

Dear Fellow Employees:

Congratulations! We've all become part of the premier wireless provider — Verizon Wireless. Together, we will maintain this recognized market leadership position, and it's important that we all share in that success. Verizon Wireless has created the Verizon Wireless Value Appreciation Rights program to enable eligible employees to begin to share in the value of the company.

This brochure contains Plan guidelines that will help you understand what VARs are and how you can benefit from the value we create for Verizon Wireless.

Inside, you'll find:

- An introduction to the Long-Term Incentive Plan, which provides VARs
- How VARs work
- What VARs are worth
- Special provisions for special situations
- Questions and answers
- A copy of the Long-Term Incentive Plan (in the front pocket)
- A copy of your individual Award Agreement (in the back pocket)

Remember, VARs are a way for each of us to share in the long-term value we create for Verizon Wireless, and the value of our company begins with *you!*

Sincerely,



Marc Reed
Vice President, Human Resources

“Our aim is to promote the long-term success of Verizon Wireless by providing employees the opportunity to share in the value of the company that they helped create.”

— Denny Strigl

An Introduction

Your VARs are provided through the 2000 Verizon Wireless Long-Term Incentive Plan. Our Long-Term Incentive Plan is designed to provide compensation opportunities for eligible employees of our company and other participating companies. While other components of your total rewards, like base pay and short-term incentive pay or commissions, are designed to reward you for today's work and results, the Long-Term Incentive Plan provides rewards that are tied to the long-term performance of our company and the value that we create for Verizon Wireless — over 3 years or more.

The Long-Term Incentive Plan is designed around three goals:

- To promote the long-term success of Verizon Wireless by providing an outstanding opportunity for its employees to share in the increase in value that they help to create.
- To attract the kind of talent we need to drive the growth and profitability of our company, and keep the great talent that we have today.
- To give employees a sense of real participation in and loyalty to our company — not only in the work we do together, but in the value we create for Verizon Wireless. It's one more way Verizon Wireless says, "Join in" — for the long term!

What's Different About Our Long-Term Incentive Plan?

Most long-term incentive plans use stock or options as the basis for awards. But, since we are not a public company right now and do not have stock, our Plan offers *Value Appreciation Rights*, or VARs, to eligible employees. What's special about our Plan is that it is designed to preserve your financial opportunity whether we're a private or a public company in the future.

- While Verizon Wireless is a privately held company, you can receive a grant of VARs, since there is no stock in our company today. VARs become exercisable 3 years after they are granted. If you exercise (cash in) a VAR, you receive the gain in value if the VARs have appreciated because the value of our company has appreciated.
- If Verizon Wireless becomes publicly traded, VARs may be converted to stock options, at the discretion of the Verizon Wireless Human Resources Committee. Stock options give you the opportunity to purchase common stock in the company at a set price, even if the market price is higher. If the VARs are converted to options, outstanding VARs would be canceled.

This special feature of our Plan gives Verizon Wireless the flexibility to offer long-term incentives and awards on terms favorable to both you and the company — whether we remain privately held or become publicly traded.

Value Appreciation Rights reflect the change in the value of the company, somewhat similar to the way stock options reflect value in a public company.

Also like stock options, once your VARs become vested, you can exercise, or cash in, all or a part of your VARs and receive a payment that is equal to the difference between the VAR price on the date it was granted to you and the VAR price on the date you exercise less applicable taxes.

Another big difference between a VAR and a stock option is that the value of a stock option is measured every second — ever see a stock ticker? From the moment the stock market opens until the moment it closes, a stock price for a publicly traded company is constantly changing.

With VARs, the exercise price generally changes only once per year — when we have our company appraised by independent appraisers who tell us the value of our company.

You have 10 years from the date of your grant to exercise your VARs; then they expire. Your VARs may expire sooner if you terminate employment or service with Verizon Wireless. You can cash in at any point between the time your VARs vest and the time they expire, as long as you're with Verizon Wireless.

Award Agreement

You will receive an Award Agreement that provides for VARs, which, quite simply, represent *appreciation rights* in “partnership units” of Verizon Wireless. The value of each VAR granted is set as a percentage of the total value of the company. The company's value for this grant is determined as of June 30, 2000, by independent experts who appraise the external fair market value of the company. Verizon Wireless' value will be reappraised at least once each year, and also on the date of a Verizon Wireless initial public offering (IPO).

Your Award Agreement will list the following:

- The effective date of the grant
- The initial valuation date of the grant
- The number of VARs granted
- The strike price per VAR
- The expiration date of the grant
- The date on which the VARs become vested and exercisable
- Other material terms and conditions of the grant

Did you know...

... the “strike price” of a VAR, like the strike price of an option, is set on the day the VAR is granted based on the value of the company on that day. The strike price doesn't change; it's the “starting point” for measuring changes in the value of our company.

...VARs become fully vested 3 years from the date of grant. This type of vesting is known as “cliff vesting.”

Vesting

Your VARs from this grant will become 100% vested and exercisable on July 10, 2003.

Vesting for any awards made after this grant may be subject to a different vesting schedule to be determined by the Human Resources Committee.

Payment

To receive a payment under the Plan, you exercise, or “cash in,” some or all of your vested VARs. You can exercise your VARs at any time after they are vested, up until they expire. You receive the difference between the “strike price” (the value on the date granted) and the value of your VARs on the date of exercise — that is, you receive the *appreciation*. At exercise, the fair market value of your VARs will be based on the most recent prior external valuation published by Verizon Wireless preceding the exercise. Within 60 days after your exercise, you will receive a cash payment in settlement of your award value.

Tax Treatment

When VARs are paid, your payment will be subject to any federal, state, or local withholding and other applicable taxes as required by law. Your VAR payment is not subject to deductions for any of Verizon Wireless’ benefit plans, such as the Savings Plan, Long-Term Disability coverage, etc.

Expiration If You Remain Employed

Vested VARs may be exercised up to 10 years from the original grant date if you remain employed by Verizon Wireless or a participating company. After 10 years, they expire and can no longer be exercised.

VAR Eligibility

Regular full- and part-time employees who are scheduled to work at least 20 hours per week for Verizon Wireless or a participating company are eligible for this grant of VARs. For each grant of VARs, there is an eligibility cutoff date, which means you must be an active employee on the payroll as of that date to receive a grant. Employees on approved leaves are also eligible. Employees covered by a collective bargaining agreement are eligible only if their collective bargaining agreement incorporates the program.

Part-time employees receive a prorated grant that reflects the number of hours they are scheduled to work. For example, if you work 20 hours per week, your VAR grant will be 50% of the award you would have received if you worked 40 hours per week.

Employees who are newly hired into the company or employees who receive a promotion from one job band to the next will receive a make-up grant of VARs. Make-up grants occur quarterly, and the number of VARs received reflects proration on a monthly basis to the date of promotion or hire.

The number of VARs you receive is based upon the value of the competitive long-term compensation for the band your position is assigned to and your base salary.

Participation in the Long-Term Incentive Plan is not available to persons designated by Verizon Wireless or a participating company as non-employees, including independent contractors and agency temporaries, unless otherwise designated as eligible to receive a grant under the Plan by the Human Resources Committee of the Board of Representatives.

Did you know...

...Verizon Wireless grants VARs to over 37,000 employees.

...In a recent study of over 200 large employers, about half said they have a stock-based or value-based program that extends to employees below senior levels. But only 18% make annual grants to employees at all levels!

What Are VARs Worth?

The following example illustrates the potential value of VARs.

Suppose you were granted 100 VARs at \$30.00 per VAR. Let's assume that in 5 years you decide to exercise or cash in your 100 VARs.

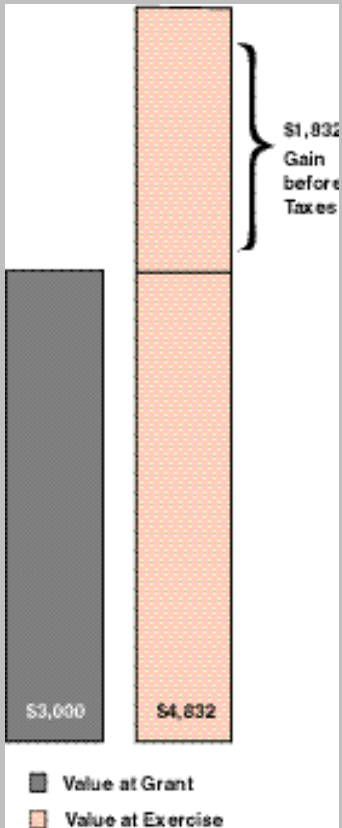
At that time, the value of the company equates to a VAR price of \$48.32, representing a 10% increase each year, for the past 5 years.

So, when you exercise your 100 VARs at \$48.32 per VAR the value, or gain, you receive is \$1,832.00 (before tax withholdings).

Value at Grant: \$3,000.00

Value at Exercise: \$4,832.00

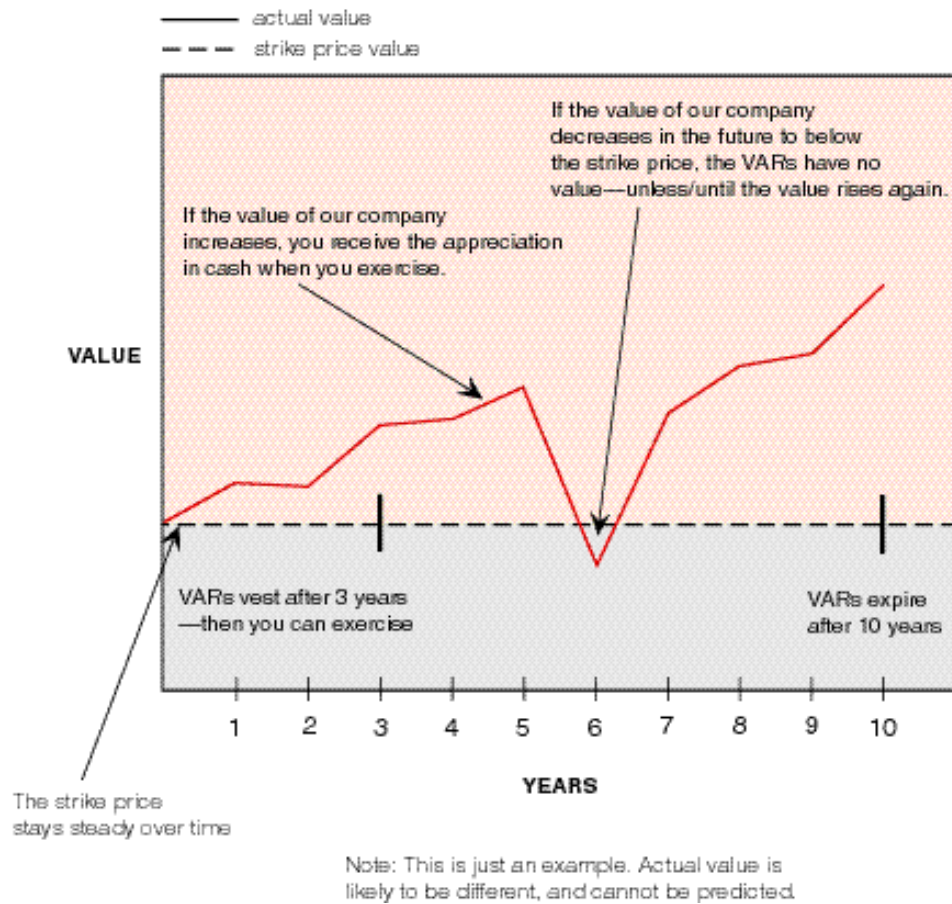
Gain before Taxes: \$1,832.00



What your VARs are worth depends on the change in the value of our company. While there are no guarantees that the value of our company will increase, there are certainly things that each of us as employees can do to build value. That's why we say, "The value begins with *you*." You can:

- Continue to look for ways to provide input on how we can operate more effectively as we focus on what makes Verizon Wireless successful — the customer.
- Understand how your own job contributions make a difference. Regardless of your position with the company, the way you do your job makes a difference to Verizon Wireless' overall competitiveness.
- Think of Verizon Wireless VARs as a long-term investment. Remember that the value of your VARs increases as the value of the company increases.

Here's a graph that shows how the value of your VARs can change over time:



The Long-Term Incentive Plan includes special provisions which operate if there is a Verizon Wireless IPO, if your employment ends (different provisions apply in different circumstances), and in other situations. The Plan document in the front pocket and your Award Agreement in the back pocket provide more detail on all of these special provisions.

In the Event of an IPO

If Verizon Wireless has an IPO, at the sole discretion of the Human Resources Committee of the Board of Representatives, your outstanding VARs on the date of such IPO may be converted into options exercisable for the publicly traded stock of Verizon Wireless. The conversion will be based upon a formula determined by the Human Resources Committee. The conversion will equitably preserve the value of the VAR, taking into account the strike price of the VAR on the date of grant, the price of Verizon Wireless stock on the date of the conversion, and the effect of the public offering on the overall capitalization of Verizon Wireless. The Human Resources Committee will specify the terms of the converted stock options in the event of an IPO.

If There Is No IPO

If Verizon Wireless does not have an IPO before your VARs become vested and exercisable, you may exercise your VARs according to the terms of your award.

Continued Employment Required for Benefits of Plan

Generally, your VARs can be exercised and paid only if you remain employed by Verizon Wireless or a participating company from the grant date to the date you exercise your vested VARs. Any exception to this policy is described below.

Employment with Verizon Communications Inc. or a Verizon Communications Company

If you move directly from Verizon Wireless to a participating company (or vice versa), or from Verizon Wireless or a participating company to Verizon Communications Inc. or any entity in which Verizon Communications Inc. has at least a 50% ownership interest, you will still be considered employed with Verizon Wireless for purposes of your continued vesting in your VARs and your ability to exercise them, as long as there has been no change in control (as defined in your Award Agreement) of Verizon Wireless. In addition, the Human Resources Committee may designate any other entity to which you move and in which Verizon Wireless, a participating company, or Verizon Communications has an ownership interest, as being continued employment with Verizon Wireless for purposes of your continued vesting in any of your VARs.

If Verizon Wireless Becomes a Public Company

If You Leave Verizon Wireless

Termination of Employment

Disability or Death. If you terminate employment or service on account of death or disability, as defined in your Award Agreement, all of your VARs will become fully vested and exercisable on the effective date of your termination of employment or service. You will have 5 years after this date to exercise your VARs, or until they expire, if sooner.

Retirement. If you terminate employment or service on account of retirement, as defined in your Award Agreement, all of your VARs will become fully vested and exercisable on the effective date of your retirement. You will have 5 years after this date to exercise your VARs, or until they expire, if sooner.

Involuntary Termination Without Cause. If you terminate employment on account of your involuntary termination by Verizon Wireless or a participating company without cause, all of your nonvested VARs will continue to vest in accordance with the vesting schedule set forth in your Award Agreement. You will have 5 years after your termination of employment or service to exercise your exercisable VARs, or until they expire, if sooner.

Termination for Cause. If your employment or service with Verizon Wireless or a participating company is terminated for cause, or if it is later determined that you engaged in conduct that constitutes cause, as defined in your Award Agreement, all of your VARs will be immediately canceled. In addition, if you engage in conduct that constitutes cause before or within 12 months after you exercise your VARs, Verizon Wireless may rescind your exercise within 2 years after you engaged in such conduct. In this situation, you will be required to pay to Verizon Wireless any payment that you received as a result of the rescinded exercise and any attorney fee associated with Verizon Wireless' repayment collection, and Verizon Wireless may offset any payments owed to you on such gain.

Other Terminations. If you terminate employment or service on account of a reason other than those described above, you will have 90 days after your termination of employment to exercise your vested VARs, or until they expire, if sooner.

In all of these situations in which your employment terminates, you will need to execute a "release of claims" to Verizon Wireless, which is described in more detail in your Award Agreement. The company must receive this release by the date specified in your Agreement for your VARs to continue to be exercisable after you leave.

Transfer of VARs

During your life, you may not transfer any VAR to another person, and your VARs may only be exercised by you.

If you die before your VARs expire, any vested VARs may be transferred to another person, according to your will or by the laws of descent and distribution. This person will be subject to the terms of your Award Agreement with respect to the exercise of your VARs.

Change in Control

If, within 12 months after a change in control (as defined in your Award Agreement) occurs, you are involuntarily terminated by Verizon Wireless or a participating company without cause, all of your unvested VARs will become fully and immediately vested. You will have 5 years after your termination of employment or service to exercise your VARs, or until they expire, if sooner.

Q1. Who is eligible for this grant of VARs?

A1. Full-time and part-time employees who are scheduled to work at least 20 hours per week are eligible to participate in the Long-Term Incentive Plan. You must be on an active payroll on the grant date to receive a grant. The Plan applies to employees covered by a collective bargaining agreement only if the collective bargaining agreement incorporates the Plan.

Q2. How does the company determine the number of VARs I receive?

A2. To determine the number of VARs you receive, the company has to make some assumptions about the potential value of a VAR, the same as you have to make when deciding to make an investment decision, such as the potential appreciation of a home when compared to the price you are willing to pay for that home.

There really is no easy or 100% accurate way to predict the future value of a VAR. There are, however, financial formulas that help us predict the present day value of each VAR, which is commonly used by most companies to determine how many stock options to grant and is referred to as the Black-Scholes value. This complex mathematical model is also referred to as the present day value.

Based on this model, the present day value of a VAR is \$12.15. What this means is at some point in the future, we think you will be able to exercise, or cash in, your VARs and receive an amount equal to \$12.15 today. Said another way, we think that at some point in the future, the price of one share of the company will increase from its current value of \$30.00 to \$42.15. This allows us to determine how many VARs to award you.

For example, Martha has a base salary of \$30,000 per year and a long-term incentive target of 7.5% of base salary, or \$2,250. How many VARs should she get so that she has \$2,250 in value today? Since we believe a single VAR is worth \$12.15, based on the present day value, we divide \$2,250 by \$12.15, which gives Martha 185 VARs.

As we have discussed, the ultimate value of your VARs depends on when you decide to exercise, or cash in, your VARs and the value of the company at that time.

Q3. What does "exercise" mean?

A3. To exercise a VAR is synonymous with cashing in a VAR. Anytime after your VARs are vested, you can contact the company to request to exercise, or cash in, all or some of your VARs. The company sends you the difference between the value of your VARs on date of exercise and the grant price, times the number of VARs, less applicable taxes.

Q4. Am I obligated to exercise my VARs?

A4. You never have to exercise, or cash in, your VARs if you don't want to. This decision should be made in the context of your overall financial situation, the current VAR price, and your expectation of the future value of the

company. Remember, your VARs vest in full 3 years from the date of grant if you remain employed by or provide service to Verizon Wireless on the vesting date. Your VARs will expire 10 years from the date of grant unless you terminate employment or service with Verizon Wireless.

Q5. Can I give my VARs to another person?

A5. No. You are the only person who can exercise, or cash in, your VARs. When you die, your beneficiary may exercise, or cash in, any vested portion of your VARs for a 5-year period following your death (but before they expire).

Q6. Are there other circumstances under which my VARs would immediately become vested?

A6. If you are involuntarily terminated without cause within 12 months following a change in control (as defined in the Plan), your VARs will become immediately vested. Also, your VARs will become immediately vested if you die or become totally and permanently disabled or if you retire and you sign a release of claims.

Q7. If I'm on a leave of absence at the time of grant, do I still get a grant of VARs?

A7. You will receive a grant of VARs if your leave of absence is an authorized leave only.

Q8. What happens to my VARs if I take a leave of absence after they've been granted?

A8. If you receive VARs and later take a leave of absence with job return rights or an authorized paid leave of absence, your VARs can be exercised (to the extent they are vested) in accordance with the Plan and your Award Agreement.

Q9: How do I know when it's the best time to exercise my VARs?

A9: The "best time" depends on your personal situation and your expectations about the future value of the company. People tend to exercise their VARs when (1) they need the money and (2) they feel positive about the amount of appreciation that's already occurred, and are willing to forgo any future appreciation that might occur. Of course, there's a possibility that any company's value will decrease. If you believed this would be the case with Verizon Wireless at some point in the future, then cashing in your VARs would make sense.

One important difference between VARs and options is that, with options, you can purchase the stock and hold some or all of it, if you believe the shares will continue to appreciate. But with VARs, once you exercise, you have the money but cannot take advantage of any future appreciation. So, it's a decision to make carefully!

The Fine Print

Employment Rights

The granting of VARs does not confer a right to continued employment or service by Verizon Wireless or a participating company, nor does it affect Verizon Wireless' or the participating company's right to terminate the employment or service of a Plan participant at any time for any reason.

Disputes

The Verizon Wireless Employee Benefits Committee has the authority to resolve all disputes relating to the interpretation of the Plan and the terms of VARs that are non-material human resources financial items. The Human Resources Committee has the authority and discretion to resolve all other disputes.

By accepting the terms of the VAR, you will waive your right to bring any dispute relating to your VARs before an administrative tribunal or court. However, you may submit any dispute concerning your VARs to the American Arbitration Association for arbitration and you will be subject to its procedures for resolving such disputes.

Right to Terminate or Amend the Plan

The Verizon Wireless Board of Representatives, at its sole discretion, may eliminate or amend the Plan without prior notice to, or consent from, Plan participants or their beneficiaries.

Terms of Plan Control

This is only a summary of the Plan. The specific terms of your award are contained in the Plan document and in the Award Agreement, which you have received. In the event of any conflict between this summary and the terms of the Plan or your Award Agreement, the specific terms of the Plan or Award Agreement will control.

* * * * *

If you have any more questions, please contact your local HR Department.