

The News Register

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“Intra-organization Communication is the Life-Blood of our organization.”

The hot topic this year at annual spring stockholder meetings is executive compensation, a subject that AASBCR_{SM} has been active in bringing forward for shareholder consideration.

Sami Lais of the Washington Technology Magazine ran an interesting article recently regarding this subject. He said that the so-called “golden coffin” provisions, (compensation to executives should they die while employed by the company) are generating many objections from shareholders. A shareholder proposal slated for consideration at Verizon’s May 7 annual meeting would require that the board get shareholder approval for after-death payments to senior executives. For example, according to the Wall Street Journal, Ivan Seidenberg of Verizon would receive \$43.4 million under current “golden coffin” provisions. The shareholder proposal states, “Senior executives have ample opportunities to provide for their estate [through services often] subsidized by the company.”

Severance and retirement package for executives are also notable issues. While the board of directors at Qwest will recommend a policy that limits executive severance benefits to no more than 2.99 times salary and bonus, a Qwest stockholder proposed a policy barring payment for those years the departing executive has **not** worked. When former CEO Richard Notebaert left Qwest in August, 2008, he was paid \$848,000 for the 5+ years he worked and an additional \$10.99 million based on 30.3 years of credited service. The proposal states that at a time when Qwest is cutting retiree benefits “such gross disparities between the retirement security offered to senior executives and other employees can create morale problems and increase turnover.”

AT&T shareholders, raising the issue of executive compensation, feel their opinion should be heard as to how much executives are paid. The shareholder proposal notes that a study showed “over the five

fiscal years through 2005, then CEO, Edward Whitacre, received \$85.2 million in compensation, while shareholder return was negative 40.3 %.” When Whitacre retired in 2007, the proposal points out, he “received a \$158.4 million pension package”. Stockholder’s support or non-support of this compensation package has not been solicited.

While there are no votes scheduled at Sprint Nextel’s shareholder meeting on May 12, the company described their executive compensation policies in detail in its proxy statement, saying “In light of the current economic conditions, in February 2009, the Compensation Committee decided thatsenior management should have at least a 15 percent reduction in their (long term incentive) awards for 2009.”

Like other telecommunications companies, Level 3 Communication Company, an international provider of fiber based communications, has an acute interest in executive compensation. While no votes on compensation are scheduled at their annual meeting in May, the company describes their executive compensation policies at length in their proxy statement, addressing both current and post employment benefits.

The abuse of some perks also angers stockholders. When Qwest CEO, Ed Mueller, joined the company in 2007 and relocated to Denver, the corporate jet was made available for the personal use of his daughter so she could attend high school in California (value in 2007= \$281,000). However at Level 3 Communications, executives are required to reimburse the company at the rate of \$2,000 per hour for use of the corporate jet. The CEO at Level 3 paid the company \$178,993 for this perk in 2008.

If you are an AT&T shareholder, AASBCR_{SM} urges you to vote **FOR** Articles 8 and 9, which address the executive compensation, “say for pay” issues. If you feel that AT&T is a company “where the disconnect between pay and performance is particularly stark” and that the disparities between retirement security offered to senior executives and that offered to other employees are significant, then urge your friends and family, neighbors, brokers, etc. to support Articles 8 and 9 in the 2009 AT&T Proxy Statement.