

Retirees seek to limit Verizon executive bonuses

BY KATHLEEN LYNN
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STAFF WRITER

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A group of phone company retirees says Verizon Communications should cut stock awards to top executives when the company's stock lags.

The 112,000-member Association of BellTel Retirees Inc. is asking Verizon shareholders to support a proxy resolution that would allow the payment of certain bonuses only when the company's stock performance is at least as strong as the median of peer companies.

"Verizon sets the performance bar too low," said C. William Jones, association president. "Regardless of performance, Verizon pays up, even if the executive is terminated or retires. Senior executives can get 50 percent of their target award even if the company performs below the 30th percentile in its peer group."

According to the retirees group, Verizon CEO Ivan Seidenberg could get a stock bonus of \$5.5 million even if Verizon ranks as low as 25 among 34 peer companies. Verizon shareholders will meet on May 5 in Indianapolis.

The Verizon board opposes the resolution. A Verizon spokesman, Robert Varettoni, said some of the retirees' statements were false or misleading. The retirees unsuccessfully proposed the same resolution last year, he said.

"Verizon and our board are committed to being responsive to shareholders and implementing good corporate governance and compensation practices," Varettoni said. "This is demonstrated by measures that the board has adopted over the years."

In the proxy documents, the Verizon board said the retirees' proposal would "have the effect of severing the link between pay and performance and delivering compensation that is not competitive with Verizon's peer companies."

"Because so much of Verizon's total compensation program is performance-based, the program design suggested by the proposal could significantly increase the incentives to engage in risky behavior to increase total shareholder return at the end of an award cycle," the board wrote.

The retiree association, which was founded 15 years ago, won passage in 2007 of a "say on pay" resolution, which gives shareholders a non-binding voice on executive compensation.