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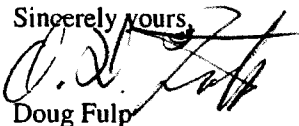
**Subject: PROJECT NO. 30240 – ANNUAL PROGRESS REPORT ON FIVE-YEAR PLAN
TO ENHANCE SUPPLIER AND WORKFORCE DIVERSITY FOR VERIZON**

Enclosed for filing are four (4) copies of the Annual Progress Report on the implementation of the Five-Year Plan to Enhance Supplier and Workforce Diversity for Verizon. Pursuant to 52.256(c)(7) Verizon is providing an update of the 5-Year Plan (2000-2004) for year ending 2014. Verizon is also providing confidential information with this report which is being filed under separate seal in Project No. 30238.

Consistent with the requirements of these rules, copies of this report are being provided to the Governor, Lieutenant Governor, Speaker of the House and the respective Chairmen of the Senate Hispanic Caucus, House Mexican-American Legislative Caucus, and the House Legislative Black Caucus.

If you have any questions pertaining to this report, please contact Gregg Diamond at (972) 718-3504.

Sincerely yours,



Doug Fulp
VP – Regulatory & Governmental Affairs

ODF:gd

- c: The Honorable Rick Perry (w/o proprietary attachment)
The Honorable David Dewhurst (w/o proprietary attachment)
Speaker of the House of Representatives (w/o proprietary attachment)
The Honorable Jose Rodriguez (w/o proprietary attachment)
The Honorable Sylvester Turner (w/o proprietary attachment)
The Honorable Trey Martinez Fisher (w/o proprietary attachment)

2409

**Verizon Communications
Texas PURA
Supplier Diversity Plan
(2000 – 2014)
PROJECT NO. 30240**

Update 2014

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2014 Update: Supplier Diversity Plan 2000-2014

Update 2014

Initiatives, programs, and activities Verizon Communications will pursue during the next year to increase the diversity of its contracting opportunities for minority and women-owned businesses (historically underutilized businesses "HUBs").

Summary

Diversity is viewed as a "Core Value" in Verizon Communications and this commitment is reflected throughout the entire organization including the procurement process. For Verizon Southwest, HUB share of total spend was 12.2%. The results reflect both the opportunities and successes of our ongoing diversity commitments and advocacy efforts in 2014, with goals for increasing business opportunities and economic inclusion for all diverse suppliers.

I - Initiatives

Corporate Policy

Verizon does not have a "set aside" program for HUBs and bases its procurement practices on a competitive bid process. Verizon believes minority and women business owners are fundamentally competitive and can deliver valuable and cost-effective products and services. To this end, it is our policy to offer HUBs maximum opportunities to compete on an equal basis with all other suppliers in our strategic sourcing process. In doing so, Verizon seeks sustainable business with HUBs, while obtaining the highest quality products and services for the corporation at a competitive cost.

Management Accountability

The management team at Verizon communicates its commitment to diversity procurement by delivering annual and quarterly results throughout the corporation. The Supplier Diversity team of managers continually communicates Verizon results to increase the awareness of our diversity procurement efforts. Managers within the organization are held accountable for diversity procurement results. Verizon has re-aligned its compensation approach through its Diversity Performance Index (DPI).

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A percentage of the bonus compensation of executives is tied specifically to supplier diversity procurement. In addition, diverse supplier inclusion is a selection criteria for suppliers and prime vendors who are involved in the competitive bid process during the Sourcing and Procurement process.

Mission Statement

Supplier Diversity is an integral part of Verizon's Diversity Strategy to support the economic development of the communities where it does business and to develop products and services that appeal to its diverse customer base. Verizon's CEO and other senior executives continue to support our commitment to expand opportunities for historically underutilized businesses. Verizon embraces the following mission statement for Supplier Diversity:

"Our mission is to identify certified Diverse Suppliers and drive the growth of diversity spend, while building sustainable value-added business partnerships"

Verizon recognizes that Diversity is critical to a strong business bottom line. Diverse Suppliers offer the innovative and value-added products and services we need in order to win in a competitive market. While we understand how supplier diversity is essential for our business success, we also appreciate how critical our business is for their success. Our support of diverse businesses helps to fuel economic development for the communities that we and our suppliers serve. Furthermore, through their partnership and support for Verizon's global services, our diverse suppliers sharpen their ability to compete in global markets.

Outreach

In order to advance the supplier diversity message, both internally and externally, Verizon takes a strategic approach to establishing and building relationships with HUBs and the organizations that supports them:

- Verizon has regular participation in business development trade fairs, match makers, and other networking functions where potential suppliers have direct access to Verizon procurement professionals.
- Verizon employees play active and leadership roles in support of advocacy groups such as the National Minority Supplier Development Council at the national and regional levels. Included are Board memberships, event sponsorship and active committee participation.

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- Verizon's award winning supplier diversity website is easy to find from the homepage of the company's consumer site. At the site, Verizon's potential suppliers can register with us and view upcoming projects.
- Verizon regularly participates in business development conferences and frequently provides coaching with diverse suppliers on "How to do business with Verizon", including the sharing of "Best Practices" for improvement and/or future success.
- Verizon supports and/or sponsors small and diverse business outreach programs in Texas. In 2014 these included the following:

| ORGANIZATION | ACTIVITY/EVENT/LOCATION |
|---|--|
| Women's Business Council - Southwest | Sponsorship of the BusinessWorks Trade show and Luncheon, Annual "Harvesting Partnerships" Sponsorship, New Members Orientation and Training Committee, Sustaining Corporation Board Membership (Board of Directors), Sponsor for "Power to Potential" Networking event. Contributor to the Lillian Knox Investing for Growth Fund for Small Business Development/Capacity Building. Arlington, TX |
| Women President's Organization (WPO) | Sponsored (2) two Women Owned Businesses and supported the WPO's National Conference which was held in New Orleans, LA in 2014. |
| Texas Association of Mexican American Chambers of Commerce (TAMACC) | Sponsorships and support of programs impacting Hispanic Business Enterprises (HBEs). Support of annual conference. |
| Senate Hispanic Research Council | Sponsorship support. |
| Mexican American Legislative Leadership | Sponsorship support |
| University of TX-Pan American Foundation | Sponsorship support and board position. |
| TX Legislative Black Caucus | Sponsorship support |
| TX Southern University | Sponsorship to support African American student internships |
| Senate Hispanic Research Council | Sponsorship to support student scholarships |
| Dallas Black Chamber of Commerce | Sponsored the 30th annual Quest for Success Luncheon, 17 th annual Excellence in Education |

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|---|--|
| | Luncheon (provided scholarships to S.T.E.M. Graduating Seniors), sponsored the 25th annual Golf Tournament, and 88th Annual Awards Banquet . Supported the "College Survival Camp 101" by hosting the "Dressing for Success" college orientation workshop. |
| D/FW Minority Business Development Council | Board of Director member, sponsored Access '14 Conference and Tradeshow (including Marketing Madness Technology Showcase), Certification Committee participation, Inclusive Supply Chain Working Group Committee member, Supplier Diversity Working Professional Development Committee, "Buy Those Who Buy From Us" recognition event and capacity building scholarship fund, DFW Hard Hat Construction Expo, Telecom Industry Group (TIG) Committee member, Annual Golf and Tennis Scholarship Invitational sponsor, Supported the Quarterly Buyers Appreciation Luncheons (shared best practices and supported the State of Procurement Panel), Nominated for Corporation of the Year(National Minority Supplier Development Council), Supported Corporate Connections, submitted "Success Story" and received recognition in "Buy Those Who Buy From Us" program booklet, sponsored annual E Awards, and Government Contracting Event. Dallas, TX |
| US Pan Asian Chamber of Commerce Dallas, TX (USPACC-SW) | Sponsored the annual Asian Business Expo and Tradeshow(Verizon is the Co-Chair), Arlington, TX. Member of Corporate Advisory Board and Executive Board. Supported the 13 th annual Lunar New Year Good Fortune Celebration Honoring the Top Ten Asian American businesses, Hosted the "View from the Top" Panel, conducted Business Match Making sessions. Hosted and championed the "Leadership Series" which included a "How to Do Business With Verizon and Supplier Best Practices" seminar at our Hidden Ridge location. |
| Greater Dallas Hispanic Chamber of Commerce | Membership including Board of Directors, and supported their 21 st Annual Quality and Excellence Entrepreneur Award Gala. Chairman of Corporate Advisory Committee (CAC). |

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| Greater Dallas Asian American Chamber of Commerce. | Membership including Board of Directors position, and supported their annual student scholarship program. |
| United States Hispanic Chamber of Commerce | Sponsorship, board membership, national tradeshow, and entrepreneur/business development programs. |
| Premier Supplier Academy | Conducted (4) four small business technical capacity building and educational seminars on "How to do business with Verizon", our Prime Temp Labor/Contingent Worker Program Supplier, with our Real Estate Organization in order to increase/drive 2 nd tier opportunities for diverse suppliers, and with our Marketing/Advertising organization. Local Dallas/Ft. Worth based suppliers were included in these "By invitation only" events, as well as invited to attend additional Premier Supplier Academy events held in New Jersey, Virginia, and California. |

II - PROGRAMS

Resources

The Supplier Diversity program is led by a Director and is a part of the Verizon Workforce and Inclusion department.

The Supplier Diversity team is responsible for:

- Interfacing with internal product and service procurement groups and cross-functional teams to access buying requirements and to identify opportunities for HUBs.
- Partnering with advocacy groups to recruit HUB suppliers.
- Encouraging and supporting the utilization of HUBs.
- Identifying and verifying supplier information.
- Establishing the corporate strategy and utilization goals.
- Tracking, monitoring and reporting the performance and expenditures of prime suppliers and HUBs.
- Training and creating an increased awareness in buying and user organizations.

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- Encouraging and assisting prime suppliers in developing plans to increase the use of HUBs as subcontractors.
- Managing and facilitating Verizon's outreach program.

In 2014 our Supplier Diversity team:

1. Continued to lead the Supplier Diversity Program efforts towards expanding the Supplier Diversity initiative which includes the development of corporate-wide objectives, best practices, and resources.
2. Issued detailed quarterly reports showing progress towards corporate-wide objectives for all major business units.
3. Reviewed buyers' business plans for all major product/service categories to ensure inclusion of supplier diversity growth objectives.
4. Established Supplier Diversity objectives for all major requests for proposals (RFPs) and include Supplier Diversity team members on key cross functional teams charged with supplier selection.
5. Continued to develop innovative outreach programs such as our recognized free resources to small businesses such as our Small Biz Blog (www.verizon.com/smallbusinessblog) which is an online web-based resource for small businesses to learn about Verizon products and services while accessing information to help them build and/or improve their businesses. We also have a Verizon Webinar Series which brings experts directly to small businesses. The Verizon Author Series includes featured authors who offer tips in a guest blog as well as make themselves available on the social media sites (i.e. twitter). We also conducted our nationally recognized "Premier Supplier Academy -How to Do Business Workshops" across the Verizon footprint (New Jersey, Virginia, TX, FL, and CA), increasing our inclusion of small, diverse, and veteran owned businesses from the Texas region, conducted Best Practice seminars, provided coaching and development for small business owners, and shared resources for 3rd Party certification and sponsored small/diverse businesses for attendance at select advocacy and outreach events.

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6. Continued our strong commitment to and participation in key supplier diversity advocacy organizations.
7. Continued to expand our "second tier" program with Prime Suppliers to develop industry-based inclusion opportunities whereby major OEMs and services suppliers re-engineer their internal processes incorporating HUB suppliers to serve multiple customers. We held "Supplier Summits" and "How To Do Business Workshops" with major OEMs to assist them with growing their supplier diversity programs, while facilitating the introduction of qualified and competitive MWDVBEs for inclusion. We also reviewed their 2nd Tier reports quarterly for areas of improvement and gap closure in 2014.
8. Worked with telecommunications industry advocacy groups such as the Telecommunications Industry Group (TIG) to establish best practices and promote supply chain inclusion of diverse suppliers.
9. Continued/expanded our "in-reach" strategy to provide Supplier Diversity training/education to Verizon's personnel including Sourcing personnel, who influence or make supplier selection and/or buying decisions. This included the launch of Supplier Diversity on line Training for Sourcing personnel, conducting the sessions via conference calls, web based training, and operational reviews.
10. Continued to identify procurement opportunities in traditional and non-traditional areas of our supply chain for operational excellence, superior customer experiences, maximizing our shareholders value, while driving procurement and sourcing opportunities for inclusion.
11. Recognized and awarded Supplier Diversity Champions who supported the inclusion of small and diverse businesses within our supply chain.

III - ACTIVITIES

In-reach strategy

Verizon will continue to expand its in-reach strategy to develop business opportunities internally for HUB firms. Our activities will include:

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- Supplier Diversity Managers attendance at Business Unit staff meetings to provide Supplier Diversity training and to review our current objectives and plans.
- Our Supplier Diversity results will be communicated during Sourcing and Procurement staff meetings to drive performance and awareness.
- Our Supplier Diversity Team will work with key decision makers and stakeholders to establish corporate-wide objectives and drive the inclusion of diverse suppliers.
- Educational sessions will be conducted with cross-functional end user organizations and Sr. Leadership to encourage inclusion of HUBs in high tech and non-traditional areas.
- Supplier Diversity Managers will be members of all strategic functional teams (CFTs) charged with selection of suppliers. Specific focus on opportunities for direct and/or “second tier” awards.
- Supplier Diversity results will continue to be reviewed each quarter with senior Verizon leaders.
- Continue to support Verizon leadership’s message that Supplier Diversity commitment is critical and integral to Verizon’s success.
- Expanded the utilization of our supplier diversity website as a resource for supplier referrals and a “tool kit” for buyers and cross-functional teams.
- Ongoing improvement and development of our external website to increase outreach effectiveness.
- Continue to recognize Verizon employees’ contributions to Supplier Diversity as “Champions”.
- Engage senior executives to active participation in business development outreach activities. This includes speaking engagements, networking seminars, industry panels, and sponsorships.

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- Consistently communicate the Supplier Diversity goals, program initiatives, and accomplishments.
- Provide post RFP feedback and coaching to improve the supplier's bid responses for future opportunities.