

Report on Government Requests for Customer Information

Whereas,

Customer trust is critical for any business, but especially for Internet and telecommunications companies that gather personal data concerning and affecting the lives of hundreds of millions of people in the U.S. and around the world.

The Wall Street Journal has reported that Verizon has provided millions of U.S. customers' call records to the National Security Agency (NSA).

Controversy over government surveillance programs reportedly involving Verizon has spurred massive global press coverage, hearings in the U.S. Congress and European legislature, and widespread calls for reform. Brazilian President Rousseff called the NSA surveillance program "a breach of international law." U.S. Senator Wyden said, "I have to believe the civil liberties of millions of American have been violated." And by his account, the NSA has greatly exaggerated the effectiveness of the program in combatting terrorism.

Nevertheless, Verizon CEO McAdam, discussing subpoenas and company legal obligations, reportedly stated, "*We are the largest telecommunications provider to the United States government, and you have to do what your customer tells you.*"

In November, Privacy International petitioned the Organisation for Economic Cooperation and Development to investigate whether Verizon Enterprise failed to respect privacy by cooperating with British intelligence and not mitigating or preventing adverse privacy rights impacts.

Responding to growing public concern, companies such as Google, Microsoft, Twitter, LinkedIn, Facebook, Apple and Yahoo!, have published "Transparency Reports" disclosing information on government data requests. Google and Microsoft have sued seeking authorization to disclose further information to the public concerning these requests. Verizon has taken neither step.

These controversies may also present a challenge to the U.S. economy. The Information Technology and Innovation Foundation has estimated that disclosures regarding surveillance programs could cost the cloud computing industry \$21 – \$35 billion in business over the next three years if foreign customers decide the risks of storing data with a U.S. company outweigh the benefits.

Transparency is essential if individuals and businesses are to make informed decisions regarding their data. Privacy is a fundamental tenet of democracy and free expression. While Verizon must comply with its legal obligations, failure to persuade customers of a genuine and long-term commitment to privacy could present Verizon with serious financial, legal and reputational risks.

Resolved, shareholders request Verizon publish semi-annual reports, subject to existing laws and regulation, providing metrics and discussion regarding requests for customer information by U.S. and foreign governments, at reasonable cost and omitting proprietary information.

Supporting Statement: In preparing these reports, Verizon may, at its discretion, omit information on routine requests provided under individualized warrants. The reports can be prepared with consideration of existing Transparency (or Law Enforcement Request) Reports published by Internet companies, and where applicable, include such information as (1) how often Verizon has shared information with U.S. or foreign government entities; (2) what type of customer information was shared; (3) the number of customers affected; (4) type of government requests; and (5) discussion of efforts by Verizon to protect customer privacy rights.