

VERIZON COMMUNICATIONS INC

Form DEF 14A

March 18, 2019

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

SCHEDULE

(RULE 14a-101)

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

VERIZON COMMUNICATIONS INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

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(4) Date Filed:

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Q & A with our CEO

Hans Vestberg

Our company's very purpose is to connect people and enable their creativity and vision. We believe we can help bring people together across cultures and continents to solve important problems.

How would you describe Verizon's performance in 2018?

2018 was an outstanding year for Verizon, and I am proud of the team we have built and the foundation we have laid for 2019 and beyond. We finished 2018 by delivering solid financial and operational performance, and my conversations with our investors and analysts have been very positive. We remain confident in our vision.

2018 was a year that will be entered into the history books as the year that 5G became available to the consumer public, and Verizon was the first in the world to bring it to market. We launched 5G Home in Houston, Sacramento, Los Angeles, and Indianapolis in the fall and will be rolling out more cities in 2019. 5G promises to be the foundational technology of the Fourth Industrial Revolution, fundamentally transforming our world in ways that we can't even imagine yet. 5G Home is helping us perfect our market offerings, receive feedback from customers, and dominate the conversation about this revolutionary technology as we prepare to offer it more widely and for mobile access in 2019.

2018 was also exciting for me personally as I transitioned to the role of CEO, and I can't thank Lowell enough for being a great mentor and friend and for setting us up for a strong future. We are building on this seamless transition

and reorganizing the company into three business groups with three strong leaders at the helm: Ronan Dunne for Consumer, Tami Erwin for Business, and Guru Gowrappan for Media. We will assume this structure in Q2 of 2019, capitalizing on the success of 2018. This is the perfect foundation for Verizon 2.0, the next generation of our company.

Can you expand on the Verizon 2.0 strategy and the new direction in which you are taking the Company?

Verizon 2.0 is all about building on what made Verizon the best company in our industry and taking us to the next level. When I announced this to our employees, the V Team, I committed that the company was going to focus on very tangible goals in Verizon 2.0. These are improving customer satisfaction; continuing to be first in 5G and Intelligent Edge Network architecture; growing our Network-as-a-Service solutions; growing our services with Verizon Media and Verizon Connect; inviting our strategic partners to play a larger role in our ecosystem; and creating an inspiring work environment that embraces change and encourages curiosity and strategic risk taking.

This new direction is part of a strategic shift to focus on what makes Verizon the best in our industry: our

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unrelenting focus on enabling our customers to do the amazing things they do every day with our networks and products. The wireless and wireline industries are at a crossroads, and our competitors are going in different directions to differentiate themselves. We don't need to do that. We have the best networks, the best products, and are best positioned to help usher in the Fourth Industrial Revolution on 5G. Verizon 2.0 will help us to be prepared to capitalize on our inherent advantages.

What do you see as Verizon's social and economic purpose? How do sustainability initiatives help achieve that purpose?

I believe, and I feel our customers and V Teamers believe, that Verizon must be a model for social global stewardship. It is difficult for one person to impact the world, but as a company with over 140,000 creative, passionate employees and millions of valued customers around the world, we have an opportunity to make our mark on issues that matter and to try to take the world in a better direction. Our company's very purpose is to connect people and enable their creativity and vision. We believe we can help bring people together across cultures and continents to solve important problems.

Verizon is taking this responsibility seriously, and we will continue to strive to lift up people and voices with less opportunity through the work of our Foundation as well as in our everyday activities. For example, since access to the Internet and reliable communications services are essential to economic and educational success, we are in a unique position to help the next generation of students be better equipped for the future. Our Verizon Innovative Learning initiative delivers free technology, free access and innovative learning programs to under-resourced schools and students across America.

Our sustainability initiatives are another example of our conviction. Protecting our planet and its citizens must be integrated into everything we do, not just because our impact can be significant but also because it is the right thing to do. We have a responsibility to think about the world we live in as we are bringing our networks and products to market, and I want our company to be a leader in sustainability.

What kind of culture are you working to create at Verizon as the new CEO?

Culture is everything to me. When people love what they do and the place they work, their best ideas come to life to improve our organization, our services, and our world. I want people to be encouraged to take risks, to try new things, and to be willing to fail—and that comes from a strong culture. I travel around the world and try to meet with employees everywhere I go. I will stop by a Verizon store and ask our team what they want from their company, and they often tell me the same things. They want to be able to try new things and experiment to make their jobs and the customer experience better. They want leadership that understands that there is no one size fits all and that what works in one location may not work in another. And most importantly, they tell me that they want opportunity to shape their careers and to remain part of this exciting company's journey as we all work together to change the world.

Encouraging that culture and the leadership that it requires is my number one internal priority. I want both new and experienced leaders to support their people and to expand their expertise by trying new things, and I want employees to know that we have their backs. And we will give it 100% effort and attention. That too is culture, and I see it as imperative to our company's success.

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Notice of Annual

Meeting of Shareholders

How to Vote

Shareholders as of the close of business on March 4, 2019, the record date, may vote at the meeting.

If you are a registered shareholder, you may vote online at www.envisionreports.com/vz, by telephone or by mailing a proxy card. You may also vote in person at the annual meeting. If you hold your shares through a bank, broker or other institution, you will receive a voting instruction form that explains the various ways you can vote. We encourage you to vote your shares as soon as possible.

Important Notice Regarding Availability of Proxy Materials

for Verizon's Shareholder Meeting to be Held on

May 2, 2019

The 2019 Proxy Statement and 2018 Annual Report are available at www.edocumentview.com/vz.

Verizon Communications Inc.

1095 Avenue of the Americas

New York, New York 10036

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Time and Date

Thursday, May 2, 2019

8:45 a.m., local time

Place

Rosen Shingle Creek

9939 Universal Boulevard

Orlando, Florida 32819

Items of Business

Elect the 10 Directors identified in the accompanying proxy statement

March 18, 2019

By Order of the Board of Directors,

William L. Horton, Jr.

Senior Vice President, Deputy General Counsel

and Corporate Secretary

Ratify the appointment of the independent registered public accounting firm

Approve, on an advisory basis, Verizon's executive compensation

Act on the shareholder proposals described in the proxy statement that are properly presented at the meeting

Consider any other business that is properly brought before the meeting

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Proxy Summary

This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information you should consider, so you should read the entire proxy statement before voting. For information regarding Verizon's 2018 performance, please review Verizon's 2018 Annual Report to Shareholders.

Our Strategy

Continued Network Leadership

Network as a Service

5G & Intelligent Edge Network

Customer Driven Models

Operating Model Based on Customer Needs

Company-wide Assets for New Applications & Services

Ecosystem Partnerships

Trusted Brand

Customer Trust & Innovation

Responsible Business Practices

Financial Discipline

Balanced Capital Allocation

Best-In-Class Cost Models

Meeting Information

Date and Time May 2, 2019 at 8:45 a.m., local time

Place Rosen Shingle Creek, 9939 Universal Boulevard, Orlando, Florida

Record Date March 4, 2019

Admission and Voting Information can be found beginning on page 83

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Proxy Summary

Corporate Governance Highlights

Corporate Governance Highlights

Shareholder Rights

| | |
|--|--|
| Majority Voting in Director Elections | Verizon's bylaws provide for the election of Directors by a majority of the votes cast in an uncontested election. This provision can only be changed by a majority vote of the shareholders. |
| Call a Special Meeting | Any shareholder owning at least 10% (or any group of shareholders owning at least 25%) of Verizon's outstanding common stock may call a special meeting of shareholders. Our bylaws include requirements relating to special meetings. |
| Proxy Access | Any shareholder (or any group of up to 20 shareholders) owning at least 3% of Verizon's outstanding common stock for at least three years may include a specified number of director nominees in our proxy materials for the annual meeting of shareholders. |
| No Poison Pill | Verizon does not have a shareholder rights plan, commonly referred to as a poison pill. Any shareholder rights plan adopted by our Board must be approved by shareholders within one year and then re-approved every three years. |
| Ratify Executive Severance Agreements | Shareholders must ratify any employment or severance agreement with an executive officer that provides for severance benefits exceeding 2.99 times the sum of the executive's base salary plus non-equity incentive plan opportunity. This policy is |

described on page 50.

Board Governance

| | |
|--------------------------------|--|
| Director Independence | Currently, 10 of our 12 Directors are independent, and the standards that our Board uses to assess independence are more stringent than those of the New York Stock Exchange (NYSE) or The Nasdaq Stock Market (Nasdaq). For more information about the independence of these 10 Directors, see Independence on page 7. |
| Board Leadership | Currently, the CEO serves as Chairman of the Board, in consultation with an independent Lead Director. You can read about the respective roles and responsibilities of the Chairman and the Lead Director, and why our Board believes Verizon's shareholders are best served by this leadership structure, under Board Leadership on page 14. |
| Limits on Board Service | To ensure that our Directors have sufficient time to devote to their responsibilities on Verizon's Board, our Corporate Governance Guidelines provide that Directors with full-time roles in for-profit businesses should serve on no more than three public company boards, and other Directors should serve on no more than four public company boards. Members of our Audit Committee should serve on no more than two other public company audit committees. |
| Stock Ownership | Within three years of their election, Directors must hold Verizon stock with a value equal to three times the cash component of the annual Board retainer. Share equivalents held in any deferral plan are included when calculating the number of shares held. Directors may not divest the share equivalents they receive upon joining the Board or in connection with their annual equity grant while they are serving on the Board. |
| Director Retirement | Directors must retire from the Board the day before the annual meeting of shareholders that follows their 72nd birthday. The size of the Board will be reduced by one for each such retirement. |

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Proxy Summary

Executive Compensation Program Highlights

Executive Compensation Program Highlights

Our executive compensation program reflects Verizon’s commitment to industry-leading compensation and governance practices. The program is discussed in detail in the Compensation Discussion and Analysis beginning on page 29.

Objectives

Pay-for-Performance

Align executives’ and shareholders’ interests

Extensive focus on variable, incentive-based pay

Attract, retain and motivate high-performing executives

No defined benefit pension or supplemental retirement benefits

Governance Leader

Year-round shareholder outreach

No executive employment agreements

Shareholder approval policy for severance benefits

No cash severance benefits for the CEO

Significant executive share ownership requirements

No tax gross-ups

Clawback policies

Anti-hedging policy

Say-on-pay advisory vote every year

Independent compensation consultant
2018 Compensation

The summary below shows the 2018 compensation for each of our named executive officers, as required to be reported in the Summary Compensation table pursuant to U.S. Securities and Exchange Commission (SEC) rules. Please see the notes accompanying the Summary Compensation table beginning on page 52 for more information.

| Name and Principal Position | Salary | Bonus | Awards | | Non-Equity Incentive Compensation | Deferred Compensation | All Other | Total |
|---|-----------|-----------|------------|--------|-----------------------------------|-----------------------|-----------|------------|
| | | | Stock | Option | | | | |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Hans Vestberg* Chairman and Chief Executive Officer | 1,235,385 | 1,000,000 | 16,600,082 | 0 | 2,752,250 | 0 | 618,369 | 22,206,086 |
| Matthew Ellis Executive Vice President and Chief Financial Officer | 792,307 | 0 | 4,800,020 | 0 | 1,308,000 | 0 | 160,349 | 7,060,676 |
| K. Guru Gowrappan** Executive Vice President and CEO | 603,448 | 1,999,998 | 8,695,827 | 0 | 1,020,000 | 0 | 433,665 | 12,752,938 |

Verizon Media Group

| | | | | | | | | |
|---|---------|---|-----------|---|-----------|---|---------|-----------|
| Marc Reed Executive Vice President and | 821,154 | 0 | 4,950,064 | 0 | 1,348,875 | 0 | 232,377 | 7,352,470 |
|---|---------|---|-----------|---|-----------|---|---------|-----------|