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Brandon N. Egren
Associate General Counsel

December 17, 2020

By email to shareholderproposals@sec.gov

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street, N.E.
Washington, D.C. 20549

**Re: Verizon Communications Inc. 2021 Annual Meeting
Shareholder Proposal of the Association of BellTel Retirees Inc.**

Ladies and Gentlemen:

I am writing on behalf of Verizon Communications Inc., a Delaware corporation ("Verizon"), pursuant to Rule 14a-8(j) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), to request that the Staff of the Division of Corporation Finance (the "Staff") of the Securities and Exchange Commission (the "Commission") concur with our view that, for the reasons stated below, Verizon may exclude the shareholder proposal and supporting statement (the "Proposal") submitted by the Association of BellTel Retirees Inc. (the "Proponent"), from the proxy materials to be distributed by Verizon in connection with its 2021 annual meeting of shareholders (the "2021 proxy materials"). A copy of the Proposal and related correspondence is attached as Exhibit A hereto.

In accordance with Rule 14a-8(j), I am submitting this letter not less than 80 calendar days before Verizon intends to file its definitive 2021 proxy materials with the Commission and have concurrently sent a copy of this correspondence by email and overnight courier to the Proponent as notice of Verizon's intent to omit the Proposal from Verizon's 2021 proxy materials. Rule 14a-8(k) and Staff Legal Bulletin No. 14D (November 7, 2008) provide that a shareholder proponent is required to send the company a copy of any correspondence relating to the Proposal which the proponent submits to the Commission or the Staff. Accordingly, we hereby inform the Proponent that, if the Proponent elects to submit additional correspondence to the Commission or the Staff relating to the Proposal, the Proponent should concurrently furnish a copy of that correspondence to the undersigned.

The Proposal

The Proposal states:

RESOLVED: Verizon shareholders urge the Board to adopt a policy that prohibits paying senior executives dividends, or dividend equivalents, that accrue in relation to unvested portions of performance-based equity awards during the period prior to the satisfaction of the performance conditions. This policy should apply to all performance-based equity awards, including Performance Share Units (PSUs) and Restricted Share Units (RSUs), and should be implemented prospectively and apply only to senior executive officers in a manner that does not interfere with contractual rights.

Basis for Exclusion

In accordance with Rule 14a-8, Verizon respectfully requests that the Staff confirm that no enforcement action will be recommended against Verizon if the Proposal is omitted from Verizon's 2021 proxy materials pursuant to Rule 14a-8(i)(7), because the Proposal deals with matters relating to Verizon's ordinary business operations.

Analysis

The Proposal may be excluded pursuant to Rule 14a-8(i)(7) because the aspect of senior executive compensation targeted by the Proposal is applicable to the general workforce.

Rule 14a-8(i)(7) permits a company to omit a shareholder proposal from its proxy materials if it deals with a matter relating to the company's ordinary business operations. When adopting amendments to Rule 14a-8 in 1998, the Commission explained that the general policy underlying the "ordinary business" exclusion is "to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholders meeting." Exchange Act Release No. 34-40018 (May 21, 1998) (the "1998 Release"). As explained in the 1998 Release, this general policy reflects two central considerations: (i) "[c]ertain tasks are so fundamental to management's ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight;" and (ii) the "degree to which the proposal seeks to 'micro-manage' the company by probing too deeply into matters of a complex nature upon which shareholders, as a group, would not be in a position to make an informed judgment."

On October 23, 2018, the Staff issued Staff Legal Bulletin No. 14J ("SLB 14J"), which, among other things, provides guidance on the scope and application of Rule 14a-8(i)(7) for proposals that touch upon senior executive and/or director compensation matters. SLB 14J confirmed the Staff's position of concurring in the exclusion of proposals that, while styled as senior executive and/or director compensation proposals, have had as their underlying concern ordinary business matters. See, e.g., *Delta Air Lines, Inc.* (March 27, 2012) (concurring in the exclusion of a proposal requesting that the board prohibit payment of incentive compensation to executive officers unless the company first adopted a process to fund the retirement accounts of

certain retired employees, on the grounds that the focus of the proposal was on the ordinary business matter of employee benefits rather than senior executive compensation matters). In SLB 14J, the Staff states its view that “a proposal that addresses senior executive and/or director compensation may be excludable under Rule 14a-8(i)(7) if a primary aspect of the targeted compensation is broadly available or applicable to a company’s general workforce and the company demonstrates that the executives’ or directors’ eligibility to receive the compensation does not implicate significant compensation matters.” The Staff further explains, “For example, a proposal that seeks to limit when senior executive officers will receive golden parachutes may be excludable under Rule 14a-8(i)(7) if the company’s golden parachute provision broadly applies to a significant portion of its general workforce. This is because the availability of certain forms of compensation to senior executives and/or directors that are also broadly available or applicable to the general workforce does not generally raise significant compensation issues that transcend ordinary business matters.” The Staff’s guidance is consistent with its findings in *3M Company* (January 8, 2018); *Bank of America Corporation* (January 31, 2012); *Exelon Corporation* (February 21, 2007); and *Wal-Mart Stores, Inc.* (March 17, 2003).

Verizon believes that the Proposal falls squarely into the category of proposals that SLB 14J states may be properly excluded under Rule 14a-8(i)(7) because the aspect of compensation targeted by the Proposal – namely, the accrual of dividend equivalent units on unvested equity grants awarded under Verizon’s Long-Term Incentive Plan (the “Plan”) – is applicable to the general workforce. All employees of Verizon are eligible to receive grants under the Plan, which is a shareholder-approved, broad-based plan. At present, over 130,000 employees receive an annual grant of restricted stock units (“RSUs”) under the Plan (the “Stock Together Awards”). An additional approximately 2,100 employees, who are not senior executives¹ receive an annual grant of RSUs and performance stock units (“PSUs”) under the Plan (the “Director-Level Awards”). Like the RSUs and PSUs that comprise the senior executives’ annual equity awards, the RSUs granted under the Stock Together Awards, and the RSUs and PSUs granted under the Director-Level Awards, accrue dividend equivalent units from the time of grant, which are subject to the same vesting requirements as the underlying RSUs and PSUs, and are paid only if and to the extent that the underlying RSUs and PSU awards vest. Accordingly, since the terms and conditions of the Stock Together Awards and the Director-Level Awards are exactly the same as the senior executive awards with respect to the accrual of dividend equivalents, Verizon believes that exclusion of the Proposal under Rule 14a-8(i)(7) is consistent with the views and approach expressed by the Staff in SLB 14J.

Verizon’s Human Resources Committee of the Board of Directors has determined that the Proposal does not raise a significant compensation issue that transcends Verizon’s ordinary business operations.

The Commission noted in the 1998 Release that shareholder proposals related to ordinary business operations but focusing on sufficiently significant social policy issues generally would not be excludable, because the proposals would “transcend the day-to-day business matters and raise policy issues so significant that it would be appropriate for a

¹ These employees are neither “senior executive officers” (which would include only persons who are “executive officers” as defined in Rule 3b-7 under the Exchange Act) nor “senior managers” (which would include vice presidents and above under Verizon’s management structure).

shareholder vote.” In Staff Legal Bulletin No. 14I (November 1, 2017), the Staff stated that a board of directors, acting pursuant to its fiduciary duties and “with the knowledge of the company’s business and the implications of a particular proposal on that company’s business, is well situated to analyze, determine and explain whether a particular issue is sufficiently significant because the matter transcends ordinary business and would be appropriate for a shareholder vote.”

In December 2020, Verizon’s Human Resources Committee of the Board of Directors undertook a thorough review of the Proposal in order to determine whether the Proposal raises a significant compensation issue that transcends Verizon’s ordinary business operations. The Committee noted that, contrary to the implication of the Proposal’s supporting statement and the *Crain’s* article referenced therein, dividend equivalents accrued on equity awards granted under the Plan are not paid to the recipient until the award has vested and then are only paid to the extent that the underlying RSU and PSU award vests. The Committee also considered the following factors:

- RSUs and PSUs are designed to align executive and shareholder interests and to treat Verizon employees like owners of the business.
- The accrual of dividend equivalents on RSUs and PSUs is not limited to the awards issued to senior executives under the Plan and is, in fact, a prevalent practice.
 - All equity awards issued under the Plan, including the annual Stock Together Award, which was granted to more than 130,000 employees in 2020, provide for the accrual of dividend equivalents.
 - The accrual of dividend equivalents on equity awards replicates the performance of the underlying stock and aligns the interests of the holder with the interests of stockholders.
 - Because the value of Verizon stock takes into account the value of the future dividend payments, if Verizon were to eliminate dividend equivalents, the value of the awards granted under the Plan, including the Stock Together and Director-Level Awards, would decrease because they would no longer track the value of Verizon stock.
- Verizon has not previously received a shareholder proposal concerning the accrual of dividend equivalents that vest only to the extent that the underlying award vests.
- Neither Institutional Shareholder Services nor Glass Lewis has flagged this as a problematic pay practice in its public-facing materials, nor has any proxy advisory firm raised it as an issue to Verizon.
- Verizon’s institutional shareholders have not raised this aspect of compensation as a topic of discussion during engagements with management on Verizon’s executive compensation program.

- This aspect of compensation has not been a significant topic of public discussion in the media.

Acting consistent with its fiduciary duties and after due consideration of the relationship of the Proposal to Verizon's general compensation program, as well as the executive compensation program, the Committee determined that the Proposal does not transcend Verizon's ordinary business operations or raise a compensation issue sufficiently significant to warrant a shareholder vote.

Conclusion

For the foregoing reasons, Verizon believes that the Proposal may be properly excluded from its 2021 proxy materials in reliance on Rule 14a-8(i)(7). Verizon respectfully requests that the Staff confirm that it will not recommend enforcement action to the Commission if Verizon omits the Proposal from its 2021 proxy materials.

Verizon requests that the Staff send a notification of its determination of this matter by email to the undersigned at brandon.egren@verizon.com.

If you have any questions with respect to this matter, please telephone me at (908) 559-2726.

Very truly yours,



Brandon N. Egren
Associate General Counsel

Enclosure

Cc: Association of BellTel Retirees Inc.

Exhibit A

The Proposal and Related Correspondence

Association of BellTel Retirees Inc.

Post Office Box 33
Cold Spring Harbor, New York 11724



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Web Site: www.belltelretirees.org
E-mail: association@belltelretirees.org

Senior Staff Manager

Stef Baker
(631) 367-3067

November 16, 2020

BOARD OF DIRECTORS

Officers

Jack K. Cohen
Chairman of the Board
(914) 245-3129

Lionel Brandon
Executive Vice President
(607) 656-7971

Donald R. Kaufmann
Chief Financial Officer
(717) 398-2423

Una Kelly
Treasurer
(516) 729-5787

Thomas M. Steed
Assistant Treasurer &
V.P. Labor Relations
(845) 457-9848

Pamela M. Harrison
Secretary
(845) 225-6497

Directors

Robert G. Gaglione
(516) 676-0937

John W. Hyland
(845) 278-9115

Donald R. Kaufmann
(717) 398-2423

John Kolimaga
(215) 694-7708

David J. Simmonds
(732) 636-4847

Board Member
Emeritus
Louis Miano

Board Member
Emeritus
Robert A. Rehm

Board Member
Emeritus
C. William Jones

Board Member
Emeritus
Eileen T. Lawrence

Mr. William L. Horton, Jr.
SVP, Deputy General Counsel and Corporate Secretary
Verizon Communications Inc.
1095 Avenue of the Americas, 8th Floor
New York, NY 10036

Dear Mr. Horton:

The Association of BellTel Retirees hereby submits the attached stockholder proposal for inclusion in the Company's 2021 proxy statement as allowed under Securities and Exchange Commission Rule 14a-8.

The resolution urges the Board of Directors "to adopt a policy that prohibits paying senior executives dividends, or dividend equivalents, in relation to unvested portions of performance-based equity awards that accrue during the period prior to the satisfaction of the performance conditions."

The Association of BellTel Retirees is a stockholder of record and has continuously held the requisite number of shares of Verizon common stock (currently 214 shares) for more than one year. The Association intends to maintain its ownership position through the date of the 2021 Annual Meeting. An officer of the Association will introduce and speak for our resolution at the Company's 2021 Annual Meeting.

Thank you for including our proposal in the Company's Proxy Statement. If you need any additional information please do not hesitate to contact me.

Sincerely yours,

Una Kelly
Treasurer
Association of BellTel Retirees

ATTACHMENT

Accrued Dividends on Unvested Performance-Based Equity Awards

The Association of BellTel Retirees Inc., 181 Main Street/PO Box 33, Cold Spring Harbor, NY 11724, which owns 214 shares of the Company's common stock, hereby notifies the Company that it intends to introduce the following resolution at the 2021 Annual Meeting for action by the stockholders:

RESOLVED: Verizon shareholders urge the Board to adopt a policy that prohibits paying senior executives dividends, or dividend equivalents, that accrue in relation to unvested portions of performance-based equity awards during the period prior to the satisfaction of the performance conditions. This policy should apply to all performance-based equity awards, including Performance Share Units (PSUs) and Restricted Share Units (RSUs), and should be implemented prospectively and apply only to senior executive officers in a manner that does not interfere with contractual rights.

SUPPORTING STATEMENT

Verizon currently pays the vast majority of compensation to senior executive officers in the form of performance-based equity awards (PSUs and RSUs). The annual awards typically vest at the end of a three-year performance cycle.

In the case of PSUs, the number of shares earned and vested can vary greatly (from 0% to 200% of the target grant) depending on metrics set by the Board.

One significant component of the ultimate payout is dividends that accrue each quarter on the outstanding PSU and RSU awards during the period before the performance conditions are met and before the shares are vested and actually owned by the executive.

Although Verizon discloses that “dividend equivalents are paid only if and to the extent that the applicable performance criteria . . . are achieved,” the cost of this extra compensation is not disclosed explicitly (2020 Proxy, page 41).

Because Verizon has a relatively high dividend yield (4.4% as of November 2020), accruing dividends on stock not yet earned or owned by senior executives is costly to shareholders.

For example, we estimate that during 2020 alone CEO Hans Vestberg accrued at least \$2.4 million in “dividend equivalents” on his outstanding equity awards disclosed in the 2020 Proxy (“Outstanding Equity Awards” table, page 41).

The accrued dividends paid out at the end of the performance cycle are based on the number of shares that ultimately vest. As a result, Vestberg could ultimately receive substantially more than \$2.4 million for dividends accrued during 2020 if all the underlying awards ultimately vest at the maximum number of shares (200% of target).

And because the quarterly “dividend equivalents” accrue and are reinvested in additional stock units, executives earn dividends on these dividends over the remainder of the three-year performance cycle (over five years in the case of Vestberg’s additional PSU award in 2018, which had a fair market grant value of \$10 million).

A report in *Crain’s* – “Stealth Pay Fattening CEO’s Wallets: How Executives Reap Dividends on Shares They Don’t Own” (April 16, 2019) – notes that “many companies have done away with paying dividends on unearned shares, including Citigroup, General Electric and IBM.”

“We view the practice as particularly problematic. . . . you shouldn’t have an income stream from an asset you don’t own,” a compensation expert at Institutional Shareholder Services told *Crain’s*.

We believe paying dividends on stock that is not yet earned is costly and adds nothing to aligning compensation with shareholder interests.

Please **VOTE FOR** this proposal.

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