

Diluted Earnings Per Common Share Nei income attributable to V'enzon Weighted-a* erage shaies outstanding (in millions) 46.275 39.951 16.460 45.K75 35 624 I ti, 4 V6

(dollars in millions except pci share amounts) 2013 2012 201 I

31.968 142 life) (2,667)

12 SM0 444 1.14) (2.H27)

88,582

44.887 27.089 16.604 1 <> 2.686 I0.4H3 12K5) U,X97 660

13.160 324 11.016) 12,571)

29,277 (S.730) 12,050 \$ 11.497

9.6K2 X75

4.01 2.866 4.00 \$ 2JIT4

Years Ended December 31. Net I ucc-me

Other Comprehensive Income, ncl nf taxes Foreign currency translation adjustments Unrealized gam (loss) on cash flow hedges Unrealized gain (loss) on marketable secunties Delmed benefit pension and posTrettremont plans Other comprehensive income aithbutable to Venzon lijhot comprehensive income (loss) alinbulahlo to noncontrolling n Total Comprehensive Income

Comprehensive income atinbuliable to noncontrolling inleicsts Comprehensive income atinbuliible to Yen/on Total Comprehensive Income

Sec Notes 10 Consolidated Financial Statements

(dollars m millions) 2013 2012 2011

S 23,547 \$ 10.557 J 10.19S ⇔,692 1,841 7.70-5 2,624

(119) 30 (7)

S 23.655 S 11,513 i 10.419 12.035 11.620 *23.655 S 1 1.533 t 10.419

Cash and cash equivalents Short ∎term investments
Accounts receivable, ncl ol allowances ol So45 a Inveniones

Prepaid expenses and other Total cunent asseis Plant, property and equipment Less accumulated dcprccialio Investments in unconsolidated businesses Other intangible assets, ncl Other assets Tola] assets Liabilities and Equity Current liabilities Debt maiming within one year
Accounts payable and accrued liabilities Othei Long-Icnn debl Employee benefil obligations Deferred income laxcs Othei liabilities Scnes preferred stock (\$ 10 par value, none issued) Common stock (\$ 10 par value, 2, "67,510 119 shales issued in both pencels) Common stock (\$ 10 par value, 2, "67,510 119 shales issued in both pencels) Contributed capital Reinvested earnings (Accumulated deficit) Accumulated other comprehensive income Common stock in treasury, at cost Defeired compensator. - employee stock ovvueiship plans and other Nuucontrolling vcileicrtt-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 6,664 297 37.939 1,782 2,35* (3,961) 421 3.003 470 12,576 1.075 4.021 20s>.575 120.911 8K.642 1.401 77.744 24 139 5,933 4 I2K 225.2 4 369 I6 IK2 6 405 47.61H 34,346 24.677 6,092 297 3 7.9 °0 (3,7341 2,235 (4.071) 440 440
2.376
Cash Flows from Operating Activities Net Income
Adjustments to reconcile net income to net cash plovided by operating at I⊳cpreriation and amortization expense Employee retirement benefits Deferred income laxes Provision for uncollectible accounts Equity in earnings of unconsolidated businesses, net of div idends n Changes in current asseis and liabilities net i>t effects lillim 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 It vv-arc) Capital expenditures (including capitalized so it vv-arc)
Acquisitions ofnw estments and businesses net of cash acquired
Acquisitions of wireless licenses
Proceeds tiom dispositions of wireless licenses
Net change in shnn4cim investments
Other, ncl Net cash used in investing activities Cash Flows from Financing Activities Proceeds jorn long-term borrowings
Repayments of long-tcnn bonowings and capital lease obligations Decrease in short-term obligations excluding curviit maturities Dividends paid
Proceeds from sale ofcommon stock Purchase ofcommon stock fur treasury Special disinbulion to nonconfinlimp interesi Othei, nei Net cash provided by (used in) financing nom itios Increase (decrease) in cash and cash equivalents Cash and cash equivalents, hoginning of penod Cash and cash equivalents, end of period 16,606

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(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 (153) (3.150) (SJS7) 50.435 3.093 R.198 (952) fl.717) (136) 306 1.144 (3 423) (16 175) (913) (4.29SI 4,48«» (6.4031 (I 437) (5.230.) 315 (8,325) (4 662) 110 269) 13.3'12 16.496 7,426 1221) 1.026 36 S6 (1.607) (2.900) (16.244) (1.797) 1221) 11.060 (I 1.K05) I.92K (5.555) 241 6.694 0.6 6ft See Notes to Consolidated Financial Statements (dollars in millions, except per share am []escription of Business and Summary of Significant Accounting Policies 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 (S2 09. \$2 03. SI 975) pei share 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 secuntu IX-fined benefit pension and postrelirement 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 Inlerest*
Balance at beginning nfyenr Nei income attribuiable to noncontrolling inteiests 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 37 922 (3) 297 2.967.610 4.36K 2.404 1.179 R75

37,990 (51)

(3,734) 11,497

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1.049 tN9)

(109,041). (3,500)

(7) 316

(5.002) (140.5R7) (5.2671

6.9 H 2 11

433 49N (4,071) (133.594 (153)

13.119

(105,610) (3,961) (109,041) (4.071) (133.594) (5.002) 52,376

12,050 05)

<u>O AH)</u>

49.9 JH 9.6K2

Description of Business

Venzon Communications Inc (Venzon or the Company) is a holding company, which acting through its* subsidtanes is one offthe wmld's leading providers of communications, information and entertainment products and services lo consumers, businesses and governmental agencies with a presence in over 150 countries around lice world We have iwn reportable segments. Wireless and Wireline Hot further information concerning our business segments, see .Mole 11

The Wireless segment provides wireless communications services acioss one offhe mo si cMciisive wireless uetwoiks in the United States (US) and has the largest fourth-generation (4G) Long-Term Evolution (LTE) technology and third-general ion (3G)networks of any US wireless service provider

The Wireline segment provides voice, data and video communications pioducts and enhanced senices including broadband video and data, corporate networking solutions, data center and cloud services secunty and managed network services and local und long distance voice services Wc prov ide these products and serv ices to consumers in the United Stales, as well as to cameis. businesses mid government customers boil in the Unned Stales and in over 150 oilier countries around the world

Consolidation

rnnfonm to the current year preseniation

The method of accounting applied to investments, whether consolidated, equily or cost, involves an evaluation of all significant terms of the investments that explicitly grant or suggest evidence of control or influence over the operations of the investments include our controlled tubisdianes. For controlled subsidianes that are noi wholly-owneed, the nonculnolling interests are included in Net income and Tolal equity Investments in businesses which we do not control, but have the ability to exercise significant influence over operating and financial policies, are accounted for using the equity method Investments in which we do not have the ability to exercise significant influence over operating and financial policies, are accounted for under the cost method Equity and cost method investments are included in Investments in unconsolidated businesses in our consolidated businesses in our

Basis of Presentation

We have reclassified certain pnor year amounts to

We prepare our financial .statements using U S generally accepted accounting principles (GAAP), which require management to make eslimates and assumptions that affect reported amounts mid disclosures Actual results could differ from ihnse estimates

Examples of significant estimates include the allowance for doubtful accounts, the recoverability of plant, property and equipment, the recoverability of intangible assets and othei long-lived assets, unbilled revenues, fair values of financial instruments, unrecognized tax benefits, valuation allowances on lax assets. accrued expenses, pension and post retirement benefit assumptions, contingencies and allocation of purchase pnees in connection with h us in ess combinations

Revenue Recognition

Multiple Deliverable linuigc/ncnti

In both our Wireless and Wireline segments, we off er products and services io our cusiomers through bundled arrangements These arrangements involve multiple deliverables which may include products, services, or a combination of products and services

See Notes to Consolidated financial Statements

Wireless

Our Wireless segment earms revenue pnmanly by providing access to and usage of its network In general, access revenue is billed one month in advance and recognized when earned Usage revenue is generally billed in arrears and recognized when sen ice is tendered Equipment sales revenue associated with the sale of wireless handsets and accessones is recognized when the products are delivered to and accepted by the customer, as this is considered to be a separate earnings process from providing wireless services For agreements involving the resale of third-party services in which we are considered the pnmary ubligoi in the an-ungemerils. we record the revenue gioss at the lime of the sale Foi equipment sales we

generally subsidize the cost uf wireless devices The amount of this subsidy is generally contingent on the anangement and terms selected by the customer In multiple deliverable anangements which involve the sale of equipment and a service contract, lhe equipment revenue is recognized up to the amount collected when the wireless device is sold

Our Wireline segmeni earns revenue based upon usage of its nei work and facilities and contract fees In general, fixed monthly fees for voice, video, dala and certain other services are hilled one month in adv ance and recognized when earned Revenue from services that are noi fixed in amount and are based on usage is generally billed in anears and recognized when service is rendered

We sell each ofihe services offered in bundled arrangements (i.e. voice, video and data), as well as separately, therefore each product or sen tee has a standalone selling pnee Fot these arrangements revenue is allocated to each deliverable using a relative selling price method Under this method, arrangement consideration is allocated to each separate deliverable based on out standalone selling puce foi each product of service These sen ice* include FiOS scivices, individually or in bundles, and High Speed Inicmel

When we bundle equipment with maintenance and monitoring services, we recognize equipment revenue when the equipment is installed in accoidance with contractual specifications and ready for the customers use The maintenance and monitoring services are recognized monthly over lhe term in flhc contract as we provide the services

Installation related fees along with ihe associated costs up to hut noi exceeding these fees, are defened and amortized over the estimated customer relationship penod

For each of our segments we report taxes imposed by governmental authunties on revenue-pioducing transactions between us and oui customers on a net basis

Maintenance and Repairs

We charge the cost of maintenance and repairs, including the cost of replacing minor items not constituting substantial betterments, puncipally to Cosi of services and sales as these costs are incuned

Advertising Costs

Costs for advertising products and sen ices as well as other promotional and sponsorship costs are charged to Selling, general and administrative expense in the penods in which ihey are incurred (see Note 15)

turnings Per Common Share

Basic earnings per common share are based on the weighted-average number of shares outstanding dunng the penod Where appropants, diluted earnings pei common share include the dilutive effect of shaies issuable undei oui stockbased compensation plans

Tliere were a total ol approximately 8 million 9 million and 6 million stock options and restneted 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, hecause to do so would have been nnli-dilutive for the penod, were not significant for the years ended December 3 1, 2013 and 2012, respectively, and included approximately 19 million weighted-average shares for the yean ended December 31, 2011

As of December 31, 2013, we were authonzed io issue up to 4 25 billion and 250 million shares of common stock and Senes Prefened Slock, respectively On January 2H, 2014, at a xpeual meeting of our shaicholdeis. we received shareholder approval to increase our authonzed shares of common stock by 2 billion shares to an aggregate of 6 25 billion authonzed shares ofcommon stock On Febmaiy 4, 2014. this outhonzation became effective

Cash aid Cash Equivalents

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

Marketable Securities

We have investments in marketable secunties, which are considered "available-fui-"ale" under the provisions of the accounting standard lor certain debt and equity secunties. and ate included in the accompanying consolidated balance sheets in Short-term inv csiments. In mestmenu in unconsolidated businesses or Other assets We continually evaluate our investments in marketable secunties for impairment due lo declines in market value considered lo he other-lhan-temporary Thai evaluation includes, in addition lo persisient, declining slock pnees genera] economic and company-specific evaluations In the event of a determination that a decline in market value is other-lhan-temporary a charge to earnings is recorded for like 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 cosi (determined principally on either <in average cost or first-in. first-out basis) or market

Plant and Depreciation

We ic-cord plant, property and equipment al cost Plant, property and equipment uf wireline and wireless operations are generally depreciated on a straight-I inc basis

Leasehold improvements are amortized over the shorter of the estimated life of the improvement of the remaining term of lhe related lease, calculated from the time the asset was placed in sen ice

When the depreciable assets of our wireline and wneless operations ate retired oi otherwite disposed of the related cost and accumulated depreciation are deducted from the plant accounts und any gains or losses on disposition are recognized in income

We capitalize und depreciate network software purchased or developed along with related plant assets We also capnuli/e interest associated with the acquisition or construction uf network-related assets Capitalized interest is reported as a reduction in inlerest expense and depreciated as part of the network-related assets.

In connection with our ongoing review ofthe estimated remaining avenge useful lives for plant, property and equipment at our local telephone operations, we deleimined that there were no changes necessary foi average useful lives for 201 J. 2012 and 2011 In connection with our ongoing review of the estimated remaining overage useful lives at plant property and equipment all our wireless operations, we determined that changes were necessary to the remaining estimated useful lives as a result of technology upgrades, enhancements, and planted retirements These changes resulted in an increase in depreciation expense of SO 4 billion in 2011 While the timing and textent of cument deployment plants are subject to nogoing analysis and modification, we believe the current estimates of useful lives 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 inlemal-use nel work and non-network software air capitalized only to the extent that they allow the software to perfonn a task it piv rously did not perionin Planning, sort ware maintenance and training costs air expensed in the period in which they are incured Also, we capitalize interest associated with the development of internal-use network and non-network software capitalized non-fixed internal-use software costs are amortized using the struight-line method over a period of 3 to 7 years and air included in Other intangible assets, nel in oui consolidated balance sheets for a discussion ofour impairment policy for capitalized software costs, see Goodwill and Other Intangible Assets' below Also, see Note 3 for additional detail of internal sea non-networks obtware reflected in our consolidated balance sheets

Goodwill and Other Intangible Assets

Good» ill

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 pellbaned annually in the fourth fiscal quarter of more frequently if impainment indicators me present The Company has the option to perform a qualitative assessment to deletinine it 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 a potential impairment test for goodwill uses a lwn-step approach, which is performed at the reporting unle vel We have determined that in our case, the reporting units are our oper-it-http://oper-it-impagements-in-jae generates insect that is the lowest level at which discrete, reliable financial and eash flow information is available. Step one compares the fair value of the reporting unit (calculated using a mialate approach and/or a discutified eash flow method) to its carrying value if the early ing value rescende the fair value of the reporting unit results of the protection of the properting unit less the fair value of the value of the reporting unit less the fair value of the value of the protection of goodwill is its implied tan value of coolwill is its than the carrying amount of goodwill an impairment is recognized

failingihl,' Asseis Sol Sub/eel in Amnrti-oltan

A significant portion ofour intangible assets are wireless licenses that provide our wireless operations with the exclusive nght lo utilize designated radio fiequency spectrum lo provide wireless communication services While Ii tenses are issued for only a fixed lime, generally ten years, such licenses are subject in renewal by the Federal Communications (FCC) License renewals have necumed rouimely and ai nominal cosi Moreovei, 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 detcuinuminii for wireless licenses cach year io determine whether events und circumstances continue to support an indefinite useful life

We test out wireless licenses for potential impainment annually In 2013 we performed a qualitative assessment to determine whether it is more likely than not that the Ian value of out wireless licenses was less than the carrying amount As part ofour assessment, we considered several qualitative factors including the business enterprise value of wireless, inacrocconomic conditions (including changes in iniciesi rates and discount

value of writeress, inactoronomic continuous (including industry revenue and EBTDA (Earnings before inciest, 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 companing the estimated fair value of our wireless licenses to the aggregated carrying amount as office test date Using the quantitative assessment, we evaluated nur 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 ofthe valuation date lifthe fair value of lire aggregated wireless licenses is less than the aggregated carrying amount of the licenses an impainment is recognized

Inleresi cypetise incuned while qualifying aci r vitrei are performed io ready wireless licenses tor their intended use is capitalized as pan of wireless licenses. The capitalization penod ends when the development is discontinued or substantially complete and the license is ready for it intended use.

Inliingihle A let Suhje, I lu Amm luaiian and Littigl.i\ed Assets

Our intangible assets that do not have indefinite live* (pumantly customer lists and non-network internal-use software) are amortized over their estimated useful lives All ofour intangible assets subject in amortization and long-lived assets are reviewed for impainment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable If any indications were piesenl, we would test foi iccoveriability by eumpnange the carrying amount, we would perform the next term of the asset group in those 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 term, which is to determine the line value for the asset are reviewed for impairment, if any We iceva unlate the useful life determinations for these intangible assets each yet are to determine whether events and circumstances warrant a revision in their remaining useful rem

For information related t major components and a

irrymg amount of goodwill by segment, wire useful lives of out othei acquired intangible

Fair Value Measurements

Fair value of financial and non-tinancial assets and liabilities is defined as an exn price, representing the amount thai would be leceived to sell an asset or paid to transfer a liability in an orderly transaction between market participants. The flues-ties hierarchy foi inputs used in measuring fair value which pomonics the inputs used in the melhodologies of measuring tria value that she and liabilities is us follows.

Level I-Quoted prices in active markets for identical assess oi liabilities

Lev el 2-Ohservable inputs olher than quoted prices in nine markets lbr identical assets arid liabilities Level 3-No observable pneing inputs in the matkel

Financial assess 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 offihe significance of a particular input to the fair value measurements icquires judgment, and may affect the valuation ofthe assets and liabilities being measured and then placement within the fair value hierarchy

Income Taxes

Our effective tax rale is based nn pre-tax income, statu lory tax rates, lax laws and regulations and lax planning strategies available to us in the vanous iurisdiction' in which we operate

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

Wc use a 1 wo-siep approach for recognizing and measuring lax benefits taken or expected 10 be taken in a tax return The first step is recognition we determine whether it is mure likely than not that *\blue{\textbf{t}}\textbf{x}\text{ position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position will be examined by the appropriate taxing authority that has full knowledge ofall relevant information The second step is measurement a tax position that meets lhc moie-likely-than-noi recognition threshold is measured to determine the amount of benefit to recognize in the financial statements. The lax position is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon utilimate settlement. Differences between tax positions taken in a tax rcium and amounts recognized in the financial statements will generally result in one or more ofthe following an increase in a liability for income lax position of an income lax refund receivable, a reduction of an income lax refund receivable, a reduction in a deferred tax saset, or an increase in a deferred tax liability.

The accounting standard relating to income luxes generated by lev cnigcd lease transactions requires that changes in the protected liming of income tax cash flows generated by a leveraged lease transact inn he recognized as a gain or loss in line year in which the change occuis

Significant management judgment is required in evaluating our lax positions and in determining our effective tax rate Stock-Based Compensation

Wc measure and recognize compensation expense (or all stock-based compensation awards made tn employees and directors based on estimated fan values Sec Note 10 for further details

Foreign Currency Translation

The functional currency ofour foreign operations is generally lhe local currency For these foreign entities we translate income statement amounts at average exchange rates for the penod and we translate assets and liabilities ai end-of-penod 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 Othet exchange gains and losses are

Employee Benefil Plans

Pension and p ost retire men 1 health care and life insurance benefits earned during the year as well as interest on projected benefit obligations are accrued currently Pnor service costs and credits resulting from changes in plan benefits are generally amortized over the average remaining service penod of the employees expected to receive benefits Expected reliem on plan assets is determined by applying the return on assets assumption in the actual fair value of plan assets Actuarial gains and losses are recognized to operating results in the year in which they occur These gains and losses are measured annually as of December 31 or upon u remeasurement event Venzon run age ment employees no longer came pension he lie tills of earn service towards file company retireme medical subsidy (see Note 11).

We recognize a pension or a post retirement plan's funded status as cither an asset or liability on the consolidated bulance sheets Also, we measure any unrecognized prior service costs and credits that anse during the period as a component of Accumulated other comprehensive income.net

Derivative Instruments

We have entered into deriv alive transactions pruiinnly to manage out exposure to fluctuations in foreign currency exchange rues, interest rates, equity and commodity prices We employ nsk management strategics, which may include the use ofa vanety of derivatives including cross currency swaps, foreign currency and prepaid firwaids and collais interest rate and commodity swap agreements and incliest rate locks We do not hold derivatives fol trading purposes

We measure all denvatives: including denvatives embedded in other financial instruments, at fun value and recognize them as eitilei assets ui liabilities on our consolidated balance sheels Our denvative instruments are valued pnmanly using models based on readily observable market parameters fur all substantial terms of our denvative contracts and thus are classified as Level 2 Changes in lire fair values ofdernvative instruments not qualifying as hedges or any ineffective portion of hedges are recognized in earnings in (he curron) penod Changes tr. the fair values ofdernvative 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 (air value of the hedged item Changes in the (air value of the hedges ore reported in Other comprehensive income and recognized in earnings when the hedged item is recognized.

Recently Adopted Accounting Standards

During the fust quartet of 2013, we adopted the accounting standaid update reg aiding testing of intangible assets for impairment 1'his standaid update allows companies the option to periou in a qualitative assessment tu determine whether it is mole likely than not that indefinition. Indefinition of intangible asset is impaired an entity is not required to calculate the fair value of an indefinite-lived intangible asset und perforn the quantitative impairment test unless like entity delenmens that it is more likely than mil lihe asset is impaired. The adoption of this standard undate did not have an impact no urconsnitidated financial statements.

During the first quarter of 2013, we adopted the accounting standard update regarding reclassifications out of Accumulated othei comprehensive income This standard update requires companies io report the eft eel 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 entirely io nei income For other amounts that are not required to be reclassified in then entirety to not income in the same reporting pend. an entity is required to cross reference io oiher required disclosures that provide additional detail about those amounts See Note 14 for additional details

During the ihird quarter of 2013, we adopted libe accounting slandaril update regarding libe ability lo use libe Federal Funds Effective Swap Kate 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 Rale (LIBOR) were considered to be libe only benchmark interest rates. The adoption of this standard update did not have a significant impact on our consolidated financial Recent Accounting Standards

In july 2013, the accounting standard update relating to the presentation of an unrecognized tax benefit when a net operating loss carry foi ward, 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 sume jurisdiction defenced lax assess for a net operating loss carryforward, a simulur 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 Wc are currently evaluating the consolidated balance sheet impact related to this standard update.

Acquisitions and Divestitures | Wireless

Wireless Transaction

On Scpiculhor2, 2013, Venzon entered into a slock purchase agreement (line Slock Purchase Agreement I with Vodafone Group Pic (Vodafone) and Vodafone 4 Limited (Sellei), pursuant to which Venzon agreed to acquire Vodafone s indirect 45% intcresi in Cellco Partnership d/h/a Venzon Wireless (the Partnership, and such interest, the Vodafone Interest) lor aggregate consideration of approximately SI 30 billion

On Fchruary 21 2014, pursuant to the terms and subject to the conditions set forth in the Stock Purchase Agreement. Venzon acquired (the Wireless Transaction! from Seller all uf the issued and outstanding capital slock (the Trail.itenvd Shares) of Vodafone Amonca* finance I Inc., a subsidiary of Sellet (VF1 Inc.) which indirectly through certain subsidiaries (togetherwith VF1 Inc., the Purchased Entities) owned the Vodafone Interest In consideration for the Transferred Shares upon completion of the Wireless Transaction, Yenzon (Ipaid approximately SSK H5* billion in cash, (u) issued approximately 100 15 billion of Venton's common stock, par value SO 10 per share (the Slock Consideration), (in) issued senior unsecured Venzor notes in an aggregate pnncipal amount of SS 0 billion (the Venzon Notes). (iv) sold Vorzoris indirectly owned 23 1% interest in Vodafone Omniel N V (Omnitcl. and such interest, the Omniel Interest), valued al S3 5 billion and (v) provided otheir consideration of approximately S2 5 billion As a result of the Wireless Transaction. Venzon issued approximately 127 billion shares "the total cash paid to Vodafone and the other costs of lire Win-less Transaction, including financing, legal and hank fees, were financed through the incurrence of third-party indebtedness Sec 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 ns subsidiary is accounted for as an equity iransaction and remeasurement of assets and liabilities of previously controlled and consolidated subsidiancs is not pomitted. As a result, we will account Tor the Wireless Transaction by adjusting the carrying amount of the noncontrolling interest to reflect the change th Vonzon's ownership interest in Venzon Wireless Any difference between the fair value offic consideration paid and lic amount by which the noncontrolling interest is adjusted will be recognized in equity attributable to Ven/on

Omniiel Trunsiu livn

On Febniary 21, 2014, Verizon and Vodafone also implemented the sale ofthe Omnilel Interest (the Omnilel Transaction) by a subsidiary uf 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 ofthe Omnile interest in the first quar

Petizon Sole

like Venzon Notes were issued purs jam to Verizon's existing indonlure. The Venzon Notes were issued in two separate series, with 25 billion due February 21. 2022 and 22 5 billion due February 21. 2022 and 22 5 billion due February 21. 2023 and 22 5 billion due February 21. 2025 The Venzon Notes hear 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-montal LIBOR, plus 1372% Tile indenture that governs he Venzon Notes contains certain negative cov contains, including a negative piedge covernant and a merger nr similar iransacion coverant, affirmative covernants and events of default that are customary for companies muintaining an investment grade credit rating An event of default for either sense of the Venfon Notes may result in acceptation office culture principal amount offal debl securities of thal series Beginning two years after the closing of the Wireless Iransacion Venzon wridem all or any portion of the outstanding Venzon Notes held by Vodalone of any of its affiliates for a redemption proe of 100° of the principal amount plus accined and unpaid interest. The Venzon Notes may only be transferred by Vodafone of the Ordinary of the Venzon Notes held by third parties will not be redeemable Venzon has agreed to file a registration statement with respect to (he Venzon Notes held by third parties will not be redeemable Venzon has agreed to file a registration statement with respect to (he Venzon Notes held by third parties will not be redeemable Venzon has agreed to file a registration statement with respect to (he Venzon Notes held by third parties will not be redeemable Venzon has agreed to file a registration statement with respect to (he Venzon Notes held by third parties will not be redeemable Venzon has agreed to file a registration statement with respect to (he Venzon Notes held by third parties will not be redeemable Venzon has agreed to file a regis

Othfi Coii/idmHuy

Included in the other consideration paid to Vodafone is the indirect assumption of long-term obligations with respect to 5 143% Class D and Claw E cumulative preferred slock (Preferred Stock) issued by one offine Purchased Entities Bolh the Class D (825,000 shares outstanding) are mandatorily redeemable in April 2020 al S 1,000 per share plus any accrued and unpaid dividends Dividends accrue ai 5 141% per annum and will be treated as interest expense Both the Class D and Class h shares will be classified as liability instruments and will be recorded after the close of the virtue of the classified as liability instruments and with recorded after values decimined at the closing of the Wirtless Transaction

l'io l-'orma Infill malum

ofib with adjustment foi the the life ofthe lhc relied Ven/on changes lhc additional attnbutable and benefil additional

The unaudited pro forma results are presented for illustrative purposes only These pro Ionna results do noi puipon lo be indicative of the results th would have actually been obtained ifthe Wireless Transaction had occurred as of January I, 2012. nor does (he pro forma dala intend to be projection of results that may be obtained in the future

The following unaudited pro fomia consolidated results of operations assume that the Wireless Transaction was completed as of January 1.2012

Years ended December 31.
Net income attnbutable to Verizor

(dollars in millions) 2013 2012 S 17,058 S 4,449

Spectrum License Transactions

Since 2012 we have entered into sev eral strategic spectrum transactions including

- regulatory announced transactions in which we acquired wireless spectrum Ihai will be used to deploy additional 4(i LTE capacity (AWS) Wireless Wireless TMI Wireless LLC which S3 billion so relaicd obligation Wireless AWS and aggregat Pers (PCS) billion T-Mobile USA (MM/) license and block and recorded an immajenal gain • Dunng the fust T-Mobile Licens LLC Cncket Vcn/on that we expect will enable Vcn/on aggregate SO 5 billion oi AWS licenses al lair value and recorded an immaienal gai
- Dunng (he thud quarter of 2013, alter receiv ing the required regulatory approvals, Venzon Wireless sold 39 lower 700 MHz B block spectrum licenses io AT&T lo (AT&T) in exchange for a payment of \$19 billion and the transfer by A TAT lo Ven/on Wireless of AW\$ (10 MHz) licenses in certain markets in the western United Slates Ven/on Wireless also sold certain lower 700 MHz B block spectrum licenses to an investment firm for a payment of \$0.2 billion As a resull we received \$0.5 billion of AW\$ licenses at fair value and we recorded a pre-lax gain of approximately \$0.3 billion in Selling, general and administrative expense on our consolidated statement of income foi the yeai ended December 3 1, 2013
- Dumng the fourth quarter of 2013, we entered into license exchange agreements with T-Mobile USA io 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 Dial we expect will tesuli in more efficient use of the AWS and PCS bands. As a result of these agreements, SO 9 billion of Wireless licenses are classified as held foi 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 immaintenal 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 in the remaining 700 MHz A block spectrum licenses Under one agreement, we will sell certain of these licenses to T-Minbile USA in exchange foi cash consideration of approximately 52.4 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 appior al of the FCC as well as other customary closing conditions. These transactions are expected to close in the middle in 2014.

Olher

Dunng 2011. we acquired various-olher wireless licenses and markets tor cash consideration thai was not significant Additionally, we obtained contiol of previously unconsolidated wireless partnerships, which were previously accounted for under the equity method and are now consolidated which resulted tn an immaienal gain We recoided SO 2 billion of goodwill as a issuil of these transactions

During 2012. we acquired various other wireless licenses and markets for cash consideration that was not significant and recorded SO.2 billion of goodwil] as a result of these transactions

Wireline

HUGHES Telematics, Inc.

Dumg July 201 2, we acquiited HUGHES Telematics, Inc (HFGHES Telematics) for approximately S1 2p er share in cash lor a total acquisition peace ut S0th 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 of HUGHES Telematics, which were approximately S0 1 billion as of which weie repaid by Venzon Had inits acquisition bear completed on January 1, 2010 at 2011. It is essults of The acquisition bear consolidated or income attributely be Venior The acquisition bear consolidated or proximately S0 1 billion as of the date of acquisition bear consolidated in an advised by Venior The acquisition bear controlled or proximately S0 1 billion and which weie repaid by Venzon Had inits acquisition bear controlled or venior The acquisition bear acquisition bear controlled or Venior The acquisition bear acquisition bear controlled or Venior The acquisition bear acqu

The acquisition of HUGHES Telematics was accounted for as a business combination under the acquisition method The cost of ihe acquisition was allocated to the assets and liabilities acquired based on then fair values as of

Terremark Worldwide, Ir

During April 201 I, we acquired Terremuik Worldwide. Ine (Tenemati), a global provider of infonnation technology infra structure und cloud services, for SPt per share in cash Closing and other direct acquisition-related costs totaled approximately \$13 millium after-tax The acquisition was completed v ra a tender offer followed by a "short-form" meiger under Delaware law through which Terremark became a wholly-owned subsidiary of Venzon The acquisition enhanced Venzon's ofTenngs to business and government customers globally

This consolidated financial statements include lhe results of Ten e mark's operations from the date the acquisition closed Had this acquisition here consummated on January 1, 2011 the results of Tenemark's acquired operations would not have had a significant impact on the consolidated net income attribulable to Venzon The debt obligations of Terremark thai were outstanding at the lime ui its acquisition by Ven/on were repaid during May 2011

Dunner the fourth quarter of 201 3. Venzon acoutired an industry leaded in content delivery networks for \$0.4 billion We expect the acousistion will increase out ability to meet the growing demand tot online digital media content Upon closing, we recorded SO 3 billion of goodwill Additionally we acoutired a technology and telev ision

cloud company for cash consideration lhat was not significant The consolidated financial statements include the results of the operations of each of these acquisitions from the dale each acquisition dosed

Other Intangible Assets

"I'he following table displays the composition of Other intangible assets r

Wireless Licenses, Goodwill and Olher Intangible Assets

73.250 4.544 205 1.255)

Change* in ihe canying amount ol Wnelcss licenses uic as lollow

Balance nt January 1.20)2 Acquisitions (Note 2)

77,744 579 (2.3*1) 56* <TM1)

Capitalized interest on wireless licenses Reclassifications, adjustments and other Balance al December 31. 20) 2

Acquisitions (Note 2) Disposition*(Note 2) 75,747

Capitalized interest ou wnelcss licenses

Reclassifications, adjustments and other Bala nee at December 31,2013

siffications, adjustments and oiher includes SO 9 billion of Wireless licenses that aie in Prepaid expenses and other on our consolidated balance sheet at December ? 1. 201 🗷 licenses in 201 3 and 2012 See Noic 2 tor additional details

Al December H. 2013 and 2012 approximately \$7 7 billion and \$7 3 billion, respectively of wireless licenses were under dev elopment foi commercial service for which we were capitalizing interest costs

The average remaining renewal period of our wireless license portfolio was 5 I yeais as of December 11. 201 < Sec Note 1 fot additional details

Goodwill

Changes in lhe canying amount of Goodwill are as follows

(dollars in millions) Wireless Wireline Total 551 760

Balance ai January 1.2012 S 18.172 S 5.967 S 24.139

S 18 37* S 6 258 S 24 *34

Acquisitions (Noic2)
Reclassifications, adjustments and other Balance at December 31.2012

Acquisitions (Note 2) Balance at December 31, 2013

Tile increase in Goodwill ai Wireless al Decembri M. 2013 was primarily due to obtaining control of previously unconsolidated wineless partnerships, which were previously accounted foi under the equity method and ate now consolidated '1 Ins resulted in un immaienal gain recorded during the year ended December 31 2011 The increase in Goo. was primarily due to the acquisition of a provider uf content dehv

i 3,639 11,770 ; 3,556 10.415 979 4.453 368

(2,660) (7JI7) <«3) S (2,318) S 1.218 (6.210) 4,205 (292) 510

29J

495

204

At Decembol 3 I. Customer lists (5 to 13 years) Non-notwork injernal-usc software (3 to 7 years)

Total

S 16,100 S (10,300) S 5,800 S 14.773 S (8.K40) S 5.933

2012 2011

Fsl united a Years

The amortization expense for Other intangible assets was as follows Years

(dollars in millions) 1.587

1,540 1.505

lal amortization expense for Other intangible assets is as follows

1.4Kb 1.215 2014 2015 2016 2017 201X

Plant, Property and Equipment s)

(dollar 2013 2012

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

\$ 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 nilho

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

Buildings and equipment

Central office and other network equipment Cable, poles and conduit Leasehold improvements 220.865 131.909 20Q.575 120.033

Work in progress Furniture, v chicle* and other

Less accumulated depreciation Total

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estmenti In Unconsolidated Businesses

Our investments in unconsolidated businesses are compnsed ofthe following

S 2,511 S 2.200 818 1,106

Equity Investres Vodafone Omniiel Othei S 3,412 S '.401 Toial equity investee

Cosi Investeet Total investments n

unconsolidated businesses

Div idends and repatriations of foreign earnings received from these investces were noi significant in 2013. SO 4 billion in 2012 and SO 5 billion in 2011 See Note 12 regarding undistributed earnings of our fotcign subsidia

Equity Method Investments "

loJu/mie Oinmiel

Vodalone Omnitel N V (Vodafone Omnitel) is one of the largest wnelcss communications companies in Italy At December 11. 2011 and 2012. oui investment in Vodafone Omnitel included goodwill of SI I billion and SI 0 billion, respectively As pail of the consideration of the Wireless Transaction a subsidiary of Venzon Mild its entire ownership interest in Vodafone Omnitel to a subsidiary of Vodafone on February 21, 2014 Sec Note 2 for additional information

Oihei Equity In\estees <file:///estees>

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

Summarized Financial Information

Summarized financial informal ion foi ourcquity investces is as follows BuhilitcShc-t

S 51.492 884 % 55,465 1,115

At December 31

Venzon Wireless Wireless partnerships i

SS6J80 S 52,176

Our Wireless segment is pnmanly compnsed of Celico Partnership doing business as Venzon Wireless (Venzon Wireless) Celico Partnership is a joint venture formed in April 2000 by the combination of the U S wireless operations and interests of Venzon and Vodafone As of December 31. 2013, Venzon wned a controlling 55% interest in Venzon Wireless and Vodafone owned the remaining 45% On February 21, 2014, Verizon completed the Wireless Transaction and acquired 100% ownership of Veri/on Wnelcss Sec Note 2 for additional information and acquired 100% ownership of Veri/on Wnelcss Sec Note 2 for additional information and acquired 100% ownership of Veri/on Wnelcss Sec Note 2 for additional information and acquired 100% ownership of Veri/on Wnelcss Sec Note 2 for additional information and acquired 100% ownership of Veri/on Wnelcss Sec Note 2 for additional information and acquired 100% ownership of Veri/on Wnelcss Sec Note 2 for additional information and acquired 100% ownership of Veri/on Wnelcss Sec Note 2 for additional information and acquired 100% ownership of Veri/on Wnelcss Sec Note 2 for additional information and acquired 100% ownership of Veri/on Wnelcss Sec Note 2 for additional information and acquired 100% ownership of Veri/on Wnelcss Sec Note 2 for additional information and acquired 100% ownership of Veri/on Wnelcss Sec Note 2 for additional information and acquired 100% ownership of Veri/on Wnelcss Sec Note 2 for additional information and acquired 100% ownership of Veri/on Wnelcss Sec Note 2 for additional information and acquired 100% ownership of Veri/on Wnelcss Sec Note 2 for additional information and acquired 100% ownership of Veri/on Wnelcss Sec Note 2 for additional information and acquired 100% ownership of Veri/on Wnelcss Sec Note 2 for additional information and acquired 100% ownership of Veri/on Wnelcss Sec Note 2 for additional information and acquired 100% ownership of Veri/on Wnelcss Sec Note 2 for additional information and acquired 100% ownership of Veri/on Wnelcss Sec Note 2 for additional information and acquired 100% ownership of Veri/on Wnelcss Sec Note 2 for additional information and acquired 100% ownership of Veri/on Wnelcss Sec Note 2 for additional information and acquired 100% ownership of Veri/on Wnelcss Sec Note 2 for additional information and acquired 100% owner

Special Distributions

In May 2013, Ihc Board of Representatives of Venzon Wireless declared a disinbulion to its owners, which was paid in lhe second quarter of 2011 in proportion to their partnership interests on the payment date, in the aggregate amount of 57 0 billion As a result, Vodafone received n cash payment of S3 15 billion and the rcmaiudci ofihc disinbulion was received by Venzon

In November 2012, lire Board of Representatives of Verizon Wireless declared a disinbulion lo its owneis which was paid in the fourth quartei of 2012 in proportion to their partnership interests on line payment date, in the aggregate amount of S8 5 hillion As a result, Vodalone received a cash payment of S3 R billion and the remainder ofthe distribution was received by Venzon

In July 2011, the Boald of Representatives of Venzon Wireless declared a distribution to its owners, which was paid in the first quarter of 2012 in proportion to their partnership interests on ihe payment dale in the aggregate amount of SIO billion As a result, Vodafone received a cash payment of S4 5

.casing Arrangements

Al December 31

Cunent assets Noncuneui assets Total assets

Cunent liabilities N'oncum-nl liabilities Equity

Years Ended Decembei 3 1

Net revenue Operating income Nei income

S 8.984 1.632 925

6,144

(dollars u 2013 S 11.731

7,748 8,159

S 4.692 S 5.526 7,034 S 11.731 S 11.675

(dollars in millions) 2012 2011

S 10.825 2.R23 1.679

S 12.668 4.021 2.451

We are the lessor in leveraged and direct financing lease agreements for commercial aircraft and power generating facilities which cnmpn.se http://cnmpn.se the majority ofour 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 earners 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

At each reporting period, we monitor the credit quality of the vanous 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 hisionc loss expenence, the value of the underlying collateral, delinquency trends, and industry and general economic conditions. The credit quality of our lessees vanes from .AAA to CCC+ For each reporting period the leveraged leases wrillii the portfolio are reviewed ful indicators of impairment where it is probable—the rem due according methoc not recurs and the leveraged leases will in the collected All significant accounts, individually or in the aggregate, are current and none arc classified as impaired larice lease receivables, which; comprised offic following (dollars in millions)

Leveraged Finance Leases Leases

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icluded in Prepaid expenses and other and Oihei asseis Al December 31. 1,0X5 785 (99) 1,477 22 1,455 1.477 Lev craged Leases 1.069 7 «0 1,277 (99) se payments i Estimated residual value Unearned income Total 1,182 Allowance for doubtful acc Finance lease receivables, i expense sets mied to SI 0 billion Accumulated deferred laxes arising from lex eraced leases, which are included in Defeired income laxcs. ai December 11,201 and SI 2 billion al December 11.2012 Years Ended December 31. Tlie following table is a summary ofihc components of income from leveraged leases (dollars in millionsi 2013 2012 2011 S 34 S 30 S 61 12 12 24 Pre-tax income Income lax expense The future minimum lease payments io be received from noncancelabic capital leases (direct financing and leveraged leases) ncl of nonrecourse loan payments related to leveraged leases and allowances for doubtful accounts, along with expected receipts relating to operating leases fur the period-shown ai Dccembia 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 Al December 3] Capital leases Less accumulated a Tite aggregate minimum rental commitments under iioncnrccl able lei foi lows Capital Lease 2014 2015 2016 2017 20 IS Tlieieaftei Tolal minimum rental commitments Less inlerest and executory costs Present value of minimum lease payments
Less current installments Lont^erm obligation at December 31.2013 Changes to deb: dunng 2013 arc as Inllows ase certain facilities and equipment for operating leases amounted to S2 6 billio operations ur md S2 5 billio both capital and npeiaring le: 2012 and 201 l. respectively (dollars in millions) Capital Operating Leases Leases (1.328) 422 S 51,987 49.166 (8,163) (142) 743
(3,943) (142) 3,128
Halance at January 1,2013
Proceeds from long-term bonowings
Repay mentsot long-term bonowings and capital leases obligation Dct.leasc in sholl-tomi obligations, excluding curent maturities Reclassifications of long-term debt Othel s fol to-Balance at December 31, 2013 (dollars u 2013 S 3,486 447 Debt malunng within one year is At Decembei 11 S .1.933 S 4,169 Long-term debt manning within one year Commercial paper and oiher The weighied-average interest rate foi oui respectively lal paner outstanding was 0.2% and 0.4% at Decembei 31.2013 and 2012

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Credit Facilities

Long-Term Debt

On August 13, 2013 wc amended our\$6 2 billion credit facility wnh a group nfmajoi financial institutions to extend the mammy date to August 12, 2017 As of December 31 2013, the unused borrowing capacity under this credit facility was approximately \$6.1 billion

Dunng October 2011. we entered into a S2 0 billion 164-day revolving credit agreement with a group ot major financial institutions Although effective as ol October 2013. we could not diaw 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 conain negative covenants, including a negative pledge covenant, a merger of similar Iransaciion covenant and an accounting changes covenant, affirmalive covenants and events of default Dial ate 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 conain level

(dollars 2013 Interest Rates * Maturities 2012 2U14-2A42 S 20,416 S II.19K 0.50-3.85 4.50 -5 50 5.55 -6 90 7 35-895 Floating t.50 - 8 tt 6.80 - 7.88 5 13-6 86 7J8-7.88 8.00-8.75 Outstanding long-term debt obligations arc as follows 2018- 2039 2014 2018 2016 2032 2027 -2033 2022-2032 2019 - 2031 7,062 11.03 | 5.017 1.000 8 635 1 500 2 045 1 349 880 31,965 5,023 5,500 3,931 1,300 1,075 1.099 880

Venzon Wireless-noles payable and olhi Venzon Wireless-Alltel assumed notes Telephone subsidianes-debentures

Capital lease obligations (average rate of S 293 (264) 93,144 3,486 51.487 3.869

2011 and 2012 respectively) Unamortized discount, net of premium Total long-temi debt, including cunent matuti Less long-tenndebt malunng within one year Toial long-term debt \$8,8658 \$87.6114

During March 2013. we issued SO 5 billion, aggregate pnncipal amount of floating rate Notes due 2015 in a provale placement resulting in cash proceeds of approximately SO 5 billion, nei of discounts und issuance costs The proceeds were used for line repayment of commercial paper

Dunng April 2013, SI 25 billion of 5 25% Venzon Communications Noles maimed and weie repaid In addition, during June 2013, \$0 5 hillion of 4 375% Venzon Communications Notes matured and wete repaid

During September 2013. in connection with the Wireless Transaction, wx- issued \$4.9.0 billion aggregate principal amount of fixed and floaling rate notes resulting in cash proceeds of approximately \$4K7 billion, net of discounts and issuance costs The issuances consisted of the lollowing \$2.25 billion aggregate principal amount of lioaning rate Notes due 2016 that bear interest at a rate equal to three-month LIBOR plus 175% which rate will be resci quarterly, \$175 billion aggregate principal amount of floaling rate Notes due 2018 (hat hear interest at a rate equal to three-month LIBOR plus 175% which rate will be resci quarterly, \$425 billion aggregate principal amount of £50% Notes due 2020 SI 10 billion aggregate principal amount of £50% Notes due 2020 SI 10 billion aggregate principal amount of £50% Notes due 2020 SI 10 billion aggregate principal amount of £50% Notes due 2020 SI 10 billion aggregate principal amount of £50% Notes due 2020 SI 10 billion aggregate principal amount of £50% Notes due 2021 and SI 10 billion aggregate principal amount of £50% Notes due 2020 SI 10 billion aggregate principal amount of £50% Notes due 2021 and SI 10 billion aggregate principal amount of £50% Notes due 2020 SI 10 billion aggregate principal amount of £50% Notes due 2020 SI 10 billion aggregate principal amount of £50% Notes due 2020 SI 10 billion aggregate principal amount of £50% Notes due 2020 SI 10 billion aggregate principal amount of £50% Notes due 2020 SI 10 billion aggregate principal amount of £50% Notes due 2020 SI 10 billion aggregate principal amount of £50% Notes due 2020 SI 10 billion aggregate principal amount of £50% Notes due 2020 SI 10 billion aggregate principal amount of £50% Notes due 2020 SI 10 billion aggregate principal amount of £50% Notes due 2020 SI 10 billion aggregate principal amount of £50% Notes due 2020 SI 10 billion aggregate principal amount of £50% Notes due 2020 SI 10 billion aggregate principal amount of £50% Notes due 2021 and SI 10 billion aggregate principal amount of £50% Notes due 2020 SI 10 billion aggregate principal amount of £50% Notes due 2020 SI 10 billion aggregate principal amount of £50% Notes due 2020 SI 10 billion aggregate principal amount of £50% Notes due 2020 SI 10 billion aggregate principal amount of £50% Notes due 2020 SI 10 billion aggregate principal am

In addition, dunng 201 3 we utilized \$0 2 billion under lived r

Dunng February 2014. wc issued th 75 billion aggregate principal amount of 2 375% Notes due 2022, th 25 billion aggregate principal amount of 3 25!. Notes due 2026 and £0 85 billion aggregate principal amount of 4 75% Notes dm 2034 The issuance of these Notes resulted in cash proceeds of aggregate principal amount of 5 9% Retail Notes due 2054 resulting in cash proceeds of approximately S0 5 billion, net of discounts and issuance costs The net proceeds of approximately S0 5 billion, net of discounts and issuance costs. The net proceeds of approximately S0 5 billion, net of discounts and issuance costs The proceeds of approximately S0 5 billion, net of discounts and issuance costs. The proceeds will be used for general corporate purposes. Also, dunny February 2014. we issued S0 5 billion aggregate principal amount of 5 9% Retail Notes due 2054 resulting in cash proceeds of approximately S0 5 billion, net of discounts and issuance costs.

During leblualy 2014. in connection with the Wireless Transaction, we issued S5 0 billion aggregate pnncipal amount of floating rale notes Tile Venzon Notes wele issued in two separate scnes, with S2 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 I 222%, and the eleven-year Von/on notes bear unercsl ai a floating rate equal to three-month LIBOR, plus I 372%

Dunng October 2013, we entered mio a lenn loan agreement wilh a group of major financial institutions pursuant to which we drew St> 6 billion to finance, in part, the Wireless Transaction and to pay transaction costs Hall ofany loans under the term loan agreement have a maiunity of three years and the other hall have a inaturity of five years (the 5-Year Loans) The 5-Year Loans provide for the partial amortization of principal during the I a si two veal's that they uie outstanding Loans under the term loan agreement bear inlerest ul loaling tales The term loan ugiconicin contains certain negative covenants including a negative pledge covenant, a meigei or similar transaction covenant ami an accounting changes covenant, affinnative covenants and events of default that are customary for companies maintaining an investment grade credit rating in addition, the tenn loan agreement requires us to maintain a leverage ratio (as defined in like term loan agreement) noi in excess oi 3 50 1 00, until our credit ratings

Bridge C< edit Agreement

During Sepiember 2013, we entered into a \$61 0 billion bndge credn agreement with a group of major financial institutions The ctedit 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 SI 2 0 billion. Following lhc effectiveness of the term loan agreement in October 2013. the bridge credit agreement was icnnin.ilcd in accordance with its terms and as such, the related fees of SO 2 billion were recogniled in Other income and (expense), net during the fourth quarter of 2013

On November 2 2012, we announced the commencement ot a tender offer (the Tender Offel) to purchase for cash any and all of the outstanding S I 25 billion aggregate principal amount of X 95% Vcn/on Communications Notes due 201*) In the Tender Offer that was completed November 9, 2012, \$0 9 billion aggregate pnncipal amount of the notes was purchased at a price of 186.5% of the pnncipal amount of the notes (see ' Early Debt Redemption and Oilier Costs") and \$0 .15 hillion principal amount ofihe notes remained outstanding Any accided and unpaid interest on the principal purchased was paid to the dale of purchase

During Novemhei 2012. we issued \$4.5 billion aggregate puncipal amount of fixed rate notes resulting th cash proceeds of approximately \$4.47 billion net of discounts and issuance costs The issuances consisted offine following \$I.0 billion of 0.70% Noles due 2015. \$0.5 billion of 1.10% Noles due 2017. \$1.75 billion of 2.45% Notes due 2022 and \$I.2 billion of 3.85% Noles due 2042. Dunng December 2012, the net proceeds were used to redeem \$0.1 billion of the \$5.0 billion of the \$7.5% Notes due November 2018 at a redemption piec of 140.2% of the pinneipal amount of the notes (see 'Early Debt Redemption and Other Costs"). \$0.75 billion of 4.35% Notes due Febiuaty 2013 ui a redemption piec of 100.7% ofthe pinneipal amount of the notes and cenain telephone subsidiary debl (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.dunng 2012 we utilized SO 2 billion underlined talc vendoi financing facilities Venzon Wireless - Notes Pay a Mr and Other

Venzon Wireless Capital LLC. a wholly-owned subsidiary of Venzon Wireless, ts a limited liability company funned 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. Ven/on Wireless Capital LLC has no maternal assets, upenilions or revenues Venzon Wireless is jointly and severally Ituhle with Venzon Wireless Capital LLC for

2013

Dunng November 2013. SI 25 billion ol 7 375% Venzon Wireless Noles and SO 2 billion of 650% Venzon Wireless Notes matured and were repaid Also during November 2011, Venzon Wireless redeemed \$3.5 billion of 5.55% Notes, due February I, 2014 al a redemption pnee of 101% of the pnncipal amount of the notes Any accrued and unpaid interest was paid to the dale of redemption

Dunng February 2012. SO X billion of 5.25% Venzon Wireless Notes matured and were repaid Dunng July 2012. SO 8 billion of 7 0% Venzon Wireless Notes matured and were repaid

Telephone and Other Subsidiary Debt

2013

Dunng May 2013. SO 1 billion of 7 0% Vcn/on New York Inc Debentures matured and were repaid Dunng June 2013. Dunng May 2013. SO I billion of 7 0% Ven/on New York Inc Debentures matured and were repaid Dunng June 2013. SO I billion of 7 0% Verizon New York Inc Debentures matured and were icpaid In addition, dunng June 2013. we redeemed SO 25 billion of 7] 5% Venzon Maryland LLC Debentures, due May 2021 at a redemption pnee of 100% offite pnncipal amount ot the debentures During October 201 3 SO 3 billion of 4 75% Ven/on New England Inc Whentures matured and were repaid. Dunng November 2013, we redeemed SO 3 billion of 6 70% Verizon New York Inc Debentures, due November 2023 at a redemption pnee of 100% offite principal amount of Inc debentures During December 2013, we redeemed SO 2 billion of 7 0% Verizon New York Lie Debentures, due December 2033 at a redemption price of 100% of the principal amount of 7 0% Verizon Delaware LLC Debentures, due Decembei 2021 at n redemption pnee of 100% of the principal amount of the debentures Any accrued and unpaid interest was paid to the date of redemption

Dunng January 2012. SI 0 billion of 5 875% Venzon New Jersey Inc IX-bentures matured and were repaid Dunng December 2012, we redeemed the SI fl billion of $4\,62v\%$ Verizon Virginia LLC Debentures Senes A due Mnich 2011 at n redemption pnee of $101\,\mathrm{I}$ of the pnncipal amount of the debentures Any accrued and unpaid inlerest was paid in the

In addition, dunng 2012, vanous Telephone and Other Subsidiary Debentures totaling approximately SO 2 billion were repaid and any accrued and unpaid interest was paid to the date of payment

Early Debt Redemption and Other Costs

During Nnvembei 2012. we recoided debt redemption costs of SO 8 billion in connection with the purchase of SO 9 billion of the SI 25 billion nf fl 45% Venzon Communications Notes due 2039 in a cash lender ollei

Dunng December 2012, we recorded debl redemption costs of SO 3 billion in connection with lhe early redemption of SO 7 billion ofthe S2 0 billion of 8 75% Venzon Communications Notes due 2018. SI 0 billion of 4.625% Venzon Virginia LLC Debentures. Series A. due March 2011 and SO 75 billion of 4 *5% \ en/on Communications Notes due February 2013 ai well as SO .1 billion ot other costs

Guarantees

We guarantee the debentures and first mortgage bonds of our operating telephone company subsidiancs As of December 11. 2013, S3 1 billion pnncipal amount of these obligations remain outstanding Each guarantee will remain in place fui the life ofthe obligation unless terminated pursuant to its terms, including the operating telephone company no longer being a wholly-owned subsidiary of Venzon

We also guarantee the debi obligations of GTE Corporation that were issued and outstanding pnor lo July 1. 2 Decembei 31. 2013. SI 7 billion pnneipal amounl of these obligations remain outstanding

Debl Covenants

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

3 4*6 2 740 10 818 1 331 II w)70 59 799

Mammies of long-term debl outstanding at December 31,2013 are as lb I lows

(dollars in millions)

2014 2015 2016 2017 2018

Thereaficr a recun ing basis as of December 3 I

Fair Value Measurements and Financial Instruments

flic following table presents the balances oi assets and liabilities 2013

.187 214

875 166

Assets-Cash and cash equivalents Fixed income secunties Short-term inv estments Equity secunties Fixed income secunties Other assets Forwnnl interest rate swaps Fixed income secunties Cross emreniy swaps Total

Liabilities. Other liabilities Interesi rate swaps Total

quoted pnecs in active markets for identical assets or liabilities

"" observable inputs other than quoted prices in active markets for identical assets and liabilities ni no observable pncing inputs in the market

Equity secuniies consist of investments in common slock of domestic and international corporations measured using quoted pnees in active markets

Fixed income secunities consist primanly of myeslmenls in L1 S Treasures, as well as municipal bonds We use quoted priect in active markets for our U S Treasury secunities and therefore these secunities are classified as Lev el 1 For u 11 other fixed income secunities

that do not have quoted pnees in active markets, we use alternative mains preing resulting in these debt see urines being classified as Level 2

Denvative contracts are valued using models based on readily observable market parameters for all substantial terms of oui denvative contracts and thus aie classified within Level 2 We use mid-nurkel pricing for fair value measurements of our denvative instruments

Our denvative instruments are recorded on a gross basis

We recognize transfers between levels ofthe fair value hierarchy as ofthe end of the reporting penod There were no transfers within the lair value hierarchy dunng 2013

Fair Value of Sltort-tcnn and J*wg-tenn Debt

Tlie fair value ofour debt is determined using vanous methods, including quoied pnees for identical temis and nutunlic*. which is a Level 1 measurement, as well as quoted pnees for simitar terms and matunnes in inactive markds and future cash flows discounted at current rates, which are Level 2 measurements The fan value of our short-tenn and long-term debt, excluding capital leases, was us follow? n mil lie

At December 31

Ar December 51.
Carrying Carrying
Amount Fair Value Amount Fan Value
Short-and long-ienn debl excluding capital leases

S 93,298 \$ 103,527 S 51,689 S 61.552

Derivative Instruments

Inlet est Role 5uw/«

We have entered into domestic interest rate swans to achieve a tarveted mix of tixed and variable rate debt We nunctually receiv e fixed rates and nav vanable rates hased on LIBOR, resulting in a nei increase or decrease to Interest exnense. These swans are designated

as lair value hedges and hedge againsl changes in lhe fan value ofour debt portfolio We record the interest rale swaps at lan value on our consolidated balance sheets as asseis and liabilities

During 2012, interest rale swaps with a notional value of \$5 8 billion were settled As a result of the settlements, we received net proceeds of SO 7 billion, including accrued iniciesi winch is included in Other, net openning activities in the consolidated statement of cash flows, $h_1 \ge f_0$, value basis adjustment to the underlying debt instruments was lecognized into earnings as a reduction of Inlerest expense over the remaining lives of the underlying debt obligations Duning the second quarter of 2013, interest rale swaps with a notional value of \$18 25 billion matured and the impact to om consolidated financial statements was not maincial Duning the third quarter of 2011, we entered into interest rate swaps with a total notional value of \$18 25 billion and 2012, the fair value of these interest rale swaps was not material At December 31,2013 and 2012, the fair value of these interest rale swaps was not material at December 31,2013, and 2012, the fair value of these interest rale swaps was not material at December 31,2013 and 2012, the fair value of these interest rale swaps was not material at December 31,2013 and 2012, the fair value of these interest rale swaps was not material at December 31,2013 and 2012, the fair value of these interest rale swaps was not material at December 31,2013 and 2012, the fair value of these interest rale swaps was not material at December 31,2013 and 2012, the fair value of these interest rale swaps was not material at December 31,2013 and 2012, the fair value of these interest rale swaps was not material at December 31,2013 and 2012, the fair value of these interest rale swaps was not material at December 31,2013 and 2012, the fair value of these interest rale swaps was not material at December 31,2013 and 2012, the fair value of these interest rale swaps was not material at December 31,2013 and 2012, the fair value of these interest rale swaps was not material at December 31,2013 and 2012, the fair value of these interest rale swaps was not material at December 31,2013 an

Forward Inlerest Rate Swupt

In order lo manage our exposure to future interest rate changes, during (he fourth quarter of 2013, we entered into forward interest rate swaps with a notional value of \$2.0 billion coniracis was not maicnal at Decembei 31. 2013

We designated these contra

Crttis Currency 5* nps

Vcn/on Wireless previously entered into cross cunency swaps designated as cash (low hedges to exchange approximately \$1 6 billion of Bnliih Pound Sterling and Euro-denominated debt into U S dollars and in fix oui future interest and pnncipal payments in US dollars, as well as the mitigate the impact of foreign currency transaction gains or losses A portion office gains and losses recognized in Other comprehensive income was reclassified to Other income and (expense), net io offsel lhe related pre-tax foreign currency transaction gam or loss on the undedying debt obligations. The fair value of the outstanding swaps was not material al Decembei 31,2013 or December 31,2012 Dunng 2013 and 2012 the gams with respect to these swaps were nut maicnal

Dumg February 2014 we entered into cross currency swaps designated as cash flow hedges to exchange approximately SS 4 billion of Euio and Bntish Pound Steiling denominated debt into U S dollars and io fix our future interest and pnncipal pay incnis in V S dollars, u- well as to mitigate the impact of foieign cunency transaction gains or losses Concentrations of Credit Kusk

financial instruments thai subject us to concernirations of credit nsk consist primarily of temporary cash investment, short-term and long-term investments trade receivables certain notes receivable, including lease receivables, and denvative contracts are also major financial institutions with whom we have negotiated denvatives agreements (ISDA master agreement, and credit suppon annex agreements which piov ide rules foi collaler.il http://collaler.il exchange We generally apply collateralized airangemenis with our counterparties for uncleared denvatives to mitigate credit nsk We may enter into swaps on an uncolbteralized basis in cenain circumstances While we may be evposed to credit losses due to the nonperformance ofour counterparties, we consider the nsk remote and do not expect the settlement offless Iran sate lions to have a maintail ediction our results of operations of infancial conditions.

As of Decembei 3 1, 2013. unrecognized compensation expense related to the unvested portion of Venzon's RSUs and PSUs was approximately SO 4 billion and is expected to be recognized over approximately Iwu years

The RSUs granted in 2013 and 20] 2 have weighted-average grant djte linr values of \$47 96 and \$3R ti7 per unit, respectively Dunng 2013, 2012 and 2011. we paid \$S1 is billion. \$S0 6 billion and \$0.7 billion, respectively, to settle RSUs and PSUs classified us liability awards

stock-Based Compensation

Venzon Communications Leing-lerm Incentive Plun

The	Ven/on	Communications	Ine	1.ong-Tenn	Incentive	Plan	(the	Plan)	permits	ihe	granting	of	slock	options,	stock	appreciation	nghl
restneled	stuck,	testneied	slock	units,	perlonrunce	shares,	perlormance	.slock	units	and	other	awards	The	maximum	number	of	shaic
available for	awards irom the P	lan is 119 ft million share	•e														

Restricted Stuck I nn.s

The	Plan	provides	for	grams	of	Restricted	l Slock	Units	(RSUs)	that	genera	illy v	/est	at the	end	of	lhe	third	year	after	lhe	grant	The R	SUs are
classified	as	equity	4	awards	because	the	RSUs	will	be	paid	in	Venzon	1	common	slock	upon	vest	ing	The	RSU	equity	awards	arc	measured
using	the	grant	date	linr	value	of	Venzon	common	stock	and	are	not	rc	measured	at	the	end	ol	each	report	ing	penod	Dividend	equivalent
units aie a	units aie also paid to participants at the lime lhe RSU awutd ispuid, and in the same proportion as lhe RSU awatd																							

iteStock Units

n ihe
d is
nfeach
targets
ion as
ic

Vetizon s Resmeted Slock Unit and Perinnuance Slock Unit a

(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 Slock

<u>Units</u> 20.923 6.067 (7 600)

(15-'.) 19.836 6.350 (7.169)

114HJ IK 669 4,950 (7,24i)

<u><l>0)</u> 16,19.1

 $\label{eq:Performance Stock Unils} Performance Stock Unils 32.3HO 10.34S (12 137, (2.977) 27,614 20 537 (8 499) 0*9) 39.463 7,470 (22,703) <math>_(50A)$ 23.724

Venzon »ileitis' l.mifi-Term Inceiitixe Plan

The Verizon Wireless Long-lerm Incentive Plan (the Wireless I'lan) provides compensation opportunities to eligible employees ol" Venzon Wireless (the Partnership) Under the Wireless Plan. Value Appreciation Rights iVARs) weie granted lo eligible employees As of December 31, 2013 all VARs weie fully vested We have not granted new VARs since 2004

VARs retleel the change in (he value of the Partnership, as defined in the Wireless Plan Similar to stock options, the valuation is deicnnined using a B lack -St holes model Once VARs become v esied. employees can exercise then VARs and receive a payment thai is equal tu the difference between the VAR pnee on the date of grant and the VAR pnee 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 pni.e equal to the climated fan value of the Partnership, as defined in the Wneless Plan nt the date of the grant

The lollowing table luminances the assumptions used in the Black-Schnles mode] dunng 2013

l!nd of Penod

 Risk-free rale
 011%

 Expected term (in years)
 012

 Expected volaility
 43.27%

The make free rate is based on the US Treasury yield curve in effect nt the time of the measurement date Expecied volatility was based on a blend offthe histonical and implied volatility of publicly traded peci companies for a penied equal to the VARs expected lite ending on the measurement date Set Med 1900-01 (2015).

56.844 (7.104) (21,921)
The following table summarizes Verizon's slock option aenv

(shaies in thousands) 27.819 (7,447) (17,054)

Outstanding. January 1.20)1 Exercised

3,318 (2,253)

Cancelled 'Ftufened Outstanding, December 3 I. 2011 Exercised

Cancelled (Forfeited Outstanding, December 31 2012 Exercised Cancelled (Forfeited Outstanding, December 31 2013)

ncelled/Eurfeited Outstanding December 31 2012 Exercised Cancelled/Eurfeited Outstanding December 31 2013

All stock options outstanding ai December 11. 2013.2012 and 2011 were exercisable

The following table summan/es infotmaiion about Veii/on's Mock options outstanding as of Decembei 31, 2013

44 25 l'i 00 51 06 41 24 35 20

nzes the Value Appreciation Rights;

(shares in thousands)

Outstanding nghls. Januaiy I. 201 1 11.569 (3.303) Exercised Cane el led'Forte tied (52) 8.2 14 (3,427) Cancelled/Forfeiled (21) Outstanding nghts. December 3 t. 2012 (1.916) Cancelled/Forfeited Outstanding rights, December .11.2011

Aftei-tux compensation expense foi stock-based compensation related to RSUs. PSUs, and VARs desembed above in income almbutable to Venzon was SO 4 billion

50.7 billion and SO 8 billion and SO 8 billion

50.7 billion and SO 8 billion and SO Dunng~2013.2012~and~2011,~wv~paid~\$0~1~billion,~respectively,~to~settle~VARs~classified~as~liability~awards~Stock-Based~Compensation~Espen.se < http://Espen.se < http://Esp

\$0.7 billion and SO S billion tor 2013, 2012 and 2011 respectively

des tot grants of stock upuors, tw participants at an option pnece pet sharv value of Venzon common stock on ihe date of grant Each grant has a 10-year life, v starting al the dale ofthe grant We hav e not granted new stock options since 2004 34 18 46 31 34.35

Range of Exercise Pnees

S30 00-39 99 40 00-J*) 99 Total

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 and the associated lax benefits weie not significant in 2013. 2012 und 2011 The amount of cash received from the exercise of stock options wis SO 1 billion in 2013, SO 3 billion in 2012 and SO 2 billion in 2011 There was no stock option expense tor 201 3. 2012 and 2011

Employe* Benefits

We maintain nun-conlahulory defined benefit pension plans for many ofour employees In addition, we maintain pod retirement health caie and life insurance plans (or our retirees and their depend en rs. which are both contributory, and non-contributory, and include h limit on our share of the cost lor certain recent and future retirrees In necordauce will our accounting policy for pension and oilier postretiremen! 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 io reflect actual return on plan assets and updated actuanal assumptions. The adjustment is recognized in the income statement duming the lounh quarter or upon a remeasurement event pursuant lo our accounting policy for the recognition of actuarial gains'losses

Pension and other poslic/liciment benefits for many of oui employees are subject tu collective bargaining agieements Mod ill cations in benefits have been bargained from time (o time, and we may also penodically nmend the benefits in the munugement plans. The following tables summanze benefit costs, as well us 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 Deccmbei 31. plans was S22 9 bill,

At December 31.

Beginning ofycar Service cost Interest cost Plan amendmenis Aciuanal (gain) loss, net Benefits paid

Curtailment and termination ben< Annuity puichase Settlements paid End olyear

Beginning ofycar Actual return on plan assets Company contributions Benefits paid Settlements paid Annuity purchase-End ofycar

End of year 358 1.449

395 1,002 (149) (2.327) (1,777) 318 1.095 (111) (3.576) (1,520)

Weighted -Average Exercise Price

27.369 359 1 284 (1.826) 1.402 (1.744) (88»>

(8,352) v7S<,)

S 23.032 S 26.773 \$ 23.042 S 26.844

\$11.282 \$24.110 \$ 2.657 \$2.628

2,326 556 312

107 .1,051 2.657

3.719

(1.777) (2.715) (1,520) (1.744) (889) (7tv6)

(8.352)-

millions) ' and Life

S (5.921) S (8.491) 5(19.981) \$ (24 187)

(dollars i Health Car

1.360 1.461

Years Ended December¹1.

Service cost

Amortization of pnor service cost (credit) Subtotal

Expected icium on plan assets

Interest cost

K cine a sure incut (gain) loss, net Net periodic benefit (income) cost Curtailment and termination benefits Total

358 (I)

357 379 401

(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) 1.2(0 :I loss are as follow?

At December 31.

Amounts recognized on the balance sheet

Noncurroni asseis Cunent liabilities Noucunent liabilities Toial

Pnor Service Benefit (Cost) Total

nts 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. Venzon no longer files for the Retiree Diug Subsidy (RDS)and instead contracts with a Medicare Pan Dplan on a group basis tn provide prescription dnig benefits lo Medicare eligible retirees

During 2012, we reached agreements with the Communications VYorLcts of Aincinca and the International Brotherhood of Electrical Workers on new, thrcc-year contracts (hat cover approximately 43,000 Wholinc employees This resulted in the adoption of plan amendments which will result in lower other postretireme! benefit costs in 2011 and beyond \$ (149) \$ 183
Al December 3 I.

\$ 184

Pnot sen ice cost Reversal ot amortization items

Prior serv ice cost Total recognized in other comprehensive (income) Ion (pre-tax)

The estimated pnor servue cost for lihe defined benefit pension plan that will be amortized from Accumulated oiher comprehensive income (loss) into net periodic henefn cost over lib cnoxi fiscal year is not significant. The estimated pnor scrv ice cost for the defined benefit postretirement plans that will be amortized from Accumulated other comprehensive income into net penodic benefit (income) cost over the next fiscal year is SO 3 billion

I'he weighted-average assumptions used in determining benefit obligations follow

Health Care and

At December 3 I

Rate of compensation increa

3.(10

N/A

4 20% N/A

Discount Rale

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 portfolio, estimates are prepared for the total portfolio and project the long-term target investment return for the total portfolio, estimates are prepared for the total portfolio and project the long-term target investment return for the total portfolio, estimates are prepared for the total portfolio and project the long-term target investment return for the total portfolio, estimates are prepared for the total portfolio and project the long-term target investment return for the total portfolio, estimates are prepared for the total portfolio and project the long-term target investment return for the total portfolio and project the long-term target investment return for the total portfolio and project the long-term target investment return for the total portfolio and project the long-term target investment return for the total portfolio and project the long-term target investment return for the long-term target investment consensus earnings expectations and histonical long-tenn nsk premiums To delcommic the aggregate return for the pension tims the projected return of each individual asset class is then weighted according to the allocation to (hat investment alea in the rust's tong-term asset allocation policy

The assumed health care cost trend rales follow

4.75

2020 2016

Healthcare cost trend rate assumed for next year Rate to which cost trend rate gradually declines Year the rale reaches (he level u is assumed to remain 1 hereafter

At December 31

A one-percentage point change in the assumed health care cost trend late would have the lollowing ellei Elleci on 2013 service and intcresi cost

Ell eel on postreliremenl benefit obligation as ol December 31.2013

(dollar Increase

(150) (2.086)

Plan Assets

ILsioncally, oui portfolio strategy emphasized a long-term equity onentalion, significant glubal diversification, and the use of both public and privatic investments in an effort to reduce the risk of out portfolio strategy and better align assets with liabilities, we hav c shifted our strategy to one that is more liability drive en, where cash flows from investments better matich projected benefit pay men!" but reduce the risk of underfunding to the plan and the participants and borefiticalense Both activities and passive management approaches are used depending on perceived market efficiencies and various other factors Cur diversification and risk control processes serve to min mind the concentration of risk

While taiget allocation percentages will vary over time, the company's overall investment strategy is to achieve a mix ut assets, which allows us io more projected benefits payments while taking mio consideration nsk and return The cunent taiget allocation for plan assets is designed so that 70% ofthe assets have the objective of achieving a return in excess ofthe growth in liabilities (compnised of public equities, private equities, teal cisaie, hedge funds and emerging debt) and 30% ofthe assets are invested as liability hedging assets (typically longer duration fixed income) This allocation will shift as funded status improves 10 a higher allocation to liability hedging assets Target policies will be revisited penodically to ensure they are in line with fund objectives Due to our diversification and nsk* control processes, there are no significant concentrations of nsk, in terms of sector, industry, geography or company names

Pension and healthcare and life plans assets do not include significant amounts uf Venzon common slock Total Uvel 1

406

2 579 313 3 968 4 200

1.097 2.953 364 3

Corporate Bonds

1 714 3,942 1,800

Asset Category

Cash and cash equivalents Fquity seeunties Fixed income seeunties

US Tivasuncs and agenr

Corporate bonds International bonds 3,942 1,196 Other Real estate Olher

Prvute equity Hedge funds Total

S 17,111 \$ 5,135 S 4,192 S 7,084

Asset Category

Tile (an values for the pension plans by asset category al December 31, 2012 are as folio

(dollars in millions) Total Level 1 Level 2 Level 3 \$ 1.61K | 1.586 2.944 2.469

ash and cash equivalents Equity seeunties Fixed income seeunties
U.S Treacunes and agencies

Corporaic bonds

International bonds 5,039 1,807 5,039 55R

Othct Real estate Other \$18.282 \$5.355 \$5,116 \$7.811

Hedge funds Total

Real Estate

liation of list begin significant unobscrvable inputs The following js a recond

Balance ul January 1. 2012 Actual gam on plan asseis Purchases and iales Translcrs in

Balance al December 11, 2012 Actual gain on plan assets Purchases and sales Transfers in (out) Balance al December 31, 2013

Health ('are and Li fe Plans

The fair values for lhc other postro

i 237 2,178

lent bene til plans by asset category at December 31.2013 a Asset Category

Cash and cash equivalents Equity sccunlies Fixed income securities
U.S Treasuries and agencies
Coiporale bonds

International bonds :I category ai December 3 1.20 U

Other Total

The lint values for the olhct postreim

Asset Category

Asset category

Cash and cash equivalents Equity seeunties Fixed income seeunties
US Tieasunes and agencies

Corporate bonds

International honds

Other Total n methodologies and inputs used to deiennine the

Tlie lollowing are general descriptions of asset categories, as well as the 'fair value of each major category of assets

valcnis include short-lerm investment fund.s. primarily in diveisified portfolios of invesiment grade money md arc valued using quoted mark et prices or other valuation methods and thus are classified within I*vel 1 or

Equity securities are investments in common slock of domestic and international corporations in a vanety of industry sectors, s am valued pnmanlv using quoted market pnees or other valuation methods, and thus arc classified within Level I or Level 2

Fixed income securities include tJ S Treasuries and agencies, debt obligations of foleign gov corporations Fixed income also includes investments in collateralized mortgage obligations

intcresi rate swaps The fair value of fixed income securities is based on observable prices for identical or comparable asseis, adjusted using benchmark curves, sector grouping, matrix pncing broker/dealer quotes and issuer spreads, and thus is classified within Level 1 or Level 2

Real estate investments include those in limned partnerships that invest in vanous commercial and residential real estate projects hoih domestically and internationally The lair values of real estate assets are typically determined by using income undor cost approaches or a comparable sales approach, taking into consideration discount and capitalization rales, financial conditions, local market conditions and the status of the capital markets and thus are classified within Level 3

Privatic equity investments include those in limned partnerships that invest in operating companies that arc 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 arc valued using inputs such as trading multiples of comparable public securities merger and acquisition activity and pricing data from the most racnt equity financing taking into consideration illiquuilly.find thus aie classified within Level 3

Hedge fund investments include those seeking to maximize absolute returns using a broad range of strategies to enhance returns inind provide additional diversification lhc lair values of hedge funds are estimated using ncl nisei value per share (NAY) offic investment* Verizon has lhc ability to redeem these investments al 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

In 2013, contributions in our qualified pension plans were not material Also in 2013 we coninbutrens to our qualified pension plans and SI 4 billion to out other postretirement benefit plans We anticipate approximately \$ 1 2 hill ion in coninbutrens to our qualified pension plans. SO 2 billion to our nonqualified pension plans and SI 4 billion io our other pusticitirement benefit plans in 2014

Estimated Future Benefit Payments Pension Benefits

The benefit payments lo ret lives aie expected to be paid as follows 1,582 1,574 1,538 1,506 1,474 6.846 2 280 1 742 I 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 cuncully has unallocated shares We match u certain petcenlage of eligible employee contributions to the savings plans with shares ofour common stock from tins ESOP At December 31. 2013, the number of unallocated and allocated shales ofcommon stock in his ESOP was 163 thousand and 62 million, respectively. All transprant ESOP shares are included in agriculture are share computations.

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Tolal savings plan costs were SI 0 billion m 201 3 and SO 7 billio

Pennon Annuitization

On October 17 201 2. wc, along with oui subsidiary Venzon Investment Management Corp. and Fiduciary Counselors Inc as independent flouriary ofthe Verizon Management Pension Plan (the Plan), entered into a definitive puichasc agreement with The Prudential Insurance Company of Amenta (Piudennal) and Prudential Financial Inc., pursuant to which the Plan would pun base 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 pay monts to approximately 4 I 000 Venzon management retirees who began receiving pension payments from the Plan pnor to January 1. 2010 The amount of each retiree's annuity payment equals the amount of such individual's pension bonefin In addition, like gioup annuity contract is intended to replicate the same ngills in future payments, such as sun ivor benefits, thai are currently offered by (he Plan Severance Benefits

The following table provides an analysis of our accounting standard regarding employers' accounting

Wc contributed approximately \$2.6 billion to the Plan between September I 2012 and December 11.2012 in connection will libr trail sac lion so lihat the Plan's funding percentage would not decrease as a result of libe transaction (dollars id millions)

i anuanally determined severance liability ing lorpostemploymonl benefits (474) (531) (381)

Charged to 2012 2013

1.113 396 1,010 134

md Benefit fCtedil.ij Chaiges

onied net pre-tax severance, pension and benefits credits ofa

Duning 2013, we recorded net pre-tas severance, pension and benefits credits of approximately 'S6 2 billion pnmanly lor our pension and post ret iremeni plans in accordance with our accounting policy to recognize actuarial gains and losses in the year in which lihoy occur. The credits were pnmanly driven by an increase in our discount rale assumption Used to deiennine the current year liabilities from a weighted-average of 4 2% at December 31, 2012 to a weighted-average of 5 0% at December 3 1. 2013 (\$4 3 billion), lower (than assumed retiree medical costs and other assumption adjustments (SI 4 billion) and liho 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 pie-tax severance, pension and benefits charges of approximately \$7.2 billion pnmanly for our pension and postrctirement plans in accordance with our accounting policy 10 recognize acluanal gains and losses in lbc year in which they occur The charges were pnmanly driven by a decrease in our discount rale assumption used to delctiwiic the cunent year liabilities from a weighted-average of 5% at IX-cember 31. 2011 to a weigh led-average of 4.2% at December 31. 2012 (\$5.3 billion) and revisions to the retirement assumptions for participants and other assumption udjusiments, partially otisel by the difference between our estimated return on assets of 7.5% and our nciuni return on assets of 10% (\$0.7 billion) As p.u.l of this charge, we also reconcide \$1.0 billion related to the annutitization of pension liabilities, as described above, as well as severance ehalges of \$0.00 to the contract of the charge 4 billion pmnanly fin approximately 4.000 management employees

Dunng 2011, we recorded not pre-tax severance, pension and benefits charges ofapproximately \$6 0 hillion for our pension and posiretnemeul plans ui accordance with our accounting policy to recognize actuarial gams and losses in the yeai in which lhcy occur The charges were pnmanly driven by a decrease in our discount rate assumption used to determine the current yeai 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 out actual return on assets of 5% (\$O 9 billion |, and revisions to the Mc expectancy of participants and oilier adjustments to assumptions

(dollars in millionsj 2013 2012 2011

\$ 28.833 S 9.316 S 9,724

444 581 759 S 29,277 S 9.897 S 10,483

The components of income before (provision) benefit for income Uxcs are as follow s Ended December 3 1.

S (1*7)

The components ofthe prov ision I benefil) for u Years Ended Dcccmhct 3 I,

Cunent

Foreign

Stute and Local

Total Deferred

Total income tax prov ision (benefil)

S 5.730 S (660) S 285

35.0% 2 1 (0 6) (0.4) (0.3) (14J) (1-9) 35 0% (1 9) (I 9) (I I) (I J) (33 7) (1 7)

35 0% (10) (18) (14) (19) (23 0) (3 2)

The following table shows the pnncipal reasons tin the difference between the effective income tax rate and the statutory federal income lax rate

Years Ended December 31. Statutory federal income tax rate

Slate and local income lax rale, net of federal lax benefits

State and local income lax rate, net of rederal is Affordable housing credit Employee benefits including ESOP dividend Equity in earnings from unconsolidated busines (6.7)% 19.6%

Noiicnnliolling interests

Othct.net http://Othct.net lhe effective income lax rate and nl severance, pension and hcncrii pension and benefit charges

The effective income tax rale foi 2013 was 19 6% compared tu (6 7)% foi 2012 The increase provision for income tuxes was pnmanly due (o higher income tuxes as a resu credits recorded dunng 2013 compared to lower income be lore income luxes as a result of as well as early debt redemption costs recoided dunng 2012

The effective income lax late for 2012 was (6 if.* compared to 2 7% for 2011 The negative effective. citive income fax raie for 2012 and the decrease in the provision for income laxes during 2012 compared to 2011 was primarily due to lower income before income taxes as a result of highe severance, pension and benefit charges as well as early debt redemption costs recorded during 2012 Years Ended December 3 I,

1 422 S 351 1,2112 1.308 2,082 1.727

(dollars in millions) 2013 2012 201 1

S 3.7M \$ 3.386 S 3.V7.) es, net of amounts refunded Employment taxes Property and other taxes

Defence taxes arise because of differences in the book and (ax bases of certain assets and liabilities Significant components of deferred lax assets and liabilities are as follows

S 10 242 2 747 213 959

1.1 13 1.010 757

(59)

13.644 4.819 206 1.050

(dollars in millions) 2013 2012

Al December 31, 14.161 14.719 (1.596) (2.0411

Employee benefits I ax loss and credit carry forwards Uncollectible accounts iciclyable Othel -a 1.121 14.030 997 23,032

1.470 1.275 13.953 1.208 22.171 1.320

Valuation allowances Deferred lax assets

former MCI Intercompany accounts receivable basis difference Depreciation Leasing activity

40,650 S 28,085 S 22249

Wireless jorni venture including wi ss licenses Olher-liabilities Deferred lax liabilities Net defence lax lia

At December 31, 2013, undishibuted earnings ofour foreign subsidiances Indefinitely Invested outside the US amounted to approximately \$2 I billion. The majority of Vorzon's cash How is generated from domestic operations and we are not dependent on foreign cash or earnings to meet nor funding requirements, nor do we inlend to repainate these undistributed foreign earnings to fund US operations. Furthermore, a portion offlinese undistributed earnings represent amounts that logally must be kept in reserve in accordance with consin foleign jurisdictional requirements and are unavailable for distribution of repatuation. As a locally, we have not provided US deterred taxes on these undistributed earnings because we intend that they will remain indefinitely reinvested outside uf the US and therefore unavailable fol use in funding US operations Obtainmails on office amount of unrecognized deferred taxes related to these undistributed earnings is not practicable.

At Decombel 31, 2013, we had net affer-lax loss and credit carry forwards, approximately 52 1 billion will expire between 2014 and 2033 and approximately \$0.6 billion may be earned forward indefinitely The amount ofnet after-lax loss and credit carry forwards reflected as a deferred is a seet above has been reduced by approximately S0 1 billion at December H 2012 due to federal and slate tax law limitations on utilization ofnet operating losses

mgmzed lax benems u Vnrttognizi-d Taj. Bcnviils

idollars in millions) 2012 2011 S 2,943 S 3,078 S 3,242

A reconciliation of the beginning and ending balance of u

456 (644) 100 (56) (43) (31)

(801) (210) (168)

Additions hased on lax positions related to tin Additions for lax positions of pnor years Reductions for lax positions ofpnor ye Lapses of statutes of limitations Balance al Decembel 31.

\$2,130 S 2,943 S 3,078

included in the total unrecognized (ax benefits at December31, 201 3 2012 and 20) 1 is SI 4 billion, S2 i billion and S2 2 billion, respectively, that if recognized, would fav orably affect the effective income tax rate

d the lollowing net after-tax benefits related to interest and penalties in the prov I Years Ended Decombel 31,

2012 2011 t of intcresi esi and penalties in the consolidated balance sheets are as follows

The after-lax accruais for the payin Al December II.

(dollars in millions)

n of issues with the internal Re< v cisies in Canada and Italy

?s pnmanly due to the n ell as the resolution of lal

sc in unrecognized lax benefits involving lax years 2004 through 2006. an

Venzon and/or us subsidiaries file income tax returns in the US federal jurisdiction, and vanous state, local and foreign jurisdictions. As u large taxpayer, we are under sudit by lihe IRS and multiple state and foreign jurisdictions for vanous open iax years. The IRS is currently examining the Company's L¹S income tax returns for tax years 2007-2009 and Celico Partnership a US income lax returns for lax years 2010-2011 Significant lax examinations and litigation are ongoing in New York City for tax years as early as 2000 The amount of the liability follows are unconspicted tax benefits will change in the next twelve months due to the expiration office statute of limitations in v anous jurisdictions and it is reasonably possible that vanous current lax 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 fulthol developed ul icsolv od

Dunng 20 i v. the valuation allowance dec December 31 2013 and the 2013 activ ity is p

ed approximately SO 4 billion The hall manly related to stale and foreign tax lo

Tile following table provides operating financial in formal ion tor our two reportable sec

Segment Information

Reportable Segments

which we operate and manage as strategic business units and organize by products and sorv loss Wc measure and evaluate our reportable segments based on segment operating income, consistent with the chief operating decision re

porate eliminations and other includes unallocated corporate expenses, interegement eliminations recorded in consolidation, the teaulis of other businesses, such as our investments in unconsolidated businesses, pension and other employee benefit related costs, leas noting, as well as nihol adjustments and gains and losses that are not allocated in assessing sec ment performance due to then non-operational nature. Although such transactions ale excluded from (he business segment results, they are my hided in reported consolidated ingo Calns 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 as consider in assessing segment portronnance, primarily because of their non-recurring or non-operational nature es and expenses below also includes those items of a non-rocuming or non-operational nature We exclude from segment results the effects of certain items that management docs not

We have adjusted pnor period consolidated and segment information, where applicable, to confonn to current year presentation

Our segment* and iheit pnncipal aciiv ities consist ofthe following

Segment

Wireless' communications products and services include wireless voice and data activices and equipment sales, which are provided to consumer, business and government customers across the United States

Wireline's voice, data and y ideo communications products and enhanced services include broadband video and

solunons data center and cloud services accumty and managed network services and local and long distance voice sen loss Wc provide these product) and services to consumers in the United States, as well as in earners, busin government customers both in the United States and in ovet 150 other countries around the wor

ternal Operating Revenues Retail se

Service revenue

Consumer retail Small business Mass Markets

Strategic services Core Global Enleronse

File #: O2015-753, Version: 1 Global Wholesale Other Intersegment revenues Total operating revenues Cost of services and sales Selling, general and administrative expense Depleciation and amortization expense Total operatini: expenses Operating Income Assets Plant, properly and equipment, nel Capital expenditures S 66,282 2.691 8,096 3,851 23,648 23,176 8.202 \$ 146,429 35,932 9,425 (dollars in millions) Wireline Total Segments 14,737 2.587 8,096 3.85] 8.410 14.737 2,587 5.703 456 1,166 8,410 6,267 21.928 8.595 8.127 5,703 456 1,06.1 231,002 87,817 15,654 45.576 31.771 16,529 S 84^73 51,885 6.229 internal Operating Rovonui Retail service Other service Service revenue Equipment Other ... Consumer retail Small business Markets M. Core Global Enierpnse Glob j I Wholesale Other Intersegment revenues Total operating icvcnucs S 61.333 2 29(1 H.IH 0 4 096 (dollars in millions) Wireline Total Segments

8,010 4,096 S.052 7.240

14,041 2,648 6,177 S0K

16,691 8.052

0.177 SOU 1201

External Updating Revenues

Retail service
Oiher service Service revenue Equipment Othei

Consumer retail Small husmevs Mass Mark els

Core Global Etitcrpnsc

Global Wholesale Other Inter-eijmenl revenues

Total operating revenues 5O.601 2,497

(dollars in millions) Wnelcss Wireline Total Segments 7,446 3.517

S 56.601 \$ 2.497 13.605 2,720

7.446 1,517 7.607 8.014

1 3 605 2 720

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Assets
Total reportable sedi Corporate climinato Total consolidated

6.7 > 5 704 1.237 7,607 8.014 15,621 ind sales Selling, general and administrative expense Depreciation and amortization expense Total operating expenses Operating income 24 490 22.41 3 21,650 8,883 7.960 8.424 S 142485 S84.8I5 34 545 52.91 1 8 857 6.342 46.903 30.533 10.384 87,456 15.199 ofst vices and sales Selling general and administrative expense Depreciation and amortization expense id equipmcm.net http://equipmcm.net Total operating expenses Operating income int.prnpcnv i 24,086 19.579 7,962 22.158 9.107 8,458 S 147,378 186,185 33.451 54.149 8.973 6.399 46.244 28,686 233,56.1 87,600 15,372 Reconciliation to Consolidated Financial Information A reconciliation of the segmeni operating icvcnucs to consolidated operating revenues is as follows Years Ended December 31, Operating Revenues
Toial reportable segments Reconciling items Corporate eliminations and othei Consolidated operating revenues A reconciliation of lhe total ofihc reportable segments operating (dollars i 2012 to consolidated Inc > Ended December .11. Operating Income Operating income

Severance, pension and benefit credits (ehaigcs) (Note 11)

Gam on spectrum license transaction (Note 2)

Litigation settlements (Note 16)

Other costs (Note X) Corporate, eliminations and oiher Tonsolidiiied operating income Equity in earnings of unconsolidated businesses Other income und (expense), net Interest expense Income Before (Provision) Benefit for Income Taxes (dollars in millions) 2013 2012 A reconciliation ofihc total ofihc reportable segments' assets to consolidated assets i At December 31,

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rotal repetitable degr desperate emissions rotal desiredates

Corporate, eliminations and other at December 31 2013 is pninaiily compnsed of cash and lash equivalents which weie used to complete the Wireless Transaction on February 21 2014

Wc generally account fur intersegment sales of products tind sei vices und asset transfers all current market pi lies No single customer accounted for more than 10% ofour total operating revenues during the years ended December 31. 2013 2012 and 2011 International operating revenues and long-lived assets are not significant

C'omprchensiv e Income

Complehensiv e income consists of net income* and other gains and losses affecting equity that, undei U S GAAP, are excluded from net income Significant changes in the components of Olhei comprehensive income, net of piov ision foi income taxes ate de-venbed below

Accumulated Other Comprchensiv e Income

The changes in the balances nl Accumulated other coulprehciisi¹

Unrealized gain on

Foreign currency Unrealized gain on pension:
translation gain on cash marketable post retirement
adjustments flow hedges securities plans Tolal
1,253

7<J.I 60 88 50

c by component arc as follows

(doll.lism imllioi Balance at January 1.2013 5 Other comprehensive income 853 S 117

117 1.275 S 2,358 113

Amounts reclassified io net income Ncl other comprehensive income Balance at December 31,201.1 5~~

Die amounts presented above in net olher comprehensive income are net of taxes and noncontrolling interests, which aie not significant Foi the year ended December 31, 201 3, the amounts reclassified to net income related to defined benefit pension and postretirement plans in lhe tuble above are included in Cost of serv ices and sales und Selling, general und administrative expense on om ionsilidated statements of income For the year ended December 31, 201 3. all olhei amounts reclassified to net imoine in the table above are included in Other incomc.net http://incomc.net on out consolidated statements of income

Fnratgn Current | Tianslalion 4tl/itstiiieiit.

The change in Foreign cunency translation adjustments during 2011. 2012 and 20] I was primarily related to our investment in Vodafone Omnilel NV and was primailly driven by the movements of the U S dollar against the Euro

s (Losses) mi Cnsh Flow Hedges

Dunng 2011. 2012 and 2011. Unrealized gams (losses) on cash (low hedges included in Olhei comprehensive income (loss) attributable to noncontrolling interests, pnmanly ic fleet activity related to a cross cuneucy swap (see Note 9) Reclassification adjustments for gains (losses) realized in net income were not significant

Set Unrealized Gams (Losses) on Marketable Securities

Dunng 2013, 2012 and 2011. reclassification adjustments on marketable securities for gains (losses) realized in nei income were noi significant

De/incd Benefit Pension and Posit etiremoni Plan»

The change in Defined benefil pension and posirmrement plans at December 11, 201.1 was not significant

The change in Defined benefit pension and postieliieinent plans of SO 9 billion, net of taxes of JO 6 billion at December 3 I 2012 was primarily a result of plan amendment

Additional Financial Information ml ho

ml ho s) (dollar 2012

201 I 2013

I"he tables (hat follow prov <dc additional financial information related to oui consolidated financial statements Income Statement Information Yeai * Ended December 3 1.

Yeal * Ended December 3 1.

Depreciation expense Juiciest cosis on debt balam.es Capitalized">http://balam.es>Capitalized interest coils Advertising expense

Balance Sheet Information 4.954 3,954 4.790 1,199 1,556

At December 31,

Accounts Pavable and Accmed Liabilities Accounts payable Accrued expenses

Accrued vacation, salaries and wages Interest payable Taxes payable

Other Current Liabilities
Advance billings and customer deposit
Div idends payable

Other

Cash Flaw Information Years Ended IX-cembei 31

Cash Paid

Interest, net of amounts capitalized

Common stock has been used from time to lime to satist's some office binding requirements of employee and sharcownei plun including 24 6 million common shares issued from Treasury stock during 2012, telated to dividend payments, which had a aggregate value of SI 0 billion

Commitment! and Contingencies

During 2003. Under a Covernment and Exemptone During 2003. Under a Covernment During 2004. During 2003. Under a Covernment During 2004. Durin

Venzon is currently involved in approximately 50 federal district court actions alleging that Venzon is infringing vanous patents Most offinese cases aie brought by non-piacticing entities and effectively seek only monetary damages, a small number aie brought by companies that sell products and seek injunctive relief as well These cases have progressed to vanous degrees and a small number may go to in al in lhe coming 12 months if the) are not otherwise resolved In (he third quarter of 2012. we settled a number of patent litigation matieis. 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 SO 4 billion in the thud quarter of 2012 and will pay and recognize over the following six years an additional SO 2 billion

for the sales of businesses and investments. Verizon old manly provides taming to a vanety of trunilinaticial matters such as ownership of (he seeunties icial losses From time in lime, counterparties may make claims under ince those claims and resolve them in the ordinary course of business

Subsequent to the sale of Verzon hi formal ton Services Canada in 2004, we continue to provide a guarantee to publish di reel ones, which was issued when the directory busmen was purchased in 2001 and had a 30-year term (before extensions). The preexisting guarantee continues, without modification, despite the subsequent sale of Verzon information Scivices Canada and the spin-officf our domestic print and Internet yellow pages directories business. The possible financial impact of the guarantee, which is not expected to be adverse, cannot he reasonably estimated as a vanety of the potential out comes available under the guarantee result in costs and rev enues or benefits lim may offsel each other. We do not believe pofformance undoi (lie gu man toe is likely).

As of December 31. 2013 letters of credit totaling approximately S0.1 billion winch were executed in the normal course of business and support several financing anangements and payment obligations to third panics, were outstanding

We have several commitments' pnmanly to purchase handsets and ponpherals, equipment software, programming and network services, und marketing activities, which will be used or sold in the ordinary course of business, from a vanety of suppliers loialing \$33.4 billion of this total amount, \$19.7 billion is altihotable to 2014 \$14 8 billion is altihotable to 2015 through 2016. and \$0.8 billion is altihotable to years (hereafter These amounts do not represent our entire anticipated purchases in the future, but represent only those items thai are the subject of collializations and the subject of collializations of the commitments are programming services from felevision networks and broadcast stations have no minimum volume requirement. we estimated our obligation based on number of subsenbers ai December II, 2013, and applicable rates stipulated in lhc contracts in effect at that time Wc also purchase products and services as needed with no firm commitment

In	lhc	otdinary	course	of	business	Ven/on	is	inv	olvcd	in v	anous	commercial	litigation	and	d regu	latory	proceedings	at	lhe	state	and
federal	level	Where	it	is	dc-lcmuncd.	in	consultation	with	counsel	based	on	litigation	and	settleme	ent nsl	s. Ihat	a	loss	is	probable	and
estimable	in	a	given	mallet,	lhc	Company	establishes	an	accrual	In	none	of 1	the curr	ently	pending	matters	is	the	amounl	of	accrual
matenal	An	estimate	ofthe	rea	sonably	possible	loss or	range	e of	loss	in	excess	ofthe a	mounts	ulicady	accrued	cannot	be	made	at	this
time	due	io	vanous	factors	typica typica	al in	contested	proc	eedings,	including	(1)	uncertain	damag	e :	theories	and	demands.	(2)	a	less	than
complete	fact	ual red	ord.	(31	uncertainty	concer	ning lega	ıl th	nconcs	and	then	resolution	by	courts	oi	reguluiois	and	(4)	the	unp	oredictable
nature	ofihc	opposing	g pa	rty	and i	ts dema	ands Wc	cor	itinuously	monitor	these	procee	dings a	is 1	they o	levelop	and	adjust	any	accrual	or
disclosure	as	needed	Wc.	do	not	expect	that lhe	ultin	nate re	esolution	of	anv nend	dina rea	ulatory	or	legal n	nallei ir	futi	ire n	enods	including

\$ 2.235 143 (20)

File #: O2015-753, Version: 1 the Hicksv ilk mallei described results of operations for a given reporting penod Verizon Communications Inc. and Subsidiaries Pnncipal Suhsidiattcs of Registrant at December 31,2013 Operaiting Operating Income Revenues (Loss) 2013 March 31 June 30 September 30 December 31 2012 March 3 I Juno 30 Septcmbi December 31 (dollars in millions, except per share u le (Loss) atInbutable to Vcn/on '* 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 \$ 28242 28.552 29 007 30 045 (LossJ .68S 4,855 .785,198 785,578 I 767.916 59S 3.-J06 644.285 564.292 (1 4Rj(1.926) (I 48) - Results of operations for lhe second quarter of 2013 include after-tax credits all nbuiuble lo Venzon of SO I billion related to a pemtion remeasuremeni • Results of operations for the thud quarter of 2013 include immaterial after-lax credits attributable to Venzon related to a gain on a socethim license transaction ns well as immaienal after-tax costs attributable to Venzon related to the Wireless Transaction • Results of operations for the fourth quarter of 201 3 include after-tax credits attinbutable to Venzon of S3.7 billion related to severance, pension and benefit credits, as well as afticr-tax costs allinbutable to Venzon of S0 5 billion related to the Wireless Transaction Results of operations (or the third quarter of 2012 include after-tax charges attributable to Venzon of SO 2 billion related to legal settlements. ■ Results of operations for the fourth quarter of 20! 2 include aftei-tax ehaiges attributable io Venzon of S5 3 billion related to severance, pension and benefit charges and early debt redemption and othei cosis "Net income (loss) attributable to Venzon per common share is computed independently foi each quarter and the sum of the quarters may not equal the annual amount Venzon California lire Verizon Delaware LLC Venzon Florida LLC Venzon Maryland LLC Venzon New England Inc Venzon New Jersey Inc Venzon New York Inc Verizon Pennsylvania LLC GTE Souihwesl Incorporated (d/b/a Venzon Southwest) Ven/on Vnginu LLC Bell Atlantic Mobile Systems LLC Cellco partnership (J/b/a\ciizon Wireless) GTE Corporation CTE Wireless Incorporated MCI Communications Coiporation Venzon Business Global LLC Cranberry Properties LLC Jurisdiction of Organization California Delaware l'Innda Delaware New York New Jersey New York Delaware Delaware Virginia Delaware Delaware New York Delaware Delaware Delaware Delaware

EXHIBIT 31.

Consent of Independent Registered Public Accounting Einn

We consent to the incorporation by reference in this Annual Report (Form 10-K) in Venzon Communications Inc (Venzon) ofour reports dated February 11, 201a with lespect to the consolidated financial statements of Venzon and Vhe effectiveness of inicinal control over financial reporting of Verizon, included in the 2013 Annual Report to Shareowners of Venzon

Our audits also included the financial statement schedule in Venzon listed in Item I 5(a) This schedule is the responsibility of Venzon's management Our responsibility is to express an opinion based on out jmlits In our opinion, as to which the dale is February 27, 2014, the financial statement schedule relened to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all maternal respects the information set forth therein

We also consent to the incorporation by reference in the following registration statements of Venzon and where applicable related Prospectuses, of our reports dated February 27. 2014, with respect to like consolidated financial statements of Venzon and like effectiveness of internal control over financial reporting of Venzon, incorporated herein by reference, and our report included in the preceding paragraph with respect to the financial statement schedule of Venzon included in this Annual Report (Kanna 10-K) fortheyear ended December 31,2013 Fmms-1.No 3331-1757 Form St. No 3333-1757 Form St. No 333-1757 Form

F.mst A Young LLP Emst & Young LLP New York New York February 27.2014 1, Lowell C McAdam, certify that

- 1 I have reviewed this annual report on Fonn 10-K of Vcn/on Communications Inc
- 2 Based on my knowledge, this ignort does not contain any untrue statement of a material fact or omit to Stale a material fact neLessaiv to make the stalements made, in light of the circumstances under which such stale-mints were made not misleading with respect to the penod covered by this renor
- 3 Based on mv knowledge the financial statements, and other financial information included in this report, fairly present in all maicnal respects the financial condition, results of operations and cash flows office registrant as of, and for, the penods presented in this report.
- 4 The registrant's oiher certifying officer and 1 are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 1-1 a-1 5(e) and 15d-15(ej) and internal control over financial reporting (as denned in Exchange Act Rules 1 lu-1 5(f) and 1 5d-15(f)) foi the registrant and have
 - (a) Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, io ensure that matenal information relating to the registrant, including its consolidated subsidiance, is made known to us by others within ihnse entities, particularly duning the penod which this report is being prepared,
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting io be designed under oui supervision, io provide recosonnhle assurance regarding the reliability of financial reporting and lhe preparation of financial stalements for external purposes in accordance with generally accepted accounting punciples.
 - c) Evaluated the ell'ectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of
 - d) Disclosed in this report any change m the registrant's inii-rual control over financial reporting lhat occurred during the registrant's mo si recent fiscal quarter thai has materially affected, oi is reasonably likely to materially affect, the registrant's initernal control over financial reporting and
- The registrant's olher certifying officei and I have disclosed, based on our most recent ev alualion of internal control over financial reporting, io the registrant's auditots and ihe audil committee of the registrant's hoard of directois (or persons performing the equa alect functions)
- a) All significant deficiencies and material weaknesses in the design or operation or internal control ovei financial reporting which are reasonably likely tn adversely affect the registrant's ability to record, process, summanze and report financial information and
- b) Any fraud, whether or no! 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

'tf Lowell C McAdam Lowell C McAdam Chairman and Chief Ext

EXHIBIT31 I

1. Francis J Shammo. certify that

- I have reviewed this annual report on Fonn I04C of Venzon Communications Inc .
- 2 Based on my knowledge, this report does not contain any untrue statement of a maicrnal fad oi omit u stale a maicrnal fad necessary to make the statements made, in light of the encumslaiues undei which such stateme-ms weie made noi misleading with respect to the penod covered by this report
- 3 Based on my knowledge, the financial statements, and other financial information included to this report, fairly present in all maternal respects the financial condition, results of operations and each flows of the registrant as of and for. The penods presented in this report.
- 4 The registrant's other certifying officer and 1 are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Aci Rules 13a-15(c) and 15d-15(e)) and internal control ovei financial reporting (as defined in Exchange Aci Rules 13a-15(f) and 15d-15(f)) tor 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 malenat information relating to the registrant, including its lonsolidated substitiatics, is made known to us by otUeis within those entities, particularly during the penod ui winch 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 lo provide reasonable assurance regarding the re 11 ability of financial reporting and the preparation of financial statements for external purposes in accordance w uh generally accepted accounting principles.
 - (c) Evaluated the effectiveness of the registrant's disclosure comrols and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the pened covered by this report based on such evaluation, and
 - (dl Disclosed in this report any change in the registrant's internal conirol over financial reporting that occurred during the registrant's most recent fiscal quarter that has instenully affected or is reasonably likely to intaienally affect, the legist rant's internal control over financial reporting
 - The registrant's other certifying officer und I have disclosed based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee ofthe registrant's board of directors (or persons performing the equivalent functions)

 (a) All significant deficiencies and material weaknesses in the design or opera lion of internal control over financial reporting which air reasonably likely to adversely affect the registrant's ability to record, process summanze und report financial infoimation, and
 - (b) Any fraud, whether or noi matenal, that involves management of ollei employees who have a significant role in the registrant's internal control over financial reporting

EXHIBIT 32.1

CER I IFIT JATION OF CHIEF EXECUTIVE OFFICER PURSUANT Tt) SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002, PURSUANT TO SECTION 1350 OF CHAPTER 63 OF TITLE 18 OF THE UNIT ED STATES CODE

- 1. Lowell C McAdam. Chairman and Chief Executive OiTicernf Ven/.on Communications Inc (the Company), certily that
- (Il the report of the Company on Form 10-K for the annual penod ending December 3 1. 2011 (the Report) fully complies with the requirements of section 1 3(a) of the Securities Exchange Act of U34 (the Exchange Act), and
- 12) the inlibilitutioii contained in the Report fairly presents, m all maienal respects, the financial condition and results of operations of lire Company as of the dates and toi the penods referred to in the Report

Date February 27 20)

lit Lowell C McAdam Lowell C McAdam Chairman and Chief Exceutiv e Officer

A signed onginal of this written si a 1 c men 1 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 Venzon Communications Inc and will be retained by Venzon Communications Inc and lumished to the Secuntics and Exchange Commission or Us staff upon request

Date February 27.2014

>*/ Francis J Shammo J-iancis J Shammo Executive \ ice President and Chief Financial Officei

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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 Conduct that applies to all employees, including the Chief Executive Officer (CEO), the Chief Financial Officer and the Controller. The Code of Conduct desembes each employee's responsibility to conduct business with the highest ethical sprovisions of the Corporate Governance Guidelines. We have posted the Code of Conduct on the Corporate Governance section of our website at www venzon com/investor You can also obtain a copy by writing to the Assistant Corporate Governance action on our website. Related Porson 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 facts and circumstances of each case, 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 pain-faw who is employed by one of the Company's subsidiaries and earned approximately \$358,000 in 2013 W. Robert Mudge. President - Consumer and 2	standa Secretaria

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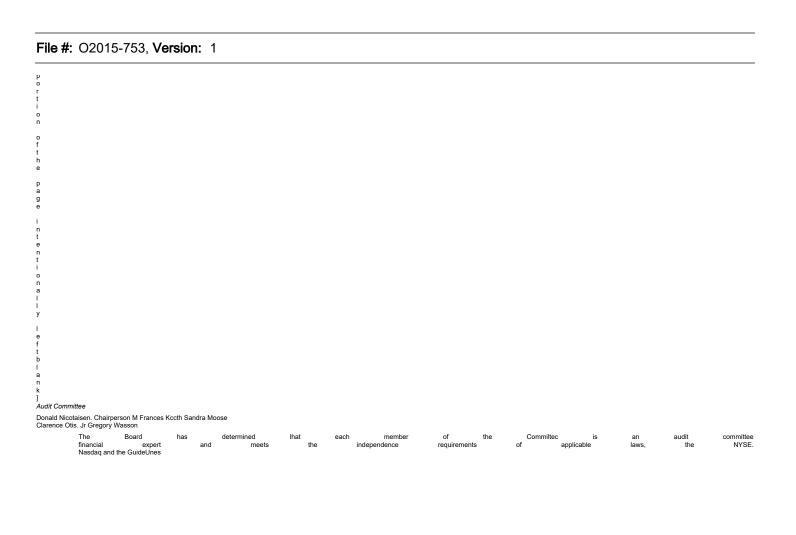
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RICHARD L. CARRION

Mr Camon, 61, has served for over 18 years as Chairman, President and Chief Executive Officer of both Popular, Inc., a diversified hank holding company, and Banco Popular de Puerto Rico, Popular Inc. pnncipal bank subsidiary Popular, Inc.

is the largest financial institution based in Puerto Rico, with consolidated assets of \$36 billion, total deposits of \$27 billion and 8.059 employees as of December 31, 2012 In addition to his expenence 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 bnngs to the Board a strong operational and strategic background and extensive business, leadership and management expenence in addition, Mr Cam6n 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 expenence at the Federal Reserve Bank of New York also enables him to advise the Board and senior management on nsk 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

Ms Archambeau. 51. is Chief Executive Officer of MetncStream, Inc.. a leading provider of governance, nsk. compliance and quality management solutions to corporations across diverse industries Under her leadership, the pnvatefy-held MetncStream has grown 2,500% over the past ten years, with approximately 1,000 employees worldwide Pnor to joining McIncStream 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. dunng a 15-year career at IBM

Ms. Archambeau brings to the Board, among other skills and qualifications, leadership experience to technology, e-commerce. digital media and communications. An active participant in Silicon Valley's emerging company community, her m-depth knowledge of the technology sector and extensive background in the application of lemenging technologies to address business challenges uniquely position her to advise the Board and senior management on implementing the Company's growth strategics Ms Archambeau's experience developing and marketing felecommunications 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.

METANIET HEATEY

Ms. Healey. 52. is Group President - North Amenca 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 countnes around the world. In this role, Ms Healey is responsible for the overall North Amenca 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 bnngs to the Board, among other skills and qualifications, an extensive background in consumer goods, marketing and international operations. Her expenence 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 expenence and global growth. In addition, Ms. Healey's leadership expenence at a complex international organization with a large, diverse workforce gives her a thorough understanding of the operational challenges facing Verizon

Ms. Healey has served as a Director of Venzon since 2011 and is a member of the Human Resources Committee

LOWELL C. MCADAM

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Ms. Keeth, 67, was Executive Vice President of Royat Dutch Shed pic, 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 Dunng her 37-ycar career, Ms. Keeth held multiple positions oi 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 pnncipal accounting officer of Mobil Corporation

Ms Keeth's extensive semoi leadership experience at Shell, a complex global business organization, positions her well lo advise the Board and senior management on a wide range of strategic and financial matters Ms. Keeth brings to Il Board, among other skills and qualdcations, valuable business, leadership and operations management expenience in a global, capital-intensive business. As a result of this expenence. She is able to provide insights into many aspects obusiness, 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, end 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 es President and Chief Operating Officer and had responsibility for the operations of the Company's network/ajased bustnesses-Venzon Wireless and Venzon Telecom and Business-as well as Vonzon's shared
services operations Pror to assuming this role. Mr McAdam held key executive positions at Venzon Wireless from 105 role as the company's Executive Vice President and Chief Operating Officer Before the formation of Venzon Wireless. Mr McAdam held
executive positions with PnmcCo Personal Communications, a joint venture owned by Bell Atlantic and Vodafone AirTouch, AirTouch Communications and Pacific Bell

Mr McAdam bnngs to the Board a unique understanding of our strategies and operations through his broad expenence 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 expenence enables Mr. McAdam lo play a key role in all matters involving our Board) and positions him well to act not only as (he Board's Chairman, but also as the pnncipal 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 riad net sales and revenues of S23.1 billion and approximately 51,300 employees as of October 31, 2009 Dunng his 28 years at Deere. Mr. Lane held positions of increasing responsibility across a wide vanety of domestic and overseas units These positions included serving as President and Chief Operating Officer of the company. President of the Worldwide Agnicultural Equipment Division. Chiof 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 4 Company and as a senior executive in several of its business units provides him with valuable business, leadership and management expenence, including expenence leading a large, complex organization with global operations Thus background grees 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 Electnc 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

DONALD T. NICOLAISEN

Mr Nicolaisen, 69, was Chief Accountant of the U S. Seeunties and Exchange Commission from 2003 to 2005. In thai rule, Mr Nicolaisen was responsible for establishing and enforcing accounting and auditing policy applicable to all U S. reporting companies and for improving (he professional performance of public company auditors Pnor to joining the SEC. he was a Partner in PnccwaterhouseCoopers and its prodecessors, which he joined in 1967 Al 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 bnngs to the Board a range of expenencc in readership positions in both the public and privalc sector His extensive expenence 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-dcpth understanding of nsk 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 lhe Corporate Governance and Policy Committee. He is also a director of MGIC Investment Corporation (since 2006). Morgan Stanley (since 2006) and Zurich Insurance Group (since 2006).

CLARENCE OTIS, JR.

Mr Otis. 57. has been Chairman of Darden Restaurants. Inc., a restaurant holding company, since 2005 and Chief Executive Officer since 2004. Darden Restaurants is the largest company-owned and operated full-service restaurant company in the world As of May 26. 2013. the company's 206.000 employees operated 2.138 restaurants in the United States and Canada and generated fiscal 2013 sales of SS 5 billion Mr Otis joined Darden in 1995 as Vice President and Treasurer and held positions of increasing responsibility, including servining as Chief Financial Officer from 1999 until 2002, Executive Vice President from 2002 to 2004 and President from Sentence Barbeque & Gnll, a restaurant concept lormorty owned and operated by Darden Restaurants, from 2002 to 2004 In addition, Mr Otis bas 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 nsk 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 expired for the operational challenges Venzon faces in addition, as a result of his expenence at the Federal Reserve Bank Allanta. Mr Otis is positioned well to advise the Board and senior management on inst 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. Pnor 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 thermodal transportation, negotiating intermational transportation agreements and assuring the fitness of U S aritines. Pnor 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 hrm 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 tho Board Ns expenence guiding clients in developing infrastructure, as well as insights on tile 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 pic (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 Stales 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 lhe company's global supply chain Ms. Tesija joined Target in 1986 and was apparted to numerous positions of increasing responsibility at the company, ranging from Director. Merchandise Planning to Senior Vice President. Hardlmes Merchandising

As a result of her long tenure at Target. Ms Tesija has gained broad business and leadership expenence Along with her significant management skills, Ms Tesija bnngs lo the Board an in-dcpth 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 largos! 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-ted health and beauty group across Europe with a presence in more than 25 countnes. 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 pined 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 2004. Executive Vice President of Walgreens in 2004.

As Chief Executive Officer of Walgreens. Mr. Wasson has gained valuable operational and management expenence at a complex organization with a large, diverse workforce and significant global operations, which gives him a thorough understanding of the challenges facing Venzon to implementing our growth strategies Mr Wasson bnngs to the Board an in-depth knowledge of the retail industry and insight into the consumer expenence. 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

Ratification of Appointment of Independent Registered Public Accounting Firm (Hem 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 dunng fiscal years 2013 and 2012.

2013 2012

Audit fees Audit-related fees Tax fees All other fees 8 4 4 5 24 6 million \$4 \$23.9 million \$3.3 million \$3.6 million \$4.0 million \$1.1 SO 7 million \$3.7 million \$4.0 million million S3 6 million SO 7 million

million

Audit fees include the financial statement audit, lhe 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 Slates Audit-related fees primarily include audits of other subsidiaries, employee benefit plan audits, reviews of controls over services provide to customers, as well as other audit and undertained audits previous of controls over services by controls over services by controls over services by certain acquisitions or dispositions Tax fees primarily consist of federal, state, local and international tax planning and compliance All other fees primary consist of support services to certain version expatante 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

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 penodically considers whether there should be a regular rotation of the independent registered public accounting firm The Committee ensures that the mandated rotation of the independent registered public accounting firm s personnel occurs routinely and is directly involved in the selection of Ernst & Young's lead engagement partner.

The Committee has established policies and procedures regarding pre-approval of services provided by the independent registered public accounting firm and is responsible for the audit fee negotiations associated with the engagement of the independent registered public accounting firm by provide audit services based on fee estimates. The Committee also 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 and services and engregate 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 (he reappointment of Ernst & Young for the 2014 fiscal year The Committee believes that the continued retention of Ernst A 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.

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 Carridn Mclanie Healey M Frances Keeth Clarence Otis, Jr Gregory Wasson

Dated February 25, 2014

Compensation Discussion and Analysis

The Human Resources Committee of the Board of Directors oversees the development and implementation of the total compensation program for Venzon's named executive officers. Throughout this discussion and analysis of compensation, The Human Resources Committee of the Board of Directors oversees the development and implements we refer to the Board and (incl 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 - Vorizon Enterprise Solutions
Executive Vice President - Public Policy and General Counsel

For 2013. Venzon's named executive officers were

Lowell C McAdam Damcl S Mead

Francis J Shammo John G Stratton Randal S Milch

Venzon'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 secunty We also passed a strategic milestone, entening into a transaction that would give us sole ownership of Venzon Wireless, which we expeel 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 Metno 2013 Result Change from 2012

Adjusted EPS Total Revenue Froo Cash Flow Return on \$2.84 \$120 6B S22.2B 26.8% 4.1% 45 Equity 23 6V. 26 65 bps

i 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 long4erm 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

Approximately 90% of our named executive officers' annual total compensation opportunity is variable, at nsk and incentive-based The pnmary components of our executive compensation program and their approximate percentage of the tolal compensation opportunity are as follows

90% variable, tncenlive-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 equily-based award thai 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 tile Related Dow Peers and described beginning on page 32 and in Appendix B The Committee references lhe 50 in 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 metnes used under the program, the Committee considers the impact of the compensation program on the Company's nsk profile The Committee believes thai Venzon's compensation program has been structured to provide strong incentives for executives to appropriately balance nsk and reward consistent with the Company's enterprise business nsk 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 Vonion's executive compensation program Management and tile Consultant provide a report to tile Committee on the results of that outreach. The Committee believes this program provides opportunities for shareholders to provide input on Vcnzon's executive compensation program and policies in addition to the annual say-on-pay vote

Tho 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 tie Company's Annual Meeting of Shareholders held tn 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 sliareholder 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 tho Company's investors duning the semiannual shareholder outreach program described above, the Company continued to apply tho same effective principles and philosophies highlighted above and desenbed more fully below that have been applied in pnor 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 Venzon'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 Venzon) in the Dow Jones Industrial Average, plus Venzon'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, companies based on market capitalization, net income, revenue and total employees that are included in an established and recognizable index, as well as Venzon'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 Venzon's pnmary competitors for executive talent and investor dollars. Moreover, this peer group is self-adjusting so that changes in the companies 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 Venzon's performance and makes it easier for shareholders to evaluate, monitor and understand Venzon's compensation program

To determine whether tlie 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 short4erm and long-term incentive plans - to the total compensation opportunities for executives in comparable positions at peer companies The Committee generally references the 50percentile of the Related Dow Peers for (otal compensation opportunity, although the total compensation opportunity may be above or below the 50 "percentile depending upon the tenure and overall level of responsibility of a particular executive The Committee believes (hat this is an appropriate targeted level of total compensation opportunity because of Venzon's emphasis on performance-based incentive pay and Venzon's size relative to the Related Dow Peers Actual total compensation may fall above or below the targeted percentile based on annual and long4erm performance results.

Appendix B to this proxy statement includes a chart that lists the companies included to 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

Venzon's compensation program is designed to

Align executives' and shareholders' interests through (he use of performancc43ased compensation, and Attract, retain and motivate high-performing executives

To promote a performance-based culture that further [inks the interests of management and shareholders, tho Committoe 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-

Additionally, (he Company's compensation program features three-year long-term incentive awards, including PSUs subject to both performance-based and time-based vesting requirements and, lo encourage high-performing executives to remain with the Company. RSUs that vest based on lhe executive's continued employment through the end of the three-year performance cycle.

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 pnncipal elements of Venzon's executive compensation program

Pay Element Characteristics Primary Objective

Base salary Short-term incentive opportunity (STI) Long-term incentive opportunity (LTI)

Annual fixed cash compensation Annual Attract and compensate high-Annual tixed cash compensation AnnualAttract and compensate high-vanable cash compensation based on performing and expenenced the achievement of annual performance executives Incentivize executives to measures Long-term vanable equity awards granted annually as a combination of PSUs and RSUs interests with those of shareholders

interests with those of shareholders to grow long-term value and retain executives

As discussed above, the Committee references the 50 th 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-hased culture, the Committee has determined that a substantial majority of each named executive officer's total compensation opportunity should be vanable and performance-based Accordingly, the Committee determined m 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.

The following chart illustrates the approximate allocation of the named executive officers' total compensation opportunity for 2013 between elements that are vanable, performance-based and fixed pay

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2013 Annual Base Salary

To determine an executive's base salary, the Committee, in consultation with the Consultant, reviews the competitive pay practices of the Related Dow Peers for comparable positions and considers the scope of the executive's responsibility To determine an executive's base salary, the Committee, in consultation with the Consultant, reviews the competitive pay practices of the Related Dow Peers for comparable positions and considers the scope of the executive storage and experiences In particular, the Committee also discusses its assessment of the other named executive officers with the CEO. Based on its assessment, (he Committee approved a base salary increase in 2013 of 12.5% for Mr. Med. 10.7% for Mr Shammo, 7.4% for Mr Stratton and 3.1% for Mr. Mich. The base salary levels of the named executive officers were adjusted with the goal of providing a total compensation opportunity that more closely approximates the 50 th percentile for comparable executives within the Related Dow Peers, with approximately 10% of each named executive officer's total compensation opportunity provided in (he form of base salary increase that Mr. McAdam has received since 2010 when he was promoted to lhe position of President and Chief Operating Officer of Venzon

The Venzon Short-Term Incentive Plan, which is referred to as the Short-Term Plan, motivates executives to achieve challenging short-term performance goals Each year, the Committee establishes the potential value of the opportunities under the Short-Term Plan, as well as the performance targets required to achieve these opportunities.

The Committee sets the values of the Short-Term Plan award opportunities as a percentage of an executive's base salary. The applicable percentage for each named executive officer is based on the scope of the executive's responsibilities and on the competitive pay practices of the Related Dow Peers. These award opportunities are established at threshold, target and maximum levels. The Short-Term Plan award opportunities at the threshold, target and maximum levels for each of the named executive officers are shown in the Grants of Plan-Based Awards table on page 46

The following chart shows the 2013 Short-Term Plan target award opportunity for each of the named executive officers Named Executive Officer

3.750.000 990.000 B52.500 797.500 737.000

2013 Short-Term Plan Target Award Opportunity

(S) Mr. McAdam Mr. Mead Mr Shammo Mr Stratton Mr Milch

The 2013 target award opportunities for our named executive officers, expressed as a percentage of base salary, did not increase from the target levels established for their 2012 award opportunities Whether, and the extent to which, the named executive officers earn the targeted Short-Term Plan award is determined based on whether Venzon achieves performance measures established by the Committee at the beginning

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The named executive officers are also eligible to receive medical, disability and savings plan benefits that are generally provided to all management employees, as well as certain other benefits that are described under 'Other Elements of the Tolal Compensation Program' beginning on page 40.

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Determination of Annual Performance Measures

The Committee reviews and establishes the performance measures for the Short-Term Plan on an annual basis to help ensure that the program design appropriatery motivates executives to achieve challenging financial and operational performance goals in the first quarter of 2013, the Committee reviewed and approved the following annual financial and operating performance measures for all corporate executives, including the named executive officers, and asenbed performance goals In the first quarter of 2013, the Committee reviewed and approved the following annual financial and operating performance each the weighting shown below as the percentage of the total Short-Term Plan award opportunity at target level performance

WHS Short-Term Pten Perl orrr e nee Measures

B 7∎>!;=! Ppv*i.,i« ■ He* c.i:,ri Twt

Consistent with 2012, the Committee based the Short-Term Plan award opportunities for all corporate executives, including the named executive officers, pnmanly on three Company-wide financial performance measures, as determined by specific goals for adjusted EPS: revenue and free cash flow These three measures were selected to reflect the Company's strategic goals of encouraging profitable operations, overall growth in the Company and efficient use of capital The Committee believes that these performance measures are appropriate to incentivize the Company's executives to achieve outstanding short-term results and, at the same time, help build long-term value for shareholders

Adjusted EPS The Committee also views adjusted EPS as an important indicator of Venzon's success The Committee assigns tho greatest weight to adjusted EPS in determining awards under the Short-Term Plan, because it is broadly used and recognized by investors as a significant indicator of Venzon's ongoing operational performance and is a clearly defined indicator of the Company's profitability Adjusted EPS excludes non-recrumng and non-operational items, including but not limited to impairments and gains and losses from discontinued operations, business combinations, changes in accounting pnnciples. the net impact of pension and post-retirement benefit costs, extraordinary items and restructurings As a result, adjusted EPS is not positively or negatively impacted from penod to penod by these types of items, so the Committee believes it better reflects the relative success of the Company's ongoing business

Revenue. The Committee also views achievement of consolidated total revenue goals as an important indicator of the Company's growth and success in managing its capital investments This measure also reflects the level of penetration of Vcnzon's products and services in key markets.

Free Cash Flow. The Committee views consolidated free cash flow as another important indicator of Venzon's success in delivering shareholder value, because investors often consider free cash flow as part of lhoir equity valuation models Free cash flow is determined by subtracting capital expenditures from cash flow from operations. The Committee believes that this type of cash flow measure is relevant for Venzon because Venzon's businesses require significant capital investment, and the level of free cash flow reflects how efficiently a business is managing its capital expenditures Free cash flow also provides an indication of the amount of cash that the Company has available to return to shareholders in the forn of dividends and to reduce its outstanding debt, both of which we consider to be important Diversity. The Company is committed to promoting diversity among its employees and to recognizing and encouraging the contribution of diverse business partners to the Company's success To reflect that important commitment, the 2013 performance measures also include a diversity measure for 2013. the Committee determined that the diversity target would be measured for these purposes by the percentage of new hires and promotions at and above the manager level consisting of minority and female candidates and the levels of supplier spending at the corporate level with minority- and female-owned or operated firms

The value of the Short-Term Plan award opportunity with respect to each performance measure vanes depending on the Committee's assessment of the Company's performance with respect to that measure. The Committee also has the discretion to modify awards based on other factors that it deems appropriate.

In addition, under the Short-Term Plan no awards may be paid tf Venzon's return on equity for the plan year, calculated based on adjusted net income (ROE), does not exceed 8%, even if some or all of the other performance measures are

2013 Annual Performance Measures

The 2013 annual performance measures for all corporate executives, including the named executive officers, were An adjusted EPS target range of \$2.52 lo \$2.66,
A consolidated total revenue target range of \$121 4 billion to \$122 0 billion, A consolidated free cash flow target range of \$20.8 billion to \$22 4 billion, and
A diversity target of (i) having 50% of new hires and promotions at and above the manager level consist of minority and female candidates, and (< •) directing at least 10% of the overall supplier spending at the corporate level to minority
- and female-owned or operated firms.

In 2013, Venzon reported generally strong results. Venzon's 2013 results 1 included

Adjusted EPS of \$2.84, which exceeded the target range.

Consolidated total revenue of \$120 6 billion, which was just below the target range. Consolidated free cash flow of \$22.2 billion, which was within the target range; and Diversity in new hires and promotions above target performance and supplier spending above target performance.

After considering the level of performance with respect to each performance measure, and applying its business judgment based on its assessment of the level of achievement of each goal individually and collectively, the Committee and, for Mr. McAdam, the independent members of the Board, determine the final Short-Term Plan awards at a percentage of (he target level for all participants. For 2013, the payout percentage was determined to be 110% of the target level Tor all

corporate executives. The following table snows the amount of the Short-Term Plan swards paid to each named executive officer Named Executive Officer

36

4 125 000 1 089 000 937 750 877 250 810 700

Actual 2013

Short-Term Plan Award

(SI

Mr McAdam Mr Mead Mr Shammo Mr Stratton Mr Milch

1A reconciliation of non-GAAP measures to tho most directly comparable GAAP measures may be found in Appendix C to this proxy statement

Long-Term Incentive Compensation

The Venzon Long-Term Incentive Plan, which is referred to as the Long-Term Plan, is intended to reward participants for the creation of long-term shareholder value over a three-year paned 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 penod that is longer than one year and rorder to meaningfully evaluate the performance of long-term strategies and trie effect on value created for shareholders' assert on this consideration, the Committee determined that a three-year performance cycle for the Long-Term Plan awards was appropriate

Consistent with the three pnor award cycles, the 2013 PSUs are payable in cash and the 2013 RSUs are payable in Venzon shares. The Committee believes (hat 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 arc only paid to the extent that PSUs arc vested and earned The Committee determines an executive's total compensation opportunity by assuming that he or she will earn 100% of the PSUs Initially awarded in any performance cycle However, the number of PSUs that are actually earned and paid is determined based on Venzon's achievement of the pre-established performance goals over the three-year performance cycle The final value of each PSU is based on the closing pnee 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 (o 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 pnee. 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 Vcnzon's relative TSR performance and one-third is eligible to vest based on Vcnzon'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 (he 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 Mr McAdam, 525% of base salary for Mr Sales salary for Mr Milch The target award opportunities for the named executive officers increased over their 2012 target award opportunities are 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-forperformance 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 dale.

38
The following table shows the target value of the awards granted to the named executive officers dunng 2013 in connection with the annual long-term incentive compensation opportunity Additional detail regarding the 2013 PSU awards, including the performance requirements, follows the table Named Executive Officer

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

Two-thirds of the number of PSUs awarded are eligible to vest based on Venzon's TSR as compared to the TSRs of Ihc 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 Verizon'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 dunng the three-year performance cycle must rank at least 15 **>, or at the 58 (h 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 Vcnzon's TSR dunng the three-year performance cycle ranks among the top four companies in the Related Dow Peers, which corresponds to the 91 st percentile or higher If Venzon's TSR dunng the three-year performance cycle ranks below 25 Hi. or below approximately the 27 * 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) (refened 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 companing 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. 1 he number of FCF PSUs that will vest will range from 0% rf performance to 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 Vcnzon'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 Vcnzon's relative TSR positioning compared with the companies in the applicable Related Dow Peers

Ranking Among the Companies in the Related Dow Peers

Corresponding Relative TSR Percentile Ranking Percentage of Awarded Among the Companies in the Related Dow Peers PSUs that will Vest

1 -4 5-8 9-12 91 *i to 100 th 79 to 88 th 67 ti to 76 th

17-21 22-25 26-34 75% 50% 0%

39 ih to 52 "<.1 27 m to 36 LI< 0 lo 24 to

Over the three-year performance cycle ending on December 31. 2013. Venzon's TSR ranked 13 th , or at the 64 Hi percentile, when compared to the Related Dow Peers. As a result of this achievement, m early 2014 the Committee approved a payment to all participants, including the named executive officers, of 100% off 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 64 in 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 desembed 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 parachule payments.

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 mailers while in transit Additional information on Company-provided transportation is included in footnote 4 lo the Summary Compensation Table on page 45

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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 4b

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

In 2006, the Committee determined that guaranteed pay to the forni 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 Vonzon's named executive officers were eligible to participate in the Company's (ax-qualified and nonqualified retirement savings plans These plans are described in the section tilled "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 pan of an overall program designed to attract, retain and motivate the highest quality management team. However, the Committee docs 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 ts involuntanly 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 brood-based sovcranco 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 involuntanly terminated without cause or, in the case of a named executive officer, if the independent members of (he Board determine (hat (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 penod 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 (he severance plan The plan does not provide for any severance benefits based upon a change in control of the Company.

Under the plan, (he 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 penod of one year after their separation from employment.

Consistent with the Committee's belief that named executive officers should not be entitled (o receive cash severance benefits merely because a change in control transaction occurs, the Long-Term Plan does not allow "single tngger" 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 do after the end of the applicable award cycle

To further align the interests of Vcnzon'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 salanes. Executives are also prohibited from short-selling or engaging in any financial activity where thoy would benefit from a decline in Venzon's stock pnee.

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 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

The Committee believes that it is appropriate that Ihe 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 inlo 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.

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 definos severance pay broadly to include payments for any consulting sorvicos, payments to orset tax liabilities, payments or benefits that are not generally available to smillarly-situated management employees and payments in excess of, or outside, the terms of a Company plan of policy.

Federal income tax law generally prohibits publicry-hold companies from deducting compensation paid to a named executive officer (other than a chief financial officer) that exceeds S1 million during the tax year unless it to 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 lhat 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 (he named executive officers under the Short-Term Plan, as well as the PSUs

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awarded under the Long-Term Plan, arc generally intended to meet the performance-based exception for deductibility under the tax taws

The Committee also considers the effect of certain accounting rules that apply to the vanous aspects of the compensation program available to the named executive officers. The Committee reviews potential accounting effects in determining whether its compensation actions are in the best interests of the Company and its shareholders The Committee has been advised by management that the impact of (he vanable accounting treatment required for long-term incentive awards that are payable in cash (as opposed to fixed accounting treatment lor awards that are payable in shares) will depend on future stock performance.

Committee Actions Taken After Fiscal Year 2013

On February 6, 2014. the Committee recommended, and the Board of Directors approved, compensation adjustments for Mr. McAdam, and the Committee approved compensation adjustments for Messrs Mead, Shammo. Stratton and Milch. In making these decisions, the Committee, and in the case of Mr. McAdam. the Board, noted (hat the changes reflect Vorzon's commitment to emphasizing performance-based incentive pay and compensating its executive officers at levels commensurate with Venzon's position in the market. For 2014, Mr. McAdam's target annual long-term incentive opportunity, expressed as a percentage of base salary, was increased from 625% to 75% of Mr. Adam's target annual short-term incentive opportunity for each of the named executive officers other than Mr McAdam, expressed as a percentage of base salary, was increased from 110% to 150%. The base salanes of each of the named executive officers were increased as follows for Mr McAdam, 67%, for Mr McAdam, 65%, for Mr Shammo, 65%, for Mr Shammo, 65% for Mr Milch, 8.2% The base salary adjustments are effective March 2, 2014 No change was made to Mr. McAdam's target annual short-term incentive opportunity, and no change was made to the target annual long-term incentive opportunities for any of the named executive officers other than Mr McAdam.

Compensation Tables **Summary Compensation Table**

Penwn Value and Non-Equ*> Noncrualfied nccnin* Pbn DeterredA| Other Option Compensator! Compensate nC
Name and

(S)

(S) Bonus Awaidi¹ Award* (Si <*) Year (b) 2013 2012 Pnncipal PMiUon (S) (d) 0 iSI (S) (S) 4.125.000 3.150.000 64 686 213.468 2 500 0»J LdwcSC McAdam Chairman and CEO 9 375 077 8.750 OM 0 1.480 7G9 1.400,000 (i) (p 760 674 15.826.606 535.577 14 049.100 2011 1.400000 2013 6*0 769 0 ia.7S3.0raS 0 4.725.020 0 2 362 500 1,089 000 199,64J 127.161 460 719 23.120 400 5 286.634 7.161067 DanelS Mead Executive Vice 794731 0 4.700.026 0 792.000 386.096 225.253 6.399.606 and Prettier it an
Verizon Wileteii
Kranca J Shammo
Executive Vko
Pfostdenl
and CFO
JohnG Stratton
Executive Vice
Preudent
and Preudent
Varinn Enterpry
Solnona
Randal S Mth
Enacutive Vice
Plawicht
Public Potcy and 2011 725000 0 3.B0G.258 734.063 175217220 103 5 660 641 2013 760 577 0 4.068.78J n 937 750 10 475 163 470 5 941 061 0 3.675.003 0 3.543 775 0 3,806 29/ 2012 G9fl 077 2011 C75 000 2013 715 385 9.841 5 214.925 1*4 351 5 051 063 139,433 5.575.493 693.000 9 004 683.436 37.126 <u>0</u> 877.250 2012 673 558 0 3 543 79G 668 250 31 776 143 629 5 0G1 009 2013 6GG.154 0 3.350.006 129.710 5 030 09 0 810,700 2012 648,077 0 3,250.070 0 643.500 56.366 2011 621 154 0 3.125 042 0 632813 61.182 125 949 4.725,912 12G.026 4 566.217

Award 2012 2013 (\$1 2011 Special 2011 2011 Special 2011 5 250.034 7 000 031 5 250 033 5,625 037 2 10.500,060 14.000,062 10.500,066 11.250 074.4 283 755 NA 2 520 008 2 835 012 567.510 NA 5 040 016 5 670,024 4 252.530 2126265 NA 2 205002 2441,260 NA NA 4410 004 4 862 520 NA NA 4 252 NA 12 126 270 2 283 759 1 875 025 NA 5 40 4567.518 3 750 050 NA 3 900 024 4 020.008 Mr McArum Mr Uaad Mr Snammo Mr Slratton Mr Mildn

1 050 012 2 010 004 4 020 008

2Tho amounts in this column for 2013 reflect the 2013 Short-Term Plan award paid to the named oxecutivo officers in February 2014 as described on pages 34-37

as described on pages 34-37

3The amounts in this column for 2013 reflect the above-market earnings on amounts held in nonqualified deferred compensation plans. Messrs Shammo and Stratton are not eligible for pension benefits. For Messrs McAdam, Mead and Milch, for 2013 there was a reduction in pension value of \$233,803, \$48,231 and \$13,162, respectively, based on the applicable calculation formula in accordance with SEC rules, because tho aggregate change in the actuanal present value of the accumulated benefit under the defined benefit plans was a negative number for 2013. In he amounts shown in this column for 2013 for Messrs. McAdam, Mead and Milch reflect above-market earnings only. Vorzon's defined benefit plans were frozen as of June 30, 2006. and Venzon stopped all future benefit accruals under these plans as of that date All accruals under lhe Verizon Wireless pension plan were frozen as of December 31, 2006

4Trie following table provides the detail for 2013 compensation reported in the "All Other Compensation" column

ny Cofitremens onquatried Deferral Phn tt) al Ute of Company

(\$L

Othe' <* It)
780 874 286 634 163 476 139 433 129 710

Company Contributoni lo the Life Inturance Benefil <= (S) 120,304 4,293

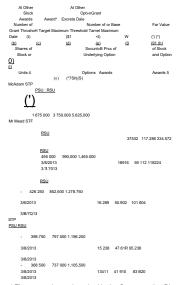
**Executive life insurance is available to executive son a voluntary basis. Executives who choose to participate in this program are excluded from the basic and supplemental life insurance programs that Venzon provides to management employees. The executive life insurance policy and is received the secutives who choose to to participate in the executive life insurance policy and is received the secutives who choose to to participate in this program are excluded from the basic and supplemental life insurance programs that Venzon provides to management employees. The executive were the executive life insurance policy and is receive that payment. For all named executive officers the executive life insurance policy and is received that payment. For all named executive officers the executive life insurance policy and is received that payment. For all named executive officers the executive life insurance policy and is received that payment. For all named executive officers the executive life insurance policy and is received that payment. For all named executive officers the executive life insurance policy and is received that payment. For all named executive officers the executive life insurance policy provides a death to two times the sum of the executive's base salary plus his short-term incentive opportunity at 67% of target level if the executive dies before a designated date. For Messrs MacAdam. Mead. Shammo and Stratton. this date is the latest of the participant's retirement date, the date on which he reaches age 65.

4This column represents the total amount of other perquisites and personal benefits provided These other benefits consist of (i) for Mr McAdam, non-recumng expenses for home security, (ii) for Mr Mead, financial planning services and personal bravel, and (in) for Messrs Shammo, Stratton and Milch, financial planning services and personal bravel for Mr Mead is equal to the Company's payment for the services, up to \$10,000 The aggregate incremental cost of personal travel for Mr Mead is equal to th

periorinative cycle is greated than 100% and 200%, respectively. The award will be settled in shares of Venzon common stock, and Mr McAdam will be required to hold any shares he receives for at least two years following the vesting date unless he dies or

The following table provides information about the 2013 rjwards granted under (he Short-Term Plan and the Long-Term Plan (o each named executive officer

Grants of Plan-Based Awards



1 These awards are desenbed in the Compensation Discussion and Analysis on pages 34-39.

2The actual amount awarded in 2013 was paid in February 2014 and ts shown to column (g) of the Summary Compensation Table on page 44.

3These columns reflect the potential payout range of PSU awards granted in 2013 to our named executive officers in accordance with the Company's annual long-term incentive award program, as described on pages 38-40 At the conclusion of the three-year performance cycle, payouts can range from 0% to 200% of the target number of units awarded based on Verizon's relative TSR position as compared with the Related Dow Peers and Venzon's cumulative free cash flow over the three-year performance cycle as desembed in more detail on pages 38-40 PSUs and the applicable dividend equivalents are paid only and to the extent that the applicable performance cntena for the award arc achieved at the end of the award cycle When dividends are distributed to shareholders, dividend equivalents are cachieved at the end of the and dividend by the fair market value of the Company's common stock on lhat date

"This column reflects the RSU awards granted in 2013 to the named executive officers to accordance with the Company's annual long-term incentive award program When dividends arc distributed to shareholders, dividend equivalents are credited on the RSU awards in an amount equal to the dollar amount of dividends on the total number of RSUs credited as of the dividend distribution date and divided by the fair market value of the Company's common stock on that date SThis column reflects the grant date fair value of each equity award computed in accordance with FASB ASC Topic 718 based on the closing pnee of Venzor's common stock on the grant date. For PSUs, the grant date fair value has been determined based on the vesting of 100% of the nominal PSUs awarded, which is the performance threshold the Company believes is the most likely to be achieved under the grants.

Outstanding Equity Awards at Fiscal Year-End

Mr oi Mvfell VIM 6 or nl Sham or if Slock UMi & Slock Sham Units or Other KiqM* Tha: Hjive Not Nurr.M* ot SecuMst Und*rijang Unearned Exeionu On ion

21 Jx 700 8.570 704 4 634 541

Firner*

iTho annual 2012 and 2013 RSU awards vest on December 31, 2014 and December 31, 2015. respectively Mr. McAdam's 2011 special RSU award vests on July 31, 2016 RSUs accrue quarterly dividends that are reinvested into the participant's account as additional RSUs and will be included in the final RSU payment if the awards vest. This column includes dividend equivalent units that have accrued through December 31, 2013. 2This column represents the value of the RSU awards listed in column (g) based on a share pnee of \$49.14. the closing pnee of Venzon's common stock on December 31, 2015. PSUs accrue quarterly dividends that are reinvested into the participant's account as additional PSUs. PSUs and the applicable dividend equivalents are paid if and to the extent that (lie applicable PSU award vests on December 31, 2015 respectively Mr McAdam's 2011 special PSU award vests on December 31, 2015 respectively that (lie applicable PSU award vests on July 31, 2016 RSUs accrue quarterly dividends that are reinvested into the participant's account as additional PSUs. PSUs and the applicable dividend equivalents are paid if and to the extent that (lie applicable PSU award vests. As required by SEC rules, the number of units in this column represents the 2012 PSU awards at a 19% vesting percentage, the 2013 PSU awards at a 78% vesting percentage, and Mr. McAdam's 2011 special PSU Award at a 200% vesting percentage, in each case including accrued dividend equivalents through December 31, 2013 that will be paid to the executives if the awards vest at the indicated levels.

4This column represents the value of the PSU awards listed in column (i) based on a share pnee of \$4.914, the closing pnee of Venzon's common stock on December 31, 2013

The following table reports the value realized from the vesting of the following stock-based awards for the named executive officers

2011 PSUs that vested on December 31, 2013. and 2011 RSUs that vested on December 31, 2013

The following table also reports the number of partnership value appreciation nghts ("VARs") Mr McAdam exercised in 2013. which were granted to Mr. McAdam on March 31. 2004, by Venzon Wireless, his employer on that date. Mr McAdam exercised his VARs in December 2013 in connection with the impending expiration date of the 10 year term of the award and the expiration of the VAR program on March 31, 2014

In 2014, based on the Company's relative TSR as compared with the Relaied Dow Peers, the Committee approved a vested percentage of 100% of the target number of PSU awards granted for the 2011-2013 performance cycle for all participants, including the named executive officers The values of the 2011 PSU awards upon vesting for Mr. McAdam, Mr Mead. Mr. Shammo. Mr. Stratton and Mr Milch were \$8,165,769. \$3,552,093, S3.307.139, \$2,799,689. and \$2,916,366. respectively, and the value of the 2011 RSUs upon vesting for Mr McAdam, Mr. Shammo. Mr. Stratton and Mr Milch were \$5,443,827. \$2,368,062, \$2,204,759. \$1,866,497 and \$1,944,244, respectively.

Option Awards Stock Awardb Vakie Resized or Number of Shares Acquired or

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reamo (o)	Exercise '	Exercise 1 (*) (0	(b) (e)	Vcttmg ?	VetIng 3 . 3 <«) ft) (d) (e)
Mr McAdam Mr Mead Mr Shammo Mr Stratton Mr	420 863 20.620.093 0 0	00000		276.956 13.609.596 13 94,957 4,666.186 98.9		112,167 5.511.898 4 860.610

The option awards listed for Mr McAdam represent VARs granted on March 31, 2004, by Venzon Wireless, his employer on that date The value realized on exercise represents the difference between S63 36, the value of the corresponding Venzon Wireless partnership nghts on the date the nghts were exercised, and \$13 89, the exercise pnee for such nghts. The value of the Venzon Wireless partnership nghts was determined by en independent third party valuation in November 2013. in accordance with the terms of the VARs and consistent with past practice

2The amounts include dividend equivalents that were credited on the PSU and RSU awards that vested on December 31, 2013 in accordance with the terms of the awards The amounts in this column represent the number of shares acquired

on vesting multiplied by \$49 14. the closing price of Venzon's common stock on December 31. 2013
3The amounts in this column include \$2,960,078 for Mr Mead and \$466,619 for Mr Stratton that were deferred under the Venzon Executive Deferral Plan in 2014 when the amounts would have otherwise been paid

Effective June 30, 2006. Venzon froze all future pension accruals under its management tax-qualified and nonqualified defined benefit pension plans. All accruals under the Venzon Wireless defined benefit retirement plan (tax-qualified and nonqualified) were frozen as of December 31, 2006 Each of the named executive officers other than Messrs Shammo and Stratton is eligible for a frozen pension benefit

Nonqualified) Were trozen as or becember 31, 2000 Each of the harmed executive onicers of une mean was a senamina and addition is engine for a note in person become.

Verizon Management Pension Plan and Venzon Excoss Pension Plan is a nonqualified defined benefit pension plan and the Venzon Excess Pension Plan and the Venzon Excess Pension Plan is a tax-qualified defined benefit pension plan and the Venzon Excess Pension Plan is a tax-qualified defined benefit pension plan and the Venzon Excess Pension Plan is a tax-qualified defined benefit pension plan and the Venzon Excess Pension Plan is a tax-qualified defined benefit under either of these plans because he was employed by Venzon Wireless pror to January 1. 2007 Under the Venzon Management Pension Plan and the Venzon Excess Pension Plan, the normal retirement age is age 65 with at least 5 years of service, and total age plus years of service equal to at least 75 Messrs Mead and Milch are eligible for early retirement benefits under the Venzon Management Pension Plan and the Venzon Excess Pension Plan is based on the cash balance formula noted below, and each of them is vested in the benefit.

Until June 30. 2006, Mr. Milch earned pension benefits under a cash balance formula that provided for retirement pay credits equal to between four and seven percent (depending on age and service) of annual eligible pay for each year of service. Under the cash balance formula, a participant's account balance is also credited with monthly interest based upon the prevailing market yields on certain U S Treasury obligations. Eligible pay under the Venzon Management Pension Plan consisted of the employee's base salary and tho short-term incentive award, up to tile IRS qualified plan compensation limit. Pension benefits for all eligible pay in excess of the IRS limit were provided under the Venzon Excess Pension Plan based on the cash balance formula At the timo that tho tax-qualified and nonqualified pension plans were frozen to future pension accruals on June 30. 2006. plan participants wore provided with a one-time additional 18 months of benefits as a transition matter.

As a former employoo of GTE Wireless Incorporated, Mr. Mead earned a pension benefit under the Venzon Management Pension Plan based on the better of two highest average pay formulas The first formula was based

on 1.35% of his average annual eligible pay for the five highest consecutive eligible years of service. The second formulæariest age at which he can retire without having the retirement benefit reduced under the plan. For Mr McAdam, the assum security, with a 1.15% accrual for eligible pay under the social security integration level and a 1.45% accrual above the sMilch with respect to the applicable plan is less than the named executive officer is number of actual years of service with the Incorporated employees employed by Venzon Wireless, and Mr Mead cassed lo accrue a pension under those formulasmonqualified portion of the Venzon Wireless Pension Plan For Mr Mead and Mr Milch, the 8 and 9 years of credited service ragain cam a pension under the better of (i) the 1.35% highest average pay formula or (in) the cash balance formula were frozonthoution savings Plan, the named executive Officers are participants in the Company's tax-qualified defined contribution calculation. As noted above, accruals under the 1.35% highest average pay formula or (in) the cash balance formula were frozonthoution savings plan, the Venzon Executive Deferral Plan, which is referred to as the Deferral Plan The named executive 2005, the value of his nonqualified benefit was determined as a lump sum. and a nonqualified cash balance account was Plan, participants are eligible to 8 years of the under the nonqualified cash balance along the pay in excess of the under the nonqualified cash balance formula were frozen effective June 30. 2006 Venzon Wireless Retirement Plan Inprovides a matching contribution equal to 100% of the first 6% of base salary and short-term incentive compensation that a participant in the Savings Plan and the Deferral Plan are eligible for an addition May 31, 2004. a cash balance formula that provided pay credits equal to two percent of Annual eligible pay up to the IRXdeferrals, in the case of the Deferral Plan in determining whether to make a profit-shaning contribution was 30 s/W Messrss. McAdam, Mead, Shanmo and

accrue any additional benefits other than market-based invepension plans and nonqualified deferred compensation plans, which are reported in the "Pension Benefits" and "Nonqualified Deferred Compensation" tables above Thoso benefits are new deferrals were permitted after 2004. Participants retain included in the summaries or tables below Amounts earned under our 2013 Short-Term Plan awards are discussed in the Compensation Discussion and Analysis on pages 34-37 and a options available under the ESP Participants in the ESP do pages 38-40 and arc reported m the Option Exercises and Stock Vested (able on page 48. if a named executive officer's employment had terminated on December 31. 2013 for any reaching the event of includes each executive's contributions. Company matching As Chairman and CEO, Mr McAdam is not eligible to participate in the Senior Manager Severance Plan desembed below Mr McAdam is also not a party to an employment agreement with aggregate balance of his lotal deferral accourt as of DecSeverance Plan Verzon provides severance benefits to certain employees, including all of the named executivo officers other than the Chairman and CEO, under its Senior Manager Severance Plan desembed below Mr McAdam is also not a party to an employment agreement with any loss of DecSeverance Plan desembed below Mr McAdam is also not a party to an employment agreement by a manager Severance Plan desembed below Mr McAdam is also not a party to an employment agreement by a manager Severance Plan desembed below Mr McAdam is also not aparty to an employment agreement by a manager Severance Plan desembed below Mr McAdam is also not aparty to an employment agreement by a manager Severance Plan desembed below Mr McAdam is a described by the aggregate Continguoluntary termination by Venzon without cause, a voluntary termination by the executive solety due to the executive officers of the three termination by Venzon without cause, a voluntary termination by the executive solety due to the executive officer with any operatio

Plan 633,250 78,742 4 76,497 0 416,420 0 5.314,501 1 Of the amounts listed in this col Summary Compensation Table m columns (c) and (j) for Mr. Shammo. \$30,335, for Mr. Stratton, \$161,135. and for Mr Mi included In columns (j) and 0) of be Summary Compensatior amounts are also included in the Summary Compensation T Mead, \$199,644, for Mr Shammo. \$10,475, for Mr. Siratton. \$40,000 for Mr. \$10,000 Change in Control The following summanes and tables dese would be provided to each of our named executive officers if Venzon had occurred at the end of 2013 under Venzon's con Termination Regardless of the manner in which a named ex entitled to receive amounts earned during lhc term of employ 51

having attained 75 points (age plus years of service) with at least 15 years of service. As of December 31. 2013, Mr Mead had attained plan maturity and would not have been entitled Estimated Payments. The Iollowing table shows Venzon's estimate of

having attained 75 points (age plus years of service) with at least 15 years of service). As of December 31, 2013, Mr Mead had attained plan maturity and would not have been entitled Estimated Payments. The following table shows Venzon's estimate of the amount of benefits the named executive officers would have been entitled to receive had their employment been involuntarily terminatelast business day of 2013. Executive Ltd Insurance Benefit Doublity Benefit September 1, 265,000 37,057 14,500 10,000 182,534 Mr. Stratum 3,045,000 37,057 14,500 10,000 161,559 Mr. Milch 2,614,000 37,057 14,500 10,000 182,534 Mr. Stratum 3,045,000 37,057 14,500 10,000 161,559 Mr. Milch 2,614,000 37,057 15,504 Mr. Stratum 3,045,000 37,057 14,500 10,000 161,559 Mr. Milch 2,614,000 37,057 15,504 Mr. Stratum 3,045,000 37,057 14,500 10,000 161,559 Mr. Milch 2,614,000 37,057 15,504 Mr. Stratum 1,045,000 161,000 Mr. Stratum 1,045,000 Mr. Stratum 1,045, the benefit Mr. McAdam did not participate in the financial planning p Stratton would not have been entitled to receive exocutive life insurance Potential Payments upon Change in Control Venzon doss not maintair if the named executive officer's employment terminates in connection

as desenbed above. Under tho Short-Term Plan, if a change in control

ise for all participants under the terms of the cong-term than and the applicable award agreements, upon an involuntary termination of employment without find squart model from have been entitled to receive any amount in re to the applicable award cycle and each named executive officer's then unvested PSUs will vest and be paid on the regularly scheduled payment date after the end of the applicable award subsciences are considered by the property of the prop legislation of dissolution, of sale of collaboration of well-control of well-c participant The chantable giving programs are closed to future participant the Venzon Foundation Matching Gifts Program Under this program, w chantable contributions to any non-profit with 501(c)(3) status, and \$1,

168.613 276 717 279 750 264.000 262 462 315 776 299.000 303.000 288.69? 291.471 272.000 282.832 380 493

<u>(«)</u>

Shatle L Arriinmbi>au Richard L Carrion* MeoneL Healey M. Fiances Keclti Robert W Lena Sandra O Moose' Joseph Neubauer* DonnW T Nuobisen* Clarence Otis. Jr HurjhB Pr-oc* Rodney E Staler Kattilyn A. To-aja Gregory D Wasson

109.333 265.160

**Denotes a Chairperson of a standing or special committee

1 This column includes all Tees earned or paid in 2013, whether the fee was paid in 2013 or deferred.

2 For each Director this column reflects the grant date fair value of the Director's 2013 annual stock award computed in accordance with FASB ASC Topic 716. For Ms Archambeau, this column reflects the grant date fair value of her annual stock award computed in accordance with FASB ASC Topic 716. For Ms Archambeau, this column reflects the grant date fair value of her annual stance received upon her appointment to the Board effective December 1, 2013, in each case based on the closing pnee of Venzon's common stock on the grant date. For Mr Wasson, this column reflects the grant date fair value of \$147,780 lhat she received upon her appointment to the Board effective December 1, 2013, in each case based on the closing pnee of Venzon's common stock on the grant date. For Mr Wasson, this column reflects the grant date fair value of \$140,160 that he received upon his appointment to the Board effective March 1, 2013, in each case based on the closing pnee of Venzon's common stock on the grant of 3,000 Venzon share equivalent shart with the grant date fair value of \$140,160 that he received upon his appointment to the Board effective March 1, 2013, in each case based on the closing pnee of Venzon's common stock on the grant date. The following reflects the aggregate number of share equivalent shart value of \$140,160 that he received upon his appointment to the Board effective March 1, 2013, in each case based on the closing pnee of Venzon's common stock on the grant date. The following reflects the aggregate number of share equivalents whith the grant date fair value of \$140,160 that he received upon his appointment to the Board effective March 1, 2013, in each case based on the closing pnee of Venzon's common stock on the grant date. The following reflects the aggregate number of option awards outstanding as of December 31, 2013 for each person who seem per

Security Ownership of Certain Beneficial Owners and Management

Principal Shareholders

On March 3, 2014, there were approximately [XX] billion shares of Venzon common stock outstanding and each sham is entitled to one vote The following tabic sets forth information about persons we know to beneficially own more than five percent of the shares of Verizon common stock, based an our records and information reported in filings with the SEC To the extent that information in the table is based on information contained in an SEC filling, it is accurate only as of the date referenced in the filling On February 21, 2014 in connection with the Venzon Wireless transaction, we issued approximately 1 27 billion shares, thereby Increasing our outstanding common stock by approximately 4Xes are result, it is possible that shareholders' percentage interest in our outstanding common stock has changed significantly since that date

Amount and Nature of Percent of Class Beneficial Ownership 169.544.335 BlackRock Inc. 40 East 52 nd Street New York, New York 10022 5.9%

"This information is based on a Schedule 13G filed with the SEC on February 10. 2014 by BlackRock Inc, setting forth information as of December 31, 2013 The Schedule 13G states that BlackRock Inc. has sole voting power with respect to 137,363,936 shares and shared voting power with respect to 17.014 shares and sole dispositive power with respect to 17.014 shares

In the following table, you can find information showing the number of shares of Venzon common stock beneficially owned by each of the named executive officers, each Director and all executive officers and Directors as a group as of Janualy 31, 2014. This information includes shares held in Venzon's employee savings plans and shares that may be acquired within 60 days pursuant to the exercise of stock options and/or the conversion of certain stock units under deferred compensation plans. The aggregate number of shares owned by executive officers and Directors represents less than one percent of the total number of outstanding shares of Venzon common stock Unless we have indicated otherwise, each individual and/or his or her family member's) has or have sole or shared voting and/or investment power with respect to the seeunties Executive officers and Directors also have interests in other stock-based units under Venzon deferred compensation plans and stock-based long-term incentive awards. We have included these interests in the Total Stock-based Holdings* column m the tabic below to show the total economic interest that the executive officers and Directors have in Venzon common stock

Tolal Stock-based Holdings 2

322,191 46.164 73.686 53.197 76,131

1.298.685 434.492 410.817 378.090 345.210

3.254 91.626 11.007 38.399 48.982 60.085 145.348 45.615 47.994 70.218 20.131 6.646 5.851 4.734.567

Named Executive Officers Lowell McAdam* Daniel Mead Francis Shammo John Stratton Randal Milch

509 Shellye Archambeau Richard Camon Melanie Healey M Frances Keeth Robert Lane Sandra Moose Joseph Neubauer Donald Nicolaisen Clarence Otis, Jr Hugh Pnee Rodney Slater Kathryn Tesija Gregory Wasson All of the above and other executive officers as a group 3

811.605

NII. MCAGAIN also serves as a pineton.

In addition to direct and indirect holdings, the "Stock" column includes shares lhat may be acquired within 60 days pursuant to the conversion of RSUs granted in 2011 as follows 109,531 shares for Mr. McAdam; 23,823 shares for Mr Mead, 44,360 shares for Mr Shammo, 33,779 shares for Mr. Stratton, and 39,119 shares for Mr Milch The "Stock" column also includes shares lhat may be acquired within 60 days pursuant to the conversion of certain stock units under deferred compensation plans as follows 12,771 shares for Mr Milch, 3,191 shares for Mr Camon. and 2,501 shares for Mr Pnee. Pnor lo conversion, the shares underlying the RSUs and deferred compensation units may not be voted or transferred No shares are pledged as security

Holdings' deferred "Stock" and incentive plans which may not be voted or transferred

Section 16(a) Beneficial Ownership Reporting Compliance

SEC rules require that we disclose any late filings of stock transaction reports by our executive officers and Directors Based solely on a review of the reports that we filed on behalf of these individuals or that were otherwise provided to us, our executive officers and Directors met all Section 16(a) filing requirements dunng calendar year 2013.

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Appendix A

CORPORATE GOVERNANCE GUIDELINES

The Board has adopted those Guidolfnos and the Committee Charters to provide a framewolb for the fundioning of the Board. The Board will penodically review those materials and practices in light of ongoing developments and the Corporation's needs to determine whether any chances are included.

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 an annual program of the Board and each committee have access to independent advisors as each deems necessary or an annual program of the Board and each committee have access to management in addition, the Board and each committee have access to independent advisors as each deems necessary or an annual program of the Board and each committee have access to management in addition, the Board and each committee have access to independent advisors as each deems necessary or an analysis of the Board and each committee have access to independent advisors as each deems necessary or an analysis of the Board and each committee have access to independent advisors as each deems necessary or an analysis of the Board and each committee have access to independent advisors as each deems necessary or an analysis of the Board and each committee have access to independent advisors as each deems necessary or an analysis of the Board and each committee have access to independent advisors as each deems necessary or an analysis of the Board and each committee have access to independent advisors as each deem and the Board and each committee have access to independent advisors as each deem and the Board and each committee have access to independent advisors as each deem and the Board and each committee have access to independent advisors as each deem and each committee have access to independent advisors as each deem and each committee have access to independent advisors as each deem and each committee have access to independent advisors as each deem and each committee have access to independent advisors as each deem and each committee have access to independent advisors as each deem and each committee have access to independent advisors and each con

Strategic 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 line Board meet at least three times each year in executive session Any Director has the night to call a meeting or executive session of the independent Directors or of line 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 pnor 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 lime as they deem necessary or appropriate. The Presiding Director shall chair all executive sessions of the Board at which the Chairman is not present The Presiding Director shall chair all executive sessions or the Board, and shall call an executive sessions at the request of any other Director.

The Presiding Director, m consultation with the Chairman, shall review and approve the schedule of meetings of the Board, the proposed agendas and tho 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, 29 th Floor New York, New York 10007

Committees. There are three (3) standing committees of the Board Audit. Corporate Governance and Policy, and Human Resources Tile members of the Audit, Corporate Governance and Policy and Human Rasources committees will be independent as required by [aw or regulation. The Board may chance the number of committees from lime to time.

The responsibilities of each committee arc set forth in its charter, which is approved by the Board and posted on the Corporation's website. Each committee Chair approves tho agenda and matchals for each meeting and reports its actions and discussions (o (he Board as soon as practicable Al 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 penodically 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 penodically 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 expenence to dealing with a large, complex organization or in dealing with complex problems thai arc complementary to the background and expenence 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 onenlation 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 interpendent 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 to 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, m any of the past three years, exceeded the greater of 51 million or one percent of that company's consolidated gross revenues,
- The Director is an executive officer of a lender to Venzon and Venzon's outstanding indebtedness to the lender m any of the past three years exceeded one percent of the lender's outstanding loans at (he end of the lender's fiscal year,
- 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 (he 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-4aw sons and daughtors-in-4aw. brothers and sisters-in-4aw anyone (other than domestic empbyees) who shares the Director's home

An executive officer of a company on whose board a Venzon Senior Executive servos 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 dunng 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 dunng the Corporation's last fiscal year an "Immediato Family Member" of any of the persons listed above Immediate Family Member means spouse, child, stepchild, parent, stepparent, sibling, mothor-in-iaw. father-in-law, son-in-law, daughter-in-law brolhCMn-law, or sistor-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 tile 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 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

ompensation 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 cr 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

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 anses solely from the ownership of Venzon slock 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 Officer 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 Officer 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 those 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 night to make such determination and shall periodical to convene a meeting of the Corporate Governance and Policy Committee, the Chair of that Committee shall have the night to make such determination and shall periodical to convene a meeting of the Corporate Governance and Policy Committee, the Chair of that Committee shall have the night to make such determination and shall periodical to convene a meeting of the Corporate Governance and Policy Committee, the Chair of that the Chair of that the Chair of that the Chair of that the properties of the Committee shall be such action with respect to the Related Person Transaction as it deems necessary and appropriate under the circumstances.

The Committee shall report its action with respect to any Related Person Transaction to the Board of Directors Chango 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 Verizon. The Corporate Governance and Poky 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.

Retiremen

A Director wilt retire from the Board the day before the Annual Meeting of Shareholders next following his or her 72nd birthday

Compensation

The Human Resources Committee penodically reviews and determines Director compensation and benefits The Committee determines compensation based on a review of comparable companies, alignment with (he interests of shareholders and the advice of independent advisors.

Stock Ownership j

Within three years of joining the Board, each Director shall acquire, and continue to hold dunng his or her tenure on the Board, v'enzon stock with a value equivalent to three times (he 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 m compliance with those Guidelines, applicable laws and regulations, and the spirit of the v'enzon 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 maternal 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 lhat is in the same business as Venzon ("potential competitive inlerest"), 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 15 expected to advise Venzon pnor to acquining 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 proporty belongs to Venzon, including any activity that is discovered as a result of the use of Venzon information or property or to 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 (0 trade, in Vcnzon's secunties or the secunties of another company while aware of maternal 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 (he waiver and the Board's rationale for granting the waiver are promptly disclosed, consistent with applicable legal and stock exchange requirements

Verizon Senior Executives Serving on Outside Boards

A Venzon Senior Executive must obtain approval from the Corporate Governance and Policy Committee in advance of accepting any new membership on (he 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 ot 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, 29 *> Floor New York. Now York 10007

Venzon will forward all shareholder correspondence about Verizon to the Board, Committee or individual Directors). Policy on Adoption of Shareholder Rights Plans

The Corporation docs noi currently have a shareholder nghts plan, or "poison pill." and the Board currently has no plans (o adopt such a plan However, if the Board is presented with a set of facts and circumstances which leads it to conclude lhat adopting a nghts plan would be in the best interest of shareholders, it will seek pnor 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 nghts plan is adopted without pnor shareholder approval, it will be presented to shareholders within one year within one year 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 dale 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 Lincome Revenue (\$ Millions) Total Employees Capitalization (\$ Attributable to the Millions) Company (\$ Millions)

Millions) 93.300

lcoa 11.385

AT&T 185.645

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Bank of America	166.072
Boeing	102.566
Caterpillar	57.787
CenturyLink	18.826
Chevron	240.224
Cisco Systems	119.925
Cocn-Cola	182.42?
Comcast	134.921
Du Ponl (E I)	60.169
Exxon Mobil	442.094
General Eteclnc	283.59C
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 29B
Pfizer	198 515
Procter 4 Gamble	221.291
Sprint Nextel	42.271
Time Warner Cable	38.196
Travolors	32.963
United Health	75.809
United Technologies	104.421
Wal-Mart	254.623
Walt Disney	134,256
Vonzon	140.626
Verizon's Ranking	15
Verizon™ Percentile Ranking	58%

Verizon Communications Inc Reconciliation of Non-GAAP Measures Adjusted Net Incomo Reconciliation

Year Ended December 31,
Reported Net Income Attributable to Verizon
Severance, Pension and Benefit Credits
Gam on Spectrum License Transaction 1
Wireless Transaction Costs Adjusted Net Income Attributable to Verizon

Adjusted EPS Reconciliation

Year Ended December 31.
Reported EPS
Severance. Pension and Benefit Credits Gain on Spectrum License Transaction Wireless Transaction Cosis
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 Canital Expanditures (including capitalized software)

¹ Tho after-tax Gain on Spectrum License Transaction amounted to \$47 8 million.

Leas- Сарна Loper илиме (пласон у Сарнависе эсптиче) Free Cash Flow (dollars in billions) 2013 2013 \$4 00 (dollars in billions) (dollars in billions) 2013

File #: O2015-753, Version: 1