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VERIZON COMMUNICATIONS INC
Form PX14A6G
April 03, 2002

U.S. SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

NOTICE OF EXEMPT SOLICITATION

1. Name of the Registrant:
VERIZON COMMUNICATIONS, INC.
2. Name of person relying on exemption:
ASSOCIATION OF BELLTEL RETIREES, C. WILLIAM JONES, MICHAEL S. MICHAEL S. KUCKLINCA, EILEEN T. LAWRENCE, JOHN SELLEN, JOHN M. BRENNAN, JAMES E. CASEY, JR., LOUIS MIANO, JOHN A. PARENTE, ROBERT E. REHM AND JOSEPH A. RISTUCCIA
3. Address of person relying on exemption:
P.O. Box 33, Cold Spring Harbor, NY 11724
4. Written materials. Attach written materials required to be submitted pursuant to Rule 14a-6(g)(1) [sec. 240.14a-6(g)(1)]

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March 29, 2002

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Louis Miano

DEAR FELLOW VERIZON SHAREHOLDER:

We urge you to VOTE FOR three important shareholder resolutions on Verizon's proxy card for the upcoming Annual Meeting on April 24 in Minneapolis.

PROXY ITEM NO. 6 deserves your special attention and support. We believe it is critical that executive compensation be tied more closely to a truly relevant and transparent measure of operating income. The resolution in Proxy Item No. 6 asks the Board to determine future awards of performance-based compensation for executive officers using a measure of earnings that does NOT include accounting rule income, particularly "pension credits" resulting from projected increases in the employee pension fund surplus.

WE URGE YOU TO VOTE YOUR PROXY FOR PROPOSALS 4, 5 AND 6.

In recent years a substantial portion of Verizon's reported earnings has not been

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cash flow from ordinary operations, but rather accounting credits from projected increases in the employee pension fund surplus. According to Merrill Lynch,/1/ in 2000 Verizon used pension credits to boost its reported earnings by \$3.5 billion, the largest contribution to reported earnings among all S&P 500 companies./2/

"THE MAGNITUDE OF THE PENSION CREDIT INCREASE RELATIVE TO THE CHANGE IN NET INCOME CLEARLY IS AN ADVERSE ISSUE WHEN ASSESSING THE QUALITY OF VERIZON'S EARNINGS." - - MERRILL LYNCH/3/

During the first six months of 2001, Verizon's \$1.1 billion in pension credits actually EXCEEDED the \$733 million in net income before extraordinary reported to shareholders. Because pension credits potentially can turn even operating losses into reported gains, we believe that they should not be included in the benchmark for performance-based pay.

We agree with proponents that increases in the pension surplus should NOT be used to calculate performance-based compensation for the following reasons:

PENSION SURPLUSES DO NOT MEASURE OPERATING PERFORMANCE. "The pension aspect of performance has nothing to do with the current performance of management," according to the publisher of THE ANALYST'S ACCOUNTING OBSERVER./4/ Pension credits do nothing to increase cash flow. In practice, the pension surplus is not available to pay dividends, finance investments, or for other operating purposes.
