

**From: Association of BellTel Retirees Inc.**

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For Immediate Release

## **Retirees Take On Verizon Senior Management Over Compensation & Bonuses**

The 112,000 member **Association of BellTel Retirees Inc.** ([www.BellTelRetirees.org](http://www.BellTelRetirees.org)), which won a majority shareholder vote for a "Say on Pay" proxy resolution in 2007 and "Executive Severance & Golden Parachute" restrictions in 2003, has a proxy resolution pending before Verizon (**NYSE: VZ**) shareowners in 2011 that would limit performance share payouts for senior executives (Item 6) when company performance is sub par. *Verizon shareholders meet May 5 in Indianapolis.*

Since its founding 15 years ago the retiree association has triggered numerous governance and compensation changes at the communications giant. They include limits to: senior executive golden parachutes, golden coffins, overly generous compensation packages and performance based equity compensation, "Say on Pay," pension accounting credits, as well as board independence and how many other boards a director may serve on.

- ◆ **This year, the Association is proposing the company tighten standards and limit Performance Share Unit (PSU) bonuses paid to senior executives (Item 6).** Retirees are opposed to what they call Verizon's liberal policy of granting stock bonuses for substandard results. Verizon grants senior executive officers annual long-term equity awards with a potential payout of approximately 8 to 10 times base salary. Top executives qualify even if the company performs poorly.

"Awarding large pay-outs for poor results, does not align pay with performance," said C. William Jones, President of the Association of BellTel Retirees. "Verizon sets the performance bar too low. Regardless of performance Verizon pays up, even if the executive is terminated or retires. Senior executives can get 50% of their target award even if the company performs below the 30<sup>th</sup> percentile in its peer group."

CEO Ivan Seidenberg's target award for the 2010-2012 PSU grant is \$11.1 million. If Verizon ranked as low as 25th among its 34 Dow Peers, he could still receive half of his target. If Verizon is ranked among the top 4 (90th percentile) he gets 200% or \$22.2 million.

- ◆ **Using the "Say on Pay" it won for shareholders in 2007, retirees ask for a NO VOTE regarding the board's recommended senior executive compensation package (Item 3) calling it bloated.**

"We believe the board should scale back its expensive windfall termination benefits," said Mr. Jones, who was a Managing Director at Verizon in his working years. Mr. Seidenberg, who is scheduled to retire in 2011, has a \$30.7 million golden parachute – equal to 5 times his base pay plus short term bonus – should he die, retire or is terminated.

- ◆ **The retirees support another proposal calling for shareholders to vote annually on "Say on Pay" (Item 4, Option 1).** Under the Dodd-Frank Act, companies must give shareholders a choice between an advisory Say on Pay every 1, 2 or 3 years.

**BellTel Retirees Record of Past Proxy Success – policy and bylaw changes vs. Verizon:**

Since initiating its proxy campaigns 14 years ago, the non-profit has caused numerous governance changes at Verizon (VZ):

1. **2003 Executive Severance** - Received a 59% vote. Bylaw change limits overly generous executive compensation packages & golden parachutes, requiring shareholder approval;
2. **2003 - Exclude Pension Credits (shadow profits) from the calculation of Executive Compensation** - negotiated off proxy ballot pre-vote after receiving more than 40% support;
3. **2004 - Binding Executive Severance** - Following board's failure to implement 2003 measure, the Association proposed a new binding proxy causing VZ board to act immediately.
4. **2005 - Board Composition** - Revised guidelines to reduce board from 21 to 12 or fewer members. Further, over time Verizon aligned their board with the Association's definition of an "independent" board.
5. **2005 - Supplemental Executive Retirement Plan (SERP)** - Before proxy went to shareowners VZ board agreed to reign in senior executive SERP. Previous SERP contributed 32% of combined salary plus bonus for every dollar above \$210,000 salary, equaling \$161 million in 2004 and over \$400 million over three years. New SERP level reduced from 32% down to 4% to 7%;
6. **2006 - Performance Based Equity Compensation** - Retiree proxy asked that at least 75% of future senior executive equity based compensation be performance based.
7. **2007 - Corporate Governance Guidelines** - Board implements retiree proxy limiting number of boards a VZ director can serve on. A director who is an executive officer of a public company is limited to 3 public company boards; other directors limited to 6 public company boards.
8. **2007 - Say on Pay** - Retirees win with 50.18% of the vote, effective for 2009.

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