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## **Open Internet Proposal at Verizon Wins 24.1% of Shareholder Votes**

### ***Concerns about FCC Lawsuit, Business Risks Prompt 3-fold Increase in Votes from 2012***

NEW YORK – About one-quarter of all Verizon Communications Inc. (NYSE:VZ) shareholder votes were cast in favor of a proposal that asks the company to report on business risks from Verizon's controversial FCC lawsuit and other actions to oppose open Internet and network neutrality principles.

Net neutrality is the principle that all Internet traffic should be treated equally and that Internet providers cannot block, speed up or slow down content for any reason. While Verizon has expressed its commitment to supporting an open Internet, it is currently the lead party in a lawsuit opposing the FCC's Open Internet rules.

The shareholder proposal was filed by Trillium Asset Management LLC and the Nathan Cummings Foundation. It asks Verizon to issue a report on "how Verizon is responding to regulatory, competitive, legislative and public pressure to ensure that its network management policies and practices support network neutrality, an Open Internet and the social values described [in the proposal]."

The preliminary vote of 24.1% in favor of the net neutrality proposal was reported at Verizon's May 2 annual meeting in Tulsa, Oklahoma. This represents a three-fold increase in support from a similar action filed last year, which garnered 7.9% of shareholder votes in favor of a net neutrality proposal.

In an open letter to Verizon shareholders, the proposal sponsors said failure to uphold network neutrality could present "serious legal, regulatory, reputational and financial risks" to Verizon while potentially reducing consumer choice, stifling economic growth and creating enormous barriers to tech innovation.

The proposal sponsors argued that Verizon is employing a strategy of voicing support for open Internet principles while actively seeking to undermine them, as evidenced by its current lawsuit with the Federal Communications Commission.

"This significant indication of shareholder concern about Verizon's risky and aggressive approach to net neutrality suggests that investors lack confidence in how the company is handling the issue," said Jonas Kron, Senior Vice President, Trillium Asset Management. "Management needs to take tangible steps to regain that confidence."

Laura Campos, director of shareholder activities at the Nathan Cummings Foundation, said, "The Foundation co-sponsored this proposal because we think an open Internet is critically important to both Verizon's long-term business and the economic health of the country. This vote clearly indicates that a growing number of shareholders agree with us."

Michael Connor, Executive Director of Open MIC, a non-profit organization that works with investors and companies on open media issues, said: "This issue is important – and it's not

going to go away. We will continue to press the case for an open Internet with Verizon and other Internet service providers.”

In its court filings related to the FCC lawsuit, Verizon has made a bold claim that the company is entitled to exercise “editorial discretion” to decide which content it provides to consumers that access the Internet using its services. Many legal observers feel that by employing “editorial discretion” Verizon could give rise to arguments that would eliminate its current “safe harbor” protections from liability, which the company currently enjoys for its Internet content that violates the Communications Decency Act of 1996 and the Digital Millennium Copyright Act.

In addition, the proposal’s sponsors argued that the future of tech entrepreneurship could be threatened. They noted the concerns of prominent venture capital investors who are leaders in the development of Internet applications. Many of today’s most successful companies—eBay, Amazon, Google, Facebook, Twitter—were once small startups that relied on open Internet access to grow into the companies they are today.

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