From: Association of BellTel Retirees Inc.

Butler Associates, LLC.
204 East 23rd Street
New York, NY 10010
__Contact:__ Stu Miller 212-685-4600 Ext 6980 or SMiller@ButlerAssociates.com
Victoria Carman 212-685-4600 Ext 6981 VCarman@ButlerAssociates.com

Association of BellTel Retirees Inc.

For Immediate Release:

Verizon Retirees Proxies Challenge Management on Performance Bonuses & Executive Compensation

No More Stock Bonuses for Mediocre Performance

Retirees of **Verizon (NYSE: VZ)** who in the past have forced changes in company compensation and management policies are urging shareowners to support a proxy proposal that will change management's awarding of **Executive Performance Stock Units** and also to be vocal with their "**Say on Pay**" against management's executive compensation this year. Verizon's annual meeting is **May 6th in Little Rock, Arkansas**.

The **Association of BellTel Retirees Inc**. (www.BellTelRetirees.org), which authored the "Say on Pay" is advocating shareowners utilize that power to vote against "management's executive compensation guidance" (**Item #3 on proxy**). They want compensation policies better aligned with shareholder interests.

They are also asking shareowners to vote for a proxy proposal on **Performance Stock Unit Performance Thresholds (PSU**). A new policy is needed to limit large PSU payouts to achieve Total Shareholder Return (TSR) equal to or above the median among the Related Dow Peers index (**Item #6 on proxy).** Retirees say that **"**Performance Share Units should not vest or pay out unless Verizon's performance (TSR) is equal to or above the median relative to the company peer index selected by the Board."

Annually the Company's named executive officers receive long-term equity awards with a target cash payout of approximately seven times base salary. These equity performance grants are divided between PSUs (60%) and Restricted Stock Units (40%). CEO Ivan Seidenberg is an exception; he receives 100% of long-term equity in the form of PSUs.

"While we commend the Board for tying the majority of long-term equity compensation to the performance of Verizon's stock, we believe that large pay-outs for below-median performance -- as low as the bottom 26th percentile -- does not adequately align pay with performance," said **C. William Jones, President of the Association of BellTel Retirees, Inc.** "The problem is that Verizon's Performance Stock Units begin paying out even if the company performs at the bottom of its industry or as low as 25th among the 34 Related Dow Peers."

The Corporate Library's 2008 update on "Pay for Failure" companies singled out Verizon's PSUs for criticism: "Verizon's [PSUs] continue to pay out for TSR performance below the median." For the performance cycles ending in 2008 and 2009, it noted, "the company would have to perform below the 20th percentile for executives to receive nothing."

For example, CEO Seidenberg's Target Award for the 2009-2011 PSU grant is $11 million. He will receive 50% of Target ($5.5 million) if Verizon's TSR ranks as low as 25th among the 34 Dow Peers - nearly bottom quartile performance. Seidenberg would receive 200% of Target ($22 million) if Verizon ranks among the top four (88th percentile or better).

"The low performance bar for PSUs seems particularly unjustified because senior executives, except Chairman Seidenberg, receive 40% of their long-term 'performance pay' in restricted stock units (RSUs) which vest after three years regardless of performance. Although the Board justifies RSUs as a 'retention-oriented award' (2010 Proxy, p. 40), they pay out even if the executive retires or is terminated without cause, after a change in control, or voluntarily for good reason," said Mr. Jones.

The Board of Directors' Position in the Proxy reinforces the need for this resolution, the retirees say. The Board acknowledges that "in order to earn 100% of the target number of PSUs," Verizon's "TSR over the three-year performance cycle must rank at least 16th" among the 34 Dow Peers, which is barely above the median. The Board fails to acknowledge that senior executives can still receive 50% of the target award for performance below the 30th percentile.

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Shareowners Raising Their Voices To Have A "Say on Pay":

The retirees advocate shareowners use their "say on pay" to vote against approving the board's recommended executive compensation package (Item #3) and clarify that key elements of Verizon's executive compensation are not aligned with shareholder interests. "We believe the Board should scale back its expensive windfall termination benefits," said Mr. Jones. This includes:

Golden Parachutes: If CEO Ivan Seidenberg is terminated or even retires, he receives a $33.1 million severance, more than seven times his base salary plus bonus. Retired President & COO Dennis Strigl would have received $37.4 million if he had been terminated after a change in control-a platinum parachute exceeding 12 times his salary plus bonus (2010 Proxy pp. 56-57).

Golden Coffins: Upon termination of employment due to death, Seidenberg would receive an additional $39.4 million, while Strigl would receive $49 million, over and above any pension or deferred compensation (paying out tens of millions more).

Executive Pensions: In 2006 Verizon froze its defined benefit SERP, which provided senior executives with a company contribution equal to 32% of base salary and bonus. While not as generous, the new nonqualified retirement saving plan continues to apply benefit formulas more generous than those that apply to rank-and-file managers or employees. For example, Seidenberg received $893,000 in SERP compensation in 2009: A $419,900 Company contribution to his non-qualified plan and, in addition, $473,390 in "above-market earnings" on his non-qualified plan assets. (Compensation Tables, 2010 Proxy pp. 48-49).

To support its recommendation, the Board describes how it has reformed Verizon's pay practices. However, a majority of reforms cited were adopted only *after* receiving significant shareowner votes as proposals the Board initially *opposed*.

For example, beginning this year the Company will stop reimbursing senior executives for personal income taxes paid on life insurance, personal travel and excess golden parachute payments - a practice known as "tax gross-ups" that the Association of BellTel Retirees have criticized in previous years.

Mr. Jones added, "Verizon's pro-shareholder compensation policies have come only because shareholders send a strong message to the board."

BellTel Retirees Record of Past Proxy Success vs. Verizon:

Since beginning their shareowner proxy campaigns at Verizon and its predecessor companies 13 years ago, the non-profit retiree association has caused numerous corporate governance changes:

1. ***2003 Executive Severance Agreement*** – Retiree proposal limiting overly generous executive compensation packages and golden parachutes won 59% of shareowner ballots;
2. ***2003 Exclude Pension Credits from Calculation of Executive Compensation*** – (negotiated off ballot pre-vote);
3. ***2004 Binding Proposal on Executive Severance Agreement (ESA)*** – After Verizon failed to implement the 2003 ESP which shareowners ratified, the Association put forth a new binding ESA proposal, which caused the board to implement the original 2003 measure.
4. **2005 Supplemental Executive Retirement Plan (SERP)** - Before Verizon's proxy went to shareowners Verizon's board agreed to a retiree proxy to reign in SERPS for senior executives. Previously SERP equal to 32% of combined salary plus bonus for every dollar above $210,000 were awarded, amounting to $161 million in 2004 and over $400 million over three years. The agreement reduced the 32% level down to a range of 4% to 7%;
5. **2007Corporate Governance Guidelines** - In late 2006 Association CFO Robert Rehm proposed a proxy to limit the number of corporate boards a Verizon director can serve on. Following its submission, Verizon changed its board guidelines to "provide that a Director who serves as an executive officer of a public company should not serve on more than three public company boards," and that other directors "should not serve on more than six public company boards." After this governance change, Mr. Rehm agreed to withdraw his proxy 2007 proposal.
6. **2007 Say on Pay** -- With 50.12% of shareholder support "Say on Pay" was affirmed effective for 2009.

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