

Hewitt Associates - 03-27-2012

Current and Future Interest Rates

Interest Rates for All Verizon Plans

The rates below are for all Verizon plans, and you are eligible only for rates designated for the plan you participate in. If the interest rate for a pension start date is listed as N/A, that rate is not yet available. Monthly rates are updated on the 17th of each month. Quarterly rates are updated on the 17th of March, June, September, and December.

If you are eligible for the PBGC rate, your lump sum is first calculated using the 100% PBGC rate. If the value of the lump sum is lower than \$25,000, then this is the rate that is used. If the value is greater than \$25,000 using the 100% PBGC rate, the lump sum pension is then calculated using the 120% PBGC rate but not to be less than \$25,000.

Applicable Interest Rate Assumption	If Your Pension Starts in April	If Your Pension Starts in May	If Your Pension Starts in June	If Your Pension Starts in July
Management and West Associate				
100% PBGC ¹	1.25%	1.25%	1.25%	1.25%
120% PBGC ¹	1.5%	1.5%	1.5%	1.5%
10-Year T-bond	3.0%	2.75%	2.5%	2.5%
Monthly GATT	3.02%	2.98%	3.03%	3.11%
Management Quarterly GATT	3.02%	3.11%	3.11%	3.11%
East Associate				
Quarterly 100% PBGC ²	1.25%	1.25%	1.25%	N/A
Quarterly 120% PBGC ²	1.5%	1.5%	1.5%	N/A
Quarterly GATT	3.11%	3.11%	3.11%	N/A

¹Applies to West Associates only if retirement eligible on or before 12/31/1999

²PBGC Rates for East Associates are determined based on termination date

Pension Protection Act (PPA) Interest Rates

Effective January 1, 2008, the Pension Protection Act (PPA) changed the IRS rules for determining a minimum lump sum pension distribution. The PPA methodology is based on the new PPA interest rates that apply for your pension plan, and the results are compared with the value determined through the other interest rate calculations for your plan to determine which results in the highest amount. The three Minimum Present Value Segment Rates are released monthly by the IRS.

The PPA calculation uses three segment rates derived from a corporate bond yield curve. Each segment rate is used to determine the present value of a participant's single life annuity benefit for a specified period. The first segment rate applies to the first 5 years after pension commencement; the second to years 5.5 to 20; and the third to years 20.5 and beyond.

Rates have been adjusted to reflect the 30-Year Treasury phase-in.

Applicable PPA Interest Rate Assumption	If Your Pension Starts in April	If Your Pension Starts in May	If Your Pension Starts in June	If Your Pension Starts in July
Management and West Associate Monthly PPA				
First Segment	1.99%	2.07%	1.84%	1.56%
Second Segment	4.47%	4.45%	4.36%	4.27%
Third Segment	5.26%	5.24%	5.19%	5.08%
Management Quarterly PPA				
First Segment	1.99%	1.56%	1.56%	1.56%
Second Segment	4.47%	4.27%	4.27%	4.27%
Third Segment	5.26%	5.08%	5.08%	5.08%
East Associate Quarterly PPA				
First Segment	1.56%	1.56%	1.56%	N/A
Second Segment	4.27%	4.27%	4.27%	N/A
Third Segment	5.08%	5.08%	5.08%	N/A
MCI Annual PPA				