VERIZON COMMUNICATIONS INC
Form DEF 14A
March 19, 2018
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE

(RULE 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

VERIZON COMMUNICATIONS INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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From left to right:

Lowell C. McAdam	**Mark T. Bertolini**	**Richard L. Carrión**	**Clarence Otis, Jr.**
Shellye L. Archambeau	**Kathryn A. Tesija**	**Melanie L. Healey**	**M. Frances Keeth**
Rodney E. Slater	**Gregory G. Weaver**	**Gregory D. Wasson**	**Karl-Ludwig Kley**

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To our

Shareholders

As directors, we strive to govern Verizon with the utmost integrity. We believe that Verizon s commitment to the highest standards of corporate governance drives success and builds sustainable, long-term value for shareholders. We focus our attention on overseeing the Company s business strategies, risk management, board composition and succession planning. We would like to take this opportunity to provide you with an update on our progress in 2017.

Strategy oversight

Our Board is vigilant in the oversight of Verizon s long-term strategy. At each Board meeting and during our annual strategy retreat, we engage Verizon s senior leaders in robust discussions about the Company s strategic goals. It is with our corporate strategy and business priorities in mind that the **Human Resources Committee** determines the appropriate compensation structures and levels for our senior leaders to incentivize them to achieve these goals. To ensure Verizon has the financial ability to execute on our strategic plan, the **Finance Committee** monitors Verizon s capital needs and financing plans. In addition, in order gain a broader perspective on the environment in which Verizon competes, our directors participate in numerous activities outside the boardroom, including regular education sessions on topics central to the industry.

Risk oversight

We view Board oversight of Verizon s risk profile in its strategic activity, business operations and deployment of capital as fundamental to the well-being of our Company. Our directors ensure that Verizon s risk management policies and procedures are consistent with the Company s strategy and risk appetite, that these policies and procedures are effective and functioning as directed, and that management is fostering a culture of risk-aware decision making throughout the organization. Verizon has a robust, formalized business risk management reporting process that is overseen by the **Audit Committee** and designed to provide visibility to the Board on critical risks and risk mitigation strategies. Our Board also regularly receives briefings on cybersecurity, privacy, product-related risks and lessons learned from completed mergers and acquisitions.

Board composition and refreshment

We believe that good governance starts with an independent, engaged and diverse Board. Women comprise one-third of our current Board, and for the last 12 years, a woman has served as our independent lead director. Nearly half of our directors are Hispanic or African American. Verizon s

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commitment to board refreshment is central to ensuring that the composition of our Board evolves along with our strategic needs for the future. Our **Corporate Governance and Policy Committee** regularly evaluates director skill sets to ensure the optimal combination of expertise is represented on the Board. In the last seven years, seven new independent directors have been elected to the Board, and over the past year, the Corporate Governance and Policy Committee has been actively overseeing the recruitment of additional directors to ensure that this refreshment process continues.

Succession planning and talent management

Our Board recognizes that one of our most important duties is to oversee the development of executive talent and ensure continuity in our senior leadership, as well as the efficient succession of the CEO. **The Human Resources Committee** takes the lead in overseeing succession planning and assignments to key leadership positions, and regularly reports to the full Board during executive sessions. Our Board conducts an annual in-depth review of senior leader development and succession planning to assure that our processes support Verizon s strategic objectives. We also interact frequently with high potential executives not just in Board meetings but in less formal settings so that we get a chance to know and assess our future senior leaders firsthand.

The Board remains focused on our oversight responsibilities and will continue to communicate with you about our efforts. We value our shareholders views and believe that regular, transparent communication is an essential component of Verizon s success.

Lowell C. McAdam

Chairman and Chief Executive Officer,

Verizon Communications Inc.

M. Frances Keeth

Lead Director

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Notice of

Annual

Meeting of

Shareholders

Time and date

Thursday, May 3, 2018

8:30 a.m., local time

Place

Hyatt Regency Lake Washington at

Seattle s Southport

1053 Lake Washington Boulevard North

Renton, Washington 98056

How to vote

Online	Phone	Mail	In person

Shareholders as of the close of business on March 5, 2018, the record date, may vote at the meeting.

If you are a registered shareholder, you may vote online at **www.envisionreports.com/vz**, by telephone or by mailing a proxy card.

You may also vote in person at the annual meeting. If you hold your shares through a bank, broker or other institution, you will receive a voting instruction form that explains the various ways you can vote. We encourage you to vote your shares as soon as possible.

Important Notice Regarding Availability of Proxy Materials for Verizon s Shareholder Meeting to be Held on May 3, 2018

The 2018 Proxy Statement and 2017 Annual Report are available at **www.edocumentview.com/vz**.

Verizon Communications Inc.

1095 Avenue of the Americas

New York, New York 10036

March 19, 2018

By Order of the Board of Directors,

William L. Horton, Jr.

Senior Vice President, Deputy General Counsel

and Corporate Secretary

Items of business

Elect the 11 Directors identified in the accompanying proxy statement

Ratify the appointment of the independent registered public accounting firm

Approve, on an advisory basis, Verizon s executive compensation

Act on the shareholder proposals described in the proxy statement that are properly presented at the meeting

Consider any other business that is properly brought before the meeting

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Proxy Statement

We are mailing this proxy statement to our shareholders beginning on March 19, 2018. It is also available online at **www.edocumentview.com/vz** or, if you are a registered holder, at **www.envisionreports.com/vz**. Our Board of Directors is soliciting proxies in connection with the 2018 Annual Meeting of Shareholders and encourages you to read this proxy statement and vote your shares promptly.

Governance

Our Board and principles of good governance

We believe that good governance starts with independent, effective and diverse Board leadership. Our Board is one of Verizon s most critical strategic assets. As such, the composition of the Board evolves along with our strategic needs for the future. We believe sustainable shareholder value is easier to achieve when our Board has the right mix of skill, expertise and tenure. In carrying out its responsibilities, the Board abides by certain guiding principles with regard to its own composition and most essential duties principles our shareholders have expressed to us that they believe are fundamental to our Company s success.

Diversity. A board with a diverse set of viewpoints, backgrounds and expertise is best positioned to provide broad perspectives to our management team as it assesses the challenges and opportunities impacting our business. A diverse board is more likely to consider a broader range of possibilities and help management achieve better outcomes. Gender is one critical element of board composition that Verizon has focused on over the years in our refreshment and succession planning processes, as well as in our Board leadership structure. Women comprise one-third of our current Board, and our independent Lead Director, Fran Keeth, has served in her role for four years. Prior to Ms. Keeth, our Board was led by an independent Presiding Director for over eight years who also was a woman.

Strategy and risk oversight. We recognize that our shareholders rely on our Directors to oversee Verizon s strategy for realizing opportunities and mitigating risks. As management navigates a rapidly changing competitive landscape, it is the Board s duty to ensure that management is executing on the Company s strategic plan, addressing emerging challenges and disruptions, and promoting innovation. At the same time, Directors must satisfy themselves that the risk management policies and procedures designed and implemented by management are consistent with the Company s strategy and risk appetite, that these policies and procedures are functioning as intended, and that necessary steps are taken to create a culture of risk-aware decision making throughout the organization. Through its oversight role, the Board can send a message to management that risk management is not an impediment to the conduct of business, but is instead an integral component of strategy, culture and business operations.

Engagement. Our Board welcomes the opportunity to develop an understanding of shareholder perspectives on our Company and to foster long-term relationships with our shareholders. Our Directors understand that our investors want to hear from them on their thinking on a range of topics not just limited to the shareholder proposals we receive during proxy season. In 2017, our Board responded to requests from shareholders to discuss governance matters, long-term strategy oversight, sustainability and corporate responsibility, Board composition and succession, the relationship between our compensation program and our long-term strategy, and transparency into Board practices and priorities.

Governance framework

The Board conducts its oversight responsibilities through four standing committees: Audit, Corporate Governance and Policy, Finance, and Human Resources. Each committee has a written charter that defines its specific responsibilities. The committees are discussed beginning on page 15.

The Corporate Governance and Policy Committee ensures that the membership, structure, policies and practices of our Board and its committees promote the effective exercise of the Board s role in the governance of Verizon. In addition, our Corporate Governance Guidelines provide a framework for the Board s operation and address key governance practices. The Corporate Governance and Policy Committee monitors best practices and developments in corporate governance, considers the views of Verizon s shareholders, and periodically recommends changes to the Board s policies and practices, including the Guidelines.

Where to find more information on governance at Verizon

You can find Verizon s Corporate Governance Guidelines, Code of Conduct and other corporate governance materials, including Verizon s certificate of incorporation, bylaws, committee charters and policies, on the Corporate Governance section of our website at **www.verizon.com/about/investors**. You can request copies of these materials from the Assistant Corporate Secretary at the address given under Contacting Verizon.

Business conduct and ethics

We are committed to operating with the highest level of integrity, responsibility and accountability. To that end, we have adopted a Code of Conduct that applies to all employees, including the CEO, the Chief Financial Officer and the Controller. The Code of Conduct describes each employee s responsibility to conduct business with the highest ethical standards and provides guidance about preventing, reporting and remediating potential compliance violations in key areas. Directors are expected to act in the spirit of the Code of Conduct, and to comply with the specific ethical provisions of the Corporate Governance Guidelines. Our Board is strongly predisposed not to waive any of these business conduct and ethics provisions for executive officers or Directors. In the unlikely event of a waiver, we will promptly disclose the Board s action on our website.

Related person transactions

The Board has adopted the Related Person Transaction Policy that is included in the Guidelines. The Corporate Governance and Policy Committee reviews transactions between Verizon and any of our Directors or executive officers or members of their immediate families to determine if any participants have a material interest in the transaction. If the Committee determines that a material interest exists, based on the facts and circumstances of each case, the Committee may approve, disapprove, ratify or cancel the transaction or recommend another course of action. Any Committee members who are involved in a transaction under review do not participate in the Committee s deliberations.

From time to time Verizon has employees who are related to our executive officers or Directors. Lowell McAdam, Chairman and CEO, has a child who is employed by a Verizon subsidiary and earned approximately $133,058 in 2017. John Stratton, Executive Vice President and President Global Operations, has a child who is employed by a Verizon subsidiary and earned approximately $266,755 in 2017, and an in-law who is employed by a Verizon subsidiary and earned approximately $196,883 in 2017. In each case, the amount of compensation earned was comparable to that of other employees in similar positions. These employees also participate in Verizon s welfare and benefit plans that are made available to all employees.

Key corporate governance features

Shareholder rights

Majority voting in Director elections	Verizon s bylaws provide for the election of Directors by a majority of the votes cast in an uncontested election. This provision can only be changed by a majority vote of the shareholders.
Call a special meeting	Any shareholder owning at least 10% (or any group of shareholders owning at least 25%) of Verizon s outstanding common stock may call a special meeting of shareholders. Our bylaws include requirements relating to special meetings.
Proxy access	Any shareholder (or any group of up to 20 shareholders) owning at least 3% of Verizon s outstanding common stock for at least three years may include a specified number of director nominees in our proxy materials for the annual meeting of shareholders. Our bylaws specify qualifying stock ownership, the number of permitted nominees, and other requirements relating to proxy access.
Approve poison pill	Verizon does not have a shareholder rights plan, commonly referred to as a poison pill. Any shareholder rights plan adopted by our Board must be approved by shareholders within one year and then re-approved every three years.
Ratify executive severance agreements	Shareholders must ratify any employment or severance agreement with an executive officer that provides for severance benefits exceeding 2.99 times the sum of the executive s base salary plus non-equity incentive plan opportunity. This policy is described on page 44.

Board governance

Director independence	All of our non-employee Directors are independent, and the standards that our Board uses to assess independence are more stringent than those of the New York Stock Exchange (NYSE) or The Nasdaq Stock Market (Nasdaq). For more information about the independence of the non-employee Directors, see Independence on page 6.
Board leadership	Currently, the CEO serves as Chairman of the Board, in consultation with the Lead Director. You can read about the respective roles and responsibilities of the Chairman and the Lead Director, and why our Board believes Verizon s shareholders are best served by this leadership structure, under Board leadership on page 13.
Limits on board service	To ensure that our Directors have sufficient time to devote to their responsibilities on Verizon s Board, our Corporate Governance Guidelines provide that Directors with full-time roles in for-profit businesses should serve on no more than three public company boards, and other Directors should serve on no more than four public company boards. Members of our Audit Committee should serve on no more than two other public company audit committees.
Stock ownership	Within three years of their election, Directors must hold Verizon stock with a value equal to three times the cash component of the annual Board retainer. Shares held in any deferral plan are included when calculating the number of shares held.
Director retirement	Directors must retire from the Board the day before the annual meeting of shareholders that follows their 72nd birthday. The size of the Board will be reduced by one for each such retirement.

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Item 1: Election of Directors

Election process

Verizon s Directors are elected annually for a term of one year. We believe annual elections are consistent with good corporate governance because they foster director accountability and increase shareholder confidence. Verizon s bylaws require Directors to be elected by a majority of the votes cast in an uncontested election.

Director nominations

The Corporate Governance and Policy Committee considers and recommends candidates for our Board. The Committee reviews all nominations submitted to Verizon, including individuals recommended by shareholders, Directors or members of management. The Committee also retains executive search firms from time to time to help identify and evaluate potential candidates.

Any shareholder who wishes to recommend a Director candidate to the Committee for its consideration should write to the Assistant Corporate Secretary at the address given under Contacting Verizon. A recommendation for a Director candidate should include the candidate s name, biographical data and a description of the candidate s qualifications in light of the requirements described below. If we make any material changes to the Committee s procedure for considering and nominating candidates, we will file a report with the SEC and post the information on the Corporate Governance section of our website at **www.verizon.com/about/investors**.

The Committee specifically reviews the qualifications of each candidate for election or re-election. For incumbent Directors, this review includes the Director s understanding of Verizon s businesses and the environment within which Verizon operates, attendance and participation at meetings, and independence. After the Committee evaluates all candidates for Director, it presents its recommendation to the Board. The Committee also discusses with the Board any candidates who were considered by the Committee but not recommended for election or re-election.

Before they are nominated, each candidate for election and each incumbent Director standing for re-election must consent to stand for election or re-election and provide certain representations required under Verizon s bylaws. Each candidate who is standing for election must also submit an irrevocable resignation, which will only become effective if (i) our Board or any Committee determines that any of the required representations were untrue in any respect or (ii) the candidate does not receive a majority of the votes cast at the annual meeting of shareholders and the independent members of our Board decide to accept the resignation. Any decision about a resignation following an incumbent Director s failure to obtain a majority of the votes cast will be disclosed within 90 days after the election results are certified.

Shareholders wishing to nominate a Director should follow the procedures set forth in Verizon s bylaws and described on page 75.

Director criteria, qualifications and experience

To be eligible for consideration, any proposed candidate must:

- Be ethical

Have proven judgment and competence

Have professional skills and experience in dealing with a large, multi-faceted organization or in dealing with complex problems that complement the background and experience already represented on our Board and that meet Verizon s needs

Have demonstrated the ability to act independently and be willing to represent the interests of all shareholders and not just those of a particular philosophy or constituency

Be willing and able to devote sufficient time to fulfill responsibilities to Verizon and our shareholders

Our Board s commitment to refreshment and succession planning is at the core of its ability to maintain independence of thought and action. Key factors the Committee considers when selecting Directors and refreshing the Board include:

Diversity The Committee recognizes that a diverse set of viewpoints and practical experiences enhances the effectiveness of our Board. In evaluating candidates, the Committee considers how a candidate s particular background, experience, qualifications, attributes and skills may complement, supplement or duplicate those of other prospective candidates.

Experience The Committee strives to maintain a Board with a wide range of leadership experience and skills relevant to Verizon s strategic vision.

Age and tenure Under the Corporate Governance Guidelines, Directors must retire from the Board the day before the annual meeting of shareholders that follows their 72nd birthday. The Committee also considers the tenure of each incumbent Director and the average tenure of the Board in an effort to maintain a Board that balances the fresh perspective and ideas of newer Directors with the deep insight into the Company that longer tenured Directors have developed.

Board size The Committee periodically evaluates whether to change the size of the Board, based on the Board s needs and the availability of qualified candidates.

Board dynamics The Committee considers each Director candidate s individual contribution or potential contribution to the Board as a whole and strives to maintain one hundred percent active and collaborative participation.

Independence

Verizon s Corporate Governance Guidelines establish standards for evaluating Director independence and require that a substantial majority of the Directors be independent. The Board determines the independence of each Director under NYSE and Nasdaq governance standards, as well as the more stringent standards included in the Guidelines. These standards identify the types of relationships that, if material, could impair independence, and fix monetary thresholds at which the relationships are considered to be material. The Guidelines are available on the Corporate Governance section of our website at **www.verizon.com/about/investors**. The Corporate Governance and Policy Committee conducts an annual review of any relevant business relationships that each Director may have with Verizon and reports its findings to the full Board. Based on the Committee s recommendation, the Board has determined that all of the incumbent non-employee Directors are independent: Shellye Archambeau, Mark Bertolini, Richard Carrión, Melanie Healey, M. Frances Keeth, Karl-Ludwig Kley, Clarence Otis, Jr., Rodney Slater, Kathryn Tesija, Gregory Wasson and Gregory Weaver.

The employers or former employers of Ms. Archambeau, Mr. Bertolini, Mr. Carrión, Dr. Kley, Mr. Slater and Ms. Tesija all made payments to Verizon for telecommunications services and solutions during 2017. In addition, Verizon made payments to Mr. Bertolini s employer under an administrative services contract for employee healthcare benefits. Applying the independence standards above, the Board considered the foregoing payments and determined that these general business transactions and relationships are not material and did not impair the ability of the applicable Directors to act independently.

Nominees for election

Our Board has nominated the 11 candidates below for election as Directors, all of whom currently serve as Directors of Verizon. After completing the evaluation process described above, the Corporate Governance and Policy Committee and our Board concluded that these Directors should be nominated for re-election. We describe their respective experience, qualifications, attributes and skills below. The Committee and the Board assessed these factors in light of Verizon s strategy and businesses, which provide a broad array of communications, information and entertainment products and services to individuals, businesses, governments and wholesale customers in the United States and around the world.

Each candidate has consented to stand for election, and we do not anticipate that any candidate will be unavailable to serve. If any candidate were to become unavailable before the election, the proxy committee could vote the shares it represents for a substitute named by the Board.

Each candidate has submitted an irrevocable, conditional letter of resignation that our Board will consider if that candidate fails to receive a majority of the votes cast.

Our Board of Directors recommends that you vote for each of the following candidates.

Shellye L. Archambeau

Director since **2013**

Age **55**

Independent

Committees

Ms. Archambeau is the former Chief Executive Officer of MetricStream, Inc., a leading provider of governance, risk, compliance and quality management solutions to corporations across diverse industries. She served in this role from the time she joined MetricStream in 2002 until 2018. Prior to that, Ms. Archambeau served as Chief Marketing Officer and Executive Vice President of Sales for Loudcloud, Inc., Chief Marketing Officer of NorthPoint Communications, and President of Blockbuster Inc. s e-commerce division. Before she joined Blockbuster, she held domestic and international executive positions during a 15-year career at IBM. Ms. Archambeau has served on the board of Nordstrom, Inc. since 2015, and in the past five years, she has served on the board of Arbitron, Inc.

Qualifications: Ms. Archambeau provides the Board with valuable knowledge of **technology, e-commerce, digital media and communications platforms.** Her experiences in the Silicon Valley emerging company community, as well as her prior experience at IBM, provide her with **global perspectives** on developing and **marketing emerging technology applications and solutions.**

Mark T. Bertolini

Director since **2015**

Age **61**

Independent

Mr. Bertolini is Chairman and Chief Executive Officer of Aetna Inc., a Fortune 100 diversified healthcare benefits company. Prior to assuming the role of Aetna s CEO in 2010 and Chairman in 2011, Mr. Bertolini served as President from 2007, responsible for all of Aetna s businesses and operations across the company s range of healthcare products and related services. He also served as Executive Vice President and head of Aetna s regional businesses. Mr. Bertolini joined Aetna in 2003 as head of Aetna s Specialty Products after holding executive positions at Cigna, NYLCare Health Plans and SelectCare, Inc.

Qualifications: Mr. Bertolini s experience at a large, **multinational corporation** provides the Board with valuable **operational and management expertise**, as well as

Committee	critical perspective on **strategic planning**. His role as Chairman and CEO of Aetna provides the Board with additional insights into the healthcare industry.

Richard L. Carrión

Director since **1997**

Age **65**

Independent

Committees

Mr. Carrión is Executive Chairman of Popular, Inc., a diversified bank holding company. Prior to assuming his current position in 2017, Mr. Carrión served as Chairman and Chief Executive Officer of Popular, Inc. for over 20 years. Mr. Carrión served as a director of the Federal Reserve Bank of New York, a government-organized financial and monetary policy organization, from 2008 to 2015. He also served as a director of NYNEX Corporation, one of Verizon s predecessor companies, from 1995 to 1997.

Qualifications: Mr. Carrión provides the Board with **financial, operational and strategic** expertise developed during his long tenure at Popular, Inc. This experience, combined with his board service at the Federal Reserve Bank of New York, also provides the Board with extensive **risk management** expertise.

Melanie L. Healey

Director since **2011**

Age **56**

Ms. Healey is the former Group President of The Procter & Gamble Company, one of the leading providers of branded consumer packaged goods. She served in this role from 2007 to 2015. During her tenure at Procter & Gamble beginning in 1990, Ms. Healey held a number of positions of responsibility, including Group President and advisor to the Chairman and CEO, Group President of North America and Group President for the Global Feminine and Health Care Sector. Ms. Healey has served as a director of Hilton Worldwide Holdings Inc. since September 2017, PPG Industries, Inc. since 2016 and Target Corporation since 2015.

Independent Committee	**Qualifications:** Ms. Healey provides the Board with valuable **strategic, branding, distribution and operating** experience on a **global scale** obtained over her 32-year career in the consumer goods industry. Her deep experience in **marketing and operations**, including her 18 years outside the United States, provides the Board with strategic and operational leadership and critical insights into **brand building and consumer marketing** trends globally.

M. Frances Keeth (Lead Director)

Director since **2006**

Age **71**

Independent

Committees

Ms. Keeth was Executive Vice President of Royal Dutch Shell plc, a global energy company, from 2001 to 2006, and was Chief Executive Officer of Shell Chemicals Limited from 2004 to 2006. During her long tenure at Royal Dutch Shell, Ms. Keeth served in a number of other positions of responsibility, including Executive Vice President, Finance and Business Systems, and Executive Vice President, Customer Fulfillment and Product Business Units. Before holding these positions, Ms. Keeth was controller and principal accounting officer of Mobil Corporation. Ms. Keeth has served as a director of Arrow Electronics, Inc. since 2004, and in the past five years, she has served as a director of Peabody Energy Corporation.

Qualifications: Ms. Keeth s career with Shell has provided her with substantial experience in managing **worldwide operations and strategic partnerships** in a capital-intensive business. Her expertise provides the Board with critical skills in the areas of **financial oversight, aligning financial and strategic initiatives, and risk management**.

Lowell C. McAdam (Chairman)

Director since **2011**

Age **63**

Mr. McAdam is Chairman (since 2012) and Chief Executive Officer (since 2011) of Verizon Communications Inc. Prior to becoming CEO, Mr. McAdam served in numerous positions of responsibility, including President and Chief Operating Officer of Verizon Communications Inc., President and CEO of Verizon Wireless, and Executive Vice President and Chief Operating Officer of Verizon Wireless. Before Verizon Wireless was formed, Mr. McAdam held executive positions with PrimeCo Personal Communications, AirTouch Communications and Pacific Bell. Mr. McAdam spent six years in the U.S. Navy Civil Engineer Corps and became a licensed professional engineer in 1979. In the past five

Chairman since **2012**

years, Mr. McAdam has served as a director of General Electric Company.

Qualifications: Mr. McAdam provides the Board with substantial and wide-ranging expertise in the **telecommunications industry** as well as a deep focus on **innovation** developed during his pivotal role in the **formation and growth of Verizon Wireless**. As CEO of Verizon Communications Inc., he provides the Board with in-depth knowledge of **Verizon s business, industry, challenges and opportunities**.

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Clarence Otis, Jr.

Director since **2006**

Age **61**

Independent

Committees

Mr. Otis is the former Chairman and Chief Executive Officer of Darden Restaurants, Inc., the largest company-owned and operated full service restaurant company in the world. He served as CEO of Darden Restaurants from 2004 to 2014 and as Chairman from 2005 to 2014. After joining Darden in 1995 as Vice President and Treasurer, Mr. Otis served in a number of positions of responsibility, including Chief Financial Officer, Executive Vice President, and President of Smokey Bones Barbeque & Grill, a restaurant concept formerly owned and operated by Darden. Mr. Otis also served as a director of the Federal Reserve Bank of Atlanta from 2010 to 2015. He has served as a director of The Travelers Companies, Inc. since August 2017 and VF Corporation since 2004. He has also been a director of 138 funds within the MFS Mutual Funds complex since March 2017.

Qualifications: Mr. Otis provides the Board with valuable insight into **consumer services, retail operations and financial oversight**. His experience over his 20 years at Darden Restaurants provides him with critical perspectives on **operations, strategy and management** of a complex organization and a large-scale workforce, and his board service at the Federal Reserve Bank of Atlanta provides extensive **risk management** expertise.

Rodney E. Slater

Director since **2010**

Age **63**

Mr. Slater has been a Partner at the law firm Squire Patton Boggs LLP since 2001 practicing in the areas of transportation, infrastructure and public policy. Previously, Mr. Slater served as the U.S. Secretary of Transportation from 1997 to 2001, and as the Administrator of the Federal Highway Administration from 1993 to 1997. Mr. Slater has served as a director of Kansas City Southern since 2001 and Transurban Group since 2009. In the past five years, Mr. Slater has also served as a director of Atkins plc.

Independent

Qualifications: Mr. Slater has substantial **regulatory and public policy** experience at the federal and state levels. Mr. Slater provides the Board with valuable insights on public policy issues and leadership on matters involving **multiple stakeholders**. He also provides the Board with perspectives on **strategic partnerships and legal issues**.

Committees

Kathryn A. Tesija

Director since **2012**

Age **55**

Independent

Committees

Ms. Tesija is the former Executive Vice President and Chief Merchandising and Supply Chain Officer of Target Corporation, the second largest discount retailer in the United States. She served in this role from 2008 to 2015. During her tenure at Target beginning in 1986, Ms. Tesija served in numerous positions of responsibility, including Director, Merchandise Planning, Senior Vice President, Hardlines Merchandising, and Strategic Advisor. Ms. Tesija has served on the board of Woolworths Group Limited since 2016.

Qualifications: Ms. Tesija provides the Board with valuable **large-scale global merchandising and supply chain** experience, as well as **operational perspectives and strategic planning** expertise. Her tenure as an executive at Target Corporation provides the Board with additional insights into the **retail industry and consumer behavior**.

Gregory D. Wasson

Director since **2013**

Age **59**

Independent

Mr. Wasson is the former President and Chief Executive Officer of Walgreens Boots Alliance, Inc., the first global pharmacy-led health and wellbeing enterprise. From 2009 through 2015 he was Director, President and Chief Executive Officer of Walgreen Co. A registered pharmacist, he joined Walgreen Co. in 1980 and served in a number of positions of responsibility, including President and Chief Operating Officer. Mr. Wasson has served on the board of The PNC Financial Services Group, Inc. since 2015 and, in the past five years, he has served on the boards of Walgreen Co. and AmerisourceBergen Corporation.

Qualifications: Mr. Wasson provides the Board with valuable **global operational and management** experience, as well as extensive knowledge of the **retail and healthcare**

Committees

industries. His tenure as CEO of a **large publicly-held company** provides the Board with additional in-depth perspective in **organizational management**.

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Gregory G. Weaver

Director since **2015**

Age **66**

Independent

Committee

Mr. Weaver was Chairman and Chief Executive Officer of Deloitte s audit and enterprise risk services firm, Deloitte & Touche LLP, from 2012 to 2014 and from 2001 to 2005. From 2006 to 2012, he served on the board of directors of Deloitte s U.S. organization and on its Governance, Compensation and Succession Committees. During Mr. Weaver s 40 years of experience at Deloitte, including 30 years as a partner, he served as lead client service partner, audit partner and advisory partner for several of Deloitte & Touche s largest clients. Mr. Weaver has served on the board of trustees of the Goldman Sachs Trust since 2015.

Qualifications: Mr. Weaver provides the Board with significant expertise in the areas of **public accounting, risk management and related regulatory** matters, which he developed over a long career with a leading audit firm. He also brings to the Board valuable experience with the **operational and governance issues** faced by a **large, complex organization** like Verizon.

Board and Committees

Board leadership

Each year, our Board evaluates whether its leadership structure is appropriate to effectively address the specific needs of our business and the long-term interests of our shareholders. Given the dynamic and competitive environment in which Verizon operates, the Board believes that Verizon and our shareholders are best served by a Chairman who has broad and deep knowledge of Verizon s business operations and the competitive landscape, the ability to identify strategic issues, and the vision to create sustainable long-term value for shareholders. Based on these considerations, the Board has determined that, at this time, our CEO, Lowell McAdam, is the Director best qualified to serve in the role of Chairman.

To maintain an appropriate level of independent checks and balances in its governance, and consistent with the Corporate Governance Guidelines, the independent members of the Board have elected an independent Lead Director who has the authority to call Board meetings and executive sessions. M. Frances Keeth currently serves as Lead Director.

Any shareholder or interested party may communicate directly with the Lead Director.

All Directors play an active role in overseeing Verizon s business at both the Board and committee level. Every Director may review the agenda for each Board and committee meeting in advance and can request changes. In addition, all Directors have unrestricted access to the Chairman and the senior leadership team at all times.

Lead Director responsibilities

Chairs executive sessions, including those held to evaluate the CEO s performance and compensation

Chairs any meeting of the Board if the Chairman is not present

Approves the schedule and agenda for all Board meetings, in consultation with the Chairman

Acts as principal liaison with the Chairman

Leads the Board s annual self-evaluation

The Board believes that shareholders are best served by this current leadership structure because it features an independent Lead Director who provides independent and objective oversight and who can express the Board s positions in a forthright manner, as well as independent Directors who are fully involved in the Board s operations and decision making.

Board meetings and executive sessions

In 2017, our Board of Directors held 10 meetings, including seven regularly scheduled meetings and three special meetings. No incumbent Director attended fewer than 75% percent of the total number of meetings of our Board and the committees to which the Director was assigned.

Directors standing for re-election are expected to attend the annual meeting of shareholders. In 2017, all but one Director attended the annual meeting.

The Corporate Governance Guidelines require the independent Directors to meet in executive session without any members of management present at least twice a year to review and evaluate the performance of the Board and to evaluate the performance and approve the compensation of the CEO. In practice, our Board typically meets in executive session during each regular Board meeting.

Annual Board and committee evaluations

Our Board conducts an annual self-assessment aimed at enhancing its effectiveness. As part of the assessment, each Director completes a written questionnaire that is designed to gather suggestions for improving Board effectiveness and to solicit feedback on a range of issues, including Board operations, Board and committee structure and dynamics, the flow of information from management, and agenda topics. In addition, the Lead Director conducts individual interviews with each of the independent Directors to discuss these topics. The feedback received from the questionnaires and interviews is discussed during an evaluation session.

Each of the four standing committees also conducts its own annual self-assessment, which includes a written questionnaire and evaluation session. Evaluation sessions are led by the committee chairs and generally include a review of the committee charter, the annual agenda, and the committee s overall effectiveness.

In addition to these annual self-assessments, the Board evaluates and modifies its oversight of Verizon s operations on an ongoing basis. During their executive sessions, the independent Directors consider agenda topics that they believe deserve additional focus and raise new topics to be addressed in future meetings.

The Corporate Governance and Policy Committee annually appraises the framework for our Board and committee evaluation processes.

Board committees

Our Board of Directors has established four standing committees: the Audit Committee, the Corporate Governance and Policy Committee, the Finance Committee, and the Human Resources Committee. Each committee has a written charter that defines its specific responsibilities. The chair of each committee approves the agenda and materials for each meeting. Each committee has the authority to retain independent advisors to assist it in carrying out its responsibilities.

Our committee meetings are not held concurrently, which enables our Directors to sit on multiple committees. Our newly appointed Directors also attend all committee meetings for six months to a year prior to being appointed to any particular committee, which allows them to understand the inner workings of all committees.

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Members

Gregory Weaver (Chair)

Shellye Archambeau

M. Frances Keeth

Clarence Otis, Jr.

Kathryn Tesija

Gregory Wasson

Meetings in 2017: **11**

The Board has determined that each of Ms. Archambeau, Ms. Keeth, Mr. Otis, Mr. Wasson and Mr. Weaver is an audit committee financial expert, and that each member of the Audit Committee meets the independence requirements of applicable law, the NYSE, Nasdaq and Verizon s Corporate Governance Guidelines.

Key responsibilities

Assess and discuss with management Verizon s significant business risk exposures (including those related to data privacy, data security, network security and bribery and corruption) and oversee management s programs and policies to monitor, assess and manage such exposures

Assess Verizon s overall control environment, including controls related to financial reporting, disclosure, compliance and significant financial and business risks

Appoint, approve fees for, and oversee work of the independent registered public accounting firm

Oversee financial reporting and disclosure matters

Oversee Verizon s internal audit function

Assess Verizon s compliance processes and programs

Review the Chief Compliance Officer s annual report regarding anti-corruption compliance, compliance with significant regulatory obligations, export controls, and data protection

The Audit Committee Report is included on page 25.

Assess policies and procedures for executive officer expense accounts and perquisites, including the use of corporate assets

Assess procedures for handling complaints relating to accounting, internal accounting controls or auditing matters

Members

M. Frances Keeth (Chair)

Shellye Archambeau

Richard Carrión

Rodney Slater

Kathryn Tesija

Meetings in 2017: **7**

The Board has determined that each member of the Corporate Governance and Policy Committee meets the independence requirements of applicable law, the NYSE, Nasdaq and Verizon s Corporate Governance Guidelines.

Key responsibilities

Evaluate the structure and practices of our Board and its committees, including size, composition, independence and operations

Recommend changes to our Board s policies or practices or the Corporate Governance Guidelines

Identify and evaluate the qualifications of Director candidates

Recommend Directors to serve as members of each committee and as committee chairs

Review potential related person transactions

Facilitate the annual assessment of the performance of the Board and its committees

Review Verizon s position and engagement on important public policy issues that may affect our business and reputation, including direct and indirect political contributions, lobbying activities, corporate responsibility and sustainability

Review risks associated with certain Verizon products and services and the results of Verizon s strategic transactions

Key responsibilities

Monitor Verizon s capital needs and financing arrangements and ability to access the capital markets

Monitor expenditures under the annual capital plan approved by our Board

Review and approve Verizon s derivatives policy and monitor the use of derivatives

Review Verizon s insurance and self-insurance programs

Oversee the investment of pension assets and the funding of pension and other postretirement benefit obligations

Members

Richard Carrión (Chair)

Mark Bertolini

M. Frances Keeth

Karl-Ludwig Kley

Clarence Otis, Jr.

Meetings in 2017: **4**

Our Board has determined that each member of the Finance Committee meets the independence requirements of applicable law, the NYSE, Nasdaq and Verizon s Corporate Governance Guidelines.

Key responsibilities

Oversee the development of Verizon s executive compensation program and policies

Approve corporate goals relevant to the CEO s compensation

Evaluate the CEO s performance and recommend his compensation to the Board

Review and approve compensation and benefits for selected senior managers

Consult with the CEO on talent development

Oversee succession planning and assignments to key leadership positions

Review and make determinations under Verizon s clawback policy

Review the impact of Verizon s executive compensation policies and practices, and the performance metrics underlying the compensation program, on Verizon s risk profile

Review and recommend non-employee Director compensation

Members

Clarence Otis, Jr. (Chair)

Richard Carrión

Melanie Healey

Rodney Slater

Gregory Wasson

Meetings in 2017: **7**

Our Board has determined that each member of the Human Resources Committee meets the independence requirements of applicable law, the NYSE, Nasdaq and Verizon s Corporate Governance Guidelines.

The Compensation Committee Report is included on page 45.

Risk oversight

Role of the Board

While senior management has primary responsibility for managing risk, our Board of Directors is responsible for risk oversight. The Board works with senior management to develop a comprehensive view of Verizon s key short- and long-term business risks. Verizon has a formalized business risk management reporting process that is designed to provide visibility to the Board about critical risks and risk mitigation strategies.

The Board of Directors oversees the management of risks inherent in the operation of Verizon s businesses and the implementation of its strategic plan by using several different levels of review. The Board addresses the primary risks associated with Verizon s business units and corporate functions in its operations reviews of those units and functions. In addition, the Board reviews the risks associated with Verizon s strategic plan at an annual strategic planning session and periodically throughout the year.

Role of the committees

Each of our Board committees oversees the management of risks that fall within that committee s areas of responsibility. In performing this function, each committee has full access to management and may engage advisors.

Audit Committee

Oversees the operations of Verizon s enterprise risk management program, which identifies the primary risks to Verizon s business.

Periodically monitors and evaluates the primary risks associated with particular business units and functions.

Works with Verizon s Senior Vice President of Internal Auditing, who helps identify, evaluate and implement risk management controls and methodologies to address identified risks and who functionally reports directly to the Committee.

Meets privately at each Audit Committee meeting with representatives from the independent registered public accounting firm, the Senior Vice President of Internal Auditing, and the Executive Vice President of Public Policy and General Counsel.

Corporate

Governance and Policy Committee	Reviews business and reputational risks relating to Verizon s position and engagement on important public policy issues, including political contributions and corporate social responsibility.
	Oversees business and reputational risks relating to Verizon s products and services.
Finance Committee	Assists our Board in its oversight of financial risk management.
	Monitors Verizon s capital needs and financing plans and oversees the strategy for managing risk related to currency and interest rate exposure.
	Reviews and approves Verizon s derivatives policy and monitors the use of derivatives.
	Reviews Verizon s insurance and self-insurance programs, as well as pension and other postretirement benefit obligations.
Human Resources Committee	Considers the impact of the executive compensation program and of the incentives created by the compensation awards on Verizon s risk profile.
	Oversees management s annual assessment of compensation risk arising from Verizon s compensation policies and practices.

Based on management s review, Verizon has concluded that our compensation policies and procedures are not reasonably likely to have a material adverse effect on Verizon because they are appropriately structured and discourage employees from taking excessive risks.

What about data privacy and cybersecurity risk?

Board and committee oversight. Protecting the privacy of our customers information and the security of our systems and networks has long been and will continue to be a priority at Verizon. The Board is committed to maintaining strong and meaningful privacy and security protections for our customers information. The Audit Committee has primary responsibility for overseeing Verizon s risk management program relating to privacy and network security and monitors Verizon s compliance in the areas of data and privacy protection. To this end, the Board and the Audit Committee receive regular updates on both privacy and cybersecurity matters.

Data privacy. Verizon has technical, administrative and physical safeguards in place to help protect against unauthorized access to, use or disclosure of customer information and data we collect and store. Verizon has a dedicated **Chief Privacy Officer** whose team advises the business on privacy risks and assesses the effectiveness of privacy controls. **The Chief Privacy Officer annually briefs the Audit Committee on data privacy risks and mitigating actions.**

Cybersecurity. To more effectively address the cybersecurity threats posed today, Verizon has a dedicated **Chief Information Security Officer** whose team is responsible for leading enterprise-wide information security strategy, policy, standards, architecture and processes. Verizon s comprehensive information security program includes, among other aspects, vulnerability management, antivirus and malware protection, file integrity monitoring, encryption and access control. **The Chief Information Security Officer leads an annual review and discussion with the full Board dedicated to Verizon s cyber risks and threats and cyber protections and provides updates throughout the year, as warranted.**

Management succession planning and development

Verizon s Board of Directors recognizes that one of its most important duties is to ensure continuity in our senior leadership by overseeing the development of executive talent and planning for the efficient succession of the CEO. Our Board has delegated primary oversight responsibility for succession planning to the Human Resources Committee, which oversees assignments to key leadership positions. The Human Resources Committee reports on its activities to the full Board, which addresses succession planning during executive sessions that typically occur in connection with each regularly scheduled meeting.

To ensure that the succession planning and management development process supports and enhances Verizon s strategic objectives, the Board and Human Resources Committee regularly consult with the CEO on Verizon s organizational needs and competitive challenges, the potential of key managers, and plans for future developments and emergency situations. As part of this process, the Board and the Human Resources Committee also routinely seek input from the Chief Administrative Officer, as well as advice on related compensation issues from the Human

Resources Committee s independent compensation consultant.

Our Board generally conducts an in-depth review of senior leader development and succession planning at least once a year. Led by the CEO and the Chief Administrative Officer, this review addresses Verizon s management development initiatives, assesses senior management resources, and identifies individuals who should be considered as potential future senior executives.

Our goal is to develop well-rounded and experienced senior leaders. High potential executives are challenged regularly with additional responsibilities, new positions or promotions to expose them to our diverse operations. These individuals are often positioned to interact more frequently with the Board, both in full Board meetings and in less formal settings and small groups, so the Directors can get to know and assess them.

Shareholder engagement

Ongoing communication with our shareholders helps the Board and senior management gain useful feedback on a wide range of subjects and understand the issues that matter most to our shareholders. Verizon views accountability to shareholders as both a mark of good governance and a critical component of our success. In 2017, management and our Directors spent a great deal of time in meetings and discussions with our shareholders on a variety of issues, including Board oversight of Company strategy; the leadership structure of the Board; Board composition and succession; the shareholder right to call a special meeting; sustainability and corporate responsibility; and the relationship between our compensation program and our long-term strategy.

Board composition and succession	**Company strategy**
Executive compensation	**Board leadership**
Sustainability and corporate responsibility	**Shareholder rights**

The information learned in these discussions serves as the foundation for our policies and informs our business strategy on an ongoing basis.

Communicating with Directors

Our Board of Directors believes that communication with shareholders and other interested parties is an important part of the governance process, and has adopted the following procedure to facilitate this communication.

How to contact the Board

Any shareholder or interested party may communicate directly with our Board, any committee of our Board, any individual Director (including the Lead Director and the committee chairs) or the non-employee Directors as a group, by writing to:

Verizon Communications Inc.

Board of Directors

(or committee name, individual Director,

Lead Director, committee chair or

non-employee Directors as a group, as appropriate)

1095 Avenue of the Americas

New York, New York 10036

Verizon s Corporate Secretary reviews all correspondence addressed to our Directors and periodically provides the Board with copies of all communications that deal with the functions of our Board or its committees, or that otherwise require Board attention. Typically the Corporate Secretary will not forward communications that are of a personal nature or are unrelated to the duties and responsibilities of our Board, including business solicitations or advertisements, mass mailings, job-related inquiries, or other unsuitable communications. All communications involving substantive accounting or auditing matters are forwarded to the Chair of the Audit Committee.

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Director Compensation

In 2017, each non-employee Director of Verizon received an annual cash retainer of $125,000. The Chairs of the Corporate Governance and Policy Committee and the Finance Committee received an additional annual cash retainer of $15,000, and the Chairs of the Audit Committee and the Human Resources Committee, as well as the Lead Director, each received an additional annual cash retainer of $25,000. In 2017, each non-employee Director also received a grant of Verizon share equivalents valued at $175,000 on the grant date. No meeting fees were paid if a non-employee Director attended a Board or Committee meeting on the day before or the day of a regularly scheduled Board meeting. Each non-employee Director who attended a Board or Committee meeting held on any other date received a meeting fee of $2,000.

Each non-employee Director who joins our Board receives a one-time grant of 3,000 Verizon share equivalents valued at the closing price on the date the new Director joins our Board.

All share equivalents that non-employee Directors receive are automatically credited to the Director s deferred compensation account under the Verizon Executive Deferral Plan and invested in a hypothetical Verizon stock fund. Share equivalents received in the one-time grant or the annual equity grant may not be sold while the Director serves on the Board. Amounts in a Director s deferred compensation account are paid in a cash lump sum in the year following the year the Director leaves our Board.

Non-employee Directors may choose to defer all or part of their annual cash retainer and meeting fees (if any) under the Verizon Executive Deferral Plan. A non-employee Director may elect to invest these amounts in a hypothetical cash account that earns a return rate equal to the long-term, high-grade corporate bond yield average as published by Moody s Investor Services, or in the other hypothetical investment options available to participants in Verizon s Management Savings Plan.

One of our non-employee Directors who served as a director of a predecessor company is a participant in a charitable giving program. Under this program, when a participant retires from the Board or attains age 65 (whichever occurs later) or dies, Verizon will make one or more charitable contributions in the aggregate amount of $1,000,000, payable in ten annual installments. This program, which is closed to future participants, is financed through the purchase of insurance on the life of each participant. In 2017, the aggregate cost of maintaining and administering this program for the participant was $15,000.

The non-employee Directors are eligible to participate in the Verizon Foundation Matching Gifts Program. Under this program, which is open to all Verizon employees, the Foundation matches up to $5,000 per year of charitable contributions to accredited colleges and universities, $1,000 per year of charitable contributions to any non-profit with 501(c)(3) status, and $1,000 per year of charitable donations to designated disaster relief campaigns.

Director compensation in 2017

Name (a)	Fees Earned or Paid in Cash[1] ($) (b)	Stock Awards[2] ($) (c)	Option Awards ($) (d)	Non-Equity Incentive Plan Compensation ($) (e)	Change in Pension Value and Nonqualified Deferred Compensation Earnings[3] ($) (f)	All Other Compensation[4] ($) (g)	Total ($) (h)
Shellye Archambeau	139,000	175,000	0	0	1,109	0	315,109
Mark Bertolini	131,000	175,000	0	0	0	0	306,000
Richard Carrión*	146,000	175,000	0	0	9,872	0	330,872
Melanie Healey	131,000	175,000	0	0	0	5,000	311,000
M. Frances Keeth*	179,000	175,000	0	0	0	0	354,000
Karl-Ludwig Kley	133,000	175,000	0	0	1,355	0	309,355

Clarence Otis, Jr.*	164,000	175,000	0	0	16,877	0	355,877
Rodney Slater	131,000	175,000	0	0	0	0	306,000
Kathryn Tesija	139,000	175,000	0	0	6,171	0	320,171
Gregory Wasson	139,000	175,000	0	0	0	0	314,000
Gregory Weaver*	164,000	175,000	0	0	725	0	339,725

* Denotes a chair of a standing committee during 2017. Ms. Keeth also served as Lead Director during 2017.

1 This column includes all fees earned in 2017, whether the fee was paid in 2017 or deferred.

2 For each non-employee Director, this column reflects the grant date fair value of the non-employee Director s 2017 annual stock award computed in accordance with FASB ASC Topic 718. The following reflects the aggregate number of share equivalent awards outstanding as of December 31, 2017 for each person who served as a non-employee Director during 2017: Shellye Archambeau, 17,976; Mark Bertolini, 13,406; Richard Carrión, 122,566; Melanie Healey, 27,285; M. Frances Keeth, 60,172; Karl-Ludwig Kley, 10,651; Clarence Otis, Jr., 68,090; Rodney Slater, 38,239; Kathryn Tesija, 22,049; Gregory Wasson, 21,094; and Gregory Weaver, 11,311.

3 This column reflects above-market earnings on nonqualified deferred compensation plans. The above-market earnings consist of earnings on amounts that the individual has elected to invest in a hypothetical investment option offered to all participants under the nonqualified deferred compensation plans that earns a return rate equal to the long-term, high-grade corporate bond yield average as published by Moody s Investors Services. The earnings are considered above-market under SEC rules because the interest crediting rate for this investment option (which for 2017 was approximately 4.135%) exceeded 120% of the applicable federal long-term rate established by the Internal Revenue Service (which for 2017 was 3.075%). Non-employee Directors do not participate in any defined benefit pension plan.

4 This column reflects matching contributions made on the non-employee Directors behalf under the Verizon Foundation Matching Gift Program.

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Audit Matters

Item 2: Ratification of Appointment of

Independent Registered Public Accounting Firm

The Audit Committee considered the performance and qualifications of Ernst & Young LLP, and has reappointed that independent registered public accounting firm to examine the financial statements of Verizon for fiscal year 2018 and to examine the effectiveness of internal control over financial reporting. Ernst & Young has been retained as Verizon s independent registered public accounting firm since 2000.

Verizon paid the following fees to Ernst & Young for services rendered during fiscal years 2017 and 2016.

	Audit fees	Audit-related fees	Tax fees	All other fees
2017	$ 39.2 million	$12.0 million	$ 4.1 million	
2016[1]	$ 31.7 million	$ 17.5 million	$ 3.7 million	

1 For the 2016 audit year, we determined that it would be appropriate to reclassify fees related to the audit procedures of certain subsidiaries from Audit-related to Audit, as this classification more appropriately reflects the fact that these procedures were performed to support the audit of Verizon s consolidated financial statements. This presentation is consistent with how these fees are classified for the 2017 audit year.

Audit fees include the financial statement audit, the audit of the effectiveness of Verizon s internal control over financial reporting required by the Sarbanes-Oxley Act, and financial statement audits required by statute for our foreign subsidiaries. Audit-related fees primarily include audits of other subsidiaries, reviews of controls over services provided to customers, and work related to the implementation of new accounting standards, as well as other audit and due diligence procedures performed in connection with acquisitions, dispositions or other financial transactions. Tax fees primarily consist of federal, state, local and international tax planning and compliance. The Audit Committee considered, in consultation with management and the independent registered public accounting firm, whether Ernst & Young could provide these services while maintaining independence.

The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the independent registered public accounting firm that performs audit services. In considering Ernst & Young s appointment for the 2018 fiscal year, the Committee reviewed the firm s qualifications and competencies, including the following factors:

- Ernst & Young s historical performance and its recent performance during its engagement for the 2017 fiscal year;
- Ernst & Young s capability and expertise in handling the breadth and complexity of Verizon s operations;
- the qualifications and experience of key members of the engagement team, including the lead engagement partner, for the audit of Verizon s financial statements;
- the quality of Ernst & Young s communications with the Committee regarding the conduct of the audit, and with management with respect to issues identified in the audit;
- external data on audit quality and performance of, including recent Public Company Accounting Oversight Board reports on, Ernst & Young;
- the appropriateness of Ernst & Young s fees for audit and non-audit services, on both an absolute basis and as compared to its peer firms; and
- Ernst & Young s reputation for integrity and competence in the fields of accounting and auditing.

In addition, in order to ensure continuing auditor independence, the Committee periodically considers whether there should be a regular rotation of the independent registered public accounting firm. The Committee ensures that the mandated rotation of Ernst & Young s personnel occurs routinely and is directly involved in the selection of Ernst & Young s lead engagement partner.

The Committee has established policies and procedures regarding pre-approval of services provided by the independent registered public accounting firm and is responsible for negotiating the audit fees associated with the engagement. At the beginning of the fiscal year, the Committee pre-approves the engagement of the independent registered public accounting firm to provide audit services based on fee estimates. The Committee also pre-approves proposed audit-related services, tax services and other permissible services based on specified project and service details, fee estimates, and aggregate fee limits. The Committee receives a report at each meeting on the status of services provided or to be provided by the independent registered public accounting firm and approves the related fees. The Committee pre-approved all of Ernst & Young s 2017 fees and services.

The affirmative vote of a majority of the shares cast at the annual meeting is required to ratify the reappointment of Ernst & Young for the 2018 fiscal year. The Committee believes that continuing to retain Ernst & Young to serve as Verizon s independent registered public accounting firm is in the best interests of Verizon and our shareholders. If this appointment is not ratified by the shareholders, the Committee will reconsider its decision.

One or more representatives of Ernst & Young will be at the 2018 Annual Meeting of Shareholders. They will have an opportunity to make a statement and will be available to respond to appropriate questions.

Our Board of Directors recommends that you vote for ratification.

Audit Committee Report

In the performance of our oversight responsibilities, the Committee has reviewed and discussed with management and the independent registered public accounting firm Verizon s audited financial statements for the year ended December 31, 2017, and the effectiveness of Verizon s internal control over financial reporting as of December 31, 2017.

The Committee has discussed with the independent registered public accounting firm the matters required to be discussed by the Securities and Exchange Commission, the New York Stock Exchange, The Nasdaq Stock Market and Statement on Auditing Standards No. 1301, as adopted by the Public Company Accounting Oversight Board in Rule 3200T.

The Committee has received written disclosures and a letter from the independent registered public accounting firm consistent with applicable Public Company Accounting Oversight Board requirements for independent registered public accounting firm communications with audit committees concerning independence, and has discussed with the independent registered public accounting firm its independence.

The Committee discussed with the internal auditors and the independent registered public accounting firm the overall scope and plans for their respective audits. The Committee met with the internal auditors and the independent registered public accounting firm, with and without management present, to discuss the results of their examinations, their evaluations of Verizon s internal controls and the overall quality of Verizon s financial reporting.

The Committee has assessed and discussed with management Verizon s significant business risk exposures and overseen management s programs and policies to monitor, assess and manage such exposures. The Committee also periodically monitored and evaluated the primary risks associated with particular business units and functions.

Based on the reviews and discussions referred to above, in reliance on management and the independent registered public accounting firm, and subject to the limitations of our role, the Committee recommended to the Board of Directors, and the Board has approved, the inclusion of the financial statements referred to above in Verizon s Annual Report on Form 10-K for the year ended December 31, 2017.

The Committee reviewed the independent registered public accounting firm s performance, qualifications and tenure, the qualifications of the lead engagement partner, management s recommendation regarding retention of the firm, and considerations related to audit firm rotation, as discussed further on page 23. Based on that review, the Committee reappointed the independent registered public accounting firm for fiscal year 2018.

Respectfully submitted,

The Audit Committee

Gregory Weaver, Chair

Shellye Archambeau

M. Frances Keeth

Clarence Otis, Jr.

Kathryn Tesija

Gregory Wasson

March 5, 2018

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Executive

Compensation

Compensation Discussion and Analysis

The Human Resources Committee of the Board of Directors oversees the development and implementation of the compensation program for Verizon s named executive officers.

For 2017, our named executive officers were:

Lowell C. McAdam

Chairman and

Chief Executive Officer

Matthew D. Ellis

Executive Vice President and

Chief Financial Officer

John G. Stratton

Executive Vice President and

President Global Operations

Hans E. Vestberg*

Executive Vice President,

President Global Networks

and Chief Technology Officer

Marni M. Walden**

Executive Vice President and

President Global Media

* Mr. Vestberg was hired as Verizon s Executive Vice President, President Global Networks and Chief Technology Officer effective April 3, 2017.

** Ms. Walden served as Executive Vice President and President Global Media until December 31, 2017. Ms. Walden left Verizon on February 28, 2018.

Best practices in executive compensation and governance

Our compensation program reflects our commitment to industry-leading standards for compensation design and governance. The Human Resources Committee regularly reviews best practices in executive compensation and governance and revises our policies and practices when appropriate. The following table highlights some features of our compensation program that demonstrate the rigor of our policies.

Compensation practice	Verizon policy	More information or
Pay for performance	Approximately 90% of named executive officers total compensation opportunity is variable, incentive-based pay.	**32**
Robust stock ownership guidelines	We have stock ownership guidelines for the CEO of 7x base salary; for other named executive officers of 4x base salary; and for Directors of 3x the cash component of the annual Board retainer.	**43**
Shareholder outreach	Our outreach program gives institutional shareholders a regular opportunity to express their views about our executive compensation program and policies. Shareholder input is carefully considered by the Committee.	**29**
Clawback policy	Our clawback policy gives us the right to cancel or claw back incentive compensation from any senior executive who has engaged in willful misconduct that results in significant reputational or financial harm to Verizon**.**	**43**
Anti-hedging policy		**43**

	Our anti-hedging policy prohibits Directors and executives who receive equity-based incentive awards from entering into transactions designed to hedge or offset any decrease in the market value of Verizon stock that they own.	29
Single peer group for benchmarking compensation and measuring long-term performance	To promote consistency and transparency, the same peer group (Related Dow Peers) is used to benchmark executives total compensation opportunity and to evaluate long-term performance.	
Annual compensation risk assessment	We perform a risk assessment of our compensation program every year.	18
Independent compensation consultant	An independent compensation consultant reviews and advises the Committee on executive compensation. The consultant cannot do any work for the Company while it is engaged by the Committee.	28
Double-trigger change in control	In the event of a change in control, our Long-Term Incentive Plan requires an involuntary termination for accelerated vesting of awards.	43
Annual shareholder say-on-pay	We value our shareholders input on our executive compensation program, so our Board seeks a non-binding advisory vote from shareholders every year to approve the executive compensation disclosed in our CD&A and compensation tables.	59
Tax gross-ups	We do not provide tax gross-ups to our executive officers.	41

Dividends on unearned performance awards	We do not pay dividends on unearned Performance Stock Units (PSUs) or Restricted Stock Units (RSUs).	**36**
Employment contracts	None of our named executive officers has an employment contract.	**42**
Guaranteed benefits	Beginning in 2006, we froze our defined benefit pension and supplemental benefits.	**42**

Roles and responsibilities

Human Resources Committee

The Human Resources Committee of the Board of Directors oversees Verizon s management succession planning and talent development, as well as the design and implementation of the compensation program for our named executive officers. The CEO s compensation is determined by the independent members of the Board after receiving the Committee s recommendation. References to the Committee in this Compensation Discussion and Analysis with respect to the CEO s compensation reflect that process.

Management

The Committee may consult with the Executive Vice President and Chief Administrative Officer about the design, administration and operation of the compensation program. The Committee has delegated administrative responsibility for implementing its decisions on compensation and benefits matters to the Chief Administrative Officer, who reports to the Committee on the actions taken under this delegation.

The Committee seeks the CEO s views on whether the existing compensation policies and practices continue to support Verizon s business and performance objectives, utilize appropriate performance targets, and appropriately reward the contributions of the other named executive officers. While the Committee values the CEO s insight, ultimately the Committee makes an independent determination on all matters related to the compensation of the named executive officers.

Independent compensation consultant

The Committee has the sole authority to retain and terminate a compensation consultant and to approve all terms of the engagement, including fees. The Committee has retained Pearl Meyer as its compensation consultant (Consultant) based on the firm s independence and expertise in representing the compensation committees of large corporations. The Consultant advises the Committee on all matters related to the compensation of our named executive officers and our non-employee Directors. This includes providing benchmarking data and helping the Committee interpret this data, as well as helping the Committee interpret data gathered by the Company. The Consultant participates in all Committee meetings and confers regularly with the Committee in executive session at those meetings.

Committee policy prohibits the Consultant from doing any work for the Company during its engagement. Neither Pearl Meyer nor its affiliates have performed any work for the Company or any Company affiliate since the Committee first retained the Consultant in 2006.

The Committee has considered the independence of Pearl Meyer in light of SEC rules and NYSE and Nasdaq listing standards. At the Committee s request, Pearl Meyer provided a letter addressing its independence, including the following factors:

No other services provided to the Company by the Consultant;

- Fees paid by the Committee as a percentage of the Consultant s total revenue;
- Any business or personal relationships between the individual consultants involved in the engagement and a member of the Committee;
- Policies or procedures maintained by the Consultant that are designed to prevent a conflict of interest;
- Any Company stock owned by the individual consultants involved in the engagement; and
- Any business or personal relationships between our executive officers and the Consultant or the individual consultants involved in the engagement.

The Committee has concluded that no conflict of interest exists that would prevent Pearl Meyer from serving as an independent consultant to the Committee.

Shareholder feedback on compensation

Our Board, the Committee and our management team value shareholder perspectives on our executive compensation program. As part of the Committee s annual review of the program, it considers the outcome of Verizon s annual shareholder advisory vote on executive compensation the say-on-pay. At our Annual Meeting in May 2017, the compensation of our named executive officers was approved by approximately 93% of votes cast, demonstrating a high level of shareholder support for our compensation program and policies.

Management and Directors engage with our institutional shareholders in meetings and calls throughout the year. Topics covered have included, among others, the Committee s choice of performance measures for awards issued under our Short- and Long-Term Incentive Plans, the relationship between the performance measures and our long-term strategy, the payout terms of equity awards, compensation recoupment policies, shareholder proposals and SEC compensation disclosure initiatives. Based on the feedback we have received during our outreach meetings, the results of our 2017 say-on-pay vote, and the history of strong shareholder support in prior say-on-pay votes, the Committee believes our shareholders continue to strongly support Verizon s executive compensation program.

Peer group

The Committee uses the same peer group to benchmark executive pay opportunities and to evaluate Verizon s relative stock performance under the Long-Term Plan. This peer group, which we call the Related Dow Peers, includes the 29 companies (other than Verizon) in the Dow Jones Industrial Average, plus Verizon s five largest industry competitors that are not included in the Dow Jones Industrial Average. This group of companies is appropriate for the dual purpose of benchmarking executive pay opportunities and evaluating relative stock performance under the Long-Term Plan because many of the companies included in the group are similar to us in market capitalization, net income, revenue and total employees, and otherwise are our five largest industry competitors. This group also includes other companies we compete against in the marketplace, such as Apple, Disney and Microsoft. These companies represent Verizon s primary competitors for executive talent and investor dollars. Moreover, this peer group is self-adjusting so that changes in the companies included in the Dow Jones Industrial Average are also reflected in the Related Dow Peers over time. For these reasons, the Committee believes that use of the Related Dow Peers provides a consistent measure of Verizon s performance and makes it easier for shareholders to understand, evaluate and monitor Verizon s compensation program.

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Compensation Discussion and Analysis | **Peer group**

Related Dow Peer information

The following chart shows the companies included in the Related Dow Peers, as constituted on March 3, 2017, the date of the 2017 PSU grant. The chart includes each company s market capitalization as of December 31, 2017 as reported by Bloomberg, as well as net income attributable to the company, revenue and total number of employees as of each company s most recent fiscal year-end as reported in SEC filings.

ny	Market Capitalization ($ Millions)	Net Income Attributable to the Company ($ Million)	Revenue ($ Millions)	Total Employees
	$140,188	$4,858	$31,657	91,536
an Express	$86,201	$2,736	$35,583	55,000
	$860,882	$48,351	$229,234	123,000
	$238,684	$29,450	$160,546	254,000
	$175,642	$8,197	$93,392	140,800
llar	$93,750	$754	$45,462	98,400
r Communications	$93,789	$9,895	$41,581	94,800
n	$237,783	$9,195	$127,485	51,900
ystems	$189,341	$9,609	$48,005	72,900
ola	$195,479	$1,248	$35,410	61,800

Verizon s rank a
Related

Dow Peers

(35 companies)

« 13th

Market capita

« 2nd

Net income

« 7th

Revenue

« 12th

Total employ

st	$187,185	$22,714	$84,526	164,000
Pont*	$166,654	$2,753	$79,535	98,000
Mobil	$354,392	$19,710	$237,162	69,600
l Electric	$151,328	($5,786)	$120,468	313,000
an Sachs Group	$99,816	$4,286	$42,254	36,600
Depot	$221,323	$8,630	$100,904	400,000
	$142,035	$5,753	$79,139	366,600
	$216,029	$9,601	$62,761	102,700
n & Johnson	$375,361	$1,300	$76,450	134,000
gan Chase	$371,052	$24,441	$113,899	252,539
ald s	$137,212	$5,192	$22,820	235,000
	$153,304	$2,394	$40,122	69,000
oft	$659,906	$25,489	$96,571	124,000
	$102,051	$4,240	$34,350	74,400
	$215,897	$21,308	$52,546	90,200
& Gamble	$233,096	$15,326	$65,058	95,000
Corporation	$23,562	($1,206)	$33,347	28,000

le US	$52,838	$4,536	$40,604	51,000
rs	$37,124	$2,056	$28,902	30,800
Health Group	$213,641	$10,558	$201,159	260,000
Technologies	$101,874	$4,552	$59,837	204,700
	$258,392	$6,699	$18,358	15,000
art	$292,535	$9,862	$500,343	2,300,000
sney	$162,374	$8,980	$55,137	199,000
n	$215,925	$30,101	$126,034	155,400

* DowDuPont is the successor company to DuPont and Dow Chemical as a result of a merger that occurred on September 1, 2017.

Benchmarking total compensation opportunity

The Committee evaluates whether the compensation opportunities for our executives are appropriate and competitive by comparing each named executive officer s total compensation opportunity which represents the sum of the executive s base salary and target award amounts under the Short-Term Incentive Plan (Short-Term Plan) and the Long-Term Plan to the total compensation opportunities for executives in comparable positions at peer companies. The Committee references the 50^{th} percentile of the Related Dow Peers when making this comparison. A named executive officer s total compensation opportunity may be higher or lower depending upon the executive s tenure and overall level of responsibility. The total amount of compensation an executive actually receives may be less or more than the targeted opportunity based on Verizon s annual and long-term performance results.

Compensation objectives and elements of compensation

Compensation objectives

Verizon s executive compensation program supports the creation of shareholder value by pursuing four key objectives:

Attract and retain high-performing executives with the leadership abilities and experience necessary in an enterprise with our scale, breadth, and complexity to develop and execute our business strategies, drive superior results, meet diverse challenges and build long-term shareholder value;

Pay for superior results and sustainable growth by rewarding the achievement of challenging performance goals;

Drive performance and create shareholder value by emphasizing variable, at-risk compensation with an appropriate balance of short-term and long-term objectives that align executive and shareholder interests; and

Manage risk through oversight and compensation design features and practices that balance short-term and long-term incentives and cap maximum payments.

Elements of compensation

The Committee determines the appropriate balance between fixed and variable pay elements, short- and long-term pay elements, and cash and equity-based pay elements when setting total compensation opportunities at competitive levels.

Pay element	Characteristics	Rationale

Base salary	Annual fixed cash compensation	Attract and retain high-performing and experienced executives
Short-term incentive opportunity	Annual variable cash compensation based on the achievement of predetermined annual performance measures	Motivate executives to achieve challenging short-term performance targets
Long-term incentive opportunity	Long-term variable equity awards granted annually as a combination of PSUs and RSUs	Align executives interests with those of shareholders, encourage efforts to grow long-term value, and retain executives

While the Committee does not benchmark and target each individual element of compensation to a specified market level, it does review market data with respect to the mix of annual cash and long-term equity components for similarly situated executives among the Related Dow Peers.

Compensation mix to emphasize long-term performance

The Committee believes that a substantial majority of each named executive officer s total compensation opportunity should be variable and at risk in order to emphasize a performance-based culture. In establishing the mix of incentive pay for the named executive officers, the Committee balances the importance of meeting Verizon s short-term business goals with the need to create shareholder value over the longer term. To that end, long-term target compensation opportunities are more

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than double the annual base salary and short-term incentive target compensation opportunities. Moreover, since the Long-Term Plan features three-year award cycles, with awards consisting of PSUs subject to both performance-based and time-based vesting requirements and RSUs subject to time-based vesting requirements, we reward sustained performance and also encourage high-performing executives to remain with Verizon.

For 2017, the Committee allocated approximately 10% of each executive s total compensation opportunity in the form of base salary, 20% in the form of short-term incentive, and 70% in the form of long-term incentive.

The following chart illustrates the approximate allocation of the named executive officers 2017 total compensation opportunity between variable, performance-based elements and fixed pay.

Performance target setting

The Committee takes a holistic approach to establishing performance targets under our incentive plans. Targets are set at the time of the Board s annual strategy session to ensure that our executives compensation opportunities are aligned with Verizon s short- and long-term strategic goals. In establishing performance targets, the Committee recognizes the importance of achieving an appropriate balance between rewarding executives for strong performance over both the short- and long-term and establishing realistic goals that continue to motivate and retain executives. As a result, our Short-Term and Long-Term Plans provide for measurable, rigorous performance targets that are attainable, but challenge executives to drive business results that generate shareholder value.

In setting the performance targets, the Committee considered the following factors:

- Verizon s short- and long-term strategy;

- Economic, industry and competitive environments;

- The creation of shareholder value;

- The achievement level against performance targets in the prior year;

Financial analysts consensus estimates for the performance measures over future performance cycles;
The correlation among the performance measures and considerations of how Verizon s operational performance will affect each measure differently; and

With regard to the diversity and sustainability metric in the Short-Term Plan, Verizon s values and long-term commitment to being a responsible member of the communities we serve.

2017 annual base salary

To determine an executive s base salary, the Committee, with assistance from the Consultant, considers the pay practices of the Related Dow Peers for comparable positions; the executive s experience, tenure, scope of responsibility and performance; internal pay alignment; continuity planning and management development considerations; and for newly-hired executives, the Committee also considers the compensation required to attract the executive to the Company. In particular, the Committee focuses on how base salary levels may impact the market competitiveness of an executive s total compensation opportunity. There is no specific weighting applied to any of these factors in setting annual salaries, and the process ultimately relies on the subjective exercise of the Committee s judgment.

Based on its assessment, the Committee approved base salary increases in 2017 of 7.1% for Mr. Ellis, 5.6% for Mr. Stratton and 5.6% for Ms. Walden and a base salary for Mr. Vestberg of Swedish Krona (SEK) 8,082,000 ($900,000 using an exchange rate of 8.98 SEK = 1 U.S. Dollar (USD), which was the SEK to USD exchange rate on February 24, 2017). The Committee approved these base salary levels in order to create an appropriate total compensation opportunity for each officer, in light of the Committee s reference of the 50th percentile for comparable executives within the Related Dow Peers and the goal of providing a compensation mix that generally targets base salary at approximately 10% of the total compensation opportunity. Applying this same methodology, the Committee determined that Mr. McAdam s base salary should not be adjusted in 2017, and it remains at the same level established in 2014.

2017 short-term incentive compensation

The Verizon Short-Term Plan motivates executives to achieve challenging short-term performance targets. Each year, the Committee establishes the potential value of the awards under the Short-Term Plan, as well as the performance targets required to achieve these awards.

The Committee sets the values of the Short-Term Plan award opportunities as a percentage of an executive s base salary based on both the scope of the executive s responsibilities and the competitive pay practices of the Related Dow Peers. The Short-Term Plan award opportunities at the threshold, target and maximum levels for each of the named executive officers are shown in the Grants of plan-based awards table on page 48.

For the named executive officers, target award opportunities, expressed as a percentage of base salary, did not change for 2017. However, the dollar value of the 2017 target award opportunities for Mr. Ellis, Mr. Stratton and Ms. Walden increased from 2016 as a result of the base salary increases described above. Mr. McAdam did not receive a salary increase in 2017, so the dollar value of his 2017 target award opportunity was the same as it was in 2015 and 2016. When Mr. Vestberg was hired in April 2017, he was eligible for a full year Short-Term Plan award for 2017, and his target award opportunity was set at 150% of his base salary, which is consistent with target award opportunities as a percentage of base salary that apply to the named executive officers other than Mr. McAdam.

The following table shows the 2017 Short-Term Plan target award opportunity for each of the named executive officers.

2017 Short-Term Plan target award opportunity

Named executive officer	As a percentage of base salary	As a dollar value
Mr. McAdam		
	250%	$4,000,000
	150%	$1,125,000

Mr. Ellis		
Mr. Stratton		
	150%	$1,425,000
Mr. Vestberg		
	150%	$1,350,000*
Ms. Walden		
	150%	$1,425,000

* For purposes of presenting Mr. Vestberg s 2017 Short-Term Plan target award opportunity, his base salary was converted from SEK to USD using an exchange rate of 8.98 SEK = 1 USD, which was the SEK to USD exchange rate on February 24, 2017.

Annual performance measures

In the first quarter of each year, the Committee establishes financial and operational performance measures for the Short-Term Plan that are consistent with Verizon s strategic goals. For each such measure, the Committee sets a target that challenges executives to drive business results that generate shareholder value. Verizon s performance with respect to these measures determines the amount of the short-term incentive awards earned by the named executive officers.

Why these performance measures?

The Committee selected adjusted EPS, free cash flow and total revenue to reflect Verizon s strategic goals of encouraging profitable operations, efficient use of capital and overall growth. The Committee also selected a diversity and sustainability metric to reflect Verizon s commitment to promoting diversity among our employees and our business partners, and to reducing the environmental impact of our operations.

The 2017 performance measures, along with the weighting ascribed to each, are shown below as a percentage of the total Short-Term Plan award opportunity at target level performance.

The Committee believes that these performance measures are appropriate to motivate Verizon s executives to achieve outstanding short-term results and, at the same time, help build long-term value for shareholders. The 2017 measures and related targets approved by the Committee are described in detail below.

Adjusted EPS

Target range: $3.78 to $3.87

Verizon s earnings are a function of the revenue earned from customers and the expenses incurred to serve those customers. As a result, adjusted EPS is a measure of the efficiency with which we are approaching the marketplace the effectiveness with which we are balancing encouraging customers to start and continue relationships with us and the costs we are incurring to do so. The Committee assigns the greatest weight to adjusted EPS in determining awards under the Short-Term Plan because this measure is broadly used and recognized by investors as a key indicator of ongoing operational performance and profitability. Adjusted EPS excludes special items, such as impairments and gains and losses from divestitures, business combinations, changes in accounting principles, the net impact of severance, pension and post-retirement benefit costs, extraordinary items and restructurings. As a result, the Committee believes this measure provides meaningful comparisons of our financial results from period to period and reflects the relative success of the ongoing business.

Free cash flow

Target range: $11.5 billion to $12.9 billion

Free cash flow is a measure of the cash we have left over after we have made the capital expenditures we need to make to continue to provide services to our customers. As a result, it is an indication of the extent to which we are efficiently using capital. It is also an indication of the amount of cash Verizon has available to return to shareholders in the form of dividends or share repurchases and to increase our financial flexibility by reducing outstanding debt. Free cash flow is calculated by subtracting capital expenditures from the total of cash flow from operations and cash flow from financing and investing activities attributable to device payment plan receivable securitizations.

Total revenue

Target range: $123.8 billion to $125.2 billion

The Committee views total revenue as an important indicator of Verizon s growth and success in managing capital investments. This measure also reflects the extent to which we are able to attract and retain customers and the level of penetration of our products and services in key markets. In setting the total revenue target range for 2017, the Committee did not take into account certain revenues attributable to businesses that were acquired during the latter half of 2016 or expected to be acquired in 2017.

Diversity and sustainability

Targets: At least 59.3% of U.S.-based workforce comprised of minority and female employees; direct at least $4.9 billion of our overall supplier spending to minority- and female-owned firms; reduce our carbon intensity by at least 4.0% compared to the prior year

As a large, multinational company with a highly diverse customer and employee base, we know that our operations are strengthened when we leverage the diversity of thought and cultures of our workforce and suppliers. We are also committed to reducing the environmental impact of our operations because we believe that it is important for us to be good stewards of our planet while we continue to serve our customers.

The Short-Term Plan provides for performance measures to be adjusted to exclude the impact of certain types of events not contemplated at the time the performance measures were set, such as significant transactions, changes in legal or regulatory policy and other special items. In determining free cash flow, the Committee made an adjustment for a discretionary pension prefunding contribution made in March 2017, set forth in Appendix A, which was not contemplated when the free cash flow target was set. No awards are paid under the Short-Term Plan if Verizon s return on equity (ROE) for the plan year, based on adjusted net income, does not exceed 8% (even if some or all of the other performance measures are achieved).

2017 Short-Term Plan award. After considering the level of performance with respect to each performance measure, and based on an assessment of the level of achievement of each goal individually and collectively, the Committee determines the final Short-Term Plan award as a percentage of the target level for all employees participating in the Short-Term Plan. For 2017, this payout percentage was determined to be 93% of the target level. The following table shows the amount of the Short-Term Plan award paid to each named executive officer.

Named executive officer	Actual 2017 Short-Term Plan award ($)
Mr. McAdam	3,720,000
Mr. Ellis	1,046,250
Mr. Stratton	1,325,250
Mr. Vestberg*	1,255,500
Ms. Walden	1,325,250

* Mr. Vestberg relocated to the United States in January 2018; therefore, the 2017 STI award paid to Mr. Vestberg in February 2018 was paid in USD.

Long-term incentive compensation

The Verizon Long-Term Plan is intended to align executives and shareholders interests and to reward participants for creating long-term shareholder value.

Consistent with past practice, Long-Term Plan awards are made in PSUs and RSUs. The value of each PSU or RSU is equal to the value of one share of Verizon common stock. The Committee establishes an executive s Long-Term Plan award opportunity as a percentage of base salary and determines the number of PSUs and RSUs to be awarded based on the stock price on the grant date. The Committee assumes each executive will earn 100% of the PSUs and RSUs awarded for purposes of determining the total compensation opportunity. PSUs and RSUs accrue dividend equivalents that are deemed to be reinvested in PSUs and RSUs, respectively. These dividend equivalents are paid when, and only to the extent that, the related PSUs and RSUs are actually earned.

In late 2016 and early 2017, the Committee, with the assistance of the Consultant, undertook a comprehensive review of the structure and mix of the annual equity compensation program. As part of that review, the Committee considered Verizon s business strategy and focus, feedback the Company received from our shareholders through the shareholder outreach program and market data on competitive pay practices of the Related Dow Peers. In particular, the Committee noted that when granting time-based restricted stock units, a significant number of our peer companies utilize a ratable vesting schedule, with awards vesting in equal annual installments following the grant date, as opposed to a single, longer cliff vesting schedule. Based on this information, to align to market practices and enable us to continue to attract and retain key executive talent, the Committee determined that the RSUs granted to our executives in 2017 would vest ratably over three years, with one-third of the award vesting on each annual anniversary of the grant date. The Committee determined that PSUs would continue to be earned over a three-year performance cycle, with cliff vesting at the end of the three-year period. The Committee believes that a three-year performance cycle is appropriate for the PSU awards because a multi-year performance cycle enables the Committee to meaningfully evaluate the execution of long-term strategies and the effect on shareholder value.

The number of PSUs actually earned and paid is determined based upon Verizon s achievement of pre-established performance targets over the three-year performance cycle, and the ultimate value of each PSU is based on the closing price of Verizon s common stock on the last trading day of the performance cycle. Because the value of PSUs is linked to both stock price and performance targets, PSUs provide a strong incentive to executives to deliver value to Verizon s shareholders. RSUs also provide a performance link as the value of the award depends on Verizon s stock price. Both PSUs and RSUs provide a retention incentive by requiring the executive to remain employed with Verizon through the end of the applicable vesting period, subject to certain qualifying separations.

As in prior award cycles, the 2017 PSUs are payable in cash and the 2017 RSUs are payable in Verizon shares. The Committee believes this mix appropriately balances the potential shareholder dilution from paying awards in shares and cash flow considerations. In addition, paying the 2017 RSU awards in shares is consistent with Verizon s policy of requiring a significant level of equity ownership by our named executive officers.

2017 Long-Term Plan award opportunities

The Long-Term Plan award is intended to drive our executives to deliver superior TSR performance and create free cash flow, and to encourage retention among our highly-qualified team. To that end, consistent with past practice, each of the named executive officers received 60% of their 2017 Long-Term Plan award in the form of PSUs and 40% in the form of RSUs. Two-thirds of the PSUs are eligible to vest based on Verizon s relative TSR, and one-third is eligible to vest based on Verizon s cumulative free cash flow.

Why these performance measures?

Relative TSR. The Committee understands that our investors have many different large-cap investment options. The Committee believes Verizon s TSR compared to the TSR of the companies in the Related Dow Peers is a critical indicator of our success because it measures our performance in returning value to our shareholders in comparison to alternative investments our shareholders could have made. For this reason, the Committee chose relative TSR as the primary metric for determining the extent to which our management team will earn the PSUs granted under the Long-Term Plan.

Free Cash Flow. As described above, the Committee views free cash flow as an important indicator of our success because it measures our ability to generate cash from operations, which may be reinvested in our business, used to make acquisitions or pay outstanding debt, or returned to shareholders in the form of dividends or through share repurchases.

The 2017 target award opportunities for each of the named executive officers are shown in the table below. For the named executive officers other than Mr. Vestberg, target award opportunities, expressed as a percentage of base salary, did not change for 2017. The dollar value of the 2017 target award opportunities for Mr. Ellis, Mr. Stratton and Ms. Walden increased from 2016 solely as a result of the base salary increases described above. The dollar value of Mr. McAdam s 2017 target award opportunity did not change from 2016 because he did not receive a base salary increase in 2017. When Mr. Vestberg was hired in April 2017, he was eligible for a full year Long-Term Plan award for 2017, and his target award opportunity was set at 500% of his base salary, which is consistent with the target award opportunities as a percentage of base salary that apply to Mr. Ellis and Ms. Walden.

The Committee sets the award levels to provide a total compensation opportunity consistent with the Company s overall compensation philosophy as described above, while maintaining a compensation mix in which each executive s target annual Long-Term Plan award opportunity represents approximately 70% of that executive s total compensation opportunity. The target award opportunity for an executive is allocated between PSUs and RSUs as noted above, and the target award opportunity allocated to each type of award is converted into a target number of units using the closing price of Verizon s common stock on the grant date.

The following table shows the target value of the 2017 Long-Term Plan awards granted to the named executive officers.

2017 Long-Term Plan target award opportunity

Named executive officer	As a percentage of base salary	As a dollar value
Mr. McAdam	750%	$12,000,000
Mr. Ellis	500%	$ 3,750,000
Mr. Stratton	525%	$ 4,987,500
Mr. Vestberg	500%	$ 4,500,000*
Ms. Walden	500%	$ 4,750,000

* For purposes of presenting Mr. Vestberg s 2017 Long-Term Plan target award opportunity, his base salary was converted from SEK to USD using an exchange rate of 8.98 SEK = 1 USD, which was the SEK to USD exchange

rate on February 24, 2017.

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Terms of 2017 PSU awards

Total Shareholder Return metric

Two-thirds of the PSUs will vest based on relative TSR performance (TSR PSUs). The accompanying chart shows the percentage of the TSR PSUs awarded for the 2017-2019 performance cycle that will vest based on Verizon s TSR position compared with the companies in the Related Dow Peers as constituted on the date the awards were granted. Verizon s TSR during the performance cycle must rank at least 15th the 59th percentile among the Related Dow Peers for 100% of the target number of TSR PSUs to vest, meaning Verizon must achieve above median TSR PSU performance for target vesting. The maximum number of TSR PSUs (200% of target) will vest only if Verizon s TSR during the three-year performance cycle ranks among the top four companies in the Related Dow Peers the 91st percentile or higher. If Verizon s TSR during the three-year performance cycle ranks below 25th approximately the 29th percentile of the companies in the Related Dow Peers, none of the TSR PSUs will vest.

Free Cash Flow metric

One-third of the PSUs will vest based on Verizon s cumulative free cash flow (FCF PSUs). The percentage of the FCF PSUs awarded for the 2017-2019 performance cycle that will vest is based on the extent to which Verizon s cumulative FCF over the performance cycle meets or exceeds the cumulative FCF performance levels set by the Committee at the beginning of the performance cycle. FCF is calculated by subtracting capital expenditures from the total of cash flow from operations and cash flow from financing and investing activities attributable to device payment plan receivable securitizations, and is subject to adjustment to eliminate the financial impact of significant transactions, changes in legal or regulatory policy and other extraordinary items, such as the 2017 Tax Cuts and Jobs Act enactment.

The cumulative FCF target for the 2017-2019 performance cycle was set at a level reflective of our three-year strategic plan, which the Committee believes is attainable, but challenging in light of the business environment. The number of FCF PSUs that will vest ranges from 0%, if actual performance is below the threshold level, to 200%, if actual performance is at or above the maximum cumulative FCF level. The number of FCF PSUs that will vest in between identified performance levels will be determined by linear interpolation between vesting percentage levels.

TSR PSU vesting by

performance level

Verizon s TSR rank among Related Dow Peers	Percent of TSR PSUs that vest

1	200%
2	200%
3	200%
4	200%
5	172%
6	165%
7	158%
8	151%
9	144%
10	137%
11	130%

12	123%
13	116%
14	109%
15	102%
16	95%
17	88%
18 (median)	81%
19	74%
20	67%
21	60%

22	53%
23	46%
24	39%
25	32%
26	0%
27	0%
28	0%
29	0%
30	0%
31	0%

32	0%
33	0%
34	0%
35	0%

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2015 PSU awards earned in 2017

With respect to the PSUs awarded in 2015, the Committee determined the number of PSUs that vested for a participant based on the level of achievement of the two performance metrics over the three-year performance cycle:

2015-2017 TSR PSUs. Two-thirds of the PSUs awarded were eligible to vest based on Verizon s TSR ranking for the 2015-2017 performance cycle relative to the Related Dow Peers as constituted on the date the award was granted. The percentage of TSR PSUs awarded for the 2015-2017 performance cycle that would vest at each level of Verizon s relative TSR positioning was identical to the percentage at each performance level for the 2017-2019 grant shown on the prior page.

Over the three-year performance cycle ending December 31, 2017, Verizon s TSR ranked 26th among the Related Dow Peers, resulting in a vesting percentage of 0% for the TSR PSUs.

2015-2017 FCF PSUs. One-third of the PSUs awarded was eligible to vest based on Verizon s cumulative free cash flow over the 2015-2017 performance cycle compared to the performance targets set by the Committee at the beginning of the three-year cycle. The following shows the percentage of FCF PSUs awarded that would vest based on Verizon s cumulative free cash flow over the 2015-2017 performance cycle at different performance levels.

Verizon s cumulative free cash flow (in billions)	Percentage of awarded FCF PSUs that vest[1]
Greater than $44.0	200%
$41.0	150%
$38.0	100%
$32.0	50%

Less than $32.0	0%

1 For achievement between the stated levels, vesting is determined by linear interpolation.

At the time the 2015-2017 award was granted, the Committee provided for free cash flow to be determined on an adjusted basis, reflecting reductions and/or increases, to preserve the intended incentives by excluding the impact of certain types of events not contemplated by our financial plan, such as significant transactions, changes in legal or regulatory policy and other special items. In determining Verizon s free cash flow over the performance cycle, the Committee included the cash flow from financing and investing activities attributable to device payment plan securitizations in the calculation of free cash flow, and made an adjustment for a discretionary pension prefunding contribution made in March 2017, which was not contemplated when the FCF PSU targets were set. This adjustment is set forth in Appendix A. In accordance with this pre-established adjustment methodology, the Committee determined that Verizon s cumulative free cash flow over the performance cycle was $46.7 billion, which resulted in a vesting percentage of 200% for the FCF PSUs.

2015-2017 PSU payout. Based on the results described above, in the first quarter of 2018 the Committee approved a payment to all participants in the Long-Term Plan, including the named executive officers, of 67% of the PSUs awarded for the 2015-2017 performance cycle, which represents the weighted average of the two vesting percentages described above, plus dividend equivalents credited on those vested PSUs.

Additional compensation actions in 2017

Hiring of Mr. Vestberg as Executive Vice President, President Global Networks and Chief Technology Officer. To strengthen Verizon s leadership position in next generation technology, and as part of our succession planning process, on April 3, 2017 Verizon hired Mr. Vestberg to lead Verizon s Network and Technology team. The Committee believes that Mr. Vestberg is uniquely qualified and brings a set of skills and experiences that are ideally suited to further develop the architecture for Verizon s fiber-centric networks and to position the Company for long-term growth. The Committee approved a compensation package for Mr. Vestberg that is competitive with industry practice, and includes a one-time RSU award and signing bonus. The one-time RSU award was granted to Mr. Vestberg on May 4, 2017, with a grant date value of approximately $3 million. The RSUs will vest after the completion of a three-year award period ending on May 4, 2020, provided that Mr. Vestberg remains employed throughout the award period. The RSU award, including accrued dividends, will be settled in shares of Verizon common stock, and Mr. Vestberg will be required to hold any such shares (net of withholding taxes) for at least two years following the vesting date unless he dies or becomes disabled. The one-time RSU award further enhances his immediate financial stake in Verizon, and the long-term vesting schedule also serves as a retention mechanism. In addition, Mr. Vestberg received a $1 million signing bonus that became payable upon his relocation to the United States from Sweden in January 2018. Mr. Vestberg is required to repay the signing bonus if he voluntarily leaves Verizon or is terminated for cause at any time prior to the one year anniversary of the date he relocated to the United States.

One-time PSU award for Mr. Stratton. As the leader of Verizon s global operations, Mr. Stratton is responsible for managing and growing Verizon s established businesses, including the Company s wireless and wireline consumer and B2B units: Verizon Wireless, Verizon Enterprise Solutions, Verizon Partner Solutions, Verizon Consumer Markets and Verizon Business Markets. These businesses generate approximately $120 billion in annual revenue and serve more than 120 million customers. As part of the succession planning process, in March 2017 the Committee considered Mr. Stratton s critical role in the Company s success, the fact that he is retirement eligible, and the competition for executive talent in our industry, and determined that it was appropriate to provide him with a one-time PSU award for retention and succession planning purposes. The one-time PSU award is 100% performance-based, and the amount Mr. Stratton will ultimately receive is predicated on driving ROE over the multi-year performance period. The Committee chose ROE as the performance measure for this one-time award because it is a strong indicator of the extent to which the Company is able to generate profit with the money our shareholders have invested in the Company and provides a significant link to shareholder value creation. ROE is not utilized as a performance measure under either the Short-Term or Long-Term Plan. The award was granted to Mr. Stratton on March 14, 2017, with a grant date fair value of approximately $6 million. In determining the value of the award, the Committee considered the factors above and noted that while a one-time award such as this is substantial in the first year, the Committee believes the proper way to consider the award is as compensation for, and apportioned over, the three-year award period plus the one-year period during which Mr. Stratton will be required to hold the shares he receives on vesting.

The PSUs represent shares of Verizon stock that may become payable after the completion of a three-year award period ending on March 13, 2020, provided that the pre-established performance criterion is achieved and Mr. Stratton remains employed throughout the award period. The percentage of PSUs granted that will vest at the end of the three-year award period will be determined based on Verizon s average annual ROE during the three-year period beginning January 1, 2017 and ending December 31, 2019. No PSUs will vest unless Verizon s three-year average ROE meets a minimum threshold percentage of 30%. If Verizon s three-year average ROE meets the target percentage of 45%, 100% of the PSUs granted will vest. If Verizon s three-year average ROE is at least 60%, a maximum of 150% of the PSUs granted will vest. If Verizon s three-year average ROE is greater than 30% but less than 45%, the percentage of PSUs that will vest will be between 50% and 100% on an interpolated basis, and if Verizon s three-year average ROE is greater than 45% but less than 60%, the percentage of PSUs that will vest will be between 100% and 150% on an interpolated basis. The PSUs that vest at the end of the three-year award period ending March 13, 2020, including accrued dividends on the vested portion of the grant, will be settled in shares of Verizon stock. The award agreement requires Mr. Stratton to hold such shares (net of withholding taxes) for at least one year following the vesting date unless he dies or becomes disabled.

Other elements of the compensation program

Verizon also provides the named executive officers with limited additional benefits as generally described below, which are subject to applicable taxes and not intended to be a significant portion of their overall pay package. No named executive officer is eligible for a tax gross-up payment in connection with any of these benefits, including with respect to excise tax liability arising from any Internal Revenue Code Section 280G excess parachute payments.

Personal benefits

Transportation. Verizon provides limited aircraft and ground transportation benefits to enhance the safety and security of certain named executive officers. These transportation benefits also serve business purposes, such as allowing an executive to attend to confidential business matters while in transit.

Executive life insurance. Verizon offers the named executive officers and other executives the opportunity to participate in an executive life insurance program in lieu of participating in our basic and supplemental life insurance programs. The executives who elect to participate in the executive life insurance program own the life insurance policy, and Verizon provides an annual cash payment to defray a portion of the annual premiums.

Financial planning. Verizon provides a voluntary Company-sponsored financial planning benefit program for the named executive officers and other executives. If an executive participates in the program, the cost of the financial planning benefit is included in the executive s income.

For additional information on these benefits, see footnote 4 to the Summary compensation table on page 47.

Retirement benefits

Over ten years ago, the Committee determined that guaranteed pay in the form of defined benefit pension and supplemental executive retirement benefits was not consistent with Verizon s pay-for-performance culture. Accordingly, effective June 30, 2006, Verizon froze all future pension accruals under its management tax-qualified and supplemental defined benefit retirement plans. These legacy retirement benefits that were previously provided to certain named executive officers are described in more detail under the section titled Pension plans beginning on page 50. In addition, effective June 30, 2006, the Committee froze eligibility for Verizon-subsidized retiree medical benefits under its legacy broad-based Wireline retiree medical plans, which provide a capped partial subsidy towards the cost of medical benefits to certain Verizon employees who met the eligibility requirements for the benefit. None of Verizon s named executive officers are eligible for Verizon-subsidized retiree medical benefits.

During 2017, all of Verizon s named executive officers were eligible to participate in Verizon s tax-qualified defined contribution savings plan, the Verizon Management Savings Plan, referred to as the Savings Plan, and Verizon s nonqualified defined contribution savings plan, the Verizon Executive Deferral Plan, referred to as the Deferral Plan. The named executive officers participate in these plans on the same terms as other participants in the plans. Under the Savings Plan, participants may defer eligible pay, which includes base salary and short-term incentive, up to certain compensation limits imposed by the Internal Revenue Code, and Verizon provides a matching contribution equal to 100% of the first 6% of eligible pay deferred. The Deferral Plan is designed to restore benefits that are limited or cut back under the Savings Plan due to the Internal Revenue Code limits. Accordingly, under the Deferral Plan a participant may elect to defer his or her base pay and short-term incentive that could not be deferred into the Savings Plan due to the Internal Revenue Code limits. Verizon provides the same matching contribution on these deferred amounts as the participant would have received if such amounts had been permitted to be deferred into the Savings Plan. Prior to 2018, the Deferral Plan also permitted participants to defer long-term incentive compensation, but these deferrals were not eligible for Company matching contributions. All participants in both the Savings Plan and the Deferral Plan are eligible for an additional discretionary profit-sharing contribution of up to 3% of eligible pay.

Severance and change in control benefits

The Committee believes that maintaining a competitive level of separation benefits is appropriate as part of an overall program designed to attract, retain and motivate the highest-quality management team. However, the Committee does not believe that named executive officers should be entitled to receive cash severance benefits merely because a change in control occurs. Therefore, the payment of cash severance benefits is triggered only by an actual or constructive termination of employment.

Verizon was not a party to any employment agreement with any of the named executive officers in 2017. All senior managers (including all named executive officers except Mr. McAdam) are eligible to participate in the Verizon Senior Manager Severance Plan, which provides certain separation benefits to participants whose employment is involuntarily terminated without cause. Mr. McAdam is not eligible to participate in the Senior Manager Severance Plan and is not entitled to receive any cash severance benefits upon his separation from the Company.

The Senior Manager Severance Plan is generally consistent with the terms and conditions of Verizon s broad-based severance plan for management employees other than senior managers. Under the Senior Manager Severance Plan, if a participant has been involuntarily terminated without cause (or, in the case of a named executive officer, if the independent members of the Board determine that there has been a qualifying separation), the participant is eligible to receive a lump-sum cash separation payment equal to a multiple of his or her base salary plus target short-term incentive opportunity, along with continuing medical coverage for the applicable severance period. To the extent that a senior manager is eligible for severance benefits under any other arrangement, that person may not receive any duplicative benefits under the Senior Manager Severance Plan. The Senior Manager Severance Plan does not provide for any severance benefits based upon a change in control of the Company.

Under the Senior Manager Severance Plan, each named executive officer (other than Mr. McAdam) is eligible to receive a cash separation payment equal to two times the sum of his or her base salary and target short-term incentive opportunity. To be eligible for any severance benefits, a participant must execute a release of claims against Verizon in the form satisfactory to Verizon and agree not to compete or interfere with any Verizon business for a period of one year after separation.

In connection with her separation from service on February 28, 2018, Ms. Walden became entitled to separation benefits under the Senior Manager Severance Plan, which are described in more detail on page 57. Ms. Walden did not receive any enhanced benefits upon her separation of service.

Consistent with the Committee s belief that named executive officers should not receive cash severance benefits merely because a change in control occurs, the Long-Term Plan does not allow single-trigger accelerated vesting and payment of outstanding awards upon a change in control. Instead, the Long-Term Plan requires a double trigger. Specifically, if in the 12 months following a change in control a participant s employment is terminated without cause, all of that participant s then-unvested PSUs will fully vest at the target level performance, then-unvested RSUs will fully vest, and those PSUs and RSUs (including accrued dividend equivalents) will become payable on the regularly scheduled payment date after the end of the applicable award cycle.

Other compensation policies

Stock ownership guidelines

To further align the interests of Verizon s management with those of our shareholders, the Committee has approved guidelines that require each named executive officer and other executives to maintain certain stock ownership levels within designated periods of assuming their leadership roles.

- The CEO is required to maintain share ownership equal to at least seven times base salary.

- Other named executive officers are required to maintain share ownership equal to at least four times base salary.

- Executives are prohibited from hedging, short-selling or engaging in any financial activity that would allow them to benefit from a decline in Verizon s stock price.

In determining whether an executive meets the required ownership level, the calculation includes any shares held by the executive directly or through a broker, shares held through the Verizon tax-qualified savings plan or the Verizon nonqualified savings plan and other deferred compensation plans and arrangements that are valued by reference to

Verizon s stock. The calculation does not include any unvested PSUs or RSUs. Each of the named executive officers is in compliance with the stock ownership guidelines. In addition, none of the named executive officers has engaged in any pledging transaction with respect to shares of Verizon s stock.

Recovery of incentive payments (clawbacks)

The Committee believes it is appropriate to hold executives accountable for actions or omissions that result in significant reputational or financial harm to the Company. Accordingly, the Committee has adopted a policy that enables Verizon to cancel or claw back incentive compensation from any senior executive who has engaged in willful misconduct in the performance of the executive s duties that results in significant reputational or financial harm to Verizon. In addition, all of Verizon s executives who receive equity grants under Verizon s Long-Term Plan are subject to an additional clawback policy that requires forfeiture or cancellation of incentive compensation (both short-term and long-term) if the Committee determines that Verizon was required to materially restate its financial results because of the executive s willful misconduct or gross negligence. The Committee reviews these policies periodically.

Shareholder approval of certain severance arrangements

The Committee has a policy of seeking shareholder approval or ratification of any new employment or severance agreement with an executive officer that provides for a total cash value severance payment exceeding 2.99 times the sum of the executive s base salary plus Short-Term Plan target opportunity. The policy defines severance pay broadly to include payments for any consulting services, payments to secure a non-compete agreement, payments to settle any litigation or claim, payments to offset tax liabilities, payments or benefits that are not generally available to similarly situated management employees and payments in excess of, or outside, the terms of a Verizon plan or policy.

Tax and accounting considerations

On December 22, 2017, the Tax Cuts and Jobs Act (TCJA) was enacted. The TCJA significantly revised the income tax deductibility of executive compensation. Based on the changes introduced by the TCJA, a publicly-held company is generally prohibited from deducting compensation paid to a current or former named executive officer that exceeds $1 million during the tax year. Certain awards granted before November 2, 2017, which were based upon attaining pre-established performance measures set by the company s compensation committee under a plan approved by the company s shareholders, as well as amounts payable to former executives pursuant to a written binding contract that was in effect on November 2, 2017, may qualify for an exception to the $1 million deductibility limit.

The Committee takes this deductibility limitation into account in its consideration of compensation matters. However, the Committee has the flexibility to take any compensation-related actions that it determines are in the best interests of Verizon and our shareholders, including awarding compensation that may not be deductible for tax purposes. There can be no assurance that any compensation in excess of $1 million will in fact be deductible.

The Committee also considers the effect of certain accounting rules that apply to the various aspects of the compensation program for our named executive officers. The Committee reviews potential accounting effects in determining whether its compensation actions are in the best interests of Verizon and our shareholders. The Committee has been advised by management that the impact of the variable accounting treatment required for long-term incentive awards payable in cash (as opposed to fixed accounting treatment for awards that are payable in shares) will depend on future stock performance.

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Compensation Committee Report

The Human Resources Committee has reviewed and discussed the Compensation Discussion and Analysis with management. Based on such review and discussions, the Committee recommended to the Board of Directors, and the Board has approved, the inclusion of the Compensation Discussion and Analysis in this proxy statement and Verizon s Annual Report on Form 10-K for the year ended December 31, 2017.

Respectfully submitted,

The Human Resources Committee

Clarence Otis, Jr., Chair

Richard Carrión

Melanie Healey

Rodney Slater

Gregory Wasson

March 5, 2018

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Compensation Tables

Summary compensation

The following table provides information about the compensation paid to each of our named executive officers in 2015, 2016 and 2017.

Name and Principal Position (a)	Year (b)	Salary ($) (c)	Bonus ($) (d)	Stock Awards[1] ($) (e)	Option Awards ($) (f)	Non-Equity Incentive Plan Compensation[2] ($) (g)	Change in Pension Value and Nonqualified Deferred Compensation Earnings[3] ($) (h)	All Other Compensation[4] ($) (i)	Total ($) (j)
Lowell McAdam	2017	1,600,000	0	12,000,062	0	3,720,000	73,949	543,570	17,937,581
Chairman and Chief	2016	1,600,000	0	12,000,077	0	3,200,000	233,155	641,347	17,674,579
Executive Officer	2015	1,661,538	0	12,000,065	0	4,000,000	83,092	598,965	18,343,660
Matthew Ellis	2017	742,308	0	3,750,088	0	1,046,250	2,998	107,724	5,649,368
Executive Vice President and Chief Financial Officer	2016	488,462	0	1,708,468	0	410,000	1,291	89,138	2,697,359
John Stratton	2017	942,308	0	10,987,566	0	1,325,250	80,190	204,837	13,540,151
Executive Vice President	2016	896,154	0	4,725,072	0	1,080,000	101,959	237,424	7,040,609
and President Global Operations	2015	894,231	0	4,593,828	0	1,312,500	52,841	203,910	7,057,310
	2017	807,497	0	7,500,069	0	1,255,500	0	254,353	9,817,419

Hans Vestberg[5]
Executive Vice
President,
President
Global Networks
and
Chief
Technology
Officer