verizon

2014 CORPORATE RESPONSIBILITY SUPPLEMENT

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PRESIDENT'S LETTER

Rose Stuckey Kirk
President — Verizon Foundation &
VP — Global Corporate Citizenship

Global Corporate Citizenship: The Heart of Verizon

In 2014, six 12-year-old girls from Resaca Middle School in Los Fresnos, Texas, won Best in Nation in the Verizon Innovative App Challenge. The girls invented an app called "Hello Navi" to help a visually impaired classmate better navigate the halls of their school. Their success took them all the way to the White House Science Fair in Washington, DC, hosted by President Barack Obama.

"Not only do these young ladies have big brains," said the President, "but they also have big hearts."

The President was so right.

I'm constantly inspired by the people we help through our programs such as these amazing young ladies.

Through my work with the Verizon Foundation, I have had an incredible opportunity to work with a group of passionate and committed individuals. Together, we're dedicated to putting Verizon's assets to good use by providing experiences that have the power to transform people's lives. Experiences like that of our winning team from Resaca Middle School.

"NOT ONLY DO THESE YOUNG LADIES HAVE BIG BRAINS, BUT THEY ALSO HAVE BIG HEARTS."

— PRESIDENT BARACK OBAMA

RESACA MIDDLE SCHOOL KIDS WHO DEVELOPED AN APP TO HELP THEIR VISUALLY CHALLENGED CLASSMATE NAVIGATE THEIR SCHOOL — AND MADE IT TO THE WHITE HOUSE SCIENCE FAIR.

You can clearly see the impact of that work within the Verizon family and among our customers and the communities we serve.

CREATING SOCIAL IMPACT

In education, our employees help apply our technology to make dreams of a better tomorrow come true for so many individuals, particularly those in disadvantaged communities. And, we're doing similar work in healthcare and energy.

Our employees play a significant role as volunteers, rolling up their sleeves in the communities in which they live and work to benefit Verizon's social causes and the local causes that they care deeply about.

We're unwavering in our dedication to build a better, greener world, and are continually working to reduce our carbon footprint and use sustainable business practices. Plus, every day, we provide our customers with a suite of solutions to help them minimize their own environmental impact.

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And we constantly measure the results of all programs to continuously improve our solutions, and scale the most promising initiatives to make the greatest impact.

HERE ARE SOME OF THE RESULTS OF WHICH WE'RE ESPECIALLY PROUD

Our education programs are revolutionizing classrooms across the country:

Teachers receiving technology training through our Verizon Innovative Learning Schools (VILS) note spending less time lecturing and more time teaching students at the individual level.

Our teachers report that their students are more engaged in their subjects and have greater interest in math and science careers.

For the second year, VILS students improved in academic achievement and showed more than a 4 percent increase in standardized math tests at the schools that have been surveyed.

We're equally proud of our achievements in sustainability.

Over the past two years, we have invested $137 million in green energy, including solar and fuel cell power, to run our networks and data centers — equivalent to 2,700 homes' electricity for a year — eliminating 20,000 metric tons of CO_2.

Also, we introduced our customers to ways they could use wireless devices and broadband communications to manage their fleets and buildings, run power grids and telecommute. The impact in 2014 was the equivalent of taking 3 million cars off the road.

These examples show how we are making measurable, positive impacts in our communities and in many other areas. In the pages that follow, you'll learn even more about the work Verizon is doing. We can't afford to rest on our accomplishments, and by the time this report goes to print, we will already be at work striving to achieve even greater results in 2015. We're doing this in ways that are exciting, inspiring, and which create inestimable value, not only for the world we live in — but for the world as we would want it to be.

Rose

AS PART OF OUR GREEN ENERGY INVESTMENT, WE'VE INSTALLED OVER 22MW OF SOLAR AND FUEL CELL ENERGY.

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CORPORATE RESPONSIBILITY FRAMEWORK

VERIZON TECHNOLOGY IS FUELING ENTREPRENEURSHIP IN COURSES COMBINING APP DEVELOPMENT AND BUSINESS.

OUR APPROACH

At Verizon, social responsibility equals sound business.

We have long believed that it is essential to minimize the environmental impacts of our operations. We're proud to offer products that help our customers reduce their carbon footprint. Most recently, we've been using our technology to address social issues that can help people lead a better life: particularly in education, healthcare and energy management.

From time to time, we check with our customers to make sure we're tackling the issues that are most important to them. In 2014 we did this by engaging Business for Social Responsibility (BSR) to conduct a materiality assessment. BSR surveyed customers across our business in direct interviews and online surveys.

We've committed ourselves to responsible business practices that improve our efficiency and reduce risk to our business.

The results reaffirmed that our customers care about what we care about.

We've committed ourselves to responsible business practices that improve our efficiency and reduce risk to our business. We apply our innovative technology to social challenges, delivering solutions that improve people's lives while creating new markets for our business.

And in all our work, we set goals, track our progress and report on our performance.

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OUR CORPORATE RESPONSIBILITY FRAMEWORK

SOCIAL IMPACT MODEL

Leverage innovative technology to address societal challenges.

BENEFIT TO BUSINESS

Creates license to operate and freedom to enter new markets.

TARGETED STAKEHOLDER ENGAGEMENT ACROSS ALL FOCUS AREAS

HUMAN RIGHTS	SUPPLY CHAIN	SUSTAINABILITY/ ENVIRONMENT	PRODUCT RESPONSIBILITY
Address human rights risks associated with ICT products and services.	Address supply chain risks that could negatively impact Verizon.	Leverage stakeholder expectations with respect to environmental citizenship.	Leverage stakeholder expectations with respect to product responsibility.

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IMPACT IN EDUCATION

Lifting student achievement by closing the digital divide.

OUR MISSION: We're using kids' love of smartphones and tablets to spark a passion for learning.

WWW.VERIZON.COM/ ABOUT/ RESPONSIBILITY/ EDUCATION

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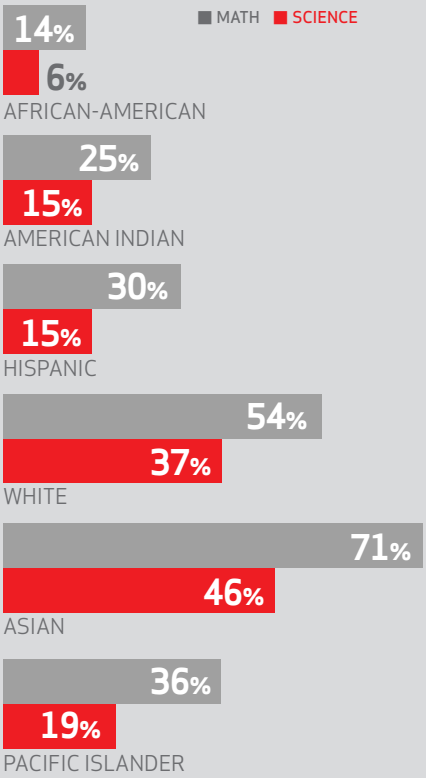
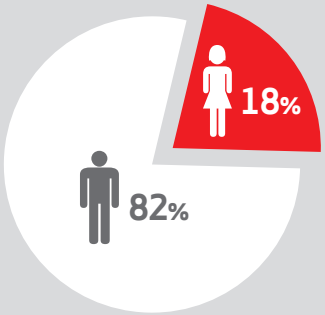
SOCIAL CHALLENGE

MANY STUDENTS ARE NOT PREPARED FOR COLLEGE-LEVEL MATH AND SCIENCE.



Percent of ACT-Tested High School Graduates Meeting ACT College Readiness Benchmarks by Race/Ethnicity, 2011

LOW PERCENTAGE OF FEMALES OBTAINING COMPUTER SCIENCE DEGREES



Source: "Global Corporate Citizenship 2015 Approach"

9 MILLION

STEM JOBS ARE EXPECTED TO GROW BY 1 MILLION BY 2022, TO A TOTAL OF MORE THAN 9 MILLION JOBS

Source: U.S. Bureau of Labor Statistics

BY PUTTING TECHNOLOGY IN KIDS' HANDS, LIKE AT CHUTE MIDDLE SCHOOL IN EVANSTON, ILL., WE'RE HELPING TO CLOSE THE DIGITAL DIVIDE.

THE SOCIAL ISSUE

STEM jobs beckon, but too many youths shy away.

As one of the world's leading technology companies, we at Verizon are acutely aware that technology influences every aspect of our lives and its importance is growing daily.

Over the next 10 years, the most robust job growth will be in fields requiring science, technology, engineering and math (STEM) skills.

But we're preparing too few young people to play a meaningful role in an increasingly tech-based economy. Few high school seniors are ready for college-level math and science.

For women and minorities, the gap is even wider.

Women, who make up almost half of the overall workforce, hold only 24 percent of the jobs in tech or STEM fields. African-Americans comprised 11 percent of the total workforce in 2011, but only 6 percent of the STEM workforce. The Hispanic share of the workforce was 15 percent, but just 7 percent of the STEM workforce.

By current estimates, STEM occupations will create 2.6 million job vacancies by 2020.

Unless we make some changes, we'll be hobbling the job prospects of large numbers of our citizens — and potentially putting a damper on U.S. innovation itself.

2.6 MILLION

The number of STEM jobs predicted to go unfilled by 2020

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BRIAN ZHANG (RIGHT) AND JEREMY HENRY PREPARE FOR THE VERIZON INNOVATIVE APP CHALLENGE IN THEIR ENTREPRENEURSHIP CLASS AT NOVA MIDDLE SCHOOL IN DAVIE, FLA.

OUR SOLUTION

Seizing on kids' love of tech to build interest in STEM.

At Verizon, we saw that mobile technology had the potential to play a crucial role in revolutionizing classrooms and sparking interest in STEM subjects. After all, this is technology that kids love — technology that's unique in its ability to put the world into individual students' hands, no matter where they live.

So we decided to bring connectivity and digital devices to young people, especially those who otherwise would be left on the distant side of the digital divide, and to show teachers the best ways to use the technology for learning.

Beginning in 2012, we started working in underserved schools across the nation: rural, urban, suburban. Concentrating on science and math classes, we recognized that if we could train teachers on how to use smartphones, tablets and technology in the classroom, we could change the way that they teach and the way students learn. We went to schools that had technology in place and helped teachers understand how to best leverage the technology to increase effectiveness, engagement and comprehension.

VILS

This is how our **Verizon Innovative Learning Schools (VILS)** program was born. The program provides two years of comprehensive and ongoing professional development on how to effectively integrate mobile technology into all aspects of the learning process. We partnered with the International Society for Technology Education (ISTE) to develop and deliver the training and put specific metrics in place to find out if teachers gained proficiency and confidence in how they used devices in the classroom — and most importantly, if students became more engaged in the learning process.

We started with 12 schools in the 2012-13 school year and added 12 more in the 2013-14 school year. Our results have been consistently positive.

In our most recent research, conducted in 2014, nearly every teacher surveyed (98.6 percent) reported positive outcomes in either student engagement or learning.

VILS TEACHERS SURVEYED REPORTED POSITIVE OUTCOMES

37% of students improved overall in academics

35% of students showed more engagement with their subjects

60% of students showed more proficiency with technology

34% of students were more likely to extend learning beyond the classroom

And on standardized achievement tests in math, scores improved an average of 6.97 percent of those schools surveyed.

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In those first 24 VILS schools, we had focused on math and science courses. For our next step, we wanted to go bigger.

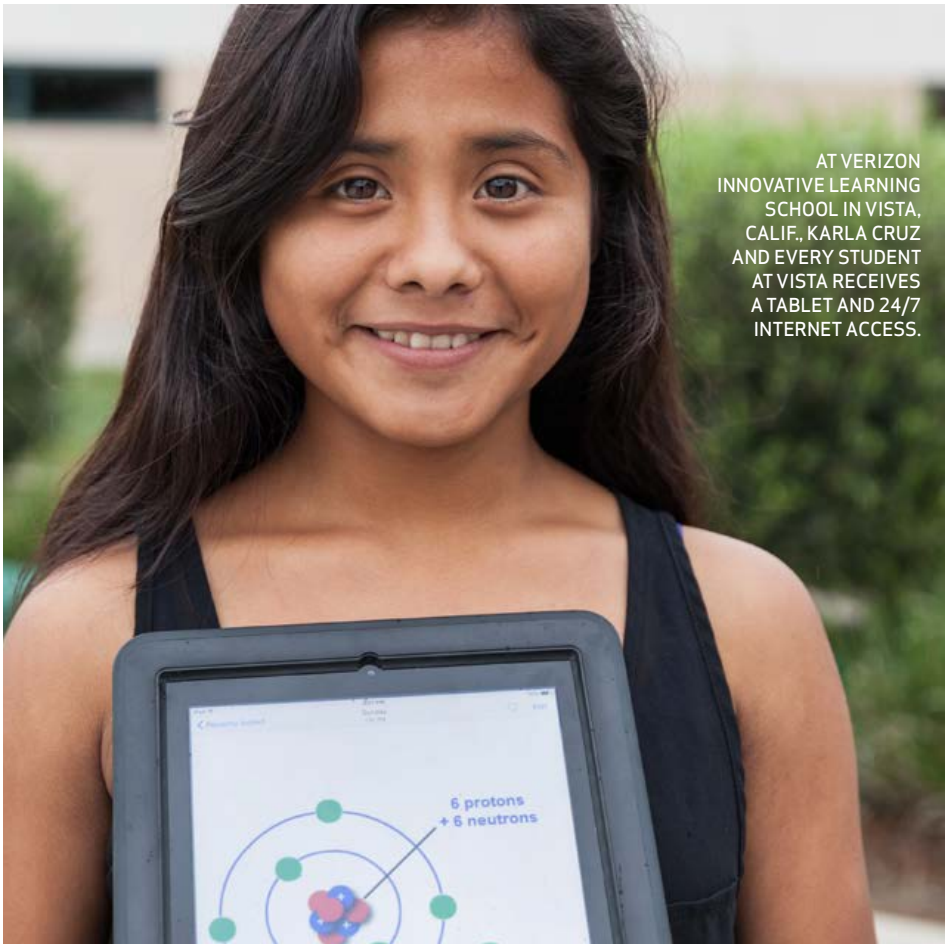
We decided to take VILS school-wide to see how learning might improve if every student had access to technology for every subject. And because we knew that many students lacked access to the Internet at home, we decided to make sure the playing field was level for everyone.

ConnectEd

In the fall of 2014, we added eight new VILS middle schools in four states. This time, with the help of another nonprofit expert, Digital Promise, we provided brand-new tablets for every student, over 5,000 in all. We also set up two-year data plans to equip each student and teacher with 24/7 Internet access.

The expansion was part of a major commitment we made on Feb. 3, 2014, to support ConnectEd, a White House initiative that aims to close the digital learning divide — by bringing next-generation broadband and high-speed wireless to 99 percent of American schools by 2017. We pledged up to $100 million toward the effort.

We now have 32 VILS schools in underserved areas for 15,838 students from coast to coast.



AT VERIZON INNOVATIVE LEARNING SCHOOL IN VISTA, CALIF., KARLA CRUZ AND EVERY STUDENT AT VISTA RECEIVES A TABLET AND 24/7 INTERNET ACCESS.

We pledged up to
$100 MILLION
in cash toward connecting 99% of schools by 2017

Mobile Learning Academy

Our professional development for teachers has proved so valuable that we wanted to offer the same opportunities to teachers everywhere. So we scaled our professional development program, using the reach that only the Internet can offer. In our **Verizon Mobile Learning Academy**, teachers are receiving a free, moderated, 10-week online learning program. While earning continuing-education credits from Johns Hopkins University, they're acquiring skills using mobile technology to make learning come alive for each student.

When we announced the program, there was clear demand for this type of training. We launched the academy in September and soon trained 98 teachers and administrators who reach 5,262 students at 15 schools. Our goal is to train educators in 100 schools by December 2015.

App Challenge

We also wanted to arm students with the real-life skills they'll need to succeed in the modern workplace. Skills like critical thinking, collaboration, negotiation and problem solving.

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We realized that we could accomplish this and teach STEM skills at the same time by encouraging kids to dive beneath the surfaces of the smartphones and tablets they love so well and to actually design apps for them. Through hands-on experience, the kids would see they can do much more than simply *use* the technology — they can *create* with it.

And so we started the **Verizon Innovative App Challenge**, a contest in which we invite students in middle and high schools to develop original concepts for mobile apps.

In forming their concepts, students must consider an app's usefulness and marketability. Their app must solve a concrete problem in their school or community, be easy to use and meet marketplace needs.

As they do all of this, students learn from experience that STEM subjects aren't just academic exercises, but practical tools for improving life in today's world.

The top ideas win Best in State and Best in Region awards. Ultimately, we name eight teams Best in Nation. These eight winners are awarded up to $20,000 in cash grants for their schools to support STEM programming and a Samsung tablet for each team member.

Better yet, they get to turn their ideas into reality: Master trainers from the Massachusetts Institute of Technology Media Lab give personalized, onsite and virtual training on coding and app development, using MIT App Inventor to develop the teams' apps.

The winning teams have developed apps such as "Snap Docs," which converts hard copy text to editable documents; "Super Science Girl," which encourages girls to pursue STEM careers (by offering, for example, fun experiments to perform); "HikeAbout," a hiker's aid that provides trail maps, identifies

CHAMPION APP-BUILDERS (FROM LEFT) CASSANDA BAQUERO, CAITLIN GONZALEZ, JANESSA LEIJA AND (FOREGROUND) THEIR INSPIRATION, ANDRES SALAS, WITH THE PRESIDENT.

App Challenge winners go from Texas to White House for science fair salute.

One Best in Nation winner of the Verizon Innovative App Challenge, the team from Resaca Middle School in Los Fresnos, Texas, participated in the 2014 White House Science Fair. The six-girl squad invented a mobile app called "Hello Navi" to help a visually impaired fellow student navigate their school.

"NOT ONLY DO THESE YOUNG LADIES HAVE BIG BRAINS, BUT THEY ALSO HAVE BIG HEARTS."

— PRESIDENT BARACK OBAMA

We awarded eight Best in Nation prizes, each team winning up to

$20,000

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APP CHALLENGE SPARKS EXCITEMENT

91% OF THE KIDS ON WINNING TEAMS SAID THEY WERE NOW MORE LIKELY TO PURSUE A STEM CAREER

61% REPORTED STRONGER INTEREST IN COMPUTER SCIENCE

OUR COLLABORATORS

To get coding into schools and community centers, and to encourage student interest in STEM, we partnered with the following organizations:

- Network for Teaching Entrepreneurship
- Project Lead the Way
- Boys & Girls Clubs of America
- Girls Who Code
- American Association of University Women

+ 4G LTE

VERIZON IS SUPPORTING THESE PROGRAMS WITH FUNDING AND/OR DONATIONS OF TABLETS AND **2-YEAR 5GB/MONTH DATA PLANS FOR STUDENTS' USE**

plants and animals and issues alerts in an emergency.

"Tactillum" lets students run virtual chemistry experiments. "Exact 3D Extract" creates 3D images of small objects.

One app, "Hello Navi," which was built to help a visually impaired student navigate his middle school, went to the 2014 White House Science Fair.

In the last two years, our winning student teams placed 16 apps on Google Play and the App Store. The apps have been downloaded at least 22,900 times.

The students' excitement is measurable:

- 91 percent of the kids on winning teams said they were now more likely to pursue a STEM career.
- 61 percent reported stronger interest in computer science.

We decided to extend the rewards of app development to reach more underserved and under-represented students. We enlisted the help of such organizations as the Network for Teaching Entrepreneurship, Project Lead the Way, Boys & Girls Clubs of America, Girls Who Code and the American Association of University Women.

Those programs yielded the same great results. At the completion of the Girls Who Code summer sessions we sponsored in Miami, for instance, 88 percent of the teens said they were considering a career in technology. And 91 percent said they were likely to study computer science in college.

> *"COMPUTER SCIENCE IS EVERYTHING: A CELL PHONE, A DOOR WITH A SCANNER, AN ELEVATOR … SINCE IT APPLIES TO EVERYTHING ON EARTH, WE ARE KIND OF CHANGING THE WORLD."*
>
> — BARBARA GROH, *GIRLS WHO CODE, MIAMI*

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AT BUFFALO'S HEALTH SCIENCES CHARTER SCHOOL, STUDENTS LIKE SHAI FEARS ARE USING TABLETS FOR RESEARCH IN ALL OF THEIR CLASSES.

OUR PROGRESS

Test scores, student engagement, interest in STEM: all rising.

Our social impact programs are metrics-driven. In everything we do, we take a highly rigorous approach to measuring social impact.

We apply a logic-based model that systematically captures data against short-term, mid-term and long-term goals. The results provide insights on how to replicate and scale our programs up for greater impact, or make adjustments and tweaks. We also tap into third-party partners to help us measure those results accurately and objectively.

Our 2014 goals were focused on expanding our mobile tech-based programs to further drive student engagement and achievement in STEM.

Here's what we said we'd do in 2014, and what we did:

App Challenge

GOAL ▸ Select and train another 24 regional and national winning teams in the next App Challenge. Launch afterschool app development programs for underserved students.

PROGRESS ▸ We provided the eight national and 16 regional Verizon Innovative App Challenge teams with in-person and/or virtual training to develop their winning concepts into apps.

We launched an app development course in underserved schools through a partnership with Network for Teaching Entrepreneurship and in after-school locations through a partnership with the Boys & Girls Clubs of America.

Mobile Learning Academy

GOAL ▸ Transition Thinkfinity into a mobile learning technology and professional development platform, and create a virtual teacher training course.

PROGRESS ▸ We closed the Thinkfinity Community and removed all Thinkfinity Content Partner resources from the platform. After 10 years and more than $50 million invested in the platform, Thinkfinity was sunsetted.

We created a mobile learning professional development program: the Verizon Mobile Learning Academy. The Academy, launched in September 2014, is a virtual and moderated course that provides training to teachers and administrators on effectively implementing mobile learning in schools. Teachers receive continuing education units from Johns Hopkins University upon completing the 10-week academy.

VILS

GOAL ▸ Expand VILS to an additional eight underserved schools; publish updated reports on the impact of VILS on student achievement in STEM.

PROGRESS ▸ We implemented the VILS program in eight underserved schools:

- Chute Middle School (Evanston, Ill.)
- M.L. King Jr. Lab Experimental School (Evanston, Ill.)
- Carroll Middle School (Raleigh, N.C.)
- PreEminent Charter School (Raleigh, N.C.)

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- Vista Innovation & Design Academy (Vista, Calif.)
- Rancho Minerva Middle School (Vista, Calif.)
- FDR Middle School (Bristol, Pa.)
- Armstrong Middle School (Fairless Hills, Pa.)

Every student and teacher in each of the schools was provided with a tablet and a two-year data plan.

We published new reports that demonstrate the positive impact of the VILS program.

UTeach

GOAL ▸ Expand the UTeach professional development program, which helps prospective math and science teachers learn how to integrate mobile technologies into the lessons they give to K-12 students, to an additional four universities.

PROGRESS ▸ We launched the UTeach program in four additional universities for a total of eight:

Previous:

- UT Austin (Austin, Texas)
- UMass Lowell (Lowell, Mass.)
- University of Colorado (Boulder, Colo.)
- University of Kansas (Lawrence, Kan.)

New:

- UC Berkeley (Berkeley, Calif.)
- Cleveland State University (Cleveland, Ohio)
- University of Tennessee (Knoxville, Tenn.)
- Temple University (Philadelphia, Pa.)

The UTeach mobile curriculum will be available to more than 40 universities in the fall of 2015.

WITH SLOW-MOTION VIDEO, KIDS SAW PHYSICS PRINCIPLES IN ACTION.

With tablets in student hands, California school is on upswing.

The assignment in Marissa Born's seventh grade mechanical engineering class was to make a "Rube Goldberg" machine, a comical sequence of wedges, weights and levers that would make a thumbtack pop a balloon.

The kids tried and tried. No luck.

Then the kids thought of using their iPads to record the action in slow motion — and soon saw how to add the needed force.

Pop!

At the Vista Innovation & Design Academy (VIDA) near San Diego, all 680 students and 38 faculty members received iPads and 24/7 data plans last fall as part of the Verizon Innovative Learning Schools program.

"The excitement and novelty of having an iPad has led to learning," said Provost Cindy Anderson.

VIDA is a new magnet school, started in August to replace a school plagued by poor attendance, discipline and academics.

Two-thirds of VIDA's students — most from families in poverty — had attended the former school.

This school year, suspensions have dropped by 92 percent and discipline referrals by 79 percent. School-wide, attendance has improved 8 percent. Quarterly grades are up. And internal assessments are showing marked improvements in math and reading, according to administrators.

"The connectivity — that's the game-changer," said Principal Eric Chagala. Many students lacked Internet access at home before Verizon stepped in. Now "new learning opportunities" extend beyond school hours.

The tablets have "really gone from being a toy to a tool," said Born.

"Now the kids can look things up for themselves, and I think that's really powerful," the teacher said, "because it's gone beyond asking the teacher for all the answers. It's student-driven technology."

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Smashing Stereotypes, Inspiring Minds.

We know that if we are to be serious about getting more girls into STEM, we have to change societal attitudes about girls in math and science.

That's why we partnered with the group MAKERS and produced a digital campaign called ***#InspireHerMind***.

The campaign was highlighted by a video showing a young girl being discouraged by her parents from pursuing her love of science. Ultimately, the spot asked viewers to encourage our daughters to aspire to be not only "pretty," but "pretty brilliant," too.

"THERE'S THAT STIGMA THAT IF YOU TAKE COMPUTER SCIENCE OR ENGINEERING, YOU'RE GOING TO BE DORKY, YOU'RE GOING TO BE WEIRD."

— JENNIFER GREENBERG, 17, *GIRLS WHO CODE, MIAMI*

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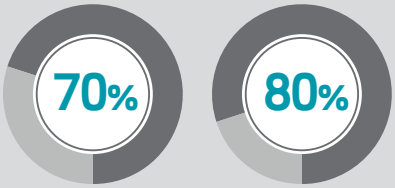
VERIZON SCIENCE PLUS PROGRAM

STANDARDIZED TEST SCORES (INDIAN CERTIFICATE OF SECONDARY EDUCATION) **CLASS AVERAGE:**



2013 **2014**

STUDENTS ACHIEVED THE HIGHEST STEM SCORES EVER IN THE SCHOOL

THE INSTITUTE OF INTERNATIONAL EDUCATION

200 STUDENTS

20 STEM TEACHERS

VERIZON MENTORS:

25 WOMEN MENTORING **120** STUDENTS WEEKLY

SIX OUT OF 10 SCHOOLS ARE USING TECHNOLOGY FOR THE FIRST TIME

30 SCIENCE AND MATH TEACHERS AND SCHOOL PRINCIPALS RECEIVED **TRAINING IN EDUCATIONAL TECHNOLOGY**

IN ADDITION TO THE 200 SELECTED STUDENTS, EDUCATIONAL TECHNOLOGY BENEFITED THE WHOLE CLASS OF

600 STUDENTS

OUR INTERNATIONAL EFFORTS

In India, a high-tech boost for science education.

Our technological solutions are improving educational outcomes even for the most vulnerable and disadvantaged children of India — where, despite rapid development, 42 percent of the population lives on less than $1.25 a day.

Verizon has teamed with Shanti Bhavan, a boarding school for children of India's lowest caste who enter at age 4 and stay through high school. They're the first in their families to receive a formal education.

Verizon provided science and math classes with new laptops, white-board technology, online remote mentoring, faster Internet broadband connectivity and additional solar panels to power the entire system.

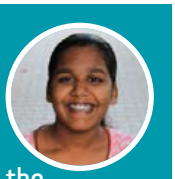
Now students can use the Internet to access educational resources, research science projects and engage with mentors.

And one day in April, 19 product-development employees from our Bangalore office spent a day at the school as volunteers, visiting science, math and English classes and painting classrooms.

The result: a 10-point increase in one year on standardized test scores, jumping to an average of 80 percent from 70 percent — the highest in the school's history. Also in India, we teamed up with the Institute of International Education to foster STEM interest and knowledge among Indian girls. Trained facilitators and Verizon professionals worked with 200 students from 10 girls' high schools in Hyderabad and Chennai over summer and winter vacations.

Six of the schools began using technology for the first time, a benefit for some 600 students.

Meet Meena Gopi



She's the first girl in the 18-year history of Shanti Bhavan to earn a perfect score on India's national computer science exam.

Two boys from Shanti Bhavan also garnered perfect scores — the first time three students from the school accomplished the feat.

Born into a lower caste, 16-year-old Meena is the first of her family to reach high school. Both her parents left school in the eighth grade. Her mother stays at home while her father drives an auto-rickshaw for low wages.

With a push from Verizon, Meena is gaining the means for a better future.

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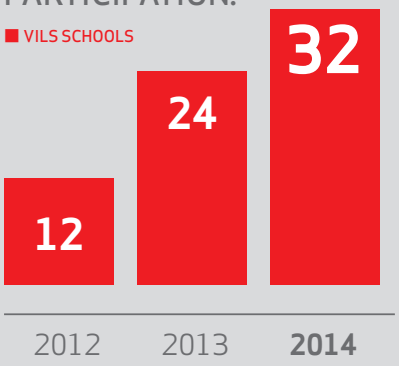
VERIZON INNOVATIVE LEARNING SCHOOLS

GROWTH IN PARTICIPATION:



In 2014, we expanded by an additional 8 schools through our partnership with Digital Promise.

Participated across three cohorts during the school year that began in 2014:

32 SCHOOLS

15,838 PARTICIPATING STUDENTS

556 PARTICIPATING TEACHERS

67% PERCENTAGE OF VILS STUDENTS IN FREE OR REDUCED-PRICE LUNCH PROGRAMS

Cohorts 1 and 2 Outcomes

Cohort 1 included the schools that started in 2012. Cohort 2 included the schools that started in 2013. Both programs are in partnership with the International Society for Technology in Education.

24 PARTICIPATING SCHOOLS

11,338 PARTICIPATING STUDENTS

206 PARTICIPATING TEACHERS

TEACHER PRACTICES CHANGED*

60% OF TEACHERS SAID THEY GAVE MORE INDIVIDUALIZED INSTRUCTION

47% SAID THEY SPENT LESS TIME LECTURING TO THE ENTIRE CLASS

STUDENT BEHAVIORS CHANGED*

98.6% OF TEACHERS REPORTED POSITIVE OUTCOMES ON EITHER STUDENT ENGAGEMENT OR LEARNING

35% SHOWED **MORE ENGAGEMENT** WITH THEIR SUBJECTS

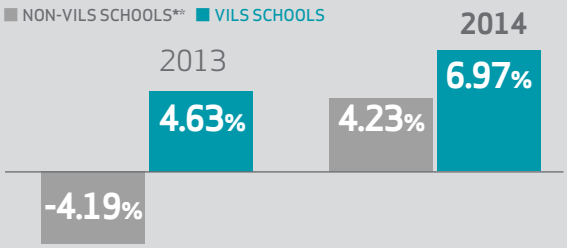
60% SHOWED **MORE PROFICIENCY WITH TECHNOLOGY**

39% OF STUDENTS WERE **COMPLETING WORK MORE PROMPTLY**

Student impact was assessed by examining teachers' reports of student technology use, engagement and learning

STUDENT PERFORMANCE IMPROVED*

Math scores rise for the second year at the schools that have been surveyed



42% OF STUDENTS EXHIBITED **MORE SOPHISTICATED STUDENT PROJECTS** OR PRODUCTS

37% OF STUDENTS EXHIBITED **HIGHER SCORES** ON CLASSROOM ASSESSMENTS

37% OF STUDENTS **IMPROVED OVERALL IN ACADEMICS**, ACCORDING TO THEIR TEACHERS

* Source: ISTE research study on cohorts 1 and 2 outcomes, January 2014

** These are schools with similar demographics and with technology for students, but without the professional development that VILS provides

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VERIZON MOBILE LEARNING ACADEMY

PHASE 1:

98 EDUCATORS

5,262 STUDENTS

15 SCHOOL TEAMS

APP CHALLENGE

3,850 PARTICIPATING STUDENTS

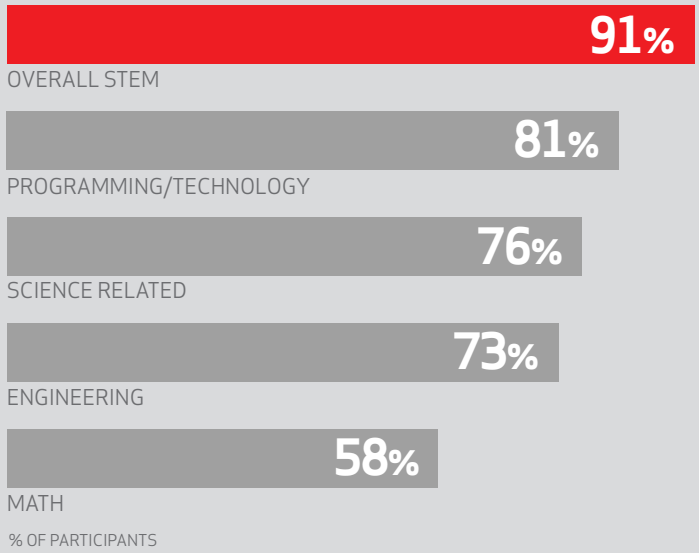
49% OF THE WINNERS WERE FEMALE

16 APPS DEVELOPED

22,900 DOWNLOADS

IN THE LAST TWO YEARS, OUR WINNING STUDENT TEAMS PLACED 16 APPS ON GOOGLE PLAY AND THE APP STORE. THE APPS HAVE BEEN DOWNLOADED AT LEAST 22,900 TIMES.

PERCENTAGES OF STUDENTS LIKELY TO PURSUE CAREERS IN ...



OF 2013-14 APP CHALLENGE WINNERS SAID THEY WERE MORE INTERESTED IN THE SUBJECT OF COMPUTER PROGRAMMING BEFORE THEY PARTICIPATED

IN-SCHOOL & COMMUNITY PROGRAMS

30 EDUCATORS

355 STUDENTS

22 SITES ACROSS THE U.S.

- Network for Teaching Entrepreneurship
- Project Lead the Way
- Boys & Girls Clubs of America
- Girls Who Code
- American Association of University Women

GIRLS WHO CODE

PERCENTAGES OF PARTICIPANTS IN THE GIRLS WHO CODE PROGRAM WHO ...

88% ARE CONSIDERING TECHNOLOGY AS A CAREER

91% ARE LIKELY TO STUDY COMPUTER SCIENCE IN COLLEGE

91% FEEL COMFORTABLE COMMUNICATING WITH PROFESSIONALS

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WHAT'S NEXT

Coming in 2015: More schools, students and teachers engaging with STEM through technology.

Our strategy of using mobile tech is working: we're galvanizing students and educators and igniting interest in STEM. In the coming year, we'll do even more. We plan to expand our existing projects and add new ones.

WITH VERIZON'S HELP, STUDENTS LIKE ALYSSA KISH (LEFT) AND YANELYS RIVERA OF HEALTH SCIENCES CHARTER SCHOOL, BUFFALO, N.Y., ARE USING THE INTERNET TO LEARN.

VILS

GOAL ▸ Add 12 underserved middle schools to our Verizon Innovative Learning Schools program. Publish impact reports from 2014 cohort.

GOAL ▸ Launch a website to share mobile technology implementation best practices to teachers across the country.

Verizon Mobile Learning Academy

GOAL ▸ Train teachers in over 100 schools on effective mobile technology implementation through our Verizon Mobile Learning Academy.

STEM Initiatives

GOAL ▸ Launch an introduction to computer science course in over 100 U.S. underserved middle schools.

GOAL ▸ Expand our STEM initiatives to reach under-represented segments such as minority males, Native Americans and girls.

App Challenge

GOAL ▸ Train 24 regional and national winning teams in the App Challenge to code and publish their app concepts.

GOAL ▸ Launch the 2015-16 Verizon Innovative App Challenge.

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IMPACT IN HEALTHCARE

Connecting patients in need to quality care.

OUR MISSION: Using mobile technology to empower patients with chronic diseases to lead healthier lives.

WWW.VERIZON.COM/ ABOUT/ RESPONSIBILITY/ HEALTHCARE

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CHRONIC DISEASES TAKE A HEAVY TOLL

1 IN 4 ADULTS
HAS TWO OR MORE CHRONIC HEALTH CONDITIONS*

7 IN 10 DEATHS
AMONG AMERICANS EACH YEAR ARE FROM CHRONIC DISEASES

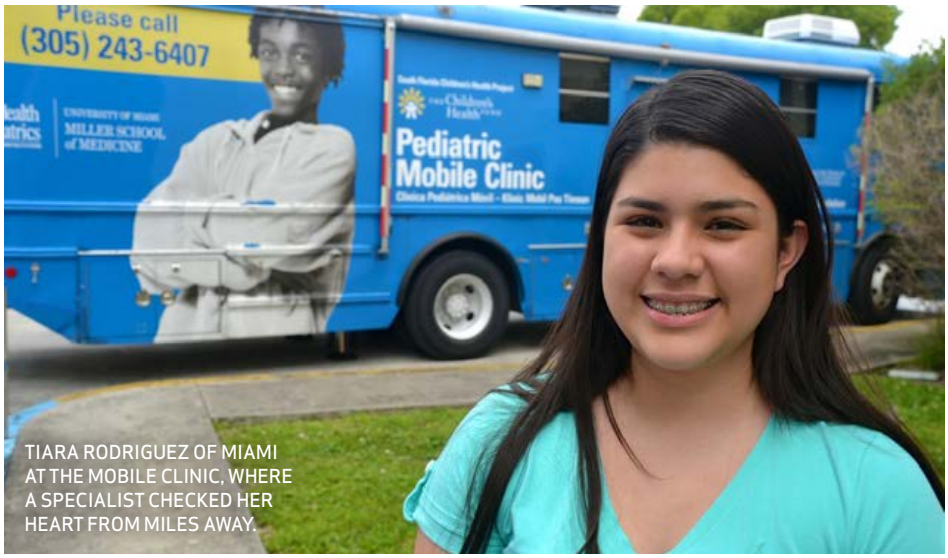
CHRONIC DISEASE COSTS CONSUME **75 CENTS OF EVERY HEALTHCARE DOLLAR IN THE U.S.**

HEART DISEASE
ACCOUNTS FOR MORE THAN ONE THIRD OF ALL U.S. DEATHS

ONE THIRD OF THE U.S. POPULATION
HAS DIABETES OR PRE-DIABETES; NEARLY 35% OF ADULTS AND 21% OF CHILDREN ARE OBESE

RESPIRATORY DISEASES ARE THE THIRD LEADING CAUSE OF DEATH IN THE U.S.
1 IN 11 U.S. CHILDREN HAS ASTHMA, WHICH CAUSES 10.5 MILLION MISSED SCHOOL DAYS ANNUALLY

* Source: CDC



TIARA RODRIGUEZ OF MIAMI AT THE MOBILE CLINIC, WHERE A SPECIALIST CHECKED HER HEART FROM MILES AWAY.

THE SOCIAL ISSUE

Chronic diseases, though preventable, inflict a heavy toll on America.

Chronic diseases are among the most common, costly and preventable of all health problems. These persistent conditions are the nation's leading causes of death and disability, and account for the majority of U.S. healthcare costs.

Conditions such as heart disease, respiratory disease, obesity and diabetes have an especially devastating effect on underserved patients.

In our society, the quality of care depends greatly on socioeconomic status, education level, race and ethnicity. Patients who lack access and who are slow to receive sound medical attention end up with worse outcomes for their chronic diseases.

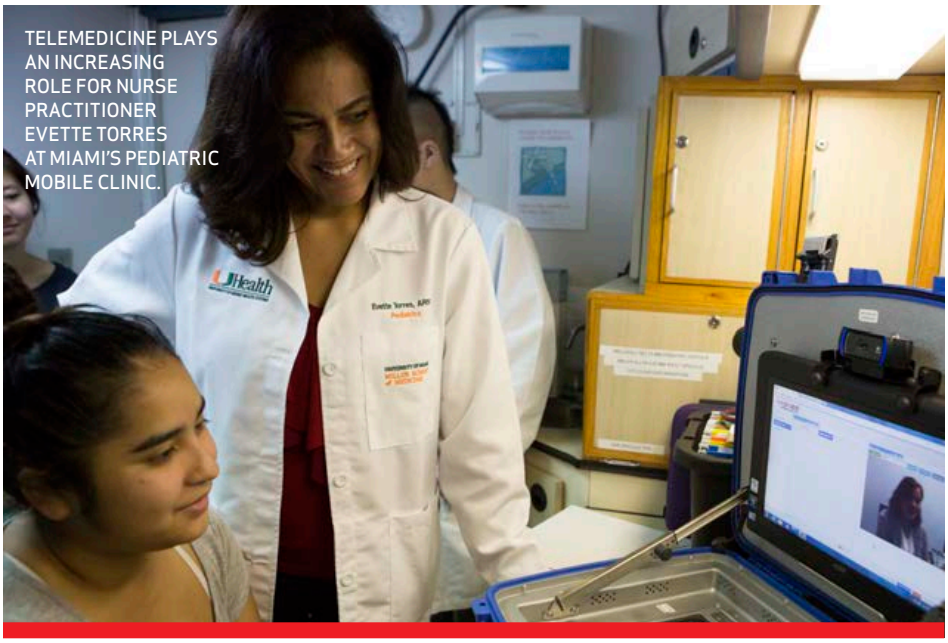
Populations with low socioeconomic levels are three times more likely to be affected by a chronic illness.

"Poor access to healthcare comes at both a personal and societal cost," says the U.S. Department of Health and Human Services.

"For example, if people do not receive vaccinations, they may become ill and spread disease to others. This increases the burden of disease for society overall in addition to the burden borne individually."

> *"POOR ACCESS TO HEALTHCARE COMES AT BOTH A PERSONAL AND SOCIETAL COST."*
>
> — U.S. DEPT. OF HEALTH AND HUMAN SERVICES

Hosted by CorporateRegister.com



TELEMEDICINE PLAYS AN INCREASING ROLE FOR NURSE PRACTITIONER EVETTE TORRES AT MIAMI'S PEDIATRIC MOBILE CLINIC.

OUR SOLUTION

Putting our technology to work for patients.

The age of mobile communications — an age that Verizon has done so much to bring about — opens exciting possibilities for medicine.

Doctors can send customized texts in real-time response to a patient's abnormal reading. Medical specialists can instantly read X-rays and electrocardiograms from another part of the world. Health workers in an office can watch patients at home take their medications on videos taken by a smartphone and viewed over a secure network.

Through mobile devices and our cloud, wireless network and other services, we are putting into play innovative programs to monitor the care and improve the lives of those who are suffering from or susceptible to the most serious chronic diseases.

Respiratory Conditions

We're using telemedicine to manage respiratory ailments as serious as tuberculosis. In a project pioneered at the University of California at San Diego, doctors began using smartphones to monitor tuberculosis medications, a method called Video Directly Observed Therapy (VDOT).

Patients make video recordings of themselves taking their medications and then send the recordings to their public health department via Verizon's secure cloud platform.

Our HIPAA-enabled cloud solution allows several health departments, from California to New York, to download the videos and monitor patients' TB treatments at a much faster rate, and for much less money, than by traveling to the patient's home or workplace to observe the same thing.

We went on to develop a live-streaming VDOT system in New York City. Instead of a video download, health workers watch in real time and interact with patients via a videoconferencing mobile app.

In San Francisco, professionals at the Children's Health Fund are helping teens and young adults who are homeless — or close to it — manage asthma and smoking by sending health-related text messages. One thing all these kids seem to have, no matter how tenuous their living situation: a cell phone. And they're willing to use it to manage their health.

The messages address everything from the importance of adhering to medication schedules and quitting smoking to an array of other common health problems, such as diet and safe sex. To hold the kids' attention, the texts resemble games. Get the right answer and win a movie ticket or some other prize — while learning something important about staying healthy at the same time.

94%
of tuberculosis patients monitored by VDOT completed their treatment regimens

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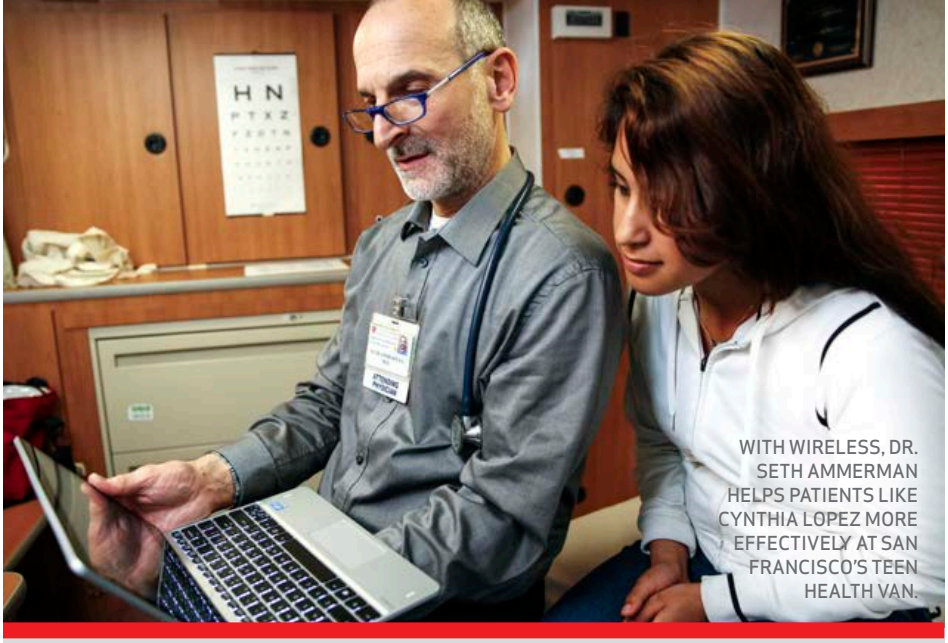

WITH WIRELESS, DR. SETH AMMERMAN HELPS PATIENTS LIKE CYNTHIA LOPEZ MORE EFFECTIVELY AT SAN FRANCISCO'S TEEN HEALTH VAN.

With text messages, health workers reach out to homeless young.

Among the 400 young people who visit the Teen Health Van every year, about 40 percent are or were recently homeless. They come into the mobile clinic, which travels from San Francisco to San Jose, with an array of needs: education on safe sex and healthy diets, access to condoms and birth control, counseling for bullying and depression.

Dr. Seth Ammerman, who started the Teen Health Project in 1996, was wondering how to communicate with this vulnerable, rootless population, when he realized something: "Virtually every homeless kid that we work with, they all have cell phones."

> *"IT'S A GREAT WAY TO MAKE A CONNECTION."*
>
> — JASMIN
> *TEEN HEALTH VAN PATIENT*

With financial help from Verizon, Ammerman and his colleagues launched a pilot program to send informational texts to 30 kids.

The pilot was so successful that Ammerman aims to extend the program to more of his adolescent patients.

One patient, 22-year-old Jasmin, said the texts she received with nutritional tips spurred her to eat better, which improved her overall health.

"It's a great way to make a connection," she said.

To keep it interesting, they made it a quiz, asking questions such as:

What is a good way to deal with stress?

A. Think hard about all your mistakes

B. Stay up late every night

C. Meditation, exercise and breathing

D. All of the above

* Quiz Answer: C

Last year, we laid the groundwork for a project to launch in early 2015 that will help an estimated 500 poor and minority children in Boston manage their asthma. The children, their parents and school nurses will use smartphones to remotely input data to help the kids stick to an asthma action plan.

Diabetes

To help patients with or at risk of developing diabetes, we conducted two programs last year that used smartphones to communicate with patients. In a partnership with Johns Hopkins Medicine, we sent texts and educational content to obese women in hopes of increasing their activity levels and improve their conditions. With the Emory University School of Medicine, we used remote monitoring and texting to enable diabetic women to manage their disease.

Results of the projects are scheduled for release in April 2015.

Also last year, we completed the preliminary work for projects aimed at helping people manage obesity and diabetes in several underserved parts of the country, starting in early 2015. The patients will primarily be people of limited means who are disproportionately affected by their living conditions and often lack access to quality care.

Applying our solutions, community health workers will use tablets and remote monitors to track the blood sugar levels, fitness levels and other key indicators of people with diabetes in Arkansas. Others will do the same for diabetics in rural Georgia. We will

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Incubating healthy business ideas at PhilaU.

An elderly woman lives alone. When she gets out of bed and steps on her bedside rug, the sensors in the "smart mat" send a message across town to her daughter that Mom is up and has started her day.

A 25-year-old monitors his vitals with a fitness-tracking bracelet that syncs to an app on his phone. If the app notes minor trouble, it acts like a "virtual mother" and suggests a home remedy. For something more serious, it flashes the phone numbers of doctors to see.

These creative ideas popped up when Verizon asked Philadelphia University students to brainstorm how Verizon technology could improve the health of millennials, the elderly, and the millions of Americans whose main contact with the health system is the emergency room.

In a partnership called the Verizon Nexus Learning Challenge, students studying business, industrial design and occupational therapy worked with Verizon in spring 2014. The goal, said one Verizon executive: Create "a perfect incubator for coming up with new solutions to real-world problems."

The ideas may someday be developed into Verizon products. The first concepts were certainly promising; the program was extended for another three years.

measure the projects by a variety of metrics, including the number of patients and healthcare workers recruited, weight loss, activity, technology usage, biomarker changes and diabetes education.

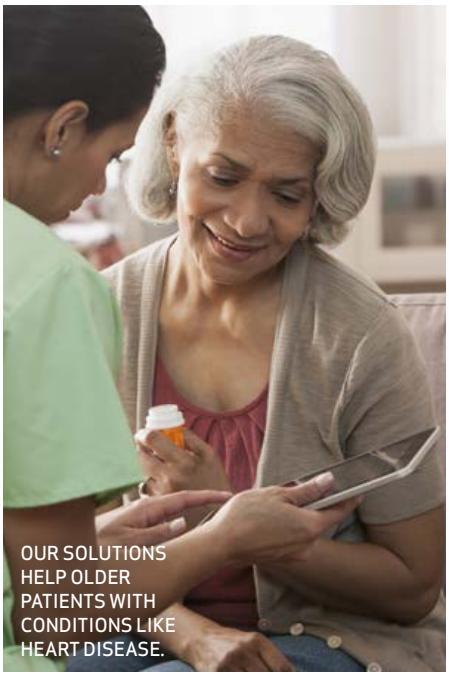
Two of our programs will be aimed at Hispanics, whose risk of developing diabetes is 1 1/2 times greater than for non-Hispanic white Americans.

One program in Texas will manage patients' diabetes through texting, telehealth sessions and the remote tracking of activity levels, dietary habits and glucose — and their progress will be compared with a group of patients who receive ordinary care.

In Miami, the Children's Health Fund will help children manage obesity through monthly telehealth visits with a dietician and other medical providers. We'll give 50 children smartphones to connect with the program and track their diet and exercise habits.

We'll gauge the project's effectiveness by keeping tabs on such metrics as the number of providers and participants; adherence to care plans and telehealth appointments, frequency of the app's use, percent of patients with demonstrated behavioral changes, and biomarker changes.

50 CHILDREN
will receive smartphones to connect with the program and track their diet and exercise habits



OUR SOLUTIONS HELP OLDER PATIENTS WITH CONDITIONS LIKE HEART DISEASE.

Heart Disease

To battle heart disease, cardiologists in Miami began using our 4G LTE network to examine children of poor families who come for free care at the Children's Health Fund mobile health clinic, which serves a number of mostly Hispanic neighborhoods.

Also last year, we launched a program to enable Cambodian seniors in California to manage their conditions and improve their health by using remote monitoring devices and telehealth sessions on tablets.

We did the same in South Boston with seniors with heart disease or diabetes. And we made plans to launch a similar program for elderly minority patients in North Carolina with peripheral artery disease, a circulatory problem in which narrowed arteries reduce blood flow to the limbs.

Metrics for these programs will be tracked in 2015.

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FROM THE MOBILE CLINIC, MEDICAL DIRECTOR DR. LISA GWYNN CONSULTS REMOTELY WITH A CARDIOLOGIST.

Telemedicine that crosses social and economic barriers.

Eight-year-old Ivan was laying on an examining table while a nurse attached wires to his arms, chest and legs. A heart specialist was readying herself to read his EKG at her computer — 15 miles away.

A recent arrival from Cuba with a suspicious heart murmur, Ivan had been brought by his mother to the Pediatric Mobile Clinic, a converted motorcoach that travels around Miami to dispense free medical services to children and teens, and which has a particular eye out for cardiovascular disease, the leading cause of death for Hispanics in the U.S., according to the Centers for Disease Control.

Verizon teamed with the Children's Health Fund to equip the clinic for telecommunications and provide funds for specialists. The goal: Make sophisticated medical services available to the poor, disadvantaged and isolated.

"This is awesome, being able to transmit patient information by video communications," said Brenda Osuwu, an assistant nursing professor who was helping with Ivan's exam. "You don't have to be there [in person] and still get a result."

From her office in downtown Miami, cardiologist Dr. Mary Sokoloski noted Ivan's EKG readings as they appeared on her computer. She watched by video and listened over headphones as the nurse checked Ivan with a stethoscope.

"OUR INTERNET PROVIDER IS VERIZON, AND I WORKED WITH THEIR ENGINEERS TO WORK OUT GREAT CONNECTIVITY ON THE BUS, NO MATTER WHAT COMMUNITY WE ARE IN."

— DR. LISA GWYNN, *CHILDREN'S HEALTH FUND, SOUTH FLORIDA MEDICAL DIRECTOR*

She liked what she heard. "OK! Sounds good," the cardiologist said.

Dr. Gwynn then told Ivan's mother that there was nothing to worry about, Ivan's heart was just fine.

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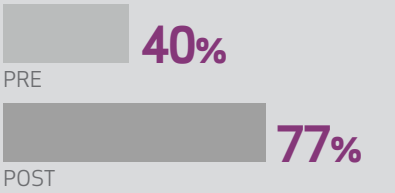
ACHIEVING BETTER PATIENT RESPONSES THROUGH TELEMEDICINE.

Using mobile technology from Verizon, Children's Health Fund mobile clinics are improving services to patients by being able to access their medical records and make referral appointments in real time. In San Diego, video monitoring of tuberculosis patients is proving an efficient way to make sure they take medications as scheduled.

CHILDREN'S HEALTH FUND

APPOINTMENT ADHERENCE RATES IN MIAMI



INCREASE IN IMMUNIZATION RATES IN NEW YORK

VIDEO TB MONITORING

THE AVERAGE TIME IT TAKES TO MONITOR A PATIENT HAS SHRUNK **FROM 45 MINUTES TO 2 MINUTES**

OUR PROGRESS

Through network connections, more appointments kept, treatment plans met.

A year ago, we set this goal for 2014:

GOAL ▸ Continue launching healthcare partnership sites across the country with national nonprofits. Publish program impacts on health outcomes.

PROGRESS ▸ We launched 18 healthcare sites with our partners across the country, providing them with the tools they needed to help patients lead healthier lives.

In our Children's Health Fund programs:

- In **Miami**, appointment adherence rates rose to 77 percent, from 40 percent, after our network enabled patients to make referral appointments in real time from the mobile clinic, rather than by traveling to the downtown hospital.
- In **New York**, immunization rates (children fully immunized by age 3) increased by 12 points, to 92 percent, by accessing medical records to mobile clinics in real time over our network.
- In **Dallas**, 22 percent of homeless youth and families received flu vaccines after getting reminder text messages.
- And in **San Francisco**, 90 percent of youth were engaged in the health-education texting program, with 100 percent of them saying they wanted to continue.

In our **VDOT program** at UC San Diego, it took an average of two minutes to monitor by video a TB patient taking medications, compared with 45 minutes going to their location to observe them in person. The cost dropped to $1,164 from $4,167, a savings of more than two-thirds.

And 94 percent of patients being monitored by VDOT completed their TB treatment regimens — compared with 79 percent of TB patients across the U.S.

THE MOBILE CLINIC SEES PATIENTS FROM SAN JOSE TO SAN FRANCISCO.

Hosted by CorporateRegister.com

VERIZON TECHNOLOGY IS GIVING THESE BRAZILIAN KIDS THE CHANCE TO LIVE FREE OF RHD THROUGH SCREENINGS AT SCHOOLS.

OUR INTERNATIONAL EFFORTS

Connecting medical specialists with those in need around the world.

Swinfen Charitable Trust

Working with the British-based Swinfen Charitable Trust and the University of Virginia, we expanded an innovative telemedicine program operating in 73 countries into rural communities in India and the Philippines.

Our capabilities allow healthcare workers in resource-limited developing countries to use mobile devices to access Swinfen's telemedicine system of more than 1,113 medical providers in 277 hospitals around the world.

Using the system, health workers resolved over 2,400 consultations — a number that increased dramatically after June, when we improved hospitals' connectivity by adding mobile apps, using cellular service, to the existing cloud platform.

Children's National Medical Center

In a separate program in Brazil, we helped battle rheumatic heart disease, a deadly threat to children, particularly to those living in conditions of poverty, poor sanitation and overcrowding. If the disease goes undiagnosed, life expectancy is less than 25 years.

Working with Children's National based in Washington, DC, we provided tablets, Open Video technology and Terremark Cloud for a program in which local health workers travel to communities in Minas Gerais, Brazil, where RHD is the largest contributor to infant and child mortality. The workers educate children and parents about the disease and screen children using portable echocardiography machines.

Any abnormal images are uploaded to the cloud for further assessments by cardiologists at Children's National in DC and the Universidade Federal de Minas Gerais in Brazil.

The goal for 2014 was to educate and screen 1,500 children for RHD; and we screened 837 and educated 2,217. Thirty of those children were found to have symptoms of RHD and are being treated.

For 2015, we plan to expand the program in Brazil to rural areas and to remote areas of Australia, and educate and screen 5,000 children.

SWINFEN CHARITABLE TRUST

Helping patients in developing regions.

1,113 MEDICAL PROVIDERS

73 COUNTRIES

277 HOSPITALS

CONSULTATIONS:

360 THROUGH MARCH 2014

2,455 THROUGH DECEMBER 2014

Apps became available in June, dramatically increasing the number of consultations between doctors and patients.

RHEUMATIC HEART DISEASE (RHD) DETECTION IN BRAZIL

837 KIDS SCREENED FOR RHD

30 DIAGNOSED & BEING TREATED

Hosted by CorporateRegister.com

VIDEO DIRECTLY OBSERVED THERAPY (VDOT)

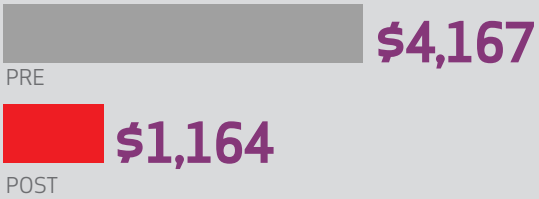
Using technology and cloud services to help cure tuberculosis.

6 SITES

184 PATIENTS PARTICIPATING

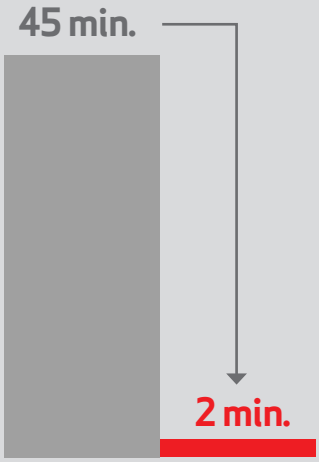
TREATMENT COMPLETION RATE INCREASED

PROJECTED COST PER PATIENT CUT BY TWO-THIRDS



SAVING TIME WITH VIDEO MONITORING

IT TOOK AN AVERAGE OF ONLY **2 MINUTES** TO MONITOR PATIENTS BY VIDEO, VERSUS 45 MINUTES GOING TO THEIR LOCATION TO OBSERVE THEM IN PERSON



CHILDREN'S HEALTH FUND

Improving health behaviors for at-risk patients with texting programs, telemedicine and electronic health records.

6 SITES

40 PROVIDERS

2,315 PATIENTS PARTICIPATING

SECURE TEXTING TO HELP HOMELESS CHILDREN ADHERE TO APPOINTMENTS

22% OF HOMELESS YOUTH AND FAMILIES RECEIVED VACCINES

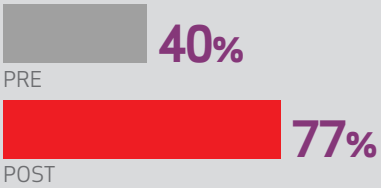
HEALTH EDUCATION THROUGH TEXT-BASED GAMIFICATION

OF YOUTH PARTICIPANTS WERE ENGAGED

OF REAL-TIME SCHEDULING OF SPECIALIST APPOINTMENTS FOR LOW-INCOME CHILDREN

REAL-TIME SCHEDULING OF SPECIALIST APPOINTMENTS FOR LOW-INCOME CHILDREN

APPOINTMENT ADHERENCE RATES IN MIAMI ALMOST DOUBLED



USING ELECTRONIC HEALTH RECORDS TO PROVIDE REAL-TIME ACCESS TO MEDICAL RECORDS

INCREASE IN CHILDREN FULLY IMMUNIZED BY AGE 3 IN NEW YORK

Hosted by CorporateRegister.com

WHAT'S NEXT

Coming in 2015: Expanding our efforts in tackling chronic disease.

In the coming year, we'll expand much of our work in healthcare, working with new national non-profit partners to help tackle heart disease, diabetes, obesity and respiratory conditions in underserved communities.

GOAL ▸ Continue our commitment to children's health through three partnerships that use technology to help underserved children manage their health: an obesity program in Miami, an asthma management program in Boston, and an asthma, obesity and smoking cessation program in San Francisco.

We'll use technology to help underserved children manage their health.

GOAL ▸ Conduct two programs addressing the high rates of diabetes in multicultural populations: a program in Arkansas targeting low-income, African-American diabetics and a program in Texas targeting low-income Hispanics. Both of these populations are disproportionately impacted by diabetes.

GOAL ▸ Support the ability of seniors to age at home by rolling out three additional programs targeting older adults. These programs demonstrate the use of technology by senior populations to digitally manage disease and ultimately age in place.

GOAL ▸ Address the disparity in healthcare for rural populations by launching a program serving low-income diabetic populations in rural Georgia.

Hosted by CorporateRegister.com

IMPACT IN ENERGY MANAGEMENT

Using our networks to remotely manage energy use.

OUR MISSION: We're helping people use technology to manage their energy consumption, reduce their carbon footprint and lower their bills.

WWW.VERIZON.COM/ABOUT/RESPONSIBILITY/SUSTAINABILITY

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JOY AND CHRIS STONE USE A TABLET TO SEE EXACTLY HOW MUCH ENERGY THEY'RE USING IN THEIR AUSTIN, TEXAS, APARTMENT.

THE PECAN STREET INC. PROJECT

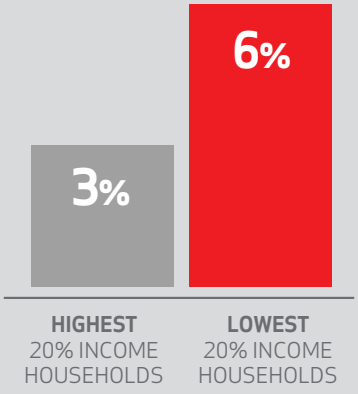
THE SOCIAL ISSUE

For many low-income households, the cost of energy remains unaffordable.

Paying the energy bill can be tough — especially if you're low-income. If money is tight, that $100 you might pay for electricity hits a lot harder than if you were earning more. In fact, low-income households spend a larger share of their income on energy (6 percent) than wealthier households do (3 percent), according to the U.S. Energy Information Administration.

For low-income households, the high cost of energy can have severe consequences: worsening health. The stress of making ends meet. The possibility of homelessness.

AVERAGE OF TOTAL HOUSEHOLD INCOME SPENT ON ENERGY BILLS



Source: U.S. Energy Information Administration

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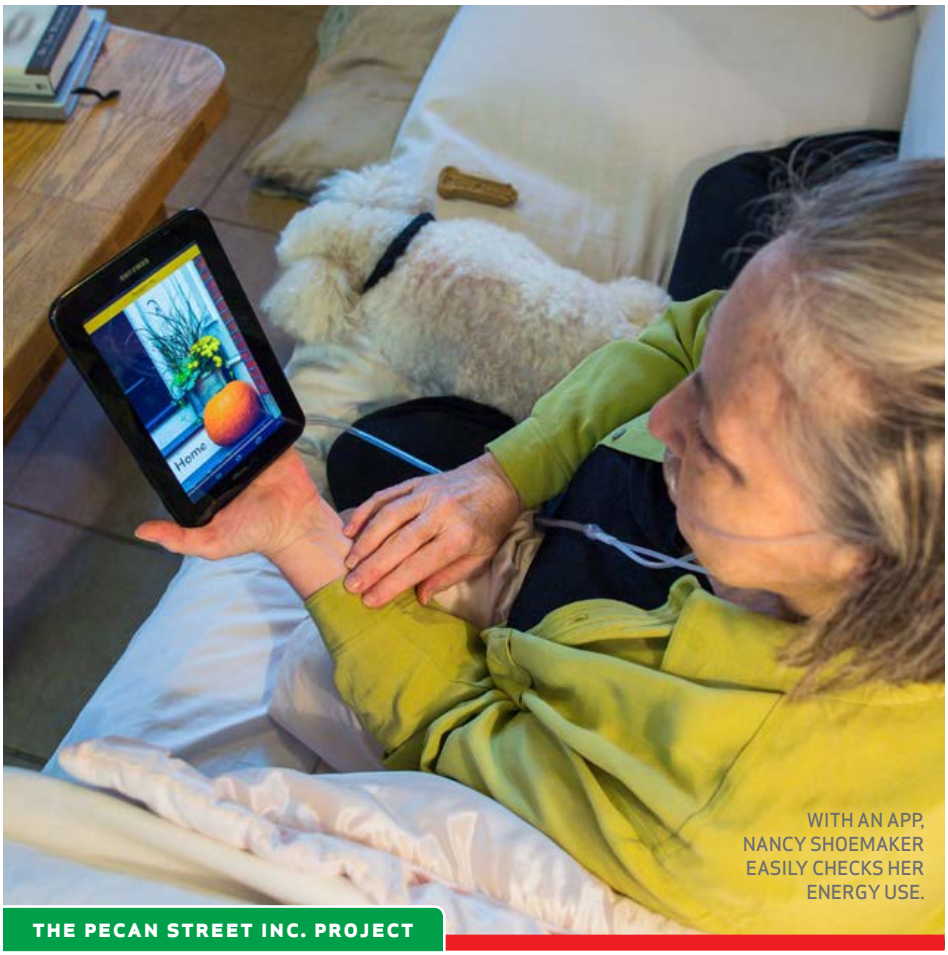

WITH AN APP, NANCY SHOEMAKER EASILY CHECKS HER ENERGY USE.

THE PECAN STREET INC. PROJECT

OUR SOLUTION

Smart technology allows families to see exactly how much energy they're using — and how to save.

We believe that technology can offer our country's underserved populations the greatest benefits and fastest improvements in energy efficiency.

We teamed up with the consumer-energy research organization **Pecan Street Inc.**, a nonprofit based in Austin, Texas, to launch a program to provide low-income communities with energy-management solutions that empower households to make smarter choices about their energy use.

The program, called **Smart Solutions for Affordable Housing**, is a unique research trial that seeks to uncover the most effective ways that technology can be used to help consumers manage their energy usage.

Pecan Street Inc. recruited 140 low-income households from apartment buildings in Austin to participate.

Starting in early 2014, Verizon and Pecan Street Inc. provided participants with:

- Verizon Wireless service
- 4G LTE routers and tablets
- eGauge circuit-level monitoring systems
- Smart thermostats
- A new mobile application for monitoring their home energy use

The energy monitoring system collects real-time, circuit-level electricity usage data from the entire home and sends regular updates to users on their energy use.

The goal is to find out whether an energy-monitoring solution with easy-to-read feedback improves how people use energy and lowers their energy consumption, and whether having other supporting technology — including an app with proactive notifications — leads to even better results.

The data on personal usage will help participants make decisions that may lower their energy bills.

140
low-income households from apartment buildings in Austin were recruited to participate

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Her bill was cut by 20% — and she's not done yet.

It's easy to see why saving money is important to Lisa Harper.

"Because I am a single mom raising two kids on a budget," said the call center worker.

So she's thrilled to be taking part in the Pecan Street Inc. project. She opens her tablet, she says, "probably every day" to check on her energy usage. Now that it's easy to watch her kilowatts, she's quicker to turn off unneeded lights. Her daughter takes shorter showers.

After a few months, she cut her already-low $35 bill monthly energy bill to $28. And she wasn't through.

"I'M THINKING, 'HOW DO YOU CUT IT LOWER THAN THAT?' — IF I CAN, I WILL."

— LISA HARPER

THE APP ON LISA HARPER'S TABLET PRECISELY DISPLAYS HOW SHE IS USING ENERGY IN HER APARTMENT.

THE PECAN STREET INC. PROJECT

OUR PROGRESS

We're obtaining data to gauge usage changes.

The following targets were set for 2014:

GOALS ▸ Complete the energy research study in Austin. Track energy consumption for all participants. Achieve lower energy consumption for 25 percent of participants within the first year.

PROGRESS ▸ Although we had hoped to see significant changes in consumption by the end of year one, the average usage across all participating households hasn't significantly changed.

While individual participants' stories are encouraging, the ability at the end of 2015 to compare year-over-year data will allow us to measure whether this technology helps residents decrease their energy consumption and corresponding energy bills.

PECAN STREET INC. PROGRAM RESULTS:

85% of the participants in the program increased their energy education and awareness

64% showed an increase in technology proficiency

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NANCY SHOEMAKER NOW HAS A HANDLE ON HER ENERGY COSTS.

Learning the cost of her lifeline.

You'll usually find Nancy Shoemaker at home.

The part-time English-Spanish translator doesn't get around much. The Austin grandmother lives alone with her small poodle, Sasha.

With severe emphysema, she's reliant on an oxygen compressor. Get her off the machine, and she soon tires out. Next she feels sick. Before long, she's in serious trouble.

On a limited income, she's often wondered how much it costs her to run the oxygen compressor she can never shut off. She once asked the power company. They said they didn't know.

But soon after she joined the Pecan Street Inc. program and began charting her energy use, the answer showed up plainly on her tablet: the compressor accounted for almost half of her energy bill.

> *"WHEN YOU DON'T HAVE A LOT OF MONEY, EVERY LITTLE BIT HELPS."*
>
> — NANCY SHOEMAKER

Keeping the compressor running took up "a lot larger percentage of my bill than I had guessed," Shoemaker says.

Shoemaker won't cut back on the compressor, of course; it's too important to her health. But Pecan Street Inc. advisors showed her how to trim her electric bill in other ways.

Now she tries harder to turn off unneeded lights. She cooks more with the microwave, instead of the oven. She lets food cool before putting it in the refrigerator.

Meanwhile, her new smart thermostat has learned her daily habits and adjusts the apartment's temperature automatically, keeping her comfortable while using less air conditioning.

She loves how the technology is telling her exactly where her energy dollars go.

Saving money by watching where the energy dollars go.

Abigail Verduzco's household energy bills used to average $120 a month. Now, as a part of the Pecan Street Inc. Project, they're $80 or $85.

A saving of $35 or $40 means a lot, she says, when you have two kids and you're living on a low to moderate income. "That $40 is a weekend with my children. That $40 is a nice dinner out. We have a big car and if we want to go with the kids somewhere, that's a full tank of gas."

Her two-bedroom apartment has been equipped with a smart thermostat, which automatically adjusts the inside temperature when no one is home. Verduzco can read the results via a Wi-Fi router and tablet supplied by Verizon.

Now that she sees exactly where each energy dollar goes, she and her kids are more conscious of their energy use.

THE PECAN STREET INC. PROJECT

WHAT'S NEXT

Coming in 2015: The project continues.

GOAL ▸ We'll continue to track participant behavior by collecting consumption and billing data, and make year-to-year comparisons with our first-year baseline.

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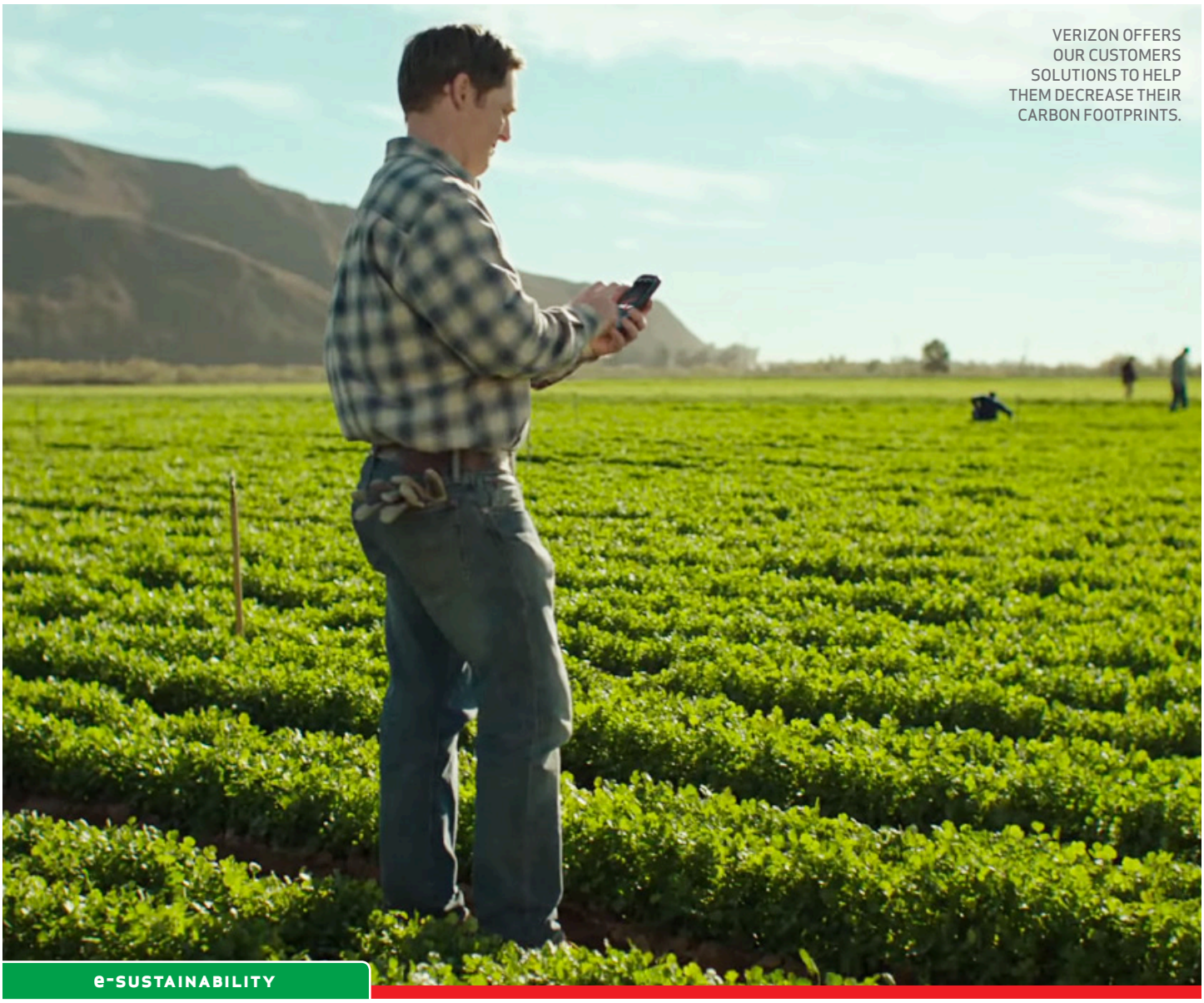

VERIZON OFFERS OUR CUSTOMERS SOLUTIONS TO HELP THEM DECREASE THEIR CARBON FOOTPRINTS.

e-SUSTAINABILITY

THE SOCIAL ISSUE

Needed: A less carbon-intensive society.

Reducing carbon emissions while maintaining economic growth and improving quality of life is one of the challenges of this century.

As a technology leader, we believe we have a role to play in not just reducing our own carbon footprint, but in helping our customers to reduce theirs.

$1.9 TRILLION
potential savings in gross energy and fuel by 2020 from ICT-enabled solutions

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WITH VERIZON'S TELEMATICS SOLUTIONS, FLEETS RUN MORE EFFICIENTLY AND PUT LESS STRAIN ON THE ENVIRONMENT.

e-SUSTAINABILITY

OUR SOLUTION

Wireless and broadband emerge as key CO_2-reducing tools.

One sure way to cut CO_2 emissions is to get smarter about energy use — to implement smart building, smart grid, smart transportation and travel substitution solutions — and the key to this is information and communications technology (ICT).

GeSI

Verizon is proud to sit on the board of directors of the **Global e-Sustainability Initiative (GeSI)**, a leading source of information, resources and best practices for achieving sustainability through ICT. GeSI has joined with the United Nations (UN) Framework Convention

Tracking its trucks, company saves $188K.

BLS Trucking, which runs 245 trucks throughout the Midwest, many for the lumber industry, had a problem.

Soaring fuel expenses, three stolen trucks and some baseless claims against its drivers were chipping away at the company's profits.

BLS turned to Networkfleet, and suddenly the company could track location, speed, idle time, fuel usage and other types of data directly from every vehicle's engine.

The data enabled the company to save on repair costs. To quickly recover a truck when it was stolen. To defend false claims by proving trucks weren't located where damage had allegedly occurred.

And by eliminating unauthorized trips and unnecessary idling time, BLS saved an estimated $188,000 in fuel costs during the first year alone.

"HAVING ALL THIS DIAGNOSTIC DATA AT A COMPETITIVE PRICE SOLD US ON NETWORKFLEET."

— JOSH ZIMMET
EXECUTIVE ADMINISTRATOR AT BLS

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on Climate Change to add a pillar to the UN's *Momentum for Change* program, highlighting the potential of ICT to mitigate greenhouse gases.

According to GeSI's projections, ICT-based solutions can potentially reduce annual greenhouse gas emissions 16.5 percent by 2020 — a $1.9 trillion savings in gross energy and fuel, and a 9.1-gigaton reduction in carbon dioxide equivalent.

GeSI plans to update this number in June 2015 with a report that will identify the carbon-reducing value ICT has delivered to date, as well as project the potential for ICT to support global carbon-reduction goals through 2030. The report will be an important tool for policymakers crafting climate change mitigating policies around the world.

We are doing our part by offering customers an array of telecommunication and information services to enable them to better manage their energy use.

Networkfleet

A prime example is our wireless telematics product, *Networkfleet*, which gives fleet managers GPS and engine-performance information on each of their cars and trucks, helping them plan more efficient routes, improve maintenance and foresee mechanical breakdowns — saving time, mileage and fuel.

WITH VERIZON'S HELP, ARKANSAS RUNS STATE VEHICLES FOR LESS.

Arkansas saves $500K in fuel in one year.

Overseeing 16,400 miles of roadway, the Arkansas State Highway and Transportation Department (AHTD) maintains several thousand vehicles for highway construction and maintenance, transportation, administration and law enforcement.

It's a challenge to manage this massive fleet efficiently enough for the taxpayers. For help, the department turned to Networkfleet.

Tested on 12 vehicles, the system sent cars on smarter routes, saving gas. And AHTD found it easier "to mobilize our forces during unplanned events like snow or ice," said Danny Keene, division head of equipment and procurement.

Soon Networkfleet was installed on all 2,500 highway passenger vehicles. With the cars idling less and burning less fuel, the department saved nearly $500,000 in fuel expenses the first year.

Dispatchers were soon directing dump trucks, snow plows and other vehicles to emergency situations faster. And by providing precise GPS locations, Networkfleet even made it easier for police to recover stolen vehicles.

"NETWORKFLEET IS A COST-EFFECTIVE MANAGEMENT TOOL THAT DELIVERS A GREAT RETURN ON INVESTMENT."

—MARK HOLLOMAN, FLEET MANAGER,
ARKANSAS STATE HIGHWAY AND TRANSPORTATION DEPARTMENT

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e-SUSTAINABILITY

OUR PROGRESS

The equivalent of taking 3 million cars off the road.

We asked Accenture to evaluate the mobile and broadband solutions we offer our customers and to quantify their effectiveness in reducing carbon emissions.

The chart on this page shows the results in comparison to the U.S. carbon footprint.

WHAT'S NEXT

Coming in 2015: Taking the GeSI agenda to policymakers.

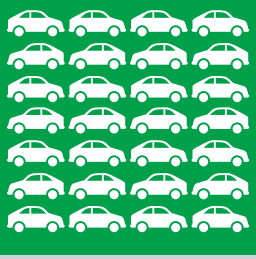
GOAL ▸ We will partner with GeSI to help policymakers and other industry sectors better understand how ICT can help achieve carbon-reduction goals.

SUMMARY OF 2014 CO_2 REDUCTION ENABLED BY VERIZON SOLUTIONS

BENEFIT CATEGORY	SOLUTION	METRIC	2014 CO_2 REDUCTION (Metric Tons) Minimum	Maximum
TRAVEL SUBSTITUTION	TELE-COMMUTING	# OF MILES REDUCED (avoided gallons of gas consumed)	8.30M	11.61M
TRANSPORTATION	TELEMATICS (Networkfleet, Trimble, other)	# OF MILES REDUCED (avoided gallons of gas consumed)	0.97M	1.21M
BUILDINGS	INTELLIGENT BUILDING MANAGEMENT	# OF KWH'S REDUCED	0.002M	0.010M
POWER GRID	SMART METERS AND DEMAND RESPONSE	# OF KWH'S REDUCED (reduced T&D losses, lower peak demand and energy efficiency)	3.85M	4.21M
TOTAL GROSS 2014 CO_2 REDUCTION ENABLED BY VERIZON			13.12M — 17.04M	
% OF TOTAL U.S. ANNUAL CARBON EMISSIONS			0.24% — 0.31%	

The CO_2 reduced is equivalent to the annual greenhouse gas emissions from approximately

3 MILLION CARS



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SUSTAINABILITY

Reducing our environmental footprint.

OUR MISSION: In the ways in which we power our network and operate our business, we're unrelenting in our efforts to foster a greener planet.

WWW.VERIZON.COM/ABOUT/RESPONSIBILITY/SUSTAINABILITY

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TREE SAPLINGS WERE GIVEN AWAY DURING VERIZON'S 2014 EARTH DAY EXPO IN BASKING RIDGE, N.J.

OUR APPROACH

Improving energy efficiency, managing waste, engaging our employees and communities.

We tackle this mission by improving energy efficiency to reduce carbon emissions; by responsibly managing waste, especially used electronics and batteries; and by ensuring that our products are manufactured and packaged to high environmental standards.

And we actively encourage employees and communities to take volunteer actions to help the environment.

Reducing our carbon intensity through green energy, smarter buildings and a more efficient fleet.

REDUCING OUR CARBON INTENSITY

Our biggest environmental impact is in running our networks around the globe, which takes billions of kilowatts of electricity a year.

Using that much electricity accounted for 92 percent of our carbon emissions in 2013 — far more than fueling our fleet (6 percent of our overall carbon emissions) or heating our buildings and running our backup generators (2 percent).

"Carbon intensity" refers to the amount of carbon emissions we produce, divided by the terabytes of data moving across our networks.

We want to cut our carbon intensity in half by 2020 over a 2009 baseline.

By the end of 2013, we achieved a reduction of 40.03 percent over the 2009 baseline.

CARBON EMISSIONS 2013

92% ELECTRICITY TO RUN OUR NETWORKS

6% ENERGY TO FUEL OUR FLEETS

2% FUEL TO HEAT OUR BUILDINGS AND POWER OUR BACKUP GENERATORS

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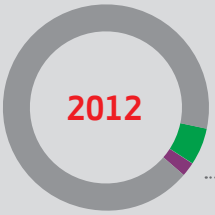
VERIZON'S CO_2 EMISSIONS PROFILE:

ELECTRICITY VEHICLE FUELS BUILDING AND OTHER FUELS

	CO_2 metric tons	
2013	5,485,820	
	5,047,406	92.01%
	337,273	6.15%
	101,141	1.84%



2012	5,855,570	
	5,342,766	91.24%
	387,723	6.62%
	125,081	2.14%

2011	5,642,686	
	5,061,414	89.70%
	381,413	6.76%
	199,859	3.54%

EMISSIONS BY SCOPE

	2011	2012	2013	YOY CHANGE
Scope 1	581,272	512,804	438,414	(14.5%)
Scope 2	5,061,414	5,342,766	5,047,406	(5.5%)
Total Scope 1 & 2	**5,642,686**	**5,855,570**	**5,485,820**	**(6.3%)**
Scope 3	n/a	54,172	57,213	5.6%

Our 2014 progress will be published to our website later this year.

See page 45 for an explanation of our carbon emissions accounting methodology.

Independent Assurance Report from Ernst & Young

We are committed to continuously improving and refining our measurement and reporting systems. We engaged Ernst & Young to perform an independent review of our 2013 greenhouse gas emissions and carbon intensity reporting. And we're working with Ernst & Young to assure our 2014 emissions and carbon intensity, which we will publish to our website later this year.

Read Ernst & Young's assurance report.

Last year, we set a short-term goal for 2014:

GOAL ▸ Reduce carbon intensity by 8 percent year over year (2014 vs. 2013)

PROGRESS ▸ Our 2014 progress will be published to our website later this year.

We're so committed to this that we've tied employee compensation to our carbon intensity goals — same as we do for our corporate financial goals.

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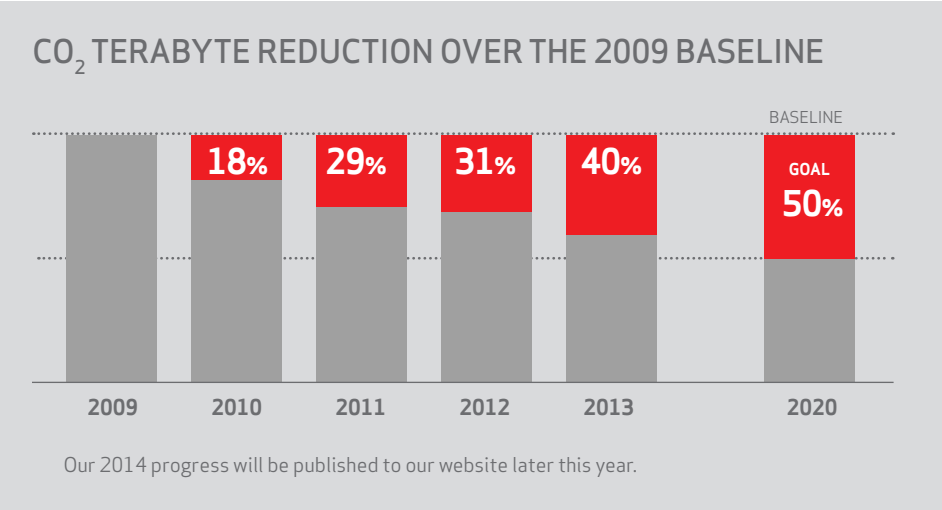

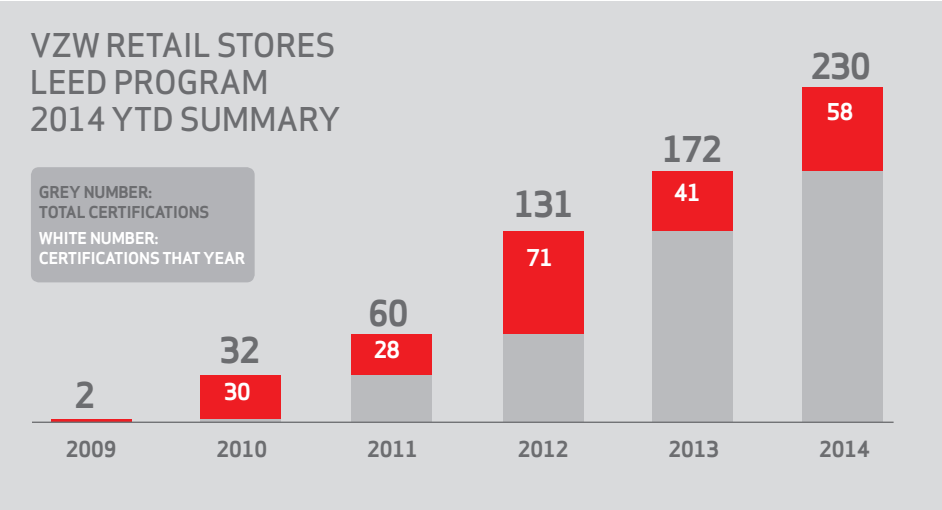

GOING GREEN: A MULTI-PRONGED STRATEGY

We're minimizing our carbon footprint in a number of ways: through green energy investments, building improvements and fleet operations.

A Powerful Push in Renewables and Green Energy

Last year, after implementing 12.4 megawatts of solar and fuel cell energy in 2013 to help power Verizon facilities, we set a more ambitious target:

GOAL ▸ Implement 20 megawatts of on-site green energy by year-end 2014.

PROGRESS ▸ We exceeded the goal. We installed 22 megawatts of fuel cell and solar photovoltaic systems. And at year's end, we had another 2.4 megawatts in development.

That's equivalent to 2,700 homes' electric needs for a year. In other words, we prevented 20,000 metric tons of CO_2 from getting into the atmosphere.

This brought Verizon's two-year on-site green energy investment to $137 million.

Making Our Buildings Smarter

In 2009, we began certifying Verizon retail stores in the U.S. Green Building Council's LEED program (Leadership in Energy and Environmental Design). LEED certification means that a building is designed, constructed and operated to ensure energy savings, emissions reductions and improved environmental quality.

We also seek ENERGY STAR® status certification for all eligible retail stores, a designation made by the U.S. Environmental Protection Agency (EPA).

Most of our ENERGY STAR-certified stores are equipped with LED lighting, energy management systems and time-controlled heating, ventilation and air conditioning units.

Last year, we set two goals for our retail stores:

GOAL ▸ Earn LEED certification for 225 retail stores by the end of 2015.

PROGRESS ▸ By the end of 2014, 230 of our retail stores had earned LEED certification, beating our 2015 goal by more than a year. We will continue to certify locations in 2015.

GOAL ▸ Pursue ENERGY STAR certification for all eligible Verizon retail stores.

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PROGRESS ▸ Eighty-eight retail stores were eligible for ENERGY STAR certification in 2014, and 100 percent of those stores were certified during the year, bringing our total of ENERGY STAR-certified stores to 177.

It was the second straight year that Verizon Wireless was named an ENERGY STAR Partner of the Year by the EPA.

Each year, the EPA honors a select group of organizations that have made outstanding contributions to protecting the environment through superior energy efficiency. In 2013 we became the first wireless company to win the award.

And we went beyond retail stores.

In Coatesville, Pa., where we are a tenant in a large distribution center, we teamed up with the building's owner to complete the steps necessary to attain ENERGY STAR certification.

The facility earned an impressive score of 81 out of 100, which means it uses energy more efficiently than 81 percent of similar facilities nationwide.

It was the first building of its type to earn ENERGY STAR certification — an illustration of our commitment to lead the industry.

13.2M
kilowatt hours saved by installing solar panels, improving air circulation and installing lighting controls and LED lighting

SOLAR PANELS AT VERIZON FACILITIES IN SILVER SPRING, MD.

We're also employing green strategies in our data centers.

Keeping servers cool is a significant cost for data centers. Verizon is rolling out a quiet containment design that minimizes the amount of energy used by the computing equipment.

We use Vigilent Energy Management Systems (VEMS) to monitor and control the cooling units required to regulate data center temperature. By using VEMS and replacing parts regularly, we're maximizing energy efficiency.

In 2014, we saved 13.2 million kilowatt hours at seven domestic and one international sites. We saved on electricity by installing solar panels, improving air circulation and installing lighting controls and LED lighting.

At one location we installed a chemical-free water treatment system that should reduce water

Verizon's vow to 'Change the World.'

Company-wide, we pledged to reduce 5.2 million pounds of greenhouse gas emissions through the ENERGY STAR Change the World Campaign, a national call to action for individuals and organizations to help reduce emissions, starting by switching to lighting that's earned the ENERGY STAR label for energy efficiency.

At the end of 2014, about three-quarters of the way through the campaign, Verizon had reached 153 percent of the company's goal.

For the next round of Change the World, which kicks off on Earth Day, April 22, 2015, Verizon employees have pledged to reduce 8 million pounds of greenhouse gas emissions.

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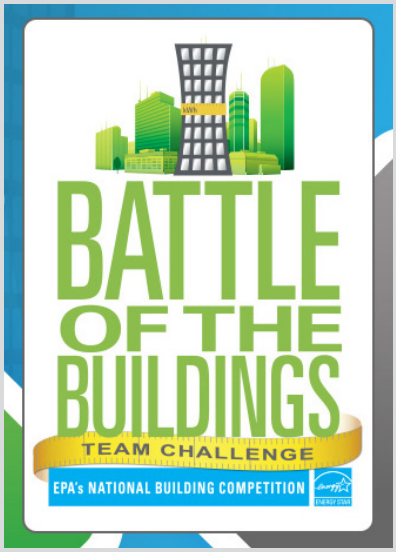


In Battle of the Buildings, we take the lead in retail.

Don't pop the corks yet, but midway through the EPA's National Building Competition — or Battle of the Buildings — Verizon was in first place in retail, and fourth place overall.

The contest, which began in July 2014, pits more than 5,500 competitors in a nationwide contest to see whose buildings reduce energy and cut greenhouse gas emissions the most.

The competition ended December 31. The EPA is expected to announce the results in May 2015.

consumption by 28 percent, for a projected savings of 5.1 million gallons of water per year.

We reached a total of more than 10,000 HVAC (heating, ventilation and air conditioning) economizers at our cell sites in 2014. Economizers reduce electricity consumption by using outside air to cool the equipment.

These deployments cut electrical consumption by an estimated 68.5 million kilowatt hours and 47,300 metric tons of CO_2.

Running a More Efficient Fleet

One way we're using less energy: We're reducing the number of dispatches of our service trucks.

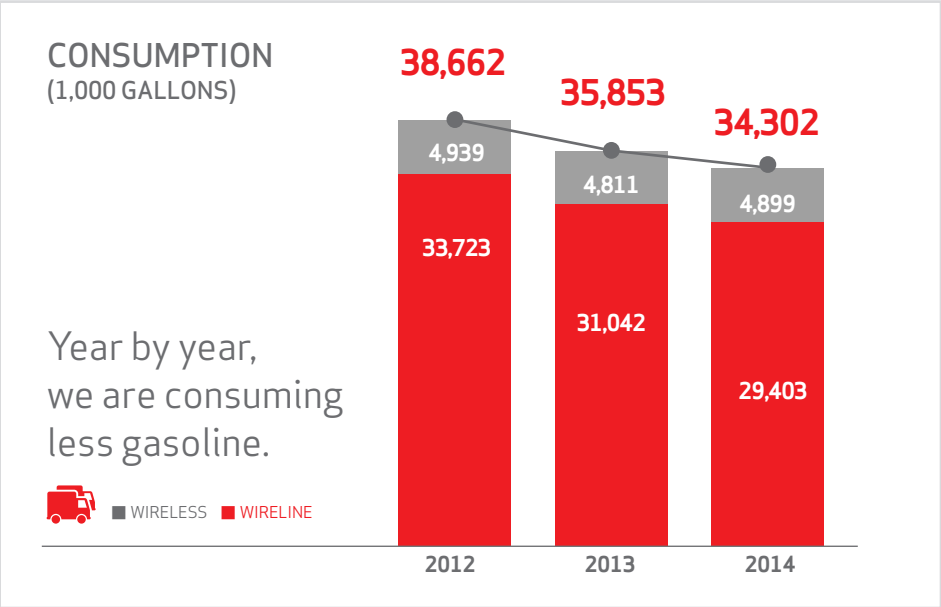
Our technology is giving customers greater control over the installation experience. We've provided tools to make it easier for them to perform their own installations and trouble-shoot problems on their own. And because our fiber network is more reliable than copper, our customers are experiencing fewer problems overall, giving customers have less reason to call for a service technician.

Making fewer customer calls means driving fewer miles. Which means we consume less fuel, and therefore release less carbon dioxide into the atmosphere.

When we do send vehicles out on the road, we're increasingly equipping them with Networkfleet, our telematics product for fleet management. With this system, managers can keep a closer eye on engine performance, and drivers spend less time idling. Every bit helps save on fuel and, thus, emissions.

By the end of 2014, we had equipped 28,575 vehicles in Verizon's internal fleet equipped with Networkfleet or a similar third-party solution.

Year by year, we are consuming less gasoline. The 34.3 million gallons our vehicles consumed in 2014 was almost 25 percent less than our fuel consumption in 2010 (45.2 million).



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GHG EMISSIONS REPORTING STANDARDS

The purpose of this section is to provide additional information regarding our carbon emissions accounting methodology. Verizon uses generally accepted accounting standards for tracking and reporting our greenhouse gas inventory. We report our emissions based on a calendar year for all sources of emissions.

We define our Scope 1 and Scope 2 emissions reporting in accordance with *The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard.*

- Scope 1 – all direct sources of emissions owned or controlled by Verizon, with the main categories being fuel to power our fleet, to heat our buildings and to power our backup generators
- Scope 2 – indirect emissions sources generated off-site, but purchased by Verizon. The main category is electricity to power our networks and data centers, plus a small amount of steam and heat purchased to heat our buildings.

In addition, we reference the following standards:

- U.S. Environmental Protection Agency (EPA) 2008 Climate Leaders Greenhouse Gas Reporting Protocol: Direct Emissions from Stationary Combustion Sources, Direct Emissions from Mobile Combustion Sources and Indirect Emissions from Purchases/Sales of Electricity and Steam
- The Climate Registry 2008 General Reporting Protocol Version 1.1: Section 13.2 Calculating CH4 and N2O Emissions from Mobile Combustion

For Scope 3 emissions, we utilize *The GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard.*

- Scope 3 – Verizon reports employee business travel by air and rail

SOURCES OF EMISSIONS FACTORS

We utilize the following emissions factors:

U.S. ELECTRICITY

- U.S. EPA 2009 Emissions and Generation Resource Integrated Database (eGRID) (released May 10, 2012)

INTERNATIONAL ELECTRICITY

- International Energy Agency (IEA) 2013 CO_2 Emissions from Fuel Combustion Highlights Report, "CO_2 emissions per kWh from electricity generation" Table (released 2013)

NATURAL GAS

- U.S. CO_2, N2O and CH4 Emission Factors – U.S. EPA 2013 Revisions to the Greenhouse Gas Reporting Rule: 40 CFR Part 98 Subpart C, Tables C-1 and C-2 (released November 29, 2013)
- Australia CO_2, N2O and CH4 Emission Factors – Australian National Greenhouse Gas Accounts Factors (released July 2013)
- France CO_2, N2O and CH4 Emission Factors – Base Carbone Greenhouse Gas Emissions Factors (France), 2013

FUELS

- Diesel, Gasoline, Gas, Kerosene, Propane, CNG - CO_2 Emission Factors, U.S. EPA 2013 Revisions to the Greenhouse Gas Reporting Rule: 40 CFR Part 98 Subpart C, Tables C-1 and C-2 (released November 29, 2013)
- B05, B20, E85 and Jet Fuel A CO_2 Emission Factors, U.S. Energy Information Agency (EIA) Voluntary Reporting of Greenhouse Gases Form EIA-1605, Appendix H: Fuel Emissions Factors (released April 2011)
- Mobile Fuels CH4 and N2O Emission Factors – The Climate Registry: General Reporting Protocol: Tips for Estimating a Mobile Fleet's CH4 and N2O Emissions (August 2009)

STEAM

- U.S. Energy Information Agency (EIA) Voluntary Reporting of Greenhouse Gases Form EIA-1605, Appendix N: Emission Factors for Steam and Chilled/Hot Water (released November 18, 2010)

BUSINESS AIR AND RAIL TRAVEL

- U.K. Department for Environment, Food & Rural Affairs (DEFRA) 2012 greenhouse gas conversion factors for company reporting (released 2013)

DATA COLLECTION AND ESTIMATIONS

100 percent of our energy usage data is not available for us to meet our March reporting deadline. Actual usage data is available to calculate 94 percent of our emissions profile. For the remaining 6 percent, we employ two estimation processes:

1. Electricity usage for facilities without actual metered reading or utility bills we estimate based on the Climate Registry General Reporting Protocol, Version 2.0, March 2013.

2. For electricity and natural gas usage where full December data is not available, we utilize a five-year rolling average for the percent of annual emissions data that December represents. We estimate only the additional emissions not directly accounted for based on our reporting deadline.

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HOPELINE

Verizon has a long-standing commitment to helping those affected by domestic violence — a critical issue that deeply affects our national community.

We believe our network and technologies — and our people — can be a part of the solution.

We are doing our part by collecting wireless phones, batteries, chargers and accessories that are no longer used but still in good condition, and turning them into support for nonprofit organizations and agencies nationwide.

IN 2014, WE:

COLLECTED **682,000** WIRELESS PHONES

DONATED NEARLY **$8 MILLION IN CASH GRANTS** TO NONPROFIT DOMESTIC VIOLENCE PREVENTION ORGANIZATIONS AND AGENCIES

DONATED **14,800 PHONES** WITH VOICE AND TEXT MESSAGING SERVICE FOR USE BY VICTIMS AND SURVIVORS

SINCE 2001:

11,485,865 PHONES HAVE BEEN COLLECTED

ACTOR LANCE GROSS, HELPING US COLLECT USED CELL PHONES TO AID VICTIMS OF DOMESTIC VIOLENCE.

Managing waste.

ENCOURAGING CUSTOMERS, EMPLOYEES TO RECYCLE

We understand that our products constitute a component of our environmental footprint. We're taking steps to reduce waste and be more environmentally responsible with our products, equipment and paper use.

Creating And Disposing of Our Products Responsibly

Our device recycling program lets our customers trade in phones, tablets and other wireless devices at our stores or online — regardless of carrier or when or where they were purchased. In exchange, customers can get a Verizon gift card for use toward a purchase or to pay their bill. Business customers may recycle their devices for an account credit through their Verizon business sales representative.

We said we would do the following in 2014:

GOAL ▸ Set a new goal to achieve a device-recycling rate of 35 percent by the end of 2015.

PROGRESS ▸ We exceeded that goal. We achieved a 37 percent device recycling rate by the end of 2014.

GOAL ▸ Launch a National Employee Device Recycling Event.

PROGRESS ▸ We held our first annual National Employee Device Recycling Event in June at a half-dozen office locations, educating employees about e-waste and the need for recycling.

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PACKAGING OUR PRODUCTS WITH THE PLANET IN MIND

Last year we said we'd do the following to make our packaging greener:

GOAL ▸ Compile data on the environmental impact of all packaging for smartphones, tablets, basic phones, jetpacks, connected devices and home service devices.

PROGRESS ▸ We established a data-capturing system to assess the environmental impact of packaging. We are now aggregating the data to create internal quarterly scorecards on the results.

GOAL ▸ Continue to report the use of recycled paper content or paper content from responsible sources for all Verizon-branded accessory packaging.

PROGRESS ▸ All Verizon-branded accessory packaging in 2014 used materials sourced from certified sustainably managed forests and land as certified, for example, by the Forest Stewardship Council (FSC), or, the packaging had a minimum of 30 percent recycled content.

GOAL ▸ Reduce the environmental impact of packaging for prepaid mobile devices by 10 percent; label all this packaging with internationally recognized symbols to promote recycling; ensure that finishes on these packaging elements contain less than 10 percent volatile organic compounds (VOCs); include a measure of the amount of recycled or certified paper products in the packaging and inbox collateral.

PROGRESS ▸ In 2014, we reduced the rigid plastic component of prepaid device packaging by at least 33 percent, exceeding the target. This packaging generates at least 16 percent less waste.

In addition, we:

- **Created easy-to-open packaging that uses less plastic, but still protects the phone.**
- **Attained 100 percent compliance on Cellular Telephone Industries Association metrics, which include labeling packaging with internationally recognized symbols to promote recycling and ensuring that finishes on these packaging elements contain less than 10 percent VOCs.**

85%
less waste is now ending up in landfills

- **Placed labels on the back of packaging to indicate the use of recycled or certified paper products in packaging and inbox collateral.**

Going beyond those goals, we eliminated the use of plastic entirely in our packaging for tablet folio cases, and we also reduced the package-to-product ratio by 50 percent.

As a result, 85 percent less waste is now ending up in landfills. And the new design gives customers a better on-shelf experience — they can now touch and feel the product.

PACKAGING REDUCTION

Improved packaging generates less waste, is easier to open and still protects the device.

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HELPING CONSUMERS MAKE GREEN CHOICES

We're committed to giving our customers important information about the environmental aspects of our devices.

We said we'd do the following in 2014:

GOAL ▸ Include ECO Specs data on all wireless devices sold online.

PROGRESS ▸ We collected ECO Specs data for all wireless devices launched in 2014 and published the information on our website, *VZW.com*. We made it a requirement that device manufacturers provide the data.

The ECO Specs label, similar to an ingredients label, lists five key categories to help customers know what is in the device.

As of the end of 2014, 83 percent of wireless devices sold online had ECO Specs data, information we'll continue to post online and in other customer touch points.

GOAL ▸ Evaluate the entire wireless device portfolio for UL environmental certification.

PROGRESS ▸ We evaluated the full portfolio and twelve devices were UL Environment-certified in 2014.

The designation is made by Underwriters Laboratory (UL), which has developed sustainability standards for mobile device design and performance.

UL traditionally tests products for safety. The UL 110 standard provides manufacturers with a way to showcase environmental leadership and product stewardship.

How We Evaluate the Devices We Sell

There are 5 Key Factors that determine a device's eco-conscious design:

1. Percent of recycled content or FSC paper used in the packaging
2. Percent of recycled content in the Verizon Wireless device
3. Meets requirements for lack of industry-recognized hazardous toxins in the plastics and batteries
4. Meets requirements for how efficiently the device uses energy
5. Meets requirements for the recyclability of the device and its components

In addition to the 5 Key Factors on the label, we have partnered with Forum for the Future to have all of our manufacturers complete a 94-question assessment to ensure that the devices we sell meet our environmental standards.

Sample ECO Specs label.

Samsung Intensity® III

ECO Specs

1	Box:	
	Recycled Content	57.8%
	FSC/SFI Paper	0%
2	Device Plastics:	
	Recycled Content	80%
3	Toxins:	
	Battery - RoHS Compliant	Yes*
	Device Plastics -	Yes*
4	Energy Efficient:	Yes*
5	Recyclable Device:	Yes*

*Meets Verizon Wireless requirements.

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CURBING E-WASTE

Rallying the public to recycle.

We set this target:

GOAL ▸ Collect 2 million pounds of e-waste by the end of 2015.

PROGRESS ▸ We held 46 different events, including public Recycling Rallies and office supply swaps, in communities where we do business, and more than 4,200 people attended. We collected 414,364 pounds of material for recycling — the equivalent of offsetting 656.2 tons of CO_2.

We also collected approximately 500 phones for HopeLine and donated 182 boxes of supplies for local charities.

To date, we've collected 1.9 million pounds of e-waste. We've almost met the 2015 target of 2 million pounds.

Managing End-Of-Life for Our Equipment

We set this target a year ago:

GOAL ▸ Recycle 90 million pounds of Verizon assets between 2014-2016.

PROGRESS ▸ We recycled 42.5 million pounds of Verizon Wireline assets by the end of 2014 — reaching almost half the three-year goal in just one year.

As part of our recycling efforts, we have programs in place to carefully manage end-of-life for telecom equipment and batteries, including lead acid batteries.

Verizon uses lead acid batteries, such as vehicle and generator batteries

WE PROMOTED E-WASTE RECYCLING WITH NFL ENVIRONMENTAL DIRECTOR JACK GROH (RIGHT), AT A PRE-SUPER BOWL RALLY, JANUARY 2014.

Teaming up with the NFL.

When Super Bowl XLVIII came to northern New Jersey's MetLife Stadium in 2014, Verizon joined forces with the NFL for off-field activities to promote sustainability.

With NFL representatives, we held two recycling rallies: one in Fairlawn, N.J., and one in New York City's Duffy Square, where more than 150 participants collected more than 8,000 pounds of e-waste.

We also participated in Super Kids-Super Sharing events at Essex County College in Newark and Riverbank State Park in Harlem. These events usually encourage students to "recycle" unwanted items like books, sports equipment and school supplies for others in the community. This time, we also collected more than 1,000 cell phones for Verizon's HopeLine program.

In addition to those phones, Verizon Wireless donated HopeLine grants of $10,000 to centers in Newark and Harlem that offer safe havens for families and youth escaping domestic violence.

"We are thrilled to have partnered with Verizon Wireless for this year's Super Kids-Super Sharing program," said Jack Groh, director of the NFL Environmental Program.

"ADDING A CELL PHONE RECYCLING DRIVE TO BENEFIT HOPELINE IS YET ANOTHER WAY TO SHOW STUDENTS HOW THEIR COLLECTION EFFORTS MAKE A POSITIVE IMPACT IN THE COMMUNITY."

— JACK GROH
DIRECTOR OF THE NFL ENVIRONMENTAL PROGRAM

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and back-up power systems for network facilities. Batteries are necessary to deliver services to our customers and to ensure network reliability.

Verizon's practices with regard to handling these batteries require responsible recycling that exceeds regulatory mandates.

Our contracts with suppliers require them to send used batteries to approved recycling facilities that meet Verizon's Environmental Health and Safety standards.

All lead acid batteries from Verizon Wireless and Wireline operations in the United States are sent to approved facilities in the U.S. or Canada. These facilities are audited at least every five years.

Sum of Annual Pounds Wireline Recycled 2014	
LEAD ACID BATTERIES	8,943,798
OTHER BATTERIES*	44,143
TELECOM EQUIPMENT	33,735,300

*Alkaline, nickel cadmium, nickel iron, nickel metal hydride, carbon zinc, zinc air, lithium, ion, lithium metal and magnesium.

EMPLOYEES WITH GREEN SHOOTS AT EARTH DAY EXPO AT VERIZON'S BASKING RIDGE HEADQUARTERS.

MANAGING PAPER USE

Since 2011, Verizon has nearly doubled its purchases of recycled-content paper. This year, we turned those good practices into a commitment.

In 2014, we released our first-ever Paper Sourcing and Use Policy: a statement that Verizon promotes sustainable lifecycle practices regarding paper consumption in the course of business operations.

We are committed to sourcing, using and disposing of paper resources in a responsible manner, consistent with the supporting guidelines outlined in the document.

The entire Paper Policy can be found here.

Recycling the Paper We Use

In addition to carefully managing our paper use, we are committed to recycling paper and cardboard.

In 2014, we recycled more than 50 million pounds of combined paper and cardboard.

Encouraging Customers to Go Paperless

We encourage our customers to switch to paperless billing.

We make it easy for Verizon customers to sign up — in stores, online, or through My Verizon Mobile and Customer Care. And we offer Verizon Smart Rewards that can be redeemed for merchandise and travel deals: 2,500 points for enrolling and 500 points for each month they remain on paperless billing.

In 2014, Verizon saved more than 6,556 tons of paper through our paperless billing programs. This equates to saving more than 15,000 metric tons of CO_2 — or 143,000 trees.

143,000
The equivalent number of trees saved through paperless billing in 2014

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(FROM LEFT) EMPLOYEES ELISE REUTER, MATTHEW SMITH, JILLIAN KESSLER, MICHAEL LOUIE AND SOHNI BHANDUTIA AT THE 2014 BASKING RIDGE EARTH DAY EXPO.

Engaging our employees and communities.

GREEN TEAM TAKES ACTION AROUND THE WORLD

Last year we set a target for the Verizon Green Team — employees who join together to take volunteer actions to help the environment.

And employees responded with more enthusiasm than we imagined.

GOAL ▸ Enroll 15,000 employees in our Green Team by the end of 2014.

PROGRESS ▸ The Green Team grew to 16,592 members — employees in 29 countries united in a passion for protecting the environment.

Verizon Green Team members and other employees participated in 130 events throughout the year, including **Earth Hour**, recycling events and green fairs. And more than 500 Green Team members, other employees and their families completed more than 1,800 volunteer service hours on park cleanups, neighborhood-beautification projects and restorations of natural habitats.

The Green Team's **Bike to Work** program encouraged 733 team members in 19 countries to pedal to the office. By not driving to work, they saved 505,581 vehicle miles, reducing CO_2 emissions by 191.9 metric tons.

Green Team: Growing membership, growing trees.

The Green Team acquired its 15,000th member at mid-year. And to mark the milestone, employees committed to planting 5,000 more trees.

Verizon pledges to plant a tree for every Green Team member, in 5,000-tree increments. The first 10,000 trees were planted in India, Florida, Virginia, California and Texas in National Forests and wildlife refuges.

The next 5,000 were planted in the Philippines, Bass Lake, Calif., and Black Creek, Mich. in 2014.

THE GREEN TEAM PLANTS TREES WITH THE NFL IN NEWARK, N.J.

The Green Team surpassed its goal of 15,000 members mid-year and grew to 16,592 employees in 29 countries.

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505,581
vehicle miles saved by team members biking to work

More than one fifth of the participants — 160 team members — logged at least 500 miles on their bicycle commutes. And in appreciation, we gave them bike jerseys.

Green Team members did lots of other things as well. They held electronics-recycling events at 20 locations across the U.S. on America Recycles Day. To celebrate Earth Day, they held 27 volunteer events.

At 13 locations in the U.S. and Mexico, Green Team members held **office supply swaps** — occasions for workers to discard unwanted office items while colleagues pick up items they can use. Every swap meant less waste for landfills while saving Verizon the expense of new supplies.

And at 145 locations, Green Team members participated in the **Holiday Card Program**, collecting more than 140,000 used cards that were sent to St. Jude's Ranch for Children. The ranch, which serves abused, neglected and abandoned children at locations in Nevada and Texas, recycled the cards as a fundraiser.

Green Team members were among the 5,295 Verizon employees in 30 countries who participated in **Earth Hour,** when we darkened 547 of our buildings around the world.

The symbolic event, marking a commitment to the planet by dimming non-essential lights, was held Saturday, March 29, 2014. For an hour starting at 8:30 p.m. local time, some 30.6 million square feet of Verizon building space went dark.

Next year, we plan to support at least 150 green volunteering activities globally.

Plugging in: encouraging employees to drive electric.

Keeping pace with changing times, we took our first steps toward making electric-car commuting a reality, launching our employee Electric Vehicle (EV) Charging program.

We installed 18 dual stations in eight locations last year for employees to use. Fifty-four employees took part in the program, and completed 1,346 charging sessions.

The electricity they used was the equivalent of 1,186 gallons of gasoline — sparing the atmosphere 8,750 pounds of greenhouse gases.

Environmental Notices
In 2014, Verizon received 60 notices regarding compliance issues with state and local environmental regulations. Most were for record-keeping or other minor issues and did not affect the environment. All notices have been or are in the process of being resolved.

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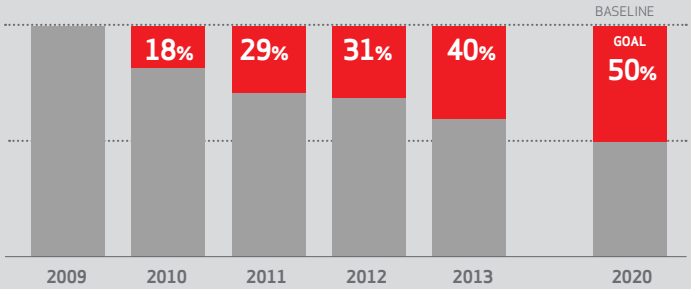
IMPROVING ENERGY EFFICIENCY



By the end of 2013, we reduced our carbon intensity by 40 percent over the 2009 baseline.

Our 2014 progress will be published to our website later this year.

Over the past two years, we have invested $137 million in green energy, including solar and fuel cell power, to run our networks and data centers — equivalent to 2,700 homes' electricity for a year — eliminating 20,000 metric tons of CO_2.

$137 MILLION
INVESTED IN GREEN ENERGY

20,000
METRIC TONS OF CO_2 ELIMINATED

88
STORES ENERGY STAR CERTIFIED IN 2014

177
TOTAL ENERGY STAR CERTIFIED STORES

58
LEED CERTIFIED STORES IN 2014

230
TOTAL LEED CERTIFIED STORES

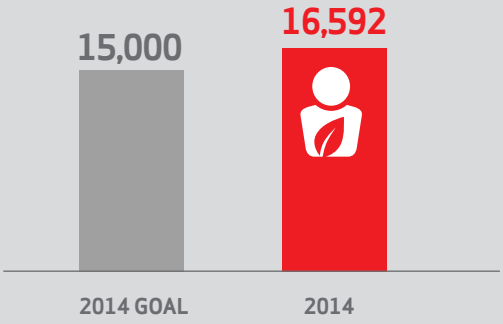
REDUCING WASTE

37%
OF DEVICES RECYCLED

42.5 MILLION
POUNDS OF VERIZON ASSETS RECYCLED

1.9 MILLION
POUNDS OF E-WASTE COLLECTED

ENCOURAGING RESPONSIBILITY



Our Green Team's enrollment grew to 16,592, exceeding our 2014 goal.

85%
LESS WASTE ENDED UP IN LANDFILLS BECAUSE OF GREENER PRODUCT PACKAGING

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WHAT'S NEXT

Coming in 2015:

We are committed to continuing the pursuit of our long-term environmental goals and extending our sustainability work through short-term goals for 2015.

SHORT-TERM GOALS

Emissions Reporting Assurance
GOAL ▸ Continue to earn external assurance for our greenhouse gas emissions and carbon intensity reporting.

Employee Energy Campaign
GOAL ▸ Employees will reduce 8 million pounds of greenhouse gas emissions during the 2015 ENERGY STAR Change the World Campaign.

Packaging
GOAL ▸ Include ECO Specs data on all wireless devices sold online.

GOAL ▸ Achieve UL Environment Certification for 50 percent of wireless devices.

GOAL ▸ Introduce a standardized labeling system to clearly communicate recycling instructions to the public, following the Federal Trade Commission's "Green Guides."

Employees
GOAL ▸ Support at least 150 green volunteering activities for employees globally.

GOAL ▸ Expand the electric vehicle charging program to 15 locations.

LONG-TERM GOALS

Carbon Intensity
GOAL ▸ Reduce carbon intensity by 50 percent over the 2009 baseline by 2020.

Employees
GOAL ▸ Expand the Verizon Green Team to 20,000 members by the end of 2017.

E-Waste
GOAL ▸ Collect 2 million pounds of e-waste by the end of 2015 (since 2010).

GOAL ▸ Recycle 90 million pounds of Verizon assets between 2014-2016.

ENERGY STAR
GOAL ▸ Gain EPA's ENERGY STAR certification for all eligible retail stores in 2015.

Device Recycling
GOAL ▸ Maintain our device recycling rate of 37 percent by the end of 2015.

Paper
GOAL ▸ Certify 90 percent of Verizon's sourced paper with the Forest Stewardship Council by 2017; 50 percent of our paper will include 10 percent post-consumer waste content.

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COMMUNITY SERVICE

Using our skills and passions to give back.

OUR MISSION: Empowering employees to tackle pressing issues in our communities.

WWW.VERIZON.COM/ABOUT/RESPONSIBILITY/EMPLOYEES

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V-TEAMERS AT RUTGERS UNIVERSITY, WHERE THEY TAUGHT SCIENCE AND MATH PRINCIPLES TO MIDDLE SCHOOLERS DURING NATIONAL ENGINEERING WEEK.

Our Credo states:

"WE ARE GOOD CORPORATE CITIZENS, AND SHARE OUR SUCCESS WITH THE COMMUNITY TO MAKE THE WORLD IN WHICH WE WORK BETTER THAN IT WAS YESTERDAY."

As a result, we're intent on tapping the talents and interests of our employees to improve the communities we serve.

We want to make a positive impact on society not only through our work, but outside of work as well.

OUR APPROACH

Pitching in for education, law, sustainability — and much more. Community service comes alive.

INSTILLING A PASSION FOR STEM

As a technology company and innovation center, we rely on V-Teamers, as Verizon employees are known, with a wealth of knowledge of science, technology, engineering and math. And so STEM education is exceptionally important to us, both as a national priority and as the lifeblood for the future of our industry.

As we've shown elsewhere in this report, we're using our technology to help fill the STEM pipeline. Just as important, we want our people to take active roles in empowering young people with the computer skills needed to drive innovation and social change in the 21st century.

Thus we create opportunities for our employees to volunteer their skills to inspire the young and deepen their understanding of STEM subjects.

Among these:

App Challenge Mentoring.
Our information technology employees volunteer their time to help our Best in Nation winners of the Verizon Innovative App Challenge turn their proposals into working apps.

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Girls Who Code.
During this seven-week summertime immersive computer science program, our top female senior leaders mentor teen girls and offer insights about careers.

National Academy Foundation.
Through our partnership with the National Academy Foundation, our employees help students to develop their interests and skills in engineering and information technology and prepare for academic and career success.

Tools for Schools.
V-Teamers participate in campaigns throughout the year to contribute time, money and goods to designated schools and nonprofits. Tools for Schools, in which employees donate school supplies for underserved school districts, is a leading example.

APPLYING LEGAL SKILLS FOR THOSE IN NEED

In the award-winning, five-year-old Verizon Pro Bono Program, attorneys and staff from our Public Policy, Law and Security group donate thousands of hours annually to help meet the demand for legal services among individual and nonprofit organizations in need.

In their pro bono work, they uphold the ideal of equal access to justice by

DEESHA HILL (CENTER) WITH VERIZON COLLEAGUES RICHARD FIPPHEN AND TANELL ALLUMS.

Pro Bono… and more: *Deesha Hill*

The women are battered and abused, their pain palpable as they tell their stories.

"Your heart would break," said Deesha Hill, who dutifully listens to the women's accounts in her volunteer work as a Verizon lawyer.

An assistant general counsel in Verizon's New York City office, Hill manages a team of volunteer lawyers who process visa applications for immigrant women, usually Spanish-speaking, who are fleeing intolerable violence.

As regional coordinator for Verizon's New York Legal Pro Bono Committee, Hill believes deeply that lawyers have an obligation to give back to the community.

Besides her work with immigrant domestic-violence victims, she's an enthusiastic mentor, active in programs for middle-school and high-school students, including a group called Street Law.

"We adopt a high school in East Harlem and expose kids to what it's like to be a lawyer," Hill said. Many of these teenagers are on track to be the first in their families to get a high school diploma. "For some, I'm the first lawyer they've ever met."

With the group Legal Outreach, she teams with Verizon summer interns to devise programs for seventh-graders. That's a pivotal age for children, she says, "the year they lose interest in school or decide to continue their academic track and reach for the stars."

> *"I REALLY ENJOY SEEING THE SPARKLE IN A KID'S EYE, THAT MOMENT THAT SAYS, 'I GOT IT!'"*
>
> — V-TEAMER DEESHA HILL

The program uses the study of law to spur middle-schoolers toward academics. "I really enjoy seeing the sparkle in a kid's eye, that moment that says, 'I got it!'" Hill said. "The next thing you know, they turn into Perry Mason."

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providing representation to returning veterans and survivors of domestic violence. And they educate students and community groups through an association with Street Law, Inc.

TEAMING UP FOR THE ENVIRONMENT

More than 16,000 Verizon employees from around the world have joined our Green Team.

They organize and take part in scores of activities to promote sustainability — including Earth Hour, recycling events, green fairs, park cleanups, restorations of natural habitats and bicycling to work.

MATCHING EMPLOYEES' GENEROSITY

Our V-Teamers give of themselves in many other ways as well.

They donate time and money to schools and civic organizations. They help each other in times of personal crisis. They mobilize to aid communities far and near that are hit by natural disasters.

And we back up their efforts, notably by making financial donations to match their gifts of time and money.

For example:

Volunteer Grants

When an employee spends 50 volunteer hours in a year with an eligible nonprofit organization or school, Verizon donates $750 to that organization.

Matching Gifts to Nonprofits

When employees and eligible retirees make cash gifts to health and human services institutions, arts and cultural groups, civic and community organizations, environmental groups, or other eligible organizations...

Verizon matches donations dollar for dollar, **up to $1,000 a year.**

Matching Gifts to Colleges and Universities

Verizon matches employee and retiree donations up to $5,000 a year to accredited colleges and universities.

Team Fundraisers

Teams of 10 or more employees who raise funds and participate in a cause-related walk, run or bike event for an eligible school or nonprofit can apply for a grant that matches their fundraising.

Verizon gives up to **$1,000 per team member and up to $10,000 per event.**

Disaster Relief and Recovery Programs

Verizon matches employee donations dollar for dollar, up to $1,000 a year, to designated relief groups to assist areas around the world in the aftermath of natural disasters.

Verizon Employee Relief Fund (V2V)

Employees who suffer severe damage to their primary residence from natural disasters can receive up to $5,000 to help with basic necessities. The program is funded by employee donations.

OUR PROGRESS

How we gave in 2014:

>306,000 HOURS
VOLUNTEERED BY VERIZON EMPLOYEES TO SUPPORT NONPROFIT ORGANIZATIONS

$10.3 MILLION
DONATED BY EMPLOYEES TO SCHOOLS AND NONPROFITS

$10.9 MILLION
GIVEN THROUGH VERIZON'S MATCHING GIFTS PROGRAM — SUPPORTING EMPLOYEES' DONATIONS OF TIME AND MONEY TO CHARITABLE ORGANIZATIONS AND SCHOOLS

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Among those many volunteer hours, Verizon employees took part in activities like these:

CAREER IN STEM DAY

Jersey City, N.J.

Some 155 members of the V Team from the Verizon Leadership Development Program (VLDP) visited the Rafael De J. Cordero School on March 13.

The VLDP, all newly hired college graduates, engaged more than 250 third through sixth-graders in STEM-related activities including solar car and robotics workshops, the painting of canvas murals, and sessions on international culture. The day-long project was organized by Jersey Cares.

NATIONAL ACADEMY FOUNDATION

Baltimore and New York

Seventy-seven Verizon employees participated in our signature experiential learning program, Pathways to Technology, a partnership with the National Academy Foundation.

Students from Baltimore and New York City received hands-on opportunities, some at Verizon's headquarters in Basking Ridge, N.J., to explore careers found in a technology company and prepare for internships and the college application process.

HOWARD FISHMAN (AT RIGHT) WITH STUDENT AND HEAD COACH AT 2013 COLORADO REGIONALS.

Inspiring kids in STEM: *Howard Fishman*

It didn't take long for Howard Fishman to lose himself to the local high school robotics team. His son Chandler was a freshman, signing up for the club, and Fishman figured he'd help out a little as a mentor.

That's all it took.

"It's like a vacuum," he said. "Once you get into the team, you don't want to leave."

More than five years — and hundreds of volunteer hours — later, Fishman is a fixture among the roughly 100 teens of Rocky Mountain Robotics, composed of kids from the six high schools in Colorado Springs' northern public school district.

The senior software engineer devotes many nights and weekends to the team as it competes in the nationwide FIRST program of technology competitions.

"The kids do their own robots and design," Fishman said.

The adults are guides, answering questions, showing how to use a band saw and soldering gun. They serve as chaperones and haul the robots to meets in Denver, Kansas City, Utah — all the way to St. Louis if they make it to nationals.

> *"WE'RE HELPING DEVELOP STUDENTS WHO ARE GOING TO BE THE NEXT SOFTWARE ENGINEERS, THE NEXT MECHANICAL ENGINEERS, THE NEXT WIRING ENGINEERS."*
>
> — V-TEAMER HOWARD FISHMAN

"And maybe they'll remember that Verizon supported them, and someday maybe they'll come back and make it a stronger company."

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GIRLS WHO CODE
Miami, Fla.

When more than 30 teenagers immersed themselves in a seven-week, Verizon-sponsored computer programming boot camp in a partnership with Girls Who Code, Verizon executives, directors and managers jumped in.

Six female senior executives spoke to the girls about STEM subjects and corporate careers. Fifteen other employees spoke on subjects ranging from networking to robotics.

APP CHALLENGE

Seventeen V-Teamers mentored winners of Best in Region and Best in Nation winners of the App Challenge, either in-person or online.

DAY OF SERVICE
Camden, N.J.

More than a dozen Verizon employees visited Veterans Memorial Family School on September 11 to teach students about solar energy.

The volunteers spent the morning mentoring the students and helping them build solar-powered model race cars.

Verizon coordinated the event in conjunction with Jersey Cares, a nonprofit that works to increase civic engagement and coordinate volunteer opportunities.

Decoding the App Challenge: *Bobby Xiao*

They've been dubbed "Top Dogs," Verizon IT leaders from across the U.S. with a hunger for volunteering. Last spring, they set their sights on Verizon's App Challenge.

BOBBY XIAO WITH APP CHALLENGE WINNERS HE MENTORED.

Thirteen IT employees from six cities contributed about 200 hours to mentor winning teams, showing the teens how to turn a great idea for an app into reality.

Bobby Xiao is one of the busiest of the pack. A Verizon mobile-app developer based in Texas, he coached the sixth-grade team from Maumee Valley Country Day School in Toledo, Ohio, on the app they called Beachteria. Its purpose: Provide information on the safety of freshwater beaches in the Midwest, a timely issue after high algae levels polluted Lake Erie.

Xiao, who did his 35 to 40 hours of mentoring by telephone and conference calls, joined his Maumee students at the 2014 MIT App Inventor Summit in Cambridge, Mass. While there, he sat on a panel with five other Verizon employees, talking about promoting STEM through community outreach and the App Challenge.

Xiao didn't stop there. He also began leading an app-building training program for underserved high school students in south Dallas. In June, the five-member training team from Verizon received the Urban League of North Central Texas' award for "outstanding community support."

Xiao came to the U.S. from his native China at 25. He came to Verizon upon earning a master's degree in computer science from the University of Texas, Austin.

> *"MY PERSONAL JOURNEY HELPS ME TO REALIZE THAT EDUCATION IS THE KEY. IT IS THE KEY TO FREEDOM AND SUCCESS."*
>
> — V-TEAMER BOBBY XIAO

Today he is system architect and project lead for developing products for My FiOS, a mobile app that allows customers to easily access their Verizon account for TV, Internet and phone service — even turn their smartphone into a TV remote control.

"When the kid comes to the classroom and has no idea where to start — and then we see the kid make some progress, finish independently, and then understand the STEM principles, I personally feel very satisfied."

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THE EMPLOYEE EXPERIENCE

Enabling our employees to succeed in work and life.

OUR MISSION: Fostering a culture that encourages employees to innovate, grow, and do work that matters.

WWW.VERIZON.COM/ABOUT/RESPONSIBILITY

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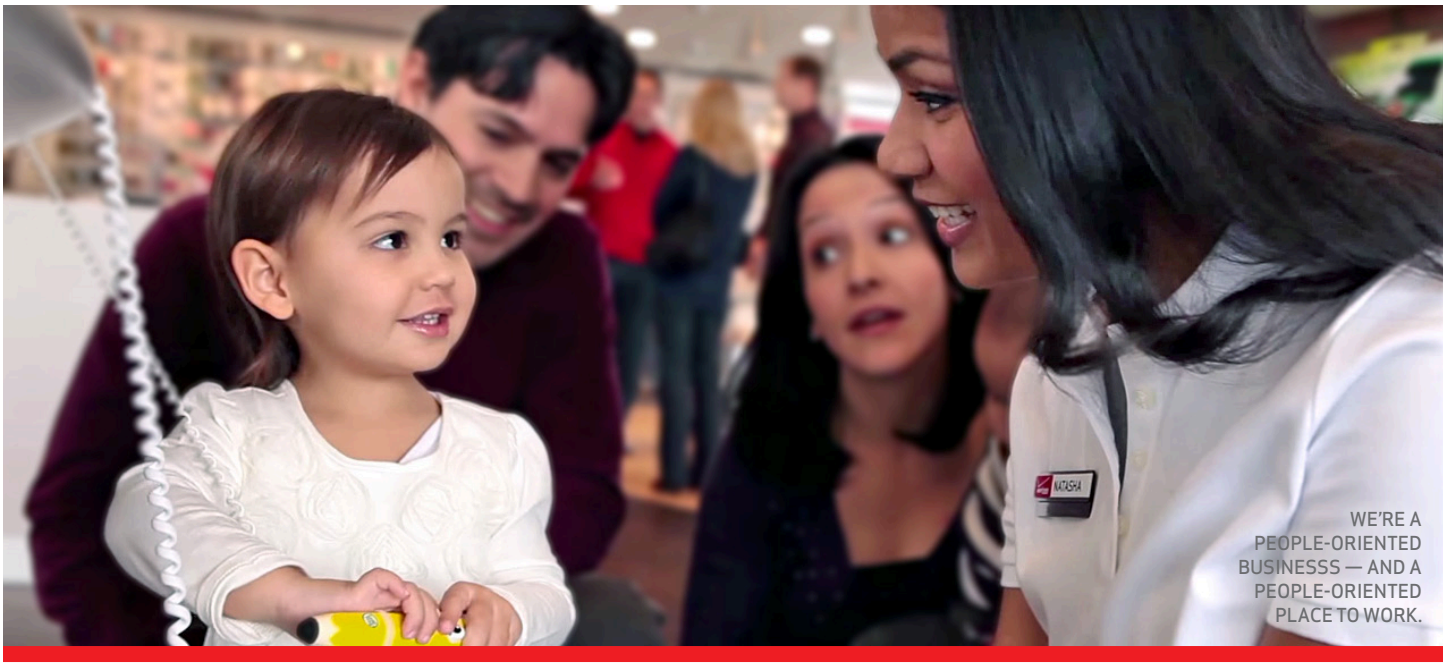

WE'RE A PEOPLE-ORIENTED BUSINESSS — AND A PEOPLE-ORIENTED PLACE TO WORK.

For employees: Opportunities to build successful careers, prosperous lives.

INSPIRING WITH OUR CREDO AND VALUES

At Verizon, we create an engaging employee experience where our work matters.

Our culture encourages V-Teamers — our worldwide workforce of roughly 180,000 people — to innovate and build the world's most awesome networks and deliver personal technology solutions that change how people live, work and play.

Our Verizon Credo provides an aspirational foundation. It defines who we are and how we work. It connects our purpose with the customers and communities we serve.

It drives our commitment to create a work environment where our talented people can collaborate, thrive on challenges and have the opportunity to learn, grow and succeed — at work and in life.

177,300
total V-Teamers in our worldwide workforce

GROWING WITH VERIZON

Verizon is a place where people can grow.

V-Teamers are challenged. They're continuously learning new things and collaborating as they build successful careers and advance in their lives. They do work that matters and are part of a motivated and talented team that's driven to make a difference.

As our Credo says, "We are good corporate citizens and share our success with the community to make the world in which we work better than it was yesterday."

Investing in Development

We invest heavily to build a well-rounded learning-and-development platform that is recognized as world class. We do it to enable the V Team

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WHO WE ARE: THE VERIZON CREDO

HIGH-QUALITY COMMUNICATIONS SERVICES

We have work because our customers value our high-quality communications services. We deliver superior customer experiences through our products and our actions. Everything we do we build on a strong network, systems and process foundation. The quality and reliability of the products we deliver are paramount. Customers pay us to provide them with services that they can rely on.

FOCUS OUTWARD ON THE CUSTOMER

We focus outward on the customer, not inward. We make it easy for customers to do business with us, by listening, anticipating and responding to their needs. We know our products and can explain them to customers. We focus on fundamental execution. We are accountable and we follow through with a sense of urgency. We know that having the highest ethical standards is a competitive advantage.

TEAMWORK

We know teamwork enables us to serve our customers better and faster. We embrace diversity and personal development not only because it's the right thing to do, but also because it's smart business. We are driven not by ego but by accomplishments. We keep our commitments to each other and our customers. Our word is our contract. We respect and trust one another, communicating openly, candidly and directly since any other way is unfair and a waste of time. We voice our opinion and exercise constructive dissent, and then rally around the agreed-upon action with our full support. Any one of us can deliver a view or idea to anyone else, and listen to and value another's view regardless of title or level. Ideas live and die on their merits rather than where they were invented.

INTEGRITY IS AT THE CORE OF WHO WE ARE

We believe integrity is at the core of who we are. It establishes the trust that is critical to the relationships we have. We are committed to doing the right thing and following sound business practices in dealing with our customers, suppliers, owners and competitors. Our competitors are not enemies; they are challengers who drive us to improve. We are good corporate citizens and share our success with the community to make the world in which we work better than it was yesterday.

BEST IS OUR STRENGTH

We know that bigness is not our strength; best is our strength. Bureaucracy is an enemy. We fight every day to stay "small" and keep bureaucracy out. We are more agile than companies a fraction of our size, because we act fast and take risks every day. We see crisis and change as opportunities, not threats. We run toward a crisis, not away. Change energizes us. We work hard, take action and take personal accountability for getting things done. Our actions produce measurable results.

OUR CORPORATE VALUES

Everything we do is built on the strong foundation of our corporate values. We work 24x7 because our customers depend on us 24x7. We know our best was good for today. Tomorrow we'll do better.

We Are VERIZON INTEGRITY • RESPECT • PERFORMANCE EXCELLENCE • ACCOUNTABILITY

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WORLD-CLASS LEARNING AND DEVELOPMENT

INDUCTED INTO TRAINING TOP 10 HALL OF FAME
IN 2014 AFTER RANKING IN THE TOP 10 FOUR CONSECUTIVE YEARS AND #1 IN 2012 AND 2013

RANKED #7 FOR LEARNING AND DEVELOPMENT
IN 2014 BY THE ASSOCIATION FOR TALENT DEVELOPMENT

RATED #14 IN 2014 FOR GROWING STRONG LEADERS BY CHIEF EXECUTIVE MAGAZINE

EMPLOYEE TRAINING

AVERAGE ANNUAL TRAINING HOURS PER EMPLOYEE:

2012	44.6
2013	45.2
2014	49.7

VERIZON TUITION ASSISTANCE PROGRAMS

Year	Participants	Expenditures
2012	23,302	$98.6M
2013	21,912	$86.3M
2014	22,066	$88.1M

to keep pace with rapidly changing technology and shifting markets so that we can lead, innovate and deliver a great experience for our customers every day.

We're proud to be among the best global corporations when it comes to learning and development.

Our focus is to make learning immediate, engaging and convenient by delivering content wherever, whenever and however our teams need it to be best prepared to serve our customers. We leverage our own technology — mobile devices and cloud-based computing powered by our network — to deliver content in multiple formats. These include virtual instructor-led modules, self-paced online courses, gamification and VZTube instructional videos.

We invested more than $293 million in learning and development in 2014, offering 23,000 courses. And V-Teamers actively utilized these resources. They completed 8.9 million hours of training — an average of 49.7 hours per team member. Over three years, our team has completed more than 24 million hours of training as part of our pursuit to be the best.

Learning Via the Portal

At the heart of our learning-and-development platform is the Verizon Learning Portal — where, in one stop, the V Team can access a wealth of content to develop personal skills, expand technology knowledge, complete training requirements and enhance leadership capabilities.

Employees can find Skillsoft, Books 24x7, Verizon Leadership University, VZTube videos, podcasts and much more. The portal maintains a record of all training completed and allows employees to rate and share comments about courses.

Best of all, online content is available 24x7, making it accessible from work, home or on the go.

$293M
invested in learning and development in 2014

Assisting with Tuition

We believe continuous learning is required to strengthen our culture and maintain our industry leadership.

Our Global Tuition Assistance Program provides team members with up to $8,000 annually to fund higher-education studies for enhancing their careers at Verizon. In 2014, more than 22,000 V-Teamers used the program to continue their education and advance their career goals.

Collaborating With Talented People

Learning and development in today's fast-paced, technology-driven world is occurring in new and different ways. At Verizon, our community of talented people at all levels of the company work with one another through social networking tools that promote knowledge and idea-sharing, cross-collaboration among teams and exchanges on business challenges.

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Many V-Teamers connect through Chatter and our Jive-powered CrowdAround social platforms. They also take part in live chats where they can ask questions and receive real-time answers directly from senior leaders.

In 2014, live-chat topics included HR strategies, supply chain, finance transformation, reducing customer churn and improving the customer experience.

ACHIEVING LIFE GOALS THROUGH PAY AND BENEFITS

An essential part of an engaging employee experience is the ability to achieve one's goals not just at work, but in life.

Verizon supports V-Teamers financially, professionally and personally with a competitive pay and benefits package that provides for today and for the future.

V-Teamers obtain compensation that covers opportunities for continuing education to grow and develop, time off and flexibility to balance work and life, and substantial resources that promote physical and emotional health and well-being for our team members and their families.

See Company Profile on page 73.

Rewarding Pay for Today and Tomorrow

Our total compensation package consists of base pay, incentives and a savings plan. It is designed to support

A HEALTHY AND PRODUCTIVE WORKFORCE IS AT THE HEART OF A HEALTHY AND SUCCESSFUL BUSINESS.

Healthy Workplace Pillars

We provide a work environment that promotes a culture of health, based on these pillars:

- **Health Literacy.** Increase our employees' ability to access, understand and apply basic health information and services to make good decisions and take action.
- **Accountability.** Drive V-Teamers to take sustainable steps to get and stay healthy, and efficiently use benefits and resources to help manage health care costs.
- **Environment.** Adopt healthy workplace best practices to promote smart eating choices, increase physical activity options, enforce tobacco-free policies and share stress management resources.
- **Health on Demand.** Provide personalized, innovative health tools and media that are conveniently accessed on demand, and encourage our teams to use them.
- **Social Support Community.** Foster a framework that will help identify internal Verizon communities to support and reinforce healthy habits.
- **Bridging the Gap.** Share the information, resources and successes of a healthy work culture with employees' families and, where feasible, within the communities we serve.

We achieve these pillars through a robust program that combines quality health care benefits, extensive health literacy resources and tools, and preventive and early detection services delivered through our health plans and readily accessible lifestyle programs.

Our "Be Well, Work Well" programs fuel our positive results. We engage V Team members at work with health and wellness initiatives at more than 150 of our locations, including 45 on-site Health and Wellness Centers.

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and drive our performance-based culture by rewarding team members for contributing to our success. It enables us to attract, engage and retain the talent we need as an innovative global technology leader.

Our industry-leading savings 401(k) plans have been recognized on the BrightScope Top 30 401(k) List for 2014. They allow our team members to save for their future with a generous match of up to 6 percent of salary.

We also offer incentive pay for all V-Teamers that is tied to individual or team and company performance. Incentive pay connects our teams with the interests of our customers and shareholders, who ultimately determine our business success.

Caring about Our Team's Health and Wellness

Health and wellness are important to creating an engaging experience at Verizon. We focus on the entire Verizon family, from active team members to their families and our retirees.

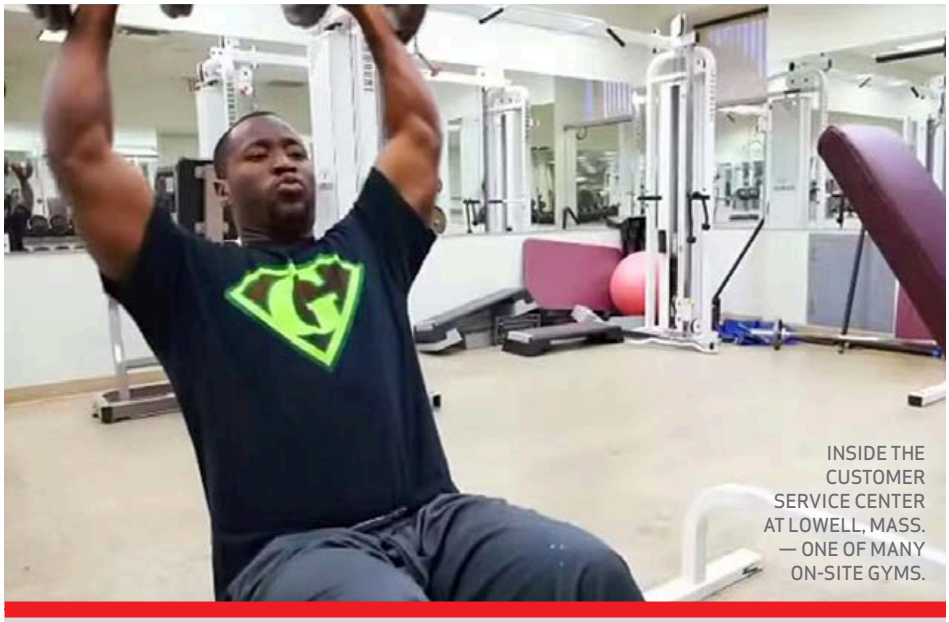
In 2014, we covered more than 690,000 beneficiaries, investing over $3.2 billion to deliver high quality health care benefits and services.

We want our employees to be healthy, happy and productive so they can deliver for our customers and achieve their goals for life.

More Exercise, Better Diets

Our Health and Wellness Centers serve as hubs for information and activities for keeping healthy.

- Nearly 17,000 Health and Wellness Center members completed more than 600,000 workouts and more than 101,000 personal training sessions in 2014.
- Ten new at-home workout videos were created for all employees and their families, making a total of 29 fitness videos available.
- Fifty-six one-minute instructional videos on stretching and yoga were created for employees and their families.
- Initiated the National "Wellness 365" Program with participating V-Teamers nationwide, logging 152,603 eight-ounce glasses of water, 15,085 half plates, 1,155,943 minutes of exercise, and 3,629 pounds lost.



INSIDE THE CUSTOMER SERVICE CENTER AT LOWELL, MASS. — ONE OF MANY ON-SITE GYMS.

Screenings

In 2014, our on-site events included biometric health screenings, mammography screenings and flu shots.

5,500+	EMPLOYEES RECEIVED A **FREE HEALTH SCREENING** FOR CHOLESTEROL, BLOOD SUGAR, BLOOD PRESSURE AND BODY MASS INDEX.
1,000+	EMPLOYEES OPTED TO GET THE **NEW HEMOGLOBIN A1C SCREENING** WE OFFERED.
27%	OF 682 COHORT PARTICIPANTS AT RISK FOR **HIGH BLOOD PRESSURE** IN 2013, 182 (27 PERCENT) MOVED TO AN IN-RANGE STATUS IN 2014.
21,000+	EMPLOYEES RECEIVED **FLU SHOTS** ON SITE.
600	WOMEN TOOK ADVANTAGE OF FREE ON-SITE **MAMMOGRAPHY SCREENINGS**.

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Maternity Care

Our preventive care and outreach initiatives include prenatal and postnatal maternity care.

Forty-two percent of the babies whom V Team members welcomed to the world in 2014 were delivered with the help of our Healthy Pregnancy Program.

Diabetes

With cases of diabetes on the rise, we set a specific goal last year to help V-Teamers detect and prevent the condition in 2014.

GOAL ▸ Implement new programs to help detect pre-diabetic conditions and manage the condition.

PROGRESS ▸ We developed a diabetes management scorecard to capture data we can use to create programs to help V-Teamers and their families.

New initiatives in 2014 included home-call and mail reminders about important screenings. We also piloted a weight management program that delivers information on mobile devices to pre-diabetic participants.

Our new diabetes management scorecard collects a number of metrics to send to our health care partners to improve outcomes for our employees: hemoglobin A1C screenings, medication adherence, program engagement and more.

We plan to expand our efforts in diabetic prevention and care in 2015.

WellConnect

Our WellConnect portal enables V-Teamers and their families to

access a variety of health and wellness resources so they can achieve their goals for living a healthy lifestyle.

Information is available on preventive care, tobacco cessation, physical activity, nutrition, mobile tools, wearable devices and much more. The site's **My Health Vault** page provides a personalized wellness experience. On it, more than 27,000 participants in 2014 accessed their Health Assessment score, Health Screening results and Lifestyle Incentive Tracker.

WellConnect contains such features as our quarterly **Wellness Now** digital magazine, targeted email campaigns, health articles and webinars (with topics in 2014 including Healthy Pregnancy, Men's Health, Know Your Numbers: Preventive Care Screenings and Diabetes Awareness). The portal has been accessed by 116,000 team members.

Because we believe that health and wellness are fundamental to success in business and in life, we continuously engage our V Team as part of cultivating a healthy workplace culture.

We will continue to work with our strategic partners internally and externally to improve the wellness of our population, their families and the communities where we work and live.

Balancing Work and Life

Life is busy.

We get it. It's our technology that fuels the digital connections worldwide that are driving mobility, the Internet of Things and the endless stream of new apps that can make our lives feel easier and harder at the same time.

So we understand the need for balance between the demands of work and life. That's why we offer alternative work arrangements, along with a generous paid time off package consisting of holidays, vacation and other provided time off.

We strive to ensure that our V Team members have the flexibility they need to tend to life, whether it's celebrating good times, making that dance recital or baseball game, or taking time to care for themselves or family.

Today, more than 5,000 V-Teamers are regularly leveraging alternative work programs such as Flex-Time, Compressed Workweek and Telework, so they can get work and life done effectively.

5,000
V-Teamers are regularly leveraging alternative work programs such as Flex-Time

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For our team members celebrating the joy of welcoming a new child into their families, whether through childbirth or adoption, our work arrangements provide for flexibility and allow most to maintain their benefits coverage while adjusting to their lifestyle change. The part-time work option allows them to work a reduced schedule. For our team members who choose to adopt, most are eligible for a reimbursement of up to $10,000 for each adopted child for expenses such as legal fees and travel.

SCOTT LANGLEY, NEAR ONE OF SADDAM HUSSEIN'S PALACES DURING OPERATION IRAQI FREEDOM. HE'S NOW VERIZON'S STORE DIRECTOR FOR UPSTATE NEW YORK.

Employee Assistance

All of us at times face life challenges with issues related to health and wellness, caring for children or adults, or personal issues that could affect our ability to work.

That's why we offer a comprehensive Employee Assistance Program. This valuable resource helps thousands on the V Team every year, providing information and connecting them with professional assistance spanning child services, elder care services, adoption assistance, mental health problems, financial challenges, drug/alcohol abuse, in-care social support, stress management and many other family services.

Another program that benefits our team members is the Verizon Employee Discount Program. V-Teamers can take advantage of discounts on many Verizon products and services, as well as those from various businesses, for automobiles, electronics, financial services, health/wellness, travel and other services.

HONORING MILITARY SERVICE AND STRENGTHENING OUR BUSINESS

Service members are very special. We honor their service to our country and actively recruit them to join our team. We value their unique skills as proven leaders who are mission-driven and effective team players.

When military personnel join the V Team, they join a winning team, one where they and their families benefit from our highly decorated programs that are designed to ensure a smooth transition to the civilian workforce, so they can be successful in their next mission in life.

Hiring Our Heroes

For us, it's more than simply saying, "Thank you for your service."

It's about our commitment to supporting our military communities. It's about strengthening our team and our performance-driven culture through the values veterans bring to Verizon.

Our outreach starts with our **Military Recruitment Team (MRT)**, which represents each major branch of service. MRT members do much more than recruit. They also provide career coaching to service members and military spouses looking to join Verizon.

VETERANS IN OUR WORKFORCE

1,962
VETERANS JOINED THE V TEAM IN 2014

12,800+
VETERANS ARE SERVING OUR CUSTOMERS AND ADVANCING OUR BUSINESS

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"We Salute You" is our new dedicated Service Member and Military Spouse website at *verizon.com/militaryjobs*. The **Military Skills Matcher** makes it easy for service members to find jobs on the V Team, simply by entering their military occupational codes. The site also enables them to connect directly with regional MRT teams.

Another newly created feature to improve our ability to hire service members is our *Military Talent Network*. Here, service members can create profiles in our applicant tracking system that enables recruiters to perform targeted searches and send out hiring alerts.

In 2014, we also teamed up with LinkedIn to tell a compelling story about the effectiveness of networking and how veterans can use LinkedIn to connect with recruiters. Prominently featured on *Veterans.linkedin.com*, the story received more than 375,000 views within the first month.

We are also reaching military personnel through such partnerships as those with the U.S. Chamber of Commerce/Hiring Our Heroes (Chairman's Circle), the Chairman's Office of Reintegration (CORe), Employer Support of the Guard and Reserve, Joining Forces (a White House Initiative), Military Spouse Employer Partnerships, transitioning offices (Soldier for Life, Marine for Life), and military installations.

Supporting Active Duty

We understand the importance of responding rapidly and lending full support when duty calls. After all, our business requires it. As our Credo says, "We run to a crisis, not away."

That's why we've been there for more than 2,000 V-Teamers who've been called up to active duty during the past decade, providing benefits and protecting their employment.

Our military leave policy allows our service men and women to continue serving their country, and surpasses the Uniformed Services Employment and Reemployment Rights Act (USERRA) requirements. When V-Teamers are called up to active duty, we bridge the gap between military pay and Verizon pay to ensure that family members are cared for, and their financial needs met.

Our **Veterans Advisory Board** is an Employee Resource Group (ERG) comprising more than 400 veterans who provide recognition, mentoring and development for service member employees from date of hire throughout their employment at Verizon.

We understand that some men and women will leave the military facing

JOSEPHINE FRANCIS, ON HER LAST DAY OF ACTIVE DUTY AFTER 20 YEARS IN THE ARMY. SHE'S NOW A VERIZON WIRELINE FRONTLINE SUPERVISOR.

WATCH: Learn how Chris Barr made the transition from the military to Verizon Wireless network engineer

HOW VERIZON HELPS OUR HEROES FIND A NEW MISSION IN LIFE

DEDICATED MILITARY RECRUITMENT TEAM for every major military branch (Army, Navy, Air Force, Marines, Coast Guard) to work with you and your spouse.

THE "HIRING OUR HEROES" APP powered by Verizon, which offers resume and job search tools. Available at iTunes and Google Play.

MENTORING by Verizon employees for transitioning service members through the American Corporate Partners program.

VETERANS ADVISORY BOARD provides recognition, mentoring and development of veteran employees from the time they're hired throughout their employment at Verizon.

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AWARDS AND HONORS FOR OUR POLICIES AND PROGRAMS HONORING MILITARY SERVICE

RANKED NO. 2 OUT OF 59

ON MILITARY TIMES' "BEST FOR VETS 2014: EMPLOYERS LIST" FOR EXCELLENCE IN MILITARY RECRUITING AND HIRING PRACTICES.

RANKED NO. 6 OUT OF 20

BY MILITARY SPOUSE MAGAZINE AMONG THE TOP MILITARY SPOUSE-FRIENDLY COMPANIES FOR RECRUITMENT AND RETENTION POLICIES AND PROGRAMS.

RANKED NO. 10 OUT OF 100

ON THE G.I. JOBS "TOP 100 MILITARY-FRIENDLY EMPLOYERS LIST" FOR 2014 IN RECOGNITION OF THE COMPANY'S MILITARY RECRUITING AND HIRING PRACTICES.

BEST OF THE BEST

VERIZON WAS NAMED TO U.S. VETERANS MAGAZINE'S "BEST OF THE BEST" LIST AS A TOP VETERAN-FRIENDLY COMPANY AND FOR HAVING A TOP SUPPLIER DIVERSITY PROGRAM.

difficult challenges ahead, and we're ready to help. Through the American Corporate Partners Program, V Team members serve as mentors to men and women leaving military service. And for veterans who are injured in combat or other hazardous duty, our attorneys provide pro bono legal assistance to help ensure they receive the benefits they deserve.

Key Verizon Sponsorships in Support of Military Service

- USO lounges at the Washington, DC, and Baltimore airports, providing free calls worldwide. Through the USO's "United through Reading" program, troops deployed from Baltimore Washington International Airport can record themselves reading a book and have a DVD sent to their children.
- Community-based events such as the Marine Corps Ball, Military Spouse Luncheons and other networking events.
- Special on-site programs at events such as Blue Star Families, including Picture Frames, which provides frames for military families to insert photos of loved ones who are deployed. And Military Cards, which helps employees send letters of appreciation to active duty and military families.
- Teamed up with Mom Corps (a military spouse-owned business that helps working mothers find flexible employment) to sponsor 20 military spouses with "career makeovers."

FIRST LT. JAKE MURPHY IN 2011, HALTING A PATROL TO MAKE FRIENDS WITH AN AFGHAN BOY. MURPHY IS NOW A VERIZON PURCHASING CONSULTANT.

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WE TAP INTO A DIVERSE ARRAY OF THOUGHTS, CAPABILITIES AND BACKGROUNDS.

To us, diversity is a strength, enhancing our ability to create, innovate and problem-solve.

CULTIVATING DIVERSITY AND INCLUSION

When you're in the business of connecting people across the planet, diversity needs to be part of your DNA and your blueprint for success.

For us, the Verizon Credo sets the direction: "We embrace diversity not only because it's the right thing to do, but also because it's smart business."

So what is diversity all about at Verizon?

It's about cultivating an inclusive organization, having a V Team with diverse backgrounds and experiences, understanding the unique needs of the customers and markets we serve, and investing in people and communities to enhance creativity, innovation and problem solving so we can deliver powerful solutions to make the world a better place.

We see diversity beyond race and gender. By acknowledging and tapping into the diversity of thoughts, capabilities and backgrounds among ourselves, our suppliers and our customers, we strengthen our abilities to reach higher levels of achievement in business and in life.

Diversity does not occur by accident or luck, but by belief, commitment and design. Our record — bedecked with awards and honors — proves we're on the right track.

We measure our progress. We hold our executives accountable for promoting diversity within their organizations. We commit ourselves to supplier diversity by setting targets that result in billions of dollars spent with diverse businesses.

Diversity does not occur by accident or luck, but by belief, commitment and design.

We provide training to our teams, support employee resource groups and engage in community outreach through our volunteerism programs.

Recognizing and respecting diversity brings about richness in our interactions that translates to better outcomes. We strive to create an inclusive, performance-driven culture in which every V Team member

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2014 DIVERSITY AWARDS AND HONORS

Working Mother 100 Best Companies

Lots of things can make a company a great place for working mothers. Maternity leave, flexible work arrangements, adoption assistance and daycare discounts are just a few examples of the benefits that we offer, and are only part of the reason why we were named one of the **Working Mother 100 Best Companies** for the 14th consecutive year.

DiversityInc Top 50

Verizon has been listed among the **top 50 companies for diversity and inclusion** for the 14th consecutive year for our efforts in hiring, developing and retaining diverse talent. In fact, we're one of only two companies to have been ranked No. 1 twice.

Diversity MBA

For the seventh consecutive year, Verizon has been added to the list of companies acknowledged for their **commitment to workforce diversity management**.

Human Rights Campaign/Corporate Equality Index

Verizon scored **90 percent on the Human Rights Campaign 2015 Corporate Equality Index (CEI)**, exceeding the average score of 86 percent. The CEI evaluates employment policies and practices supporting equality for LGBT (Lesbian, Gay, Bisexual and Transgender) communities.

Hispanic Association of Corporate Responsibility

Verizon was recognized as **a top company for its work with Hispanic employees**, suppliers and communities. We received a perfect score in the areas pertaining to employee resource group and associated executive sponsorship, recruiting and retention, and internship program.

Latina Style

Verizon was ranked **No. 2 in its annual list of the best companies for Latinas to work for** in the U.S. This is the 12th consecutive year the publication recognized us for our commitment to diversity and inclusion.

G.I. Jobs/Military Friendly

Verizon was ranked in the **top 10 on its 2015 list of Military Friendly Employers**. G.I. Jobs surveyed more than 5,000 eligible companies to come up with its list of more than 180 Military Friendly Employers.

Women's Business Enterprise National Council

Verizon was recognized for the 10th consecutive year for **proactively breaking down barriers that impede women businesses** from gaining fair access to procurement opportunities.

United States Hispanic Chamber of Commerce

Verizon was recognized as a **Million Dollar Club member** for making substantial investments in the Hispanic business community.

worldwide has opportunities to contribute and grow.

Our equal opportunity policy provides protection to all persons, without regard to race, color, religion, age, gender, sexual orientation, gender identity and expression, national origin, disability, military status, citizenship status, veteran status or any other legally protected categories.

Connecting Employees Through Resource Groups

In our efforts to create an engaging employee experience, we support a variety of Employee Resource Groups (ERGs) within Verizon. These enable our people to connect, learn and grow through their experiences, heritages and histories in ways that benefit our customers, communities and company. They help make Verizon a place that embraces people and the characteristics that make them unique.

These volunteer organizations help V-Teamers better identify their talents, collaborate with professionals who share similar interests, and channel their energy for social benefit. ERGs empower their members through mentoring, leadership training, professional and personal development seminars, and networking events.

The cross-functional nature of ERG membership fosters collaboration, information sharing and connections across our diverse base of customers, suppliers and communities.

ERGs help us achieve key business goals through initiatives focused on

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EMPLOYEE PROFILE (ETHNIC DIVERSITY) AS OF 12/31/14

ETHNIC GROUPS	TOTAL WORKFORCE (2014)		2012 TOTAL U.S. LABOR FORCE
American Indian/Alaskan Native	822	0.5%	0.7%
Asian	10,186	6.2%	5.1%
Native Hawaiian/Pacific Islander	528	0.3%	0.2%
Black/African-American	32,108	19.5%	11.2%
Hispanic/Latino	17,922	10.9%	15.0%
Two Races or More	3,529	2.1%	2.0%
White	99,982	60.6%	65.9%
TOTAL U.S.	165,077		
INTERNATIONAL	12,223		
TOTAL WORLDWIDE	177,300		

U.S. EMPLOYEE PROFILE AS OF 12/31/14 (BY GENDER)		
Female	61,141	37.0%
Male	103,936	63.0%
TOTAL U.S.	165,077	

BY GENDER (WORLDWIDE)		
Female	63,987	36.1%
Male	113,313	63.9%
TOTAL WORLDWIDE	177,300	

ETHNIC MINORITIES REPRESENT 27% OF U.S. SENIOR MANAGEMENT (VICE PRESIDENT AND ABOVE)*

WOMEN REPRESENT 29% OF U.S. SENIOR MANAGEMENT (VICE PRESIDENT AND ABOVE)

*Total US SL Base

COMPANY PROFILE

INVESTING IN OUR COMMUNITIES (IN BILLIONS)			
	2012	2013	2014
Capital investment	$ 16.2	$16.6	$17.2
Cash paid for income tax and other taxes paid	$ 3.4	$3.8	$7.2
Salaries and wages	$ 14.6	$15.3	$16.6
Purchases from diverse suppliers	$ 5.3	$6.3	$5.3
Cash dividends paid to shareowners	$ 5.2	$5.9	$7.8
Pension and other retirement payments	$ 4.5	$3.3	$3.1

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employee engagement and retention, diversity awareness and recruitment, the understanding of our broad customer base, and philanthropic efforts aimed at sharing our success with our communities. They also create a stronger sense of community within our culture.

Verizon Employee Resource Groups

- Asian-Pacific Employees for Excellence
- Consortium of Information and Telecommunications Executives (African-Americans)
- Disabilities Issues Awareness Leaders
- Gay, Lesbian, Bisexual and Transgender Employees of Verizon and their Allies
- Hispanic Support Organization
- National Jewish Cultural Resource Group
- Native American People of Verizon
- South Asian Professionals Inspiring Corporate Excellence
- Veterans Advisory Board of Verizon
- Women's Association of Verizon Employees

V-TEAMERS CAN VOICE THEIR THOUGHTS AND BRING THEIR IDEAS TO THE TABLE.

WINNING THROUGH PEOPLE AND CULTURE

We deeply believe that we win as a business through our people and culture.

Our people are proud to work at Verizon. They can voice their thoughts, collaborate with a community of talented and driven teammates, and bring their ideas and unique talents to the table.

As our Verizon Credo says: "We voice our opinion… any one of us can deliver a view or idea to anyone else… ideas live and die on their merits rather than where they were invented… we are driven not by ego but by accomplishments."

> *"IDEAS LIVE AND DIE ON THEIR MERITS RATHER THAN WHERE THEY WERE INVENTED… WE ARE DRIVEN NOT BY EGO BUT BY ACCOMPLISHMENTS."*
>
> — THE VERIZON CREDO

Amplifying the Voice of the Employee

Every two years, we give voice to the V Team and amplify it through our Verizon Viewpoints employee opinion survey. All V-Teamers are invited to participate.

A year ago, we said we would follow the tradition in 2014:

GOAL ▸ Conduct our biennial Viewpoints employee opinion survey in 2014 and a 2014 Performance Pulse Survey.

PROGRESS ▸ Nearly 108,000 V-Teamers completed Viewpoints in 2014 and customized reports were delivered to hundreds of organizations across Verizon so they can continue the dialogue with their teams and act on the results in 2015 to make our business better. Also, we conducted the Performance Pulse Survey.

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The Viewpoints survey drew our highest participation ever.

In the survey, we asked our team to rate us on more than 40 items grouped under the core themes of Customer Focus, Business Priorities, V Team Culture and Employee Experience.

We also asked them to share their best and worst Verizon customer experiences, and their ideas for how we can improve.

VERIZON VIEWPOINTS SURVEY

SCORES
ARE UP ON QUESTIONS REPEATED FROM 2012

EMPLOYEE PARTICIPATION
WAS THE HIGHEST EVER WITH 108,00 TOTAL RESPONSES

2012	53%
2014	61%

EMPLOYEE SATISFACTION
SATISFACTION IS UP

2012	71%
2014	82%

EMPLOYEE PRIDE
PRIDE IS UP

2012	83%
2014	87%

Invited to share their thoughts on any business-related topic, the V Team responded with more than 73,000 comments.

We benchmark our results to ensure we create a world-class work experience for the V Team. Our 2014 survey showed that we surpassed industry benchmarks for measures on culture and core values, pay and benefits, corporate citizenship, overall satisfaction and engagement. And on questions repeated from the 2012 survey, favorability scores were up.

To act on the results, hundreds of organizations across Verizon received customized reports and will continue the dialogue locally with their teams about how to improve both the customer and employee experiences.

In addition to Viewpoints, we conduct an annual Performance Pulse survey. These surveys ensure that our leaders provide their teams with performance reviews and discussions, as well as clear performance objectives and development plans. They're essential to how we measure the internal health and climate of the organization.

Creating Powerful Answers Through Employee Ideas

Ideas wanted!

V Team ideas are encouraged, sought after and appreciated. Finding those special ideas — the powerful ones that lead to innovations that can change the world — requires more than your typical suggestion box. At Verizon, we call the process Powerful Answers, the employee idea engine.

We know that listening to the V Team isn't just a "nice to do" but a "have to do." Ideas generated by our team members give employees a voice in moving our business forward. They set the tone for continual innovation in an ever-changing world.

The Powerful Answers platform has generated more than
$13.2M
in financial benefits

On the Powerful Answers platform, employees can submit ideas that are then posted for review by their teammates, who can vote, comment and collaborate. The Powerful Ideas team reviews each idea, too. Ideas with merit get supported with developmental resources.

Since we launched Powerful Answers in October 2013, V-Teamers have responded in a big way, submitting an average of more than 35 ideas a day, collaborating 550,000 times, and participating in almost 50 leadership-led business challenge sessions.

Through the Powerful Answers platform, we have implemented nearly 215 ideas from employees, generating more than $13.2 million in financial benefits to the company.

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Educating, Engaging and Enabling Communications

We provide the V Team with an array of communications channels at all levels of the organization and across the globe. These platforms serve to educate, engage and enable our teams so they can connect, collaborate and create.

Dialogue is central to the Verizon employee experience, so we encourage our people to join the conversation. And our people do provide feedback —open, candid and direct. They make themselves heard, whether by comments posted on stories, suggestions submitted on feedback tabs on our intranet, or ratings and course assessments on our learning and development portals.

Dialogue is central to the Verizon employee experience, so we encourage our people to join the conversation.

Company and industry news, work tools and collaboration resources help create an ongoing dialogue. Each month, most of our employees visit VZWeb, our rich, customizable company intranet available on all desktops and mobile devices. Connecting with teammates and accessing key information has never been easier.

MARNIE WALDEN, EXECUTIVE VICE PRESIDENT AND PRESIDENT OF THE PRODUCT AND NEW BUSINESS ORGANIZATION, MEETS WITH HER TEAM DURING THEIR 2014 KICKOFF MEETING IN SAN JOSE.

On VZWeb, employees find such content and resources as:

- **Internal news,** covering everything from organizational changes and business updates to product launches, employee recognition and stories of employee heroism. In 2014, over 1,000 news articles were published for our V Team. Employees commented or "liked" their colleagues' feedback or articles more than 155,000 times.
- **"About You,"** our human resources website that provides a robust, personalized experience for employees. On it, they can manage their wealth accumulation; access personalized health, wellness and benefits information; review HR guidelines, safety and policy information; explore career and learning opportunities, and access performance and recognition tools.
- **"The Learning Portal,"** resources to help employees develop their skills, expand their knowledge, complete training requirements and enhance their leadership capabilities.
- **Our Credo,** Commitment and Values, Code of Conduct, Corporate Responsibility News, Diversity Strategy, Ethics and Compliance, Green and Sustainability, Verizon Recognition and Awards, the Verizon Foundation, and the Verizon Employee Relief Fund.
- **Videos** showcasing company performance, new products and business initiatives, and featuring stories about employees serving customers, innovating powerful solutions through our unmatched network technology, and volunteering in our communities around the world.
- **Social collaboration tools** such as our Jive-powered CrowdAround platform and Chatter, which promote knowledge and idea sharing and cross-collaboration among teams.
- **Live chat technology,** where employees interact with leaders by asking them questions and receiving real-time answers. In 2014, live chat topics included HR strategies, supply chain, finance transformation, reducing customer churn and improving customer experiences.
- **Employee webcasts,** which the V Team can view online or in person to hear from our leaders, including

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Chairman and CEO Lowell McAdam, speaking directly on key objectives, strategy and financial results and addressing current events and future plans. Leaders facilitate conversations, taking questions from a live audience and employees around the world, who submit questions through VZWeb or via text message. Often, employees are recognized for their contributions to the business and our customers and for modeling a work ethic aligned to our Verizon Credo. In 2014, we aired more than 80 webcasts.

Outside of VZWeb, conversations continue across the globe, with smaller, more informal town hall meetings and roundtables held by senior leaders.

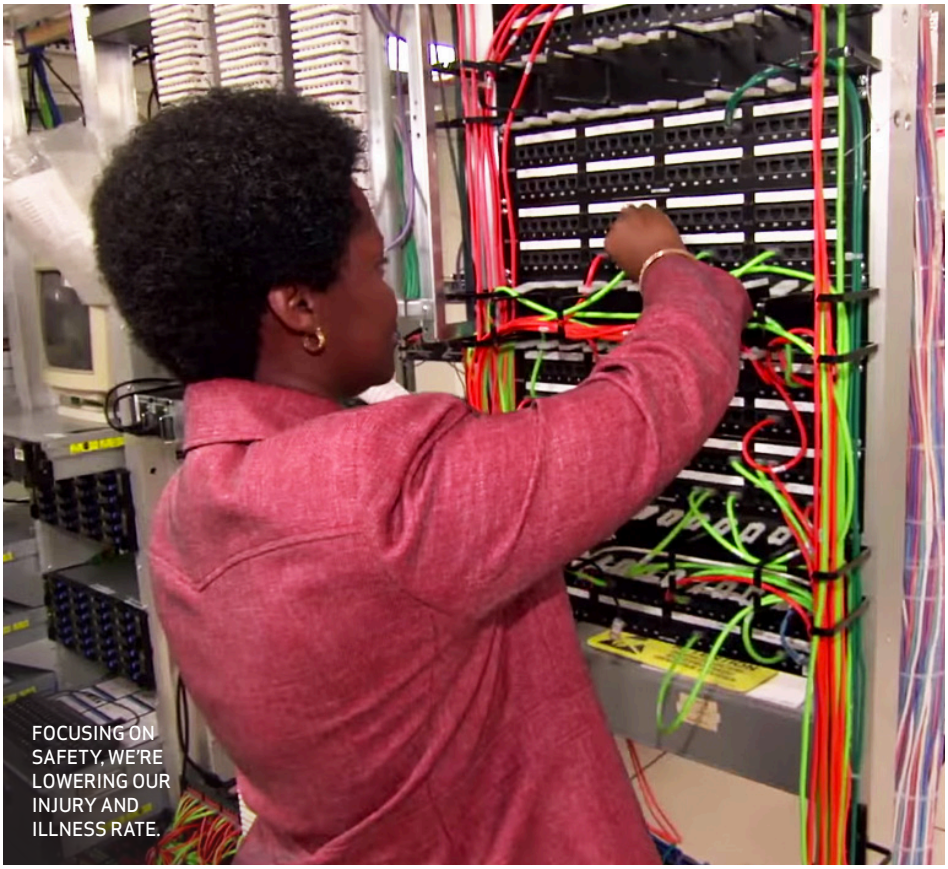
The voice of the employee is critical to our delivery of high-quality communication services, superior customer experiences and value for our shareholders. We continue to look for new opportunities to connect our employees and provide meaningful platforms for communication and collaboration.

WORKING WITH LABOR UNIONS

We have a long history of working with the Communications Workers of America and the International Brotherhood of Electrical Workers — the two main unions that represent about 47,700 of our employees.

We meet with national and local union leaders to talk about key business topics, including issues such as safety, customer service, plans to improve operational processes, good attendance, our business performance and the impacts that changing technology and competition are having on Verizon.

In 2014, we completed eight contract negotiations that cover approximately 2,900 team members. These agreements continue Verizon's history of providing good jobs with competitive wages and valuable benefits that rate among the best in our industry.



FOCUSING ON SAFETY, WE'RE LOWERING OUR INJURY AND ILLNESS RATE.

CREATING A CULTURE OF SAFETY

We believe safety is core to the employee experience.

Our V-Teamers deserve a safe and productive work environment so they can innovate, collaborate and deliver a great experience for our customers — whether working in a call center, research lab, garage work center, store or office building, or on the road in our fleet or at a customer's location.

In 2014, we doubled down on our already comprehensive safety program by launching our "2014 Year of Safety" training initiatives.

We refreshed the content of 44 of the courses in the Outside Plant curriculum, and we made 66 safety courses mobile-ready for viewing on tablets for easy anytime-anywhere access.

Our priority on safety has yielded

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BE SAFE
SMART · AWARE · FOCUSED · EQUIPPED

We promote a culture of safety through our communication campaign, Be SAFE — a simple message, reinforcing four important principles:

Be **SMART** by knowing safety procedures

Be **AWARE** of your work environment

Be **FOCUSED** on performing the job safely

Be **EQUIPPED** for the job

And while safety at work is important, we want the V Team to be safe at other times, too. We provide safety information that applies at home, at work and on the road on topics such as electrical safety, ergonomics, driving, and the avoidance of slips, trips and falls.

We continued our online "Driver Safety Series" training to promote defensive driving. The series is required for employees who drive on the job, but all V-Teamers are encouraged to participate and share it with their families.

The defensive driving series is a great example of how we work to turn safety practices into daily habits at work and at home to keep the V Team safe.

Employees give high marks to our Driver Safety Series:

SLOW DOWN AND LIVE

"THIS COURSE WAS VERY WELL DESIGNED AND MOTIVATING. IT INSPIRES DRIVERS TO THINK MORE ABOUT THE CONSEQUENCES OF CARELESS DRIVING AND SPEEDING, AND TO BE RESPONSIBLE FOR WHAT THEY ARE DOING ON THE ROAD."

CHANGING LANES

"VERY USEFUL, GREAT REMINDERS TO HELP US CONTINUE TO BE AWARE OF POTENTIAL ISSUES IN DRIVING!"

SAFE INTERSECTION TECHNIQUES

"THIS WAS A GREAT COURSE AND I TRULY ENJOYED IT. THIS WILL MAKE ME A MUCH SAFER DRIVER. IT TAUGHT ME THINGS THAT I NEVER KNEW. THANKS, VERIZON, FOR KEEPING US ALL INFORMED AND UP TO DATE."

clear benefits to the company. In 2014, our Occupational Injuries and Illnesses Rate for U.S. operations was 1.28 per 100 employees — better than 2013. That's almost one-third better than the Bureau of Labor Statistics telecommunications industry average of 2.10.

Our safety management approach embraces these key elements:

- Supplying the V Team with the appropriate tools, safety equipment and training to perform a job safely.
- Providing information and procedures customized by type of task to enable and motivate our employees to work safely.
- Conducting internal compliance checks and hiring outside experts to perform safety audits globally to help ensure that people are following our environmental policies and safety management processes.

VERIZON INCIDENT RATES (PER 100 EMPLOYEES)

Occupational Injury & Illness Rate	
Industry Rate	2.10
2012	1.35
2013	1.35
2014	1.28

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GOVERNANCE & LEADERSHIP

Running our business with the highest of ethical standards.

OUR MISSION: To ensure that the principles of integrity that are embedded in our Credo are infused into all of our business practices.

WWW.VERIZON.COM/ABOUT/RESPONSIBILITY

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OUR BUSINESS DEPENDS ON OUR REPUTATION FOR INTEGRITY AND FAIR DEALINGS.

An ethical culture doesn't happen by accident — it takes education and accountability.

Company reputation is very important as we compete in a global market. We understand that. It's why we place great value on running our business with integrity and the highest of ethical standards.

We all know this takes hard work, continuous commitment and a strong operational plan. But that's table stakes. A business needs to go further.

We believe that ethics must be coded into your company DNA so that it becomes part of your culture and defines who you are and how you work.

That's where the Verizon Credo comes in. Our Credo sets the expectation for every employee:

> *"WE BELIEVE INTEGRITY IS AT THE CORE OF WHO WE ARE. It establishes the trust that is critical to the relationships we have. We are committed to do the right thing and follow sound business practices in dealing with our customers, suppliers, owners and competitors."*
>
> — THE VERIZON CREDO

ETHICS AND COMPLIANCE

Our commitment to operate a responsible and ethical business starts with integrity.

We live up to that ideal through a comprehensive ethics and compliance program that's built on our Verizon Code of Conduct. The program provides ongoing educational communications, mandatory training requirements and readily accessible tools. All employees are encouraged to raise questions, report concerns and acquire information about ethics issues, policies, procedures and applicable laws.

Our employees can take advantage of a global set of resources to help fulfill that commitment, including:

- **The VZ Compliance Guideline,** which is available 24 hours a day

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at 844.VZGUIDE (844-894-8433 for U.S.), (+) 800-0-624-0007 (International), or online at www.verizonguideline.com.

- **A Security Control Center** operated by our global Security organization, which employees can reach 24 hours a day at 800-997-3287 (U.S.) and 972-615-4343 (International) to report or inquire about issues ranging from international cyber security to legal compliance.
- **A Reporting/Inquiry Channel** for accounting matters managed by our Internal Audit group at accountingcomplaints@verizon.com (or through the VZ Compliance Guideline).
- **Environmental and Safety Hotlines** for reporting emergencies, arranging for waste disposal or getting on-site help from the company's environmental and safety specialists (including international, 800-386-9639).

We have a strong track record of protecting customers' privacy. And with today's rapid pace of technological change, our commitment to maintaining meaningful privacy protection is stronger than ever.

We back that up by providing employees with training and communications that explain their obligation to safeguard confidential and sensitive information. We go beyond spelling out the company policies and legal requirements. We emphasize that protecting privacy is crucial to earning and maintaining our customers' trust.

We have a zero tolerance policy for unethical business practices. This includes bribery or corruption of any type.

Relevant employees receive anti-corruption training and communications that clearly articulate this core principle. Our training, illustrated by practical examples, helps employees understand and comply with various anti-bribery laws, including the U.K. Bribery Act and the U.S. Foreign Corrupt Practices Act. We instruct employees to seek legal approval before giving anything of value to a public official.

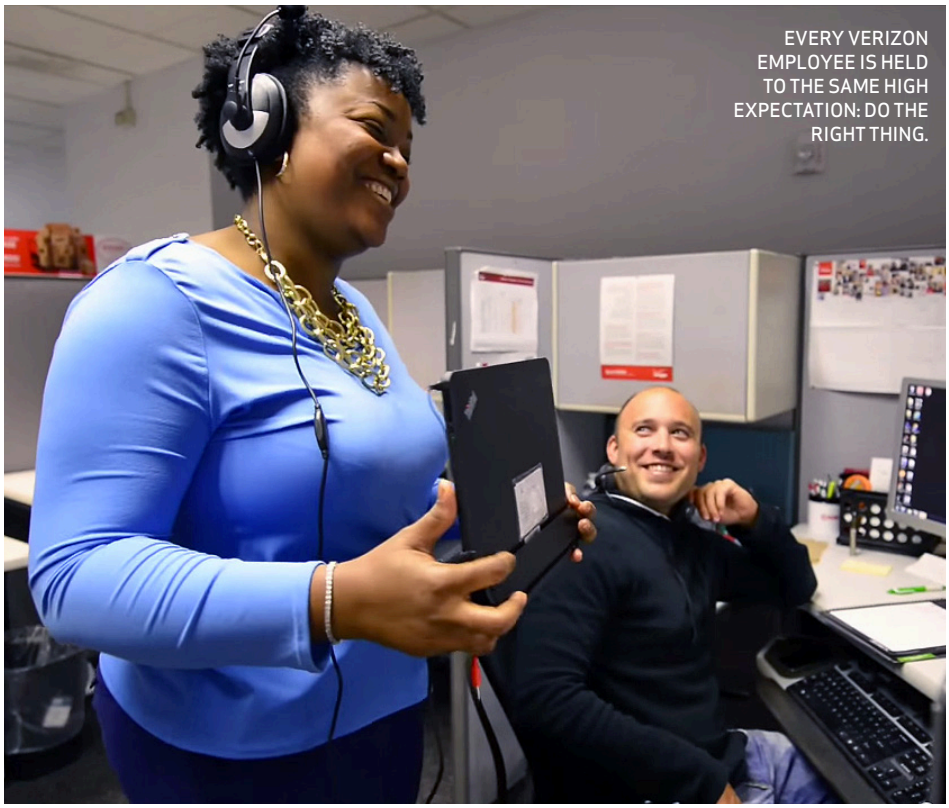
For teams in high-risk areas, we supplement this general training with targeted communications and in-person training.

ENSURING ACCOUNTABILITY

The Verizon Leadership Committee manages corporate responsibility activities across the company.

The committee establishes benchmarks and goals, assigns and enforces accountability, and tracks results for corporate responsibility initiatives. The committee — made up of senior executives from various operating units and staff groups — reports directly to Chairman and Chief Executive Officer Lowell McAdam.

Corporate responsibility activities are overseen by the Corporate Governance and Policy Committee of the Verizon Board of Directors.



EVERY VERIZON EMPLOYEE IS HELD TO THE SAME HIGH EXPECTATION: DO THE RIGHT THING.

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WE REVIEW OUR CODE OF CONDUCT TO MAKE SURE IT ADDRESSES NEW BUSINESS REALITIES.

CODE OF CONDUCT AND TRAINING

To ensure we operate with integrity and the highest of ethical standards, we require all employees to adhere to the *Verizon Code of Conduct*.

Our Code provides a comprehensive set of guidelines on such matters as gifts and entertainment, protecting company property and information, conflicts of interest and confidentiality — with strong emphasis on protecting the information that our customers, business partners and employees entrust to our care.

We continuously review our Code to guarantee that our guidelines address emerging issues and reflect the realities of what's happening in the marketplace wherever we operate.

Because it's important that all of our employees understand the Code and the obligation to follow its guidelines, we require all employees to complete current Code training. Our 2015 plan calls for all employees to take mandatory training on our updated Code of Conduct.

Relationships with our suppliers are based on the highest standards of ethical conduct, and our *Supplier Code of Conduct* outlines what we expect from our vendors.

We administer the Conflict of Interest Questionnaire (COIQ) to our leadership team and our Supply Chain Services organization. The questionnaire addresses all identified actual or potential business conflicts and is completed by our entire leadership team to ensure we conduct business with integrity.

Last year, we set these targets for 2014:

GOAL ▸ Re-administer the COIQ for the leadership team and Supply Chain Services organization.

PROGRESS ▸ One hundred percent of our leadership team and Supply Chain Services organization completed the COIQ in 2014.

GOAL ▸ Ensure we operate with integrity and the highest ethical standards by implementing mandatory Code of Conduct training for all employees globally and continue proactive awareness communications.

PROGRESS ▸ We issued regular communications about key elements of the Code and plan on issuing an updated Code of Conduct in 2015.

WHAT'S NEXT

In 2015 we will:

GOAL ▸ Require the leadership team and Supply Chain Services organization to once again complete COIQ.

GOAL ▸ Require all employees to complete mandatory training on our updated Code of Conduct and continue our communications about the Code.

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HUMAN RIGHTS

Our *Human Rights Statement* articulates our respect for the broad principles in the *United Nations Universal Declaration of Human Rights*, which serves as a blueprint for global businesses on how to build good relationships around the world and work successfully among different customs and cultures.

Our commitment to promoting human rights values is consistent with our dedication to respecting employees, valuing customers, strengthening communities, protecting the environment and engaging with stakeholders to make the right decisions for the future of our business.

Last year, we set these targets for 2014:

GOAL ▸ We will continue to review our Human Rights policies to determine whether any changes are appropriate.

PROGRESS ▸ We partnered with the Global e-Sustainability Initiative (GeSI) to initiate a human rights work stream that commences in 2015. The goal is to document human rights best practices among GeSI members and regularly engage with stakeholders to solicit their feedback on human rights issues associated with ICT.

MEMBERS OF STREET LAW — A NONPROFIT ORGANIZATION THAT CREATES CLASSROOM AND COMMUNITY PROGRAMS THAT TEACH PEOPLE ABOUT LAW, DEMOCRACY AND HUMAN RIGHTS WORLDWIDE.

STAKEHOLDER ENGAGEMENT

We listen to and speak with a wide range of people — consumers, seniors, educators, elected officials, law enforcement, minorities, rural constituents, veterans and others — who are important to our business.

Our long-standing Consumer Advisory Board, which consists of leading public interest advocates from across the country, meets two times a year and delivers an unfiltered view of business and social issues. Their opinions and advice play an important role in the development and eventual sale of many of our products and services.

We generate numerous discussions through our website and social media. These forums provide us with valuable information that helps us to improve the solutions we offer our customers and to measure the environmental performance of our business.

We're also mindful that, because of our scope and scale, our voice can be helpful on a range of social issues that are important to our stakeholders. We are constantly looking for these opportunities. Over the past few years, Verizon has publicly advocated on immigration reform legislation, the UN Convention on the Rights of Persons with Disabilities, phone reform in prison and gay marriage.

POLITICAL CONTRIBUTIONS

We advocate public policies that benefit our customers and our employees and that enable us to compete fairly and freely in the marketplace. We post our political contributions for public view.

Verizon is affected by a wide variety of government policies that affect the business climate in which we operate — from telecommunications regulation to taxation to healthcare, and more.

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Political contributions are one way we support the democratic electoral process and participate in the policy dialogue. Our employees have established political action committees (PACs) at the federal level and in 18 states. These PACs allow employees to pool their resources to support candidates for office who generally support the public policies our employees advocate.

The Corporate Governance and Policy Committee of our Board of Directors oversees the contribution process and receives an annual report and comprehensive briefing.

In addition, Verizon posts a report of its political contributions twice a year on its public website. This transparency about our political spending is in keeping with our commitment to good corporate governance. It's a further sign of our responsiveness to the interests of our shareowners.

Read our latest Political Contributions Report.

PRIVACY

All Verizon employees, partners and suppliers play a role in protecting the privacy of our customers' information.

We understand that consumers will use the full capabilities of our networks — and take advantage of the vast opportunities our products and services provide — only if they trust that their information will remain private.

PROTECTING OUR CUSTOMERS' PRIVACY IS PART OF EVERY VERIZON EMPLOYEE'S RESPONSIBILITY.

Our Privacy Approach

- *Privacy* is an essential element in the processes we use to create innovative products and services. As we develop new products and services, deploy new technologies and develop new uses of information, we examine relevant privacy questions. And we review and update our privacy policy when needed to explain additions or changes.
- We are transparent in describing to our customers how their information is used, and we give customers the opportunity to choose whether certain information uses and sharing are acceptable to them. We strive to present our practices in a way that makes our privacy policy and notices easy to read.
- We respect the choices our customers make about whether they are comfortable with certain uses of information because we recognize that individual customers have different privacy preferences.
- Protecting the privacy of customer information is part of each Verizon employee's responsibility, and we have safeguards in place to shield customer information from unauthorized access, use or disclosure.

Transparency Report

In January 2014, we became the first telecom company to issue a *Transparency Report*, and we issued an updated report in July 2014. Those reports share data on the number of law-enforcement requests for consumer information that Verizon receives in the U.S. and other countries where we do business. We will continue to update this report twice a year.

While we have a legal obligation to provide customer information to law enforcement in response to lawful demands, we take seriously our duty to provide such information only when authorized by law. Our dedicated teams carefully review each demand and reject those that fail to comply with the law. If a demand is overly broad or vague, we will not disclose any information in response or will work to narrow the scope of the information we produce. Some

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demands seek information that we simply do not have, or where we have some, but not all, of the information sought; accordingly, we will produce no information at all or only some of the information sought by those demands from law enforcement.

Although Verizon and other companies provide Transparency Reports, these reports provide an incomplete picture of government action, given the vast number of telecommunications and Internet companies around the world that are not publicly reporting this information. The only truly comprehensive and uniform data set is in the hands of the governments themselves. We have called on all governments to make public the number of demands they make for customer data from telecommunications and Internet companies.

In June 2014, we were the first telecom company to file an ***amicus brief*** in federal district court challenging a judge's decision to allow the U.S. government to use a search warrant to obtain customer data from Microsoft, even though that data was stored overseas. In December, with the case in the Second Circuit Court of Appeals, we filed another ***brief*** along with a number of other companies.

We have noted in our Transparency Report that we have not received, and do not expect to receive, any demands for customers' data stored in our data centers outside the U.S., but we wanted to make our voice heard on behalf of our customers.

Stakeholders for our Transparency Report include any member of the public. Some advocacy groups with a strong interest in such reporting have been overwhelmingly favorable:

- The Electronic Frontier Foundation's 2014 "*Who Has Your Back?*" survey awarded Verizon four stars, up from no stars in the previous year, in large part because Verizon published its Transparency Report for the first time.
- Kevin Bankston, director of the New America Foundation's Open Technology Institute, examined a number of Transparency Reports and concluded that Google and Verizon tie for first place in terms of overall best practices.

Last year, we set these targets for 2014:

GOAL ▸ Enhance the processes that protect personal data when data that originates in the European Union is transferred outside of Europe.

PROGRESS ▸ We filed applications to demonstrate our compliance with the EU data protection laws. The application process is a new mechanism through which we can signify our compliance with rules that restrict data transfers outside of the European Economic Area.

GOAL ▸ Work with Congressional leaders to improve the ability of healthcare providers to share data. Introduce specific dates for this interoperability into pending legislation.

PROGRESS ▸ Verizon is a founding member of the Health IT Now Coalition, consisting of patients, providers and employers. We have worked with our partners to explain the benefits of record-sharing between providers and hospitals (interoperability) and good regulation to Congress and the Office of the National Coordinator for Health Information Technology (ONC).

The ONC, part of the Health and Human Services Department, is currently responsible for implementing a program called Meaningful Use to accelerate the adoption of electronic health records. The ONC is establishing rules for the third phase of the program, in which they are increasing the emphasis on records-sharing.

WHAT'S NEXT

Coming in 2015: We will continue to reinforce the necessity of acting with integrity throughout our business.

In 2015, we will:

- **Enhance privacy compliance guidelines to reflect new technologies, products and services, as well as new and evolving industry standards.**

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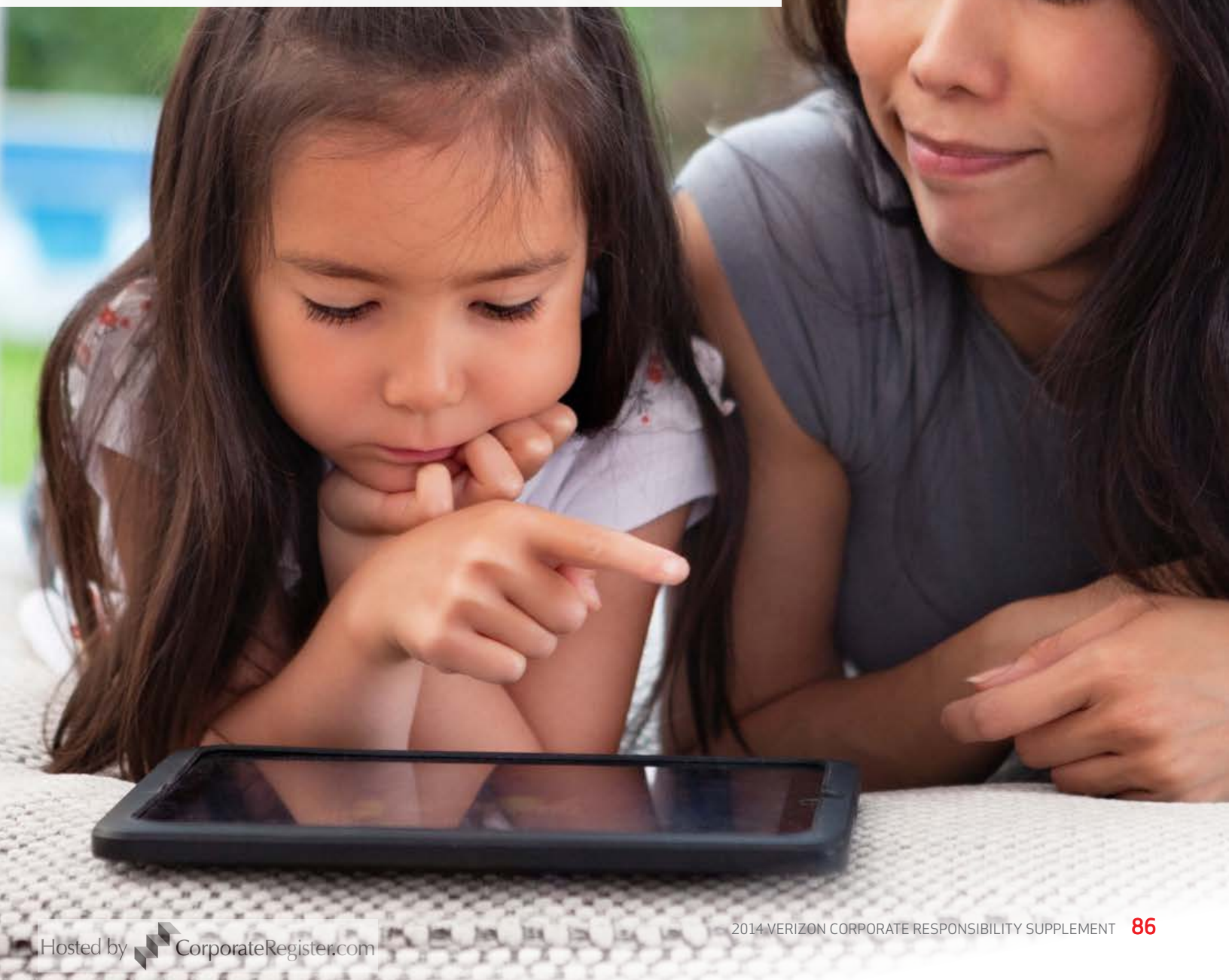
PRODUCT RESPONSIBILITY

Putting accessibility and safety at the forefront.

OUR MISSION: Ensuring that our products and services meet the needs of the broad range of customers who rely on us.

WWW.VERIZON.COM/ABOUT/RESPONSIBILITY



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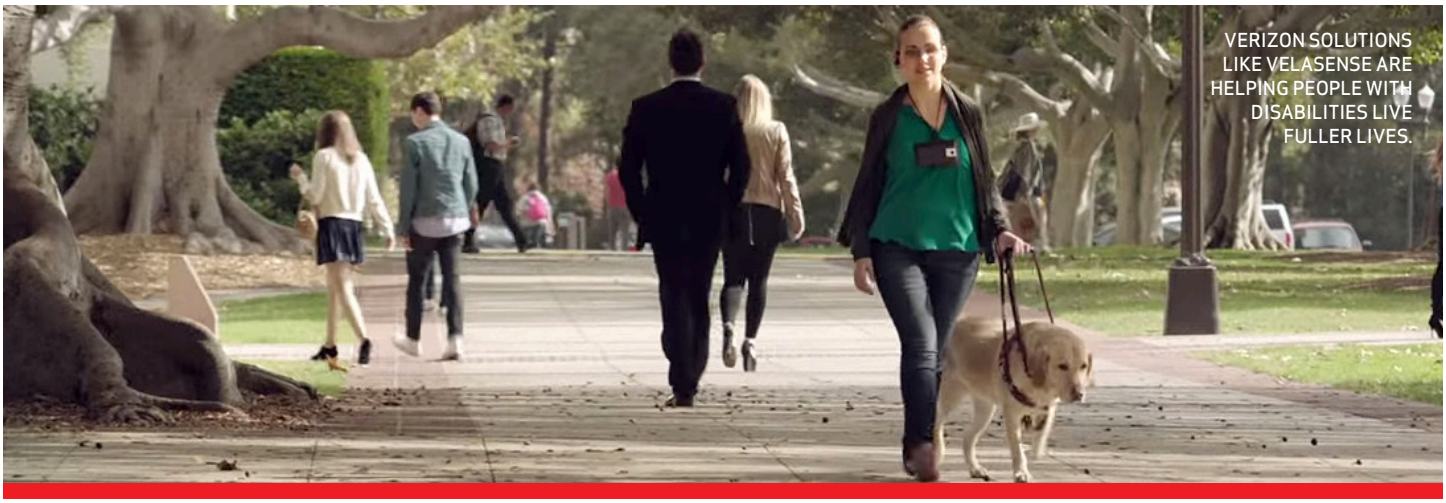

VERIZON SOLUTIONS LIKE VELASENSE ARE HELPING PEOPLE WITH DISABILITIES LIVE FULLER LIVES.

We're working to ensure that our products and services open worlds to every user.

Our customers are diverse, and we are committed to offering safe and accessible products that they'll find easy to use — and that make their lives easier.

To guide us in these efforts, we embraced a set of Universal Design Principles in 1987 that are now an integral part of the product design process throughout Verizon.

We employ these principles Verizon-wide in our relationships with customers, employees, shareowners and suppliers.

ACCESSIBLE PRODUCTS

We want to make it easier for everyone to see, hear and personalize their communication and devices.

Last year, we made a number of commitments to approach accessibility in a variety of ways:

GOAL ▸ Introduce a suite of applications for the Android platform designed for seniors and people with disabilities.

PROGRESS ▸ In an exclusive business partnership, we introduced *VelaSense* in February 2015. This suite of applications has the potential to be life-changing for people who have mild difficulty seeing, or full blindness.

Using the smartphone camera and responsive to voice commands, VelaSense uses state-of-the-art image processing to discern text in real-life situations. It recognizes faces, money and objects whose images are stored in the device's database or in the Verizon cloud. It can navigate around obstacles or direct the user to street addresses.

Our Universal Design Principles

- Provide quality service that can reasonably accommodate a broad range of diverse users, including youth, individuals with disabilities and seniors.
- Review existing services to determine which services should be made more accessible.
- Design and develop services, to the extent readily achievable, to be accessible to a broad range of users.
- Market and provide services in a manner consistent with Universal Design.

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"I WOULD NOT BE A FRESHMAN IN COLLEGE, OR A SUCCESSFUL ONE AT THAT, IF I DID NOT HAVE TECHNOLOGY."

— NICK CORBETT, *VICE PRESIDENT OF STUDENT DIVISION, AMERICAN COUNCIL OF THE BLIND*

GOAL ▸ Expand outreach of our personal emergency response system, SureResponse, to new venues, including social media outlets. The system uses a simple mobile calling device to connect users to specialized care agents who direct the call to the right person for help, providing peace of mind for seniors and their families.

PROGRESS ▸ We continued to promote the SureResponse product at national and regional aging-related events.

GOAL ▸ Release voicemail-to-text product in 2014 in conjunction with launch of Voice over LTE (VoLTE product)

PROGRESS ▸ We anticipate release of the voicemail-to-text as a feature of our VoLTE service in 2015. But we did introduce Video Calling in 2014. The phone's contact list displays a video-camera icon next to the names of those who can receive a Video Call. A tap or two on the phone, and the user can communicate face to face with friends and family.

VISIONARY: SENSORS AND PERIPHERALS TO BE USED HANDS-FREE.

Verizon *Services and Device Features* for Seniors and People with Disabilities

- Two national service centers devoted to wireline customers with disabilities
- New National Accessibility Call Center for wireless customers with disabilities
- Voice commands and menu readouts on a majority of our wireless devices
- VelaSense suite of applications for blind, low-vision and mobility-impaired customers
- Large menu fonts and keypads
- 411 assistance for customers who are blind, have low vision or have a dexterity or cognitive disability
- Video relay services, text-only messaging plans, big-button phones
- A host of messaging and chat-without-talking applications
- Standardized Braille bills for all customers using preferred Type 2 coding

GOAL ▸ Continue working with stakeholders as the final stages of the federal accessibility law are implemented.

PROGRESS ▸ We meet regularly with national disability advocates to update them on progress being made to implement the Communications and Video Accessibility Act (CVAA). And we solicit their feedback regarding our efforts to date to meet their respective needs.

GOAL ▸ Expand the library of video-described movie offerings.

PROGRESS ▸ We successfully expanded the library of descriptive video feature films on demand to 40 — a six-fold increase — and developed a new revenue stream with no advertising.

GOAL ▸ Evaluate the audio features product for inclusion in the FiOS TV Interactive Media Guide.

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PROGRESS ▸ We continue to work toward the release of a product that will offer voice-control features to our FiOS TV service.

In addition to the progress we made on these goals, we opened the National Accessibility Customer Service Center (NACS) on October 15.

The addition of the NACS enables us to effectively address the needs of wireless customers with disabilities. It complements our existing Center for Customers with Disabilities, which serves Verizon's Wireline customers.

WHAT'S NEXT

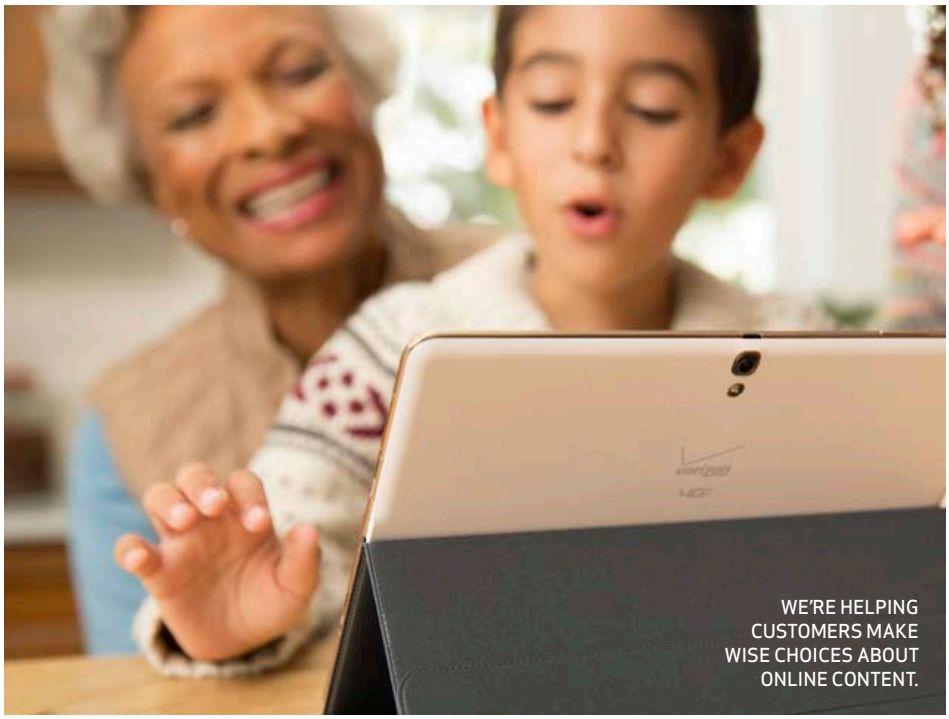
Coming in 2015: More features for people with disabilities.

GOAL ▸ Continue refining Text-to-911 solutions with a focus on location accuracy.

GOAL ▸ Add features and continue development of the National Accessibility Customer Service Center (launch videophone American Sign Language service).

GOAL ▸ Develop accessibility solutions for our FiOS video product to include voice activation features via the remote and/or interactive media guide.

GOAL ▸ Work with the National Braille Press on a tablet for the visually impaired.



WE'RE HELPING CUSTOMERS MAKE WISE CHOICES ABOUT ONLINE CONTENT.

ONLINE SAFETY

The Verizon network enables consumer choice and provides customers access to a broad range of content over a variety of devices, platforms and networks.

We are committed to providing customers with information and tools to make informed choices on what is appropriate for themselves and their families.

Verizon *Online Safety* Information and Tools:

Content Policy

Through our content policy, we ensure that content is age-rated, that it supports recognized third-party content rating systems when available, and is consistent with industry standard practices. We are committed to supporting our customers' abilities to self-manage access to content by providing content management tools.

Mobile Living

An online destination providing customers information on today's technology. Online safety experts provide "Tips for Parents" to educate digital-age parents about common areas of technology concern, tools to help solve these problems, and information to bridge the technology gap between parents and youth.

Safeguards and Controls Community

A website that provides customers the chance to follow, share and participate in the ongoing conversation about digital safety and security.

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BEaPRO Mobile

These digital literacy workshops, conducted in schools and funded by a Verizon Foundation grant to iKeepSafe, guide students on the core concepts for a positive mobile experience, while providing teachers and parents the confidence to help instill these concepts.

Verizon Wireless Content Filters

Free tools are available to enable consumers to manage content access, giving parents the opportunity to decide what content is appropriate for their children.

Verizon Wireless FamilyBase

This subscription service is a suite of tools providing parents the means to monitor with whom, how and when their children use devices in an effort to help children use wireless technology responsibly.

Parental Control Features on FiOS TV

Free, easy-to-use controls ensure that viewable programming is appropriate for all family members.

Verizon Internet Security Suite

This subscription service protects computers, personal information and children from a wide array of online threats. The Parental Controls feature in VISS is available free for Verizon customers.

WE SUPPORT RESPONSIBLE DRIVING INITIATIVES.

DISTRACTED DRIVING

Responsible driving is everyone's responsibility. We want people to arrive at their destinations safely.

In 2000, Verizon became the first wireless carrier to support state legislation banning hand-held cell phone use while driving.

We're still engaged in responsible driving initiatives, advocating for common-sense legislation and spearheading consumer education efforts to raise awareness about driving responsibly.

Last year, for example, we partnered with the Seattle Seahawks and public high schools in a campaign — "Save It Seattle: Pledge to Stop Texting and Driving" — enlisting students to pledge to stop texting while driving.

Similarly in Greenville, S.C., we teamed with minor league baseball's Greenville Drive to encourage teenagers to sign pledges not to text and drive.

And in Florida, we joined the statewide "Put It Down" campaign of the Florida Department of Transportation. Among other contributions, we sent messages to thousands of customers and employees urging that they pay attention to the road, not their phones.

Please visit our *website* for more information about driving responsibly.

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OUR COLLABORATIVE NETWORK IS BRINGING BROADBAND TO RURAL AREAS.

BRINGING LTE TO RURAL AMERICA

In 2010, Verizon created the LTE in Rural America (LRA) program, a collaborative partnership with rural carriers to accelerate the deployment of rural wireless broadband services.

Under LRA, participants lease valuable 700 MHz radio spectrum from Verizon and build their own networks, enabling them to offer 4G LTE services more quickly and economically than might otherwise be possible. A dedicated team of Verizon technology experts works directly with the rural carriers as they develop and deploy their networks.

The program is successful and growing.

As of December 2014, there were 21 participants, including existing code division multiple access (CDMA) carriers and rural telephone companies.

2.9 MILLION
people in 15 states are covered by the LTE in Rural America program

Eighteen rural mobile carriers have launched their 4G LTE wireless broadband networks, building a network of nearly 800 active cell sites that covers an area larger than the state of Utah.

The leases for the 21 participants cover nearly 2.9 million people in 15 states, and represent a land area larger than California and Georgia combined.

Customers of the LRA carriers and Verizon can roam on each other's 4G LTE networks.

RADIO FREQUENCY EMISSIONS

Verizon is committed to providing our customers with information concerning potential health effects of *radio-frequency (RF) emissions* from cell phones.

This information may include ways in which to access scientific research and FCC regulations. For those concerned about possible health effects, we provide information on steps for reducing exposure to RF emissions.

Verizon makes this information available in a number of places: on our website, in a stand-alone brochure provided in the box of every new or refurbished cell phone, in the Getting Started Guide provided with every new cell phone, and in all Verizon retail stores, where a sign is posted advising that such information is available on request.

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SUPPLY CHAIN

Ensuring that our products are sourced responsibly.

OUR MISSION: Partnering with our suppliers to meet high ethical, social and environmental supply chain standards.

WWW.VERIZON.COM/ABOUT/RESPONSIBILITY

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With audits and assessments, we monitor and promote ethical conduct in our suppliers.

SUPPLIER CODE OF CONDUCT

We strive to promote mutually beneficial business relationships with our suppliers — relationships based on the high ethical standards of our *Supplier Code of Conduct*.

As the code explains, we expect our suppliers to, among other things, act with integrity in all respects, meet all applicable health, safety and environmental laws, and carefully protect confidential and proprietary information.

The code also:

- **Explicitly prohibits the use of child labor, forced labor and discrimination.**
- **Explicitly protects the freedom of association and the right to collective bargaining, pursuant to local laws.**
- **Requires suppliers to ensure products provided to Verizon contain no *conflict minerals*.**
- **Outlines our intent to constructively engage with suppliers on compliance and enforcement.**

SUPPLIER REVIEW PROCESS

Verizon is committed to collaborating with our supply chain partners to meet the standards embodied in our Supplier Code of Conduct and applicable laws.

To gauge our suppliers' corporate responsibility (CR) compliance, we engaged EcoVadis to help evaluate key suppliers' performance, focusing on environment, labor and human rights, fair labor practices and sustainable procurement. Verizon has assessed 220 suppliers since July 2013 through the EcoVadis online platform.

Suppliers fill out questionnaires. EcoVadis validates their responses, collects information from NGOs, media and other public sources, and benchmarks suppliers on various CR factors. When weaknesses are identified, Verizon is able to collaborate with the supplier on corrective action plans that promote communication and improvement. The result: less risk for both Verizon and the supplier.

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In addition, we are a member of the Joint Audit Cooperation (JAC), an association of telecom operators that promotes shared and coordinated on-site CR audits of suppliers.

Verizon joined the group in 2013 as the first U.S.-based member. Other members include Deutsche Telecom, Orange, Telecom Italia, Belgacom, KPN, Swisscom, Telenor, TeliaSonera and Vodafone. We serve on JAC's Leadership Assembly and the Operational Board.

And to ensure that our suppliers meet our environmental standards, we conduct an annual Supplier Sustainability Assessment. We evaluate our suppliers' sustainability strategy, greenhouse gas emissions, solid waste management, water use and management, packaging practices and sustainability in contracting. We've been making these assessments since 2011.

CONFLICT MINERALS

As we state in our Supplier Code of Conduct, we are committed to ensuring that suppliers responsibly manufacture our products.

Suppliers are expected to ensure that products supplied to Verizon do not contain metals derived from tin, tantalum, tungsten and gold or their derivatives that directly or indirectly finance or benefit armed groups in the Democratic Republic of the Congo (or any adjoining country).

- **Our complete *Statement on Conflict Minerals* is available online.**

SUPPLIER DIVERSITY

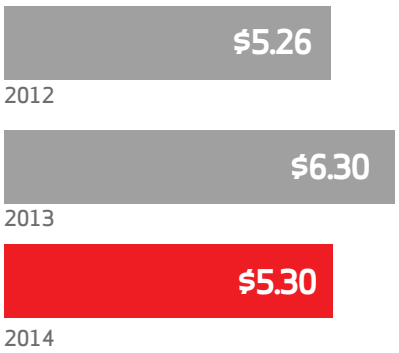
At Verizon, supplier diversity is a business imperative because we know that having suppliers from a variety of backgrounds helps us build long-term value for our customers.

We know that supplier diversity is a fundamental requirement for business success, and we appreciate how critical our business is to the success of our suppliers.

In 2014, Verizon purchased $5.3 billion in goods and services with diverse suppliers.

We continuously work to expand our inclusion and diversity efforts and monitor our progress. We have a robust Tier 2 program that encourages collaboration between our prime and diverse suppliers. Recognized by external organizations like DiversityInc as best in class, the program helps Verizon broaden its reach for diverse suppliers and encourages prime suppliers to use diverse suppliers in their businesses.

OVERALL SPENDING WITH DIVERSE SUPPLIERS (IN BILLIONS)



Supplier Diversity Programs

We support supplier diversity through a variety of workshops and networking events designed to help suppliers improve their capacity, business operations and procurement processes:

- **Verizon Premier Supplier Academy.** Provides educational, technical and business skills training, one-on-one mentoring, networking events and individualized strategies designed to further our commitment to increasing business opportunities for diverse suppliers.
- **Verizon Supplier Summit.** An opportunity for diverse suppliers to hear from our executives on our key business priorities and objectives, connect procurement decision makers with suppliers, and recognize suppliers for performance excellence.
- **Free Resources.** A variety of innovative and informational free resources, including *webinars* that feature leading business experts; *rewards and discount programs*, an *online tool* to identify helpful apps for small businesses; and the *Verizon Small Biz Blog*, which offers tips and insights on how to grow profits, increase productivity, and improve small businesses.

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2014 Recognition for Supplier Diversity

We know we're on the right path because our community partners acknowledge our work in this space. Verizon has been recognized as a top company for diversity and inclusion.

Some of the awards and honors we have received:

- **The Women's Business Enterprise National Council** named Verizon one of the "Top Corporations" in support of women-owned business enterprises.
- **DiversityInc** placed Verizon on its "Top 50 Companies for Diversity" list for the past 14 years.
- **MBN USA,** which promotes minority business enterprise, named Verizon to its Corporate 101 list in recognition of supporting diverse businesses.
- **DiversityBusiness.com** named Verizon as one of "America's Top Organizations" for Multicultural Business Opportunities.
- **The U.S. Hispanic Chamber of Commerce Million Dollar Club** recognized Verizon for integrating Hispanic Business Enterprises (HBEs) into our sourcing and procurement process. We were recognized in the $1 billion plus category for spending over $1 billion with HBEs.
- We belong to the **Billion Dollar Roundtable**, a coalition of 20 companies that spend more than $1 billion each year with diverse suppliers.

OUR PROGRESS

Working with partners, we're ensuring compliance.

Last year, we set these targets for 2014:

GOAL ▸ Participate on the Joint Audit Cooperation Leadership Assembly and Operational Board; fund and manage a number of on-site supplier audits in 2014.

PROGRESS ▸ We met both goals. We participated in both the assembly and board. And, along with other JAC members, we funded and managed on-site audits and implemented corrective action plans with the suppliers to correct issues of non-compliance.

Overall, 35 JAC audits were completed in 2014.

In January 2014, we participated in the JAC Forum on Supply Chain Responsibility and Sustainability held in Chengdu, China, a meeting of suppliers, NGOs, telecom companies and other institutions. At the forum, JAC presented the JAC Supply Chain Sustainability Guidelines and highlights of work accomplished in the prior year.

GOAL ▸ By the end of 2015, ensure that 55 percent of our supplier spending will be with firms that set targets for reducing their greenhouse gas emission.

PROGRESS ▸ We achieved that goal, one year early.

GOAL ▸ Conduct environmental assessments on 50 percent of the suppliers who supply us with mobile device accessories.

PROGRESS ▸ We assessed the top 82 percent of our suppliers (ranking based on revenue), exceeding our target.

WHAT'S NEXT

Coming in 2015: Stronger efforts to monitor suppliers.

GOAL ▸ We will increase the number of JAC audits and continue to work with the companies in our supply chain to address issues of non-compliance.

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