VERIZON COMMUNICATIONS INC

FORM 10-K
(Annual Report)

Filed 02/26/10 for the Period Ending 12/31/09

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Symbol	VZ
SIC Code	4813 - Telephone Communications, Except Radiotelephone
Industry	Communications Services
Sector	Services
Fiscal Year	12/31

Note 11
Stock-Based Compensation

Verizon Communications Long-Term Incentive Plan

In May 2009, Verizon shareholders approved the 2009 Verizon Communications Inc. Long-Term Incentive Plan (the Plan) which permits the granting of stock options, stock appreciation rights, restricted stock, restricted stock units, performance shares, performance stock units and other awards. The maximum number of shares available for awards from the Plan is 115 million shares. The Plan amends and restates the previous long-term incentive plan.

Restricted Stock Units

The Plan provides for grants of Restricted Stock Units (RSUs) that generally vest at the end of the third year after the grant. The RSUs are classified as liability awards because the RSUs will be paid in cash upon vesting. The RSU award liability is measured at its fair value at the end of each reporting period and, therefore, will fluctuate based on the performance of Verizon's stock. Dividend equivalent units are also paid to participants at the time the RSU award is paid, and in the same proportion as the RSU award.

The following table summarizes Verizon's Restricted Stock Unit activity:

(shares in thousands)	**Restricted Stock Units**	**Weighted-Average Grant-Date Fair Value**
Outstanding, January 1, 2007	15,593	$ 33.67
Granted	6,779	37.59
Payments	(602)	36.75
Cancelled/Forfeited	(197)	34.81
Outstanding December 31, 2007	21,573	34.80
Granted	7,277	36.64
Payments	(6,869)	36.06
Cancelled/Forfeited	(161)	35.45
Outstanding December 31, 2008	21,820	35.01
Granted	**7,101**	**31.90**
Payments	**(9,357)**	**31.65**
Cancelled/Forfeited	**(121)**	**35.43**
Outstanding December 31, 2009	**19,443**	**35.50**

Performance Stock Units

The Plan also provides for grants of Performance Stock Units (PSUs) that generally vest at the end of the third year after the grant. As defined by the Plan, the Human Resources Committee of the Board of Directors determines the number of PSUs a participant earns based on the extent to which the corresponding goals have been achieved over the three-year performance cycle. All payments are subject to approval by the Human Resources Committee. The PSUs are classified as liability awards because the PSU awards are paid in cash upon vesting. The PSU award liability is measured at its fair value at the end of each reporting period and, therefore, will fluctuate based on the price of Verizon's stock as well as performance relative to the targets. Dividend equivalent units are also paid to participants at the time that the PSU award is determined and paid, and in the same proportion as the PSU award.

The following table summarizes Verizon's Performance Stock Unit activity:

(shares in thousands)	**Performance Stock Units**	**Weighted-Average Grant-Date Fair Value**
Outstanding, January 1, 2007	28,423	$ 34.22
Granted	10,371	37.59
Payments	(5,759)	36.75
Cancelled/Forfeited	(900)	36.18
Outstanding December 31, 2007	32,135	34.80
Granted	11,194	36.64
Payments	(7,597)	36.06
Cancelled/Forfeited	(2,518)	36.00
Outstanding December 31, 2008	33,214	35.04
Granted	**14,079**	**31.84**
Payments	**(17,141)**	**31.58**
Cancelled/Forfeited	**(257)**	**34.32**
Outstanding December 31, 2009	**29,895**	**35.52**

As of December 31, 2009, unrecognized compensation expense related to the unvested portion of Verizon's RSUs and PSUs was approximately $304 million and is expected to be recognized over a weighted-average period of approximately two years.

The 2000 Verizon Wireless Long-Term Incentive Plan (the Wireless Plan) provides compensation opportunities to eligible employees and other participating affiliates of Verizon Wireless (the Partnership). The Wireless Plan provides rewards that are tied to the long-term performance of the Partnership. Under the Wireless Plan, Value Appreciation Rights (VARs) were granted to eligible employees. As of December 31, 2009, all VARs were fully vested.

VARs reflect the change in the value of the Partnership, as defined in the Wireless Plan, similar to stock options. Once VARs become vested, employees can exercise their VARs and receive a payment that is equal to the difference between the VAR price on the date of grant and the VAR price on the date of exercise, less applicable taxes. VARs are fully exercisable three years from the date of grant, with a maximum term of 10 years. All VARs were granted at a price equal to the estimated fair value of the Partnership, as defined in the Wireless Plan, at the date of the grant.

The following table summarizes the assumptions used in the Black-Scholes model during 2009:

	Ranges
Risk-free rate	0.2% – 1.6%
Expected term (in years)	0.4 – 2.5
Expected volatility	35.4% – 61.5%

The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of the measurement date. Expected volatility was based on a blend of the historical and implied volatility of publicly traded peer companies for a period equal to the VARs expected life, ending on the measurement date, and calculated on a monthly basis.

The following table summarizes the Value Appreciation Rights activity:

(shares in thousands)	**VARs**	**Weighted-Average Grant-Date Fair Value**
Outstanding rights, January 1, 2007	94,467	$ 16.99
Exercised	(30,848)	15.07
Cancelled/Forfeited	(3,207)	24.55
Outstanding rights, December 31, 2007	60,412	17.58
Exercised	(31,817)	18.47
Cancelled/Forfeited	(351)	19.01
Outstanding rights, December 31, 2008	28,244	16.54
Exercised	**(11,442)**	**16.53**
Cancelled/Forfeited	**(211)**	**17.63**
Outstanding rights, December 31, 2009	**16,591**	**16.54**

Stock-Based Compensation Expense

After-tax compensation expense for stock-based compensation related to RSUs, PSUs, and VARs described above included in net income attributable to Verizon was $492 million, $375 million and $750 million for 2009, 2008 and 2007, respectively.

Stock Options

The Plan provides for grants of stock options to employees at an option price per share of 100% of the fair market value of Verizon common stock on the date of grant. Each grant has a 10 year life, vesting equally over a three year period, starting at the date of the grant. We have not granted new stock options since 2004.

The following table summarizes Verizon's stock option activity:

(shares in thousands)	**Stock Options**	**Weighted-Average Grant-Date Fair Value**
Outstanding, January 1, 2007	229,364	$ 46.48
Exercised	(33,079)	38.50
Cancelled/Forfeited	(21,422)	48.26
Outstanding, December 31, 2007	174,863	47.78
Exercised	(218)	38.00
Cancelled/Forfeited	(39,878)	48.13
Outstanding, December 31, 2008	134,767	47.69
Exercised	**(2)**	**26.33**
Cancelled/Forfeited	**(31,145)**	**52.32**
Outstanding, December 31, 2009	**103,620**	**46.29**

Total stock options outstanding at December 31, 2009 and 2008 were exercisable. The number of stock options exercisable at December 31, The following table summarizes information about Verizon's stock options outstanding as of December 31, 2009:

Range of Exercise Prices	Stock Options (in thousands)	Weighted-Average Remaining Life (years)	Weighted-Average Exercise Price
$ 20.00-29.99	22	2.7	$ 28.02
30.00-39.99	18,380	3.6	36.40
40.00-49.99	50,897	1.2	43.97
50.00-59.99	34,321	0.6	55.04
Total	**103,620**	**1.4**	**46.29**

The total intrinsic value for stock options outstanding was not significant as of December 31, 2009 and December 31, 2008. The total intrinsic value for stock options exercised was $147 million in 2007 and not significant in 2009 and 2008. The amount of cash received from the exercise of stock options and the related tax benefits was not significant in 2009 and 2008 and was $1,274 million in 2007. The after-tax compensation expense for stock options was not significant for 2009, 2008 and 2007.

EXHIBIT 23

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in this Annual Report (Form 10-K) of Verizon Communications Inc. (Verizon) of our reports dated February 26, 2010, with respect to the consolidated financial statements of Verizon and the effectiveness of internal control over financial reporting of Verizon, included in the 2009 Annual Report to Shareowners of Verizon.

Our audits also included the financial statement schedule of Verizon listed in Item 15(a). This schedule is the responsibility of Verizon's management. Our responsibility is to express an opinion based on our audits. In our opinion, as to which the date is February 26, 2010, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also consent to the incorporation by reference in the following registration statements of Verizon and where applicable, related Prospectuses, of our reports dated February 26, 2010, with respect to the consolidated financial statements of Verizon and the effectiveness of internal control over financial reporting of Verizon, incorporated herein by reference, and our report included in the preceding paragraph with respect to the financial statement schedule of Verizon included in this Annual Report (Form 10-K) for the year ended December 31, 2009: Form S-8, No. 333-66459; Form S-8, No. 333-66349; Form S-4, No. 333-11573; Form S-8, No. 333-41593; Form S-8, No. 333-42801; Form S-4, No. 333-76171; Form S-8, No. 333-75553; Form S-8, No. 333-76171; Form S-8, No. 333-50146; Form S-8, No. 333-53830; Form S-4, No. 333-82408; Form S-8, No. 333-82690; Form S-8, No. 333-118904; Form S-8, No. 333-123374; Form S-4, No. 333-124008; Form S-8, No. 333-124008; Form S-4, No. 333-132651; Form S-8, No. 333-134846; Form S-8, No. 333-137475; Form S-3, No. 333-138705; Form S-8, No. 333-142549; Form S-8, No. 333-150504; Form S-3, No. 333-151922; and Form S-3, No. 333-162833.

/s/ Ernst & Young LLP

Ernst & Young LLP
New York, New York

February 26, 2010