

## VERIZON EXECUTIVE COMPENSATION PLAN

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**Krosnowski & Scott LLC**  
Investment & Retirement Planning Specialists

### GLOSSARY OF TERMS

EDP*	=	Executive Deferral Plan
IDP	=	Income Deferral Plan
LTI	=	Long Term Incentive Plan
PSU	=	Performance Stock Units
RSU	=	Restricted Stock Units
STIP**	=	Short Term Incentive Plan
VIP	=	Verizon Incentive Plan

\* The EDP replaced the IDP

\*\* The STIP replaced the VIP

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CATEGORY	IMPORTANT DATES			INVESTMENT OPTIONS	TAXATION	COMMENTS
	Salary Deferral	Vesting	Distribution Options			
<p><u>Long Term Incentive Plan (LTI):</u> Restricted Stock Units (RSUs) &amp; Performance Stock Units (PSUs) *</p>	*May 15 to June 15 elect cash, defer or combination (PSUs)	Three Years	After the three year vesting period, receive cash or defer assets into the EDP		Distributions from the plan that are not deferred into the EDP are taxed as ordinary income	<p>Not eligible for company matching contributions</p> <p>During the year you retire you must be on the payroll on July 1<sup>st</sup> to be eligible to qualify to receive the PSU award for that year</p> <p>PSUs awarded in 2011 become payable in 2015 during the middle of the 1<sup>st</sup> quarter.</p>
Short Term Incentive Plan (STIP)	May 15 to June 15 elect cash, defer or combination	Three Years	Receive cash distribution or defer assets into the EDP		Distributions from the plan that are not deferred into the EDP are taxed as ordinary income	<p>100% of STIP award can be deferred</p> <p>Deferral election made in May or June of the year the award is earned cannot be changed after June 30<sup>th</sup> of that year</p> <p>Eligible for company matching</p>
Executive Deferral Plan	All company contributions	100% employee	Lump sum at time of separation from	Verizon Savings Plan	Distributions are taxed as ordinary	The EDP provides an easy way to defer taxation of

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<p>(EDP)</p>	<p>will be distributed in a lump sum payment following your separation from service.</p>	<p>vesting</p> <p>Personal deferrals are immediately vested</p> <hr/> <p>Company contributions vest at the same time as the company match for management employee in the Savings Plan.</p>	<p>service or annually within 2 to 20 year period</p> <hr/> <p>Distributions can begin at separation from service or on a specified date either before or after your separation date</p> <hr/> <p>If you elect to receive a distribution based on a specific date, you can change your distribution elections provided that (1) you make the change at least 12 months prior to the original date (2) you delay the date by at least 5 yrs. and (3) you will not receive your distribution sooner. You cannot change from annual installments to a lump sum distribution.</p> <p>If you elect to receive a lump sum or begin</p>	<p>investments plus Moody's Bond portfolio</p>	<p>income</p>	<p>your annual base salary STIP and LTI awards. The EDP allows you to receive the full company matching contribution up to 6% of your compensation. If you defer at least 5% or 6% of the sum of your base salary and STIP, the company will add an equal "matching contribution credit".</p> <p>If you defer less than the 6% sum, 100% of the first 4% and 50% of next 2% will receive a company matching contribution credit.</p> <hr/> <p>EDP withdrawals are subject to Federal, State and FICA taxes. The Plan's administrator has full authority to withhold taxes.</p> <hr/> <p>Deferral elections submitted during enrollment in Nov. or Dec. of preceding year and cannot be changed as of</p>
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			receiving installments at separation from service your election is irrevocable		Dec. 31 <sup>st</sup> of preceding year  <hr/> Eligible for company matching  <hr/> Distributions can be made in lump sum payment or annual installments (between 2 and 20 years)
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