

US: Hundreds denied early retirement at Verizon telecommunications

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Hundreds of employees at telecommunications giant Verizon were denied an early retirement package last month and forced at the last minute to decide whether to retire without the extra incentive or continue working.

The workers only found out that they were denied the package less than a day before most were set to leave the company. They had to scramble to cancel their retirement plans in order to remain on the company's payroll.

George Rifendifer, a cable splicer with 32½ years who works out of the construction and repair garage in Indiana, Pennsylvania, a small city located about 60 miles east of Pittsburgh, said, "We were led to believe that everyone would get the package, they kept telling us that if you want to go, put in for the package."

Three cable splicers and two members of the line crew had accepted the offer. "Our supervisors took the whole garage out to lunch the day before we were to leave," Rifendifer said. "One of the supervisor's pager went off during the meal. He went to call and when he came back he said that three of us couldn't take the offer."

The union workers were some of the more than 21,000 workers and management at Verizon who chose to accept an early retirement package as part of the company's efforts to cut costs and boost its falling stock price. Employees had until November 14 to accept the offer and then had to be off the payroll by November 22. On Monday, November 17, Verizon sent out an email announcing that 15,000 managers and 5,600 vocational employees had accepted the early retirement. But on the afternoon of Thursday, November 20, the company sent out a notice that not all vocational employees who accepted the offer would be granted it.

"It was dirty," said Daniel Oliver, a cable splicer with 35 years who works out of a garage in Greensburg, Penn., also near Pittsburgh. "I found out at 2:30 in the afternoon on the day before I was supposed to retire that I couldn't go. I had had my exit interview, filled out forms, had my wife sign forms and paid off a loan.

"We were told over and over that everyone would be accepted. Then they turned around and said that we could not retire. One cable splicer was so disgusted with Verizon that he chose to leave anyway. He said he would 'not work another day for a company that treats its employees this way.' The thing is, he didn't even want to retire in the first place. But when he realized all the rest of us were planning to leave, he didn't want to be the only old-timer left in the garage."

For vocational employees, the incentive amounted to \$10,000 plus \$2,200 per year for up to 30 years of service and \$3,750 paid toward education or job training. In addition, the company temporarily increased pensions by 5 percent and gave the employees a more favorable interest rate in calculating the value of the lump sum payment for those who wanted to cash in their pension plans. Management were also given an incentive to retire.

"I can't believe they did this to us," said Oliver. "All along they were saying everyone could retire and then at the last minute they take it away from us. I will remember this for a long time."

John Bonomo, a spokesperson for Verizon, stated that a final count shows that 15,550 managers and 5,710 union members had been granted the buyout. However, he stated that Verizon is refusing to release the number of workers who applied for the buyout but were denied. Estimates range from a low of several hundred up to as high as 2,400.

Dick Johns, an official of Communication Workers of

America Local 13000, stated that 130 workers in Pennsylvania were denied the buyout offer but that the union did not have a national count.

Verizon is under enormous pressure to cut costs and boost its stock price, which has fallen by 50 percent since its high three years ago. Even during the recent rally on Wall Street, Verizon stock remained stagnant and has fallen 25 percent when compared to the Standard & Poor's 500. Verizon has been hit hard by the recession. Growth in land lines, wireless and data have been far less than expected. Verizon is also under a mountain of debt that it acquired during the telecom boom of the late 1990s, buying up new companies and buying back stock to keep its price artificially high. The company is seeking to drastically cut costs to boost revenues. The 21,260 workers and managers that chose to retire represent nearly 10 percent of the company's workforce.

The treatment of hundreds of Verizon employees who were denied the retirement package, and even the package given to both vocational and lower-level management, is in sharp contrast to the vast sums which are dished out each year to Verizon's upper management.

When Charles Lee, co-CEO of Verizon, retired last year he received a retirement package from Verizon worth \$29,300,000. In addition he was kept on as chairman of the board and hired as a consultant, a position he will retire from at the end of this year.

According to TheStreet.com, Charles Lee was the highest paid telecom executive, making over \$15 million in 2002. When bonuses, long-term payouts, stock grants and other perks—such as luxury apartments and corporate travel—are figured in, his total pay for 2002 was \$42,481,500.

Ivan Seidenberg, Verizon CEO, took in \$32,559,700 in total compensation during 2002. According to the New Networks Institute, Seidenberg received a total of \$54 million from 1999 to 2002 in salary, bonuses and payments into his retirement fund. He also received 2.6 million shares in stock options during this period, with an estimated value of \$83 million to \$251 million. According to their study, Seidenberg's base salary went up 25 percent and bonuses and "awards" were 1,045 percent above his salary.

As part of the merger of Bell Atlantic and GTE into Verizon in 2000, Verizon's six top executives received

an "Implementation Incentive" totaling \$13 million and Lee and Seidenberg received a "founder's grant" at an estimated value of \$56 million.

Seidenberg also has one of the largest pensions of any of the CEOs of the S&P 500 companies, valued at between \$40 million and \$80 million.



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