

## FOR IMMEDIATE RELEASE

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### Verizon Shareholder Proposal on Open Internet Issues Receives Support from Leading Proxy Advisory Firm ISS

A shareholder proposal asking Verizon Communications Inc. (NYSE: VZ) to issue a report about the risks confronting the company because of its positions on net neutrality and open Internet issues has received support from the leading advisor to institutional investors.

The shareholder proposal can be voted on by Verizon shareholders either by proxy over the next two weeks, or in person at the company's annual meeting on May 2.

[ISS Proxy Advisory Services](#) issued a FOR recommendation to its clients in support of the proposal, concluding:

“Given the public and sensitive nature of net neutrality and open Internet issues, shareholders would benefit from additional, specific information about how Verizon is managing these public policy concerns. Providing such information would not be unduly burdensome and could help shareholders assess the company's management of potential risks related to these issues. Therefore, this proposal merits shareholder support.”

ISS went on to note that “Although Verizon has expressed its commitment to supporting an open Internet, the company is currently the lead party in a court challenge opposing the FCC's Open Internet rules.”

Network neutrality is the principle that all Internet traffic should be treated equally. Net neutrality prevents Internet providers from blocking, speeding up or slowing down content based on its source, ownership or destination.

The [shareholder proposal](#) was co-filed by [Trillium Asset Management LCC](#) and the [Nathan Cummings Foundation](#). In a [recent letter to Verizon shareholders](#) seeking support for the proposal, Trillium explained that “the explosive growth of the Internet over the last two decades is in many ways attributable to the *de facto* observance of network neutrality principles by all major players in the digital universe.”

The letter noted that Verizon is currently fighting network neutrality rules in a lawsuit against the Federal Communications Commission, “thereby potentially tampering with the Internet as an engine of economic growth and possibly inflicting huge, costly risks on the U.S. economy, the global economy, under-represented communities and the public at large.”

“The public record demonstrates that Verizon's disclosures to shareholders are wholly inadequate and fail to provide analysis and discussion of a growing number of risks brought about by the Verizon's strategy of voicing support for network neutrality principles while actively seeking to undermine them,” the shareholder letter said.

Among other risks, the shareholder letter said, are those arising from Verizon's “bold claim that its management of networks is protected by the First Amendment, and that the Company is entitled to exercise ‘editorial discretion.’” The letter noted that many legal observers feel that by arguing for

“editorial discretion” Verizon might give rise to arguments that would eliminate “safe harbor” protections from liability that it currently enjoys under the Communications Decency Act of 1996 and the Digital Millennium Copyright Act.

The letter also noted the concerns of a group of prominent venture capital investors that are leaders in the development of Internet applications. In a federal appeals court [filing](#), the venture capital firms said:

The freedom and openness of the Internet are now being threatened in unprecedented ways, because of structural changes in the way the Internet is being offered to consumers. The providers of the Internet today—the cable and telephone companies—are now motivated, like never before, to interfere with the content that passes through their pipes.

In a world without network neutrality rules, network providers are allowed to discriminate against applications. If a network provider blocks an application, that application will not reach its users, and the application provider will not profit. Because application discrimination threatens application providers’ profits, it also reduces application providers’ incentives to innovate. Finally, it reduces the incentives of investors...to invest in new technologies.

“The notion that the investment market might be hostile to net neutrality is woefully misplaced and a gross oversimplification of the economic opportunities and risks at stake,” said Jonas Kron, Senior Vice President, Trillium Asset Management. “Net neutrality is a precursor to a well functioning marketplace where innovators are free to innovate and ISPs focus on what they do best – managing the network.”

“This shareholder vote coming just before argument begins in *Verizon v FCC* is significant,” said Laura Campos, Director, Shareholder Activities, Nathan Cummings Foundation. “Management should consider how it moves forward in the face of clear shareholder concern.”

Michael Connor, Executive Director of [Open MIC](#), a non-profit organization that works with companies and shareholders on open media issues, said: “This issue isn’t going to go away. Verizon’s Board takes a significant risk if it ignores these shareholder concerns.”

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