

# Verizon One-Time Enhanced Voluntary Separation Incentive Offer FACT SHEET

## New Features of this One-Time Enhanced Voluntary Separation Incentive Offer

- ✓ **One-Time Bonus of \$50,000** – This includes the standard voluntary termination bonus of \$10,000, plus an additional lump sum amount of \$40,000, less taxes and withholdings.
- ✓ **Accelerated Pension Band Increase** – The 3.75% pension band increase that was scheduled to take effect October 1, 2010 will instead be effective on your first off-payroll date, subject to normal plan vesting rules. *(This provision does not apply if you participate in the GTE South Incorporated (Southeast) Plan for Hourly-Paid Employees' Pensions ("GTE Southeast Pension Plan").*
- ✓ **Guaranteed Interest Rate for Pension Lump Sum Conversions** – When you decide to take a pension distribution, the interest rate in effect at that time for a lump sum conversion will be compared to the interest rate that was effective in March 2010, and you will receive whichever rate is better. *(If you participate in the GTE Southeast Pension Plan, the March 1, 2010 pension commencement date interest rate will be protected.)*
- ✓ **Waiver of Age-Based Pension Reductions for Early Commencement** – If you are a Service Pension eligible employee, but under age 55 with less than 30 years of service, any early retirement reductions will be eliminated. These reductions can equate to 6% a year, up to a maximum of 30%. In the GTE Southeast Pension Plan, the reductions are 3% per year, up to a maximum of 18%.
- ✓ **Increased Cap on EISP Payments from 30 to 40 years** – This specifically benefits employees who currently have at least 31 years of service. It increases the maximum payout in most areas from \$66,000 to \$88,000.

The Company does not intend to offer these special enhancements again, so it is extremely important that you take the time to thoroughly review the enclosed materials and consider volunteering for this generous One-Time Offer - there is no expectation that this same offer will be made in the future. Employees in New Jersey should be aware that these special enhancements will not be part of any second ISP offer that is made pursuant to contract provisions that will apply in the event that the Company proceeds to a layoff.

## Benefits Provided under the Program

- See enclosed Volunteer Form for the amount you will receive upon your separation - a **\$40,000 bonus** in addition to the standard EISP provisions that provide \$2,200 per year of service and a \$10,000 termination bonus.
- EISP Expense Allowance reimbursement of \$750 for each year of net credited service (prorated for any partial year of service), up to a maximum of \$3,750. Under this allowance, Verizon will reimburse you for actual expenses incurred for relocation costs, tuition or training costs, or job placement expenses related to seeking other employment, or any combination of these. Such expenses must be incurred within one year of your termination date, except tuition or training costs, which will be reimbursed if they are incurred within two years of your termination date.

## Impact on Health Care Benefits

Benefits	Retirement Eligible	Not Retirement Eligible
<b>Medical</b>	<ul style="list-style-type: none"> <li>• Retiree medical coverage for you and your eligible dependents</li> </ul>	<ul style="list-style-type: none"> <li>• Coverage for you and your eligible dependents at no cost for six months</li> <li>• Thereafter, coverage will be available under COBRA for 18 months</li> </ul>
<b>Dental</b>	<ul style="list-style-type: none"> <li>• Retiree dental coverage for you and your eligible dependents</li> </ul>	<ul style="list-style-type: none"> <li>• Coverage for you and your eligible dependents available under COBRA for up to 18 months</li> </ul>
<b>Vision</b>	<ul style="list-style-type: none"> <li>• Coverage for you and your eligible dependents for up to 18 months under the Consolidated Omnibus Budget Reconciliation Act (COBRA)</li> </ul>	<ul style="list-style-type: none"> <li>• Coverage for you and your eligible dependents available under COBRA for up to 18 months</li> </ul>
<b>Health Care Spending Account</b>	<ul style="list-style-type: none"> <li>• Opportunity to continue by making after-tax contributions through the remainder of the calendar year under COBRA</li> </ul>	<ul style="list-style-type: none"> <li>• Opportunity to continue by making after-tax contributions through the remainder of the calendar year under COBRA</li> </ul>



## Other Benefits

Benefits	Pension Eligible	Not Pension Eligible
<b>Survivor Benefits Program</b>	<ul style="list-style-type: none"><li>• Basic Life Insurance coverage for your lifetime (subject to annual 10% reductions in coverage starting at age 66 through age 69, \$20,000 minimum)</li><li>• If you are eligible and were hired before January 1, 1987, Sickness Death Benefit coverage continues throughout your retirement</li></ul>	<ul style="list-style-type: none"><li>• Coverage ends on the last day of the month in which you separate, but your Basic Life, Supplemental Life and Dependent Life Insurance coverage can be converted to an individual policy</li></ul>
<b>Tuition Assistance</b>	<ul style="list-style-type: none"><li>• You will be eligible for reimbursement if you complete pre-approved courses that begin <u>prior</u> to the termination date. All applications and letters of credit for courses beginning <u>after</u> your termination date will be cancelled.</li></ul>	<ul style="list-style-type: none"><li>• You will be eligible for reimbursement if you complete pre-approved courses that begin <u>prior</u> to the termination date. All applications and letters of credit for courses beginning <u>after</u> your termination date will be cancelled.</li></ul>

## What I need to do

- Complete the attached Volunteer Form
- Fax the form to 1-847-883-8245 no later than 11:59 pm Eastern Daylight Time on June 16, 2010, and keep a copy of your fax confirmation sheet
- At the end of the volunteer period, all elections will be final

## Where to find additional information

- VZ Benefits Center at 1-877-4VZBens (1-877-489-2367)
- Website: [www.vzassociatepackages.com/MAOffer](http://www.vzassociatepackages.com/MAOffer), password is 2010Offer
- Ayco AnswerLine<sup>®</sup> Financial Counselors at 1-866-217-8692
- Website: [www.verizonwebcasts.com/onetimeoffer](http://www.verizonwebcasts.com/onetimeoffer)

## Information enclosed

- Volunteer Form
- Revocation Form
- Vacation Buy-Out Form
- Q&A

## Next steps

- If your election to leave is accepted, your termination date will be either July 3, 2010, or by year end
- Your supervisor will notify you of your status and if accepted, your separation date

This document includes a summary of key aspects of the One-Time Enhanced Voluntary Separation Incentive Offer. It is not a complete description of the plans, programs and policies that are referenced herein. The plans, programs and policies are subject to the terms and conditions of the actual governing documents for the plans, programs and policies and to the applicable collective bargaining agreements. If the Company determines you received this package in error, you are not entitled to participate in the Offer or receive any of the benefits under the Offer. The Company reserves the right to make changes to retiree medical and related welfare benefits in the future, subject to any applicable bargaining requirements, and this right continues whether you leave the Company under the terms of this Offer or at some point in the future. There is no guarantee these benefits will forever remain in effect. Ayco AnswerLine<sup>®</sup> is a trademark of The Ayco Company, L.P., a Goldman Sachs Company. This service is provided exclusively by The Ayco Company, L.P. Used with permission.



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## QUESTIONS AND ANSWERS

### Supplemental Voluntary Termination Bonus

**1. What is the One-Time Supplemental Voluntary Termination Bonus?**

Associates who voluntarily leave the Company under this Offer will receive a one-time Supplemental Voluntary Termination Bonus of \$40,000, less taxes and withholdings. This will be in addition to the Voluntary Termination Bonus of \$10,000 which is part of the current collective bargaining agreements. Therefore, accepted volunteers will receive a total of \$50,000, less taxes and withholdings. These voluntary termination bonuses are separate payments outside of the EISP provisions.

**2. Who is eligible for this Offer?**

Associates in designated surplus titles and locations are eligible to volunteer for this Offer, as well as Associates who have not been designated as surplus but whose request for voluntary termination is accepted by the Company. The following Associates are not eligible for this Offer: VCS, Verizon Avenue, Video Hub and Verizon Business Technicians who transferred to associate positions on December 28, 2008, and Associates slated to move to Frontier or designated as retained employees related to that transaction.

**3. Will this same Offer be made available to me in the future?**

No. There is no expectation that this same Offer will be made in the future.

### Separation Date

**4. If my election form is accepted, what will my off-payroll date be?**

Your termination date will be July 3, 2010 or on a designated date by the end of this year. The Company will determine how many employees will be separated on the dates selected. To the extent possible, the Company will honor preferences for the early or later dates by seniority, but the final determination of a termination date will be decided by the Company, based upon the needs of the business.

**5. If my election form is accepted, when and how will I be notified of my off-payroll date?**

Your supervisor will notify you verbally prior to your off-payroll date and you will also receive a confirmation letter mailed to your home.

**6. Will I have the ability to select a different off-payroll date than the one chosen for me by the Company?**

No.

**7. Will my EISP payment be recalculated if my off-payroll date ends up being different than the date reflected in my original package?**

Yes, your EISP payment will be recalculated, although the amount may or may not change. Since the EISP payment is a function of your years of completed service, if you pass another service anniversary during the volunteer period, and you have less than forty years of service, your calculation will change.



## Your Pension Plan Benefit

### 8. Will the age-based pension reductions apply to the calculation of my pension if I am Service Pension eligible?

No. Even if you are under age 55, any age-based early retirement reductions will be eliminated.

Mid-Atlantic Associate Example: Age 52 with 25 years of service in pension band 124 would see the monthly annuity value of his/her pension benefit increase from \$1,508 to \$1,908, and the lump sum value increase from \$305,102 to \$386,032.

Associate with GTE Southeast pension Example: Age 52 with 25 years of service would see the monthly annuity value of his/her pension benefit increase from \$1,202 to \$1,321, and the lump sum value increase from \$242,482 to \$266,464.

### 9. What will happen to the pension lump sum interest rate if I have a future off-payroll date?

For Associates who participate in the Mid-Atlantic Associate or GTE Southeast pension plans, regardless of the specific date on which you leave the Company pursuant to the Offer, the determination of the pension interest rate and mortality basis used for converting your single life annuity to a lump sum amount will be based on the better of the:

- Applicable interest rate and mortality basis as of your elected pension commencement date following your actual separation from service, or
- Applicable interest rate and mortality basis as of a March 2010 pension commencement date, provided that your age will be determined in accordance with your elected pension commencement date, rather than a March 2010 pension commencement date. (For associates in the GTE Southeast pension plan, the protected pension commencement date will be March 1, 2010.)

## Assistance With Your Decision

### 10. What information will be available to help me decide whether to volunteer?

Eligible Associates will receive a separate personalized statement summarizing the separation benefits that they are eligible to receive and the value of their Verizon 401(k) Savings Plan account. Most will also receive an estimate of the current value of their Verizon Pension Plan benefit.

Verizon has worked with The Ayco Company, L.P. to develop a webcast presentation to help you understand the Offer and important financial considerations as you evaluate this opportunity. To review the webcast on the internet, go to [www.verizonwebcasts.com/onetimeoffer](http://www.verizonwebcasts.com/onetimeoffer).

You may call the *Ayco AnswerLine*<sup>®</sup> service at 1-866-217-8692 for financial planning assistance as you evaluate this opportunity. The Ayco financial counselors can address many questions about annuity and lump sum distribution options, rollovers, investing, tax planning, Social Security and other retirement planning issues. Beginning May 14<sup>th</sup> and continuing through the end of the volunteer period, *Ayco AnswerLine*<sup>®</sup> counselors will be available Monday through Thursday from 9 a.m. to 8 p.m., Friday from 9 a.m. to 5 p.m., and Saturday from 10 a.m. to 4 p.m., except Memorial Day, Monday, May 31<sup>st</sup> (all times listed are Eastern Daylight Time.)

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