Contents

Your Pension Plan Benefits

The Pension Plan for Mid-Atlantic Associates (the Plan) is designed to provide you with a financial resource for your retirement. Combined with your Social Security benefit and your retirement savings, the Plan can help provide the security of a steady source of income for your retirement years. In general, the longer you work for the Company, the higher the benefit you can receive based on your pension band and the length of your service.

Verizon pays the entire cost of providing your pension benefits from the Plan. The Company makes contributions to a trust fund. There is no cost to you.

About This SPD

This book is the summary plan description (SPD) for the Verizon Pension Plan for Mid-Atlantic Associates, a plan subject to federal law under the Employee Retirement Income Security Act of 1974 (ERISA) and its subsequent amendments. This book meets ERISA's requirements for an SPD and is based on Plan provisions effective January 1, 2001. It updates and replaces all previous SPDs and other descriptions of the Verizon Pension Plan for Mid-Atlantic Associates. (Prior to January 1, 2001, the Plan was called the Bell Atlantic Pension Plan.)

Important Note

Verizon and its claims and appeals administrators have the discretionary authority to interpret the terms of this SPD and determine your eligibility for benefits under its terms.

This SPD is divided into the following major sections:

- **Participation and Service.** This section describes when your participation begins and how service is counted.
- **How Your Benefit Is Determined.** Here you will learn how much you can expect to receive.
- **Receiving Your Benefit.** This section explains when you can start receiving your benefit.
- **How Your Benefit Is Paid.** You have choices available in the form of payment you receive. This section describes your choices.
- **Benefits for Survivors.** If you die, your survivors may be eligible to receive a benefit from the Plan.
- **Additional Information.** This section provides additional details about the administrative provisions of the Plan and your legal rights.
- **Glossary.** Certain terms used in this SPD are defined in the glossary.

Getting More Information

If you have questions about the Plan or need additional information after reading this SPD, call the benefits administrator. See your Important Benefits Contacts insert for the telephone number and access information for the interactive voice response system and to speak with a benefits representative.

Every effort has been made to ensure the accuracy of the information included in this SPD, which is based on the Plan document, as amended through January 1, 2001. If, however, there is a discrepancy between the information contained in this SPD and the official Plan document, the Plan document will govern. Copies of Plan documents are available by contacting the Plan administrator in writing at the address provided on page 58 in the "Additional Information" section.

Changes to the Plan

While the Company expects to continue the Plan indefinitely, the Company, by action of the Company's board of directors or its delegates, also reserves the right to amend, modify, suspend, terminate or partially terminate the Plan at any time, at its discretion, with or without advance notice to participants, subject to any duty to bargain collectively.

Upon termination or partial termination of the Plan, the accrued benefits of each participant affected by the termination or partial termination (as determined by the Plan administrator) shall become fully vested to the extent funded. Upon termination of the Plan, no further benefits are earned and no increases in previously earned benefits will occur by reason of future service or compensation.

In the event the Plan is terminated in full, Plan assets will be allocated, after payment of Plan expenses for administration or liquidation, to pay benefits accrued to the date of termination, to the extent and in the order required by section 4044 of ERISA and the terms of the Plan. If the Plan is terminated, you generally will receive benefits at retirement age or, if appropriate, by an earlier distribution, with benefits distributed either in the form of cash or in the form of an annuity contract issued by an insurance company. (See pages 53 through 54 for a discussion of the Pension Benefit Guaranty Corporation [PBGC] benefit guarantees that may apply if the Plan is terminated.)

Decisions regarding changes to, or terminations of, benefits are made at the highest levels of management. Verizon employees below those levels do not know whether the Company will adopt any particular change and are not in a position to speculate about such changes. Unless and until changes formally are adopted and officially are announced, no one is authorized to assure that any particular change will or will not occur.

Participation and Service

Eligibility

You are eligible to participate in the Plan if you are an associate (non-management employee) of a participating company (see page 63) and you are covered by a bargaining unit that has agreed to this Plan. You will continue to be eligible to participate during a temporary promotion to management that lasts less than one year.

You are **not** eligible for the Plan if you are:

- An individual working under an independent contracting agreement or an agreement for leasing of services and not treated as an employee for purposes of withholding federal employment taxes

- An individual who provides services to the Company but who is paid by a temporary service agency

- A nonresident alien employed outside of the United States

- A working retiree.

Note: If a court, the Internal Revenue Service or any other enforcement authority or agency finds that an independent contractor or leased employee should be treated as a regular employee of a participating company, for example, for purposes of W-2 income reporting or tax withholding, such individual is nonetheless expressly excluded from the definition of eligible employee and is expressly ineligible for benefits under the Plan.

When Participation Begins

As an eligible associate, your participation begins automatically on the **later** of:

- The day you reach age 21
- The date you complete one year of ERISA service for participation.

You earn one year of ERISA service for participation in the Plan when you have completed one year of employment in which you are credited with at least 1,000 hours of service. If you are not credited with 1,000 hours of service as of the first anniversary of your employment, you can receive credit for a year of service on any subsequent anniversary of your employment date or based on a calendar year in which you are credited with at least 1,000 hours of service. See "How Service Is Counted" for information on how you earn hours of service.

If You Are Reemployed or Transferred

If you are reemployed or transferred from eligibility to participate in another associate plan, management plan or a non-regulated Company plan, you immediately are eligible for the Plan if you are at least age 21 and you had at least one year of ERISA service earned at any Verizon company at the time you are reemployed or transferred, and:

- You previously had terminated with a vested right to your benefit from the Plan.
- You directly transferred from another Verizon company.
- You are recalled to employment within 36 months of a layoff.
- You are reinstated to employment as a result of settlement of a grievance or arbitration of your dismissal.
- You had an interruption of employment but did not have a break in service (see page 13).

If you do not meet any of the above criteria, you must complete one year of ERISA service for participation (measured from your reemployment or transfer date or a subsequent calendar year) before participation in the Plan begins or resumes.

Automatic Participation

You do not have to enroll to participate. However, you will receive a Preretirement Survivor Pension Beneficiary Form. It is important to complete this form so that your beneficiary receives a benefit if you should die after earning the right to a vested benefit.

For example, assume you are age 25 and worked at a participating Verizon company for one year and six months when you terminated employment. Then, you return two years later to work as an eligible associate at a participating company. You will meet the eligibility requirement to resume participation in the Plan after you complete one year of ERISA service for participation following your return.

How Service Is Counted

Once you earn one year of ERISA service for participation in the Plan, you continue to earn service during your participation for purposes of determining the amount of your benefit (pension accrual service), your eligibility for a service pension (net credited service) and service for vesting in your benefit if you leave before you are eligible for a service pension (ERISA service). A general description of each type of service follows. (See page 10 for additional information about the effect of a break in service.)

Important Note

This section describes service rules in effect as of January 1, 2001. Rules in effect for prior Plan periods may differ and affect how your service is counted for certain prior periods. Call the benefits administrator with any questions about the service you have accumulated. (See your Important Benefits Contacts insert for the telephone number.)

Type of Service	General Purpose	How It's Counted
Net Credited Service	Used to determine service pension eligibility (see page 24)	In general, net credited service is your total years, months and days of continuous employment as an eligible associate with any participating company(ies). If your service is interrupted by a non-credited period of service, your net credited service may be affected. See "Bridging Service" (on page 13)
Pension Accrual Service	Used to determine amount of pension benefit (see page 17)	In general, pension accrual service is counted the same way as net credited service—in years, months and days. However, there are periods for which you may receive net credited service—for example, while employed by a nonparticipating company or while participating in another company-sponsored pension plan—which will not count as pension accrual service for this Plan Carrier call representatives who become eligible to participate in the Plan on January 1, 2001 will have taken into account, for purposes of determining net credited service and pension accrual service, any period of associate employment as a carrier call representative with a participating company that occurs prior to January 1, 2001. This is true even though the associate was not eligible to participate in the Plan during that service

Type of Service	General Purpose	How It's Counted
ERISA Service	Used to determine eligibility to	ERISA service is used to determine your

	participate (see page 5) and vesting (see page 25)	eligibility to participate and for vesting in your benefit. You "vest" or gain ownership in your Plan benefit after you complete 5 years of ERISA service with Verizon. For purposes of vesting, ERISA service is counted the same way as net credited service—in years, months and days, but excluding service before you reach age 18. (For participation purposes only, you also must be credited with at least 1,000 hours of service in the year you are hired, any 12-consecutive-month period beginning on an anniversary of the date you are hired or any subsequent calendar year)
Hours of Service	Used to determine ERISA service	Hours of service are hours you are paid by the Company (including paid vacation, holidays, sick days and other days for which you are entitled to receive pay) up to the date you terminate employment. These government rules are used for counting your hours of service: • If you are a full-time employee, you will be credited with 45 hours of service for each week you complete 1 hour of service or more • If you are a part-time employee or you are employed 30 days or less in a calendar year and work no more than 3 consecutive weeks, you will be credited with 10 hours of service for each day you work 1 hour or more

Effect of Part-Time Service

If you have worked part-time during your career (with the exception of part-time work under a Gradual Return to Work arrangement after January 1, 2001—see below), your total ERISA service and net credited service—part-time and full-time service combined—will be used to determine whether or not you are eligible for a pension benefit. However, in determining your basic pension (see pages 17 through 18), pension accrual service will be prorated and adjusted accordingly to reflect your part-time service. (Any supplemental pension benefit is determined without regard to part-time service.)

If you worked part-time under a Gradual Return to Work arrangement during your career, you will continue to have the same status, for purposes of determining service, that you had prior to going on leave. For instance, if you worked full-time prior to your Gradual Return to Work arrangement, you will earn service as a full-time employee—even though you may be working fewer hours.

Service During an Absence

You continue to earn service (net credited service, pension accrual service and ERISA service) during certain credited periods of approved absence:

- While you are on an excused absence of less than one month
- While you are receiving sickness disability benefits (for up to 52 weeks) or accident disability benefits under the Verizon Sickness and Accident Disability Benefit Plan for Mid-Atlantic Associates
- A temporary layoff of 12 months or less (effective August 6, 1989)
- Any leave of absence after January 1, 1990, of up to 12 months
- Any military leave of absence from which you return to active employment within the period during which your re-employment rights are protected by law.

Also, a former associate who is re-employed by a participating company due to a settlement, award or order involving either litigation, arbitration or a grievance under an applicable collective bargaining agreement relating to the associate's earlier termination may receive net credited service and/or vesting service for:

- A period of time for which back pay or a lump-sum settlement award is made, as determined under the Plan rules

- A period of time (not over 30 days) between the date of earlier termination and the date of re-employment, if the termination is converted to a suspension

- A period of time between the date of earlier termination and the date of re-employment, as specified in the settlement agreement, court award, court order or arbitration award

- All periods of service that had been included in the associate's credited service as of the date of the earlier termination if either:

  — The termination was converted to a suspension, provided the period of absence was six months or less or the settlement agreement, court award, court order or arbitration award provided for the credit of such time

  — The former employee is reinstated on or after January 1, 1993, as a result of a settlement of a grievance or arbitration of the former employee's dismissal.

Losing Service During an Absence

You will keep the net credited service and ERISA service you earned before an absence, but you will **not** receive service for the period of absence if your absence from employment is for any of the following reasons:

- A temporary layoff of more than 12 months but less than three years. **Note:** you will receive service credit for the first 12 months of your layoff.
- An absence following the expiration of Sickness Disability Benefits under the Sickness and Accident Disability Benefit Plan (SADBP), provided the Company grants you a leave of absence.
- Any leave of absence lasting longer than 12 months, unless it has been specified that net credited service and/or vesting service will be granted beyond the first 12 months.
- Any break in employment of six months or less. However, you will be credited with vesting service but **not** net credited service, for any break in employment of 12 months or less.

Effect of Break in Employment

If you have an absence that does **not** qualify under any of the categories discussed above, you will have a break in employment, which may result in a loss of net credited service, pension accrual service and/or ERISA service that you earned before the absence that caused the break.

> **Important Note**
>
> When you have a break in employment, you may lose service previously earned.

If you had at least six months of net credited service before the break in employment began, you can regain "lost" service under the "bridging" rules shown in the chart on page 13. These rules require you to complete a certain amount of additional service to regain your prior service for purposes of ERISA service for vesting, pension accrual service for calculating your pension and net credited service for determining your eligibility for a service or disability pension. If you do not complete the additional service needed to regain your prior service, that prior service will be lost.

Special Rule for Anticipated Disability Leave, Sickness Disability and/or Care of Newborn Child Leave: If you are absent due to your pregnancy, birth of your child or care of your child following birth, adoption or placement of a child in your home for adoption, and you notify the Company that your absence is for one of these reasons, special rules apply in determining whether you have a break in employment of more than 12 months. In general, your break in employment (for purposes of applying the chart on page 13) will be treated as beginning on the second anniversary of the start of your absence, although you will not receive credit for service for more than one year of the absence.

Special Rule for Certain Rehired Service Pensioners: If you are a service pensioner who is rehired as an eligible associate represented by the Communications Workers of America, and you previously terminated as a result of a surplus condition for which you received severance benefits under the Income Security Plan or under circumstances leading to your reemployment under the terms of an arbitration award or grievance proceeding, your ERISA service, pension accrual service and net credited service immediately will be bridged when you are rehired. Other rehired service pensioners will qualify for bridging, as described in the chart on page 13.

Special Rule for Certain Rehired Employees Who Received Cashouts: If you received a lump-sum distribution of your benefit from the Plan when you previously terminated employment, your ERISA service, pension accrual service and net credited service immediately will be bridged if:

- You are rehired as an eligible associate represented by the Communications Workers of America or Local 827 of the International Brotherhood of Electrical Workers (IBEW)

- You previously terminated employment as a result of the Company's declaring your position surplus or under circumstances leading to your reemployment as a result of a ruling of a court, an arbitrator, the Plan's claims or appeals administrator or a settlement of a grievance or other dispute.

If you do not qualify for bridging after a cashout as described above, your prior ERISA service will be bridged upon rehire, as described in the chart on page 13. However, your prior net credited service and pension accrual service will not be counted upon your rehire.

"Bridging" After a Break in Employment

If you return to work after an absence of:	Then:
6 months or less	You immediately will be credited with the full amount of your prior net credited service, pension accrual service and ERISA service. You also receive ERISA service for the period of your absence
More than 6 months, but 12 months or less	• You immediately will be credited with the full amount of your prior ERISA service. You also receive ERISA service for the period of your absence • You immediately will be credited with the full amount of your prior pension accrual service • You will be credited with your prior net credited service only if you complete 5 years of net credited service after you return to work for Verizon
More than 12 months and you had 5 or more years of ERISA service when you left	• You will be credited with the full amount of your prior ERISA service if you complete 1 year of ERISA service after you return to work for Verizon • You will be credited with the full amount of your pension accrual service if you complete 1 year of ERISA service after you return to work for Verizon • You will be credited with your prior net credited service only if you complete 5 years of net credited service after you return to work for Verizon
More than 12 months, but less than 5 years and you did not have 5 or more years of ERISA service when you left	• You will be credited with the full amount of your prior ERISA service if you complete 1 year of ERISA service after you return to work for Verizon • You will be credited with the full amount of your pension accrual service if you complete 1 year of ERISA service after you return to work for Verizon • You will be credited with your prior net credited service only if you complete 5 or more years of net credited service after you return to work for Verizon
5 or more years and you did not have 5 or more years of ERISA service when you left	You will be credited with the full amount of your ERISA service, pension accrual service and net credited service for all purposes only if you complete 5 or more years of net credited service after you return to work for Verizon

Transfers Between Verizon Pension Plans

If you transfer to an ineligible job classification, so that you become eligible for another Company-sponsored pension plan or you are a newly transferred associate who becomes eligible for this Plan, ERISA service under both plans generally will be used to determine whether you are eligible for a benefit from this Plan or any other Company-sponsored plan.

How your benefit will be calculated after a transfer is addressed in the more detailed service rules included in the Appendix to the Verizon Pension Plan for Mid-Atlantic Associates and in the provisions of the plan in which you were participating prior to the transfer or the plan you will be participating in after the transfer.

If you have questions about the effect of a transfer on your Plan benefits, call the benefits administrator. (See your Important Benefits Contacts insert for the telephone number.)

Interchange or Portability Agreements and Related Rules

If You Are Hired by an Interchange Company

The Company has interchange agreements with certain prior Bell System companies. These agreements provide for the portability of service and benefits between pension plans.

Companies that are covered by such agreements are known as interchange or portability companies. The agreement generally provides that if you are a covered employee who works at any Verizon subsidiary that is a portability company and you are hired by a different portability company and certain conditions are met, your new employer must recognize your prior net credited service and ERISA service under the Verizon Pension Plan for Mid-Atlantic Associates and pay you any future pension benefit. The exceptions are as follows:

- If you sign a Waiver of Portability when you join a new company, or you have previously signed a Waiver of Portability, you cannot transfer prior net credited service or ERISA service under the Plan to your new employer's plan. Instead, you will continue to receive a pension benefit under the Plan and you will begin work at the new portability company with the status of a new hire. If you sign a Waiver of Portability, this applies for any portability company you may work for in the future.

- If you received a lump-sum distribution of your pension benefit, special rules apply. (Check with your new employer.)

If you plan to take a job with an interchange or portability company, you always should check with the receiving company to make certain it is, in fact, an interchange or portability company.

For an employee who leaves a prior portability company and accepts employment with Verizon in a position that makes the employee eligible for portability, the employee may either elect portability treatment or waive it. If portability is waived, any prior pension that is in pay status continues, and any prior right to receive retiree health or insurance benefits continues during employment with Verizon. If portability is accepted, the service is transferred, but prior pension and retirement benefits cease, and the employee agrees that eligibility for pension and retirement benefits will depend on the terms of Verizon's plans.

An employee's prior lump-sum cashout of a pension from a prior portability company does not disqualify the employee from electing to be covered by portability if the employee otherwise is eligible. Instead, the prior service may be credited but the value of the lump-sum cashout eventually will be offset against the pension that eventually is payable under this Plan. Special rules apply to the manner in which the prior lump-sum cashout is offset against the full portability benefit under this Plan. For further information, contact the benefits administrator. (See your Important Benefits Contacts insert for the telephone number.)

Essential Conditions That Must Be Met to Be Eligible For Portability

You must meet all of the following conditions to be eligible for portability of your service to or from another employer's plan:

1. On December 31, 1983, you must have been employed by a portability company and been an active participant in either the death benefit or the pension provisions of a pension plan of the prior Bell System, Cincinnati Bell or Southern New England Telephone Company; or on a leave of absence from a position covered by those pension plans provided that you were reinstated to that position before the leave expired.

2. On the date of your termination from a portability company after December 31, 1983, you must be eligible for participation in that employer's pension plan.

3. On the date of your employment with a new portability company, you must be eligible to participate in your new employer's pension plan.

4. If you were a supervisory employee upon leaving a prior portability company, your pay must not be higher than certain limits (amounts available on request).

What Is a Portability Company?

Former pre-1/1/84 Bell System companies, and certain of their affiliated companies formed at or after the 1/1/84 breakup of the Bell System, are treated as portability companies. If you are considering employment with a company, you may contact the benefits administrator to find out whether the company you are considering is a portability company.

How Your Benefit Is Determined

The amount of your pension is the total of your basic monthly pension benefit and your supplemental monthly pension benefit. This section describes how these benefits are calculated using specific Plan formulas, as well as special situations that can affect how your benefit is determined.

Basic Benefit Formula

Your Plan basic benefit is determined using a formula that uses your pension accrual service and the benefit amount tied to your pension band number. Your pension band number depends on your job title. Your basic retirement benefit is calculated using the following formula:

	Basic monthly pension benefit in effect for your pension band (see page 18) on the determination date
×	Your pension accrual service
	Your basic monthly pension benefit payable at normal retirement (generally, age 65)

Note

In general, your pension benefit payable as a monthly annuity starting at normal retirement age will increase over time, and at retirement or termination, never will be less than the normal retirement benefit that would have been payable if you had retired or terminated at any earlier date. Your benefit as a lump sum may increase or decrease from time to time.

Pension Band Basic Monthly Benefit

These are the pension band basic monthly benefits for CWA and IBEW associates effective on the dates indicated. To find out your pension band, please refer to the most current collective bargaining agreement.

Pension Band Number	Monthly Benefit as of October 1, 1999 for CWA and as of January 1, 2000 for IBEW Associates	Monthly Benefit as of July 1, 2000 for CWA and as of January 1, 2001 for IBEW Associates	Monthly Benefit as of July 1, 2001 for CWA and IBEW Associates	Monthly Benefit as of July 1, 2002 for CWA and IBEW Associates	Monthly Benefit as of July 1, 2003 for CWA and IBEW Associates
101	$26.54	$27.34	$28.71	$30.15	$31.36
102	$27.65	$28.48	$29.90	$31.40	$32.66
103	$28.77	$29.63	$31.11	$32.67	$33.98
104	$29.89	$30.79	$32.33	$33.95	$35.31
105	$31.01	$31.94	$33.54	$35.21	$36.63
106	$32.15	$33.11	$34.77	$36.51	$37.97
107	$33.26	$34.26	$35.97	$37.77	$39.28
108	$34.37	$35.40	$37.17	$39.03	$40.59
109	$35.53	$36.60	$38.43	$40.35	$41.96
110	$36.62	$37.72	$39.61	$41.59	$43.25
111	$37.76	$38.89	$40.83	$42.87	$44.58
112	$38.85	$40.02	$42.02	$44.12	$45.88
113	$39.98	$41.18	$43.24	$45.40	$47.22
114	$41.11	$42.34	$44.46	$46.68	$48.55
115	$42.21	$43.48	$45.65	$47.93	$49.85
116	$43.35	$44.65	$46.88	$49.22	$51.19
117	$44.44	$45.77	$48.06	$50.46	$52.48
118	$45.58	$46.95	$49.30	$51.77	$53.84
119	$46.71	$48.11	$50.52	$53.05	$55.17
120	$47.82	$49.25	$51.71	$54.30	$56.47
121	$48.92	$50.39	$52.91	$55.56	$57.78
122	$50.07	$51.57	$54.15	$56.86	$59.13
123	$51.17	$52.71	$55.35	$58.12	$60.44
124	$52.29	$53.86	$56.55	$59.38	$61.76
125	$53.41	$55.01	$57.76	$60.65	$63.08
126	$54.52	$56.16	$58.97	$61.92	$64.40
127	$55.66	$57.33	$60.20	$63.21	$65.74
128	$56.76	$58.46	$61.38	$64.45	$67.03
129	$57.90	$59.64	$62.62	$65.75	$68.38
130	$58.99	$60.76	$63.80	$66.99	$69.67
131	$60.15	$61.95	$65.05	$68.30	$71.03
132	$61.27	$63.11	$66.27	$69.58	$72.36
133	$62.38	$64.25	$67.46	$70.83	$73.66
134	$63.51	$65.42	$68.69	$72.12	$75.00
135	$64.59	$66.53	$69.86	$73.35	$76.28

Your Supplemental Benefit

If you received supplemental payments (see below) in the three years prior to your termination from employment (or, in the case of transfer to a nonparticipating company or inactive status, the date of transfer), you also will be eligible to receive a supplemental benefit. Your supplemental benefit is calculated using this formula:

	Average annual supplemental payments you received in the 36 months prior to your termination of employment (or transfer)
×	.001
×	Years and months of pension accrual service
	Your supplemental monthly benefit payable at normal retirement (generally age 65)

Supplemental payments include:

- Annual Corporate Profit Sharing (CPS) awards (if applicable)
- In charge allowances
- Management team awards earned during a temporary management assignment that are paid while you are eligible to participate in the Plan (see page 23)
- Extra payments for temporary assignments or temporary promotions of one year or less to higher-graded or supervisory positions
- Evening and night differential payments, if your work hours fall within the stated differential period, in whole or in part
- Job differentials, with the exception of amounts included as part of base pay and for assigning pension band numbers, as well as amounts related to pension promotions if you are in the higher band for 18 months or more.

An Example: Normal Retirement Benefit

Here is an example of how a normal retirement benefit payable at age 65 is calculated, assuming retirement on May 1, 2001:

- Your pension band number is 116. According to the chart (on page 18), your monthly benefit is $44.65.
- You had 20 years and three months (or 20.25 years) of pension accrual service when you retired.
- Your average amount of supplemental monthly payments during the last 36 months is $1,000.

Your pension benefit would be calculated like this:

Step 1

	$ 44.65 pension band monthly benefit
×	20.25 years of pension accrual service
=	**$904.16 basic monthly benefit**

Step 2

	$1,000 average annual amount of supplemental payments during the 36 months prior to retirement
×	.001
×	20.25 years of pension accrual service
=	**$ 20.25 supplemental monthly benefit**

Step 3

$904.16 + $20.25 = $924.41 monthly benefit payable as a single life annuity starting on your normal retirement date (or if earlier, your unreduced early retirement date—see page 24).

Early Retirement Reduction

If you are eligible for a service pension but have less than 30 years of net credited service and retire before age 55, your benefit will be reduced for early retirement. (See "Early Retirement" on page 24.)

If you're eligible for a deferred vested pension (see page 25), your benefit is reduced for payment before age 65, as described on page 26.

Minimum Pension Benefit

If you are eligible for a service or disability pension, your monthly pension benefit amount payable as a single life annuity will be (prior to applicable adjustments) at least $600 and effective July 1, 2001, at least $700. This benefit is not reduced for early retirement but is subject to reduction for payment in a form other than a single life annuity. Also, it will be prorated to the extent you have less than 30 years of service (adjusted for part-time service). In addition, if the minimum is paid as a preretirement or post-retirement survivor benefit (see pages 41 through 48) it will be adjusted to reflect the percentage payable to your beneficiary.

Special Situations That Can Affect Your Benefit Calculation

If You Have Service in More Than One Pension Band

If you have service in more than one pension band within the 18 months prior to your benefit determination date, the different pension band benefit amounts will be taken into account when your basic monthly pension benefit is calculated. Any supplemental benefits you are entitled to will be calculated normally (as described on page 19).

If you are rehired and subsequently terminate after prior ERISA service is restored but before qualifying for bridging of your prior pension accrual service and you are vested, your two periods of service will be considered separately for purposes of calculating your benefit, using the pension band amount in effect for each period of service and adding the two benefit amounts together.

If you have part-time service, it will be prorated against the equivalent full-time schedule for calculation purposes.

Special calculations also will be made if you are demoted, you have management service (see page 23) or service with an interchange or portability company (see pages 14 through 16).

Important

Certain situations can affect how your benefit is determined. You can call the benefits administrator with any questions about how your benefit may be affected. (See your Important Benefits Contacts insert for the telephone number.)

If You Are a Commission Directory Advertising Salesperson

If you are a Commission Directory Advertising Salesperson, your basic monthly pension benefit is calculated as follows (terms in italics are defined following the calculation):

	Basic monthly pension benefit in effect for Pension Band Number 135 for CWA associates
	Times the following fraction:
	Your average annual compensation
÷	*Fixed annual average pay* for associates in Pension Band Number 135
×	Your pension accrual service
=	**Monthly pension amount payable as a single life annuity at normal retirement**

These terms have specific meanings:

- **Your average annual compensation.** In general, this is the average of your base pay plus any directory sales commissions for the three highest consecutive calendar years of pay in the 10 calendar years prior to January 1, 2000.

- **Fixed annual average pay.** The average of the median maximum annual basic rate of pay for CWA associates in Pension Band Number 135 on the benefit determination date (January 1, 2000 for all retirements after August 5, 2000) and as of the two preceding calendar years. For example, the median maximum pay on January 1, 2000 was $63,292.

In addition to the basic monthly pension determined as described above, you also may be eligible to receive a supplemental pension benefit payment (see page 19).

If You Have Commission Directory Advertising Sales Service Plus Other Service

If you changed jobs during your career at Verizon and have service as a Commission Directory Advertising Salesperson, the different benefit formula used for your jobs may be taken into account when your basic monthly pension benefit is calculated. Any supplemental benefits you're entitled to will be calculated normally.

If You Participate in More Than One Company Pension Plan

Special rules apply for determining the amount of your benefit if a change in your employment classification, status or location results in a transfer that affects your eligibility to participate in this Plan or another Company-sponsored pension plan. In general, ERISA service, subject to break in service rules described on page 10, will be accumulated among plans. However, net credited service, pension accrual service and how your benefit is calculated may be subject to special rules based on your particular situation. For example:

- If you participated in Verizon's Bell Atlantic Cash Balance Plan and change status ("retreat") to an associate position so that you become eligible for this Plan, the value of your cash balance benefit will be transferred to this Plan and will continue to receive interest credits. Your benefit earned while an eligible associate in this Plan will be based solely on your pension accrual service earned while an eligible associate, but retirement eligibility will be based on your combined net credited service (subject to bridging rules described on page 13). Once you have completed three years of service as an associate, you are entitled to a "greater of" calculation that takes into consideration both Plans. (This assumes that any break between the move from management to associate does not exceed six months. If the break exceeds six months, the all-service calculation does not apply until the service is "bridged," if the bridging rule applies—see page 13.)

- If you temporarily are promoted to a management status, you will remain a participant in this Plan until the one-year anniversary of your transfer. At that point in time if you continue in a management position, you automatically will become a participant in the management plan. The value of your benefit earned under this Plan will be transferred to the management plan, if you are a manager participating in Verizon's Bell Atlantic Cash Balance Plan (but not if you are a manager participating in other cash balance plans or a GTE pension plan). The benefit you ultimately receive for associate Plan participation from Verizon's Bell Atlantic Cash Balance Plan will be based on the pension band you were in at the time of temporary promotion and the monthly pension band amount in effect for that band at the time you terminate employment with Verizon. (If you become a manager participating in another cash balance plan or a GTE pension plan, contact the benefits administrator for information on how that affects your associate plan benefits.)

If you are transferred or have a change in status, call the benefits administrator with any questions about the effect on your pension benefits. (See your Important Benefits Contacts insert for the telephone number.) Keep in mind, your accrued benefit never can be decreased from the amount you had earned up to the date you are transferred or have a change in status.

Receiving Your Benefit

Service Pension Eligibility

Your eligibility to retire and start receiving a service pension depends on your age and net credited service when you terminate employment.

If you meet any of the following age and net credited service requirements, you may retire on or after that age and receive a service pension.

Service Pension Eligibility Requirements

Your Age	Net Credited Service
Any age	30 years or more
At least age 50	25 years or more
At least age 55	20 years or more
At least age 60	15 years or more
Age 65 or older	10 years or more

Early Retirement With a Service Pension

If you qualify for a service pension, you can retire and start receiving your pension benefit right away. Payments may or may not be reduced for early retirement depending on your age and net credited service as described below.

Unreduced Pension

If you retire with 30 or more years of net credited service, your service pension can be paid in full without reduction for early payment, regardless of your age when you terminate employment.

If you qualify for a service pension and retire when you are age 55 or older, you also can receive your benefit without reduction for early payment.

Reduced Pension

If you retire before age 55 and have less than 30 years of net credited service, your benefit permanently will be reduced by 1/2 percent a month (or six percent a year) for each full or partial month that that you retire before you reach age 55, regardless of when you begin receiving your pension.

Example: Here's an example of how a service pension is reduced for early retirement. Assume:

- You retire at age 53.
- You have 25 years of net credited service.
- Your unreduced service pension is $1,000 a month.

Since you have less than 30 years of net credited service and you are retiring 24 months before age 55, your early payment reduction is 12 percent (1/2 percent × 24 months = 12 percent).

So, your reduced early retirement benefit would be calculated like this:

Step 1: $1,000 × 12 percent (.12) reduction = $120 early retirement reduction

Step 2: $1,000 – $120 = **$880 reduced early retirement monthly benefit starting at age 53 or any later age.**

Normal Retirement or Later

You can retire any time after your normal retirement age and receive an unreduced benefit regardless of the length of your service. Your normal retirement age is 65, and your normal retirement date is the day you turn age 65.

If you continue working until April 1 of the year after you reach age 70-1/2, your monthly pension benefit automatically will begin. Your benefit will be redetermined each year to reflect the additional benefit value you have earned from continued employment.

If You Leave Before Retirement

Deferred Vested Pension

If you leave Verizon with at least five years of ERISA service (after age 18), you are eligible for a deferred vested pension. (See page 7 for details on ERISA service.)

If you terminate employment with Verizon before completing five years of ERISA service and before your normal retirement age, you are not entitled to a benefit from the Plan.

If you leave the Company with the right to a deferred vested pension, you will receive a statement showing the amount of your deferred vested pension benefit payable when you reach your normal retirement date. You are not eligible for any other benefits Verizon provides to those participants who are eligible for a service or disability pension.

Your full, unreduced deferred vested pension can begin on your normal retirement date, or you can elect to have your benefit start at any time after you reach age 50 in a reduced amount, if you have the required years of net credited service at the time your employment ends. A reduced monthly pension is payable:

- At or after age 50, if you have at least 25 years of net credited service
- At or after age 55, if you have at least 20 years of net credited service
- At or after age 60, if you have at least 15 years of net credited service.

The table on the following page reflects the percentage of the pension payable as a single life annuity if you terminate employment and begin receiving deferred vested pension payments prior to age 65. Please note that this table is based on your age, in complete years and months, at the time pension payments begin (for example, at 50 years and three months, 25 percent of your pension is payable). (Note that if you terminate during the Cashout Trial Period, you can receive an annuity at any age.)

Special Early Payment Rule During Cashout Trial Period Through December 31, 2003

If you terminate employment during the Cashout Trial Period (see page 36) and you are eligible for a deferred vested benefit, you have the option to elect an immediate reduced monthly benefit or a lump-sum distribution, regardless of your age and years of net credited service at the time your employment ends.

Your Age in Completed Years…	…And Any Completed Months in Addition to Years											
	0	1	2	3	4	5	6	7	8	9	10	11
25	3.3%	3.3%	3.3%	3.3%	3.3%	3.3%	3.4%	3.4%	3.4%	3.4%	3.5%	3.5%
26	3.5	3.5	3.6	3.6	3.6	3.6	3.7	3.7	3.7	3.7	3.7	3.8
27	3.8	3.8	3.8	3.9	3.9	3.9	3.9	4.0	4.0	4.0	4.0	4.1
28	4.1	4.1	4.2	4.2	4.2	4.2	4.3	4.3	4.3	4.3	4.4	4.4
29	4.4	4.5	4.5	4.5	4.5	4.6	4.6	4.6	4.7	4.7	4.7	4.8
30	4.8	4.8	4.8	4.9	4.9	4.9	5.0	5.0	5.0	5.1	5.1	5.1
31	5.2	5.2	5.2	5.3	5.3	5.3	5.4	5.4	5.5	5.5	5.5	5.6
32	5.6	5.6	5.7	5.7	5.7	5.8	5.8	5.9	5.9	5.9	6.0	6.0
33	6.0	6.1	6.1	6.2	6.2	6.3	6.3	6.3	6.4	6.4	6.5	6.5
34	6.5	6.6	6.6	6.7	6.7	6.8	6.8	6.9	6.9	6.9	7.0	7.0
35	7.1	7.1	7.2	7.2	7.3	7.3	7.4	7.4	7.5	7.5	7.6	7.6
36	7.7	7.7	7.8	7.8	7.9	7.9	8.0	8.0	8.1	8.1	8.2	8.2
37	8.3	8.3	8.4	8.5	8.5	8.6	8.6	8.7	8.7	8.8	8.9	8.9
38	9.0	9.0	9.1	9.2	9.2	9.3	9.3	9.4	9.5	9.5	9.6	9.7
39	9.7	9.8	9.9	9.9	10.0	10.1	10.1	10.2	10.3	10.3	10.4	10.5
40	10.5	10.6	10.7	10.8	10.8	10.9	11.0	11.1	11.1	11.2	11.3	11.3
41	11.4	11.5	11.6	11.7	11.7	11.8	11.9	12.0	12.1	12.1	12.2	12.3
42	12.4	12.5	12.6	12.7	12.7	12.8	12.9	13.0	13.1	13.2	13.3	13.4
43	13.4	13.5	13.6	13.7	13.8	13.9	14.0	14.1	14.2	14.3	14.4	14.5
44	14.6	14.7	14.8	14.9	15.0	15.1	15.2	15.3	15.4	15.5	15.6	15.7
45	15.9	16.0	16.1	16.2	16.3	16.4	16.5	16.7	16.8	16.9	17.0	17.1
46	17.2	17.4	17.5	17.6	17.7	17.9	18.0	18.1	18.2	18.4	18.5	18.6
47	18.7	18.9	19.0	19.1	19.3	19.4	19.6	19.7	19.8	20.0	20.1	20.2
48	20.4	20.5	20.7	20.8	21.0	21.1	21.3	21.4	21.6	21.7	21.9	22.0
49	22.2	22.4	22.5	22.7	22.9	23.0	23.2	23.4	23.5	23.7	23.9	24.0
50	24.0	24.0	24.0	25.0	25.0	25.0	25.0	25.0	25.0	26.0	26.0	26.0
51	26.0	26.0	26.0	27.0	27.0	27.0	27.0	27.0	27.0	28.0	28.0	28.0
52	28.0	28.0	29.0	29.0	29.0	29.0	30.0	30.0	30.0	30.0	31.0	31.0
53	31.0	31.0	32.0	32.0	32.0	32.0	33.0	33.0	33.0	33.0	34.0	34.0
54	34.0	34.0	35.0	35.0	35.0	35.0	36.0	36.0	36.0	36.0	37.0	37.0
55	37.0	37.0	38.0	38.0	38.0	38.0	39.0	39.0	39.0	39.0	40.0	40.0
56	40.0	40.0	41.0	41.0	41.0	42.0	42.0	42.0	43.0	43.0	43.0	44.0
57	44.0	44.0	45.0	45.0	45.0	46.0	46.0	46.0	47.0	47.0	47.0	48.0
58	48.0	48.0	49.0	49.0	50.0	50.0	51.0	51.0	51.0	52.0	52.0	53.0
59	53.0	53.0	54.0	54.0	55.0	55.0	56.0	56.0	56.0	57.0	57.0	58.0
60	58.0	59.0	59.0	60.0	60.0	61.0	62.0	62.0	63.0	63.0	64.0	64.0
61	65.0	66.0	66.0	67.0	67.0	68.0	69.0	69.0	70.0	70.0	71.0	71.0
62	72.0	73.0	73.0	74.0	75.0	75.0	76.0	77.0	77.0	78.0	79.0	79.0
63	80.0	81.0	82.0	82.0	83.0	84.0	85.0	85.0	86.0	87.0	88.0	88.0
64	89.0	90.0	91.0	92.0	93.0	94.0	95.0	95.0	96.0	97.0	98.0	99.0
65	100.0	—	—	—	—	—	—	—	—	—	—	—

If You Become Disabled

If You Are Not Eligible For a Service Pension

If you become totally disabled due to a sickness or injury (other than an on-the-job accident) while you are an eligible associate, and you are not yet eligible for a service pension (see page 24), you will be eligible for a disability pension if you have not reached normal retirement age and:

- You have at least 15 years of net credited service.

- You totally and permanently are disabled due to a sickness or an off-duty accidental injury for which you are eligible to receive short-term disability benefits under your company's short-term disability benefit plan, and you remain disabled throughout the entire period for which short-term disability benefits are payable or if later, until the expiration of any approved leave of absence. The claims administrator may require you to have your disability confirmed by a physician from time-to-time (at reasonable intervals).

Disability pensions are calculated using the same formula as service pensions. However, there is no reduction for early payment regardless of your age when you terminate your employment or retire. Also, your benefit is subject to reduction for Workers' Compensation benefits, if applicable, that are paid to you at the same time.

Your disability pension benefits will be paid as long as you remain unable to resume active employment with the Company. In order to continue your disability pension payments prior to normal retirement age, you may be asked to submit to periodic medical examinations or to cooperate with a recommended rehabilitation program.

If you still are receiving a monthly disability pension when you reach your normal retirement age, the disability pension will be changed to a service pension in the same monthly amount and in the same form of payment that you elected when your disability pension began. If you die while receiving a disability pension, any death benefit will be based on the form of payment in effect for your disability pension at the time of your death.

If you are receiving accident disability benefits under the Sickness and Accident Disability Benefit Plan (SADBP) because of an **on-the-job** accident, a disability pension is **not** an option. Accident disability benefits will continue under the SADBP for the entire period of total disability. While you remain totally disabled, you will continue to be credited with net credited service until you elect to retire on a service pension. (Call the benefits administrator for information regarding coverage for partially disabled employees.)

If You Are Eligible For a Service Pension

If you remain disabled after receiving 52 weeks of sickness disability benefits under the Company Sickness and Accident Disability Benefits Plan and you are eligible for a service pension, you will receive a service pension that is not reduced for early retirement instead of a disability pension. You also will be entitled to the same retiree benefits as any other individual who receives a service pension.

If You Recover From Your Disability and Return to Work

If you recover from your disability to the extent you no longer meet the total disability definition, your disability pension benefit will stop. If you are re-employed, your participation can resume and you again can begin accumulating pension accrual service. If you do not return to work, you will be entitled to the deferred vested pension you had earned as of the date you terminated employment due to disability.

If You Leave or Retire and Return to Work

If You Were Receiving a Monthly Benefit

In general, if you retire and start to receive a monthly pension benefit from this Plan but later return to work as an associate participating in this Plan or the Verizon Pension Plan for New York and New England Associates, your pension benefits will stop while you continue to work.

Exception: Pension benefits will continue if you’re over age 65 and working less than 40 hours in a calendar month, if you’re over age 70-1/2 or if you’re rehired under the working retiree program.

How Your Benefit Is Determined Upon Subsequent Termination

The determination of your benefit from the Plan when you subsequently terminate employment will be affected as summarized based on your benefit payment status when you returned and the length of time you were gone:

- If you started monthly benefit payments or postponed payment and are rehired within six months of your prior termination date, your benefit upon subsequent termination will be based on your total net credited and pension accrual service from both periods of employment and the pension band rate in effect when you leave.

- If you started monthly benefit payments or postponed payment and are rehired after a period of more than six months, then your net credited service and pension accrual service will be "bridged" only if you meet the requirements as described on page 13. If you do not meet the bridging requirement, your benefit from your prior period of service will not be increased to reflect any change in your pension band rate.

- If you received a lump-sum distribution of your prior service benefit, regardless of how long you were gone, your benefit upon subsequent termination will be based only on net credited service and pension accrual service after you are rehired.

While You Are on the Active Payroll

At the time your pension payments are suspended, your prior payment election becomes invalid. However, the Plan provides a pension benefit to your spouse or other beneficiary if you die before pension payments resume (see page 41).

When pension payments resume, you will be asked to elect a new form of payment (see pages 32 through 38) for your entire benefit, including amounts earned before and after you returned to work. Your old form of payment election becomes invalid on the date your benefit is suspended due to your rehire.

Adjustment For Prior Monthly Benefit Payments If Service Is Bridged

If you were receiving monthly deferred vested benefit payments before you were rehired, your subsequent benefit will be adjusted for the value of the prior payments you received. The adjustment is made by determining your full service benefit based on pension accrual service for both eligible periods of employment and subtracting the amount earned during the prior period of service after applying an adjustment ratio. The adjustment ratio is one minus the fraction determined by dividing the monthly benefit amount you were previously receiving by the monthly amount you would have received if your annuity starting date was the date you were reemployed as an eligible employee. Note that this adjustment does not apply if you were receiving monthly service pension payments before you were rehired.

How Your Benefit Is Paid

Automatic Method of Payment

Single Life Annuity

If you are single at the time payment begins, the standard form of payment is a single life annuity. If you choose this form of payment, your benefit will be paid as regular monthly income for as long as you live. Payments are not continued to a beneficiary. You will receive this method of payment, unless you elect an optional method (as described on pages 32 through 38).

Joint and Survivor Annuity

If you are married at the time payment begins, the standard form of payment is a 50 percent joint and survivor annuity. Under this payment method, you receive a reduced monthly pension benefit (see page 34 for an example). If you die before your spouse to whom you were married when your benefit began, your spouse starts receiving 50 percent of your monthly pension benefit for the remainder of his or her lifetime. On the other hand, if your spouse dies before you and you are receiving a service or disability pension (but not a deferred vested pension), your monthly benefit increases to the original single life annuity amount and no additional benefits are paid after your death. The increase to the original benefit amount will be effective in the month following your spouse's death. However, if you notify the benefits administrator of your spouse's death more than one year after death occurs, the increase will apply only to months after your notification is received.

Important Note

Unless you elect an optional method of payment, the Plan pays your benefit in the automatic form based on your marital status at the time payment begins. However, if your benefit value is small ($3,500 or less), payment automatically will be made in a lump-sum distribution (cashout). (See page 36.)

Optional Methods of Payment

You may decline the automatic form of payment in writing and elect one of the optional methods described on the following page. Note that if you are married, the single life annuity is an optional method of payment for you as well.

You will receive written notification prior to the starting date of your benefit with an explanation of the methods of payment available to you and timing requirements for your election.

Joint and Survivor Annuity Option

If you are eligible to receive a service or disability pension, you have three joint and survivor annuity payment options from which to choose: The 50 percent survivor annuity, the 60 percent survivor annuity and the 70 percent survivor annuity. All three payment options pay you a monthly pension benefit for as long as you live. In the event that you die before your beneficiary, each option pays a different percentage of your monthly pension benefit to your beneficiary. For example, the 50 percent survivor annuity continues half of your monthly pension benefit to your beneficiary if you die (the 70 percent annuity option continues 70 percent of your monthly benefit, etc.).

If you are eligible for a deferred vested pension, you have the 50 percent survivor annuity available (but not the 60 percent or 70 percent option).

If you choose any of the joint and survivor annuity options, your monthly pension benefit will be reduced for the cost of the option. The reduction charges depend on the difference between your age and your beneficiary's age **in whole years** at the end of the year in which you retire. (For example, if the age difference between you and your beneficiary is 12 years and four months, the Company uses 12 years to determine a reduction.)

Use the chart on the following page to determine what the reduction charge applied to your monthly benefit will be under a joint and survivor annuity option depending on the type of pension benefit you are eligible to receive and whether or not your beneficiary is your spouse.

Joint and Survivor Annuity Option Reductions

Age When Your Pension Begins	Your Designated Annuitant's Age:	Reduction in Your Service or Disability Pension Based on Percentage of Benefit Continued to Your Beneficiary: 50%	60%	70%	Reduction in Your Deferred Vested Pension Based on 50% Continued to Your Beneficiary
Any age	Your spouse—any age	10%	12%	14%	12%
Less than age 60	Any Person Other Than Your Spouse Who Is:				
	• Older or 10 or fewer years younger	10%	12%	14%	12%
	• 11 to 25 years younger	12%	14%	16%	14%
	• More than 25 years younger	13%	15%	N/A	15%
Age 60 to 64	• Older or 10 or fewer years younger	11%	13%	15%	13%
	• 11 to 25 years younger	14%	16%	18%	16%
	• More than 25 years younger	16%	18%	N/A	18%
Age 65 or older	• Older or 10 or fewer years younger	13%	15%	17%	15%
	• 11 to 25 years younger	18%	20%	22%	20%
	• More than 25 years younger	20%	22%	N/A	22%

You can use the above chart to determine the applicable reduction factor. Below is a step-by-step example to help you compare your monthly pension benefit—and the amount continued to your beneficiary if you die—under all three joint and survivor annuity options.

Service or Disability Pension Example

Assume you are age 58, your beneficiary is age 55 at the end of the year in which you retire with a service pension and your monthly pension benefit is $1,200.

Step 1: Determine the difference between your age and the age of your beneficiary:

58 years – 55 years = 3 years (your beneficiary is three years younger).

Step 2: Using the above chart, determine the reduction that will be applied to your monthly pension benefit under each of the options. For instance, if your beneficiary is three years younger than you under the 70 percent survivor annuity, your reduction is 14.00 percent.

Step 3: Calculate the monthly pension payable for your lifetime, as well as the pension amount continued to your beneficiary if you die, under all three annuity options, as shown on the following page.

	50% Survivor Annuity	60% Survivor Annuity	70% Survivor Annuity
Gross monthly pension	$ 1,200.00	$ 1,200.00	$ 1,200.00
Reduction for the cost of the option	-120.00 (10%)	-144.00 (12%)	-168.00 (14%)
Monthly pension amount paid for your lifetime	$ 1,080.00	$ 1,056.00	$ 1,032.00
Monthly pension paid to your beneficiary if you die	$ 540.00 50% of your monthly pension amount	$ 633.60 60% of your monthly pension amount	$ 722.40 70% of your monthly pension amount

Note: For the joint and survivor annuity options for service and disability pensions (but not for deferred vested pensions), if your beneficiary dies before you, your monthly pension will be increased by the amount it had been reduced for the original cost of the option. The increase to the original benefit amount generally will be effective in the month following your beneficiary's death. However, if you notify the benefits administrator of your beneficiary's death more than one year after death occurs, the increase will apply only to months after your notification is received.

Under any of the joint and survivor annuity options (for service, disability or deferred vested pensions), you can choose any living individual as your beneficiary. If you are married, however, your spouse must be your beneficiary, unless you obtain your spouse's notarized, written consent to another beneficiary. Your spouse's written consent with respect to a change in beneficiary is irrevocable upon the annuity starting date.

Also, there are certain age restrictions that limit the joint and survivor annuity options available to certain non-spouse beneficiaries:

- A 50 percent joint and survivor annuity option, which is available for a non-spouse beneficiary of any age

- A 60 percent joint and survivor annuity option, which is available if your non-spouse beneficiary is any age up to 30 years younger than you

- A 70 percent joint and survivor annuity option, which is available if your non-spouse beneficiary is any age up to 22 years younger than you.

Single Life Annuity (Optional Form For Married Participants)

Under this payment method, your benefit is paid as regular monthly income for as long as you live. Payments are not continued to a beneficiary. You will need your spouse's written, notarized consent to choose this payment method.

Lump-Sum Distribution Option (Available During Cashout Trial Period Through December 31, 2003)

A lump-sum "cashout" distribution is available as an option for an associate who terminates employment with the right to receive a service pension (see pages 24 through 25) or a deferred vested pension (see pages 25 through 26) during the Cashout Trial Period. (A disability pension cannot be paid in a lump sum.)

You must make your election to receive a lump-sum distribution within the 90-day election period indicated by the benefits administrator at the time benefits are determined. After this period, a lump-sum distribution cannot be elected. You will need your spouse's written, notarized consent to choose this payment method.

A lump-sum distribution provides a single cashout payment that is representative of the current equivalent value of the monthly pension benefit you otherwise would be entitled to receive over your lifetime. The determination of the current lump-sum value is made based on your age when your employment ends and government guidelines in effect on that date for determining this amount. The lump-sum factor takes into account current interest rates and insurance industry standard mortality tables. Two calculation methods are used:

- **PBGC Calculation.** The PBGC method uses:
  - 120 percent (or 100 percent if your lump sum is not more than $25,000) of the Pension Benefit Guaranty Corporation (PBGC) interest rate in effect for the month prior to the first month in the calendar quarter that contains your termination date
  - The Unisex Pension 1984 (UP84) Mortality Table
  - Your age in whole years and whole months, as of the 15th day of the second month in the calendar quarter that contains your termination date.

Automatic Cashout of Small Benefit Amount

If the total cashout value of your deferred vested pension benefit is $3,500 or less (whether or not you terminate during the Cashout Trial Period), you will receive your benefit in a lump-sum distribution no later than July 1 of the year following the year you terminate. If you terminate during the Cashout Trial Period, both the PBGC and GATT lump-sum calculation methods will be used; outside the Cashout Trial Period, only the GATT method applies.

- **GATT Calculation.** The GATT (General Agreement on Tariffs and Trade) method uses:

  — 100 percent of the annual interest rate on 30-year Treasury securities (published in the Federal Reserve Statistical Release) for the second month preceding the first day of the calendar quarter containing your benefit commencement date

  — The 1983 Group Annuity Mortality Table (weighted 50 percent male and 50 percent female)

  — Your age in whole years and whole months, as of the 15th day of the second month in the calendar quarter that contains your benefit commencement date.

You receive a lump-sum distribution using the lump-sum method that produces the larger cashout value for you. Additional details will be provided at the time your lump-sum distribution is determined.

Important points:

- If you are eligible for a disability pension, you may choose to forego receipt of your disability pension and receive a lump-sum distribution of your deferred vested pension. However, you should make this decision cautiously as you will forfeit your right to other retiree benefits.

- If you are eligible for a deferred vested benefit but you are not eligible otherwise to start your benefit right away based on the early payment rules as described on page 26, you have an immediate annuity option during the Cashout Trial Period. Your benefit will be reduced in the same manner as described on page 26 and the same standard and optional form of payment rules apply as described earlier in this section.

- If you elect a lump-sum distribution, no additional benefit is payable to you or your beneficiary in the future, including survivor benefits that otherwise might be payable if you were receiving a monthly benefit for your lifetime. However, the eligible survivor of a service pension or disability pension retiree who otherwise is eligible for a Sickness Death Benefit (see page 46) still will qualify for the death benefit, regardless of whether a lump-sum distribution is elected by the retiree.

- If you receive a lump-sum distribution and later are rehired, you will receive credit for prior ERISA service, but will be treated like a new hire for purposes of net credited service and pension accrual service. However, if you are rehired after receiving a lump sum and your prior net credited service and pension accrual service is bridged under the special rule on page 12, the benefit you receive at the time of your subsequent termination will be reduced to take into account the benefit that previously was cashed out.

- Interest rates on which lump-sum calculations are based change each quarter. Therefore, it is possible for the lump sum payable to you based on a termination date in an earlier calendar quarter to be less than the lump sum that would be payable to you if you delayed your termination to a later calendar quarter.

Paying Taxes on Your Pension Benefit

In general, your pension payments fully are taxable in the tax year you receive them. If you are receiving monthly benefit payments, you can choose to have taxes withheld from your payments.

Special tax rules apply to a lump-sum distribution. For example, 20 percent of your payment automatically will be withheld as an advance estimated payment for federal income taxes, unless you request a direct rollover of your distribution into an IRA or another employer's qualified plan that accepts rollovers. You also may owe a 10 percent additional tax if you terminate employment before the year you turn age 55 and receive a lump-sum distribution before age 59-1/2. Before your distribution is processed you will have the opportunity to elect a direct rollover. You are responsible for providing the name of the IRA or qualified plan to which the direct rollover will be made to the benefits administrator by completing the form to elect a direct rollover.

If you have questions regarding tax issues on your pension benefits, you may want to consult a tax advisor. In particular, the tax rules related to a lump-sum distribution can be complicated and are subject to change.

Applying for Benefits

In general, your pension benefits will not be paid automatically after you separate from active service. Exceptions are if you are age 70-1/2 or older, if you elected to defer payment of your benefit to start automatically at age 65 and if your benefit is subject to the small benefit amount cashout rule. You should apply for your benefits a few months prior to your planned benefit starting date. You must call the benefits administrator to request the necessary forms. It is recommended that you complete and return the forms as soon as possible, but no sooner than 90 days before the date you want payments to begin.

- If you are married and want to choose an optional payment form, (see "How Your Benefit Is Paid" on pages 32 through 40), you must submit your election form to the benefits administrator within 90 days of the effective date of your pension start date or 90 days from the date you receive your election form, whichever is later. The benefits administrator will provide you with appropriate information and forms, as well as a return envelope to submit this paperwork. If you miss the deadline for an optional election and you are married, your pension will be reduced by 10 percent and paid automatically as a 50 percent survivor annuity with your spouse as beneficiary.

- If you're single, your pension will be paid as single life annuity but also will be subject to a 10 percent reduction if you have not indicated in writing that you are single.

If you are receiving your benefit before your normal retirement age, you also must consent to early payment within 90 days prior to the benefit starting date. If you return the election form within this time frame, you will begin receiving payments on your normal scheduled date. If you do not return the form during this 90-day period, the Company will assume you have elected to defer payment of your pension to a later date.

If you fail to apply for your benefits or you do not provide the benefits administrator with all of the requested information, your benefits could be delayed.

If You Want to Defer Your Benefit Payments

If you are under age 65, you can defer receipt of your pension benefit up to age 65. If you choose to do this, your accrued pension benefit will be frozen as of your termination date and paid to you on the early payment date you choose. The Company will use your age at the time of your termination to determine any early retirement reduction for a service pension and your age at the time payments begin to determine any early retirement reduction for a deferred vested pension.

Note: When you defer your pension beyond the earliest payment date, you permanently forfeit your pension benefit for the period of deferral and you forfeit the lump-sum payment option if available otherwise. You also forfeit any special pension increases that may be granted during your deferral period. If you want to defer your benefit payments, call the benefits administrator for information on how to elect a deferral.

Benefits for Survivors

Preretirement Survivor Death Benefit

The Plan provides a pension benefit to your spouse or other beneficiary (see page 43) if you die after you earn the right to receive a pension benefit but before you start receiving payments (or while your pension payments are suspended during rehire—see page 30).

- If your beneficiary is your spouse, the benefit amount payable to your spouse is based on a 65 percent joint and survivor annuity.
- If your beneficiary is not your spouse, your beneficiary's benefit is based on a 65 percent joint and survivor annuity, unless your beneficiary is more than 25 years younger than you; then, the survivor's benefit is based on a 50 percent joint and survivor benefit.

Note: If you have elected another joint and survivor form of payment within the 90-day election period prior to your annuity starting date that provides a greater benefit to your spouse, payment then will be made based on the provisions that provide a greater benefit.

When a Survivor Benefit Is Payable

If you are eligible for a pension benefit, a preretirement survivor benefit may be available to your beneficiary if you die and:

- **You still are working and have at least 15 years of net credited service or are eligible to retire with a service pension.** Your pension benefit is calculated, taking into account any minimum benefit, as if you had retired with a service pension the day you died and elected a joint and survivor annuity (65 percent or 50 percent, as described above). The monthly payment is reduced for the cost of this survivor benefit. Your beneficiary receives 65 percent (50 percent, for a non-spouse beneficiary more than 25 years younger) of the benefit for his or her life—with no early retirement reduction—even if you are younger than the early retirement age when you die. The benefit is payable to your beneficiary immediately following your death. However, your spouse may defer payment to as late as the date you would have reached your normal retirement age.

Important Note

The preretirement survivor benefit provisions described here apply to participants with active service on or after August 6, 2000.

Special rules apply for naming a beneficiary (see page 43). Also, if you are not married, you must have a valid beneficiary designation in effect at the time of your death; otherwise, the benefit is forfeited.

- **You terminated while eligible for a service pension and die before your benefit begins.** Your pension benefit is calculated, taking into account any minimum pension benefit, as if you had elected to start payment on the day you died and elected a joint and survivor annuity (65 or 50 percent, as described on page 41). The monthly payment is reduced for the cost of this survivor benefit and any applicable early retirement reduction will apply (see page 24) based on your age and service at the time you terminated employment. Your beneficiary receives 65 percent (50 percent for a non-spouse beneficiary more than 25 years younger) of the reduced benefit for his or her life. The benefit is payable to your beneficiary immediately following your death. However, if your spouse is your beneficiary, your spouse may defer payment to as late as your normal retirement age. If your spouse defers payment, the amount generally will not increase since early retirement reductions for service pensions are determined based on your age at termination of employment.

- **You terminated while eligible for a deferred vested pension benefit and die before your benefit begins or if you die while working at a time when you have at least five years of ERISA service but less than 15 years of net credited service and are not eligible for a service pension.** Your pension benefit is calculated as if you had elected to start payment on the day you died and elected a joint and survivor annuity (65 or 50 percent, as described on page 41). The monthly payment is reduced for the cost of this survivor benefit and any applicable early retirement reduction will apply (see page 26) based on your age at the time you die. Your beneficiary receives 65 percent (50 percent for a non-spouse beneficiary more than 25 years younger) of the reduced benefit for his or her life. The benefit is payable to your beneficiary immediately following your death. However, if your spouse is your beneficiary, your spouse may elect between immediate or deferred payment within the 90-day election period indicated by the benefits administrator. If your spouse does not elect immediate payment within the election period, your spouse may start payments on or after the earliest date you could have retired, but not later than your normal retirement age, and receive a larger monthly payment due to the later age upon which early retirement reductions will be based.

Preretirement Survivor Death Benefit Annuity Factors

If your spouse or non-spouse beneficiary is eligible to receive a preretirement survivor death benefit based on a 65 percent joint and survivor annuity, the reduction factors on the following page apply to the deceased associate's benefits based on your beneficiary's age in relation to your age. (If your non-spouse beneficiary is eligible to receive a preretirement survivor death benefit based on a 50 percent joint and survivor annuity, the reduction factors on page 34 apply.)

65 Percent Joint and Survivor Reduction Percentage

Age When Your Pension Begins:	Your Designated Annuitant's Age*:	Reduction If You Have 15 or More Years of Net Credited Service and Die While Working or If You Are Eligible For a Service or Disability Pension When You Die:	Reduction If You Are Eligible For a Deferred Vested Pension
Any age	Your spouse—any age Any Person Other Than Your Spouse Who Is:	13%	15%
Less than age 60	• Older or 10 or fewer years younger • 11 to 25 years younger • More than 25 years younger	13% 15% N/A	15% 18% N/A
Age 60 to 64	• Older or 10 or fewer years younger • 11 to 25 years younger • More than 25 years younger	14% 17% N/A	17% 20% N/A
Age 65 or older	• Older or 10 or fewer years younger • 11 to 25 years younger • More than 25 years younger	16% 21% N/A	18% 25% N/A

*Age in whole years as of the date of death.

Beneficiary Designation and Eligibility Rules

You should consider the following rules when you make your beneficiary designation for this benefit. Note that a preretirement survivor benefit will not be paid on your behalf if a valid beneficiary designation is not on file with the benefits administrator when you die and you do not have an eligible surviving spouse. It is your responsibility to keep the benefits administrator up-to-date regarding your marital status and beneficiary information. You may change your beneficiary at any time by submitting a new Beneficiary Designation Form. Also, please note that the terms of a Qualified Domestic Relations Order (QDRO) issued upon divorce may require that your former spouse remain your beneficiary for some or all of the preretirement survivor benefit. In this case, your beneficiary designation choices may be limited based on the terms of the court order.

- **If you are married**, your spouse, at the time of your death, automatically is your primary beneficiary for any preretirement survivor benefit, unless you complete and return a Preretirement Survivor Benefit Designation Form designating another living person as your primary beneficiary. For your designation of another primary beneficiary to be valid, your spouse's irrevocable, written and notarized consent to the beneficiary you name must be provided in the Spouse's Consent section. Your spouse's consent is not necessary when you designate a contingent beneficiary to receive the benefit in the event that your spouse (who is your primary beneficiary) dies before you. Since no preretirement survivor benefit is payable without a valid beneficiary designation, designation of a contingent beneficiary is recommended in case your primary beneficiary predeceases you.

  — If you name a beneficiary other than your spouse, and your beneficiary (including any contingent beneficiary) dies before you, the preretirement survivor benefit will be paid to your spouse. If your spouse also dies before you, no preretirement survivor benefit will be paid.

  — After you die, a preretirement survivor benefit is payable to the individual who survives you, who is determined to be your beneficiary (if any) for this benefit. However, if the individual who is identified as your beneficiary dies after you and before the preretirement survivor benefit is paid, no preretirement survivor benefit will be paid to your beneficiary's estate or to any other person or entity.

  — If you divorce and remarry after making a beneficiary designation for the preretirement survivor benefit, your new spouse automatically will become the primary beneficiary and your prior designation will become null and void. If you would like to name a beneficiary other than your new spouse, you must complete a new form in which your new spouse consents to the beneficiary you name.

Important Point If You Are Married and Under Age 35

If you are married and with your spouse's consent, name someone other than your spouse as primary beneficiary before January 1 of the year in which you reach age 35, the beneficiary designation will become invalid on that January 1 of the year in which you reach age 35. If you still wish to name a primary beneficiary other than your spouse at that time, you must submit a new Beneficiary Designation Form. In all cases, if you wish to name a primary beneficiary other than your spouse, your spouse must consent by signing the Beneficiary Designation Form in the presence of a Notary Public.

- **If you are not married**, you **must** have a valid beneficiary designation on file with the benefits administrator indicating the individual whom you want to receive any preretirement survivor benefit that becomes payable. If you do not have a valid beneficiary designation on file, no preretirement survivor benefit will be paid on your behalf. If you are not married, the following additional rules apply to payment of the preretirement survivor benefit:

  — You may name any living person you choose as your beneficiary; however, if your beneficiary is more than 25 years younger than you, the survivor's portion of the benefit is based on a 50 percent joint and survivor benefit (**not** a 65 percent joint and survivor benefit).

  — If the beneficiary you name—including any contingent beneficiary(ies)—dies before you or if you have named no beneficiary, no preretirement survivor benefit will be paid.

  — If your beneficiary—including any contingent beneficiary(ies)—dies before payment is made to that individual, no preretirement survivor benefit will be paid.

  — If you marry after making a beneficiary designation for the preretirement survivor benefit, your new spouse automatically will become the primary beneficiary and your prior designation will become null and void. If you would like to name a beneficiary other than your new spouse, you must complete a new form in which your new spouse consents to the beneficiary you name.

Special Note Regarding Separate Death Benefits Payable Under the Plan

For associates hired before August 9, 1986, your designation of a beneficiary for the preretirement survivor benefit as described in this section, will not affect the payment of any Sickness Death Benefit or Accident Death Benefit payable under Plan provisions that specify mandatory beneficiary(ies) for these benefits. (See page 47.)

Lump-Sum Distribution Rules During the Cashout Trial Period

A lump-sum "cashout" distribution is available as an option if the eligible beneficiary is the surviving spouse of an associate who dies during the Cashout Trial Period; it is the only form of payment available to any eligible non-spouse beneficiary of an associate who dies during the Cashout Trial Period. The Cashout Trial Period is in effect through December 31, 2003.

A lump-sum distribution provides a single cashout payment that is representative of the current equivalent value of the monthly benefit your survivor otherwise would have been entitled to receive over his or her lifetime. It is determined in the same manner as described for associates (see pages 36 through 38) who are eligible for a lump-sum distribution. Please note that the spouse of a deceased participant has the right to elect payment in an immediate lump sum or annuity or to defer payment to a later date. However, if the spouse does not elect a lump sum within the period specified by the benefits administrator, the only form that is available to the spouse on the later commencement date is an annuity.

Taxation will be based on rules in effect at the time the benefit is paid. Your survivor should contact a tax advisor if he or she has questions.

Automatic Cash Out of Small Benefit Amounts

If the total cashout value of the preretirement survivor benefit is $3,500 or less at the time you die (whether or not in the cashout period), your beneficiary will receive the benefit in a lump-sum distribution.

Sickness Death Benefit

If you were an active employee on August 9, 1986, are employed continuously (except for certain layoff or retirement situations) by Verizon after this date and die from an illness or an off-duty accident (as defined in the Verizon disability program), your mandatory beneficiary (see page 47) may receive a sickness death benefit. If no mandatory beneficiaries are living, the benefit may be paid to a discretionary beneficiary.

The sickness death benefit is a single cash payment equal to one year of pay (including any corporate profit sharing award), capped at $39,000, determined as of your date of death. If your job title on August 9, 1986 was advertising sales representative for the pre-merger company, Bell Atlantic-New Jersey and you remain in that job title until your death, your sickness death benefit can be up to one times your pay as of August 9, 1986, even if that was higher than $39,000.

Mandatory Beneficiaries

In this situation, your beneficiary can be one or more of the following:

- Your spouse, if he or she is living with you when you die
- Your unmarried, dependent children under age 23 (unmarried, dependent children age 23 or over qualify as beneficiaries if they are disabled and incapable of self-support)
- A dependent parent, if he or she is living with you or is living in a separate household you provide.

If you have more than one mandatory beneficiary at the time of your death, the Plan administrator will use its discretion in determining how to administer the benefit.

Special rules apply to sickness death benefits, which are provided for employees who have been promoted to management positions and for management employees who have moved to associate positions. For more information on sickness death benefits for which you may qualify, you or your beneficiary should contact the benefits administrator.

Discretionary Beneficiaries

If you die and no individual qualifies as a mandatory beneficiary for you, a sickness death benefit may be paid to your spouse, dependent child or other dependent relative who does not otherwise qualify as a mandatory beneficiary, but is entitled to receive support from you at the time of your death. If this applies to more than one person at the time of your death, the Plan administrator will use its discretion in determining how to administer the benefit.

If the Plan administrator decides not to pay any death benefit or decides to pay less than one year of pay, the Plan still may pay the discretionary beneficiary up to $500 for funeral expenses. The beneficiary can receive $500 for funeral expenses only if it will not take total benefits to more than one year's pay (as of the appropriate date) for a sickness or retiree death benefit, or three years of pay for a job-related accidental death benefit.

Accidental Death Benefit

If you die as a result of an accidental injury arising out of and in the course of employment by a participating company regardless of when you were hired, your mandatory beneficiary (see page 47) may receive a benefit equal to up to three years of pay, determined as of your date of death. Up to $50,000 of this benefit directly is paid from this Plan. The rest, if any, is paid under a special insurance policy maintained by the Company. In addition, the Plan may pay the necessary burial expenses, up to $500.

Your pay for this purpose is your rate of pay at death (including any Corporate Profit Sharing but not including overtime). This benefit is reduced by any death benefit payable under Workers' Compensation.

Claims Must Be Submitted Promptly

Claims for sickness or accident death benefits must be received within one year following the death of the active or retired employee. Claims received after that time will not be recognized. No death benefits (other than the survivor annuities) will be payable if a suit for damages or other legal action on account of the death of an employee is brought against Verizon, any participating company or any officer or employee of any of them.

Death benefit payments will be made in a single payment within a reasonable period after the date on which the Plan administrator is notified of your death.

If You Are a Retiree, Former Vested Participant or Beneficiary

Your Benefit Amount

In general, this summary plan description (SPD) describes the Plan based on provisions effective January 1, 2001 for participants who currently are employed as an eligible associate under the Plan. If you are a retiree or a former associate entitled to a deferred vested benefit from the Plan, your benefit amount generally is based on Plan provisions in effect when your employment ended.

If you are entitled to a benefit because you are a surviving beneficiary, the determination of your benefit is based on Plan provisions in effect at the time the former participant's employment as an eligible associate ended. As a result, there are provisions discussed in this SPD that differ from those that apply to the determination of your benefit.

Some points to keep in mind:

- The provisions for a minimum benefit increase effective on July 1, 2001 (as described on page 21) apply for retirees eligible for a service or disability pension who start payment after April 1, 1999 and surviving beneficiaries regardless of when payment is made. In addition, the minimum you receive from the Plan will be reduced if you are receiving benefits from more than one Company plan providing the minimum.

- The lump-sum cashout provisions apply to associates whose employment ends during the Cashout Trial Period (see pages 36 through 38). If your employment with Verizon ended before the Cashout Trial Period, you are not eligible to cash out your benefit.

- If you return to Verizon employment as an eligible associate after January 1, 2001, the service rules (as described beginning on page 6) and portability rules (described on pages 14 through 16) apply in determining how your total period of service is counted. Also, if you leave during the Cashout Trial Period, receive a lump-sum cashout and later return to work as an eligible associate under this Plan, your service is affected (as described on page 38).

- If you have not started receiving your benefit, the preretirement survivor benefit rules in effect at the time you left the Company apply.

- Disability pension benefit rules described in this SPD apply to associates whose disability pension began on or after August 6, 2000.

- Associates who transferred to a management position whose employment ended before July 1, 1998 may have retained a benefit in this Plan and are subject to special rules.

Receiving Your Benefit

In general, if you are retired and receiving your monthly benefit or if you are receiving a surviving beneficiary benefit, the amount of your benefit will continue to be paid by Verizon without change. If you are a deferred vested participant, payments can begin on the basis of Plan provisions in effect at the time your employment ended. Call the benefits administrator at the telephone number provided in your Important Benefits Contacts insert for information or to elect payment.

If you are receiving monthly benefit payments, your payments will continue for your lifetime, unless you are reemployed by Verizon Communications Inc. as an associate eligible for this Plan or the Verizon Pension Plan for New York and New England Associates. In this case, payments are stopped while you are employed, unless you are age 65 or older and working less than 40 hours per month (see page 29). If you are receiving a disability pension, your payments may stop if prior to normal retirement age you recover from disability, fail to submit to periodic medical exams or fail to cooperate with a recommended rehabilitation program.

If you have a change of address or any questions about receiving your benefit, call the benefits administrator at the telephone number provided in your Important Benefits Contacts insert.

As a retiree, a former participant entitled to a deferred vested pension benefit or a surviving beneficiary, you have certain Plan rights provided under the Employee Retirement Income Security Act (ERISA) of 1974 and its subsequent amendments. See the "Administrative Information" section for details.

Additional Information

If You Divorce or Separate

Your Plan benefit belongs solely to you (or your beneficiary if survivor benefits apply when you die). In general, your benefit cannot be sold, assigned, transferred, pledged or garnished to anyone else. If you are divorced or separated, however, certain court orders—known as Qualified Domestic Relations Orders (QDROs)—could require part of your benefit to be paid to someone else, such as your former spouse or your child.

Maximum Benefit Levels

The Internal Revenue Service (IRS) imposes certain limitations on the amount of benefits that are paid under the Plan. There also are limits on the pay that can be recognized by the Plan each year. If you are affected by these limitations, you will be notified.

How Benefits Could Be Reduced, Lost, Suspended or Delayed

Your pension benefits under the Plan will be reduced, lost, suspended or delayed if one of the following conditions applies:

- Your employment with all Verizon companies terminates by resignation, discharge, other separation from service or death before you have earned at least five years of ERISA service (see page 7) and before reaching your normal retirement age. (See page 20.)
- You are rehired after a break in employment and fail to complete the period of service necessary to bridge your prior service. (See page 13.)
- You are re-employed by a Verizon company or an interchange company and your benefits temporarily are suspended. (See page 14.)
- Your benefits are attached or otherwise alienated under a QDRO, in which case any portion of your benefits that are not attached will be paid to you. (See above.)
- Your benefits are subject to a federal tax levy.

Note

Your benefits could be lost if you do not file a proper application, fail to keep a current address on file or fail to follow other procedures.

- You do not provide the benefits administrator with your most recent address and you cannot be located.

- You fail to make proper application for benefits or fail to provide necessary information.

- You are rehired after receiving a lump-sum cashout and you are treated like a new hire for purposes of net credited service and pension accrual service. (See pages 36 through 38.)

- Your disability pension or a death benefit payable to your beneficiary is reduced by Workers' Compensation benefits.

- You transfer to another Verizon company or to a portability company and your Plan benefit is transferred to and paid from another pension plan maintained by such other company. (See page 14.)

- You are receiving a disability pension and your benefits are stopped prior to normal retirement age because you recover from disability, fail to submit to periodic medical examinations or fail to cooperate with a recommended rehabilitation program. (See pages 28 through 29.)

- You choose to forego receipt of a disability pension and instead elect to receive a lump-sum payment of your deferred vested pension. (See page 37.)

- Your benefit is reduced because you elect to retire with a service pension or start payment of deferred pension before the age at which you are entitled to an unreduced benefit. (See page 24.)

- Your monthly benefit is reduced because you receive payment in an annuity form of payment other than a single life annuity. (See page 32.)

- You do not have a valid beneficiary designation for the preretirement survivor death benefit when you die prior to starting your pension. (See page 43.)

- You have received your benefit as a lump-sum cashout or a single life annuity and no death benefits are payable as a result. (See page 36.)

- Your prior net credited service and pension accrual service are bridged after a lump-sum cashout under the special rule on page 12 and the benefit you receive at your later termination is reduced for the benefit previously cashed out.

- You separate from service before age 65 and choose to defer receipt of your benefit. (See page 40).

Pension Benefit Guaranty Corporation

Certain benefits under this Plan are insured by the Pension Benefit Guaranty Corporation (PBGC), a federal insurance agency. If the Plan terminates (ends) without enough money to pay all benefits, the PBGC will step in to pay pension benefits. Most people receive all of the pension benefits they would have received under their plan, but some people may lose certain benefits they may be eligible to receive:

- Normal and early retirement benefits

- Disability benefits, if you become disabled before the Plan terminates

- Certain benefits for your survivors.

The PBGC guarantee generally does not cover:

- Benefits greater than the maximum guaranteed amount set by law for the year in which the Plan terminates

- Some or all of benefit increases and new benefits based on Plan provisions that have been in place for less then five years at the time the Plan terminates

- Benefits that are not vested because you have not worked long enough for the Company

- Benefits for which you have not met all of the requirements at the time the Plan terminates

- Certain early retirement payments (such as supplemental benefits that stop when you become eligible for Social Security) that result in an early retirement monthly benefit greater than your monthly benefit at the Plan's normal retirement age

- Non-pension benefits, such as health insurance, life insurance, certain death benefits, vacation pay and severance pay.

Even if certain benefits are not guaranteed, you still may receive some of those benefits from the PBGC depending on how much money your Plan has and how much the PBGC collects from employers.

For more information about the PBGC and the benefit guarantees, ask the Plan administrator, or write to the PBGC at:

Technical Assistance Division
PBGC
1200 K Street N.W., Suite 930
Washington, DC 20005-4026

See your Important Benefits Contact insert for the telephone number of the PBGC.

TTY/TDD users may call the federal relay service toll-free at 1-800-877-8339 and ask to be connected to 202-326-4000. Additional information about the PBGC's pension insurance program is available through the PBGC's Web site on the Internet at http://www.pbgc.gov.

Claims and Appeals Procedures

As claims administrator, Verizon's benefits administrator for the Plan has discretionary authority to determine claims for the Plan. The Verizon Claims Review Committee (VCRC) is the appeals administrator for the Plan. (See page 61 for the address of the claims and appeals administrator and refer to your Important Benefits Contacts insert for the telephone number.)

The Plan grants the claims and appeals administrators discretionary authority to:

- Interpret the Plan based on its provisions and applicable law and make factual determinations about claims arising under the Plan
- Determine whether a claimant is eligible for benefits
- Decide the amount, form and timing of benefits
- Resolve any other matter under the Plan that is raised by a participant or a beneficiary, or that is identified by either the claims or appeals administrator.

The claims and appeals administrators have sole authority to decide claims under the Plan and review and resolve any appeal of a denied claim.

Filing a Claim

You, your beneficiaries or someone claiming benefits through you as a participant has the right under the Employee Retirement Income Security Act of 1974 (ERISA) and its subsequent amendments to file a claim if you believe you are entitled to benefits and benefits have been denied or incorrectly determined under the Plan.

To submit a claim, put your concern in writing, explaining in your words your understanding of your benefit issue, and provide any supporting information in writing to the claims administrator. (See page 61 for the address.)

Once you have documented your claim to the claims administrator along with any further information that you believe should be taken into account, the claims administrator has 90 days (except as described on the following page) to make a decision on your claim after receiving it.

If the claims administrator needs additional information from you in order to process your claim, you will be given 180 days to supply the needed information. In that case, the claims administrator will have not less than 45 days from the date you supply the additional information (or your 180-day period expires) to make a decision on your claim.

If there are special circumstances requiring longer review, the claims administrator may take up to an additional 90 days to make a decision on your claim. You will be notified in writing if more time is needed and of the final decision.

Claim Denial

If your claim completely or partially is denied, a written notice of denial will be provided by the claims administrator, which will tell you the specific reasons for the decision and how you can appeal the decision.

Filing an Appeal

You may file an appeal if:

- You receive no reply to your original claim within 90 days
- The time for a decision on your original claim was extended for an additional 90 days, and you receive no reply after the additional 90 days
- You receive written denial of all or part of the claim, and you want to appeal the denial.

You may appeal by submitting in writing a letter requesting an appeal and stating your concerns and any related facts to the Verizon Claims Review Committee, c/o Verizon Benefits Center; 100 Half Day Road; P.O. Box 1457; Lincolnshire, IL 60069-1457. Your appeal letter must be received within 60 days after you receive the denial of your claim or fail to receive timely notice of the decision.

If you submit an appeal, you have the right to:

- Review pertinent Plan documents, which you can obtain as described in the next section.
- Send a written statement of the issues and any other documents in support of your claim to the appeals administrator.
- Request copies of written documents that are relevant to the appeal. There typically will be a reasonable charge per page.

Review of Your Appeal

The VCRC, as appeals administrator, will review your appeal of the denied claim and will make a decision after receiving your written request for review. Your appeal will be decided by a different committee than the committee that decided your initial claim. Your appeal will be decided within 60 days after being received by the appeals administrator. However, if there are special circumstances that require additional time, the appeals administrator may extend the review by an additional 60 days (for a total of 120 days from receiving your appeal).

Normally, the appeals administrator will notify you of the decision in writing. However, if you do not receive a decision or notification within the appropriate time span, you should consider the appeal denied.

In case of an appeal, the appeals administrator's decision is final and binding on all parties to the full extent permitted under the Plan and under applicable law, unless conclusive the participant or a beneficiary later successfully proves that the appeals administrator's decision was an abuse of discretion. However, as a Plan participant, you may have further rights under ERISA after you have exhausted the claims and appeals process, as described in the next section.

Benefits under the Plan will be paid only if the benefits administrator or the claims or appeals administrator decide in their discretion that the participant or beneficiary is entitled to them.

Change in Ownership or Control

In the event the ownership or control of Verizon changes significantly, Plan provisions restrict, for a five-year period after the change, actions to extend the Plan to additional employees, reduce the rate of benefit accruals, change Plan investments or transfer assets and liabilities of the Plan to another plan. In the event the Plan is terminated in whole or in part during that period, all or part of any Plan assets in excess of the amount needed to fund current benefits, as appropriate, will be used to fund employee benefits for affected participants.

Rights of Participants and Beneficiaries Under ERISA

Under ERISA, you have the following rights:

- You may examine all Plan documents without charge. These include annual financial reports, Plan descriptions, bargaining unit agreement provisions pertaining to the Plan and all other official Plan documents and reports, including a copy of the latest annual report (Form 5500 Series) filed with the U.S. Department of Labor and available at the Public Disclosure Room of the Pension and Welfare Benefits Administration. The Plan administrator makes these documents available for examination free of charge at specified sites, such as Verizon work locations. For information, write to the Plan administrator:

  — c/o Verizon Benefits Center
  100 Half Day Road
  P.O. Box 1457
  Lincolnshire, IL 60069-1457

  Also, you may obtain copies of all Plan documents and other Plan information upon written request to the Plan administrator at the above address. Please include the full name of the Plan in your written request, along with your name, Social Security number, mailing address and telephone number. You may be charged 25 cents per page for documents that you request.

- You may receive a copy of the Plan's procedures governing QDRO determinations. The Plan administrator is required to furnish a copy of the procedures without charge. You may request a copy of the Plan's QDRO procedures by contacting the Verizon-Bell Atlantic Qualified Order Team; 100 Half Day Road; Lincolnshire, IL 60069. (See your Important Benefits Contacts insert for the telephone number.)

- You will receive a summary of the Plan's annual financial report. The Plan administrator is required by law to furnish you with a copy of the summary annual report.

- You may obtain a statement telling you the amount of your accrued pension benefit payable at normal retirement age if you stop working under the Plan now. If you are not fully vested, your statement will tell you how many more years you have to work to be fully vested. These statements are not required to be given more than once a year and automatically are provided free of charge.

In addition to creating rights for Plan participants, ERISA imposes duties upon the persons who are responsible for the operation of the Plan. The persons who operate your Plan, some of whom are named as "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan participants and beneficiaries.

No one, including your employer, your union or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a benefit or exercising your rights under ERISA. If your claim for a benefit is denied or ignored, in whole or in part, you have a right to know why this was done and to obtain copies of documents relating to the decision without charge.

You have a right to have your claim reviewed and reconsidered on appeal, but your appeal must be timely. Under ERISA, there are steps you can take to enforce the above rights.

For instance, if you request materials from the Plan administrator that you have a right to receive and do not receive them within 30 days, you may file suit in a federal court. In such a case, the court may require the Plan administrator to provide the materials and pay you up to $110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Plan administrator.

If you have a claim for benefits, which is denied or ignored in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order, you may file suit in federal court. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor or you may file suit in a federal court.

The court will decide who should pay court costs and legal fees. If you are successful, the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees (for example, if it finds your claim is frivolous).

If you have any questions about the Plan, you should contact the benefits administrator, which the Plan administrator has established for purposes of administering benefits and responding to questions of participants and beneficiaries. If you have any questions about this statement or about your rights under ERISA or if you need assistance in obtaining documents from the Plan administrator, you can contact the nearest office of the Pension and Welfare Benefits Administration, U.S. Department of Labor, listed in your telephone directory, or the Division of Technical Assistance and Inquiries; Pension and Welfare Benefits Administration; U.S. Department of Labor; 200 Constitution Avenue, N.W.; Washington, D.C. 20210.

You also may obtain certain publications about your rights and responsibilities under ERISA by calling the publication hotline of the Pension and Welfare Benefits Administration.

Administrative Information

Administrative information about the Plan is provided in this section.

Important Telephone Numbers

Use the telephone numbers provided in your Important Benefits Contacts insert when you want to request a distribution, request information or if you have questions.

Plan Sponsor

The Plan sponsor is:

Verizon Communications Inc.
4 West Red Oak Lane
White Plains, NY 10604

Plan Administrator

The Plan administrator is:

Chairperson of the VEBC
c/o Verizon Benefits Center
100 Half Day Road
P.O. Box 1457
Lincolnshire, IL 60069-1457

You may communicate to the Plan administrator in writing at the address on page 60. But, for questions about Plan benefits, you should write or call the benefits administrator (see below for the address and your Important Benefits Contacts insert for the telephone number). The benefits administrator administers benefits and handles participant questions, requests and certain benefits claims, but is not the Plan administrator.

The Plan administrator or a person delegated by the administrator has the full and final discretionary authority to publish the Plan document and benefit Plan communications, to prepare reports and make filings for the Plan and to otherwise oversee the administration of the Plan. However, most of your day-to-day questions can be answered by the Plan's benefits administrator.

Do not send any benefit claims to the Plan administrator or to the legal department. Instead, submit it to the claims administrator for the Plan.

Benefits Administrator

The benefits administrator up to December 31, 2001 is:

Verizon's Bell Atlantic InTouch Center
P.O. Box 435
Little Falls, NJ 07424

The benefits administrator on and after January 1, 2002 is:

Verizon Benefits Center
100 Half Day Road
P.O. Box 1457
Lincolnshire, IL 60069-1457

Claims and Appeals Administrators

The claims administrator is the benefits administrator (see above).

The appeals administrator is:

Verizon Claims Review Committee
c/o Verizon Benefits Center
P.O. Box 1457
Lincolnshire, IL 60069-1457

Plan Funding

The Plan is funded through Company contributions made to a trust. The Plan trustee is:

Mellon Bank, N.A.
One Mellon Bank Center
Pittsburgh, PA 15258

Plan Identification

The Verizon Pension Plan for Mid-Atlantic Associates is a defined benefit plan, listed with the Department of Labor under two numbers: The Employer Identification Number (EIN) is 23-2259884 and the Plan Number (PN) is 002.

Plan Year

Plan records are kept on a Plan-year basis, which is the same as the calendar-year basis.

Agent for Service of Legal Process

The agent for service of legal process is the Plan administrator. Legal process must be served in writing to the Plan administrator at the address stated for the Plan administrator on page 58.

In addition, a copy of the legal process involving this Plan must be delivered to:

Verizon Legal Department
Employee Benefits Group
Verizon Communications Inc.
1095 Avenue of the Americas
37th Floor
New York, NY 10036

Legal process also may be served on the Plan trustee (see above).

Official Plan Document

This summary plan description (SPD) describes the main provisions of the Plan, but not every detail is included. Your rights and benefits are governed solely by the official Plan documents. It is important, therefore, to ask questions and get clarification on any matters about which you are uncertain.

Participating Companies

The following is a list of participating companies as of January 1, 2001. The list may change from time to time.

- Verizon Advanced Data Inc.
- Verizon Delaware Inc.
- Verizon Directory Services Inc.
- Verizon Maryland Inc.
- Verizon Network Services Inc.
- Verizon New Jersey Inc.
- Verizon Pennsylvania Inc.
- Verizon Virginia Inc.
- Verizon Washington, D.C. Inc.
- Verizon West Virginia Inc.

Glossary

A

Affiliate Company
Any company that is 80 percent to 100 percent owned by the parent company (Verizon Communications Inc.).

B

Break in Employment
A break in employment occurs when you leave Verizon employment as described on page 10. If you return to work following a break, your prior service may be restored based on the length of the break in your employment and your status before your break occurred (see the chart on page 13).

Bridging Service
Bridging service refers to rules used for linking periods of net credited service when service is interrupted by a non-credited period of more than six months or subject to a collective bargaining agreement where service is recognized from an affiliate company (see page 13).

C

Cashout Trial Period
If you retire or terminate employment at any time from January 1, 2001, to December 31, 2003, (2001 through 2003—Cashout Trial) you may elect to receive a cashout—that is, a single sum payment of the actuarial equivalent of your pension instead of monthly payments for your lifetime. The cashout is available for service and vested pensions, but not for disability pensions.

D

Deferred Vested Pension

You qualify for a deferred vested pension if you have at least five years of ERISA service after age 18 or have reached age 65 when your employment ends, but you are not eligible for a service pension. In this case, your unreduced benefit can begin on your normal retirement or you may qualify to receive a reduced benefit at an earlier age (see page 26).

Determination Date

The date through which an employee's pension benefit amount is calculated.

Disability Pension

You qualify for a disability pension if you meet all of the following:

- You become totally disabled due to sickness or injury other than one related to an on-the-job accident while participating in the Plan before you are eligible for a service pension or reach age 65.
- You receive 52 weeks of sickness benefits.
- You have at least 15 years of net credited service.

Your disability pension is paid without reduction for early payment, regardless of your age when you become disabled. In addition, you will be eligible for other retiree benefits in effect at the time you retire. Disability pensions are reduced by any payments received under State Workers' Compensation laws or similar laws.

E

Early Retirement

You qualify for early retirement if you are eligible for a service pension before age 65. That means your monthly benefit payments can begin right away. Your benefit will not be reduced for early payment if you have at least 30 years of net credited service or retire at age 55 or older. Otherwise, your benefit is reduced by half of one percent for each month your termination occurs before age 55.

ERISA Service

ERISA (Employee Retirement Security Act of 1974 and its subsequent amendments) service is used to determine your eligibility to participate and for vesting in your benefit (see page 25).

G

GATT Calculation
General Agreement on Trade and Tariff. The methodology used to calculate the lump-sum value during the Cashout Trial Period, using the interest rate on 30-year Treasury Securities for the second month preceding the first day of the calendar quarter containing your benefit commencement date.

I

Interchange Company
A company that has entered into an interchange agreement with Verizon to provide for portability of service and benefits between pension plans when certain interchange or portability agreement criteria are met.

J

Joint and Survivor Annuity (50, 60 or 70 percent)
This form of benefit payment pays a reduced monthly benefit to you for your lifetime. When you die, a percentage of your monthly benefit (50, 60 or 70 percent depending on your election) continues to be paid to your beneficiary. If you are married at the time your benefit begins, the 50 percent joint and survivor annuity is the automatic form of payment. You will need your spouse's consent to choose a form of payment other than a joint and survivor annuity with your spouse as beneficiary.

L

Lump-sum Cashout
Subject to your collective bargaining agreement, you may receive your benefit in the form of a lump-sum payment provided that you commence your benefit within the Cashout Trial Period. This optional form of payment requires spousal consent and the amount is determined using the greater of the PBGC (see page 67 for the definition) or GATT interest rates with their applicable Mortality Tables (see page 67).

M

Mortality Table
Insurance industry standard tables reflecting life expectancy and used in the Plan for the determination of the current lump-sum value of pension benefits during the Cashout Trial Period (see page 36).

N

Net Credited Service
In general, net credited service is the sum of all periods of time you have worked measured in years, months and days while an eligible employee with a participating company an adjusted for any noncreditable periods of absence. It is used to determine your eligibility for a service or disability pension and variables of the benefits.

Normal Retirement
Your normal retirement date is the day you turn age 65.

P

PBGC Calculation
Pension Benefit Guaranty Corporation. The interest rate is based on the PBGC rate in effect one month prior to the calendar quarter in which you retire or terminate employment, plus your age as of the 15th day of the middle month of the quarter.

Pension Accrual Service
This is your eligible service used to determine your pension benefit. This service discounts periods of part-time, time in a nonparticipating company (where applicable) and service for a rehired employee who commenced a prior benefit in the form of a lump-sum cashout.

Pension Band
This is the number assigned to your job title based on your pay schedule, pay zone and company. Each pension band has a specific basic monthly benefit that is used to determine your monthly pension benefit.

S

Service Pension

If you qualify for a service pension, you can retire and start receiving your benefit immediately. In addition, you also may be eligible for other retiree benefits in effect at the time you retire. You are eligible for a service pension if, when you terminate employment, you have 30 years of net credited service (regardless of your age); or you are at least age 50 with 25 or more years of net credited service, at least age 55 with 20 or more years, at least age 60 with 15 or more years or at least age 65 with 10 or more years of net credited service.

Single Life Annuity

This is the normal form of benefit payment if you are single when payments begin. A married employee may choose this form of payment with his or her spouse's consent. A single life annuity pays a monthly benefit to you for your lifetime; when you die, no further payments are made.

Supplemental Benefit

If you receive certain supplemental payments in the three years prior to your termination of employment (or in the case of a transfer to a nonparticipating company or inactive status, your date of transfer) you can qualify for a supplemental monthly benefit in addition to your basic monthly benefit. Supplemental payments include in charge allowances, management team awards where applicable paid during service as an eligible associate, extra payments for certain temporary assignments or promotion, evening and night differential payments and Corporate Profit Sharing (subject to your collective bargaining agreement).

V

Vesting/Vested

Vesting occurs when you own the right to your pension plan benefit. You vest when you have completed five years of ERISA service after age 18 with Verizon. If you leave before you have completed five years of ERISA service, you are not entitled to a benefit from the Plan.

W

Working Retiree

A "working retiree" is a retiree rehired for a short-term assignment that is subject to the specially-bargained rules relating to working retirees. This should not be confused with a retiree who is rehired as a regular employee.