



DIVISION OF  
CORPORATION FINANCE

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

March 25, 2025

Matthew Dolloff  
Verizon Communications Inc.

Re: Verizon Communications Inc. (the "Company")  
Incoming letter dated January 3, 2025

Dear Matthew Dolloff:

This letter is in response to your correspondence concerning the shareholder proposal (the "Proposal") submitted to the Company by Thomas M. Steed for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders.

The Proposal requests the Company's compensation committee adopt a policy that requires senior executives to retain a significant portion of equity obtained through the Company's equity compensation plans for two years after their departure from the Company and a policy that prohibits hedging techniques that offset the risk of losses during the two-year period.

There appears to be some basis for your view that the Company may exclude the Proposal under Rule 14a-8(i)(7). In our view, the Proposal seeks to micromanage the Company. Accordingly, we will not recommend enforcement action to the Commission if the Company omits the Proposal from its proxy materials in reliance on Rule 14a-8(i)(7).

Copies of all of the correspondence on which this response is based will be made available on our website at <https://www.sec.gov/corpfin/2024-2025-shareholder-proposals-no-action>.

Sincerely,

Rule 14a-8 Review Team

cc: Thomas M. Steed



**Verizon Communications Inc.  
One Verizon Way  
Mail Code VC54S  
Basking Ridge, NJ 07920**

**Matthew Dolloff  
Counsel  
908.386.0200  
matthew.dolloff@verizon.com**

January 3, 2025

**By electronic submission**

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. 2025 Annual Meeting  
Shareholder Proposal of Thomas M. Steed**

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, 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 Thomas M. Steed (the "Proponent"), from the proxy materials to be distributed by Verizon in connection with its 2025 annual meeting of shareholders (the "2025 proxy materials"). A copy of the Proponent's submission, which includes the Proposal, 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 2025 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 2025 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:** Shareholders of Verizon Communications Inc. (the “Company”) urge the Compensation Committee of the Board of Directors to adopt a policy that senior executives should retain a significant portion of equity obtained through the Company’s equity compensation plans, excluding any tax-deferred retirement plans, for two years after their termination from the Company, whether through retirement or otherwise. The policy also should prohibit hedging techniques that offset the risk of losses during this two-year period.

This policy shall supplement any share ownership requirements that apply to senior executives and should be implemented so as not to violate existing contractual obligations or the terms of any compensation or benefit plan currently in effect.

## Basis for Exclusion

Verizon respectfully requests that the Staff concur in its view that the Proposal may be excluded from the Company’s 2025 proxy materials pursuant to Rule 14a-8(i)(7) because the Proposal relates to Verizon’s ordinary business operations and impermissibly seeks to micromanage Verizon.

## Analysis

**The Proposal may be excluded pursuant to Rule 14a-8(i)(7) because it deals with matters relating to Verizon’s ordinary business operations and impermissibly seeks to micromanage Verizon.**

Under Rule 14a-8(i)(7), a shareholder proposal may be excluded from a company’s proxy materials if the proposal “deals with a matter relating to the company’s ordinary business operations.” In Exchange Act Release No. 34-40018 (May 21, 1998) (the “1998 Release”), the Commission stated that the policy underlying the ordinary business exclusion rests on two central considerations. The first recognizes that certain 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. The second consideration relates to 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 able to make an informed judgment. As demonstrated below, the Proposal implicates this second consideration.

As the Commission has explained, a proposal may attempt to micromanage a company by probing too deeply into matters of a complex nature if, among other things, it “involves intricate detail.” See 1998 Release; see also, for example, *Amazon.com, Inc.* (Apr. 7, 2023) (“Amazon.com”). The Commission further noted that “proposals may seek a reasonable level of detail” without crossing the line into micromanagement. See 1998 Release. In Staff Legal Bulletin No. 14L (Nov. 3, 2021) (“SLB 14L”), the Staff explained that it will take a “measured approach to evaluating companies’ micromanagement arguments,” focusing on “the level of

granularity sought in the proposal and whether and to what extent it inappropriately limits discretion of the board or management.” To that end, the Staff stated that this “approach is consistent with the Commission’s views on the ordinary business exclusion, which is designed to preserve management’s discretion on ordinary business matters but not prevent shareholders from providing high-level direction on large strategic corporate matters”. See SLB 14L.

The Staff has consistently concurred with the exclusion of proposals that inappropriately limit management’s discretion in the implementation or adoption of complex corporate matters. In *Deere & Co.* (Jan. 3, 2022), the Staff concurred that the proposal micromanages the company by probing too deeply into matters of a complex nature by seeking disclosure of intricate details regarding the company’s employment and training practices. See also, *AT&T Inc.* (Mar. 15, 2023) (concurring with exclusion of a proposal requesting the board adopt a policy of obtaining shareholder approval for any future “golden coffin” arrangements); *Chubb Limited* (Mar. 27, 2023) (concurring with the exclusion of a proposal that would require the board to adopt and disclose a policy for the timebound phase out of underwriting risks associated with new fossil fuel exploration and development projects); and *The Kroger Co.* (Apr. 25, 2023) (concurring with the exclusion of a proposal requesting the company pilot participation in the Fair Food Program for tomato purchases in order to mitigate severe risks of forced labor and other human rights violations in the company’s produce supply chain).

The Staff has also consistently permitted exclusion on the basis of micromanagement for shareholder proposals urging the adoption of policies that impose specific methods for implementing complex policies and practices. For example, in *Amazon.com, Inc.*, the Staff permitted exclusion on the basis of micromanagement of a proposal that would have required the company to adopt a particular methodology for scope 3 greenhouse gas emissions measuring and reporting that was inconsistent with the company’s existing approach. See also *The Coca-Cola Co.* (Feb. 16, 2022) (permitting exclusion on the basis of micromanagement of a proposal requesting that the company submit any proposed political statement to shareholders at the next shareholder meeting for approval prior to issuing the subject statement publicly); *JPMorgan Chase & Co.* (Mar. 30, 2018) (permitting exclusion on the basis of micromanagement of a proposal that requested a report on the reputational, financial and climate risks associated with project and corporate lending, underwriting, advising and investing for tar sands production and transportation, noting that the proposal sought to “impose specific methods for implementing complex policies”).

In this instance, the Proposal seeks to micromanage Verizon by prescribing specific methods for implementing complex policies related to Verizon’s executive compensation program and executive equity ownership guidelines. It does so because, if adopted, the Proposal (i) would require certain “senior executives” of Verizon (ii) to “retain a significant portion of equity obtained through the Company’s equity compensation plans”, (iii) for “two years after their termination from the Company, whether through retirement or otherwise” and (iv) to “be implemented so as to not violate existing contractual obligations or the terms of any compensation or benefit plan currently in effect.” Thus, the Proposal runs afoul of the kind of management-level discretion the Commission sought to preserve with the ordinary business exclusion by dictating how, when and on what terms Verizon implements equity ownership

requirements for its executive officers. As such, the Proposal goes well beyond providing “high level direction” for the Verizon Board of Directors (the “Board”) to consider, without regard for the highly complex and sophisticated nature of designing and implementing competitive executive compensation benefits. The Proposal would substitute the Board’s business judgment in setting Verizon’s existing equity ownership thresholds for its senior level executive officers for that of the Proponent’s and inappropriately limit the Board’s ability to design effective and competitive compensation programs.

Pursuant to Verizon’s existing equity ownership guidelines for its executive officers, as described in Verizon’s definitive proxy statement on Schedule 14A for its 2024 annual shareholder meeting (the “2024 Proxy Statement”), Verizon’s named executive officers, and other executives, are required to maintain certain equity ownership levels within five years of assuming their leadership roles. For example, Verizon’s Chief Executive Officer is required to maintain share ownership equal to at least *seven* times (7x) base salary and other named executive officers are required to maintain share ownership equal to at least *four* times (4x) base salary, with the principal objective of the guidelines to align the interests of Verizon’s management with those of its shareholders. Decisions concerning Verizon’s executive compensation program in particular forms, and at particular levels, including decisions with respect to required executive officer equity ownership thresholds, entail complex business judgments by the Board, and in particular by the Human Resources Committee of the Board. In this respect, as described in the 2024 Proxy Statement, the Human Resources Committee regularly reviews best practices in executive compensation and governance and revises its policies and practices when appropriate. As disclosed in the 2024 Proxy Statement, Verizon’s executive compensation program includes industry-leading standards for compensation design and governance and the program is designed to support the creation of shareholder value by pursuing certain objectives, including through the attraction and retention of high-performing executive officers.

The Proposal, however, would impose equity compensation and ownership guidelines that are unnecessarily onerous for executive officers and would drastically reduce the ability of executive officers to legally dispose of Verizon equity post-departure from the company. As a result, the Proposal, if implemented, would hinder Verizon’s ability to attract, retain and motivate a high-performing executive management team, ultimately affecting overall business performance and growth, potentially placing Verizon at a significant competitive disadvantage. While Verizon’s Board is fully supportive of having equity ownership guidelines for its executive officers that reinforce the importance of “skin in the game” in order to align management interests with those of its shareholders, the Board also believes that executive officers should not be restricted from responsibly managing their personal financial affairs and diversifying their investment portfolios following their departure from Verizon. The Board understands that such equity ownership guidelines should be aligned with the overall objectives of Verizon’s executive compensation program and not create obligations that may be perceived as unnecessarily onerous for its executive officers. If implemented, the Proposal would unduly limit the ability of the Board to manage a core function of its duties, which is to oversee Verizon’s executive compensation program.

The Proposal's supporting statement reinforces the micromanagement conclusion. For example, the supporting statement makes it clear the goal of the Proposal is to replace the Board's judgment with shareholders' regarding "policies that do not go far enough to align senior executives' interests with shareholders' long-term interests." Specifically, the Proposal's supporting statement provides that the "Compensation Committee consider a 'hold past departure' requirement to cover 50% or more of an executive's stock-based award holdings for the two-year period." The Proponent states that this "will better motivate senior executives to focus on the Company's long-term business objectives and share price, which would better align their interests with the interest of shareholders." By submitting the Proposal, and providing such statements in support of such Proposal, the Proponent clearly believes he is in a better position to determine what is in the best interest of Verizon and its shareholders with respect to how much and for how long Verizon's senior executive officers should retain their equity compensation than Verizon's Board that is annually elected and entrusted by shareholders to make these determinations.

Further, the Proposal's supporting statement provides that the "hold past departure" requirement set forth in the Proposal's resolved clause "may help avoid any undue focus on decisions that may generate short-term financial results at the expense of Verizon's long-term success." Decisions concerning the appropriate amount of short-term incentive and long-term incentive pay opportunities for executive officers, and the interplay between executive compensation and incentivizing appropriate risk-taking but not excessive risk-taking, entail a complex process. This process involves the exercise of business judgment by the Human Resources Committee, which, as disclosed in the 2024 Proxy Statement, employs a variety of methods to appropriately incentivize executive officers, including, among other things, a balanced approach to performance-based awards, considering different performance periods and vesting schedules, balancing the mix of pay components, capping incentive awards and adopting robust stock ownership guidelines. Human Resources Committee decisions concerning these various matters, made with the assistance of its independent advisors, are made by pursuing certain key objectives of Verizon's executive compensation program, including to "drive performance and create shareholder value by emphasizing variable, at-risk compensation with an appropriate balance of short-term and long-term objectives that align executive and shareholder interests" and "manage risk through oversight and compensation design features, policies and practices that strike an appropriate balance between risk and reward." Notwithstanding the Human Resources Committee's efforts and judgments, and the advice of the committee's independent advisors, the Proposal would prescribe an approach to managing compensation-related risk through shareholder oversight of long-term incentive pay opportunities and stock ownership guidelines for executive officers.

However, the Board established the Human Resources Committee precisely to make these determinations. The Human Resources Committee's charter provides that a primary responsibility of the Human Resources Committee is to "establish the Corporation's general compensation philosophy and oversee the development and implementation of executive compensation programs and related policies". In overseeing Verizon's compensation philosophy, the Human Resources Committee's responsibilities include, *inter alia*, "approv[ing] and oversee[ing] the stock ownership guidelines applicable to the Corporation's senior

managers” and “oversee[ing] the Corporation’s strategies, initiatives and programs related to human capital management, including with respect to employee...retention.” Despite the Proposal’s contrary suggestion, the Board, through the Human Resources Committee, remains better positioned than shareholders to oversee the complexity and risks surrounding Verizon’s executive compensation policies.

Finally, the Staff has concurred with the exclusion of similar-type proposals addressing executive compensation based on micromanagement under Rule 14a-8(i)(7). For example, in *Rite Aid Corp.* (Apr. 23, 2021), the Staff concurred with the exclusion of a proposal that requested the board adopt a policy that would prohibit equity compensation grants to senior executives when the company common stock had a market price lower than the grant date market price of any prior equity compensation grants to such executives. In *Rite Aid Corp.*, the company argued that the proposal prescribed specific limitations on the ability of its compensation committee “to make business judgments, without any flexibility or discretion,” and restricted the compensation committee from “making any equity compensation grants to senior executives in certain instances without regard to circumstances and the committee’s business judgment.” See also *Johnson & Johnson* (Feb. 12, 2020) (permitting exclusion on the basis of micromanagement of a proposal that asked the company’s Compensation & Benefits Committee to modify its annual cash incentive program to provide that certain short term bonus awards would not be paid in full for some period following the award, noting the company’s statement that “the [p]roposal’s request to categorically prohibit immediate full payment of short-term bonus awards to senior executives would strip the Compensation & Benefits Committee of the discretion and flexibility it requires to properly exercise its business judgment”); *Gilead Sciences, Inc.* (Dec. 23, 2020) (concurring with the exclusion of a proposal recommending the company reduce its named executive officer pay ratios each year until they reached 20 to 1, where the company argued the terms of the proposal were prescriptive and would unduly limit the ability of management and the board to manage complex matters with a level of flexibility necessary to fulfill fiduciary duties to stockholders); and *The Walt Disney Co.* (Dec. 6, 2019) (concurring with the exclusion of a proposal limiting the annual total compensation of the company’s chairman and chief executive officer to a ratio not to exceed the total annual compensation of the company’s median employee by more than 500:1, within a five-year timeframe).

As discussed above, if implemented, the Proposal would inappropriately limit the Board’s discretion to set and determine appropriate equity ownership thresholds and guidelines, and would dictate how, when and on what terms Verizon’s executive officers should retain their equity ownership post-departure from Verizon. As described above, the Proposal thus seeks to impose a specific method for implementing executive compensation benefits with a “level of granularity” that “inappropriately limits discretion of the board or management.” As such, consistent with SLB 14L and the precedent discussed in this request, the Proposal is properly excludable under Rule 14a-8(i)(7) because it seeks to micromanage Verizon.

### **Conclusion**

For the foregoing reasons, Verizon believes that the Proposal may be properly excluded from its 2025 proxy materials in reliance on Rule 14a-8(i)(7). Verizon respectfully requests that

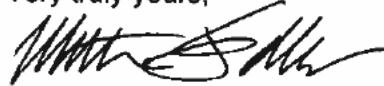
U.S. Securities and Exchange Commission  
Division of Corporation Finance  
Office of Chief Counsel  
January 3, 2025  
Page 7 of 7

the Staff confirm that it will not recommend enforcement action to the Commission if Verizon omits the Proposal from its 2025 proxy materials.

Verizon requests that the Staff send a copy of its determination of this matter by email to the undersigned at [matthew.dolloff@verizon.com](mailto:matthew.dolloff@verizon.com) and to the Proponent.

If you have any questions with respect to this matter, please telephone me at (908) 386-0200.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Matthew Dolloff', written over a horizontal line.

Matthew Dolloff  
Counsel

Cc: Thomas M. Steed  
Beth Sasfai, Cooley LLP  
Brad Goldberg, Cooley LLP  
Reid Hooper, Cooley LLP

Exhibit A

The Submission

Thomas M. Steed

November 22, 2024

Mr. William L. Horton, Jr.  
Corporate Secretary, Senior Vice President  
and Deputy General Counsel  
Verizon Communications Inc.  
1095 Avenue of the Americas, 8<sup>th</sup> Floor  
New York, NY 10036

Dear Mr. Horton:

I hereby submit the attached stockholder proposal for inclusion in the Company's next proxy statement, as permitted under Securities and Exchange Commission Rule 14a-8. The proposal relates to the Company's executive compensation policies and practices regarding share ownership by senior executives.

I have continuously held the requisite number of shares of common stock (currently 230) for more than three years. I intend to maintain this ownership position through the date of the 2025 Annual Meeting and to introduce and speak for the resolution. Proof of my continued ownership of Verizon stock valued at more than \$2,000 is available on request.

Should you wish to discuss my proposal, I will be available to meet with you or a Verizon representative via teleconference on either December 3 at 10 AM ET, or on December 10 at 10 AM ET. I can be contacted at [REDACTED] and by email at [REDACTED].

Thank you in advance for including my proposal in the Company's next definitive proxy statement. If you need any further information, please do not hesitate to contact me.

Sincerely yours,



Thomas M. Steed

Enclosure: Shareholder proposal (2 pages)

cc: Assistant Corporate Secretary

### **Proposal on Senior Executive Compensation Policies**

*Thomas M. Steed, [REDACTED], who owns 280 shares of the Company's common stock, hereby notifies the Company that it intends to introduce the following resolution at the 2025 Annual Meeting for action by the stockholders:*

**RESOLVED:** Shareholders of Verizon Communications Inc. (the "Company") urge the Compensation Committee of the Board of Directors to adopt a policy that senior executives should retain a significant portion of equity obtained through the Company's equity compensation plans, excluding any tax-deferred retirement plans, for two years after their termination from the Company, whether through retirement or otherwise. The policy also should prohibit hedging techniques that offset the risk of losses during this two-year period.

This policy shall supplement any share ownership requirements that apply to senior executives and should be implemented so as not to violate existing contractual obligations or the terms of any compensation or benefit plan currently in effect.

#### **Supporting Statement**

Equity-based compensation is by far the largest component of senior executive compensation at Verizon. Although we support the use of equity-based compensation for senior executives, we are concerned that Verizon's policies do not go far enough to align senior executives' interests with shareholders' long-term interests.

Current policy requires the CEO to maintain share ownership equal to at least seven times base salary, while other named executive officers must maintain share ownership equal to at least four times their base salary.

According to Verizon's 2024 proxy statement, this meant that for 2023 CEO Vestberg, with a base salary of \$1.5 million, was required to hold \$10.5 million in company stock. However, his stock awards for that year alone were valued at \$18 million. Similarly, the chief financial officer was required to hold \$2.9 million worth of stock, yet his awards that year were valued at \$7 million.

In other words, equity awards in a single year can dwarf Verizon's share ownership guidelines for senior executives.

As a result, a requirement that senior executives must hold shares based on a multiple of base salary will thus lose its effectiveness over time. After they meet the applicable holding requirements, senior executives are free to sell additional equity. In addition, there are no limitations on how quickly they can sell shares that they are holding after they depart the company, whether through retirement or otherwise.

We recommend that the Compensation Committee consider a "hold past departure" requirement to cover 50% or more of an executive's stock-based award holdings for the two-year period. This will better motivate senior executives to focus on the Company's

long-term business objectives and share price, which would better align their interests with the interests of shareholders. Such a requirement may help avoid any undue focus on decisions that may generate short-term financial results at the expense of Verizon's long-term success.

We urge shareholders to vote FOR this proposal.

**HITCHCOCK LAW FIRM PLLC**  
5614 CONNECTICUT AVENUE, N.W. • No. 304  
WASHINGTON, D.C. 20015-2604  
(202) 489-4813

CORNISH F. HITCHCOCK  
E-MAIL: CONH@HITCHLAW.COM

28 January 2025

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

By online portal submission

Re: Shareholder proposal to Verizon Communications Inc. from Thomas M. Steed

Dear Counsel:

I write on behalf of Thomas M. Steed to respond to the letter from counsel for Verizon Communications Inc. (“Verizon” or the “Company”) dated 3 January 2025 (“Verizon Letter”) in which Verizon advises of its intent to omit Mr. Steed’s proposal (the “Proposal”) from Verizon’s 2025 proxy materials. For the reasons below we respectfully ask the Division to advise Verizon that the Division does not concur with the Company’s arguments.

The Proposal states:

**Resolved:** Shareholders of Verizon Communications Inc. (the “Company”) urge the Compensation Committee of the Board of Directors to adopt a policy that senior executives should retain a significant portion of equity obtained through the Company’s equity compensation plans, excluding any tax-deferred retirement plans, for two years after their termination from the Company, whether through retirement or otherwise. The policy also should prohibit hedging techniques that offset the risk of losses during this two-year period.

This policy shall supplement any share ownership requirements that apply to senior executives and should be implemented so as not to violate existing contractual obligations or the terms of any compensation or benefit plan currently in effect.

The Supporting Statement expresses a concern that Verizon's executive compensation policies, which feature equity-based pay, do not go far enough to align senior executives' interests with shareholders' long-term interests. There are ownership requirements for CEO and named executive officers to have certain multiples of their base salary, but equity awards in a single year can dwarf Verizon's share ownership guidelines for senior executives, with the result that a holdings requirement based on base salary loses its effectiveness over time. After meeting applicable holding requirements, senior executives are free to sell additional equity and can sell shares after they leave the company, whether by retirement or otherwise. In addition, the "hold past departure" proposal is intended to motivate senior executives to focus on Verizon's long-term business objectives and share price and avoid undue focus on short-term financial results at the expense of Verizon's long-term success.

Verizon objects on the ground that the Proposal seeks to micromanage executive compensation policies and may thus be excluded under Rule 14a-8(i)(7) as relating to the Company's "ordinary business." For the reasons below, we respectfully ask the Division to advise that it does not concur with Verizon's assessment.

### DISCUSSION

In *Amendments To Rules On Shareholder Proposals*, Exchange Act Release No. 40018, 63 Fed. Reg. 29106 (28 May 1998), the Commission emphasized that the "ordinary business" exception rests on two considerations: (1) the fact that tasks are so fundamental to management's ability to run a company that they don't lend themselves to shareholder oversight, and (2) some proposals may be viewed as an effort to micromanage the company by probing too deeply into matters that shareholders, as a group, are not in a position to make an informed judgment. *Id.* at 29108 (footnote omitted). Even so, the Commission has long held the view that some topics may transcend ordinary business concerns if they have "significant policy, economic or other implications inherent in them." *Adoption of Amendments Relating to Proposals by Security Holders*, Exchange Act Release No. 12999, 41 Fed. Reg. 52994, 52998 (3 December 1976).

For over 30 years the Commission has viewed senior executive compensation as a topic that "transcends" ordinary business matters. In 1990, the Division issued a letter in *Transamerica Corp.* (10 January 1990), which reversed prior policy and opined that the "ordinary business" exception could not be invoked to bar a shareholder proposal that would deny compensation to executives if the payment is contingent upon a merger or acquisition. In a series of letters in 1992, the Division broadened this analysis and opined that "senior executive compensation" would no longer be considered ordinary business. *E.g., Bell Atlantic Corp.* (13 February 1992) (seeking abolition of short term incentive plan for senior managers); *Battle*

*Mountain Gold Co.* (13 February 1992) (proposing cuts in salaries and stock options). Then-Chairman Richard Breeden stated at the time that this change in position could be attributed to “the level of public and shareholder concern over the issue of senior executive compensation,” which he said had become “intense and widespread.” McCartney and Hilzenrath, *SEC to allow votes on executive pay*, THE WASHINGTON POST (14 February 1992), available at <https://www.washingtonpost.com/archive/politics/1992/02/14/sec-to-allow-votes-on-executive-pay/4dcc916e-c142-4e22-a24b-23ba0142f38f/>

That concern has not abated over time. If anything, it has only increased. In the wake of the 2008-09 financial crisis, Congress passed section 951 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, which took the unusual step of mandating a shareholder advisory vote on senior executive compensation no less than once every three years, as well a vote on golden parachute arrangements that are paid or payable to certain executives. The Commission adopted rules implementing that statute in *Shareholder Approval of Executive Compensation and Golden Parachute Compensation*, Release No. 33-9178, 76 Fed. Reg. 6010 (2 February 2011).

Stock ownership policies for senior executives are intended to align senior managers’ interests with those of shareholders, consistent with a policy goal of “pay for performance.” Although there is no serious debate about that goal, there are questions about the optimal way to achieve that end, and corporate policies thus include specific provisions to deal with potential issues, *e.g.*, minimum holding requirements, limitations on an executive hedging or pledging equity awards, and provisions for a “clawback” of equity compensation in situations that are harmful to a company and its shareholders. Indeed, Verizon’s most recent proxy statement touts the Company’s record in this regard.<sup>1</sup>

A number of these policies were initially raised through the shareholder proposal process, both at Verizon and other companies, and Mr. Steed’s Proposal falls into the same category. The importance of a stock ownership policy for senior

---

<sup>1</sup> See Schedule 14A, p. v and 24 (25 March 2024), available at [https://www.sec.gov/ix?doc=/Archives/edgar/data/732712/000130817924000279/lvz2024\\_def14a.htm](https://www.sec.gov/ix?doc=/Archives/edgar/data/732712/000130817924000279/lvz2024_def14a.htm), where Verizon lists the following “Best practice highlights”:

- Shareholder approval policy for severance benefits
- No cash severance benefits for the Chief Executive Officer (CEO)
- Significant executive share ownership requirements
- Clawback policies
- Anti-hedging policy
- No tax gross-ups
- No executive employment agreements

executives may be well understood, but even so, there can remain questions about whether a specific policy is adequate to the task.

That is the case with respect to Verizon’s current policy, which requires the CEO to maintain share ownership equal to at least seven times base salary, while other named executive officers must maintain share ownership equal to at least four times their base salary. According to Verizon’s 2024 proxy statement, this meant that for 2023 CEO Vestberg, with a base salary of \$1.5 million, was required to hold \$10.5 million in company stock. However, his stock awards for that year alone were valued at \$18 million. Similarly, the chief financial officer was required to hold \$2.9 million worth of stock, yet his awards that year were valued at \$7 million. As a result, equity awards in a single year can dwarf Verizon’s share ownership guidelines for senior executives, and a holding requirement based on a multiple of base salary become increasingly ineffective over time, as the requirement can typically be met after one year.

A “hold past retirement” or “hold past termination” policy for senior executives is far from unusual. In 2007 a blue-ribbon commission of business, investor, labor and other groups (including the Business Roundtable and the U.S. Chamber of Commerce) adopted the so-called “Aspen Principles” intended to promote long-term value creation. One key principle included the following:

Compensation that supports long-term value creation . . . [r]equires a meaningful proportion of executive compensation to be in an equity-based form [and] [r]equires that *senior executives hold a significant portion of their equity-based compensation for a period beyond their tenure.*<sup>2</sup>

The language in the Proposal aligns well with this principle:

Aspen Principles:

“[S]enior executives [should] hold a significant portion of their equity-based compensation for a period beyond their tenure.”

Steed Proposal:

“[S]enior executives should retain a significant portion of equity obtained through the Company’s equity compensation plans . . . for two years after their termination from the Company, whether through retirement or otherwise.”

---

<sup>2</sup>Aspen Institute, *Long-Term Value Creation: Guiding Principles for Corporations and Investors*, p. 4, available at [https://www.aspeninstitute.org/wp-content/uploads/files/content/docs/pubs/Aspen\\_Principles\\_with\\_signers\\_April\\_09.pdf](https://www.aspeninstitute.org/wp-content/uploads/files/content/docs/pubs/Aspen_Principles_with_signers_April_09.pdf) (italics added, boldface and footnote omitted).

Far from trying to impose an inflexible requirement on the Company, the proposal is drafted to give the board the flexibility, and apart from the recommended two-year holding period, the Proposal is not prescriptive. Most notably, it does not prescribe a specific level or specific percentage of holdings to be retained. Instead the Proposal simply urges that the policy apply to a “significant” portion of equity, without mandating a specific number or percentage, while continuing an anti-hedging policy of the sort Verizon has already adopted. The rest of the Proposal consists of clarifying details that seek to avoid ambiguity or a charge that the Proposal is too vague or cannot be implemented, thus possibly implicating Rule 14a-8(i)(3) and (6) (e.g., the policy should not interfere with existing contractual obligations). In short, it is hard to take seriously Verizon’s claim of “micromanaging” when, as here, the Proposal leaves to the Board’s discretion the most crucial matter of what share of equity compensation should be retained in order to better align compensation with long-term shareholder interests.

Moreover, shareholders at other companies have voted on similar “hold-past-retirement” proposals over the years, without any indication that the concept is too difficult or detailed for shareholders to express a view on the basic principle that there should be some measure of retention after an executive leaves the company.<sup>3</sup> If anything, those proposals were more prescriptive than the Proposal here, as they recommended that executives retain not less than 75% of their net after-tax shares. And more recently, shareholders have voted on proposals recommending a policy that senior executives hold a significant amount of equity compensation past the company’s normal retirement age; for some executives at least, this amounts to a hold-past-retirement recommendation.<sup>4</sup> Indeed, Verizon cites no precedent that proposals such as this one may be excluded on micromanagement grounds.

At the end of the day, the Proposal involves nothing more complicated than

---

<sup>3</sup> See Goldman Sachs Group Inc., Schedule 14A, Item 12 (7 April 2010), available at [https://www.sec.gov/Archives/edgar/data/886982/000119312510078005/ddef14a.htm#toc30412\\_59](https://www.sec.gov/Archives/edgar/data/886982/000119312510078005/ddef14a.htm#toc30412_59); Dow Chemical Co., Schedule 14A, Item 5 (31 March 2010), available at <https://www.sec.gov/Archives/edgar/data/29915/000119312510072466/ddef14a.htm>

<sup>4</sup> See Baxter International Inc., Schedule 14A, Item 6 (14 March 2024), available at <https://www.sec.gov/ix?doc=/Archives/edgar/data/10456/000119312524075975/d546571ddef14a.htm>; Bristol-Myers Squibb Co., Schedule 14A, Item 5 (28 March 2024), available at [https://www.sec.gov/ix?doc=/Archives/edgar/data/14272/000114036124016251/ny20016133x2\\_def14a.htm](https://www.sec.gov/ix?doc=/Archives/edgar/data/14272/000114036124016251/ny20016133x2_def14a.htm); Duke Energy Co., Schedule 14A, Item 5 (22 March 2024), available at <https://www.sec.gov/ix?doc=/Archives/edgar/data/1326160/000110465924037589/tm2327443d10-def14a.htm>; Gilead Sciences, Inc., Schedule 14A, Item 7 (28 March 2024), available at [https://www.sec.gov/ix?doc=/Archives/edgar/data/882095/000130817924000348/lgild2024\\_def14a.htm](https://www.sec.gov/ix?doc=/Archives/edgar/data/882095/000130817924000348/lgild2024_def14a.htm).

matters on which Verizon shareholders have routinely voted in the past with respect to the Company's equity compensation program:

- Stock retention policy: Verizon shareholders voted three times in the last ten years on this proposal – and without any objection from Verizon – with a “yes” vote at the last meeting of 31%.<sup>5</sup>

Other equity compensation topics on which Verizon shareholders have voted in recent years include:

- Executive compensation clawback: Verizon shareholders voted on a proposal to amend the Company's clawback policy, which at bottom is nothing more than a condition for an executive to receive equity compensation;<sup>6</sup>

- Shareholder approval of some golden parachutes: Verizon shareholders voted on a proposal to require shareholder approval of all golden parachutes greater than 2.99 times executives' base plus bonus, which would affect equity awards;<sup>7</sup>

At the heart of Verizon's argument is a paradox: This modest change to the existing program is said to be an attempt to manage something too complex for shareholders to address and deals with a topic best left to management. The paradox is that Verizon and many other companies routinely submit their *entire* equity compensation plan to a shareholder vote; shareholders are presumed competent to understand and pass judgment on the entire plan and all its various facets – and they are free to vote “no” if there are particular elements of which they disapprove.

This Proposal is analytically similar: It identifies one facet of Verizon's

---

<sup>5</sup> Verizon Communications, Schedule 14A, Item 10 (17 March 2017), available at <https://www.sec.gov/Archives/edgar/data/732712/000119312517089144/d285644ddef14a.htm> and Form 8-K, Item 10 (10 May 2017), available at [https://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0000732712&type=8-K&dateb=20180101&owner=exclude&count=40&search\\_text=](https://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0000732712&type=8-K&dateb=20180101&owner=exclude&count=40&search_text=)

<sup>6</sup> Verizon Communications, Schedule 14A, Item 6 (25 March 2024), available at [https://www.sec.gov/ix?doc=/Archives/edgar/data/732712/000130817924000279/lvz2024\\_def14a.htm](https://www.sec.gov/ix?doc=/Archives/edgar/data/732712/000130817924000279/lvz2024_def14a.htm).

<sup>7</sup> Verizon Communications, Schedule 14A, Item 8 (27 March 2023), available at <https://www.sec.gov/ix?doc=/Archives/edgar/data/732712/000119312523080439/d401667ddef14a.htm>

current equity compensation plan that invites shareholders to express themselves as to whether there should be a hold-past-retirement provision – just as shareholders have previously expressed themselves on topics such as a clawback provision or golden parachutes.

The letters cited by Verizon do not address this real-world experience, but instead deal with situations far more intrusive than the policy-level recommendation at issue here. Verizon first cites seven letters for the proposition that a company may exclude proposals that “inappropriately limit management’s discretion in the implementation or adoption of complex corporate matters.” Verizon Letter, p. 3. However, six of those letters dealt with operational issues, not executive compensation issues, and did so in considerably more detail than the Proposal at issue here.<sup>8</sup> The only proposal cited by Verizon that did address compensation, *AT&T Inc. (Gaglione)* (15 March 2023), involved a “golden coffins” proposal that the company contended went beyond giving “high level direction” to management by “dictating how, when and on what terms the Company may offer” such arrangements. Here, by contrast, the Proposal speaks at a very “high level,” recommending a policy and leaving the board to define what is “significant” and other important matters.

For all its rhetoric about how the Proposal overreaches, Verizon never explains exactly how the Proposal goes a step (or many steps) beyond what is permitted. Verizon never argues, for example, that stock ownership policies for senior executives are *per se* an “ordinary business” concern – and indeed it is doubtful that Verizon could ever maintain such a claim, given the rich history of shareholder votes on the topic.

The fact that the Proposal suggests a two-year hold-past period surely cannot be what is fatal. The discussion of micromanagement in *Staff Legal Bulletin 14L* noted that the “Commission clarified in the 1998 Release that specific methods, timelines, or detail do not necessarily amount to micromanagement and are not dispositive of excludability.” Would Verizon view a one-year hold-past period as acceptable? Or is Verizon really arguing that executive compensation policies generally (or even stock ownership policies specifically) are off-limits to shareholders?

---

<sup>8</sup> *Deere & Co.* (3 January 2022) (proposing publication of employee training manual); *Chubb Limited* (27 March 2023) (timebound phaseout of funding and insuring fossil fuel operations); *The Kroger Co.* (25 April 2023) (proposal to use specific supplier to provide tomatoes); *Amazon.com Inc. (Green Century)* (7 April 2023) (specific method proposed to measure Scope 3 GHG emissions); *JP Morgan Chase & Co. (Christensen Fund)* (30 March 2018) (proposing specific methods for implementing policies on funding tar sands oil production, *e.g.*, report should address how “tar sands financing aligns with the Company’s support for Indigenous Peoples’ rights”).

We are never told, but Verizon seems to give away the game when it argues (at p. 5) that the Proposal is flawed because it expresses the view that Verizon's existing policies "do not go far enough" and that the board of directors has a human resources committee to consider the issue. This will not do. The only reason to offer a shareholder proposal is if a shareholder believes that a company's existing policy on a given topic is inadequate. And indeed, Verizon shareholders have been expressing themselves for years on various facets of Verizon's executive compensation policies, most recently as last year. See Verizon Communications, Inc., Schedule 14A, Item 6 (24 March 2024) (proposal to make an executive's "conduct" – not "willful misconduct" – the trigger for Verizon's clawback policy).

The letters Verizon cites on this point (at p. 6) all involve proposals with a more hands-on effort to set compensation levels or to bar certain payments based on certain ratios or performance standards. None of those factors is present here.<sup>9</sup>

### CONCLUSION.

For these reasons Mr. Steed respectfully asks the Division to advise Verizon that the Division does not concur in Verizon's assessment.

Thank you for your consideration of these points. Please do not hesitate to contact me if we can provide any additional information.

Respectfully submitted,



Cornish F. Hitchcock

cc: Matthew Dolloff

---

<sup>9</sup> *Rite Aid Corp.* (23 April 2021) (barring equity grants if company stock price is lower than the grant date of prior grants); *Johnson & Johnson* (12 February 2020) (barring payment of annual bonuses for some period of time); *Gilead Sciences, Inc.* (23 December 2020) (reducing pay ratio for executives); *The Walt Disney Co.* (6 December 2019) (imposing pay ratio for executive compensation).



**Verizon Communications Inc.**  
**One Verizon Way**  
**Mail Code VC54S**  
**Basking Ridge, NJ 07920**

**Matthew Dolloff**  
**Counsel**  
**908.386.0200**  
**matthew.dolloff@verizon.com**

February 11, 2025

**By electronic submission**

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. 2025 Annual Meeting**  
**Shareholder Proposal of Thomas M. Steed**

Ladies and Gentlemen:

I refer to my letter dated January 3, 2025, pursuant to which Verizon Communications Inc. (“Verizon”) requested that the Staff of the Division of Corporation Finance (the “Staff”) of the Securities and Exchange Commission concur with our view that the shareholder proposal and supporting statement submitted by Thomas M. Steed (the “Proponent”) may be properly excluded from the proxy materials to be distributed by Verizon in connection with its 2025 annual meeting of shareholders. Mr. Cornish F. Hitchcock responded to our request on behalf of the Proponent by letter dated January 28, 2025.

In the interests of bringing this matter to a prompt resolution, unless the Staff requests additional comments from Verizon, we do not intend to respond to Mr. Hitchcock’s letter.

If you have any questions with respect to this matter, please telephone me at (908) 386-0200.

Very truly yours,

Matthew Dolloff  
Counsel

Cc: Cornish F. Hitchcock  
Thomas M. Steed