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SUMMARY

[redacted]

SUMMARY

	January 1, 1993
Accumulated Postretirement Benefit Obligation (APBO)	
Active	$ 748,473,000
Retired	1,887,340,000
Total	$2,635,813,000
Assets	$ 564,518,000
Net Periodic Postretirement Benefit Cost	
Service Cost	$ 29,003,000
Interest Cost	217,284,000
Expected Return on Plan Assets	(48,854,000)
Amortization of Transition Obligation	117,716,000
Total Cost	$ 315,149,000
Estimated 1993 Annual Base Pay	$1,747,999,000
Benefit Cost as a Percent of Annual Base Pay	18.0%
Expected Benefit Payments	$ 159,077,000
Personnel Information	
Active	50,842
Retired	36,307
Total	87,149

ACCOUNTING REQUIREMENTS

[redacted]

ACCOUNTING REQUIREMENTS

Reconciliation of Funded Status, January 1, 1993 ($000's omitted)

The following is the reconciliation of funded status with the amounts reported in the company's financial statement. The postretirement benefit obligations (i.e., plan liabilities) are shown as negative numbers.

	Health Care	Life Insurance	Total
Accumulated Postretirement Benefit Obligation (APBO)			
- Active			
-- Fully Eligible	$ (246,418)	$ (21,962)	$ (268,380)
-- Not Fully Eligible	(433,454)	(46,639)	(480,093)
-- Total Active	$ (679,872)	$ (68,601)	$ (748,473)
- Retired	(1,736,536)	(150,804)	(1,887,340)
- Total	$(2,416,408)	$(219,405)	$(2,635,813)
Plan Assets at Fair Value	295,950	268,568	564,518
Funded Status	$(2,120,458)	$ 49,163	$(2,071,295)
Unrecognized Transition (Asset)/ Obligation	2,403,479	(49,163)	2,354,316
Unrecognized Prior Service Cost	0	0	0
Unrecognized Net (Gain)/Loss	0	0	0
Prepaid/(Accrued) Post-retirement Benefit Cost	$ 283,021	$ 0	$ 283,021
Expected Benefit Payments	$ 144,710	$ 14,367	$ 159,077

ACCOUNTING REQUIREMENTS (Continued)

Net Periodic Postretirement Benefit Cost ($000's omitted)

	Health Care	Life Insurance	Total
Service Cost	$ 25,341	$ 3,662	$ 29,003
Interest Cost	199,245	18,039	217,284
Expected Return on Plan Assets	(26,636)	(22,218)	(48,854)
Amortization of:			
- Transition (Asset)/ Obligation	120,174	(2,458)	117,716
- Prior Service Cost	0	0	0
- Actuarial (Gain)/Loss	0	0	0
Net Postretirement Benefit Cost	$ 318,124	$ (2,975)	$ 315,149

ACCOUNTING REQUIREMENTS (Continued)

Schedule of Amortization Payments ($000's omitted)

	Date Established	Amount 01/01/93	Amortization Period	Amortization Payment
• Health Care				
Transition Obligation	01/01/93	$2,403,479	20	$120,174
Prior Service Cost	N/A	N/A	N/A	N/A
(Gain)/Loss Subject to Amortization	N/A	N/A	N/A	N/A
• Life Insurance				
Transition (Asset)	01/01/93	$ (49,163)	20	$(2,458)
Prior Service Cost	N/A	N/A	N/A	N/A
(Gain)/Loss Subject to Amortization	N/A	N/A	N/A	N/A

PERSONNEL INFORMATION

[redacted]

PERSONNEL INFORMATION

The actuarial valuation is based on the 1992 census data provided by NYNEX for the actuarial valuation of the NYNEX Pension Plans. In addition, information was provided on terminations in 1992 to update the active data. The following identifies the groups covered by the FAS 106 valuation:

- All active employees eligible for participation in the NYNEX Pension Plan except for temporary employees who have worked less than 5 years.
- All service and disability pensioners from the NYNEX Pension Plan including those eligible for disability pensions pre-1976.

PERSONNEL INFORMATION (Continued)

I. Personnel Characteristics of Active Employees as of January 1, 1993

	Number	Average Age	Average Years of Service	Average Entry Age
Male	26,108	41.6	17.0	24.6
Female	24,734	41.8	16.1	25.7
Total	50,842	41.7	16.6	25.1

Estimated average annual base pay per active employee is $34,381.

II. Service and Disability Pensioners as of January 1, 1992

	Number	Average Age	Average Years in Retirement	Average Age at Retirement
Male	12,544	65.6	6.4	59.2
Female	23,763	68.9	10.4	58.5
Total	36,307	67.7	9.1	58.6

PLAN PROVISIONS

PLAN PROVISIONS

- **Effective Date** — January 1, 1993.
- **Eligibility for Participation** — Eligible to participate in NYNEX Pension Plan.
- **Eligibility for a Benefit** — Retirement with either a service or disability pension as follows:

Service Pension

Age	Years of Credited Service
Any Age	30
50	25
55	20
65	10

Disability Pension

15 years of credited service with total and permanent disability.

PLAN PROVISIONS (Continued)

Medical Expense Plan

• Coordination With Medicare	Post-age 65 Medicare carve-out.
• Company Contribution	
- Retired Pre-1/2/92	Company paid. However, a contribution may be required from HMO participants.
- Retired Post-1/1/92	Following maximum company contributions based on 1991 bargaining agreement:

Coverage	Pre-65	Post-65
Single	$ 6,350	$2,180
Family	$11,430	$4,360

No contributions will be due from retirees before 1996. However, a contribution may be required from HMO participants.

• Hospital Room and Board and Miscellaneous	100% for 120 days (Major Medical on excess).
• Surgical	95% (Major Medical on excess).
• In-Hospital Doctor Visits	90% (Major Medical on excess).
• Out-Patient Diagnostic	100% of R&C
• Prescription Drugs	Major Medical (100% over $5 if mail order).
• Major Medical	
- Deductible	1% of pension benefit (minimum $25; maximum $150 per person, family maximum three times individual deductible).
- Coinsurance	80% of R&C.
- Out-of-Pocket Maximum (excluding deductible)	$1,000 per person.

PLAN PROVISIONS (Continued)

Medical Expense Plan (Continued)

- Lifetime Maximum on Major Medical	$250,000 per person; first $3,500 of benefits each year not applied to maximum.
• Continuation of Dependent Coverage at Death of Retiree	Company paid coverage is extended for six months after death of retiree.

Dental Expense Plan

• Company Contribution	Company paid.
• Lifetime Deductible	$50 per person for corrective care and orthodontia; waived for routine preventive and diagnostic care.
• Coinsurance	
- Routine	100% of R&C.
- Corrective	Schedule.*
- Orthodontia	Schedule.*
• Maximum Benefits	
- Non-Orthodontia (Annual)	$1,250 per person (effective January 1, 1994, $1,500).
- Orthodontia (Lifetime)	Lifetime maximum $1,500 per person (effective January 1, 1994, $2,000).

*Schedule increases 5% effective January 1, 1994 and January 1, 1995 except periodontics which increases 10% effective January 1, 1995.

PLAN PROVISIONS (Continued)

Medicare Part B Premium Reimbursement

• Employees Hired After Return Date (11/20/89 - 12/04/89, depending on local)	No coverage.
• Retired Post-01/01/90	$27.90 per month (retiree only).
• Retired Pre-01/02/90	$27.90 per month (retiree and spouse).

Life Insurance Plan

• Initial Benefit	100% of annual base pay at retirement rounded up to the next $1,000.
• Ultimate Benefit	50% of initial benefit.
• Reduction Pattern	
- Prior to Age 66	No reduction.
- At Age 66	Reduced beginning at age 66 in five equal annual steps to 1/2 the initial benefit at age 70 or older.
• Annual Base Pay	Basic wage rate, annual performance incentives, plus incentive compensation (e.g., sales commissions). If incentive compensation is used, it is based on the average annual incentive compensation paid for the 36-month period prior to retirement.
• Company Contribution	Company paid.

HEALTH CARE CLAIMS DEVELOPMENT

[redacted]

HEALTH CARE CLAIMS DEVELOPMENT

Retiree health care costs for 1993 are based on retiree paid claims for 1991. Due to the size of the claim base, no creditability or smoothing adjustments were made in the rating process. This approach assumes that the retiree claim base is representative of current and future (with cost trend) plan costs. The 1991 claims cost was "trended" to 1993 based on the assumptions outlined in this section.

HEALTH CARE CLAIMS DEVELOPMENT (Continued)

- Medical Expense Plan

	Medical	
	Pre-Age 65	Post-Age 65
Total 1991 Paid Claims	$39,932,837	$29,026,251
Estimated Adjustment to True Age for Dependent Claims Reported Based On Retiree Age	+ 1,355,443	- 1,355,443
Adjusted 1991 Paid Claims	$41,288,280	$27,670,808
Average 1991 Covered Group	+ 13,757	+ 28,348
1991 Average Paid Claims Per Covered Participant	$ 3,001	$ 976
Trend (2 Years at 13% and 18%)	x 1.3334	x 1.3334
1993 Expected Cost Per Covered Participant	$ 4,002	$ 1,301

Age Graded Rates

The claims rate for the medical expense plan has been established separately for the under age 65 and over age 65 groups. Actual costs will be influenced by age at retirement and overall aging of the retiree group. To recognize this in the valuation, we used age-graded costs assuming increases as follows:

	Medical Expense Plan
Under Age 65	2.0% per year
Over Age 65	1.0% per year up to age 80

HEALTH CARE CLAIMS DEVELOPMENT (Continued)

- Dental Expense Plan

	Dental
Total 1991 Paid Claims	$6,195,216
Average 1991 Covered Group	÷ 44,357
1991 Average Paid Claims Per Covered Participant	$ 140
Trend (2 Years at 5% Per Year)	x 1.1025
1993 Expected Cost Per Participant	$ 154

HEALTH CARE CLAIMS DEVELOPMENT (Continued)

- Administrative Cost

	Medical	Dental
Total 1991 Administrative Cost	$4,494,273	$754,183
Average Covered Retirees	÷ 28,546	÷ 29,770
1991 Average Administrative Cost Per Retiree	$ 157	$ 25
Trend (2 Years at 3.5% Per Year)	x 1.0712	x 1.0712
1993 Administrative Costs Per Retiree	$ 168	$ 27

ACTUARIAL ASSUMPTIONS

[redacted]

ACTUARIAL ASSUMPTIONS

Demographic Assumptions

• Mortality Table	
- Active	See Table A.
- Retiree	See Table B.
- Dependent	1983 Group Annuity Mortality Table.
• Withdrawal	See Table C.*
• Disability	See Table D.
• Retirement Age	See Table E.*
• Plan Participation	All employees assumed to elect coverage.
• Dependent Coverage	
- New Retirees	
-- Male	80%.
-- Female	60%.
- Current Retirees	Based on current coverage elected.
• Spouse Age	A wife is assumed to be three years younger than her husband.
• HMO Participation	Cost of HMO participation is assumed to be identical to indemnity plans.
• Calculation Date	January 1, 1993.

*These tables represent a sample of the entire set of assumptions.

ACTUARIAL ASSUMPTIONS (Continued)

Demographic Assumptions (Continued)

- Employee Data

- Retirees	The 1992 census data was valued as of January 1, 1992 and projected forward to January 1, 1993 assuming no actuarial gain or loss.
- Actives	The 1992 census data, reduced for all terminations through October of 1992, which did not result in postretirement benefit eligibility, was valued at January 1, 1993. Temporary employees who have less than 5 years of service are excluded from the calculation. The annual base pay for the life insurance benefit was based on 1992 pay projected to 1993 at 4%.

ACTUARIAL ASSUMPTIONS (Continued)

Economic Assumptions

• Discount Rate	8.5%.
• Expected Rate of Return On Plan Assets (After-Tax)	
- Health Care	9.0%.
- Life Insurance	8.5%.
• Salary Growth	4.0%.
• Medical Cost Growth	Medical trend rate (see Table F).
• Dental Cost Growth	See Table F.
• Administrative Cost Growth	3.5%.
• AT&T Reimbursement	For all retirees with a Pension Effective Date prior to January 2, 1984, postretirement medical and dental costs are reimbursed based on a constant factor currently equal to 11.11% of total costs.