

A Free and Open Internet

WHEREAS: The Internet has become a defining infrastructure of our economy and society; Internet Service Providers like Verizon forge rules that shape, enable and limit Internet use.

Federal Communication Commission (FCC) Chairman Genachowski recently noted that a free and open Internet is an “unprecedented platform for speech, democratic engagement, and a culture that prizes creative new ways of approaching old problems.” A free and open Internet, he said, demands Americans' attention because the Internet must play a critical role in solving the “great challenges [we face] as a nation right now, including health care, education, energy, and public safety.” He asserted: “We have an obligation to ensure that the Internet is an enduring engine for U.S. economic growth, and a foundation for democracy in the 21st century.”

These issues have attracted considerable public interest since at least 2005 when the FCC first articulated open Internet principles and may present financial risk to the company.

The widespread interest in a free and open Internet (so-called “net neutrality”) is echoed by recent letters from hundreds of organizations including the American Library Association, Writers Guild of America, West, National Gay and Lesbian Task Force, and Consumer Federation of America. As a letter from minority advocates put it, applications of net neutrality principles “to wireline and wireless networks are essential for extending the proven benefits of the Internet to poor people and people of color.”

Hundreds of federal and state legislators have written to the FCC on these issues. Congress is now considering the Internet Freedom Preservation Act and the Internet Freedom Act. The FCC is also considering a proposed rule.

Verizon’s opposition to the FCC’s proposed rule-making was formulated and announced even before the proposed changes were made public in October 2009. One day earlier, Verizon CEO Ivan Seidenberg told an industry convention it would be a “mistake, pure and simple” for the FCC to impose a “burdensome regime” of regulation on the Internet. In contrast, the CEO of Qwest Communications, speaking one week after the FCC announcement, told Wall Street analysts that Qwest is not concerned with the issue and believes the rules which might be put in place will be adequate.

The Washington Post and OpenSecrets.org report that Verizon is among the most active lobbyists on these issues.

We believe independent members of the Board should give the Company's position on this issue a second look to insure that the Company is adequately considering its social obligations as well as the risks and opportunities presented by this issue.

RESOLVED: Shareholders request a committee of independent directors publish a report, by August 2010 at reasonable cost and excluding confidential information, re-examining our Company's policy position and discussing how the Company could address the challenges presented by the free and open Internet issue in the context of Verizon’s corporate social responsibility, its reputation, and the impact of the company's policies on customers, communities, and society.