



# Qwest Communications International Inc.

## Pension Plan Summary Plan Description



**Effective January 1, 2001**



# Qwest Communications International, Inc.

## Qwest Pension Plan

### Summary Plan Description

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## **Introduction**

Qwest Communications International Inc. (the "Company" or "Qwest") maintains the Qwest Pension Plan (the "Plan" or "Pension Plan") to provide retirement and certain other benefits to employees who are eligible to participate in the Plan and satisfy the requirements described in the Plan.

This booklet (your "Summary Plan Description" or "SPD") is provided to explain how the Plan works. It describes your benefits and rights as well as your obligations under the Plan. It is important for you to understand that because this SPD is only a summary, it cannot cover all the details of the Plan or how the rules will apply to every person in every situation. All of the specific rules governing the Plan are contained in the Plan document. You, your beneficiaries and your lawyer (or other legal representative) may examine the Plan document and other documents relating to the Plan during regular business hours or by appointment at a mutually convenient time in the office of the Plan Administrator.

If you have any questions about the Plan, you should contact the Plan Administrator. The name, address and telephone number of the Plan Administrator and other important information about the Plan are shown on the next page.

Capitalized terms not defined in the text are defined at the end of this Summary Plan Description.

*This document summarizes certain provisions of the Qwest Pension Plan. If there is any conflict between the terms of the Plan document and this document, the terms of the Plan document will govern. Plan administrators reserve the right to interpret and resolve any ambiguities in the Plan or any document relating to the Plan.*

*Benefits are determined by Qwest and do not create a contract of employment. The Company has the right to change, modify, discontinue or terminate the Plan and the benefits under the Plan at any time without prior notice.*

## Plan Administration

<b>Name of Plan:</b>	Qwest Pension Plan
<b>Type of Benefits:</b>	Defined Benefit Pension Plan providing retirement benefits. Also provides disability pensions (for Occupational Participants), Modified Disability Pensions (for Management Participants), and certain death benefits
<b>Administration of the Plan:</b>	The Plan is generally administered by the Employee Benefits Committee, which reviews claims and determines qualification for benefits under the Plan.
<b>Plan Number:</b>	005, 512
<b>Plan Sponsor:</b>	Qwest Communications International Inc. 1801 California Street Denver, CO 80202
<b>Employer Identification Number:</b>	84-1339282
<b>Other Adopting Employers:</b>	You can contact the Benefits Group in the Human Resources Department for a list of adopting employers
<b>Plan Year:</b>	January 1 to December 31
<b>Plan Administrator:</b>	Qwest Communications International Inc. Employee Benefits Committee 1801 California Street, Suite 4590 Denver, CO 80202 For questions, call 1-800-729-7526
<b>Agent for Service of Legal Process:</b>	General Counsel Qwest Communications International Inc. 1801 California Street Denver, CO 80202  Legal process may also be served on: The Corporation Company (a.k.a. CT Corp) 1675 Broadway, Suite 1200 Denver, Colorado 80202

## Description of Plan Benefits

### General Questions About the Plan

#### What is the Qwest Pension Plan?

The Qwest Pension Plan is intended to provide a company-paid source of income for your retirement. The Qwest Pension Plan is maintained by Qwest Communications International Inc. ("Qwest") for eligible employees of Qwest and certain of its 80% or more owned subsidiaries. These companies are known as Participating Companies in the Qwest Pension Plan. However, prior to January 1, 2001, Classic Qwest and its subsidiaries were not Participating Companies. In other words, only members of the prior U S WEST group were Participating Companies until 2001.

#### Does this Summary Plan Description apply to me?

This Summary Plan Description (SPD) of the Qwest Pension Plan generally includes Plan amendments through January 1, 2003, and generally describes the rules of the Plan applicable to participants who are employed by Participating Companies on or after January 1, 2001. If you terminated employment before January 1, 2001, the rules of the Plan in effect at the time your employment ended govern your pension benefits.

This SPD does not describe all details of the Plan. Rather it is meant to be a summary of the Plan rules. Thus, the SPD does not address all of the various detailed rules and exceptions applicable to all situations. If you have questions, you should call the Service Center for more details. The official Plan document governs in all cases.

No provision of the Qwest Pension Plan or this SPD gives any employee any right of continued employment or in any way prohibits Qwest from changing the terms of the Plan, or from terminating the employment of any employee covered by the Plan.

**What if I was a Classic Qwest employee before the Qwest/U S WEST merger?**

The Plan was maintained by U S WEST prior to the merger. If you were an employee of Classic Qwest before the merger, you were not eligible to participate in the Qwest Pension Plan prior to January 1, 2001. You will not earn any benefits (or Pension Calculation Service) under the Plan for Classic Qwest service prior to that date. However, your earlier Classic Qwest service (including service prior to the merger) will be taken into account in determining whether you are eligible to participate in the Plan and will also be credited as Vesting Service and Term of Employment. Effective January 1, 2001, Classic Qwest and most of its 80% or more owned subsidiaries owned prior to the merger became Participating Companies.

**Where can I get more information?**

You may receive more information, including a pension estimate and a pension kit, by calling the Qwest Service Center at 1-800-729-7526, or by visiting the website, [www.qwestpension.com](http://www.qwestpension.com). You will be required to enter your Social Security Number and your Personal Identification Number (PIN) to obtain personalized information. Please contact the Service Center up to three months before you leave the Qwest Group to request your pension kit.

**Note:** The above contact information may also be used if you need to obtain your PIN.

**Where can I find definitions for defined terms?**

You may find definitions for the capitalized terms used in this Summary Plan Description under the section entitled "Definitions – Qwest Pension Plan" at the end of this document.

## **Plan Participation**

**Am I eligible to participate in the Plan?**

You are only eligible to participate in the Plan if you are a Covered Employee (as described below) who receives a regular and stated compensation from a Participating Company and you complete a one-year period of service (12 consecutive months) beginning on your employment commencement date.

**Who is a Covered Employee?**

In general, a Covered Employee is an employee of a Participating Company who is NOT:

- A non-resident alien employed outside the United States; or
- A "leased worker"; or
- An employee who agrees not to participate; or
- An Occupational ETC employee; or
- An Occupational employee covered by the Broadband Construction Collective Bargaining Agreement; or
- Prior to January 1, 2001, an employee of Classic Qwest; or
- A Management Employee who becomes a Temporary Employee on or after January 1, 2001; or
- Prior to January 1, 2001, a person given an offer of employment (or reemployment), on or after July 10, 2000, to become a Management Employee; or
- An Occupational employee of El Paso Telephone Company; or
- Effective August 16, 1998, an Occupational employee in a student classification.

**When do I complete one year of service for purposes of eligibility to participate?**

You complete a one-year Period of Service on the first anniversary of the date your employment with a Participating Company begins.

If your employment terminates before you complete a one-year Period of Service and you are re-employed within one year, you will become a participant on the later of the date you return to work or the anniversary of your first hire date. However, if you are not re-employed within one year, you will be required to complete a one-year Period of Service beginning on the date you return to work.

If you have become a Participant, separate from service and are then re-employed by a Participating Company, you will become a Participant again on your reemployment commencement date if you are a Covered Employee. However, persons given offers of reemployment on or after July 10, 2000 to become Management Employees (whether they terminated before or after that date) are not eligible to participate until January 1, 2001.

#### **What is a leased worker?**

A "leased worker" is an individual who does work for the Qwest Group on a contract basis (either directly or through a third party agency). These individuals are not paid through the Company's regular payroll. If a leased worker later becomes a Covered Employee, service as a leased worker will be credited under this Plan only for vesting service and for determining eligibility to participate. Service as a leased worker will not be credited under this Plan for purposes of Pension Calculation Service or Term of Employment.

#### **Term of Employment (TOE)**

*Your TOE is used to determine your eligibility for certain types of special pension benefits, such as a service pension. Your PCS, which is very similar, is used to determine the amount of your benefits. (See Pension Calculation Service). Vesting service is used to determine when you have a non-forfeitable right to your pension benefit (see Vesting Service).*

#### **What is Term of Employment?**

In general, Term of Employment (TOE) is a period of continuous employment, as reflected in the Company's official service records, in the service of one or more Participating Companies. It is relevant for determining whether you are entitled to a service pension under the Occupational formulas and the Old Management Formula ("OMF") or whether you are eligible for Occupational Disability Pension. Service pensions are not applicable under the DLS or Account Balance Formulas. The explanation and bridging rules described below apply only to TOE.

Your TOE is measured in terms of completed years, months, and days of employment with a Participating Company. Unless you bridge your prior service (as described below), TOE is equal to your service starting from your most recent date of hire by a Participating Company through the date that employment ends with a Participating Company.

**Note:** Employment prior to January 1, 2001 with Classic Qwest counts as TOE. Similarly, service with Telera or Qwest CyberSolutions prior to the time they became Participating Companies count as TOE.

#### **For what types of service will I receive Term of Employment Credit?**

In most cases, an approved leave of absence allows credit towards TOE for up to 30 days. For certain leaves of absence, you may earn TOE for additional service credit beyond 30 days. In general, you will not earn TOE credit for a period while on leave of absence unless you return to employment immediately at the end of the leave. However, a Surplus Transitional Leave of Absence (STLA) does not require re-employment at the conclusion of the leave. When applying for any leave of absence, you should consider the effects of the leave of absence for purposes of TOE.

Upon your return to work, TOE is granted for the entire period of an approved leave for:

- Care of Newborn, Adopted, Foster Child, or Family Care Leave of Absences if the leave commenced on or after September 29, 1995,
- Military Leaves, and
- Union Leaves.

TOE also includes periods you receive Short-term Disability Benefits from a Participating Company. However, it does not include any periods you receive a disability pension under this Plan, including Modified Disability Pension Program (MDPP) benefits.

Except for certain acquisitions and in certain layoff situations, you will not earn any TOE credit for periods you were not a Covered Employee.

For other employment periods that may be included in your TOE under the Plan, see the “Divestiture Impact/Mandatory Portability Agreement (MPA)” section.

### **What happens in a layoff?**

If you are temporarily laid off and re-employed within six months or less, you will immediately be credited with your previous TOE, including the period of the layoff. (However, you will not be treated as an Active Participant during this period.)

If you are re-employed after six months, but within two years after the date you are laid off, prior TOE will be restored upon re-employment, but TOE is not credited for any portion of the layoff. If you are an Occupational Employee at Qwest Business Resources, Inc. who is re-employed by BRI within three years of a layoff, your prior service will immediately bridge, but TOE is not credited for the layoff period.

If you are re-employed after two years (three years, for Occupational BRI Employees), you will be considered as having a break in TOE at the beginning of the layoff and the regular bridging rules described below will apply.

### **When will I receive TOE credit for prior periods of employment?**

**Management Employees.** If your employment with a Participating Company ends and you are subsequently re-employed by another Participating Company, your prior TOE (if you had at least six months of prior TOE) will be counted if you are an Active Management Participant at any time on or after December 31, 2000. Your time away from employment will not be counted as TOE. The rules described below for Occupational Employees generally applied if you were a Management Employee with no employment after 2000.

**Occupational Employees.** If your employment with a Participating Company ends and you are subsequently re-employed by another Participating Company as an Occupational Participant, your prior TOE will not be counted unless you meet the TOE bridging rules described below. These bridging rules restore previous TOE if you are re-employed in accordance with the following circumstances.

- **Six-month bridging rule** - If you are re-employed after a TOE break of six months or less, your previous TOE will be credited immediately, but your time away from work will not be credited (time will be credited for layoffs as described above).
- **Three-year bridging rule** is in effect for employees who are awaiting a bridge of prior service on or after January 1, 1999. If you had at least six months of TOE when your prior employment terminated and you are rehired after a break of more than six months, your prior TOE will not be recognized until you complete a three-year-period of continuous service. However, if you were rehired prior to January 1, 1999, and you are on the payroll on January 1, 1999, your prior TOE (if it is at least six months) will bridge on the later of January 1, 1999 or when you complete three years of continuous TOE. In all cases, your time away from work will not be credited.
- **Five-year bridging rule** is in effect for employees terminating prior to January 1, 1999. If you had at least six months of TOE when your prior employment terminated and you are re-employed after a break of more than six months, your prior TOE will not be recognized unless and until you complete a five-year period of continuous TOE after re-employment. Your time away from work will not be credited.
- **Special TOE Bridging Rule due to Section 420 Transfer** – Participants who are pending a Term of Employment bridge may have their prior TOE service bridged as a result of a section 420 Transfer (see “Vesting Service” below). Management Employees who were pending a five-year Term of Employment bridge and who were participants in the Plan on January 1, 1999 had their TOE bridged on the effective date of the 420 Transfer. Occupational Employees who are pending a five-year Term of Employment bridge on the date of the transfer (December 15, 1998) will bridge their prior TOE on that date. Similar rules apply for the 420 Transfers made in 1999 and, in the case of Occupational Participants, 2000 and 2001. These rules will not apply for any subsequent section 420 Transfers unless the Plan provides for this bridging.

**Note:** If you transfer from a Participating Company to a Non-Participating Company and are later re-employed by a Participating Company, the period of service at the Non-Participating Company will not be considered to be a break in service. However, neither TOE nor Pension Calculation Service will be granted for service at the Non-Participating Company.

## **Pension Calculation Service (PCS)**

*Your PCS is used to determine the amount of your pension benefits.*

### **How does Pension Calculation Service differ from TOE?**

Pension Calculation Service is used to calculate the amount of your benefit (with the exception of benefits under the Account Balance formula). It is similar, but not identical to, TOE. Some differences include (1) if you have a break in service, the breaks in service and bridging rules for vesting (see Vesting Service), rather than TOE, will apply for purposes of determining Pension Calculation Service; (2) Pension Calculation Service (but not TOE) will be prorated for any part-time service during your career (except for purposes of calculating the occupational supplemental monthly pension benefit, if applicable); and (3) for Management Employees, there are various limits on Pension Calculation Service that do not apply to TOE, as described more fully in the various benefit formulas.

In addition, unless indicated otherwise, your benefits under the Management provisions of the Plan are only based on your PCS while you are a Management Participant and your benefits under the Occupational provisions are only based on your PCS while you are an Occupational Participant.

### **Does my service with Classic Qwest count towards my Pension Calculation Service?**

Employment prior to January 1, 2001 with Classic Qwest does NOT count as PCS. Neither does service with Telera prior to August 6, 2001 or Qwest Cyber.Solutions prior to May 16, 2002.

### **What happens to my TOE and PCS if my pension benefits are transferred to another pension plan?**

If your pension benefits are transferred to another pension plan and you later become employed by the Qwest Group, you cannot bridge your earlier TOE or PCS under any circumstances, even if you remain employed by the Qwest Group for three or more years. None of the bridging rules apply to you with respect to your TOE and PCS prior to the transfer; thus, this earlier TOE and PCS is ignored upon re-employment. These rules apply to persons whose benefits were transferred to the MediaOne Group plan or the AirTouch plan, among others.

An exception to the above applies to employees of MediaOne Group, Inc. who meet the criteria of the Mandatory Portability Agreement (MPA) and are eligible for a Transfer of Service in accordance with the

MPA and associated Qwest Pension Plan break-in service and bridging rules (to the extent you do not waive portability), if you repay any lump sum you may have received from the MediaOne Group, Inc. Pension Plan. If you are receiving a monthly annuity, the annuity will be suspended from MediaOne Group, Inc. Pension Plan.

### **Will I earn PCS for service after age 65?**

If you were an employee of a Participating Company on or after March 18, 1987 and you work beyond age 65, your pension benefits will continue to accrue based on the provisions of the Plan.

## **Vesting Service**

### **What is vesting service?**

"Vesting Service" means your periods of service considered in determining whether you are vested in your pension benefit. If you are not vested in your pension benefit at the time you leave the Qwest Group, you will not be entitled to a pension benefit.

For purposes of vesting, a Period of Service begins on your Employment Commencement Date (or Re-employment Commencement Date) and ends on your Severance Date. If you leave the Qwest Group and are rehired, your prior service may be counted in certain circumstances (see questions regarding breaks in service).

For purposes of vesting, your Period of Service includes service with the Qwest Group (including Non-Participating Companies). In addition, employment prior to January 1, 2001 with Classic Qwest counts as Vesting Service.

### **When am I vested in my pension benefit?**

Generally, you are considered to be vested in your pension benefit if you complete five years of vesting service. However, you are always vested in your Account Balance benefits, even if you are not vested in your other Plan benefits.

### **How do section 420 transfers impact vesting?**

The Plan may transfer a portion of its excess assets to special accounts in the Plan to help pay retiree health care expenses, as permitted by Section 420 of the Internal Revenue Code and Section XIV of the Plan (a "420 Transfer"). Any Active Participant in the Plan who is employed on the date of the 420 Transfer or any former participant who separated from service during the one-year period ending on the date of the 420 Transfer will become vested in his or her accrued benefit under the Plan regardless of the participant's years of vesting service. If a participant's accrued benefit becomes vested as a result of a 420 Transfer, any additional accrued benefits that the participant earns thereafter will also be fully vested. Persons who become participants on or after the date of a 420 Transfer or employees who are hired after a 420 Transfer date will be subject to the normal five-year vesting requirement.

### **What is a break in vesting service?**

A break in vesting service occurs when you incur a One-Year Period of Severance. A Period of Severance of less than one year will be ignored and instead counted towards vesting service (and participation, if you were not a participant). A Period of Severance does not count for purposes of Pension Calculation Service or TOE.

### **How does a break in service affect my vesting and benefits?**

If you are vested when you terminate, you will always be vested.

If you are a non-vested employee and incur a Period of Severance of less than one year, you will immediately receive vesting credit and credit towards participation for the Period of Severance and the prior vesting credit.

If you are a non-vested employee and incur a One-Year Period of Severance, upon re-employment by a Participating or Non-Participating Company you will not receive credit for vesting and participation for the Period of Severance. However, you will receive credit for prior vesting service if (1) you subsequently complete a One Year Period of Service and (2) the number of One-Year Periods of Severance is less than five. If the number of One-Year Periods of Severance is five or more, then your prior vesting service will only bridge upon bridging of your Term of Employment under the TOE bridging rules provided that you were a Plan participant at the time that you incurred a One-Year Period of Severance. If your prior vesting service does not bridge, you will lose credit for your prior Pension Calculation Service, and DLS Percentage Credits.

### **Will I be given vesting credit for service at a Non-Participating Company?**

Your service worked at a Non-Participating Company will be counted toward vesting credit in accordance with the rules above. However, service at a Non-Participating Company will not be credited as Pension Calculation Service or TOE.

For other employment periods that may be included in vesting under this Plan, see the section entitled "Divestiture/Mandatory Portability Agreement."

## **Benefits Available to Occupational Employees**

### **What is an Occupational Employee?**

You are an Occupational Employee if you are:

- An Employee in a bargaining unit represented by a union which has agreed to this Plan; or
- An Employee whose position is subject to automatic wage progression or an Employee whose pay is not stated in terms of a monthly or annual rate; or
- A non-salaried Employee temporarily promoted to salaried status (in the case of such a temporary promotion prior to 2001, the person ceased to be an Occupational Employee after 12 months of such temporary promotion).

### **Are all Occupational Employees eligible to receive benefits?**

No. You do not participate in the Plan if you are (1) a Broadband employee, (2) an employee represented by the ETC Agreement between the Qwest Group and CWA and classified as an ETC employee, or (3) employed by El Paso Telephone Company. In general, these employees will not receive any Term of Employment (TOE) or Pension Calculation Service (PCS) for this service. However, this period of time will be considered for purposes of participation and vesting.

If you are employed under the Communications Broadband agreement and later transfer to another Participating Company, participation and vesting service, TOE credit, and Pension Calculation Service will be granted to you for the period of time you were employed under the Communications Broadband agreement.

**Note:** If you are not a Covered Employee, you are not eligible to participate.

**Do all Occupational Employees receive the same benefits?**

No. Special rules apply for certain Sales Employees including:

- Directory Sales Employees of Dex-CWA (which includes directory advertising consultants – telephone, directory advertising consultants – premise, account executives and area directory advertising consultants),
- Qwest Communications Sales Consultants and Home Office Sales Consultants, and
- Directory Advertising Consultants, Directory Advertising Consultants-Telephone, Account Executives, and Area Directory Advertising Consultants who are represented by the Dex-IBEW Bargaining Unit.

**Benefits Available to Occupational Employees Who Are Not Sales Employees**

**How is my benefit determined if I am an Occupational Participant and I am not a Sales Employee?**

If you are not a Sales Employee, your pension benefit is based on the pension band assigned to your job title and your Pension Calculation Service (“PCS”). Your basic monthly pension is calculated by using the monthly pension factor for your pension band (located in the chart below) multiplied by your PCS.

The following pension bands and associated monthly pension factors are effective January 1, 2001. Special rules apply if you leave and are reemployed. Different rates apply if you retired or terminated employment from a Participating Company before 2001.

Pension Band	Monthly Pension Factor for terminations on and after January 1, 2001	Monthly Pension Factor for terminations on and after July 1, 2002**	Monthly Pension Factor for terminations on and after July 1, 2003**
91	19.29		
92	20.12		
93	21.00		
94	21.91		
95	22.85		
96	23.86		
97	24.89		
98	25.95		
99	27.08	28.70	31.57
100	28.25	29.95	32.95
101	29.48	31.25	34.38
101A*	30.07		
102	30.75	32.60	35.86
103	31.99	33.91	37.30
104	33.25	35.25	38.78
105	34.48	36.55	40.21
105A*	35.16		
106	35.71	37.85	41.64
106A*	36.44		
107	37.00	39.22	43.14
107A*	37.73	39.99	43.99
108	38.25	40.55	44.61
109	39.47	41.84	46.20
110	40.73	43.17	47.49
111	41.97	44.49	48.94
112	43.20	45.79	50.37
113	44.47	47.14	51.85

Pension Band	Monthly Pension Factor for terminations on and after January 1, 2001	Monthly Pension Factor for terminations on and after July 1, 2002**	Monthly Pension Factor for terminations on and after July 1, 2003**
114	45.69	48.43	53.27
115	46.93	49.75	54.73
116	48.19	51.08	56.19
117	49.41	52.37	57.61
118	50.67	53.71	59.08
119	51.93	55.05	60.56
120	53.17	56.36	62.00
121	54.39	57.65	63.42
122	55.66	59.00	64.90
123	56.89	60.30	66.33
124	58.10	61.59	67.75
125	59.37	62.93	69.22
126	60.61	64.25	70.68
127	61.87	65.58	72.14
128	63.11	66.90	73.59
129	64.37	68.23	75.05
130	65.60		
131	66.87		
132	68.09		
133	69.32		
134	70.59		
135	71.81		

\* Only applicable to Qwest Corporation CWA

\*\* These increases are effective April 1, 2002 and April 1, 2003, respectively, in the case of Dex-IBEW Participants.

**Example:**

A Qwest Corporation - CWA (Communications Workers of America) employee terminates employment on May 1, 2002, from a job title assigned to pension band 120 with Pension Calculation Service of 31 years.

The basic monthly benefit calculation is:

Monthly Pension Factor for Pension Band 120		Pension Calculation Service		Basic Monthly Pension
\$53.17	times (x)	31 years	equals (=)	\$1,648.27

**Are there any special factors if I leave voluntarily and am entitled to an Early Retirement Pension Benefit (ERP)?**

Occupational Participants who voluntarily terminate prior to July 1, 2002 who are eligible for the voluntary termination or resignation benefits (but not involuntary separation or termination benefits) under an ERPB Program may also qualify for the 6% increase that is otherwise effective on July 1, 2002. However, this applies only if you are a member of an adjustment or force group that either has not resolved prior to January 1, 2002 or that is opened on or after January 1, 2002.

In addition, Occupational Participants who voluntarily terminate prior to July 1, 2003 who are eligible for the voluntary termination or resignation benefits (but not involuntary separation or termination benefits) under certain ERPB programs (the CWA agreements with Qwest and BRI, and the IBEW agreement with Qwest, but not any other program) may also qualify for the 10% increase in the pension band factors that is otherwise effective on July 1, 2003. However, this applies only if you are a member of an adjustment or force group that either has not resolved prior to July 1, 2002 or that is opened on or after July 1, 2002.

**For Occupational Participants, which types of differentials and special payments are included in the supplemental monthly pension benefits calculation?**

You may be eligible for a supplemental monthly benefit if you receive any of these supplemental payments **during the three calendar years prior to the year of your termination** from a Participating Company:

- In-charge allowances.
- Extra payments for the first 12 months of a temporary assignment or temporary promotion to a higher grade or a supervisor position. These payments count only if they are made during the three calendar years prior to your year of termination; they do not count if they are made earlier. In addition, except for temporary promotions to a Management position on or after January 1, 2001, payments after the first 12 months do not count even if they occur during the three years prior to your year of termination.
- Evening, night, and daily differential payments to all employees, including operating room employees, whose work tour falls wholly or partially within the stated differential period.
- Job differentials (except as excluded below).
- Earnings above base wages under the terms of the Leveraged Compensation Plan for employees covered by the Customer Sales and Service Incentive Plan.
- Performance bonuses (previously called conversion/penetration bonuses) for account representatives of Qwest Dex.
- Apprentice differential.
- Effective January 1, 1999, payments under the Enhanced Compensation Plan (ECP).

Some special payments that are NOT included in the calculation of the supplemental pension benefit are:

- Differential payments considered in collective bargaining agreements as basic pay in the assignment of a pension band.
- Differential payments paid before a promotion or transfer to a higher pension band when the promoted job has been held for 18 or more months prior to retirement.
- Payments for periods of employment when you are not a Covered Employee.
- Payments for the calendar year in which you terminate.

**What is the formula used to determine the supplemental monthly pension benefit?**

The formula used to determine your supplemental monthly benefit is as follows:

.001	X	Annual Average of Supplemental Payments Received During 3 Calendar Years Prior to Your Year of Termination	X	Pension Calculation Service	=	Supplemental Monthly Benefit
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**Example:**

A Qwest Corporation - CWA Participant terminated employment on May 1, 2002 from a job title assigned pension band 120 with a Pension Calculation Service of 31 years. The employee received supplemental payments during the last three calendar years of employment.

The supplemental monthly pension benefit for this participant is calculated as follows:

Determine 3 calendar years prior to year of termination	Add all eligible supplemental payments received	Calculate the annual average of supplemental payments	Pension Calculation Service	Compute supplemental monthly pension benefit	Supplemental monthly benefit
2001, 2000 and 1999	In Charge \$300 Differ. \$3,300 Total \$3,600	\$3,600/3years=\$1200	31 years	[(.001 x \$1,200) x 31 years]	\$37.20

This employee receives:

Basic Monthly Pension Benefit:	\$1,648.27
plus Supplemental Monthly Benefit	<u>37.20</u>
Total Monthly Pension Benefit:	\$1,685.47

**How is my benefit adjusted if I am a part-time employee?**

If you worked part-time at any time during your employment with Qwest or other Participating Companies, your Pension Calculation Service (PCS) is adjusted. This adjustment to PCS affects the amount of your pension benefit, not your TOE (for service or disability pension eligibility), your vesting service or your supplemental pension. The adjustment is based on the actual hours you worked and your classification. Your pension benefit is prorated based on the actual hours you worked compared to regular, full-time employment. If, prior to January 1, 1996, records of actual hours are not available, the ratio will be based on scheduled hours compared to regular full-time hours. However, the Plan will consider appropriate documentation (such as Social Security records or appropriate tax records) if you provide evidence that you actually worked more than the scheduled hours.

**Example:**

If you worked part-time (20 hours) during your entire career and retired with 30 years of employment, your pension would be calculated using 15 years of Pension Calculation Service (30 years times 20/40); however, because you had 30 years of TOE (whether part-time or full-time), you would be eligible to receive a service pension.

**What special rules apply if I am Promoted?**

If you are Promoted or transferred to a job in a higher pension band prior to your termination as a vested participant and you remain with a Participating Company in the higher pension band for 18 months or more, your pension will be calculated using all of your Pension Calculation Service multiplied by the higher band.

If you are Promoted and do not remain in the higher band for 18 months, your pension will be the sum of the following two benefits:

- Pension benefit earned in the band held up to date of Promotion (at the rate in effect when your current employment from Participating Companies ends); plus
- Pension benefit earned while employed in the higher band.

A temporary promotion will only be considered a Promotion after the first 12 months of such temporary promotion.

Other special rules apply if you had been previously demoted prior to your promotion or if you terminate and are rehired in a higher pension band.

**What special rules apply if am demoted?**

If you are demoted or transferred to a job in a lower pension band prior to your termination as a vested participant, your pension will be calculated in the following two ways and you will receive the higher of the two benefits:

- Total Pension Calculation Service (when current employment ends) multiplied by the monthly pension factor (frozen at the time of demotion or transfer) for the Band from which you were demoted or transferred; or
- Total Pension Calculation Service (when current employment ends) multiplied by the monthly pension factor (in effect when current employment from Participating Companies ends) for the Band in the new position to which you were demoted or transferred.

If you are eligible for a service pension at the time you are demoted and your demotion is due to either permanent medical work restrictions or a force surplus condition, and you retire within five years of your demotion, your pension will be calculated at the higher pension band of the job you held before you were demoted (including scheduled pension band increases, where applicable). Other special rules apply after the five-year period ends.

Different rules also apply if you terminate and are rehired in a lower pension band.

*Note: Special promotion and demotion rules may apply if you had been previously promoted prior to your demotion, or if you are a Sales Employee not covered by the regular pension band formula.*

## Benefits Available to Occupational Employees Who Are Sales Employees

### What is the formula for Dex-CWA Commission Directory Advertising Salespersons and Qwest Corporation Sales Consultants and Home Office Sales Consultants?

If you are a Directory Sales Employee of Dex-CWA (which includes directory advertising consultants – telephone, directory advertising consultants – premise, account executives and area directory advertising consultants) or a Qwest Corporation Sales Consultant or Home Office Sales Consultants, the regular pension band formula does not apply. Instead, your pension benefit is calculated based on your Final Average Compensation and Pension Calculation Service. Different rules applied if you left employment (or ceased to be a Sales Employee under the applicable formula) before August 19, 2001.

The formula used to determine your basic monthly pension benefit is the monthly pension factor (which is based on your Final Average Compensation) times Pension Calculation Service. The following chart sets forth the monthly pension factors.

### Monthly Pension Factors Based on Final Average Compensation For Terminations On or After August 19, 2001

Final Average Compensation	Monthly Pension Factor	Final Average Compensation	Monthly Pension Factor
\$1,500 to \$1,599	\$21.40	\$5,000 to \$5,499	\$74.80
\$1,600 to \$1,699	\$22.80	\$ 5,500 to \$ 5,999	\$ 81.30
\$1,700 to \$1,799	\$24.10	\$ 6,000 to \$ 6,499	\$ 87.80
\$1,800 to \$1,899	\$25.30	\$ 6,500 to \$ 6,999	\$ 94.30
\$1,900 to \$1,999	\$27.60	\$ 7,000 to \$ 7,499	\$100.80
\$2,000 to \$2,249	\$30.90	\$ 7,500 to \$ 7,999	\$107.30
\$2,250 to \$2,499	\$34.20	\$ 8,000 to \$ 8,499	\$113.80
\$2,500 to \$2,749	\$37.40	\$ 8,500 to \$ 8,999	\$120.30
\$2,750 to \$2,999	\$40.70	\$ 9,000 to \$ 9,499	\$126.80
\$3,000 to \$3,249	\$43.90	\$ 9,500 to \$ 9,999	\$136.50
\$3,250 to \$3,499	\$47.20	\$10,000 to \$10,999	\$149.50
\$3,500 to \$3,749	\$50.40	\$11,000 to \$11,999	\$162.50
\$3,750 to \$3,999	\$55.30	\$12,000 to \$12,999	\$175.50
\$4,000 to \$4,499	\$61.80	\$13,000 to \$13,999	\$188.50
\$4,500 to \$4,999	\$68.30	\$14,000 and above	\$201.50

These factors do not apply if you cease to be a Sales Employee covered under the applicable formula before August 19, 2001.

Final Average Compensation means the average annual compensation paid to a Covered Employee during the 60 consecutive calendar months for which the compensation was highest within the last 120 consecutive calendar months immediately preceding the date employment ends (or, if earlier, the date you are no longer a Sales Employee under the applicable formula). For purposes of determining your Final Average Compensation, special rules apply if you receive PCS for a period of unpaid absence or you did not receive PCS for a period of absence. In addition, other rules apply with respect to certain lump sum bonus payments, incentive and differential payments, overtime, internet incentives and commissions; these rules generally spread the payments over certain months of employment.

- Compensation for Dex-CWA Employees for these purposes includes base salary, commissions, real growth premiums, account executive bonuses, internet incentives (effective January 1, 1999) and daily average for short-term disability payments, but excludes overtime payments, severance or any other compensation paid after your employment ends (except real growth premiums paid within 90 days after employment ends) or any other compensation.
- Compensation for Sales Consultants and Home Office Sales Consultants means base pay, sales incentives, overtime and short-term disability payments, but excludes all other compensation.
- Any compensation earned after you cease to be a Sales Employee under the applicable formula is excluded.
- The amount of your compensation included for these purposes shall not exceed the limits imposed by the Internal Revenue Code (\$200,000 per year for 2002).

**Example One:**

A Directory Sales Advertising Consultant Employee represented by the Communications Workers of America (CWA) retires in May 2002 at age 55 with Pension Calculation Service of 25 years. Assume the employee's Compensation during the last 60 months totaled \$232,000 and that this was the highest 60 months.

The basic monthly benefit calculation is:

1. Final Average Compensation = \$232,000 divided by 60 months = \$3,867 per month
2. Calculate Basic Monthly Pension Benefit as follows:

<b>Pension Factor For Final Average Compensation (from table)</b>		<b>Pension Calculation Service</b>		<b>Basic Monthly Pension</b>
\$55.30	times (x)	25 years	equals (=)	\$1,382.50

**Example Two:**

A sales consultant employee represented by the CWA retires in May 2002 at age 58 with Pension Calculation Service of 27 years. Final Average Compensation is \$2,800 per month.

Calculate Basic Monthly Pension Benefit as follows:

<b>Pension Factor For Final Average Compensation (from table)</b>		<b>Pension Calculation Service</b>		<b>Basic Monthly Pension</b>
\$40.70	times (x)	27 years	equals (=)	1,098.90

**How were benefits calculated if I left (or ceased to be a Sales Employee) before August 19, 2001?**

While the formula was generally the same, there were two important differences. First, in most cases, the formula was not based on Final Average Compensation. Instead, it was based on your average monthly earnings from Participating Companies for the five calendar years prior to the year that your employment from Participating Companies ends (or, if earlier, the date you are no longer a Sales Employee).

*Note: For Qwest Corporation Sales Consultants or Home Office Sales Consultants who terminate after 2000, your Final Average Compensation is used instead of average monthly earnings.*

To determine average monthly earnings for a Dex-CWA Directory Sales Employee, earnings include base pay, bonuses, commissions and internet incentives (effective January 1, 1999). Any short-term disability pay you received from the Qwest Disability Plan during the averaging period is excluded.

Earnings for Sales Consultants and Home Office Sales Consultants means base pay, sales incentives, overtime and short-term disability payments. In both cases, any earnings after you ceased to be a Sales Employee is excluded. Also, the amount of your annual earnings included for these purposes shall not exceed the limits imposed by the Internal Revenue Code (\$200,000 per year for 2002).

Second, the monthly pension factors in effect prior to August 19, 2001 were different, as shown below.

## Monthly Pension Factors Applicable For Terminations Before August 19, 2001

Applicable Earnings <sup>1</sup>	Monthly Pension Factor	Applicable Earnings <sup>1</sup>	Monthly Pension Factor
\$1,500 to \$1,599	\$20.20	\$5,000 to \$5,499	\$68.30
\$1,600 to \$1,699	\$21.40	\$ 5,500 to \$ 5,999	\$ 74.80
\$1,700 to \$1,799	\$22.80	\$ 6,000 to \$ 6,499	\$ 81.30
\$1,800 to \$1,899	\$24.10	\$ 6,500 to \$ 6,999	\$ 87.80
\$1,900 to \$1,999	\$25.30	\$ 7,000 to \$ 7,499	\$ 94.30
\$2,000 to \$2,249	\$27.60	\$ 7,500 to \$ 7,999	\$100.80
\$2,250 to \$2,499	\$30.90	\$ 8,000 to \$ 8,499	\$107.30
\$2,500 to \$2,749	\$34.20	\$ 8,500 to \$ 8,999	\$113.80
\$2,750 to \$2,999	\$37.40	\$ 9,000 to \$ 9,499	\$120.30
\$3,000 to \$3,249	\$40.70	\$ 9,500 to \$ 9,999	\$126.80
\$3,250 to \$3,499	\$43.90	\$10,000 to \$10,999	\$136.50
\$3,500 to \$3,749	\$47.20	\$11,000 to \$11,999	\$149.50
\$3,750 to \$3,999	\$50.40	\$12,000 to \$12,999	\$162.50
\$4,000 to \$4,499	\$55.30	\$13,000 to \$13,999	\$175.50
\$4,500 to \$4,999	\$61.80	\$14,000 and above	\$188.50

<sup>1</sup> This generally means Average Monthly Earnings. It means Final Average Compensation for Sales Consultants or Home Office Sales Consultants who terminate after 2000.

The factors for \$14,000 and higher did not apply before 2000 due to the tax limits on compensation.

### What is the formula for Dex-IBEW Commissioned Sales employees?

*Directory Advertising Consultants, Directory Advertising Consultant-Telephone, Account Executives, and Area Directory Advertising Consultant.*

If you are an employee represented by the Dex-IBEW Bargaining Unit in the job titles listed above and you terminate employment (or are no longer employed as a Dex-IBEW Commissioned Sales employee, if earlier) on or after December 31, 1998, the regular pension band formula for Occupational Employees does not apply to you. At the current time, the formula for Dex-IBEW Commissioned Sales employees is your Final Average Compensation x 1.40% x Pension Calculation Service.

**Example:** Assume your Final Average Compensation (annual) is \$100,000 and you have 40 years of Pension Calculation Service. Your pension is :

$$\$100,000 \times 1.40\% \times 30 \text{ years} = \$42,000 \text{ per year } (\$3,500 \text{ per month})$$

However, if you terminated employment (or were no longer employed as a Dex-IBEW Commissioned Sales employee, if earlier) before May 5, 2002, the factor was 1.30% instead of 1.40%. If you terminated employment (or were no longer employed as a Dex-IBEW Commissioned Sales employee, if earlier, before January 1, 2001, the factor was 1.25%.

Final Average Compensation means the average annual compensation paid to a Covered Employee during the 60 consecutive calendar months for which the compensation was highest within the last 120 consecutive calendar months immediately preceding the date employment ends (or, if earlier, the date you are no longer employed as a Dex-IBEW Commissioned Sales employee). For purposes of determining your Final Average Compensation, special rules apply if you receive PCS for a period of unpaid absence or you did not receive PCS for a period of absence. In addition, other rules apply with respect to certain lump sum bonus payments, incentive and differential payments, internet incentives and commissions; these rules generally spread the payments over certain months of employment.

Compensation for Dex-IBEW Sales Employees for these purposes includes base salary, commissions, real growth premiums, account executive bonuses, internet incentive (effective January 1, 1999) and daily average for short-term disability payments, but excludes overtime payments, severance or any other compensation paid after your employment ends (except real growth premiums paid within 90 days after employment ends) or any other compensation. Any compensation earned after you ceased to be a Dex-IBEW Commission Sales Employee is excluded. The amount of your compensation included for these purposes shall not exceed the limits imposed by the Internal Revenue Code (\$200,000 per year for 2002).

**How is my benefit calculated if I am an Account Representative?** If you are an Account Representative represented by the Dex-IBEW, your pension benefit will be calculated under the regular pension band formula for non-Sales Employees. In addition, your performance bonus payments will be included in the supplemental pension formula.

### **What if I transfer to a non-sales position?**

Special rules apply if you are a Sales Employee who transfers to a position covered by the regular band formula, or vice-versa. Compensation you earn after ceasing to be a Sales Employee under the applicable formula will not be taken into account for purposes of determining your benefits earned under that formula.

## **Disability Pensions for Occupational Employees**

### **Is an Occupational Participant eligible for a disability pension?**

As an Occupational Participant, you are eligible for a disability pension if you meet all of the following requirements:

- You are totally disabled, as determined by the administrator; as a result of sickness or injury. If you are an Occupational Participant not covered by a collective bargaining agreement, disability means the following: You are totally disabled if, as a result of sickness or injury, and as determined by the administrator in its sole discretion based upon objective medical evidence, you are unable to engage in any occupation or employment for which you are qualified, or may reasonably become qualified, by training, education or experience, other than a job that pays at a rate of less than 60% of your base pay at the time the disability commenced.
- Your employment ends as a result of your total disability.
- You have completed TOE of at least 15 years.
- Your disability continues at the expiration of maximum Company-provided short-term disability benefits.

A disability pension is payable as long as you continue to be disabled, as defined above, or until you attain age 65, whichever is earlier.

### **How is the amount of a disability pension determined?**

The amount of your disability pension is the same as your regular pension benefit, except that there is no early retirement discount if your disability pension starts before age 55. You cannot elect to receive a lump sum of your disability pension benefit.

### **Will I receive a disability pension if I am also eligible for a service pension?**

If you become disabled (as defined above) and you are an Occupational Participant eligible for a service pension, you will receive a service pension at the expiration of short-term disability benefits instead of a disability pension. Like a disability pension, this service pension will not be discounted for early payment if you are under age 55. For those becoming disabled on or after January 1, 2001, any long-term disability benefit you receive under the Company's LTD plans will be reduced by any service pension paid to the participant under the Plan (calculated as a single life annuity even if the Participant elected a different option).

### **What happens if I am not eligible for a service pension?**

Different rules apply depending upon when you qualify for the disability pension. If you qualify for the disability pension before January 1, 2002, you will not receive a regular pension (assuming you remain disabled until age 65). Instead, if you are still disabled at age 65, your disability pension will convert to a service pension when you reach age 65. If you begin receiving a disability pension on or after August 13, 1995 and before January 1, 2002, a \$1.00 offset per month from the service pension will be effective when you reach age 65 to account for the period in which the disability pension was paid.

If you qualify for the disability pension on or after January 1, 2002 and you are not service pension eligible, you may elect to receive your regular pension benefit in addition to your disability pension. Your disability pension stops at 65 (or cessation of your disability if earlier), and no other disability benefits are payable. No optional forms of benefit are available for this disability pension. In addition, you may elect to receive your regular pension benefit at the time that you terminate employment or any later date (up to age 65) in any form permitted under the Plan.

**Example.** In 2002, Kathy becomes disabled at age 50 at a time her pension (payable at age 65) is \$1,000/month. She will receive a disability pension of \$1,000/month until age 65 (or, if earlier, when she is no longer disabled). In addition, she can take her regular pension at age 50 [\$240/month for life [as described later; this is the \$1,000 pension reduced to reflect early retirement at age 50]] or wait until a later date and take her regular pension (reduced for early retirement if applicable) for life. If Kathy waits until age 65 to start her regular pension, she will receive a disability pension of \$1,000 until age 65 (or, if earlier, when she is no longer disabled), and a regular pension of \$1,000 for life starting at age 65.

If you were granted a disability pension from this Plan, and you become employed by an Interchange Company and you are covered by MPA, your disability pension from this Plan will cease even if you waive portability.

**What if I receive a payment under a workers' compensation law?**

If your Pension Effective Date is July 1, 1998 or later, any workers' compensation award does not affect your disability pension. If your Pension Effective Date is earlier than July 1, 1998 and you receive a payment under any workers' compensation law, any disability pension payable under this Plan will be reduced by the amount of the workers' compensation payment that is attributable to the replacement of lost wages.

**When Occupational Employees May Begin Receiving Benefits**

**When may an Occupational Employee who leaves the business begin receiving benefits?**

In most cases, you can elect to start receiving your vested benefits when you leave the Qwest Group. However, a lump sum payment must be elected within 120 days after your date of termination, or if later, 60 days after your first pension election packet is sent upon termination of employment (shorter periods applied before 2003). Lump sums are not available if you terminate employment after the expiration of the collective bargaining agreement in effect on January 1, 2001 that applies to you.

Please note that you must begin receiving benefits by the later of:

- The date you attain age 65, or
- The date you terminate employment.

Occupational Participants who leave the Qwest Group before July 1, 2001 may not receive a benefit before age 65 unless they qualify for a service pension, a disability pension, an early deferred vested pension or become Applicable Occupational Participants. Occupational Participants who are not Applicable Occupational Participants may not elect a lump sum.

**When am I service pension eligible?**

As an Occupational Participant, you are eligible to receive a service pension if, at the time you terminate your employment with the Qwest Group, you meet the following requirements:

Retirement Age	Term of Employment
Any age	At least 30 years
50 or older	At least 25 years
55 or older	At least 20 years
60 or older	At least 15 years
65 and older	At least 10 years

You can start your service pension as of the day following the day you leave the Qwest Group. You may also elect to defer receipt of your pension until a later date, but not later than age 65.

**When am I eligible to receive a deferred vested pension?**

If you leave the Qwest Group on or after July 1, 2001 (or between October 12, 2000 and June 30, 2001, if you are an Applicable Occupational Participant) and you are not eligible for a service or disability pension, a reduced pension benefit is payable to you immediately if you are vested (see the "Vesting" section). Similarly, if you are a Management Participant with prior Occupational service, you may elect to receive your Occupational benefits immediately if you leave the Qwest Group after June 30, 2001.

If you left the Qwest Group before October 12, 2000 (or between October 12, 2000 and June 30, 2001 if you are not an Applicable Occupational Participant) and were not eligible for a service or disability pension, you could be eligible for a reduced deferred vested pension if you are vested and meet the following requirements:

<b>TOE When Employment Ends</b>	<b>Earliest Age Reduced Payment May Be Elected</b>
15 or more years	Age 60
20 or more years	Age 55
25 or more years	Age 50

Your election to receive payment of a reduced deferred vested pension before age 65 is irrevocable.

In all cases, in order to elect payment of a vested pension before age 65, you must apply in writing to the Qwest Service Center (1-800-729-7526) no earlier than 90 days before the date you wish payments to begin.

Correspondence about your vested pension may be sent to: Qwest Service Center at Watson Wyatt  
950 17th Street, Box 46  
Denver, CO 80202.

If you are not eligible for a service pension, you are not eligible for any other benefits which Qwest may from time to time provide (outside the Plan) during retirement to those who retire with service or disability pensions.

**Will my pension be reduced if I begin receiving benefits before I am 65?**

In most cases, yes. The amount of your reduction will be based on whether or not you are eligible for a service pension and your age at the time payments begin. A separate reduction applies if you elect to take your benefit in a form of payment other than a single life annuity.

**If I retire with a service pension for reasons other than disability, how will my pension be reduced?**

If you retire with a service pension before age 55 for reasons other than disability, your service pension will be reduced as follows:

<b>Term of Employment at Retirement</b>	<b>Reduction For Each Full and Partial Month Of Retirement Before 55th Birthday</b>
Less than 30 years	1/2% per month (6% per year)
30 or more years	No reduction

**If I retire without a service pension how will my pension be reduced?**

The charts below show the percentage of your monthly pension that is paid if you are eligible to elect to receive your deferred vested benefit before age 65 and you are not eligible for a service pension or a disability pension. The factors are based on your completed years and months of age when payments actually begin. You receive the percentage of your pension represented in the following charts if you elect early payment of your deferred vested pension. For example, if you elect to receive your benefit at age 50 as a single life annuity, you will receive 24% of your vested pension benefit that would have been payable at age 65.

If you start benefits on or after age 50:  
**Single Life Annuity (No Survivor Option)**

Completed Years of Age	Completed Months of Age											
	0	1	2	3	4	5	6	7	8	9	10	11
50	.24	.24	.24	.25	.25	.25	.25	.25	.25	.26	.26	.26
51	.26	.26	.26	.27	.27	.27	.27	.27	.27	.28	.28	.28
52	.28	.28	.29	.29	.29	.29	.30	.30	.30	.30	.31	.31
53	.31	.31	.32	.32	.32	.32	.33	.33	.33	.33	.34	.34
54	.34	.34	.35	.35	.35	.35	.36	.36	.36	.36	.37	.37
55	.37	.37	.38	.38	.38	.38	.39	.39	.39	.39	.40	.40
56	.40	.40	.41	.41	.41	.42	.42	.42	.43	.43	.43	.44
57	.44	.44	.45	.45	.45	.46	.46	.46	.47	.47	.47	.48
58	.48	.48	.49	.49	.50	.50	.51	.51	.51	.52	.52	.53
59	.53	.53	.54	.54	.55	.55	.56	.56	.56	.57	.57	.58
60	.58	.59	.59	.60	.60	.61	.62	.62	.63	.63	.64	.64
61	.65	.66	.66	.67	.67	.68	.69	.69	.70	.70	.71	.71
62	.72	.73	.73	.74	.75	.75	.76	.77	.77	.78	.79	.79
63	.80	.81	.82	.82	.83	.84	.85	.85	.86	.87	.88	.88
64	.89	.90	.91	.92	.93	.94	.95	.95	.96	.97	.98	.99
65	1.0											

If you start benefits before age 50:  
**Single Life Annuity (No Survivor Option)**

Age	Factor	Age	Factor
20	0.03	35	0.07
21	0.03	36	0.08
22	0.03	37	0.08
23	0.03	38	0.09
24	0.03	39	0.10
25	0.04	40	0.11
26	0.04	41	0.11
27	0.04	42	0.12
28	0.04	43	0.13
29	0.05	44	0.15
30	0.05	45	0.16
31	0.05	46	0.17
32	0.06	47	0.19
33	0.06	48	0.20
34	0.07	49	0.22

In general, the factors below age 50 apply only if you leave the Qwest Group on or after July 1, 2001. An additional reduction applies if you elect to take your benefit in a form other than a single life annuity.

## **Benefits Available to Management Employees**

### **What is a Management Employee?**

In general, you are considered a Management Employee if you are a salaried Employee – in other words, if your pay is at a monthly or annual rate and your position is not subject to automatic wage progression. However, a non-salaried Employee temporarily promoted to a salaried position after December 31, 2000 is not a Management Employee; instead, the Employee remains an Occupational Employee during the entire period of the temporary promotion. In the case of such a temporary promotion prior to January 1, 2001, the Employee becomes a Management Employee after 12 months of such temporary promotion (the Employee is an Occupational Employee for the first 12 months).

## **Pensions for Management Employees**

### **What benefit formulas apply to Management Participants?**

**Overview.** In general, there are up to three formulas that may apply to you – the Account Balance Formula (“ABF”), the Defined Lump Sum (“DLS”) formula and the Old Management Formula (“OMF”). The formula that applies to you depends on your age and service in the Plan on January 1, 1997 and whether you were a Protected Participant on December 31, 2000. In general terms, if you are a Protected Participant on December 31, 2000, your benefit is the larger of the OMF and DLS formulas. If you are not a Protected Participant, your benefit is the sum of the ABF benefit for service after December 31, 2000 and the greater of the OMF and DLS benefits for service before January 1, 2001. In addition, no one earned any benefits under the OMF after 1996 unless they met the Rule of 55, as discussed below.

**Account Balance Formula.** Effective January 1, 2001, a new formula called an “Account Balance” formula was implemented for Management Participants, other than Protected Participants, as defined below. The new formula applies for compensation earned while you are a Management Employee on or after January 1, 2001. Compensation earned prior to December 31, 2000 is not counted under this formula.

**Defined Lump Sum.** Effective January 1, 1997, the “Defined Lump Sum” (DLS) formula was implemented for calculating management pension benefits under the Plan. This formula applied for service earned while you were a Management Employee if you worked as a Management Employee on or after January 1, 1997; however, unless you are a Protected Participant, you will not earn any service under the DLS Formula after December 31, 2000.

**Old Management Formula.** The Old Management Formula (OMF) in effect before 1997 will generally only be paid if it provides a greater benefit than the DLS Formula. However, you did not continue to earn benefits under the OMF after 1996 unless your age and service (each rounded up to the next whole number) equaled 55 or more on January 1, 1997. In addition, unless you are a Protected Employee, you will not earn any service under the OMF after December 31, 2000.

**The OMF and DLS Formulas are sometimes referred to as the “Old Formulas.”**

**El Paso County Telephone Formula.** El Paso County Telephone Company (EPCTC) Management Employees were in a different plan until June 30, 2000, at which time their benefits were transferred to the Qwest Pension Plan. EPCTC Employees employed on July 1, 2000 continue in the same benefit formula as the prior plan – thus, none of the provisions of this Summary Plan Description apply. Management EPCTC Employees hired after July 1, 2000 will be eligible for the benefits described in this Summary Plan Description.

### **How do I know whether my benefit will be determined under the Account Balance Formula or the Old Formulas?**

**Not an Active Participant on December 31, 2000.** If you are hired on or after January 1, 2001, your benefit will be determined solely under the Account Balance Formula.

If you terminated prior to January 1, 2001 and you were not an Active Participant on December 31, 2000 (or you are given an offer of reemployment on or after July 10, 2000 (whether you terminated before or after that date), even if you are an Active Participant on December 31, 2000), your benefit will be determined solely under the Old Formulas for service and compensation earned through your date of termination. Any benefits earned upon being rehired later will be under the Account Balance Formula.

**Classic Qwest Employees.** If you were a Classic Qwest Employee, you will start participating in the Account Balance formula on January 1, 2001, if you are employed by a Participating Company. You will not have any benefits under the Old Formulas unless you earned a benefit while previously working at U S WEST.

**Active participant on December 31, 2000.** If you were an Active Management Participant earning benefits under the Old Formulas on December 31, 2000, you will continue to earn benefits under the Old Formulas if you are a Protected Participant. Thus, you will continue to earn benefits under the OMF (assuming you were participating on December 31, 2000) and the DLS as you did before 2001. However, you will not be eligible for the Account Balance Formula.

If you are a Protected Participant but were not earning any OMF benefits on December 31, 2000 (for example, you terminated after 1996 and were previously rehired), you will continue to earn DLS benefits until you leave the Company. However, you will not earn any more OMF benefits and your OMF will not be increased by future compensation increases.

You are considered a Protected Participant if you are a participant who is (1) employed as an Active Management Participant on December 31, 2000 (unless you were given an offer of reemployment on or after July 10, 2000, whether you terminated before or after that date) and (2) you either have 20 years of Term of Employment ("TOE") as of December 31, 2000 or will meet all of the conditions for a service pension under the OMF on or before December 31, 2003. If you are a Protected Participant, your Plan benefit will generally equal the greater of the OMF or the DLS Formula. However, these rules will only apply until you incur a termination of employment. If you are a Protected Participant who terminates employment after 2000 and is then rehired, you will no longer be a Protected Participant and will no longer earn any benefits under either the OMF or the DLS Formula; instead, you will earn benefits under the new Account Balance Formula during your reemployment.

All other Management Participants will commence earning benefits under the Account Balance Formula on January 1, 2001 (or the date they become Management Participants, if later). If you had earned any benefits under the Old Formulas, you will keep them; however, except for certain increases to reflect your changes in compensation as described below, you will not earn any benefits under the OMF or DLS Formulas after 2000.

**How do I know whether my Old Formula benefit will be determined under the Old Management Formula or the Defined Lump Sum Formula?**

**Not an Active Participant on January 1, 1997.** If you are first employed after January 1, 1997, your Old Formula benefit will be determined solely under the DLS Formula for service and compensation earned after your date of employment. However, if you are given an offer of employment on or after July 10, 2000, you will not earn any benefits under the Old Formulas.

If you were not actively employed on January 1, 1997, but had worked at U S WEST earlier, your benefit will be determined solely under the OMF for service and compensation earned through the date of your earlier termination of employment. If you are reemployed as a Management Participant after January 1, 1997 and before July 10, 2000, your Old Formula benefit during reemployment will be determined solely under the DLS Formula for service and compensation earned after your date of reemployment.

As noted above, unless you are a Protected Participant, you will not earn any benefits under the DLS Formula after 2000.

**Active participant on January 1, 1997.** If you were an Active Participant on January 1, 1997, a calculation was made to determine the sum of your age and years of service (each rounded up to the next whole number) at that time. For example, if you were 46 years, three months old and had 7 years, 2 months participation, the sum of you age and service would be 55 (47+8).

**Sum of age and service equal to or greater than 55 ("Rule of 55").** If the sum of your age and service was equal to or greater than 55 on January 1, 1997, your benefit the first time you leave a Participating Company after January 1, 1997 will be the greater of:

- The pension benefit calculated under the OMF using all of your PCS up until the earlier of December 31, 2000 or your termination of employment (if you are not a Protected Participant) or your first termination after 1996 (if you are a Protected Participant); or
- The pension benefit calculated under the DLS formula using all of your PCS up until December 31, 2000 (if you are not a Protected Participant) or your first termination after 2000 (if you are a Protected Participant).

You will not earn any benefits under the OMF based on any PCS and compensation earned after the first time you leave a Participating Company. For example, if your age and years of service equal at least 55 on January 1, 1997 and your employment with Participating Companies ends on January 1, 2000, you are entitled to the greater of the OMF benefit or DLS Formula benefit as of January 1, 2000. If you return to work on July 1, 2000, any benefit earned from your service beginning on July 1, 2000 until December 31, 2000 will be calculated under the DLS Formula (subsequent benefits will be under DLS if you are a Protected Participant and under ABF if you are not); and you will not earn any additional benefits under the OMF.

**Sum of age and service less than 55.** If the sum of your age and service was not equal to or greater than 55 on 1/1/97, your benefit the first time you leave a Participating Company will be the greater of:

- The frozen pension benefit accrued under the OMF using your service and compensation earned through December 31, 1996; or
- The pension benefit calculated under the DLS formula using all of your service (i.e. including time before December 31, 1996) up until December 31, 2000 (if you are not a Protected Participant) or your first termination after 2000 (if you are a Protected Participant).

**Reemployment on or after July 10, 2000.** In all cases, if you terminate employment (before or after July 10, 2000) and are given an offer of reemployment on or after July 10, 2000, you will not earn any benefits under the Old Formulas during reemployment. You will earn Account Balance Formula benefits beginning on the later of the date you become a Participant in the Plan and January 1, 2001. Thus, you will not earn any Plan benefits during reemployment occurring prior to January 1, 2001.

#### **How is the greater of the benefit under the OMF and the DLS determined for different optional forms of distribution?**

The greater of the OMF and DLS benefit is calculated separately for each optional form of distribution. As a result, the OMF may provide a larger benefit for one optional form and the DLS provide a larger benefit for a different optional form. Also, the benefit formula that provides the larger benefit may change as you earn more service.

**For example,** a Management Employee who had 55 points on 1/1/97 could have a lump sum under the OMF of \$115,100 and a DLS of \$112,700. On the other hand, the value of a single life annuity under OMF could be \$400, and the single life annuity under DLS could be \$600. The employee can elect a lump sum under the OMF of \$115,100 or a monthly single life annuity under DLS of \$600.

#### **What special bridging rules apply when determining years of service for the “Rule of 55”?**

When determining your years of service under the Rule of 55, if you were an Active Management Employee on January 1, 1997 but you were pending a 5-year bridge of prior TOE on January 1, 1997, your TOE earned prior to January 1, 1997 will be taken into account only if you bridge your TOE by the time you first leave a Participating Company. Thus, if you are pending a bridge of prior TOE on January 1, 1997 but you terminate employment prior to the bridge, your TOE earned prior to January 1, 1997 will not be taken into account.

## **Account Balance Formula (ABF)**

#### **What is the ABF?**

Starting January 1, 2001, each Active Management Participant (other than Protected Participants) will earn a benefit under the Account Balance Formula (ABF). The ABF benefit is expressed as a lump sum payable at the time you terminate employment. Starting in 2001, at the end of the year you will receive annual Compensation Credits equal to 3% of your Compensation. Then, starting January 1, 2002, your Account will be credited with Interest Credits based on the 30-year Treasury Rate. Until December 31, 2004, at the end of each year an additional Interest Credit will be made based on the excess, if any, of the cumulative rate of appreciation of common stock of Qwest (“Qwest Stock”), since the Compensation Credit was made, over the cumulative Interest Credits you have already received.

#### **How do I earn Compensation Credits?**

Starting January 1, 2001, the Plan will create an Account on your behalf. The Account is simply a bookkeeping entry – no assets are allocated to the Account. At the end of each year (all references to “year” mean calendar year) you work for a Participating Company, your Account will be credited with an amount equal to 3% of your Compensation paid that year as long as you continue working for a Participating Company as a Covered Employee.

#### **Example:**

You earn Compensation of \$60,000 in 2001. On December 31, 2001, you will receive a Compensation Credit of \$1,800.

In calculating the ABF benefit, Compensation generally means salary, wages, overtime, commissions and bonuses to the extent these various amounts are included in your taxable income after 2000. It also includes deferrals made to a 401(k) plan or a cafeteria plan. However, Compensation does not include contributions to, or distributions from, deferred compensation plans; amounts realized due to the exercise of non-qualified or incentive stock options, or the sale, exchange, or other disposition of stock acquired under a stock option; amounts realized in connection with restricted stock or other restricted property (including income when the restrictions lapse or the property becomes transferable); other amounts that receive special tax benefits (including premiums for group term life insurance); or reimbursements or expense allowances, fringe benefits, moving expenses or welfare benefits. Finally, it does not include any amounts earned while you are not a Covered Employee or a Management Employee or while you are earning benefits under the OMF, DLS or any other formulas under the Plan.

You will not earn any Compensation Credits while employed with Non-Participating Companies or while you were not a Covered Employee or, for periods of employment when you are not eligible to earn benefits under the ABF.

**Will I receive Compensation Credits for periods before January 1, 2001?**

No. Any benefits you earned under the Plan before December 31, 2000 are determined under the DLS and/or OMF, if applicable. Thus, you will not receive compensation credits prior to January 1, 2001. If you are a Classic Qwest Employee, you will generally not earn any benefits for periods prior to 2001.

**How are my Interest Credits computed?**

Starting January 1, 2002, your Account Balance is credited with Interest Credits based on the Treasury Rate. The Treasury Rate is the average 30-year Treasury interest rate in effect during August – December of the prior year. The amount of this Interest Credit is based on your Account Balance at the end of the prior year.

Also until December 31, 2004, if the cumulative Qwest Stock Rate exceeds the cumulative Interest Credits that have already been made with respect to a Compensation Credit (including Interest Credits that year), an additional Interest Credit will be made at the end of the year to reflect the excess. The cumulative Qwest Stock Rate is the rate of appreciation on the Qwest Stock since the applicable Compensation Credit was made; for this purpose, the ten-day average of the price at the end of the year is used. If certain events occur, like a stock split, stock dividend, certain other distributions or corporate transactions, the Employee Benefits Committee may, in its sole discretion, equitably adjust the Qwest Stock Rate to reflect the event.

**Example:**

Assume you earned a Compensation Credit equal to \$1,800 in 2001. In 2002, the Qwest Stock Rate is 8% and the Treasury Rate is 6%. During 2002, you will receive Interest Credits equal to \$108 [ $\$1,800 \times 6\%$ ]. On December 31, 2002, you will also receive an additional Interest Credit of \$36 [ $\$1,800 \times 2\%$ ] because of the Qwest Stock Rate exceeded the Treasury Rate. If your Compensation is \$60,000 during 2002, you will also receive an \$1,800 Compensation Credit at the end of 2002. Thus, your Account balance will be \$3,744:

2001 Compensation Credit:	\$1,800.00
plus Interest Credit on 2001 Compensation Credit:	108.00
plus Additional Interest Credit:	36.00
plus 2002 Compensation Credit:	<u>1,800.00</u>
Account Balance, 12/31/2002:	\$3,744.00

Now assume that in 2003, the Qwest Stock Rate is only 2% and the Treasury Rate is 6%. For this year, the Interest Credit will be based on the 6% rate and will equal \$224.64 [ $\$3,744 \times .06$ ], bringing your balance to \$3,968.64. There is no additional Interest Credit because the Qwest Stock Rate is lower than the Treasury Rate. If your Compensation is \$65,000 in 2003, you will also receive a Compensation Credit equal to \$1,950. Thus, your Account Balance will be \$5,918.64 on December 31, 2003:

Account Balance, 12/31/2002:	\$3,744.00
plus Interest Credit:	224.64
plus 2003 Compensation Credit:	<u>1,950.00</u>
Account Balance, 12/31/2003:	\$5,918.64

**What else should I know about the Interest Credits?**

The fact that the Interest Credits are based on the greater of the Qwest Stock Rate or the Treasury Rate is a benefit for you. It means your Account balance cannot go down – it will always increase by at least the Treasury Rate. However, there will be an additional Interest Credit at the end of the year if the cumulative Qwest Stock Rate is greater than to the cumulative Interest Credits you have already received in the current and prior years, whether these credits were based on the Treasury Rate or the Qwest Stock Rate. (This year-end Interest Credit applies to the Account Balance at the end of the last prior year in which a year-end Interest Credit based on the Qwest Stock Rate was made. It will not apply to later Compensation Credits. For these Compensation Credits, you will receive the full value of the Qwest Stock Rate in later years. See the example below.)

**Example:**

In the last example, the Qwest Stock Rate was 2% and the Treasury Rate was 6% in 2003. Assume that in 2004, the Qwest Stock Rate is 12% and the Treasury Rate is 5%. Thus, during 2004, 5% interest is credited on \$3,968.64, which equals \$198.43. At the end of 2004, an additional Interest Credit is made to reflect the cumulative Qwest Stock Rate. The actual year-end Interest Credit is based on the aggregate Qwest Stock Rate (2% in 2003 and 12% in 2004), as compared to the 6% Treasury Rate actually earned during 2003 and 5% actually earned during 2004. Thus, the additional Interest Credit equals 2.94% [ $1.02 \times 1.12$  minus  $1.06 \times 1.05$ ]. This Rate is applied to the entire Account Balance at the end of 2002. Thus, the additional Interest Credit is \$110.08 [ $\$3,744 \times 2.94\%$ ]; this portion of the Account is now \$4,277.15

It is important to realize that this \$4,277.15 balance is the same as if the balance at the end of 2002 had earned the Qwest Stock Rate [ $\$3,744 \times 1.02 \times 1.12$  equals \$4,277.15]. Thus, the additional Interest Credit is simply designed to bring the Account back to where it would have been if the Qwest Stock Rate had always applied. Moreover, you were protected in 2003 since your Account was credited with interest based on the higher Treasury Rate.

In addition, the 12% Qwest Stock Rate for 2004 applies to the \$1,950 Compensation Credit for 2003. The additional Interest Credit is 7% of \$1,950 since you already received a 5% Interest Credit based on the Treasury Rate.

**When does the Qwest Stock Rate stop applying?**

On or after January 1, 2005, the Interest Credit for the Account will be based solely on the Treasury Rate for the year. The Qwest Stock Rate will not apply.

In addition, the Qwest Stock Rate may cease to apply on an earlier date if certain corporate transactions or other events occur. These events include mergers and consolidations involving Qwest, other reorganizations of Qwest, sales of property of Qwest as an entirety or substantially as an entirety, the dissolution or liquidation of Qwest, the acquisition by a group of 50% or more of the outstanding shares of Qwest Stock or the combined voting power of Qwest and any other event requiring termination of the Qwest Equity Incentive Plan or resulting in a change of control under such plan. It also includes any time during a 3-year period in which individuals who, at the beginning of the period, constitute the Qwest Board of Directors (including any new directors whose election was approved by at least two third of the directors then still in office who were either directors at the beginning of the period or whose election or nomination was previously so approved) cease for any reason to be a majority of the Board of Directors. Finally, it includes any changes in the financial or tax accounting rules which, in the sole judgment of the Employee Benefits Committee, may have a material adverse effect on the reported earnings, assets or liabilities of Qwest and its affiliates. If any of these events occur, then beginning on the date in which such event occurs, the Treasury Rate will apply and the Qwest Stock Rate will no longer apply.

**What happens if I terminate employment or start my pension before the end of a year?**

If you terminate employment during the year, you will receive a Compensation Credit equal to 3% of your Compensation for the year through the date you leave. You will continue to receive Interest Credits until your Annuity Starting Date. If you start your pension before the end of the year, you will only receive an Interest Credit in that year based on the Treasury Rate, prorated to reflect the portion of the year prior to your Annuity Starting Date.

## Defined Lump Sum (DLS) Formula

### What is the DLS formula?

The DLS formula computes a benefit that is expressed as a lump sum payable at the time you terminate employment. It is computed by multiplying your age-related percentage credits by your Final Average Compensation. If your Final Average Compensation exceeds one half of the Social Security Taxable Wage Base in the year you terminate, you will also receive an additional Social Security Integration benefit.

### How do I earn credits under the DLS formula?

The DLS formula provides percentage credits based on your age for each month you earn Pension Calculation Service as a Management Covered Employee with a Participating Company. The percentage credits earned each month are based on your age according to the following table:

Age Each Month of PCS	Basic % Credits Earned Each 12 Months of PCS	Basic % Credits Earned
Under 30	1/6%	2%
30 thru 34	1/3%	4%
35 thru 39	1/2%	6%
40 thru 44	2/3%	8%
45 thru 49	1%	12%
50 thru 54	1 1/3%	16%
55 and older	1 1/2%	18%

Credits are allocated by month. For the month in which you reach a higher age category, the higher percentage credit will be provided for the entire month.

If employment ends before the last day of the month, you will receive a percentage credit as though employment continued through the end of the month.

### Example:

You reach age 35 on April 5. For the first three months of that year, 1% of credits would be earned (3 months x 1/3%); for the last nine months of that same year, 4.5% of Credits would be earned (9 months x 1/2%) for a total of 5.5% of credits for the year.

You will not earn any percentage credits for employment with Non-Participating Companies or for service while you were not a Management Covered Employee or, for periods of employment when you are not eligible to earn benefits under this DLS Formula.

### Under what circumstances will PCS be taken into account under the DLS formula for periods before January 1, 1997?

In general, if you are an Active Participant on January 1, 1997, you will receive percentage credits for your PCS earned as a Management Employee before 1997. However, you will not receive any credits for any months of PCS that are ignored under any provision of the Plan, such as situations where you previously received a lump sum or if you permanently forfeited non-vested PCS when you left employment.

If you left and returned before 1997 and the earlier service is credited under the Plan, your percentage credits for service prior to January 1, 1997 shall be calculated by adjusting your hire date to ignore periods of time where PCS is not earned; thus, percentage credits will be granted based on your age on your adjusted TOE date. For service on and after January 1, 1997, there are no special rules regarding adjusted TOE dates. Percentage Credits will be granted based on your age when you earn Pension Calculation Service.

If you left and were not an Active Participant on January 1, 1997, but later become employed by a Participating Company, you will not receive any percentage credits for your prior service before 1997. Your old benefits will be calculated under the OMF. The DLS Formula will only apply to your period of employment after rehire.

Finally, if you began receiving a pension before 1997 and were re-employed before 1997, you will not receive DLS Percentage Credits for your prior service unless you meet the TOE bridging rules.

### Under what circumstances will PCS be taken into account under the DLS for periods on or after July 10, 2000?

As discussed earlier, if you were not a Protected Participant on December 31, 2000, you will not earn any more Percentage Credits or Pension Calculation Service under the DLS Formula after 2000. If you were a Protected Participant, you will continue to earn service under the DLS Formula until your first termination after 2000. If you are later rehired, you will no longer earn any Percentage Credits, PCS or Final Average Compensation under DLS; you will participate in the Account Balance Formula on and after your date of reemployment. See the question entitled "How do I know whether my benefit will be determined under the Account Balance Formula or the Old Formulas?"

In addition, if you were previously an Employee, terminated (before or after July 10, 2000), and are later given an offer of reemployment on or after July 10, 2000, any service during your period of reemployment will not be credited under the DLS formula. In addition, you will not be a Protected Participant; thus, your future benefits will be determined under the Account Balance Formula (beginning no earlier than January 1, 2001).

### How is my benefit computed under the DLS Formula?

Your DLS benefit consists of two parts—a basic DLS benefit plus, if your Final Average Compensation exceeds one half of the Social Security Taxable Wage Base in the year you leave a Participating Company, an additional Social Security integration benefit. Your benefit calculation is made in the year you leave a Participating Company, even if you transfer to a Non-Participating Company.

**Basic DLS Benefit.** To determine the basic DLS benefit payable to you, the accumulated percentage credits for each month of service are multiplied by your Final Average Compensation (FAC) as follows:

Sum of Percentage Credits	X	Final Average Compensation	=	Basic DLS Benefit
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**Social Security Integration Benefit.** The Social Security integration benefit is calculated by multiplying 25% of your percentage credits by the portion of your FAC that exceeds 50% of the current year's Social Security Taxable Wage Base. The Social Security Taxable Wage Base is the amount of your earnings subject to FICA tax each year; this amount generally increases each year to reflect changes in the cost of living. (The taxable wage base in 2002 is \$84,900.) The formula for this benefit is as follows:

25%	X	Sum of Percentage Credits	X	Final Average Compensation minus 50% of Social Security Taxable Wage Base	=	Social Security Integration Benefit
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The basic DLS benefit and the Social Security integration benefit are then added together to equal your total DLS amount.

Basic DLS Benefit	+	Social Security Integration Benefit	=	Total DLS Benefit
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**Example:**

A Management Participant left in 2002 with Percentage Credits:	116%
Final Average Compensation:	\$44,000.00
Basic DLS Benefit (116% X \$44,000):	<b>\$51,040.00</b>
25% of Percentage Credits (25% X 116%):	29%
50% of the Social Security Taxable Wage Base (50% X 2002 Taxable Wage Base \$84,900):	\$42,450.00
Final Average Compensation in Excess of 50% of the Social Security Taxable Wage Base (\$44,400 – \$42,450):	\$1,550.00
Social Security Integration Benefit (29% X \$1,550):	<b>\$449.50</b>
Total DLS Benefit Payable as a Lump Sum (\$51,040 + \$449.50):	<b>\$51,489.50</b>

**How are percentage credits granted if I work part-time?**

If you work part-time, prorated percentage credits will be provided based on a comparison of actual part-time hours worked to a full-time equivalent. If, prior to January 1, 1996, records of actual hours are not available, the ratio will be based on scheduled hours compared to regular full-time hours. These rules apply to service both before and after January 1, 1997. However, the Plan will consider appropriate documentation (such as Social Security records or appropriate tax records) if you provide evidence that you actually worked more than the scheduled hours.

**Example:**

At ages 26 and 27, Percentage Credits are 2% per year. If you were scheduled to work 20 hours per week at ages 26 and 27, you would receive 1% per year for ages 26 and 27.

**Old Management Formula (OMF)****What is the OMF?**

Unlike the ABF and DLS benefits, the OMF benefit is expressed as a Single Life Annuity payable at age 65. It is calculated by multiplying your Final Average Compensation by a factor that is equal to 1.25% times your Pension Calculation Service (PCS). If your Final Average Compensation is in excess of your Covered Compensation, you may be able to receive an additional Social Security Integration benefit. Your PCS and Final Average Compensation are calculated the same way for purposes of the DLS and OMF benefit, except that you will never earn PCS or Final Average Compensation under the OMF after your first termination of employment after 1996.

If you are first employed after 1996, you are not entitled to any benefit under the OMF. Management Participants who left before 1997, are not actively employed on January 1, 1997 and return to work after January 1, 1997 will have a frozen OMF benefit; they will not earn any OMF benefit after they are rehired. Such persons will receive the sum of their frozen OMF benefit and the DLS benefit earned after 1996, plus an ABF benefit after 2000 (if you are not a Protected Participant). Even though the OMF benefit is frozen in accordance with the above rules, you can earn TOE for certain purposes (but not PCS) if you are later re-employed (see the question entitled "Special Rules Regarding Rehire as a Management Participant" for rules regarding bridging prior TOE).

**Under what circumstances will PCS be taken into account under the OMF for periods on or after January 1, 1997?**

If you were employed on January 1, 1997 and had 55 or more age and service points, your benefit is the greater of your DLS benefit and your OMF benefit using all your service up until your first termination of employment after 1996 in both formulas. If you terminate after 1996 and are later reemployed, you will no longer earn any OMF benefits. In addition, you will cease to earn PCS after 2000 unless you are a Protected Participant.

If you did not meet the Rule of 55 on January 1, 1997 (that is, the sum of your age and TOE was less than 55), your benefit under the OMF was frozen as of December 31, 1996. Thus, you will not earn any more PCS or Final Average Compensation under OMF after 1996. For more information, see the question above entitled "How do I know whether my Old Formula benefit will be determined under the Old Management Formula or the Defined Lump Sum Formula?"

**Under what circumstances will PCS be taken into account under the OMF for periods on or after January 1, 2001?**

If you were not a Protected Participant on December 31, 2000, you will not earn any more PCS under the OMF after December 31, 2000. If you were a Protected Participant and had not previously terminated employment after 1996, you will continue to earn service under the OMF until your first termination after December 31, 2000; if you are later rehired, you will no longer earn any PCS or Final Average Compensation under the OMF and will participate in the Account Balance formula on and after your rehire. See the question above entitled "How do I know whether my benefit will be determined under the Account Balance Formula or the Old Formulas?"

**How is my benefit computed under the OMF?**

Your benefit is calculated differently during your first 35 years of Pension Calculation Service in order to integrate your benefit with Social Security.

**Pension Calculation Service up to 35 years.** Your OMF benefit is calculated in the following manner during the first 35 years of Pension Calculation Service:

Final Average Compensation × 1.25% × Pension Calculation Service.  
(up to your Covered Compensation)

**PLUS**

Final Average Compensation × 1.5% × Pension Calculation Service.  
(in excess your Covered Compensation)

**Note:** If you retire with 30 years of TOE and you are under age 48 years, 4 months, Internal Revenue Code regulations require that the 1.5% factor in the OMF be reduced to calculate the benefit for the amount in excess of Covered Compensation.

**Pension Calculation Service in excess of 35 years.** Your OMF benefit is calculated in the following manner for Pension Calculation Service in excess of 35 years:

Final Average Compensation × 1.25% × Pension Calculation Service in excess of 35.

**Example:**

PCS:	40
Final Average Compensation:	\$60,000.00
Covered Compensation:	\$50,000.00
Basic OMF Benefit (\$50,000 × 1.25% × 35):	<b>\$21,875.00</b>
Final Average Compensation in Excess of Covered Compensation (\$60,000 – \$50,000):	\$10,000.00
Social Security Integration Benefit (\$10,000 × 1.5% × 35):	<b>\$5,250.00</b>
Benefit for PCS in Excess of 35 Years (\$60,000 × 1.25% × 5):	<b>\$3,750.00</b>
Total Annual OMF Benefit Payable as a Single Life Annuity (\$21,875 + \$5,250 + \$3,750):	<b>\$30,875.00</b>

### **How is my Pension Calculation Service (PCS) determined if I work part-time?**

If you had any periods of part-time employment during your employment with Participating Companies, your Pension Calculation Service is adjusted. This adjustment decreases the service included for purposes of calculating the amount of your accrued pension benefit. However, it does not decrease your TOE that is used to determine eligibility for a service pension. This adjustment is based on the actual hours you worked and your classification. Your pension benefit is prorated to an amount based on the actual hours you worked compared to regular, full-time employment. If, prior to January 1, 1996, records of actual hours are not available, the ratio will be based on scheduled hours compared to regular full-time hours. However, the Plan will consider your documentation (Social Security records) if you provide evidence that you actually worked more than the scheduled hours.

#### **Example:**

If you worked part-time (20 hours) during your entire career and retired with 30 years of employment, your pension would be calculated using 15 years of Pension Calculation Service (20/40 times 30 years); however, because you had 30 years of TOE (whether part-time or full-time), you would be eligible to receive a service pension.

### **What is Covered Compensation that is used in the OMF?**

Your Covered Compensation is generally the average of the Social Security Taxable Wage Bases in effect over your working lifetime (assuming you work until retirement age) as determined by the Internal Revenue Service. The Covered Compensation amount will depend on the year you were born.

## **Final Average Compensation for Pension Calculations – OMF and DLS Formulas**

### **How is my Final Average Compensation Determined?**

As a Management Participant, your pension benefit under the DLS formula and OMF, but not the Account Balance formula, is based on your Final Average Compensation. The definition of Final Average Compensation is generally the same under both the OMF and the DLS formula. Final Average Compensation is your Average Compensation during the highest 60 consecutive months of your most recent consecutive 120 months of employment with Participating Companies (or the date that a Management Employee becomes an Occupational Employee, if earlier). In most cases, your Final Average Compensation for purposes of the pension calculation will be your last consecutive five years of pay.

In no case can you increase your Final Average Compensation under either OMF or DLS after your first termination of employment after 2000; any earnings during later reemployment are ignored for this purpose. In addition, for purposes of the OMF, your Final Average Compensation calculation ignores compensation after 1996 if you did not meet the Rule of 55 (the Rule of 55 is described in the section entitled "How do I know whether my Old Formula benefit will be determined under the Old Management Formula or the Defined Lump Sum Formula?") If you met the Rule of 55, the OMF calculation ignores any compensation earned after your first termination of employment after 1996. For more rules, see the question below entitled "If I am not a Protected Participant, what happens to my Old Formula benefits earned as of December 31, 2000?"

For purposes of determining your Final Average Compensation, certain special rules apply with respect to annual or periodic lump sum bonus payments, incentive and differential payments, and commissions; these rules spread the payments over certain months of employment.

### **What types of pay are included in my Final Average Compensation?**

Compensation for this purpose is different than the compensation used in the Account Balance formula. For purposes of DLS and OMF, Compensation used in the calculation of pension benefits includes:

- Annual base rate of pay (your stated annual salary including payments received during short-term disability, vacation, and holiday pay, before-tax contributions to the Savings and Incentive Plan or to before-tax spending accounts; i.e., health or dependent care).
- Area differentials and differentials paid for night tours and temporary work in a higher classification. Lump-sum payments in the nature of performance awards - (must be paid prior to termination of employment).
- Incentive compensation (must be paid prior to termination of employment).
- Commissions, including those paid within 90 days following the date employment ends if after 8/1/96.
- Annual or periodic bonuses, including those paid pursuant to the Management Separation Plan (or a severance arrangement) within 30 days following the date employment ends if after 8/1/96.
- Buy out of base pay due to demotion or resulting from pay parity.

### **What types of pay are not included in my Final Average Compensation?**

Compensation not used in the calculation of pension benefits for Management Participants includes, but is not limited to:

- Non-cash payments.
- Hiring, or “stay” retention bonuses.
- Relocation allowances.
- Long- and short-term incentive plan awards.
- Stock options and similar awards.
- Payment of any previously deferred compensation.
- Deferred compensation.
- Any compensation other than base pay that is paid after retirement or termination of employment (except for Commissions paid within 90 days of termination if employment ended after 8/1/96).
- Severance pay, including buyout of 60-day search period.
- Overtime pay.
- Vacation buyout.
- Any compensation in excess of the limit set forth in the Internal Revenue Code. Effective January 1, 2002, this limit was \$200,000, but this amount may change from year to year.
- Expatriate differential.
- Gross-up amounts for lump sum awards.
- Any payments from this Plan
- Any pay of any type paid for periods while you are not a Covered Employee.

### **How will my Final Average Compensation be adjusted if I work part-time?**

If you worked part-time, your compensation will be adjusted to reflect what you would have received had you worked full-time; however, as discussed above, your PCS will be reduced to reflect part-time service.

### **How will my Final Average Compensation be adjusted for absences during my last 120 months of employment?**

- If you receive PCS credit for a period of unpaid absence, the Plan will assume that your pay at the time your period of unpaid absence began remains constant throughout your period of absence to determine the highest paid consecutive 60-month period.
- If you do not receive PCS credit for a period of absence, such period of absence is ignored in determining your highest paid consecutive 60-month period (but not for purposes of determining your most recent 120 consecutive months). In no event will your Final Average Compensation include compensation paid before the start of the 120-month period.
- However, if you terminated employment and are later re-employed and your benefits during your two periods of re-employment are determined separately, then your Final Average Compensation is determined separately for each period of employment.

### **If I am not a Protected Participant, what happens to my Old Formula benefits earned as of December 31, 2000?**

**Summary.** You will not lose your Old Formula benefits. If you participated in the Plan before January 1, 2001 and are not a Protected Participant, your final benefit under the Plan will be the sum of your benefits earned under the Old Formulas (generally, the greater of OMF and DLS) plus the benefit earned under the new Account Balance Formula. Because the Account Balance Formula starts January 1, 2001, you do not earn additional Pension Calculation Service (PCS) or DLS percentage credits under the Old Formulas after December 31, 2000. However, while you won't receive any more PCS or DLS percentage credits, if you were still earning benefits under DLS on December 31, 2000, increases in your compensation after December 31, 2000 will be taken into account when calculating your Final Average Compensation under DLS. Likewise, if you were still earning OMF benefits on December 31, 2000, increases in your compensation after December 31, 2000 will be taken into account when calculating your Final Average Compensation under OMF. These rules depend on your particular situation and are described below.

If you terminate employment after December 31, 2000 and are rehired, no increases in your Final Average Compensation will apply after you are rehired.

The rules about increases in Final Average Compensation do not apply if you are not an Active Management Employee on January 1, 2001 or if you are receiving a Modified Disability Pension benefit at that time. If you terminate prior to that date and are later reemployed after that date, all of your subsequent benefits will be earned under the new Account Balance Formula. In addition, your Old Formula benefits will not be increased to reflect any compensation earned after the date of reemployment. This will apply even if you have 20 years of TOE and/or are eligible for a service pension.

In addition, if you terminate employment (before or after July 10, 2000) and are later given an offer of reemployment on or after July 10, 2000, you will not earn any more Old Formula benefits (including increases to reflect changes in your compensation). Thus, your benefits will equal your Old Formula benefits earned before your earlier termination plus Account Balance benefits earned on and after January 1, 2001.

**DLS.** You will not earn any more DLS percentage credits after December 31, 2000. However, except as noted above, increases in your compensation after December 31, 2000 (until your first termination of employment) will be taken into account for purposes of calculating your Final Average Compensation under DLS.

**OMF.** Different rules applied under the OMF depending upon whether you met the Rule of 55 on January 1, 1997, as described earlier: If you did not meet the Rule of 55, your benefit under the Old Formula is equal to the greater of the DLS Formula (as described above) or the OMF (frozen as of December 31, 1996). Since your OMF was frozen on December 31, 1996, you did not earn any Pension Calculation Service or Final Average Compensation after that date for purposes of the OMF. While increases in your Final Average Compensation after 2000 may increase your DLS benefit, they will not affect your OMF.

If you met the Rule of 55, you continued to earn OMF benefits after January 1, 1997. Your benefit under the Old Formula is equal to the greater of the DLS Formula (as described above) or the OMF frozen as of your first termination of employment after 1996 and ignoring all PCS after 2000. If your first termination after 1996 occurs before January 1, 2001, your OMF will be permanently frozen at the time of such termination. Thus, you will not earn any additional PCS or Final Average Compensation after that date for purposes of the OMF. If you did not terminate before 2001, you will not earn any additional PCS after 2000; however, increases in your Final Average Compensation after 2000 (until your first termination of employment after 2000) will be taken into account for calculating your Final Average Compensation under OMF.

In addition, your future service with Qwest and other Participating Companies will still count as TOE so you can grow into a service pension based on a frozen OMF benefit.

**Reemployment.** These rules about increases in your Final Average Compensation will not apply after you incur a termination of employment. If you terminate employment after 2000 and are then reemployed by the Qwest Group, you will not be entitled to any increases in your OMF or DLS benefits based on compensation increases during periods of reemployment.

## **When Management Employees May Begin Receiving Benefits**

### **When may a Management Employee begin receiving benefits?**

In most cases, you can elect to start receiving your vested benefits when you leave the Qwest Group. **Effective January 1, 2003, a lump sum payment must be elected within 120 days after your date of termination, or if later, 60 days after the first pension election kit is sent upon termination of employment (shorter periods applied before 2003).**

Please note that you must begin receiving benefits by the later of:

- The date you attain age 65, or
- The date you terminate employment.

Pre-1997 Management Participants may not receive a benefit before age 65 unless they qualify for a service pension, a disability pension, an early deferred vested pension or become Applicable Occupational Participants. The relevant rules are described in the section titled "When may an Occupational Participant begin receiving benefits?"

### **How are annuity payments determined under the Account Balance Formula?**

The ABF computes a benefit that is expressed as a lump sum payable at the time you start your pension, even if that is later than your termination of employment. If you want to receive your ABF benefit in the form of an annuity, your lump sum must be converted to an annuity. The conversion factor will be based on your age, the Applicable Interest Rate and the Applicable Mortality Table in effect on your Annuity Starting Date.

For example, assume that you are age 50 when you leave the Qwest Group in 2002 and the value of your Account Balance lump sum is \$50,000. You wish to begin receiving annuity payments immediately in the form of a single life annuity. At the time you leave Qwest, the Applicable Interest Rate is 7%. The conversion factor for the Applicable Interest Rate (7%) and Applicable Mortality Table (in 2002) for an employee who is 50 years old and starts a pension immediately is 0.07999. The annual benefit payable at age 50 as a single life annuity is \$3,999.50 as computed below:

$$\$50,000.00 \quad \times \quad 0.07999 \quad = \quad \$3,999.50 \quad = \quad \text{Annual annuity at age 50}$$

If you elect a different form of benefit, this amount is reduced to reflect the form of benefits payable.

### **How are payments determined under the Account Balance Formula if I don't start my pension when I leave the Company?**

In that case, you will continue to receive Interest Credits under the Plan until your Annuity Starting Date. (Of course, you will not receive any more Compensation Credits after termination of employment.) Thus, your Account balance will continue to increase until you start your pension. At that time you can elect to receive this amount as an annuity, but not a lump sum. Your new Account balance will be converted into a single life annuity based on the Applicable Interest Rate, Applicable Mortality Table and your age at that time. If you elect a different annuity form of benefit, this amount is reduced to reflect the form of benefits payable.

### **How are annuity payments determined under the DLS formula if I start receiving payments at age 65?**

As was discussed earlier, the DLS formula computes a benefit that is expressed as a lump sum payable at your Pension Effective Date. If you want to receive your benefit in the form of an annuity starting at age 65, your lump sum at termination must be converted to an annuity beginning at 65. The conversion factor will be based on your age, the Applicable Interest Rate and the Applicable Mortality Table in effect on your Pension Effective Date. Your age 65 annuity is computed only at the time of your Pension Effective Date and will not change, even if you are subsequently re-employed and earn additional benefits.

For example, assume that you are age 50 when you left the Qwest Group and the value of your DLS lump sum is \$50,000. You wish to begin receiving annuity payments when you are age 65 in the form of a single life annuity. On your Pension Effective Date, the Applicable Interest Rate is 7%. The conversion factor for the Applicable Interest Rate (7%) and Applicable Mortality Table (in 2002) for an employee who is 50 years old and starts benefits at age 65 is 0.30407. The annual benefit payable at age 65 is \$15,203.50 as computed below:

$$\$50,000.00 \quad \times \quad 0.30407 \quad = \quad \$15,203.50 \quad = \quad \text{Annual annuity at age 65}$$

If you elect a different annuity form of benefits, this amount is reduced to reflect the form of benefits payable. Remember, you cannot take a lump sum more than 120 days (60 days before January 1, 2003) after termination of employment.

### **How are annuity payments determined under the DLS formula if I start receiving payments before age 65?**

If you want to begin your annuity before reaching age 65, your benefit will be the greater of:

- The adjusted DLS pension, or
- The minimum amount

If you elect a different form of benefits, this amount is reduced to reflect the form of benefits payable.

**Adjusted DLS Pension.** The adjusted DLS pension is the value of the age 65 DLS annuity computed in the previous question, multiplied by the Plan's retirement factors. The retirement factors are based on your completed years and months of age when payments actually begin. If you elect to start your benefit on or after age 50 as a single annuity, you will receive the percentage of your age 65 benefit represented in the charts (for single life annuities) shown in the question entitled "If I retire without a service pension how will my pension be reduced?" in the section "When Occupational Employees May Begin Receiving Benefits." These factors represent the portion of the age 65 annuity that you are eligible to receive.

**Minimum Amount.** Your "minimum amount" is the value of the annuity that would have been paid to you had your annuity payments begun on the day after your termination. The conversion factor will be based on your age, the Applicable Interest Rate and the Applicable Mortality Table in effect on your Pension Effective Date.

**Example 1.** Assume the same facts as the example in the previous question, except that you wish to begin receiving benefits in the form of an annuity at age 50. The retirement factor from the table described above is 0.24. The conversion factor for an annuity payable at age 50 for the Applicable Interest Rate (7%) and Applicable Mortality Table (in 2002) is 0.07999. The annual benefit payable at age 50 is \$3,999.50 as computed below:

**The greater of:**

$$\$15,203.50 \times 0.24 = \$3,648.84 = \text{Annual annuity at age 50 (Adjusted Pension)}$$

$$\$50,000.00 \times 0.07999 = \$3,999.50 = \text{Annual annuity at age 50 (Minimum Amount)}$$

**Example 2.** Assume the same facts as Example 1, except that you wish to begin receiving benefits in the form of an annuity at age 60. The retirement factor from the table described above is 0.58. The conversion factor for an annuity payable at age 50 for the Applicable Interest Rate (7%) and Applicable Mortality Table (in 2002) is 0.07999. The annual benefit payable at age 60 is \$8,818.03 as computed below:

**The greater of:**

$$\$15,203.50 \times 0.58 = \$8,818.03 = \text{Annual annuity at age 60 (Adjusted Pension)}$$

$$\$50,000.00 \times 0.07999 = \$3,999.50 = \text{Annual annuity at age 50 (Minimum Amount)}$$

See the definitions at the end of the Summary for more information about the Applicable Interest Rate and the Applicable Mortality Table.

**Do interest rates affect the amount of my age 65 single life annuity under the OMF, or the amount of my lump sum under the DLS or Account Balance formula?**

Generally, no. Because the OMF computes the value of an age 65 annuity and the DLS formula computes the value of a lump sum on termination, these amounts are not affected by interest rates. Similarly, since the Account Balance formula computes the value of a lump sum on the Annuity Starting Date, that amount is not affected by interest rates. However, if you don't start your Account Balance pension when you leave the Company, your Account Balance will continue to receive Interest Credits until you start it – these are affected by interest rates.

**When am I service pension eligible under the OMF?**

As a Management Participant, you are eligible to receive a service pension under the OMF if you leave the employment of a Participating Company after meeting the following requirements:

Retirement Age	Term of Employment
Any age	At least 30 years
50 or older	At least 25 years
55 or older	At least 20 years
60 or older	At least 15 years
65 and older	At least 10 years

If you are eligible for a service pension and you elect to receive your service pension benefit as a monthly annuity, your OMF benefit is not reduced for early retirement if you terminate on or after age 55.

**If I retire with a service pension, how will my pension be reduced under the OMF?**

If your employment ends before age 55, you are eligible for a service pension, and if you elect to receive it as a monthly annuity, your monthly pension benefit will be reduced as follows if it is calculated under the OMF:

Term of Employment	Reduction For Each Full and Partial Month Of Retirement Before 55th Birthday
Less than 30 years	1/2% per month (6% per year)
30 or more years	1/4% per month (3% per year)

If you are service pension eligible and you retire after age 55, your service pension paid in the form of an annuity is not reduced.

**If I retire without a service pension, how will my pension be reduced under the OMF?**

The Plan's retirement factors for Management Employees without a service pension under the OMF are the same as the Plan's retirement factors under the DLS formula, except that the "minimum benefit" does not apply. Please refer to the question entitled "How are annuity payments determined under the DLS formula if I start receiving payments before age 65?" for more information. In most cases, however, your benefit will be greater under the DLS formula if you are not service pension eligible.

See the next question for more information about how lump sums are calculated.

**Payment Options for All Participants**

In general, if you are a Management Participant who left employment after 1996 or an Occupational Participant who left employment after June 30, 2001, you may choose among a lump sum, a variety of survivor annuity options or a combination lump sum/annuity option. If you elect one of these survivor annuity options, a reduced pension is paid to you during your lifetime and certain survivor benefits may be paid to your named beneficiary if your beneficiary outlives you. If you are married, unless you elect otherwise and your spouse consents (see below "General Rules about Distributions - What special rules apply if I am married when benefit payments begin?"), a 50% Qualified Joint and Survivor Annuity will be payable; you will receive a reduced annuity for your lifetime and, upon your death, a 50% survivor annuity is paid to the surviving spouse to whom you were married on the date your payments began.

You may also elect to defer receipt of your annuity until a later date, but not later than age 65. **However, the lump sum option cannot be deferred. Effective January 1, 2003, a lump sum payment must be elected within 120 days after your date of termination, or if later, 60 days after the first pension election kit is sent upon termination of employment (shorter periods applied before 2003). If you are an Occupational Participant, lump sums are not available if you terminate employment after the expiration of the collective bargaining agreement (including any extensions) in effect on January 1, 2001 that applies to you.** If you elect to defer receipt of your payments, your election as to the form of the annuity will be made immediately before your Annuity Starting Date, rather than at termination of employment. If you die prior to your Annuity Starting Date, the pre-retirement death provisions will apply.

In general, the forms of payment described in the next paragraph are available to all Occupational Participants who left the Qwest Group after June 30, 2001 and all Management Participants who left after December 31, 1997. [However, no optional forms are available with respect to Occupational disability pensions for disabilities commencing after December 31, 2001.] Different rules applied for (1) Occupational Participants who left before July 1, 2001, and (2) Pre-1997 Management Participants who are not Applicable Occupational Participants, and (3) the Occupational benefits of a Management Participants who left the Qwest Group before June 30, 2001 - for these groups, see the last two questions of this Section.

Except for Participants described in the last sentence of the prior paragraph, the payment options available at termination are:

- **Lump Sum:** This option provides immediate payment of the actuarial present value of your pension benefit. (If you are eligible for a service pension under the Occupational formula or the OMF, keep in mind that the lump sum is not equivalent to the service pension you could receive at the same time; instead the lump sum of a service pension is based on the pension payable at age 65 (i.e., it does not include the value of the monthly payments you would receive as an annuity between the date of your retirement and age 65)) No benefits are payable after your death. If you are married, election of this option requires notarized spousal consent. **Effective January 1, 2003, a lump sum payment must be elected within 120 days after your date of termination, or if later, 60 days after the first pension election kit is sent upon termination of employment. (Prior to 2003, elections had to be made within 60 days of your termination of employment, or if later, 60 days (30 days for termination prior to August 1, 2002) after the pension kit was sent.)** If you are an Occupational Participant, lump sums are not available if you terminate employment after the expiration of the collective bargaining agreement in effect on January 1, 2001 that applies to you. More information about lump sums is available below.

If the present value of the pension benefit is \$5,000 or less, the pension benefit will be automatically paid as a lump sum distribution. You will **not** have the option to elect a monthly annuity or to defer receipt. You will have the opportunity to elect a direct rollover if you make your election within 30 days following the date you are notified of your eligibility for the benefit.

- **Single-Life Annuity.** This option provides a monthly payment to you during your lifetime. All payments cease upon your death; no survivor annuity is payable. If you are married, election of this option requires notarized spousal consent.
- **50% Qualified Joint and Survivor Annuity.** This option provides a reduced monthly payment for your lifetime with 50% of the reduced monthly benefit continuing to the spouse to whom you are married on your Annuity Starting Date. Your monthly benefit is actuarially reduced for the cost of this option based on your age on your Annuity Starting Date. If you should subsequently divorce, the spouse to whom you were married on your Annuity Starting Date remains eligible for the survivor annuity; the annuitant cannot be changed. If your eligible spouse predeceases you, the original cost of the Qualified Joint and Survivor Annuity (without regard to any cost of living increases) will be restored to your monthly benefit effective with the payment for the month that your spouse dies. If you are married, your benefit is automatically paid in this form unless you elect another form of payment with spousal consent. However, no spousal consent is needed for this option or any other Qualified Joint and Survivor Annuity options.
- **100% Qualified Joint and Survivor Annuity.** This option provides a reduced monthly payment for your lifetime with 100% of the reduced monthly benefit continuing to the spouse to whom you are married on your Annuity Starting Date. Your monthly benefit is actuarially reduced for the cost of this option based on your age on your Annuity Starting Date. If you should subsequently divorce, the spouse to whom you were married on your Annuity Starting Date remains eligible for the survivor annuity; the annuitant cannot be changed. If your eligible spouse predeceases you, the original cost of the Qualified Joint and Survivor Annuity (without regard to any cost of living increases) will be restored to your monthly benefit effective with the payment for the month that your spouse dies. Election of this option does not require spousal consent.
- **Life Annuity With Ten Years Certain.** This option provides a reduced monthly payment for your lifetime with the guarantee that if you die before ten years (120 months) of payments have been made, the beneficiary named by you (NOT limited to your spouse) will receive the same benefit that you were receiving until pension payments made to you and/or your beneficiary equal ten years (120 months) of payments. Your monthly benefit will be actuarially reduced for the cost of this option based on your age on your Annuity Starting Date. The cost for this option will never be restored if the beneficiary predeceases you. If you are married, election of this option requires notarized spousal consent. You may name a new beneficiary at any time by contacting the Qwest Service Center. Your spouse's consent will be required for beneficiary changes submitted after the initial election (unless the original consent authorized later changes). If you have no living beneficiary when you die, the single sum actuarial equivalent of the remaining benefits will be paid to your estate.

- **Increasing Life Annuity.** This option is the same as the Single Life Annuity, except it provides an increase of 2% compounded annually, effective each annual anniversary date of the first day of the calendar month a full monthly pension was first paid. Your monthly benefit will be actuarially reduced for the cost of this option; the cost will be determined by your age on your Annuity Starting Date. All payments cease upon your death. If you are married, election of this option requires notarized spousal consent.
- **Increasing 50% Joint and Survivor Annuity.** This option is the same as the 50% Qualified Joint and Survivor option, except provides an increase of 2% compounded annually, effective each annual anniversary date of the first day of the calendar month a full monthly pension was first paid. Your monthly benefit will be actuarially reduced for the cost of this option; the cost will be determined by your age on your Annuity Starting Date. The reduction to your monthly pension benefits includes the cost to provide the 2% annual increase and the 50% survivor benefit to your spouse. If your eligible spouse predeceases you, the original cost of only the Joint and Survivor Annuity will be restored to the monthly benefit effective with the payment for the month that your spouse dies – the cost of the increasing annuity will never be restored; your benefit will be increased to the amount you would have received had you elected an Increasing Life Annuity. Election of this option does not require spousal consent. If you predecease your spouse, your spouse's benefit will also be increased 2% annually.
- **Increasing 100% Joint and Survivor Annuity.** This option is the same as the 100% Qualified Joint Survivor Option, except provides an increase of 2% compounded annually, effective each annual anniversary date of the first day of the calendar month a full monthly pension was first paid. Your monthly benefit will be actuarially reduced for the cost of this option; the cost will be determined by your age on your Annuity Starting Date. The reduction to your monthly pension benefits includes the cost to provide the 2% annual increase and the 100% survivor benefit to your spouse. If your eligible spouse predeceases you, the original cost of only the Joint and Survivor Annuity will be restored to the monthly benefit effective with the payment for the month that your spouse dies - the cost of the increasing annuity will never be restored; your benefit will be increased to the amount you would have received had you elected an Increasing Life Annuity. Election of this option does not require spousal consent. If you predecease your spouse, your spouse's benefit will also be increased 2% annually.
- **Deferred Annuity.** This option allows you to defer receipt of your monthly pension benefit until a later date but not later than age 65. You may elect any annuity option at that time. By electing this option, you waive the right to receive a lump sum distribution (or combination lump sum/annuity) of your pension benefit. **If distribution is not elected by age 65, Qwest will contact you. If no response is received from you within 60 days (30 days prior to 2003) of the date that you are contacted, payment of the pension benefit will begin (retroactive to age 65) as a 50% Qualified Joint and Survivor Annuity, unless you prove that you are not married as of the Annuity Starting Date. If you elect to defer payment of your pension benefit, you will never receive pension payments for the months for which you deferred payment.** If you are considering the option of deferring payments, you should consult a financial planner or tax advisor.
- **Annuity/Lump Sum Payment.** This option allows you to have a portion of your pension benefit paid as one of the monthly annuity options listed above and the remainder paid as a lump sum. You may specify the monthly amount you wish to receive in \$100 increments. This amount will reflect the net amount after any applicable cost for the annuity option selected by you. The present value of any remaining pension benefit will be paid as a lump sum. If you are married, election of this option requires notarized spousal consent. **Effective January 1, 2003, this option must be elected within 120 days after your date of termination, or if later, 60 days after the first pension election kit is sent upon termination of employment. (Prior to 2003, elections had to be made within 60 days of your termination of employment, or if later, 60 days (30 days for termination prior to August 1, 2002) after the pension kit was sent.)** If you are an Occupational Participant, lump sums are not available if you terminate employment after the expiration of the collective bargaining agreement (including any extensions) in effect on January 1, 2001 that applies to you.

If you elect any form of annuity other than a Single Life Annuity, the amount of your annuity is the Actuarial Equivalent (as set forth in the Plan) of the Single Life Annuity.

#### How are lump sums calculated?

This depends on your benefit formula. If you are a Management Participant, your DLS and ABF benefits are determined in the form of a lump sum. Thus, no additional calculations are needed. Otherwise, see the next question.

**How is my lump sum computed under the Occupational formula or the OMF if I am not service pension eligible?**

In general, the lump sum value of your Occupational or OMF benefit is the actuarial value of the monthly benefit payable at age 65. The value is determined using your age, the Applicable Interest Rate and the Applicable Mortality Table in effect on your Annuity Starting Date and the age 65 benefit.

**Note:** The lower the interest rate used in the factor to determine the present value of the benefit, the greater the lump sum benefit. The higher the interest rate used in the factor, the lower the lump sum benefit. Also, the younger you are, the lower the lump sum will be.

**How is my lump sum computed under the Occupational formula or the OMF if I am service pension eligible?**

Two rules apply for determining the value of your lump sum benefit if you are service pension eligible. Note that these rules do not apply to the DLS or Account Balance formulas.

**First Rule.** The first rule is that your lump sum payment is based on the present value of the payments that you would have received if you had started your pension at age 65. This rule applies even if you are eligible to receive an unreduced pension at age 55 or a reduced pension before 55. For example, if you are eligible for a \$1,000 unreduced monthly service pension at age 55, the lump sum is calculated based on an annuity of \$1,000/month starting at age 65, not \$1,000/month starting at age 55. Thus, the lump sum calculation does not include the value of the 120 payments of \$1,000 that could have been made between age 55 and age 65.

**Second Rule.** The second rule increases the lump sum over the amount you would receive if you were not service pension eligible. Under the second rule, the value of the lump sum for someone who is service pension eligible is calculated using a zero percent interest rate for ages below age 65 and the Applicable Interest Rate for ages 65 and above. For this purpose, the mortality table used is the GAM Mortality Table described in Revenue Ruling 95-6.

In addition, the lump sum value will not be less than the amount of the lump sum that would be paid if you were not eligible for a service pension. Thus, your lump sum is not less than the actuarial value of the monthly benefit payable at age 65, determined using your age, the Applicable Interest Rate and the Applicable Mortality Table in effect on your Annuity Starting Date and the age 65 benefit.

**Example:**

Assume you are entitled to a benefit of \$1,000/month under the Occupational formula or the OMF at age 65. The following table is intended to show the effect of service pension eligibility on the lump sum calculation at ages 55 and 60, based on a 7% interest rate and the Applicable Mortality Table in 2002.

Age	Lump Sum – NOT Service Pension Eligible	Lump Sum – Service Pension Eligible
55	\$56,487	\$110,739
60	\$81,028	\$113,646
65	\$118,478	\$118,478

Please note that the decision to elect a lump sum payment should also take into account your personal situation. It can be a difficult choice and you are encouraged to consult your personal financial advisor before making your decision.

**Effective January 1, 2003, a lump sum payment or partial lump sum must be elected within 120 days after your date of termination, or if later, 60 days after the first pension election kit is sent upon termination of employment (shorter periods applied prior to 2003). If you are an Occupational Participant, lump sums are not available if you terminate employment after the expiration of the collective bargaining agreement (including any extensions) in effect on January 1, 2001 that applies to you.**

**What are the payment options for Occupational Participants who Terminated before July 2001?**

Different options applied if you left before July 2001. If you had a service or disability pension, the options available are a Single Life Annuity, a 50% Qualified Joint and Survivor Annuity, a 100% Qualified Joint and Survivor Annuity, a Life Annuity with Ten Years Certain or a deferred annuity. If you had a deferred vested pension, the options are a Single Life Annuity, a 50% Qualified Joint and Survivor Annuity (however, the amount of the benefit does not change if your spouse predeceases you). Different actuarial factors applied for these options than for the options in effect for those who terminate after June 2001. In addition, a lump sum option, as well as a partial lump sum/partial annuity option, were available if you terminated on or after October 12, 2000 and you were an Applicable Occupational Participant at that time.

These same rules apply to the Occupational benefits of a Management Participants who left the Qwest Group before June 30, 2001.

**What are the payment options for Management Participants who Terminated before 1997 (or were Pre-97 Management Participants)?**

Your options are generally the same as those applicable to Occupational Employees who left before July 1, 2001. See the previous question.

**General Rules Regarding Distributions****May the Plan distribute my benefit without my consent?**

**Present Value of Benefit is \$5,000 or less.** If you leave the Qwest Group and the present value of your pension (whether it is a service pension, disability pension, deferred vested pension or otherwise) is \$5,000 or less, you will automatically receive a single lump-sum payment of your entire pension benefit. Your consent is not required. You cannot elect any other option. Once you have received this payment, there will be no further benefits payable from the Plan.

**Present Value of Benefit is greater than \$5,000.** If you leave the Qwest Group and the present value of the your pension (whether it is a service pension, disability pension, or deferred vested pension) is greater than \$5,000, your written consent is generally required for pension payments to begin. If your election to begin payments is not made by age 65, Qwest will contact you. If no response is received from you within 30 days of the date that you are contacted, payment of the pension benefit will begin (retroactive to age 65, but without interest) as a 50% Qualified Joint and Survivor Annuity, unless you prove that you are not married as of the Annuity Starting Date. If you are age 65 or older when your employment from the Qwest Group ends, distribution will begin (as soon as practicable) as a 50% Qualified Joint and Survivor Annuity, unless you prove that you are not married as of the Annuity Starting Date.

**Age 70 1/2.** If you are a participant and continue to be employed by Qwest, you will automatically receive pension payments during employment, beginning on April 1 of the year following your attainment of age 70 1/2. For example, if you reach age 70 1/2 (70 years, 6 months) in January of 2000, you will begin receiving payments April 1, 2001. Your pension amount will be based on your years of PCS as of April 1 of the year following your attainment of age 70 1/2.

On January 1 of each year thereafter, your pension will be recomputed and adjusted, if necessary, to reflect additional PCS and/or eligible compensation. This amount will then be reduced by the actuarial value of benefits paid during the prior year, but not below the amount previously in pay status. Your pension benefit for subsequent years will be paid to you in the same form you elected for your original payment.

At the time your mandatory payments begin, you will be given the same opportunity to elect the form of payment as if you were actually retiring or ending your employment. The form of payment you choose at that time will be effective during your remaining employment as well as after your termination. You will not be eligible to choose another form of payment at retirement or termination. (An exception to this rule will be made if you were eligible for a deferred vested pension when mandatory payments began, but later acquired enough service to qualify for a service pension that provides for additional options.)

When your mandatory payments begin, you will no longer be eligible for any pre-retirement death benefits otherwise payable under the Plan described in "Benefits for Your Survivors."

**May I elect to stop payments once they begin?**

The decision to start payments is irrevocable once the payments begin.

**What effect will delaying the start of my pension have?**

Delaying the start of your pension will decrease or eliminate any applicable early retirement reduction; however, no additional TOE or Pension Calculation Service will accrue for periods of delay. Any early retirement reduction is calculated based on your age on your Annuity Starting Date. Although your benefit amount may change if you defer receipt of your pension, your TOE and Pension Calculation Service will remain constant and your benefit will be based on your TOE and PCS when you terminated employment.

**Note: If you delay the start of your pension for more than 120 days (60 days, prior to January 1, 2003) after the date of termination, you may not elect a total or partial lump sum.**

If you do not meet service pension eligibility criteria when your employment ends, periods of deferral cannot be counted toward TOE required for purposes of meeting service pension eligibility.

**What is the normal retirement age?**

Under this Plan, except for the Account Balance formula, normal retirement age is 65. However, if you were hired at age 60 or older, normal retirement age is the later of (1) age 65, and (2) the earlier of the date you become vested and five years from your Employment or Re-employment Commencement Date with a Participating Company. For example, if you were hired on your 62<sup>d</sup> birthday, your normal retirement age would be your 67<sup>th</sup> birthday (assuming you did not vest earlier). The Normal Retirement Age under the Account Balance Formula is the later of January 1, 2001 or the date you begin participation in the Account Balance Formula.

**How will taxes be withheld if I elect to receive my benefit in the form of an annuity?**

Pensions are taxable income for federal income tax purposes. Federal income tax will be withheld from a monthly annuity based on your election on Form W-4P. If you do not submit a completed Form W-4P, taxes will be automatically withheld on the basis of a married person claiming three withholding exemptions. State income tax withholding applies to monthly annuities. If you live in a state that requires or allows withholding and a state tax form is not submitted, taxes will be withheld based on the requirements of the state.

**What are the tax consequences if I receive a lump sum distribution and I am eligible for and choose a direct rollover?**

- Your payment will not be taxed in the current year and no income tax will be withheld.
- Your payment will be made directly to your IRA or, if you choose, another employer plan that accepts your rollover.
- Your payment will be taxed later when you take it out of the IRA or the employer plan.

**What are the tax consequences if I choose to have my lump sum distribution paid to me?**

- You will receive only 80% of the payment (less state taxes), because the Plan administrator is required to withhold 20% of the payment and send it to the IRS as income tax withholding to be credited against your taxes.
- Your payment will be taxed in the current year unless you roll it over. You may be able to apply special tax rules that could reduce the tax you owe. However, if you receive the payment before age 59 1/2 and do not roll it over to an IRA or another qualified plan, you also may have to pay an additional 10% excise tax.
- You can roll over the payment by paying it to your IRA or to another employer plan that accepts your rollover within 60 days of receiving the payment. The amount rolled over will not be taxed until you take it out of the IRA or employer plan.
- If you want to roll over 100% of the payment to an IRA or to an employer plan, you must replace the 20% (and any state taxes) that was withheld with other personal funds. If you roll over only the portion that you received, you will be taxed on the 20% (and state taxes) that was withheld and that is not rolled over.
- If you are over age 70 1/2, any mandatory distributions you receive in the form of an annuity cannot be rolled over.

You will receive information from the Company regarding any eligible rollover amounts. You may want to consult with a professional tax advisor before you take payment of your benefits from the Plan.

**May I rollover amounts paid by Qwest when benefits are reduced by IRS limits?**

If any portion of a lump sum is not payable from the Plan Trust due to IRS limits, the excess portion paid as an operating expense (see "Limits On Pension Benefits") cannot be rolled over and is taxable in the year of receipt as wages. It is also subject to FICA taxes.

**What special rules apply if I am married when benefit payments begin?**

If you are married at the time your benefit payments begin, your pension will be paid as a 50% Qualified Joint and Survivor Annuity unless you provide your spouse's written notarized consent to waive it. If you are single and do not elect a benefit form, your benefit will be paid as a single life annuity.

You have the 90-day period before your Annuity Starting Date to submit a signed election or a notarized form signed by your spouse waiving the Qualified Joint and Survivor Annuity. You may not make an election prior to the 90-day period before your Annuity Starting Date. Your spouse's waiver of the Qualified Joint and Survivor Annuity is not revocable after your Annuity Starting Date.

Your election of a payment option generally cannot be changed after your Annuity Starting Date. However, if notice of the Qualified Joint & Survivor option was provided after the date that is 60 days before your Annuity Starting Date, your election period shall be extended until the 60th day after the notice is provided if (1) the Annuity Starting Date is the Pension Effective Date or (2) you made a written claim for benefits prior to the Annuity Starting Date. (If one of these two conditions is not met, your Annuity Starting Date will be delayed until after the 60-day period ends.) You are then permitted to make or revoke any election for survivor benefits at any time prior to the expiration of the 60-day period. You also have the right to waive the 60-day period; in that event, the election cannot be revoked anytime after the later of your Annuity Starting Date or the expiration of the seven-day period that begins the day after the notice is provided. If the right to the 60-day election period is not waived, payment will not be made until the minimum 60-day election period has expired. Prior to August 1, 2002, the foregoing period was 30 days.

**If I receive a lump sum distribution is it possible to reinstate service earned prior to my distribution and have my prior benefit restored?**

If you were a Management Participant or Applicable Occupational Participant who previously elected to receive a lump sum (or combination lump sum/annuity) when you terminated, you may not repay the lump sum back to the Plan even if you are rehired. This rule applies whether you are re-employed as a Management or Occupational Employee. Your subsequent benefits will be calculated by ignoring your prior PCS and prior compensation. However, your prior vesting service and TOE may be counted to the extent you meet the applicable bridging rules.

Beginning January 1, 2001, the above rules also apply to all Participants who are rehired after that date who previously received an automatic cashout of their benefit of \$5,000 or less. In general, these same rules applied to all Management Participants who previously received an automatic cashout and were rehired after 1996.

You may also have a buy-back right if you are employed by a Portability Company and you are covered by the MPA (see the "Divestiture Impact/Mandatory Portability Agreement (MPA) – Buy Backs" section).

**Benefits for Your Survivors**

*The Plan may also provide pre-retirement benefits to your survivors.*

**What benefits are available for my survivors when I die?**

There are two types of benefits that may be payable to your survivors upon your death. The first are annuity survivor benefits. The second is a sickness or accidental death benefit; this benefit applies only if you were employed by the U S WEST group before March 1, 1993.

**What annuity survivor benefits are available to Occupational Employees?**

**Annuity survivor benefits for married active Occupational Employees.** If you are an Occupational Participant employed on or after July 1, 2001 and you die while an Active Participant who is vested, your surviving spouse will receive an annuity over his or her lifetime. This pre-retirement survivor annuity benefit is calculated as the greater of (1) monthly pension benefit, using PCS at date of death x 45% (this is called the "45% Annuity"), or (2) 50% of the reduced amount you would have received if you had elected to begin receiving payments on such date in the form of a 50% Qualified Joint and Survivor Annuity. These same rules apply if an Applicable Occupational Participant died as an Active Participant after October 12, 2000 and before July 1, 2001, except that the first amount (45% of your benefit) does not apply unless the Participant had completed 15 or more years of TOE (or was eligible for a service pension).

If you are an Active Management Participant who dies on or after July 1, 2001 and has prior Occupational benefits, the above rules also apply to your Occupational benefits.

**Deferred Commencement of Survivor's Benefits.** A spouse may defer commencement of survivor benefits, but not later than the date you would have attained age 65. Your spouse's annuity benefit will be the greater of:

- The 45% Annuity. This amount will not be increased to reflect later payment. OR
- The survivor benefit your spouse would have received had you (1) terminated on the earlier of your death or date of termination, (2) survived until the date the survivor benefits begin, (3) retired on such date with a 50% Qualified Joint and Survivor Annuity, and (4) died on the day after you retired.

**Annuity survivor benefits for married former Occupational Employees with a deferred vested pension.** If you are a former vested Occupational Participant, and you die after leaving a Participating Company but before your Annuity Starting Date, your spouse will receive an annuity over his or her lifetime. This annuity will not start until the date you would have first been eligible to receive a deferred vested pension (in the case of Occupational Participants who left October 12, 2000 or before becoming Applicable Occupational Participants, this will not occur until age 65 unless such person had 15 or more years of TOE). The amount of this annuity will be 50% of the reduced amount you would have received if you had elected to begin receiving payments on such date in the form of a 50% Joint and Survivor Annuity. The 45% Annuity is not available.

If you were eligible to begin receiving a deferred vested pension at the time of your death, your surviving spouse will receive monthly pension payments effective the day following your death. The pension amount your spouse will receive will be 50% of the reduced amount you would have received had you elected to receive your deferred vested pension benefit on the date of death in the form of a 50% Joint and Survivor Annuity.

**No Annuity survivor benefits for single Occupational Employees.** Occupational Participants who are not married on the date of death are not entitled to any pre-retirement death benefits.

#### **What annuity survivor benefits are available to Management Employees?**

**Annuity survivor benefits for Active Management Employees.** If you are an Active Management Participant who is vested at the time of your death, your beneficiary or spouse is entitled to a pre-retirement pension benefit payable as an annuity for his or her lifetime. If you are entitled to a DLS Formula or Account Balance benefit, you may name a beneficiary other than your spouse to receive your pension benefits if you die on or after January 1, 1997 as an Active Management Participant; however, no OMF death benefit is payable to a non-spouse beneficiary. If you are married, and name someone other than your spouse as the primary beneficiary, such election will require your spouse's notarized signature; without your spouse's notarized signature, your spouse will be the beneficiary even if you choose a different beneficiary.

In general, the annuity survivor's benefit can also be taken as a lump sum instead of an annuity. However, the lump sum ignores all OMF benefits, even if they are greater than the DLS. If a spouse is the beneficiary, the annuity will be paid unless the spouse elects a lump sum within 120 days after the Participant's death, or 60 days after notification, if later (shorter periods for deaths prior to 2003). If your spouse is not your beneficiary and no election is made within 60 days after notification, the lump sum will be paid.

Like the regular pension benefit, the survivor benefits will depend upon whether you are a Protected Participant or not. In general, the same rules apply regarding the Account Balance, DLS and OMF for this purpose. For example, if you are not a Protected Participant, your survivor benefits will be the Account Balance survivor benefits plus the greater of the survivor benefits under DLS and OMF earned prior to 2001. If you are a Protected Participant, your survivor benefits will be the greater of the survivor benefits under DLS and OMF. However, if your beneficiary is not your spouse, no OMF survivor benefits are paid.

The survivor annuity under the Account Balance formula is an immediate single life annuity for the beneficiary's life that is the actuarial equivalent to the Account Balance lump sum amount. The amount of the annuity is based on the beneficiary's age, and the actuarial factors in effect, on the first of the month following the participant's death. If your spouse is your beneficiary, the annuity will not be less than the survivor benefit your spouse would have received if you had retired on the day before your death and elected a 50% Qualified Joint and Survivor Annuity.

The survivor annuity under the Old Formula will be the greatest of:

- **DLS Annuity.** An immediate single life annuity for the beneficiary's life that is the actuarial equivalent of the DLS lump sum amount. The amount of the annuity is based on the beneficiary's age at the time of your death. The actuarial factors used shall be those applicable for the day after you die.

- **45% OMF Annuity.** If you were eligible for an OMF benefit, the annuity will be 45% of the OMF benefit you had earned at the time of your death. This is not available if your spouse is not your beneficiary.
- **Survivor portion of QJSA-50% Annuity.** The survivor benefit under DLS or OMF, as applicable, your spouse would have received if you had retired on the day before your death and elected a 50% Qualified Joint and Survivor Annuity. This is not available if your spouse is not your beneficiary.

**Account Balance and DLS Lump Sum.** Your beneficiary may elect, within the period described below, to be paid the amount of the lump sum benefit payable under the Account Balance and DLS formulas. The lump sum is based solely on these two formulas and ignores any OMF benefits. If a spouse is the beneficiary, the annuity will be paid unless the spouse elects a lump sum within 120 days after the Participant's death, or 60 days after notification, if later (shorter periods for deaths prior to 2003). If your spouse is not your beneficiary and no election is made within 60 days, the lump sum will be paid.

**Note:** There is no OMF death benefit for non-spouses. There is no OMF lump sum benefit for anyone. Your surviving spouse may choose to receive a Lump Sum instead of an annuity. If the Lump Sum is elected, it is based solely on the Account Balance and DLS formulas and ignores any OMF benefits; no amounts are payable with respect to the OMF in this case.

**Deferred Commencement of Survivor's Benefits.** A spouse (but not any other beneficiary) may defer commencement of survivor benefits, but not later than the date you would have attained age 65. No lump sum is payable in this case. If the spouse defers commencement of payments, the survivor benefit under the Account Balance formula will be the Account Balance annuity described above, based on your spouse's age and actuarial factors in effect on the date your spouse elects the annuity to start. Your spouse's Old Formula benefit will be the greatest of:

- the DLS Annuity described above. (This amount will not be increased to reflect later payment, that is, it will be based on your spouse's age on the day following your death.)
- 45% OMF Annuity. (This amount will not be increased to reflect later payment.)
- The survivor benefit your spouse would have received under the OMF or DLS had you (1) terminated on the earlier of your death or date of termination, (2) survived until the date the survivor benefits begin, (3) retired on such date with a 50% Qualified Joint and Survivor Annuity, and (4) died on the day after you retired.

**Annuity survivor benefits for former Management Employees.** If you are a vested former Management Participant who left after 1996, and you die after leaving a Participating Company but before your benefits begin, your spouse, if any, will be entitled to the Survivor Annuity listed above (except that the DLS Annuity and 45% OMF Annuity are not available). You cannot elect a beneficiary other than your spouse and your spouse cannot elect a lump sum. No pre-retirement benefit is paid if you are not married at the time of your death. The only exception to these rules is if you die before the end of the 120-day period (60-day period, for terminations prior to 2003) beginning on the date your employment ended (in this case the rules above for active Management Participants generally apply).

**Note:** If you are a Pre-1997 Management Participant, or if you transfer from Management to Occupational status before 1997, the above rules do not apply. If you are married and are not an Applicable Occupational Participant, the rules are the generally same as the rules described in the section entitled "Annuity survivor benefits for married former Occupational Employees with a deferred vested pension," except that the benefit payable to your spouse if you die while an active employee will not be less than 50% of the reduced amount you would have received if you had elected to begin receiving payments on such date in the form of a 50% Qualified Joint and Survivor Annuity. In contrast, if you are a married Participant with Management service before (but not after January 1, 1997) who becomes an Applicable Occupational Participant, the rules above with respect to the OMF benefits apply to you (except that the 45% OMF Annuity amount for Active Participants does not apply if you die before July 1, 2001 unless you had 15 years or more of TOE or were eligible for a service pension). In any event, whether or not you are an Applicable Occupational Participant, your spouse is not entitled to a lump sum. Similarly, no benefits are payable under the DLS or Account Balance formulas. You cannot elect another beneficiary. Finally, no pre-retirement benefit is paid if you are not married at the time of your death.

**If I am an active Management Employee, how do I designate a beneficiary for my pension benefit if I die as an active employee?**

You can change your beneficiary designation at any time by completing a new Beneficiary Designation for Pre-Retirement Survivor Benefit form. Call the Service Center at 1-800-729-7526 to obtain the form.

If you are married and you elect a beneficiary other than your spouse and are under the age of 35 when you make the election, by law your election becomes void on January 1 of the year you reach age 35 and your spouse automatically becomes your beneficiary even if you had previously received notarized spousal consent. If you want to name a beneficiary other than your spouse when you reach age 35, you must submit a new beneficiary form with your spouse's notarized signature.

If you did not name any beneficiary or your beneficiary predeceases you, your pre-retirement benefits will be paid to your surviving spouse, or if there is no surviving spouse, to your estate. If no personal representative of your estate is appointed within 90 days after your death, your benefits shall be payable in the following order:

- (1) your children;
- (2) your parents;
- (3) the children of your parents; or
- (4) such person as may be chosen in the discretion of the Committee.

**What other death benefits are available under the Plan?**

There are two other types of death benefits payable under the Plan, which are called the Sickness Death Benefit and the Accidental Death Benefit. **If you were first hired on or after March 1, 1993, neither of these death benefits is paid.** If you do not have a TOE date of February 28, 1993 or earlier; no Sickness or Accidental Death Benefits are payable. (Your TOE date is the first day you earned TOE unless your TOE date is adjusted for subsequent absences under the TOE bridging rules.) If you leave employment and you are rehired on or after March 1, 1993, your qualified beneficiaries may be eligible for the death benefit only if your TOE is bridged under the TOE bridging rules and your TOE date is adjusted to a date before March 1, 1993. **If you are not survived by any qualified beneficiaries, neither of these death benefits is paid. Please refer to the question "Who are my qualified beneficiaries for purposes of Sickness and Accident death benefits under the Plan?"**

**All claims for death benefits must be made within one year of the death of the participant.**

**Who is eligible for a Sickness Death Benefit?**

If you meet the age and service eligibility criteria listed in the following table (the "Modified Rule of 75") and have a TOE date before March 1, 1993, you may be eligible for a Sickness Death Benefit from the Plan.

AGE AT SEPARATION	TERM OF EMPLOYMENT
Any age	At least 30 years
50 or older	At least 25 years
55 or older	At least 20 years
60 or older	At least 15 years
65 and older	At least 10 years

If you die while you are an Active employee (for reasons other than accidental injury, as described below), or while you are receiving your a service pension as a monthly annuity (unless you elected a partial lump sum option), your qualified beneficiaries are eligible to receive a Sickness Death Benefit equal to one year's pay (frozen as of March 1, 1993). You are also eligible if you are receiving a DLS or Account Balance annuity under the Management provisions, but met the requirements to receive a service pension under the OMF benefit. You are not eligible if you are a former participant who dies with a deferred vested pension.

The Sickness Death Benefit is separate from any benefit payable under the Group Life Insurance Plan.

**How is the Sickness Death Benefit paid?**

Except as described below, the Sickness Death Benefit is payable in a lump-sum payment after your death. There are no other payment options available.

**What happens if I am service pension eligible and elect a lump sum (or partial lump sum) pension benefit?**

If you are a Participant with a TOE of February 28, 1993 or earlier; qualify for a service pension (or meet the Modified Rule of 75), and elect a lump-sum or annuity/lump-sum distribution of your pension benefit at termination of employment, the present value (based on certain assumptions set forth in the Plan) of the Sickness Death Benefit is paid as part of the lump-sum distribution. For this purpose, the lump sum equivalent uses a factor that assumes that the participant will be survived by a qualified beneficiary. No further Sickness Death Benefit is payable at the time of death or if you are reemployed.

**Am I eligible for a Sickness Death Benefit if I am on disability when I die?**

If you meet all of the following three requirements, then a Sickness Death Benefit may be paid if you have a qualified beneficiary:

- (1) You have a TOE date of February 28, 1993 or earlier; and
- (2) You terminate your employment because of disability when your short-term disability benefits expire under the Qwest Disability Plan; and
- (3) You die while you are receiving long-term disability payments under a Company provided LTD plan, or a disability pension under the Occupational provisions of this Pension Plan or a Modified Disability Pension Program (MDPP) pension for Management Employees.

If you die after your disability benefit or pension has stopped, no Sickness Death Benefit is paid. The only exception is if you became disabled due to an accident or sickness while you were an employee, received an MDPP until age 65, and had at least 15 years of TOE upon leaving the business; in this limited situation, your qualified beneficiary (as defined in the Plan) may also receive a Sickness Death Benefit even if death occurs after the MDPP stops.

**Who is eligible for an Accidental Death Benefit?**

If you have a TOE date before March 1, 1993, you may be eligible for an Accidental Death Benefit from the Plan.

If you die while you are an Active employee and die solely as a result of accidental injury arising out of and in the course of employment with the Qwest Group, your qualified beneficiary will receive an Accidental Death Benefit, and will not receive a Sickness Death Benefit. In addition, there must be evidence, satisfactory in the sole determination of the Employee Benefits Committee, to demonstrate the cause and circumstances of the accidental injury and that the injuries sustained were the sole cause of death.

The amount of the Accidental Death Benefit is the greater of (1) up to three years' pay, but not more than \$50,000 or (2) one year's pay (frozen as of March 1, 1993). The Company may maintain special accidental death insurance policies to pay the excess of three year's pay over the accidental death benefit paid from the Plan. These excess amounts cannot be rolled into an IRA or another plan.

**How is the Accidental Death Benefit paid?**

The Accidental Death Benefit is payable in a lump-sum payment after your death. There are no other payment options available.

**Am I eligible for an Accidental Death Benefit if I am not an active employee?**

No. In order to receive an Accidental Death Benefit you must be an active employee. Unlike the Sickness Death Benefit, the Accidental Death Benefit is not paid to persons who die while receiving disability benefit payments or while receiving a service pension. Similarly, you are not eligible if you die while on a transitional or surplus transitional leave, even if you are not terminated from employment.

**How does the Plan determine pay for purposes of the Sickness and Accidental Death Benefit?**

Effective February 28, 1993, compensation used to calculate the death benefit was frozen; thus, in all cases the death benefit is based on eligible pay rate on that date (or your termination, if earlier). Pay generally means the participant's pay rate (not including overtime). In addition, differentials, merit and performance awards and commissions are included if the award had an effective date during the last one year period of employment prior to February 28, 1993. In all cases, if you are a Management Employee and you receive more than one eligible bonus or award during the last one year period prior to February 28, 1993, only the highest bonus or award will be counted. Special rules apply for part-timers and those on disability.

For employees who were not on the payroll on February 28, 1993 and whose service bridged resulting in a TOE date of February 28, 1993 or earlier: pay (as described above) is based on the year before your termination of employment before February 28, 1993.

In all cases, the death benefit will not exceed \$235,840.

### **Who are my qualified beneficiaries for purposes of Sickness and Accidental Death Benefits under the Plan?**

If you are eligible for a Sickness or Accidental Death Benefit at the time of your death, it will be paid to your qualified beneficiaries in the following manner:

- **100% to your surviving spouse.** (If you have dependent children who do not live in your spouse's household at the time of your death, the death benefit will be divided equally among your spouse and all dependent children. For purposes of the preceding sentence, children away at school or college will be considered members of the household where they normally reside, or where they previously resided before leaving for school if they now maintain their own residence.)
- **If you do not have a surviving spouse, 100% in equal shares to all eligible dependent children.** (Dependent children are defined as your dependent and unmarried children (natural or adopted) who are under age 23, or, if over age 23, unmarried, disabled and dependent upon you for support. Unborn children at the time of a participant's death are not eligible.)
- **If you do not have a surviving spouse or eligible dependent children, 100% in equal shares to all eligible dependent parents.**
- **If you do not have a surviving spouse, eligible dependent children or eligible dependent parents, 100% in equal shares to other eligible dependent relatives.** (Dependent relatives are defined as grandchildren, brothers, sisters, grandparents, deceased spouse's parents, and deceased spouse's grandparents who are dependent on you for support.)
- **If you do not have a surviving spouse, eligible dependent children, eligible dependent parents or other eligible dependent relatives (as described above), no sickness or accidental death benefit is paid.**

The Plan contains additional rules for proving dependency. A conservatorship is required to make payments to children under age 18.

### **May my beneficiary roll over the Sickness or Accidental Death Benefit?**

Yes, if your beneficiary is your spouse. **However, your spouse may not rollover Accidental Death Benefits to the extent that the Accidental Death Benefit is not paid from the Plan.**

Under current federal tax laws, if your spouse is your beneficiary for one of these death benefits, he or she may generally request a rollover of all or part of the lump-sum distribution to an IRA or another qualified plan. (If your spouse is age 70 1/2 or older; minimum annual distribution rules apply.) If the distribution is made payable to an IRA, no tax withholding will apply. However, if your spouse elects to receive the distribution directly, the Plan will automatically reduce the amount of the distribution by the mandatory 20% federal tax withholding (see the "Taxes on Lump Sums" section for additional information regarding tax consequences). If the benefit is paid to a beneficiary other than a surviving spouse, the distribution is not eligible to roll over under current law and the mandatory withholding requirements do not apply.

### **Under what circumstances will Sickness/Accidental Death Benefits not be paid?**

Neither the Sickness Death Benefit nor the Accidental Death Benefit is paid under any of the following circumstances:

- If a claim for benefits is received more than one year following the death of an eligible participant;
- If a suit for damages on account of the death of an employee is brought against any Participating Company or against any other company with which arrangements have been made for the interchange of benefit obligations (for example, an Interchange Company under the MPA);
- If there are any claims (other than under the Plan) presented for damages on account of the death of an employee is brought against any Participating Company or against any other company with which arrangements have been made for the interchange of benefit obligations; or
- If the employee's TOE date is March 1, 1993 or later
- You are eligible for a Sickness, but not Accident, Death benefit if you die while on a transitional or surplus transitional leave, even if you are not terminated from employment.

## **Special Rules Regarding Rehire as an Occupational Participant**

These rules apply if you left as an Occupational Participant, are rehired as an Occupational Participant and remain employed after December 31, 2000.

### **How are my benefits determined if I am rehired after 2000?**

This depends upon whether you previously commenced benefits and whether you bridged your earlier TOE.

**Pension Payments Not Previously Started.** If you did not previously commence benefits and bridged your earlier TOE, your Occupational benefits are generally calculated by aggregating all of your service during both periods of employment and calculating a single benefit, subject to the rules for promotions and demotions if you are rehired in a different band number. Different rules may apply if a different formula applies to your second period of employment.

If you did not bridge your TOE, the benefits you earned during each period of employment will be calculated separately. Thus, any benefits you earned prior to your earlier termination of employment are frozen. They are not increased to take into account compensation or service earned after you are re-employed; in addition, any increases in the monthly pension factor (or changes in your pension band number) after your earlier termination will not increase your prior benefits.

If you qualified for a service pension as a result of the first period of employment and bridged your TOE or you qualified for a service pension as a result of the second period of employment, the entire benefit will be paid as a service pension. If you qualified for a service pension as a result of the first period of employment but did not bridge your TOE, the benefits you earned during each period of employment will be calculated separately (and the first piece will be paid as a service pension while the second piece will not). If you never earned a service pension, the entire benefit (however calculated) will be paid as a deferred vested pension.

**Pension Payments Previously Started.** If you are rehired as an Occupational Participant after 2000 and previously commenced benefits, you will have two separately computed benefits. Your benefits earned after your date of rehire are determined by ignoring your Pension Calculation Service, compensation and band number prior to your rehire date. This will be paid as a service pension or deferred vested pension depending upon your age and TOE when you leave.

Any benefits that previously commenced remain frozen. They are not increased to take into account compensation or service earned after you are re-employed; in addition, any increases in the monthly pension factor (or changes in your pension band number) after your earlier termination will not increase your prior benefits. You cannot buy back any benefits previously paid to you. In general, the benefits you previously earned are paid in the same form as you had selected on your previous termination of employment.

However, if you started a deferred vested pension after you first left and a service pension as a result of your second period of employment, you may be entitled to a Bridging Add-On as described in the next question.

**Availability of Lump Sums.** Effective January 1, 2003, you may elect a lump sum with respect to the benefits you earned during your prior employment as long as you did not previously commence those benefits. The amount of your prior benefit will be calculated by converting your age 65 pension into a lump sum using the Applicable Interest Rate and Mortality Table in effect upon your second Pension Effective Date. Before 2003, if you previously terminated at a time you were eligible for a lump sum, and did not elect one, your prior benefits may not be paid in the form of a lump sum. However, if the value of your benefit as of your first termination increases as a result of you becoming service pension eligible, the amount of the increase above your prior benefit, as well as the benefit earned after reemployment, may be paid in the form of a lump sum. However, you could not elect a lump sum on the entire pension; you must elect an annuity form with respect to the deferred vested portion of the earlier benefit. There was an exception if you terminated before October 12, 2000 (before June 30, 2001, if you were not eligible for a lump sum when you first left employment); in that case, you may elect a lump sum on your prior benefits (assuming you are an Applicable Occupational Participant when you later leave).

**How does TOE affect my benefits if I am rehired after 2000 and was not eligible for a service pension as of the date of my first termination?**

Your rehire will generally not affect benefits you earned prior to your earlier termination of employment ("prior benefit"). However, TOE earned after your date of rehire may be used to determine eligibility to receive a service pension with respect to your prior benefit, provided you meet the TOE bridging rules described in the section entitled "When will I receive TOE credit for prior periods of Employment?" How first becoming eligible for a service pension after 2000 affects your prior benefit depends on whether you had previously commenced benefit payments and when your initial termination occurred.

**Note:** If your service after your rehire does not qualify you for a service pension, no adjustment will be made to your prior benefit.

If you first become eligible for a service pension as a result of the second period of employment, and you did not previously commence your pension, the entire benefit is paid as a service pension as described in the previous question.

If you previously started receiving your benefits as a deferred vested benefit, you may be entitled to receive a "Bridging Add-On" if TOE earned after your date of rehire qualifies you for a service pension with respect to your prior benefit. The Bridging Add-On is the excess, if any, of the prior benefit payable as a service pension over the prior benefit payable as a deferred vested pension. Each of these amounts is calculated as the amount payable at the time of your second termination and by ignoring Pension Calculation Service during reemployment (as well as any increases in the monthly rate after your prior termination or any changes in your pension band number after the prior termination).

In general, the Bridging Add-On must be paid in the same form as the benefits you earn during re-employment. The prior benefit will continue to be paid in the form you elected at your first termination.

**Note:** If your benefits were transferred to another pension plan and you later become employed by Qwest or another Participating Company, your prior benefit for your earlier service is paid solely by the plan to which your benefits were transferred. The special service pension rules described above (including the Bridging Add-On rules) do not apply to you even if you later become employed by a Participating Company. Special rules may apply if you are covered by the Mandatory Portability Agreement.

#### **How is the lump sum value of a "Bridging Add-On" computed?**

The lump sum value of your Bridging Add-On is equal to the excess, if any, of the lump sum value of your prior benefit payable as a service pension over the lump sum value of your prior benefit payable as a deferred vested pension.

Your prior benefit payable as a service pension is converted to a lump sum in accordance with the normal rules for determining the lump sum value of a service pension, except that the factors (e.g. interest rate) in effect as of your second termination are used.

The lump sum amount calculated in the preceding paragraph is then reduced by the lump sum value of your prior benefit payable as a deferred vested pension ("Offset"). The Offset is computed by taking the prior benefit payable to you at age 65 and converting this annuity to a lump sum in accordance with the normal rules for converting deferred vested pensions (see "How is my lump sum computed if I am not service pension eligible?"), except that the factors in effect as of your second termination are used. However, the Offset can never be less than the actual amount of the lump sum you received (or could have received) as of your previous termination.

#### **How are my benefits determined under the Occupational Formula if I am rehired before 2001?**

If you left and were re-employed before 2001, different rules apply if you previously started your benefits. (However, if you left employment prior to 2001 and were eligible for a lump sum, the rules below do not apply; instead, the rules for rehires after 2000 apply to you.) Among other things, your pension benefit was generally suspended during periods of re-employment and will continue to be suspended as long as you continue working (even after 2001); refer to the section entitled "Suspension of Pension Payments."

If you are re-employed prior to 2001 and you bridge your prior TOE and are entitled to a service pension when you later terminate, the rules for rehires after 2000 who did not previously start their benefits apply to you.

If you never earned a service pension and did not previously commence benefits, the rules in the prior paragraph also apply, except the entire benefit is paid as a deferred vested pension.

However, if you previously received a lump sum cash out, the above rules do not apply. In that case, your benefits earned during re-employment will be recalculated without regard to service etc. earned prior to re-employment.

## **Special Rules Regarding Rehire as a Management Participant**

*These rules apply if you left as a Management Participant and are rehired as a Management Participant.*

### **How are my benefits determined if I am rehired after 2000?**

If you are rehired as a Management Participant after 2000 (or given an offer of reemployment on or after July 10, 2000, whether you terminated before or after that date), all of your benefits earned during reemployment will be earned under the Account Balance Formula. You will not earn an additional benefit under the OMF or DLS formulas, even if you were previously a Protected Participant. Any benefits you earned prior to your earlier termination of employment are frozen and they are not increased to take into account compensation or service earned after you are re-employed. However, your service during reemployment does count as TOE for purposes of determining if you qualify for a service pension under the OMF. You cannot buy back any benefits previously paid to you.

### **If I am rehired before 2001, what benefits will I earn after 2000?**

Your benefits earned after 2000 will depend on whether you are a Protected Participant. If you are a Protected Participant, you will continue to earn a benefit under the DLS formula (and OMF if you did not previously terminate after 1996). If you are not a Protected Participant, you will earn a benefit under the Account Balance formula after 2000. See the question entitled "How do I know whether my benefit will be determined under the Account Balance Formula or the Old Formula?"

### **Can I take a Lump Sum?**

Effective January 1, 2003, you may elect a lump sum with respect to the benefits you earned during your prior employment as long as you did not previously commence those benefits. The amount of your prior benefit (even if it was a DLS benefit) will be calculated by converting your age 65 pension into a lump sum using the Applicable Interest Rate and Mortality Table in effect upon your second Pension Effective Date.

Before 2003, if you previously terminated at a time you were eligible for a lump sum, and did not elect one, your prior benefits may not be paid in the form of a lump sum. However, if the value of your benefit as of your first termination increases as a result of you becoming service pension eligible, the amount of the increase above your prior benefit, as well as the benefit earned after reemployment, may be paid in the form of a lump sum. However, you could not elect a lump sum on the entire pension; you must elect an annuity form with respect to the deferred vested portion of the earlier benefit. There were limited exceptions if you terminated before becoming eligible for a lump sum.

### **How are my benefits determined under the DLS formula if I am rehired after 1996?**

The answer to this question depends on whether you were vested in your percentage credits on the date of your previous termination.

**Vested.** If you were previously vested and are rehired after 1996 and before 2001, your benefits earned after your date of rehire are determined under the DLS formula (unless you were given an offer of reemployment on or after July 10, 2000). For this purpose, only your percentage credits and compensation earned after your rehire date are taken into account. You will only earn DLS percentage credits after 2000 if you are a Protected Participant.

If you are rehired after 2000 (or given an offer of reemployment on or after July 10, 2000), you will not earn any more DLS benefits. In all cases, any benefits you earned prior to your earlier termination of employment are frozen and they are not increased to take into account compensation or service earned after you are reemployed. Also, any DLS benefits you earned prior to your first termination and not yet paid to you may not be paid in the form of lump sum, unless you remain employed on or after January 1, 2003. You cannot buy back any benefits previously paid to you.

**Non-vested.** If you were not vested when you first terminated employment, you forfeited your PCS and percentage credits when you left. If you are later re-employed before 2001 (unless you were given an offer of reemployment on or after July 10, 2000) and bridge your PCS under the vesting bridging rules, and become vested, your DLS benefit is calculated by aggregating your earlier percentage credits with the percentage credits you earn during re-employment up until December 31, 2000. You may take a lump sum of this DLS benefit when you leave. If you do not bridge your earlier PCS, your earlier percentage credits are permanently forfeited. Special rules apply if you transfer directly from a Participating Company to a Non-Participating Company and then transfer back to a Participating Company. If this situation applies to you, please contact the Service Center at 1-800-729-7526.

### **How are my benefits determined under the Old Management Formula if I am rehired after 1996?**

If your employment ended before 1997 and you return to work after 1996, your rehire will generally not affect your OMF benefit previously earned. You will not earn any more OMF benefits, except that TOE earned after your date of rehire may be used to determine eligibility to receive a service pension with respect to your OMF benefit.

If your employment ended after 1996 and you return to work, the answer to this question depends on whether you were vested in your benefit computed under the OMF on the date of your previous termination of employment.

**Vested.** Your benefit will be equal to your remaining unpaid benefit earned as of the date of your previous termination (plus your DLS and/or Account Balance benefits earned after the date of your rehire). In general, the benefits you earned under OMF must be paid in the same form as you had selected on your previous termination of employment. If you did not elect to begin payments on your first termination, your OMF benefits may not be paid in the form of a lump sum, unless you remain employed on or after January 1, 2003.

**Non-vested.** If you were not vested when you first terminated employment after 1996, you forfeited your PCS and OMF benefit when you left. If you are later re-employed and bridge your PCS under the bridging rules, and become vested, your OMF benefit is calculated by counting your earlier PCS and ignoring service during re-employment. You may take a lump sum of this OMF benefit. If you do not bridge your earlier PCS, your earlier PCS is permanently forfeited.

**Note:** As is described in the following question, TOE earned after your date of rehire may be used to determine eligibility to receive a service pension with respect to your OMF benefit.

### **How does TOE affect my benefits under the OMF if I am rehired after 1996 and was not eligible for a service pension as of the date of my first termination?**

As described in the previous question, your rehire will generally not affect your OMF benefit. However, TOE earned after your date of rehire may be used to determine eligibility to receive a service pension with respect to your OMF benefit, provided you meet the TOE bridging rules described in the section entitled "When will I receive TOE credit for prior periods of Employment?" How first becoming eligible for a service pension after 1996 affects your OMF benefit depends on whether you had previously commenced benefit payments and when your initial termination occurred.

**Note:** If your service after your rehire does not qualify you for a service pension, no adjustment will be made to your OMF benefit.

### **Pension Payments Not Previously Started:**

Initial Termination Before 1997. If you were not service pension eligible at your first termination of employment, your Plan benefit will be equal to your OMF service pension earned before 1997 plus your benefit computed under the DLS formula and/or Account Balance formula earned after 1996. Your OMF benefit must be taken in the same form and at the same time as your DLS benefit.

Initial Termination After 1996. When you first terminated employment, your OMF, payable as a deferred vested pension (which is generally less valuable than your service pension) was compared with your DLS benefit (as of your first termination) for purposes of determining which benefit was more favorable to you as of your first termination (see "How do I know whether my Old Formula benefit will be determined under the Old Management Formula or the Defined Lump Sum Formula?"). Under the special rules for rehires, if your service after your rehire qualifies you for a service pension under OMF, your service pension will be compared with your DLS benefit (as of your first termination) for purposes of determining which benefit was more favorable to you as of your first termination. If the value of your benefit as of your first termination increases as a result of you becoming service pension eligible, the amount of the increase above your prior DLS or OMF benefit, as well as the benefit earned after reemployment, may be paid in the form of a lump sum. However, unless you remain employed on or after January 1, 2003, you cannot elect a lump sum on the entire pension; you must elect an annuity form with respect to the deferred vested portion of the OMF.

### **Pension Payments Previously Started:**

If you started receiving your benefits, you may be entitled to receive a "Bridging Add-On" if TOE earned after your date of rehire qualifies you for a service pension with respect to your OMF benefit. The Bridging Add-On is the excess, if any, of the OMF service pension over the OMF or DLS benefits earned as of your first termination and payable at the time of your second termination (based on the assumption you did not return to work or earn a service pension).

In general, any additional benefits you earned as a result of becoming entitled to a service pension, including the Bridging Add-On, must be paid in the same form as the benefits you earn during re-employment. The remaining pension earned as of your first termination must be paid in the form you elected at your first termination.

**Note:** If your benefits were transferred to another pension plan (such as the MediaOne Group, Inc. plan at the corporate split-up in 1998 or the AirTouch plan at the time of the sale of NewVector) and you later become employed by Qwest or another Participating Company, your benefits for your earlier service are paid solely by the plan to which your benefits were transferred (e.g. the MediaOne Group Plan or the AirTouch Plan). The special service pension rules described above (including the Bridging Add-On rules) do not apply to you even if you later become employed by a Participating Company. The above rules do not apply if you are an employee of Media, hired by the Company and meet the criteria established under the Mandatory Portability Agreement and you do not waive portability. Any distribution that you may have received from MediaOne Group, Inc. must be repaid to MediaOne Group, Inc. to be eligible for the above rules.

#### **How is the lump sum value of a “Bridging Add-On” computed?**

The lump sum value of your Bridging Add-On is equal to the excess, if any, of the lump sum value of your OMF service pension over the lump sum value of your OMF and DLS annuity benefits as of your previous termination.

Your OMF service pension is converted to a lump sum in accordance with the normal rules for converting service pensions, except that the factors (e.g. interest rate) in effect as of your second termination are used.

The lump sum amount calculated in the preceding paragraph is then reduced by the lump sum value of your OMF and DLS benefit as of your previous termination (“Offset”). The Offset is computed by taking the larger of the OMF or DLS annuity payable to you at age 65 and converting this annuity to a lump sum in accordance with the normal rules for converting deferred vested pensions (see “How is my lump sum computed under the OMF if I am not service pension eligible?”), except that the factors in effect as of your second termination are used. However, the Offset can never be less than the actual amount of the lump sum you received as of your previous termination, or could have received had you elected to take your previous benefit in the form of a lump sum.

#### **How are my benefits determined under the Old Management Formula if I am rehired before 1997?**

If you left and were re-employed as a Management Participant before 1997, different rules applied. Among other things, your pension benefit was generally suspended during periods of re-employment and will continue to be suspended as long as you continue working (even after 1996); refer to the section entitled “Suspension of Pension Payments.”

If you terminated with a service pension, are re-employed prior to 1997 and do not bridge your earlier TOE in accordance with the TOE bridging rules, your benefits earned during re-employment are calculated without regard to PCS and Final Average Compensation earned prior to re-employment. Thus, when you subsequently terminate, your OMF will equal the sum of (1) your prior service pension (without any adjustment and paid in the same form previously elected) plus (2) the greater of your OMF pension or DLS pension, in each case based upon your compensation and PCS earned during re-employment (up to December 31, 2000, unless you are a Protected Participant) plus (3) your Account Balance Formula (unless you are a Protected Participant).

If you are re-employed prior to 1997 and you bridge your prior TOE and are entitled to a service pension when you later terminate, your OMF benefits are calculated by aggregating all of your compensation and service during both periods of employment and then adjusting this amount to reflect any earlier payments made. However, if you previously received an automatic lump sum cash out because the present value of your benefits was \$3,500 or less and did not repay it, this rule does not apply. In that case, your benefits earned during re-employment will be recalculated without regard to PCS and Final Average Compensation earned prior to re-employment.

Finally, if you commenced receiving a pension before 1997 and were re-employed before 1997, you will not receive DLS Percentage Credits for your prior service unless you meet the TOE bridging rules.

## **Special Rules Regarding Suspension of Benefits on Rehire**

### **Will my pension payments be stopped if I return to work?**

The answer to this question depends on when you were rehired and whether you are an Occupational or Management Employee. In almost all cases, if you are rehired with the Qwest Group after 2000, your pension payments will not be suspended while you are reemployed. However, the Plan will not start your annuity payments, or pay a lump sum benefit, if you have already been reemployed, even if you elected the benefit prior to reemployment.

Note that the rules below apply to reemployment with the Qwest Group. If you start your pension and then are employed by a Portability Company and you are covered by Mandatory Portability Agreement (MPA), your benefits may be suspended under the terms of the MPA.

### **Will my pension payments be stopped if I am an Occupational Employee?**

If you began receiving pension benefits and return to work with the Qwest Group after 2000, your pension payments will not be suspended while you are re-employed. Your benefits earned after re-employment will be calculated by ignoring all your earlier PCS and compensation. (These same rules apply if you left work as an Applicable Occupational Participant during the period October 12, 2000 through December 31, 2000 and are rehired before 2001.)

If you began receiving pension benefits under the Occupational provisions of the Plan and return to work with the Qwest Group before 2001 (unless rehired in an Incidental classification after 8/3/95 or as an ETC employee after 1/1/98 or you left as an Applicable Occupational Participant after 10/12/00), your pension payments will be suspended while you are re-employed.

If your pension is suspended, when your re-employment ends your pension will resume no later than the first day of the third calendar month after the month that includes your termination date. For example, if you terminate on March 15, your pension payment will resume no later than June 1. Your initial pension payment will include retroactive payments back to your termination date through the day before your pension resumes; i.e., payment will include March 15 through May 31. Pension amounts that were suspended during periods of re-employment will not be paid to you.

If you leave the Qwest Group as either a Management or Occupational Employee and you are receiving a monthly pension from the Plan and you are hired by another Portability Company or Interchange Company, your pension from the Plan will be suspended unless you waive portability.

Special rules apply if you have attained age 65 before 2001. If you are over age 65 and you return to work to a Participating Company, your monthly pension payment will not be made if you are paid for 40 hours or more for that month.

### **Will my pension payments be stopped if I am a Management Employee?**

In general, if you began receiving pension benefits and return to work with the Qwest Group after 1996, your pension payments will not be suspended while you are re-employed (unless rehired by U S WEST NewVector before its May 1, 1998 sale). Your benefits earned after re-employment will be calculated by ignoring all your earlier PCS, compensation, percentage credits and compensation credits.

However, if you were rehired before 2001, your benefits were suspended (and will continue to be suspended after 2000) if you are receiving benefits under the Management provisions and (1) you are rehired as an Occupational Employee before 2001 or (2) you are hired as a Management or Occupational Employee of a Portability Company or Interchange Company and are subject to the Mandatory Portability Agreement (unless you waive portability) or (3) you were rehired before 1996. If you meet any of these criteria, your benefit will be reduced in the same manner as Occupational Employees rehired before 2001 (see the preceding question).

### **Will my other benefits outside of the Plan be stopped if I return to work?**

In general, if you are an Occupational or Management retiree for purposes of retiree medical and related benefits who is re-employed (unless hired as an incidental employee), such other retiree benefits will cease, whether or not your pension is suspended. However, you may be eligible for benefits as an active employee.

## **Divestiture/Mandatory Portability Agreement (MPA)**

### **What is the Mandatory Portability Agreement?**

U S WEST and most of the other companies formed by the 1983 divestiture (breakup) of AT&T entered into the Mandatory Portability Agreement (MPA) to preserve the benefits of certain employees who move between companies created by the divestiture (MPA Companies). The MPA currently covers certain Qwest Group companies (but not all), the other Interchange Companies (see Appendix A), and certain other related companies. If the MPA applies to you, the MPA describes how your service will be credited for TOE, PCS, vesting, and other purposes when you move from one MPA company to another. The MPA also describes how the obligation of paying an employee's pension, and the assets funding the pension, are transferred between plans in such circumstances.

Under the MPA, if you come to certain Qwest Group companies covered by the MPA, your earlier service with other MPA companies may be bridged in determining your service credit under this Plan. In addition, your pension with other MPA companies may be suspended under the terms of the MPA.

If you start your pension and then are employed by a Portability Company and you are covered by Mandatory Portability Agreement (MPA), your benefits may be suspended under the terms of the MPA.

**If you are not covered by the MPA, these rules do not apply. In that case, you cannot earn any TOE or PCS for your earlier work for an Interchange Company; your TOE and PCS is limited to your service with Participating Companies (see "How is my service credited if I am not eligible for MPA?").**

### **How do I know whether the MPA applies to me?**

The MPA only applies to you if you meet all the following three (3) criteria:

1. As of December 31, 1983, you were either:
  - a) **Occupational Employee.** An active Occupational Employee or an Occupational Employee on leave of absence (but only if re-employed at or before the expiration of the leave) who was eligible for participation in the MPA company's pension plan for Occupational Employees; or
  - b) **Management Employee.** An active Management Employee or a Management Employee on leave of absence (but only if re-employed at or before the expiration of the leave) who was eligible for participation in the MPA company's Management pension plan and whose annual base rate of pay was \$50,000 or less as of 12/31/83, or if base pay exceeded \$50,000, you held a non-supervisory position in accordance with the National Labor Relations Act (NLRA).

**Note:** A former employee who had rehire or recall rights as of 12/31/83 would also be covered if re-employed during the rehire or recall rights period.

2. As of the date your employment ended with an MPA company on or after December 31, 1983, you were:
  - a) An Occupational Employee eligible for participation in the MPA company's Occupational pension plan or;
  - b) A Management Employee eligible for participation in the covered company's Management pension plan whose annual base rate of pay at the time employment ended, did not exceed \$50,000 (adjusted for changes in the Consumer Price Index for Urban Wage Earners and Clerical Workers CPI-W since December 31, 1983), or if base pay exceeded this amount, you held a non-supervisory position in accordance with the National Labor Relations Act (NLRA).

AND

3. As of your date of hire with Qwest (or U S WEST) on or after January 1, 1985, you must either have been:
  - a) An Occupational Employee eligible for participation in the Plan; or
  - b) A Management Employee eligible for participation in the Plan whose annual base rate of pay as of the date of hire did not exceed \$50,000 (adjusted for changes in the CPI-W since December 31, 1983), or if base pay exceeded this amount, you held a non-supervisory position in accordance with the National Labor Relations Act (NLRA).

**How is base pay computed for Management Employees?**

The annual base rate of pay used to determine MPA eligibility for Management Employees is the specific, annualized fixed wage rate assigned by an MPA company to an employee. The annual base rate of pay for a part-time employee is the actual annual base rate of pay received by that employee on the relevant date, not its full-time equivalent. It excludes all other compensation you may receive or be eligible for such as bonus payments, incentive pay, commissions, team or merit awards, temporary higher classification pay, special project allowances, area differentials, and other risk pay. The annual base rate of pay for an employee who worked only a portion of a full year is determined by annualizing the employee's base rate of pay on the relevant date as if it had been in effect the full year.

**What should I do if I believe that I may be eligible to receive credit under the MPA?**

If you leave or become employed by a Qwest Participating Company that is covered by the MPA, and believe that you may be an eligible employee under the MPA (because you meet all three of the criteria to be eligible to receive credit under the MPA), you must complete the "Claim of Prior Service" form. This form can be obtained at [www.qwestpension.com](http://www.qwestpension.com) or you can contact the Service Center at 1-800-729-7526.

**Can my MPA service be counted under both the Qwest Pension Plan and another MPA company's plan?**

Under no circumstances will you be entitled to a duplicate benefit for the same service.

**May I waive my MPA portability service?**

If you are a retiree of an MPA company and are hired by a Participating Company on or after April 25, 1995, or if you are a former employee of an MPA company who is hired by a Participating Company on or after July 1, 1995, you may elect to waive portability of service credit from an MPA company. Such election will apply for all future employment at any MPA company. If such election was made previously at any MPA company, it shall apply for employment at a Participating Company. You will be given 35 days notice for purposes of making the election, counting from the date the form is mailed or personally delivered. Your election will be irrevocable after the 35-day election period.

You may wish to waive your MPA service if you wish to preserve a benefit offered under your former MPA company's benefit plans.

Please note that failure to repay a lump sum distribution from an MPA company's plan (where permitted) is deemed to be a waiver of your MPA service. See the following question.

**Do I need to repay a lump sum distribution from an MPA company's pension plan before I may receive MPA credit?**

If you receive a lump sum distribution from an MPA company's pension plan and later become employed by an MPA company and you are covered by the MPA, you must generally repay the lump sum distribution (with interest as set forth in the Internal Revenue Code) in order to restore your Term of Employment, PCS, and vesting service. Repayment to the distributing MPA company's plan must be made no later than 12 months after the later of the date of employment by the hiring MPA company, or the date you are determined to be covered by the MPA (and have been advised of the right to repay), or within any shorter period established by the hiring MPA company's pension plan. Upon repayment of your lump sum, the distributing MPA company's plan will transfer assets to the hiring MPA company plan and all of your benefits previously earned under the distributing MPA company's plan will be payable by the hiring MPA company plan.

**Note:** If the hiring MPA company has elected an "offset" provision instead of a similar "buy back" provision, repayment of your lump sum distribution is not required nor permitted. Under an offset provision, you will generally receive credit for your MPA service, but the amount of the benefit actually paid from the hiring MPA company's plan will be reduced (offset) by the actuarial value of your previous distribution.

**How is my service credited if I am not eligible for MPA?**

Even if you are not covered by the MPA, you may receive credit for pre-1984 vesting service accrued while employed with the AT&T Companies and the divested former Bell System Companies, if you qualify under one of the following guidelines:

- Divestiture Interchange Agreement
- Bellcore Interchange Agreement
- Post Divestiture Vesting Guidelines

These guidelines apply only to the Qwest Pension Plan; also these rules only address vesting service, not TOE or PCS. **Even if you are covered by one of these agreements and are entitled to additional vesting service, you will not be entitled to any additional TOE or PCS for this earlier service; your TOE and PCS is limited to your service with Participating Companies.** For additional information, contact the Service Center at 1-800-729-7526.

## **Enhanced Retirement Pension Benefits for Occupational Employees/ Additional Defined Lump Sum Benefit for Management Employees**

### **What is the Enhanced Retirement Pension Benefit for Occupational Employees?**

In accordance with the terms of the applicable collective bargaining agreements and the Plan, certain Occupational Participants who are involuntarily terminated (or in some cases, voluntarily terminate) as part of a force adjustment applicable to an adjustment group are eligible to receive an enhanced retirement pension above and beyond the regular pension benefits. As of January 1, 2003, five separate programs apply; each is available to a different group of Occupational Participants depending upon which collective bargaining agreement covers them. Each program provides different benefits, as well as different eligibility requirements and effective dates, exclusions and conditions for benefits. Employees may be required to sign a waiver to receive these benefits.

Occupational Participants are not eligible if they terminate after 90 days prior to expiration of the collective bargaining agreement in effect at the end of 2000 or if they are terminated for reasons other than a Company designated force adjustment process. As of January 1, 2002, these benefits are not available to Qwest Dex employees covered by the IBEW collective bargaining agreements, or to any employees covered by the Agent Services or Telechoice agreements. Effective in August 2002, a new program was implemented for Telechoice employees.

If you become eligible for a benefit under one of these programs, you will receive a separate summary plan description that outlines the terms and conditions of the applicable program.

### **What is the Additional Defined Lump Sum for Management Employees?**

In accordance with the terms of the Plan, certain Management Participants who are formally notified, during the period from July 1, 2001 until June 30, 2003, that they are being involuntarily terminated are eligible to receive an additional pension benefit above and beyond the regular pension benefits. This program contains numerous eligibility requirements, exclusions and conditions for benefits. For example, Participants must sign a waiver agreement to qualify for these additional benefits.

If you become eligible for a benefit under this program, you will receive a separate summary plan description that outlines its terms and conditions.

## **The Modified Disability Pension Program (MDPP) for Management Employees**

### **What is the Modified Disability Pension Program (MDPP) for Management Employees?**

Long-term disability benefits are provided under the Modified Disability Pension Program (MDPP) for Management Employees who are participants in the Qwest Pension Plan and who leave the Qwest Group due to a Disability and satisfy the requirements for a benefit under MDPP. These benefits are paid from the Pension Plan in most cases. These MDPP benefits replace both the LTD benefits and Pension Plan disability pensions previously provided to management employees.

MDPP does not provide benefits for Occupational employees, or those who are not Pension Plan participants. MDPP does not provide short-term disability (STD) benefits for management employees. You should consult your SPD for the Company's Disability Plan for more information about STD benefits.

### **Who is eligible to participate in the MDPP?**

You are covered by Modified Disability Pension Program (MDPP) benefits under the terms of the Pension Plan if:

- You are a Management Employee at the time you terminate with at least one Year of Service; and
- You terminate employment with a participating company in MDPP after December 31, 1996 because of a disability as defined below.

Reasons why you would not be eligible for MDPP benefits include, but are not limited to:

- You are not a Management Covered Employee or employed by a company participating in MDPP.
- You haven't completed repayment of an overpayment of STD benefits under the terms of the Qwest Disability Plan (however, you may be eligible once the overpayment has been repaid).
- You terminate employment with a Participating Company for a reason other than a disability.
- Your disability isn't covered by the MDPP (see the "What MDPP Doesn't Cover" section).
- A Management Employee does not include an employee temporarily promoted to management status after 2000. Nor does it include an employee temporarily promoted prior to 2001 until the participant had remained in that status for a period of more than 12 consecutive months.
- You become disabled while on a transitional or surplus transitional leave, even if you are not terminated from employment.
- Failure to submit an application with 90 days after termination of employment.

**Note:** If you terminated employment because of a disability prior to January 1, 1997 or if you are an Occupational Employee, you are covered by the LTD provisions of the Company's Disability Plan (see the applicable summary plan description).

Classic Qwest became participating companies in MDPP on January 1, 2001. However, employees of those companies who commenced short-term disability benefits prior to that date are not eligible for MDPP.

#### **What is the amount of my MDPP benefit?**

The MDPP benefit, when added to all other sources of disability income, will equal 60% of your:

- Base Pay Rate - this is your regular wage or salary rate; it excludes overtime, bonuses, commissions, sales incentives, "at-risk" pay, and differentials. Base Pay cannot exceed the tax limit on Compensation (\$200,000 in 2002); or
- Normal Take-Home Pay, if you're receiving non-taxable workers' compensation payments. This is described below under the section called "Workers' Compensation and Normal Take-Home Pay."

In either event, your benefit will be based on your Base Pay Rate in effect immediately prior to your termination from employment (as recorded in the Company's Human Resources computer system).

MDPP benefits will be paid once a month for the preceding month (for example, July's benefits are paid on August 1). If an MDPP benefit is due for a partial month, the payment will be prorated and paid as of the first day of the following month, if possible under payroll deadlines. If a payroll deadline has already passed, the partial month's benefit will be paid with the first full month's payment.

#### **How is a disability defined?**

A Disability means the circumstance, as a result of sickness or injury, and as determined by the Administrator in its sole discretion based upon objective medical evidence, when a Participant is unable to engage in any occupation or employment for which the Participant is qualified, or may reasonably become qualified for by training, education or experience, other than a job that pays less than 60% of their Base Pay Rate at the time the Participant became Disabled.

#### **How is the benefit paid by MDPP reduced to take into account other sources of disability income?**

Your MDPP benefits are reduced dollar-for-dollar for any "offsetting benefits" you may receive. "Offsetting benefits" are disability benefits you receive from other sources. The most common "offsetting benefits" are:

- Workers' compensation or similar payments (for on-job disabilities);
- Social Security Disability Insurance Benefit (SSDIB) payments (see "What special rules apply to Social Security Disability Insurance Benefits [SSDIB]?");
- State temporary disability insurance;
- Similar payments provided by any present or future law; and
- For those becoming Disabled on or after January 1, 2001, any service pension paid to the participant under the Plan (calculated as a single life annuity even if the Participant elected a different option).

If any present or future law – such as state disability laws – should provide for payment of disability benefits, your MDPP benefit will be reduced by the amount payable under the law. However, your MDPP benefit will not be reduced by benefits paid for military service (such as Veterans' Benefits).

It is possible that your offsetting benefits could exceed the benefit amounts payable under the Plan. In that event, no MDPP benefits would be paid to you under this Plan.

### **Workers' Compensation and Normal Take-Home Pay**

If you're receiving non-taxable workers' compensation pay, your MDPP benefit will be the difference between your workers' compensation benefits plus any other benefits you receive (such as Social Security disability benefits) and 60% of your Normal Take-Home Pay.

The following example demonstrates how benefits are calculated, assuming you are disabled due to an on-job illness or injury and are receiving workers' compensation:

#### **Example of MDPP Payment Calculation**

<b>Base Pay</b>	\$1,000
(minus) Taxes	- 250
(equals) Normal Take Home Pay	\$ 750
(times) 60%	<u>× .60</u>
(equals) Maximum Payment Amount	\$ 450
(minus) Workers' Compensation Benefit	-300
(equals) Net MDPP Benefit	\$ 150
(plus) Gross-Up for Applicable Taxes	<u>+ 50</u>
(equals) Gross MDPP Benefit	\$ 200
Total "Gross Pay" (\$300 Workers' Compensation benefit plus \$200 gross MDPP Benefit)	\$ 500
(minus) Estimated Taxes	- 50
Final Net	\$ 450

#### **What special rules apply to Social Security Disability Insurance Benefits (SSDIB)?**

To continue receiving your full MDPP benefits, you must apply for SSDIB and meet other requirements.

### **Social Security Disability Insurance Benefit (SSDIB) Requirements**

To ensure that you receive your maximum disability benefits:

- Apply for Social Security Disability Insurance Benefits (SSDIB) by the end of your sixth month of short term disability, or at the beginning of your claim for MDPP, by contacting your local Social Security Administration Office;
- Sign the following forms (forms are available at your local Social Security Administration Office) and return them to the Company within 30 days of receipt:
  - SDIB Reimbursement Agreement Form indicating you agree to reimburse the Company for any overpayment of benefits due to a SSDIB award;
  - Authorization to Secure Award or Disallowance form, which authorizes the Social Security Administration to give the Company information related to your SSDIB claim;
- Notify the Company of all SSDIB determinations and provide a copy of the SSDIB Award or Disallowance within 30 days of receipt;
- As there are significant financial advantages, employees are encouraged to appeal (within Social Security guidelines) any unfavorable determination made by the Social Security Administration;
- Reimburse the Company for any overpayment of benefits within 90 days from the date you're notified of the overpayment.

If you fail to meet the SSDIB requirements, MDPP benefits will be suspended until you fulfill your SSDIB requirements.

## **If Your SSDIB Claim Is Denied**

If your SSDIB claim is initially denied, the Plan administrator may decide to assist your appeal through one of the following options:

- The Plan administrator may contract and pay a vendor to provide appeal assistance for you; **OR**
- You may hire an attorney and register that attorney as your representative through Social Security. If you are successful in your appeal, the “fee allowance” withheld by Social Security will be credited in calculating your Social Security disability offset. The amount of the fee allowance will be equal to the lesser of the maximum amount the Plan administrator would have paid a contracted vendor above, or \$4,000 (or the maximum amount the Social Security Administration is allowed to withhold by law, if that amount is higher). If you do not register your attorney through Social Security, no fee allowance will be credited.

Only *your* initial monthly SSDIB – and not any benefits paid to your family – is considered when calculating how much to reduce your disability benefits. Your disability benefits will not be further reduced for any future SSDIB cost-of-living increases. However, if your initial SSDIB payment is reduced for workers’ compensation payments, and is subsequently adjusted because your workers’ compensation payment changes, the MDPP will be reduced by the adjusted SSDIB amount.

In some cases, the Social Security Administration may take a period of time to determine whether you are eligible for SSDIB payments. At the time Social Security makes a favorable determination and Plan benefits have been paid for the same period, you will be required to reimburse the Plan for all or a portion of your Company-paid benefit (see the question regarding retroactive payments below).

### **How will a retroactive payment from another source of disability income affect my benefit?**

If you receive a retroactive payment from another source after your MDPP benefit has been paid to you:

- You will be notified of the overpayment amount you received under the MDPP; and
- You will have 90 days after your notification to reimburse the Company or the Plan for the overpaid MDPP amount.

The Plan reserves the right to deduct overpayments from future payments.

### **What other requirements must be met for me to receive MDPP benefit payments?**

MDPP benefits will be paid to you provided you meet the following requirements and obligations:

- You continue to be Disabled.
- You continue to seek proper care and treatment from an approved provider and follow a recommended treatment plan. An approved provider means those licensed as follows when they provide services within the scope of their license, and the full range of proper treatment for the Disability-causing condition falls within the scope of the approved provider’s license and practice: Physician (a doctor of medicine or osteopathy licensed to prescribe and administer all drugs and perform surgery); nurse midwife/practitioner; dentist; licensed professional counselor; podiatrist; ophthalmologist or optometrist; chiropractor; psychiatrist; psychologist; and social worker.
- You provide documentation supporting your disability to the MDPP administrator upon applying for a MDPP benefit and thereafter at least annually or upon request. Documentation must support your disability claim and include objective medical findings, diagnosis and any other information relevant to the nature and duration of your disability – as well as a plan for treatment or management of the condition(s). Objective medical findings means written documentation of observable and measurable findings of symptoms. Examples of objective findings that may or may not support the presence of a disabling condition include x-ray reports, elevated blood pressure readings, temperature (or fever), lab test results, etc.
- You report for medical and/or psychological examinations at the request of the MDPP administrator, for the purpose of monitoring your condition.
- You apply for Social Security Disability Insurance Benefits (SSDIB) when eligible or at the MDPP administrator’s request, and meet the additional requirements outlined in the “Social Security Disability Insurance Benefits Requirements” section.
- You reimburse the Company or the Plan for any overpayment of a benefit that occurs for any reason, including, but not limited to, a Social Security Disability Insurance Benefits (SSDIB) award received for a period during which you also received MDPP benefits.

**If you fail to satisfy these requirements, your benefits will be suspended. MDPP benefits will be reinstated retroactively once you comply with the above requirements.**

### What is my employment status if I receive MDPP benefits?

While you receive MDPP benefits, you are considered a former employee and have no special re-employment rights or any guarantee of re-employment if you later recover from your disability. In addition, the period during which you are receiving MDPP benefits will not be included in your Term of Employment (TOE).

### What happens if I recover from my disability?

Your MDPP payments will stop if you are no longer disabled as described under the terms of the MDPP. If you become disabled again, that disability is not covered under the MDPP, and no benefits will be paid.

### How long may I receive MDPP payments?

MDPP benefits will continue until the earliest of the following:

- You are no longer disabled as described under the terms of the MDPP;
- You fail to meet any of the MDPP benefit payment requirements as noted above in "What other requirements must be met for me to receive MDPP Benefit Payments?";
- Your death;
- You reach the maximum MDPP benefits period listed above;
- You are rehired by the Qwest group; or
- You receive the maximum benefit set forth in the following table:

Age at Disability	Maximum MDPP Payment Period
62 or younger	to age 65
63	2 1/2 years
64	2 years
65	1 1/2 years
66	1 year
67	3/4 year
68	1/2 year
69 or older	1/4 year

### What doesn't MDPP cover?

The MDPP does not cover, and MDPP benefits will not be payable for:

- The disability of any former employee who becomes disabled after termination from employment with a Participating Company;
- The disability of any former employee who is terminated from the payroll for any reason other than a disability covered by this Plan;
- Successive or future disabilities if you have received MDPP benefits, and these benefits are discontinued for any reason;
- Disabilities caused or contributed to by:
  - Your commission of a felony;
  - Intentionally self-inflicted injury, while sane or insane (however, if your disability is a mental health condition, you may remain eligible for MDPP during the period that you are disabled on account of a self-inflicted injury inflicted solely on account of such mental health conditions);
  - Military service;
  - War or any act of war, declared or undeclared; or
  - Active participation in a riot, insurrection, rebellion, or other civil commotion.
- The disability of an employee who becomes disabled while on a transitional or surplus transitional leave, even if you are not terminated from employment

**Note:** If you receive an overpayment of STD or other benefits and do not reimburse the Company for the overpayment, your MDPP benefits will be suspended. However, you may be eligible for MDPP benefits once the overpayment has been repaid. In that event, MDPP benefits will commence from the date of full repayment, but they will not be paid retroactively for any period your MDPP was suspended.

### When and how do I file a claim for MDPP benefits?

You *must* apply for MDPP benefits within 90 days following your termination of employment from a Participating Company, or else you *will forfeit your MDPP benefits*.

To receive a MDPP application, please contact the claims administrator at 866-UNI-call (864-2255).

If you are receiving STD benefits, you will automatically receive an application packet for MDPP benefits approximately 90 days prior to expiration of STD. If you leave the Company due to a disability, you can obtain an application for MDPP by contacting the claims administrator listed in the "Plan Information" section.

You should complete the appropriate forms and return them to the claims administrator.

Your MDPP benefits will begin once your application is approved and you have met all the requirements described in this section.

If your MDPP claim is denied, in whole or in part, you are entitled to a review. The review procedure is outlined in the "Claims Procedure" section below. All disputes are resolved through these procedures.

#### **What are MDPP's subrogation rights for MDPP benefits?**

If you recover any charges from a third party for covered expenses (as a result of a lawsuit following an injury, for example), the amount of the benefit payable by MDPP will be reduced by the amount you recover. If MDPP benefits have already been paid, the Plan has the right to recover the payments. You cannot do anything to prejudice the rights of MDPP and shall do everything necessary to secure such rights.

Such cooperation includes providing any relevant information, signing and delivering such documents as MDPP reasonably requests to secure its subrogation claim, and obtaining MDPP's consent before releasing any party from liability for any payments. Your failure or refusal to cooperate with efforts to enforce these subrogation rights will be grounds for denying benefits.

This subrogation provision allows MDPP the right to recover (against both the responsible third party and/or the Participant) benefits and wages paid on behalf of the Participant from a third party whose negligent or wrongful actions caused illness or injury to that Participant. This right of subrogation applies without regard to whether you are fully compensated by the third party.

#### **Who administers MDPP?**

MDPP states it is administered by the Qwest Employee Benefits Committee ("EBC"), or its delegate. The EBC has delegated this role to a third party, Sedgwick Claims Management Service, 1801 California Street, Room 1150, Denver CO 80202, who thus acts as Administrator. Their telephone number is 1-866-UNICall (1-866-864-2255).

The Administrator has the right and complete discretion to determine all matters of fact or interpretation relating to the administration of this Plan, including questions of eligibility, interpretation of any MDPP provisions, or any other matters. Its decisions shall be conclusive and binding and any decision is not subject to further review.

#### **Can MDPP be amended or terminated?**

Qwest Communications International Inc. reserves the right to amend MDPP at any time for any reason, including changing, reducing or eliminating it. Qwest currently intends to continue MDPP, but is not obligated to do so.

MDPP may be amended by the Board of Directors of Qwest. It may also be amended by the Plan Design Committee or other person(s) to the extent amendment authority has been delegated by the Board of Directors.

Qwest reserves the right to terminate MDPP at any time and each individual Participating Company has reserved the right to terminate participation at any time. The Plan Design Committee, with the consent of the Chairman of the Board of Directors of Qwest and approval of the Board of Directors, may terminate MDPP.

## **MDPP Claims Procedures**

### **Filing a Claim**

A claimant, who is a Plan Participant, or any person duly authorized by the claimant, may file a claim for benefits under MDPP for review of any other appropriate matter related to MDPP by following the procedures outlined here. To file a claim please contact the Third Party Administrator; currently Sedgwick, by calling 1-866-UNI-call (864-2255). You must report your claim to the Third Party Administrator by the 90<sup>th</sup> day after termination of your employment. Failure to report your claim timely results in forfeiture of your benefits.

Upon reporting your claim, you will be assigned a case manager. Your case manager will attempt to work with your provider to obtain the necessary medical information to process your claim. However, it is ultimately your responsibility to ensure that your treating physician(s) provides your case manager with the information necessary to process your claim.

### **Initial Review of a Claim**

The Third Party Administrator shall review your claim for benefits under the Plan and respond within forty-five (45) days after receiving the claim. The Third Party Administrator may extend this initial period for responding to the claim by two additional thirty (30) days, provided that the Third Party Administrator notifies you in writing prior to the end of the initial forty-five (45) day period (or the first 30 day extension, if applicable) of the need for the extension and the date by which a determination is expected. If an extension is required, the notice shall explain the unresolved issues, the standard on which entitlement is based, and any additional information needed to resolve the matter; you will have at least 45 days to provide the specified information.

If your claim is denied, the Third Party Administrator shall provide you written notification setting forth:

- (1) the specific reason(s) for the adverse benefit determination;
- (2) specific reference(s) to pertinent Plan provisions on which the adverse benefit determination is based;
- (3) a description of any additional material or information necessary for you to perfect the claim;
- (4) if an internal rule, guideline, protocol or other similar criterion was relied upon, a statement that such rule etc. was relied upon and either a copy of such rule or a statement that such a rule was relied upon and a copy will be provided free of charge; and
- (5) an explanation of the procedure to appeal an adverse benefit determination, the time limits applicable to such procedure and your right, at no charge, to have reasonable access to and to obtain copies of all relevant documents upon request therefor; and a statement of your right to bring a civil action under Section 502(c) of ERISA following an adverse benefit determination.

The Third Party Administrator shall have full discretion to deny or grant any claim in whole or in part. If notice of a claim is not furnished, the claim will be deemed denied and you will be permitted to appeal the denial.

### **Request for Review of an Adverse Benefit Determination**

In the event of an adverse benefit determination, you may request a review by the Third Party Administrator. The Third Party Administrator is authorized to review such claim and to modify or affirm its initial determination, as appropriate.

You will have the right, at no charge, to have reasonable access to and to obtain copies of all relevant documents upon request therefore. You also have the right to submit in writing issues and comments, including, without limitation, appropriate evidence or testimony of an expert.

Your request for review by the Third Party Administrator must be submitted in writing to the Third Party Administrator within one hundred eighty (180) days of your receipt of a notice of an adverse benefit determination. The Third Party Administrator may grant you an extension of time by which you must file your request for review of the adverse benefit determination where the nature of the benefit involved or other attendant circumstances make such extension appropriate. Your request for review of the adverse benefit determination must be made in writing.

### **Decision on Review of An Adverse Benefit Determination**

- (1) The Third Party Administrator shall make a decision within a reasonable period of time, but in no event later than forty-five (45) days after its receipt of your request for review. If, however, special circumstances require an extension of time for processing, the Third Party Administrator may extend the time in which it will review the Adverse Benefit Determination provided that any such extension shall not to exceed forty-five (45) days and further provided that you are notified in writing prior to the expiration of the initial forty-five (45) days of the special circumstances necessitating the extension(s) and of the date by which a determination is anticipated.

- (2) The Third Party Administrator shall perform a review of the adverse benefit determination on review, taking into account all comments, documents, records and other information submitted by you relating to the claim regardless of whether the information was previously considered on initial review of the claim. The Third Party Administrator has full discretion to construe and interpret the terms and provisions of the Plan and make factual determinations; except as provided by law, its decision is final.
- (3) You shall be notified in writing of the decision on review. In the event of an adverse benefit determination on review, the notice shall set forth:
  - (A) the specific reason(s) for the adverse benefit determination;
  - (B) the specific reference(s) to the pertinent Plan provisions on which the adverse benefit determination is based;
  - (C) if an internal rule, guideline, protocol or other similar criterion was relied upon, a statement that such rule etc. was relied upon and either a copy of such rule or a statement that such a rule was relied upon and a copy will be provided free of charge; and
  - (D) a statement of your right to bring a civil action under Section 502(c) of ERISA following an adverse benefit determination on review.

### **Legal Remedy**

After exhausting the claims procedure as provided under the Plan, nothing shall prevent you from pursuing any other legal remedy.

## **Rules Regarding Transfer From an Occupational to a Management Classification**

The Plan contains very complex rules describing what happens if you transfer from an Occupational Position to a Management Position, or left employment in an Occupational Position and are reemployed in a Management Position. Different rules apply to transfers (and reemployments) before and after January 1, 2001. The following questions provide a very brief overview of some of these rules. This overview does not address all of the various detailed rules and exceptions applicable to these situations. If you have questions, you should call the Service Center for more details.

### **How is my benefit calculated if I transfer (or am reemployed) on or after January 1, 2001?**

In general, if you are promoted or transferred to a Management Position from an Occupational Position after 2000, your benefit will be the sum of the Occupational benefit earned before the transfer plus the Management benefit earned on and after the transfer. (These rules do not apply for temporary promotions after 2000; in that case, you will continue to be treated as an Occupational Participant.) Your Occupational pension benefit up to the date of the transfer or promotion will be calculated in accordance with the Occupational provisions of the Plan in effect on that date except that you will generally be entitled to increases in the rate applicable to your Pension Band number while you remain employed. However, if you terminate employment before becoming a Management employee or at a later time, increases in the benefit rate after your termination will not apply to you unless you bridge your earlier Term of Employment.

Your Management pension benefit following the date of transfer will be based on the Account Balance Formula for Management Participants; your service and compensation earned while you were an Occupational Participant is ignored for this purpose. You will not be entitled to any benefits under the OMF or DLS formulas, even if you were an Occupational Employee on January 1, 2001 and had 20 or more years of TOE on January 1, 2001. This combined benefit is referred to as a "Combination Benefit."

### **How is my benefit calculated if I transferred (or was reemployed) before 2001?**

If you were transferred to a Management Position from an Occupational Position (or reemployed in a Management position) before 2001, your pension benefit up to the date of the transfer or promotion will be calculated in accordance with the Occupational provisions of the Plan in effect on that date (except that you will generally be entitled to increases in the rate applicable to your Pension Band number if you transferred directly from Occupational to Management, or you terminated and later bridged your earlier Term of Employment). Your pension benefit for your service following the date of transfer or Promotion will be based on the Management provisions of the Plan. In the case of temporary transfers or promotions prior to 2001, you are not considered a Management Participant until after 12 months of the temporary promotion. This combined benefit is referred to as a "Combination Benefit."

Once you complete three continuous years of service as a Management Employee, you will receive the greater of:

- The pension benefit under the Management provisions (DLS or OMF, as applicable and Account Balance Formula after 2000, unless you are a Protected Participant) based on total service and compensation (compensation earned as an Occupational Employee may be included in determining Final Average Compensation under OMF and DLS). This is called an "All Management Benefit;" or
- The Combination Benefit, as described in the preceding paragraph.

#### **How are my payment options affected?**

**Management Provisions.** As long as you terminate after 1996, your benefits under the Management provisions (either the management portion of the Combination Benefit, or, if applicable, the All Management Benefit, whichever is better) can be paid in any of the forms available under the Management provisions. Thus, you may elect immediate payment upon termination, including a lump sum.

**Occupational Provisions.** If you leave the Qwest Group after June 30, 2001, your Occupational benefits can be paid in the available payment options under the Occupational provisions at the time you leave the Qwest Group. If you leave the Qwest Group before July 1, 2001, the benefit under the Occupational provisions (or if you transferred before 2001 and you have 3 years as a Management Employee, the excess of the Combination Benefit over the All Management Benefit, if any) can only be paid in the available payment options under the Occupational provisions at the time you left Occupational status. Thus, if you meet the service pension eligibility criteria, the Occupational benefit is payable immediately as an annuity. If you do not meet the service pension eligibility criteria, the Occupational benefit is generally a vested benefit payable at age 65.

#### **How are the Management Benefits determined?**

In general, the rules that apply to Management Benefits also apply if you transfer positions or are reemployed in a Management position. For example, you are not entitled to an OMF benefit under the Management provisions if you are first employed after 1996. In addition, you only receive percentage credits under the DLS formula for employment prior to 1997 if you are an Active Employee on January 1, 1997 (whether Occupational or Management). If you transfer before 2001, you will not earn any OMF or DLS benefits after 2000 unless you are a Protected Participant.

If you transfer (or are reemployed) after 2000, all of your Management Benefits are determined under the Account Balance Formula. You cannot be a Protected Participant even if you had 20 or more years of TOE on January 1, 2001; thus, you will not receive an OMF or DLS benefit.

#### **What other rules apply?**

The following rules apply.

- If you previously received a lump sum from the Plan with respect to a portion of your benefits and you are rehired, all of your prior service and compensation are ignored for all purposes, unless the lump sum is repaid (if permitted) in accordance with the rules of the Plan.
- The above rules do not apply if you previously began your benefits unless you subsequently bridge your TOE under the TOE bridging rules.
- Your recalculated benefit under the above rules does not begin until you subsequently terminate employment. No retroactive adjustments will be made.
- If you transferred before 2001 and work three years in the new position and are therefore entitled to an All Management Benefit, this benefit will be computed by assuming you had the identical work history (in terms of terminations, lengths of absence, etc.).
- If you transferred before 2001 and work three years in your new Management Position and subsequently die while an active employee prior to your Annuity Starting Date, your beneficiary may elect retirement death benefits based on either the Combination Benefit or All Management Benefit, but you cannot combine the two. For example, if your Combination Benefit is larger than your All Management Benefit, you cannot elect a Management death benefit with respect to the All Management Benefit and, if married, also elect an Occupational pre-retirement benefit with respect to the excess.
- **Under no circumstances will you be entitled to a duplicate benefit for the same service.**

Special rules apply if you transfer from Occupational to Management and back to Occupational.

## **Rules Regarding Transfers From a Management to an Occupational Classification**

The Plan contains very complex rules describing what happens if you transfer from a Management Position to an Occupational Position or left employment in a Management Position and are reemployed in an Occupational Position.. Different rules apply to transfers (and reemployments) before and after January 1, 2001. Set forth below is a very brief overview of some of these rules. This overview does not address all of the various detailed rules and exceptions applicable to these situations. If you have questions, you should call the Service Center at 1-800-729-7526 for more details.

### **How is my benefit calculated if I transfer (or am reemployed) on or after January 1, 2001?**

In general, if you transfer to an Occupational Position from a Management Position after December 31, 2001 (or you are reemployed after that date), your benefit will be the sum of the Management benefit earned before the transfer plus the Occupational benefit earned on and after the transfer. Your Management pension benefit up to the date of transfer will be based on the Management provisions of the Plan (Account Balance, DLS and/or OMF, as applicable to your particular situation) in effect at the time of your transfer; PCS and compensation after the transfer are ignored for purposes of the Management formulas. Your pension benefit following the date of transfer will be based on the Occupational provisions; your service and compensation earned while you were a Management Participant is ignored for this purpose. This combined benefit is referred to as a "Combination Benefit."

### **How is my benefit calculated if I transferred (or was reemployed) before 2001?**

If you transferred to an Occupational Position from a Management Position before January 1, 2001 (or you are reemployed before that date), your pension benefit up to the date of transfer will be based on the Management provisions of the Plan (DLS or OMF, as applicable) in effect at the time of your transfer; PCS and compensation after the transfer are ignored for purposes of the Management formulas. Your pension benefit following the date of transfer will be based on the Occupational provisions; PCS and compensation after the transfer are ignored for purposes of the management formulas. This combined benefit is referred to as a "Combination Benefit."

Once you complete three continuous years of service as an Occupational Employee, you will receive the greater of:

- The pension computed under the Occupational provisions using all years of service (or "All Occupational Benefit");
- or
- The Combination Benefit, as described in the preceding paragraph.

Total TOE, regardless of promotions, demotions, and transfers between Occupational and Management Positions will be used for determining eligibility for a service or disability pension under the Occupational rules.

### **What other rules apply?**

In general, the other rules that apply to transfers from Occupational to Management also apply if you transfer to an Occupational Position from a Management Position. In addition, the rules below apply:

- The Occupational portion of your benefit can only be paid in the available payment options under the Occupational provisions at the time you leave the Qwest Group. If you transferred before 2001 and have three years as an Occupational Participant, the excess of your entire benefit over the Management portion of your Combination Benefit can only be paid in the available payment options under the Occupational provisions at the time you leave the Qwest Group.
- You will not be entitled to any DLS benefit with respect to your Management service unless you are employed as a Management Employee after 1996 and before 2001.
- If you are not employed as a Management Employee after 1996 and you leave the Qwest Group before June 30, 2001, your Management benefit is governed solely by the rules in effect before 1997. Thus, you will not be able to start your benefit upon termination of employment unless you qualify for a service pension or an immediate deferred vested pension under the rules in effect before 1997. Similarly, the only benefit options (and pre-retirement benefits) available to you will be the options available under the Plan as in effect before 1997. Thus, no lump sum or increasing annuity options are available, even for the Management portion of your benefit. In contrast, if you leave the Qwest Group after June 30, 2001, your Management benefits can be paid in any available payment options under the Management provisions at the time you leave the Qwest Group. Special rules apply if you leave as an Applicable Occupational Participant between October 12, 2000 and June 30, 2001.

- If you transferred before 2001 and have three years in your new Occupational Position and subsequently die prior to your Annuity Starting Date, you may elect pre-retirement death benefits based on either the Combination Benefit or All Occupational Benefit, but you cannot combine the two. If your All Occupational Benefit is larger than your Combination Benefit and you elect to receive pre-retirement benefits on the All Occupational Benefit, these benefits must be paid under the pre-retirement rules applicable to Occupational participants.
- **Under no circumstances will you be entitled to a duplicate benefit for the same service.**

Special rules apply if you transfer from Management to Occupational and back to Management.

## **Other Information About the Plan**

### **How do I obtain a pension benefit estimate?**

To obtain a pension benefit estimate or to request a retirement package for purposes of electing distribution when employment ends, including a pension estimate, you may access the information at [www.qwestpension.com](http://www.qwestpension.com) or call the Service Center at 1-800-729-7526. You will be required to enter your Social Security Number and your Personal Identification Number (PIN) to obtain this information. If employment ends, you will automatically receive a retirement package. These estimates are not binding; if a mistake is made, you will be paid the corrected amount, even if less than the estimated amount.

### **What limits does the Internal Revenue Code impose on pension benefits?**

Internal Revenue Code (IRC) Section 415 limits the amount of the benefit payable to you from the Plan. This limit is largely based on age, compensation at retirement and years of service with the Company.

If your annual pension benefit exceeds the 415 limit, the portion that exceeds the limit will be paid from Qwest operating expense (or a Qwest nonqualified plan) rather than the Plan Trust. This portion cannot be rolled into an IRA or another plan. As with all other Plan provisions, Qwest reserves the right, in its sole discretion, to change this practice in the future.

In addition, if your benefit formula considers compensation or earnings, the amount included for these purposes for any individual shall not exceed the limits imposed by the Internal Revenue Code (\$200,000/year for 2002). This limit is indexed annually.

### **May I assign my benefits to someone else or may someone take away my benefits?**

Except as required by applicable law, your benefits provided under the Plan are not subject to assignment, alienation, sale, anticipation, attachment, pledge, encumbrance, charge, execution, garnishment, exclusion or levy of any kind, either voluntary or involuntary, or any other form of transfer. Generally, state and local laws will not be recognized unless required under applicable federal law, such as the Employee Retirement Income Security Act (ERISA), as amended from time to time. However, the Plan will comply with federal tax levies and liens.

### **What happens to my benefit if I am divorced?**

The Retirement Equity Act of 1984 does permit the assignment of all or a portion of your benefit to a spouse, former spouse, child, or other dependent if such assignment is made pursuant to a qualified court order. You will be notified if the Plan receives such an order, known as a "Qualified Domestic Relations Order" (QDRO), that applies to all or a part of your benefit. You may also obtain, without charge, a copy of the Plan's QDRO procedures by calling the Qwest QDRO Administrator at (303) 575-9725. A determination by the EBC or its designee that an order does or does not constitute a QDRO shall be binding and conclusive as to all persons affected thereby.

### **What is a QDRO?**

A "QDRO" is a judgment, decree, or order (including approval of property settlement agreement) that:

- Relates to the provision of child support, alimony payments, or marital property rights to a spouse, former spouse, child, or other dependent of a participant; and
- Is made pursuant to a state domestic relations law (including a community property law); and meets a variety of other requirements under the tax and pension laws.

**Can my benefit be offset by other retirement benefits I receive?**

Except for MDPP payments, Plan payments will not be reduced because of pensions or benefits paid under the Social Security Act or the Railroad Retirement Act or because of military service. Disability pensions effective prior to August 1, 1998, and sickness or accidental death benefits paid for deaths prior to August 1, 1998 are reduced by workers' compensation amounts. Finally, MDPP benefits are subject to a variety of offsets for other sources of disability income, including Social Security, both before and after August 1, 1998.

**When are my benefits paid?**

Assuming you qualify for a benefit and have completed all forms and elections, pension payments paid in annuity form are paid in arrears on the first day of the next month (or as soon as practicable thereafter).

**What rules apply if I am a former participant in the U S WEST Profit Sharing Retirement Plan?**

Effective August 1, 1985, the U S WEST Profit Sharing Retirement Plan was merged into the Plan. This applies to you only if you were an employee of the former FirsTel, Interline, and NeTech Companies. Money held under the profit sharing retirement plan was transferred to and is treated as part of the Plan. All profit sharing retirement plan benefits are now paid from the Pension Plan.

Your profit sharing retirement plan account is credited with interest each year up until the date of termination of employment. Money transferred to the Plan from the profit sharing retirement plan is invested as part of the overall pension trust fund. Until the beginning of the year you terminate, the rate your account earns is the same as the rate earned by the Plan. Your account will be credited with at least 5% annual interest even if the rate the Plan earns is less. Only 5% per annum will be credited during the portion of the calendar year before you leave the Qwest Group.

Your profit sharing retirement plan account may be paid under any of the options available to you as a Management Participant of the Plan. If you elect an annuity, your account balance is converted into a monthly annuity in accordance with the rules applicable to converting a DLS lump sum into a DLS annuity. Your spouse's consent is required to waive the annuity payment unless your balance (together with the value of your other Plan benefits) is \$5,000 or less. At the time you terminate employment and request a pension election packet, information regarding your profit sharing plan balance and election forms will be provided to you.

No withdrawals are allowed other than as a result of retirement or termination of employment. If you were an active employee on August 1, 1985 and had previously participated in the profit sharing retirement plan, you were eligible to receive service credit in the Qwest Pension Plan retroactive to January 1, 1985 (or your date of hire, if later).

**What are the "Top-Heavy" plan rules?**

The Internal Revenue Code provides a complicated set of rules for determining whether the Plan is top-heavy. The Plan would be top-heavy if the value of accrued benefits belonging to "key employees" exceeds 60% of the total value of all accrued benefits for all employees. Key employees are generally officers, certain shareholders, owners, and some highly compensated employees.

If the Plan were top-heavy for a plan year, each non-key employee must receive a minimum benefit equal to 2% times his/her compensation for his/her highest five consecutive top-heavy years, except that in no event will the top-heavy plan minimum benefit exceed 20% of such compensation. If the Plan becomes top-heavy, you will become 20% vested after a 2 year Period of Service and will vest an additional 20% for each additional year.

**How are Plan assets invested?**

The assets are managed by investment managers who are registered under the Investment Advisors Act of 1940. The managers are appointed by Qwest Asset Management Company (QAM); QAM also manages a portion of the Plan assets. Certain investment managers managing the Plan's assets may use derivatives to gain exposure to the price activity, or volatility, of an underlying physical security or index, which can be used to protect the value of existing holdings in the portfolio. The derivatives may include exchange-traded futures and options but may not be used to leverage the underlying portfolio.

## **Plan Administration**

*Information regarding Plan administration is covered in this section.*

### **Who is the Plan Administrator?**

The Employee Benefits Committee administers the Plan, with the assistance of third party administrators. The address is: Qwest Employee Benefits Committee, 1801 California Street, Suite 4590, Denver, CO 80202. The phone number for more information is 1-800-729-7526.

### **What are the responsibilities of the Plan Administrator?**

The Employee Benefits Committee has the right and complete discretion to determine all matters of fact or interpretation relating to the administration of this Plan, including questions of eligibility, interpretation of any Plan provisions, or any other matters. Except as provided by law, the decisions of the Committee shall be conclusive and binding and any decision of this Committee is not subject to further review.

### **Who pays for Plan expenses?**

All expenses of any party lawfully payable from the assets of the Plan shall be paid from such assets except to the extent the Company or its delegate determines otherwise.

### **What type of plan is the Plan?**

In general, it is a pension plan, specifically a "defined benefit plan." A "defined benefit plan" is a retirement plan that provides an explicit benefit determined by a formula based on factors such as compensation, age, and/or service. The DLS formula is a pension equity formula and the Account Balance formula is a cash balance formula.

The Plan document also contains a "welfare plan" to the extent certain death benefit payments from insurance policies.

The Plan document also contains an "excess plan" to the extent it provides certain benefits in excess of certain IRS limits directly out of operating expenses of the Participating Companies.

### **Who pays for the cost of benefits?**

The entire cost of the benefit under the Plan is paid by the Participating Companies. Contributions to the Plan are actuarially determined and paid by the Participating Companies into a trust established exclusively for designated Plan purposes.

All Plan benefits are paid from the Plan trust, except those benefits noted below, which are paid as operating expenses of Participating Companies:

- Pensions paid to/for:
  - Disability pension payments for Participants whose benefit began prior to January 1, 1996
  - Annuitants of disability pensioners whose benefit commenced prior to January 1, 1996
  - IRC Section 415 excess pension benefits
  - MDPP benefits to the extent they cannot be paid due to Section 415
- Death benefits paid to/for:
  - Disability pensioners whose disability benefit began prior to January 1, 1996
  - Benefits paid under certain special accidental death policies issued by insurance companies

### **Who is the trustee?**

The Qwest Pension Plan Trust is held by the Boston Safe Deposit and Trust Company, One Boston Place, Boston, MA 02106, as trustee.

### **What is the Plan Year?**

The Plan and all its records are kept on a calendar-year basis, beginning January 1 and ending December 31 of each year.

**Can the Plan be amended?**

Qwest Communications International Inc. as Plan sponsor, reserves the right to amend this Plan at any time for any reason, including changing, reducing or eliminating one or more of the Plan's benefit formulas. The Plan may be amended by the Board of Directors of Qwest Communications International Inc. It may also be amended by the Plan Design Committee or other person(s) to the extent amendment authority has been delegated by the Board of Directors.

**How long will the Plan continue?**

Qwest Communications International Inc. currently intends to continue the Plan, but is not obligated to do so. However, if the Plan should be terminated or contributions completely discontinued, you could have certain rights to future benefit payments. Plan Participants may also have certain rights to benefits insured by the Pension Benefit Guaranty Corporation as described in the section "Certain Insured Benefits."

**Can the Plan be terminated?**

Qwest Communications International Inc. reserves the right to terminate this Plan at any time and each individual Participating Company has reserved the right to terminate participation in the Plan at any time. The Plan Design Committee, with the consent of the Chairman of the Board of Directors of Qwest and approval of the Board of Directors, may terminate the Plan.

**What happens if the Plan is terminated?**

If the Plan is terminated, you have certain rights to payment of your benefits, computed as of the date of the termination. For instance, a Plan termination would not affect a pension benefit to which you had become entitled prior to the termination, to the extent the benefit was then funded. Thus, if you had a right to a deferred vested pension commencing at age 65, you would continue to have such a right based upon your pension benefit and the Plan terms at the time of the termination, to the extent the benefit had been funded under the trust fund.

If the Plan is wholly or partially terminated, the rights of all affected Participants and beneficiaries to pension benefits computed as of the date of termination become non-forfeitable, but only to the extent that there are assets in the trust fund associated with the Plan sufficient to cover such benefits.

If the Plan is terminated, employees will not earn any further pension benefits or rights under the Plan regardless of continued employment with a Participating Company. Additionally, the Plan and the federal pension law (ERISA) specify the general manner and order that the assets of the trust fund associated with the Plan will be allocated, for purposes of paying benefits computed as of the date of termination, to Participants and beneficiaries. Essentially, subject to ERISA, in the event of a Plan termination, the assets of the Plan trust fund would first be allocated to pay benefits to Participants and beneficiaries who are already receiving benefits under the Plan at the time of termination or who had the right to receive such benefits immediately if they had retired prior to such time. There are certain limitations on the amount of such assets that can be allocated to this highest priority. After benefits are provided to Participants or beneficiaries in this highest priority, remaining assets would be allocated to other Participants and beneficiaries in certain other priority categories relating to an employee's service, whether or not an employee's benefit was vested prior to the termination, and the amount of the employee's computed pension to the date of the termination.

The benefits that are provided upon and after a Plan termination may be provided through the purchase of an insurance annuity, the distribution of a lump-sum cash amount, and/or such other means and in such other form as the Company determines.

To the extent that there are remaining assets in the Plan's trust fund after the allocation of amounts sufficient to cover retired employees or their annuitants, active employees who have the immediate right to retire on a service pension, former employees with a deferred vested pension, and other active employees, the Plan provides that amounts may be allocated for future death benefits that would have been paid from the Plan had it continued and to certain former employees who may have had certain pension rights under a predecessor plan.

The current provisions of the Plan state that if there are any remaining assets after making provision for the payment of all benefits earned to the date of termination to all participants and beneficiaries and others provided for in the Plan upon its termination, plus making provision for future possible death benefits, such remaining assets are to be applied solely for pension purposes in an equitable manner consistent with the purposes of the Plan. It should be noted that, as with other Plan provisions, Qwest Communications International Inc. reserves the right to amend this provision relating to any remaining assets in the event of Plan termination. Qwest Communications International Inc. also reserves the right to amend, in a manner consistent with required provisions under ERISA, Plan terms regarding the allocation of pension assets upon a Plan termination.

#### **Are any of the benefits offered under the Plan insured?**

Certain of your pension 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.

The PBGC guarantee generally covers: (1) normal and early retirement benefits; (2) disability benefits if you become disabled before the Plan terminates; and (3) certain benefits for your survivors.

The PBGC guarantee generally does not cover: (1) benefits greater than the maximum guaranteed amount set by law for the year in which the Plan terminates; (2) some or all of benefit increases and new benefits based on Plan provisions that have been in place for fewer than 5 years at the time the Plan terminates; (3) benefits that are not vested because you have not worked long enough for the Company or its affiliates; (4) benefits of which you have not met all of the requirements at the time the Plan terminates; (5) 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 Plan's normal retirement age; and (6) non-pension benefits, such as health insurance, life insurance, certain death benefits, vacation pay, and severance pay.

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

For more information about the PBGC and the benefits it guarantees, ask your Plan Administrator or contact the PBGC's Technical Assistance Division, 1200 K Street N.W., Suite 930, Washington, D.C. 20005-4026 or call 202-326-4000 (not a toll-free number). TTY/TDD users may call the federal relay service toll-free at 1-800-877-8399 and ask to be connected to 202-326-4000. Additional information about the PBGC's pension insurance program is available through the PBGC's website on the Internet at <http://www.pbgc.gov>.

#### **What effect does a change of control have on the Plan?**

In the event of a change in control (as defined in the Plan) of Qwest Communications International Inc., the Plan restricts the right to make various amendments and also prohibits the reversion of any assets to any Participating Company for five years following the change of control. The merger of U S WEST into Qwest was not a change in control as defined in the Plan.

#### **This Summary Plan Description only provides an overview of Plan rules, where can I request copies of the Plan's actual documents?**

This handbook is a Summary Plan Description of the Qwest Pension Plan and does not attempt to cover all rules and exceptions applicable to determining your benefits. Specific details are contained in the official Plan documents that regulate the operation of the Plan and govern any questions arising under the Plan. Plan Participants or the beneficiaries of deceased participants are entitled to examine, without charge, Plan documents, including the official Plan text, the trust agreement, the annual report, and certain other documents and reports that are maintained by the Plan and/or filed with a federal government agency.

These documents are available for review during normal working hours at the following address: Qwest Communications International Inc., 1801 California Street, Suite 4590 Floor; Denver, CO 80202. If participants or beneficiaries of deceased participants are unable to examine the documents there, they should write to the Qwest Pension Plan Claims Reviewer at the following address: Qwest Communications International Inc., 1801 California Street, Suite 4590 Floor; Denver, CO 80202, and specify the documents to be examined and at which Company work location they wish to examine them. Copies of such documents will be made available for examination at that work location within ten days of the date the request was submitted. A reasonable fee will be charged for copies of the documents requested unless federal law requires that documents be furnished without charge. The Occupational provisions are partially maintained pursuant to certain collective bargaining agreements; the applicable portions of these agreements are also available for review.

## **Filing A Claim**

*You must submit a written claim for benefits. If your claim is denied, you can follow a procedure to appeal the denial.*

Different claims rules apply for the Modified Disability Pension Program – see that section for information on filing and appealing MDPP claims.

### **How do I file a Pension Claim?**

Any person entitled to a benefit has the right under ERISA and the Plan to file a written claim for payment of benefits, TOE, or vesting service, or with respect to any other matter under the Plan. The written claim should be sent to the Qwest Pension Plan Claims Reviewer at the following address: Qwest Communications International Inc., 1801 California Street, Suite 4590, Denver, CO 80202.

### **Initial Review of a Pension Claim.**

The claims reviewer shall review your claim for benefits under the Plan and respond within ninety (90) days after receiving the claim. The claims reviewer may extend this initial period for responding to the claim by an additional ninety (90) days, provided that the claims reviewer notifies you in writing prior to the end of the initial 90 day period of the need for the extension, including the reasons for the delay, and the date by which a determination is expected.

If your claim is denied, the claims reviewer shall provide you written notification setting forth:

- (1) the specific reason(s) for the adverse benefit determination;
- (2) specific reference(s) to pertinent Plan provisions on which the adverse benefit determination is based;
- (3) a description of any additional material or information necessary for you to perfect the claim; and
- (4) an explanation of the procedure to appeal an adverse benefit determination, the time limits applicable to such procedure and your right, at no charge, to have reasonable access to and to obtain copies of all relevant documents upon request therefor; and a statement of your right to bring a civil action under Section 502(c) of ERISA following an adverse benefit determination.

The claims reviewer shall have full discretion to deny or grant any claim in whole or in part. If notice of a claim is not furnished, the claim will be deemed denied and you will be permitted to appeal the denial.

### **Request for Review of an Adverse Benefit Determination.**

In the event of an adverse benefit determination, you may request a review by the Employee Benefits Committee. The Employee Benefits Committee is authorized to review such claim and to modify or affirm its initial determination, as appropriate.

You will have the right, at no charge, to have reasonable access to and to obtain copies of all relevant documents upon request therefore. You also have the right to submit in writing issues and comments, including, without limitation, appropriate evidence or testimony of an expert.

Your request for review by the Employee Benefits Committee must be submitted to the Employee Benefits Committee within sixty (60) days of your receipt of a notice of an adverse benefit determination. The address is Secretary - Employee Benefits Committee, 1801 California Street, 45<sup>th</sup> Floor; Denver, CO 80202. Your request for review of the adverse benefit determination must be made in writing.

## **Decision on Review of An Adverse Benefit Determination.**

- (1) The Employee Benefits Committee shall make a decision within a reasonable period of time, but in no event later than sixty (60) days after its receipt of your request for review. If, however, special circumstances require an extension of time for processing, the Employee Benefits Committee may extend the time in which it will review the adverse benefit determination provided that any such extension shall not to exceed sixty (60) days and further provided that you are notified in writing prior to the expiration of the initial 60 days of the special circumstances necessitating the extension(s) and of the date by which a determination is anticipated. If no response is received by the end of these time periods, your claim is deemed denied.
- (2) The Employee Benefits Committee shall perform a review of the adverse benefit determination on review, taking into account all comments, documents, records and other information submitted by you relating to the claim regardless of whether the information was previously considered on initial review of the claim. The Employee Benefits Committee has full discretion to construe and interpret the terms and provisions of the Plan and make factual determinations; except as provided by law, the decision by the Committee is final.
- (3) You shall be notified in writing of the decision on review. In the event of an adverse benefit determination on review, the notice shall set forth:
  - (A) the specific reason(s) for the adverse benefit determination;
  - (B) the specific reference(s) to the pertinent Plan provisions on which the adverse benefit determination is based; and
  - (C) a statement of your right to bring a civil action under Section 502(c) of ERISA following an adverse benefit determination on review.

After exhausting the claims procedure as provided under the Plan, nothing shall prevent you from pursuing any other legal or equitable remedy.

## **Statement of ERISA Rights**

As a Participant in the Qwest Pension Plan, you are entitled to certain rights and protections under ERISA. ERISA provides that all Plan Participants shall be entitled to:

### **Receive Information About Your Plan and Benefits**

Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites and union halls, all documents governing the Plan, including insurance contracts, collective bargaining agreements and a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Pension and Welfare Benefit Administration.

Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including insurance contracts, collective bargaining agreements and copies of the latest annual report (Form 5500 Series) and updated Summary Plan Description. The Plan Administrator may make a reasonable charge for the copies.

Receive a summary of the Plan's annual financial report. The Plan Administrator is required by law to furnish each Participant with a copy of the Summary Annual Report.

Obtain a statement telling you whether you have a right to receive a pension at normal retirement age (generally age 65) and if so, what your benefits would be at normal retirement age if you stop working under the Plan now. If you do not have a right to a pension, the statement will tell you how many more years you have to work to get a right to a pension. This statement must be requested in writing and is not required to be given more than once every twelve (12) months. The Plan must provide the statement free of charge.

### **Prudent Actions by Plan Fiduciaries**

In addition to creating rights for Plan Participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit Plan. The people who operate your Plan, called "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, if applicable or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

### **Enforce Your Rights**

If your claim for a benefit is denied or ignored, in whole or in part, you have a right to know why, to obtain copies of documents relating to the decision without charge and to appeal any denial, all within certain time schedules. Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan 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 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. However, you may only file suit if you have exhausted the Plan's claims and review procedures. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order or a medical child support 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 cost 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.

### **Assistance with Your Questions**

If you have any questions about your Plan, you should contact the Plan Administrator. 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 should 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 may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Pension and Welfare Benefits Administration.

## **Appendix A**

*Original Interchange Companies Subject To MPA*

American Information Technologies Corporation

AT&T

Bell Atlantic Corporation

Bell Communications Research, Inc. (Bellcore)

BellSouth Corporation

NYNEX Corporation

Pacific Telesis Group

Southwestern Bell Corporation

U S WEST, Inc.

## Definitions – Qwest Pension Plan

Set forth below are summaries of some important definitions used in the Plan.

ABF	Account Balance Formula for Management Participants
Active Participant	A Participant who is a Covered Employee.
Actuarial Equivalent	Two benefits that are Actuarial Equivalent have the same value, on the basis of actuarial factors set forth in the Plan. For Participants who terminate before July 1, 2001, different factors apply for Management and Occupational Participants.
Annuity	A specified monthly or annual payment to a Participant or beneficiary.
Annuity Starting Date	The first date with respect to which an amount is paid as an Annuity. In the case of a lump sum benefit, the Pension Effective Date.
Applicable Interest Rate; Applicable Mortality Table	<p>The Applicable Interest Rate based on the average 30-year treasury rate, but not to exceed 9% per year.</p> <p>In general, for distributions effective on or after August 1, 1999, the Applicable Interest Rate for each calendar month is the average IRS rate over a five-month period prior to the first day of the month. For example, the rate for the month of October 2002 will be based on the average of the 30-year treasury rate for the months of May through September 2002. Calculations of benefits for the month of November 2002 will be based on the average of the 30-year treasury rate for the months of June through October 2002.</p> <p>If you are a Management Participant with a Pension Effective Date before August 1, 1999, the Applicable Interest Rate for each calendar quarter is the rate in effect for the fourth month prior to the first day of the quarter. For example, calculations of benefits between April 1, 2001 and June 30, 2001 used the average 30-year treasury rate for the month of December 2000 which was 5.49%. The same rules applied to Occupational to Occupational Participants (who were not Applicable Occupational Participant) for purposes of determining the lump sum value of distributions under \$5,000.</p> <p><b>Note:</b> The interest rate will generally be available on the Interactive Voice Response (IVR) at the Service Center at 1-800-729-7526 by the tenth day of the month for which the rate is effective. If you have requested a pension estimate and the rate for the date of your planned retirement is not available, an assumed rate (6% as of March 2002) will be used.</p>

	<p><b>Applicable Mortality Table.</b> Prior to December 31, 2002, the Applicable Mortality Table is the GAM 83 mortality table as set forth in Revenue Ruling 95-6. In general, with respect to Annuity Starting Dates on or after December 31, 2002, the Applicable Mortality Table is the table as set forth in Revenue Ruling 2001-62. (However, in the case of the DLS Pension, if the Pension Effective Date is prior to December 31, 2002, the GAM 83 Table will apply to determine the annuity amounts, even if the Annuity Starting Date is after 2002.) Both of these tables are “unisex” mortality tables (not a life expectancy table). A mortality table defines a probability of death at each age.</p>
<b>Applicable Occupational Participant</b>	<p>Each Occupational Participant whose Eligible Separation occurs on or after July 1, 2001. During the period October 12, 2000 through June 30, 2001, Applicable Occupational Participant means an Active Occupational Participant who falls within the categories set forth below on the applicable date: (1) October 12, 2000, a Qwest Corp. – CWA employee; (2) October 19, 2000, a Qwest Dex – CWA employee; (3) November 1, 2000, a Qwest Corp. – IBEW or Qwest BRI – IBEW employee; (4) November 6, 2000, a Qwest BRI – CWA employee; (5) December 22, 2000, a Qwest Dex – IBEW; (6) January 1, 2001, a Qwest Corp. Occupational employee not covered by a collective bargaining agreement; or (7) February 19, 2001, a Qwest Corp. – Agent Services employee. Prior to October 12, 2000, there were no Applicable Occupational Participants.</p>
<b>Beneficiary</b>	<p>Either the contingent annuitant elected by a Participant with respect to a pension benefit or, for Management Participants, the person elected to receive the pre-retirement death benefit.</p>
<b>Classic Qwest</b>	<p>Qwest and its subsidiaries owned prior to the Qwest/U S WEST merger. This term generally only refers to periods prior to 2001, at which time Classic Qwest began participating in the Plan.</p>
<b>Company</b>	<p>Qwest Communications International Inc. (“Qwest”). Prior to June 30, 2000, the Company was U S WEST, Inc. However, Classic Qwest did not participate in the Plan prior to 2001.</p>
<b>Covered Employee</b>	<p>An Employee except for (1) leased employees, (2) non-resident aliens, (3) employees who agree not to participate, (4) ETC employees, (5) employees covered by the Broadband Construction collective bargaining agreement, (6) prior to January 1, 2001, any employee of Classic Qwest, (7) employees who become Management Temporary Employees on or after January 1, 2001, (8) for periods from the date of the offer until January 1, 2001, any person given an offer of employment (or reemployment) to become a Management Employee on or after July 10, 2000, and (9) an occupational employee of El Paso Telephone Company.</p>
<b>DLS</b>	<p>Defined Lump Sum formula for Management Participants</p>
<b>Demotion</b>	<p>A transfer to a job title or classification that has a Pension Band number (for Sales Employees, pension benefit) that is lower than the Pension Band number (for Sales Employees, pension benefit) related to the job title and classification from which the employee was transferred.</p>

<b>Employee</b>	Employees employed on a common law basis by Participating Companies and who receive compensation other than a pension, retainer or fee under contract. However; employees do not include individuals performing services under an arrangement or contract characterized as an independent contractor arrangement, individuals not subject to wage withholding from the Qwest Group, individuals not initially classified as common law employees of the Qwest Group, Leased Workers, or any other individuals leased by a Participating Company from an entity that is the individual's employer of record. Even if such characterization or treatment is incorrect and the individual is in fact a common law employee, the individual shall not be treated as an employee either prospectively or retroactively; however, if he/she is informed (in writing) by the Company that he/she is to be treated as such for purposes of the Plan, such individual shall be treated as an employee with respect to periods after the date specified in the notice.
<b>Employment Commencement Date</b>	The date on which an employee first performs an Hour of Service for a Participating Company.
<b>Final Average Compensation</b>	Means the average annual compensation paid to a Participant during the 60 consecutive calendar months for which compensation is the highest within the last 120 consecutive calendar months immediately preceding the date employment ends.
<b>Hour of Service</b>	Each hour for which an employee is paid, or entitled to payment, for the performance of duties for a Participating Company.
<b>Incidental Employee</b>	An employee who is employed for an indefinite period of time on an as needed basis for a cumulative total of less than 850 hours in any calendar year.
<b>Interchange Company</b>	A company, other than a Participating Company, that is a party to the MPA. Any reference to any person employed by an Interchange Company shall be limited to "covered employees" as that term is defined in the MPA.
<b>Leased Worker</b>	Any person, within the meaning of Internal Revenue Code Section 414(n), with respect to a Participating Company or a Non-Participating Company. Generally, these individuals are employed by a third party; the Qwest Group contracts with the third party to lease these workers to provide services to the Qwest Group.
<b>Management Employee</b>	A salaried Employee – in other words, an Employee whose pay is at a monthly or annual rate and whose position is not subject to automatic wage progression. However; a non-salaried Employee temporarily promoted to a salaried position after 2000 is not a Management Employee. In the case of such a temporary promotion prior to 2001, the Employee becomes a Management Employee after 12 months of such temporary promotion.
<b>Mandatory Portability Agreement (MPA)</b>	The agreement made effective 1/1/85 between the post-Divestiture AT&T companies to provide for the portability of benefits and recognition of TOE between such companies.

<b>Non-Participating Company</b>	Any corporation or other entity in the Qwest controlled group (80% or more owned) that does not participate in the Plan. From the date of the merger of U S WEST into Qwest until December 31, 2000, Classic Qwest was a Non-Participating Company.
<b>Occupational Employee</b>	An Employee who is a member of a collective bargaining unit represented by a union that has agreed to participate in the Plan. Also includes a non-salaried Employee, that is, an Employee whose pay is subject to automatic wage progression or whose pay is not at a monthly or annual rate. An employee temporarily promoted to management status after 2000 is treated as an Occupational Employee. In the case of such a temporary promotion prior to 2001, the Employee remains an Occupational Employee for the first 12 months of such temporary promotion.
<b>OMF</b>	Old Management Formula
<b>One-Year Period of Service</b>	12 consecutive months of a Period of Service.
<b>One-Year Period of Severance</b>	12 consecutive months of a Period of Severance.
<b>Participating Company</b>	Qwest or any 80% owned subsidiary that, with the consent of the Employee Benefits Committee, participates in the Plan. Classic Qwest was not a Participating Company prior to January 1, 2001.
<b>Pension Band</b>	A pension band is assigned to every Occupational job title other than Sales Employees. The monthly rate applicable to the Pension Band is used to calculate an Occupational Participant's benefit.
<b>Pension Calculation Service</b>	Pension Calculation Service is used to calculate the amount of your benefit, other than Account Balance benefits. It is similar, but not identical to, TOE. Some differences include (1) if you have a break in service, the breaks in service and bridging rules for vesting, rather than TOE, will apply for purposes of determining Pension Calculation Service; (2) Pension Calculation Service (but not TOE) will be prorated for any part-time service during your career (except for purposes of calculating the Supplemental Monthly Pension Benefit, if applicable) and (3) for Management Employees, there are various limits on Pension Calculation Service that do not apply to TOE. In addition, unless indicated otherwise, your benefits under the Management provisions of the Plan are only based on your PCS while you are a Management Participant and your benefits under the Occupational provisions are only based on your service while you are an Occupational Participant.
<b>Pension Effective Date</b>	The day following your last day on the payroll of the Qwest Group
<b>Period of Service</b>	A "Period of Service" is the period beginning on your Employment Commencement Date or Re-employment Commencement Date, whichever is applicable, and ending on your Severance Date. A Period of Service is used for determination of participation and vesting.
<b>Period of Severance</b>	The period of time commencing on your Severance Date and ending on your Re-employment Commencement Date

<b>Pre-1997 or Former NewVector Management Participants</b>	This term includes three groups of Management Employees: (1) Management Employees who have no service with the Company or its controlled group after 1996; (2) Participants who have both Management and Occupational service but have no Management service after 1996 and no service at all after July 1, 2001; and (3) Participants of NewVector who terminated prior to 5/1/98 unless such Participants transferred to or were employed by another Participating Company prior to 5/1/98. These persons are generally subject to the OMF as in effect prior to 1997 and are not entitled to DLS or Account Balance benefits. In general, these employees are not entitled to any of the benefit options added to the Plan in 1997 with respect to their Management benefits.
<b>Promotion</b>	A transfer from one Occupational job title or classification a different Occupational job title or classification that has a Pension Band number (for Sales Employees, pension benefit) that is higher than the Pension Band number (for Sales Employees, pension benefit) related to the job title or classification from which the Occupational Employee was transferred. Temporary promotions between Occupational positions are not considered Promotions during the first 12 months of the temporary promotion. Different rules apply for temporary promotions from non-salaried to salaried status.
<b>Protected Participant</b>	A Participant who is both (1) employed as an Active Management Participant on December 31, 2000 (excluding Participants who were given an offer of reemployment on or after July 10, 2000, whether they terminated before or after that date) and (2) either has 20 years of Term of Employment ("TOE") as of December 31, 2000 or will meet all of the conditions for a service pension under the OMF on or before December 31, 2003.
<b>Qualified Joint and Survivor Annuity</b>	An Annuity for the life of the Participant with a survivor annuity for the life of the Participant's surviving Spouse that is 50% of, or if permitted and if the Participant so elects, 100% of, the amount of the Annuity payable during the joint lives of the Participant and the Spouse. This annuity is the Actuarial Equivalent of a Single Life Annuity.
<b>Qualified Pre-retirement Survivor Annuity</b>	A survivor annuity for the life of the surviving Spouse of the Participant who dies before his Annuity Starting Date.
<b>Qwest</b>	Qwest Communications International Inc.
<b>Qwest Group</b>	All Participating and Non-Participating Companies.
<b>Re-employment Commencement Date</b>	The first date, following a Period of Severance, that is not required to be taken into account under the Plan, on which the employee performs an Hour of Service for a Participating Company.

<b>Sales Employee</b>	An Occupational Participant who does not participate in the Pension Band Formula. This covers (1) Directory Sales Employees of Dex-CWA (which includes directory advertising consultants – telephone, directory advertising consultants – premise, account executives and area directory advertising consultants), (2) Qwest Communications Sales Consultants (including Home Office Sales Consultants) and (3) Directory Advertising Consultants, Directory Advertising Consultants-Telephone, Account Executives, and Area Directory Advertising Consultants who are represented by the Dex-IBEW Bargaining Unit.
<b>Severance Date</b>	A Severance Date is the earlier of: (1) the date on which you resign, retire, are discharged, die; or (2) the one-year anniversary of the first date of a period in which you remain absent from service for any reason (with or without pay) other than resignation, retirement, or discharge, such as vacation, holiday, sickness, or leave of absence.
<b>Spouse</b>	The individual to whom an employee is legally married on the earlier of the Participant's death or Annuity Starting Date.
<b>Temporary Employee</b>	Any employee (without respect to title or job description) who is performing an assignment not intended to be ongoing and intended to have a specified end date (by reference either to calendar end date or project end date).
<b>Term of Employment (TOE)</b>	“Term of Employment” (TOE) is a period of continuous employment, as reflected in the Company's official service records, in the service of one or more Participating Companies. It also includes service with Interchange Companies, to the extent that the MPA provides for such service and is applicable to the Participant. It is not relevant for purposes of determining the amount of the DLS or Account Balance benefits.
<b>Termination or Termination of Employment</b>	A separation from employment from a Participating Company, or the entire Qwest Group, as applicable, for any reason, voluntary or involuntary, including a separation due to death or disability. A transfer from one Participating Company to another Participating Company is not considered a Termination.
<b>Vesting Service</b>	Periods of Service considered in determining whether or not the Participant is entitled to vested benefit.







**Qwest Pension Plan  
Summary Plan Description**



**Summary of Material Modifications  
Qwest Pension Plan  
December 2003**

**SUMMARY OF MATERIAL MODIFICATIONS (SMM)  
QWEST PENSION PLAN  
SUMMARY OF CHANGES**

Please keep this Summary of Material Modifications with your Summary Plan Description for the Qwest Pension Plan. If you have questions regarding your pension benefit or this SMM, call the Qwest Service Center at 1-800-729-7526.

Some important changes have been made to the Qwest Pension Plan (the "Plan"). As an overview, the more important changes are:

- effective January 1, 2004, the Sickness Death Benefit has been eliminated for all eligible participants who terminate employment on or after that date (it is still paid to the qualified beneficiaries of eligible Active Participants);
- the Modified Disability Pension Program available to Management Participants has been eliminated for those terminating employment on or after June 30, 2003 (instead, management long-term disability coverage will be available under the Qwest Disability Program);
- the Enhanced Retirement Pension Benefit Program (for Occupational Participants) has been discontinued, effective July 1, 2003; and
- certain Occupational Participants who transferred to a Management position after January 1, 2001 may remain eligible for the Defined Lump Sum (DLS) and Old Management Formula (OMF) benefits for Management Participants.

These are each described in more detail below.

**1. Elimination of the Sickness Death Benefit**

Under the Plan, employees hired prior to March 1, 1993 have generally been eligible for a Sickness Death Benefit if they die while actively employed or, in some cases, after termination of employment. The Plan has been amended to eliminate the Sickness Death Benefit for employees who terminate employment on or after January 1, 2004. Thus, participants who are eligible to receive service pensions who retire on or after January 1, 2004, will no longer be eligible for a Sickness Death Benefit in the event of death on or after January 1, 2004.

Similarly, participants who terminate on or after January 1, 2004 and elect a lump sum or partial lump sum with respect to their regular pension will not receive a lump sum attributable to the Sickness Death Benefit even if they qualify for a service pension. Eligible participants who terminate prior to that date will receive an amount attributable to the death benefit in a lump sum if they elect a lump sum or partial lump sum with respect to their regular pension on a timely basis (generally no later than 120 days after termination of employment.)

The Plan has provided an Accidental Death Benefit to certain active employees hired before March 1, 1993 who die solely as a result of accident or injury during the course of employment. As noted above, the Plan has also provided a Sickness Death Benefit for certain eligible employees hired before March 1, 1993 who die while in active employment for reasons other than accident or injury. These two benefits for eligible active employees have not been changed. In addition, life insurance benefits for employees provided through the Qwest Group Life Insurance Plan are not affected by this change.

Please note that these changes do not affect the survivor benefits that may be payable under the form of pension you elected. For example, if you retired with a service pension and you elected a 50% survivor annuity for your spouse, the 50% survivor annuity will still be paid after your death. However, if you terminate employment on or after January 1, 2004, your spouse will not receive the Sickness Death Benefit upon your death.

December 2003

## **2. Elimination of the Modified Disability Pension Program**

Long-term disability benefits have been provided under the Modified Disability Pension Program (MDPP) for Management Participants who leave the Qwest Group due to a Disability and satisfy the requirements for a benefit under MDPP. See the MDPP section of the Summary Plan Description. These benefits are paid from the Plan in most cases.

Effective July 1, 2003, the MDPP is discontinued for all participants whose MDPP benefits have not already commenced. MDPP participants receiving MDPP payments prior to July 1, 2003 will continue to receive these payments, subject to MDPP rules, with respect to their current disability.

Thus, Participants who terminate employment on or after July 1, 2003 will not be eligible for MDPP. Similarly, Participants receiving short-term disability on July 1, 2003 will not be eligible for MDPP. Instead, these Participants may be eligible for long-term disability payments from the Company's long-term disability program if they qualify. However, any such payments will not be paid from the Plan.

## **3. Elimination of the Enhanced Retirement Pension Benefit Program**

In accordance with the terms of the applicable collective bargaining agreements and the Plan, certain Occupational Participants who were involuntarily terminated (or in some cases, voluntarily terminated) as part of a work force adjustment applicable to an adjustment group were eligible to receive an enhanced retirement pension benefit in addition to the regular pension benefits. See the Enhanced Retirement Pension Benefit section of the Summary Plan Description. These programs were scheduled to expire for Occupational Participants who terminated after 90 days prior to expiration of the collective bargaining agreement in effect at the end of 2000.

The Plan has been amended to provide that these programs do not apply to any member of a work force adjustment group that is declared surplus after March 30, 2003. They will also not apply to any participant who is terminated after June 30, 2003 pursuant to ZIP-VSSP.

## **4. Long Term Occupational Participants who transfer to a Management Position may be eligible for DLS and OMF benefits**

The Plan previously provided that Participants who transfer from an Occupational position to a Management position on or after December 31, 2000 would receive the Account Balance Formula for all Management service, and would not be eligible for the Defined Lump Sum ("DLS") or Old Management Formula ("OMF"). See Rules Regarding Transfer From an Occupational to a Management Classification of your Summary Plan Description. The Plan has been changed to allow Protected Participants to earn DLS and, if applicable, OMF benefits for their Management service.

Under the new rules, a Protected Participant is a Plan participant who is (1) employed as an Active Management Participant on December 31, 2000 or an Active Occupational Participant on December 31, 2000 (unless the person was given an offer of reemployment on or after July 10, 2000, whether the person terminated before or after that date) and (2) the person either has 20 years of Term of Employment ("TOE") as of December 31, 2000 or will meet all of the conditions for a service pension under the OMF on or before December 31, 2003. (This replaces the definition of a Protected Participant in the Summary Plan Description.) These new rules will only apply to Active Occupational Participants on December 31, 2000 if they transfer directly (without terminating employment) to a Management position and do not terminate employment on or before May 31, 2003.

If you were an Occupational Participant on December 31, 2000 who transfers to a Management position and you are a Protected Participant, your benefits will be calculated based on the rules as if you transferred prior to December 31, 2000. See the question entitled "How is my benefit calculated if I transferred (or was reemployed) before 2001?" in the Summary Plan Description. Thus, your management benefits may be calculated under the DLS or OMF, as applicable.

## **5. Reemployment within 120 days of termination.**

The Summary Plan Description ("Special Rules") provides you will not be eligible to start your pension benefits if you have been reemployed, even if you have already made your election to commence benefits. This same rule also applies if you are reemployed during the 120 day period after termination of employment (or, if later, the expiration of the 60 days after the first pension election kit is sent upon termination of employment), unless benefits have actually commenced prior to reemployment.

## **6. How are Plan assets invested?**

The answer to the question, "How are Plan assets invested?" of your Summary Plan Description is modified to read:

"Who is responsible for managing Plan assets and how are they invested?"

The named fiduciary for the investment of Plan assets is Qwest Asset Management Company (QAM). QAM's responsibilities include the authority to determine asset allocation ranges and investment strategies for plan assets; the appointment and removal of trustees, investment managers and other investment-related service providers; monitoring the performance of all investment-related service providers; and all other activities related to the oversight of trust assets. QAM appoints professional investment managers registered under the Investment Advisors Act of 1940 to manage most of the Plan's assets; QAM staff also manages a portion of the assets internally.

The Plan assets are diversified with approximately 60% invested in equities, 25% in bonds and 15% in alternative asset classes, including investments such as real estate. Derivative securities, including futures, options and forward contracts, are also used primarily for the purpose of managing currency risk, gaining market exposure, and reducing transaction costs."

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Summary of Material Modifications (SMM) to the Qwest Pension Plan. This is considered a Summary of Material Modifications for the Qwest Pension Plan (Plan Number 005). The SMM is the notice of Plan changes required under the Employee Retirement Security Act of 1974 (ERISA).

This document summarizes certain provisions of the Qwest Pension Plan. If there is any conflict between the terms of the Plan document and this document, the terms of the Plan document will govern. Qwest reserves the right to interpret and resolve any ambiguities in the Plan or any document relating to the Plan.

Benefits are determined by Qwest in its sole discretion and Qwest has reserved the right in its sole discretion, to change, modify, discontinue or terminate the Plan and/or any of the benefits under the Plan with respect to all participant classes, retired, or otherwise, at any time without prior notice, subject to applicable laws and collective bargaining agreements.

Please keep this document with your Summary Plan Description. If you have questions, call the Qwest Service Center at 1 800 729-7526.



# **Summary of Material Modifications of the Qwest Pension Plan**

## **2004 and 2005 Plan Years**

**Please Note:** This Summary of Material Modifications is provided to you in accordance with the disclosure requirements of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), the federal law which governs certain of Qwest-sponsored employee benefit plans. *Some sections of this document will not apply to certain individuals because not all are eligible to participate in or are participants in the plans. The terms of each respective plan govern eligibility for benefits.*

## **SUMMARY OF MATERIAL MODIFICATIONS (SMM)**

This memorandum is intended to serve as a “Summary of Material Modifications” (SMM) pursuant to the requirements of Section 104 of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). This SMM is provided to notify you of certain changes to the **Qwest Pension Plan**. The effective dates of the changes are noted within each description below. The changes to each Plan are discussed below. Please keep this SMM with your Summary Plan Description for future reference. This document summarizes certain provisions of each of the respective Plans described. If there is any conflict between the terms of the Plan documents and this document, the terms of the Plan documents will govern. Qwest reserves the right to interpret and resolve any ambiguities in the Plans or any document relating to the Plans.

### **Right to Amend**

Plan benefits are determined by Qwest in its sole discretion, and Qwest has reserved the right in its sole discretion to change, modify, discontinue or terminate the Plans and/or any of the benefits under the Plans with respect to all participant classes, retired or otherwise, at any time without prior notice, subject to applicable laws and collective bargaining agreements. The Company, as the Plan Administrator, may adopt, at any time, rules and procedures that it determines to be necessary or desirable with respect to the operation of the Plans.

### **Questions?**

If you have questions after reviewing this SMM, you may call the Qwest Service Center at 800-729-PLAN (7526).

## QWEST PENSION PLAN — SUMMARY OF CHANGES

Please keep this SMM with your Summary Plan Description for the Qwest Pension Plan and other previously issued SMMs. If you have questions regarding your pension benefit or this SMM, call the Qwest Service Center at 800-729-PLAN (7526).

Important changes have been made to the Qwest Pension Plan (the "Plan"). These changes include:

**1. Compensation Definition.** The definition of Compensation under the OMF and the DLS formulas has been changed so that employees who receive federal security clearance differential payments will have those amounts included in the calculation of their pension benefit. This change is effective Aug. 29, 2004.

**2. Pension Effective Date Definition.** The definition of Pension Effective Date (the date used to calculate your pension benefit) has been changed in order to comply with regulations issued by the Internal Revenue Service that impose new requirements relating to the payment of benefits from the Plan. This change is effective Dec. 1, 2004.

If you request a pension kit by contacting the Pension Service Center at least 30 days, but no more than 90 days in advance of your anticipated termination or retirement, your pension benefit under the Plan will be calculated as of the day immediately following your date of termination. This has been the historical practice.

If you do not request a pension kit by contacting the Pension Service Center in advance of your date of termination or retirement, your pension benefit under the Plan will be calculated as of the 30th day following your date of termination. Generally, this 30-day delay in your pension effective date should have no significant impact on your Plan benefit. However, if you are "service pension eligible" ("SPE") and entitled to an unreduced pension, the later pension effective date could cause you to miss one month of your pension payments if you elect a monthly annuity. (Generally, you are eligible for an unreduced pension if, when you terminate employment with Qwest, (1) you are at least 55 years old and are "service pension eligible" (as defined by the Plan), (2) you are an Occupational Employee with a TOE of at least 30 years or (3) you are an Occupational Employee eligible for a disability pension.)

Please also be aware that the interest rate, which is used by the Plan to calculate lump sums and the amount payable under each of the optional forms of payment under the DLS formula, is updated monthly. These forms of payment are calculated using the interest rate in effect on your pension effective date. Thus, any delay in requesting your pension kit may affect the amount of the benefit that will be payable to you from the Plan as the interest rate may increase or decrease monthly. (Just a reminder, as interest rates go up, the amount of your Plan benefit when expressed as a lump sum payment decreases, and vice versa. Interest rate changes under the DLS formula affect annuity payments differently. As interest rates go up, the monthly annuity payments also increase. Lump sum payments under the DLS formula are not affected by changes in the monthly interest rate.)

If you request your pension kit in advance, but you then decide not to terminate employment or retire, your Plan benefit payments will not begin and your rights under the Plan will not otherwise be negatively impacted.

**3. Claim Procedures.** The Plan provides Participants the right to file a claim for benefits by completing requirements that may include the completion of forms and the submission of documents in support of the claim. Effective Dec. 1, 2004, any claim regarding the benefits under the Plan must be submitted to the Employee Benefits Committee, or its delegate, in writing and within two years after the date your benefit has been determined and the commencement of benefit distribution under the Plan.

**4. Classification for Benefit Purposes.** Effective Mar. 5, 2004, pursuant to a letter agreement negotiated with Communications Workers of America (CWA) and International Brotherhood of Electrical Workers (IBEW), the definitions of Management Employee and Occupational Employee were modified solely for purposes of eligibility for certain employee benefits when certain employees are classified as "occupational" or "management."

**5. Automatic Distributions.** Due to the recent issuance of U.S. Department of Labor final regulations with respect to the automatic rollovers of mandatory automatic distributions ("cash-outs") for those retirement plans subject to Title I of the Employee Retirement Income Security Act of 1974 ("ERISA"), the Qwest Pension Plan has been amended. After Mar. 28, 2005, participants who terminate from employment will no longer be automatically cashed-out of the plan if the lump sum value of their pension is greater than \$1,000 as of the date of distribution. Currently and until Mar. 28, 2005, participants are cashed-out if the lump sum value of their pension is \$5,000 or less as of date of distribution.



# **Summary of Material Modifications of the Qwest Pension Plan**

## **2005 and 2006 Plan Years**

**Please Note:** This Summary of Material Modifications is provided to you in accordance with the disclosure requirements of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), the Federal law which governs the plan. This document will not apply to certain individuals because not all are eligible to participate in or are participants in the plan. The terms of the plan govern eligibility for benefits.

## **SUMMARY OF MATERIAL MODIFICATIONS (SMM)**

This document and the pages that follow are intended to serve as a “Summary of Material Modifications” (SMM) pursuant to the requirements of Section 104 of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). This SMM is provided to notify you of certain changes to the **Qwest Pension Plan**. The effective dates of the changes are noted. Please keep this SMM with your Summary Plan Description for future reference. This document summarizes certain provisions of the Plan. If there is any conflict between the terms of the Plan document and this document, the terms of the Plan document will govern. Qwest reserves the right to interpret and resolve any ambiguities in the Plan or any document relating to the Plan.

### **Right to Amend**

Plan benefits are determined by Qwest in its sole discretion and Qwest has reserved the right in its sole discretion, to change, modify, discontinue or terminate the Plan and/or any of the benefits under the Plan with respect to all participant classes, retired, or otherwise, at any time without prior notice, subject to applicable laws and collective bargaining agreements. The Company, as the Plan Administrator, may adopt, at any time, rules and procedures that it determines to be necessary or desirable with respect to the operation of the Plan.

### **Questions?**

If you have questions after reviewing this SMM, you may call the Qwest Service Center at 1 800-729-7526 with your questions.

## QWEST PENSION PLAN — SUMMARY OF MATERIAL MODIFICATIONS

Please keep this summary of material modifications (“SMM”) with your Summary Plan Description for the Qwest Pension Plan (the “Pension Plan”) and other previously issued SMMs. If you have any questions about this SMM or your benefit under the Pension Plan, call the Qwest Service Center at 1 800-729-7526.

Important changes have been made to the Pension Plan. These changes include:

- 1. Lump Sum Payment Option for Surviving Spouses of Occupational Pension Plan Participants.** The Pension Plan has been amended to add a lump sum payment option for the surviving spouse of a deceased Occupational Participant, provided the surviving spouse makes an election for a lump sum payment within 180 days of the Participant’s death. This option is available solely to surviving spouses of Occupational Participants who die during the term of the 2005 Bargaining Agreement. Whether this option will continue to be available after the expiration of the 2005 Bargaining Agreement will be subject to future collective bargaining negotiations and applicable law.
- 2. Disability Pension Benefit.** The Pension Plan provides that an Occupational Participant with 15 or more years of service is eligible for a Disability Pension benefit once such Participant has exhausted 52 weeks of short-term disability benefits and is deemed eligible to receive long-term disability benefits from the Qwest Disability Plan. The Pension Plan has been amended to clarify that if a Participant (regardless of when the Disability Pension commenced) is deemed no longer “disabled,” at any time (as defined by the applicable definition for Long Term Disability benefits under the Qwest Disability Plan), payment of the Disability Pension benefit will be suspended.
- 3. Termination with Separation Payment.** The Pension Plan has been amended to provide that, if an Occupational Employee voluntarily terminates employment with Qwest and receives a severance benefit under a voluntary Occupational separation program, such individual's service upon rehire will be subject to the Pension Plan’s regular bridging rules.
- 4. Lump Sum Distributions.** Effective January 1, 2006, all Pension Plan Participants will have 180 days from their date of termination from employment with Qwest to decide whether to elect to receive their vested accrued benefit in a lump sum distribution. Election forms must be postmarked within 180 days after termination.

For Occupational Participants, the lump sum payment option is available solely during the term of the 2005 Agreement. Whether the lump sum payment option will continue to be available to Occupational Participants after the expiration of the 2005 Bargaining Agreement, is subject to future collective bargaining negotiations and applicable law.

- 5. Increasing Annuity Payment Options To Be Eliminated January 1, 2010.** For Participants who terminate employment on or after January 1, 2010, the increasing annuity payment options will no longer be optional benefit payment forms under the Pension Plan.
- 6. IRA Rollovers of Small Accrued Benefits.** The Pension Plan has been amended to provide that, effective January 1, 2006, the lump sum amount of a terminated participant's vested accrued benefit will be directly rolled over to an individual retirement account (“IRA”) at CitiBank (or other financial institution as may be selected by the Plan Administrator from time to time) if (a) the lump sum amount of the vested accrued benefit is more than \$1,000 but less than \$5,000 and (b) the participant has not elected to receive his or her vested accrued benefit in a lump sum distribution paid directly to the participant or as a direct rollover distribution to a IRA or qualified plan of the participant’s choice.

7. **Definition of Compensation for Management Participants.** The Pension Plan's definition of compensation eligible for inclusion in the calculation of the Account Balance Formula Pension benefit has been amended to clarify that amounts paid for unused vacation and any and all forms of non-cash compensation are excluded. The definition of compensation under the Old Management Formula and Defined Lump Sum formula has been clarified to include periodic or quarterly bonus payments.
8. **Benefit Claims Procedure and the Right to File a Benefit-Related Lawsuit.** The Pension Plan has been amended to require that any benefit claim filed on or after January 1, 2006 must be in writing and delivered to the Employee Benefits Committee or its delegate within 24 months after the earlier of (a) the date on which the Pension Plan benefit commenced to be paid or (b) the date on which the claimant or his duly authorized representative knew or, with the exercise of reasonable diligence, should have known, the Pension Plan benefit should have commenced to be paid. In addition, such claim must comply with such other procedures as the Committee shall require.

In addition, the Pension Plan has been amended to state that effective January 1, 2006 no person has the right to file a civil action, proceeding or lawsuit against the Pension Plan or any person acting with respect to the Pension Plan, including, but not limited to, Qwest, any Participating Company, the Committee or any other fiduciary, or any third party service provider, after the last day of the 12th month following the later of (a) the 60th day after receipt by the claimant of written notification of the Adverse Benefit Determination or (b) the date on which the Adverse Benefit Determination on appeal was issued with respect to such Pension Plan benefit claim.

**Summary of Material Modifications  
Of the  
Qwest Pension Plan**

**2006 and 2007 Plan Years**

**Please Note:** This Summary of Material Modifications is provided to you in accordance with the disclosure requirements of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), the federal law which governs certain of Qwest-sponsored employee benefit plans. *Some sections of this document will not apply to certain individuals because not all are eligible to participate in or are participants in the plan. The terms of the plan govern eligibility for benefits.*

March 2007

## SUMMARY OF MATERIAL MODIFICATIONS (SMM)

This document is intended to serve as a “Summary of Material Modifications” (SMM) pursuant to the requirements of Section 104 of the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). This SMM is provided to notify you of certain changes to the **Qwest Pension Plan** (the “Plan”). The effective date of the changes is January 1, 2007 unless otherwise noted. Please keep this SMM with your Summary Plan Description (SPD) for future reference. This document summarizes certain provisions of the Plan. If there is any conflict between the terms of the Plan document and this document, the terms of the Plan document will govern. Qwest reserves the right to interpret and resolve any ambiguities in the Plan or any document relating to the Plan.

### Right to Amend

Plan benefits are determined by Qwest in its sole discretion, and Qwest has reserved the right in its sole discretion to change, modify, discontinue or terminate the Plan and/or any of the benefits under the Plan with respect to all participant classes, retired or otherwise, at any time without prior notice, subject to applicable laws and collective bargaining agreements. The Company, as the Plan Administrator, may adopt, at any time, rules and procedures that it determines to be necessary or desirable with respect to the operation of the Plan.

### Questions?

If you have questions after reviewing this SMM, you may call the Qwest Service Center at 1 800-729-PLAN (7526) option 1, option 3 with your questions.

## QWEST PENSION PLAN – SUMMARY OF CHANGES

Please keep this SMM with your Summary Plan Description for the Qwest Pension Plan and other previously issued SMMs. If you have questions regarding your pension benefit or this SMM, call the Qwest Service Center at 1 800-729-PLAN (7526).

The following material changes have been made to the Qwest Pension Plan (the “Plan”). These changes were effective January 1, 2007 unless otherwise noted.

1. **Notice and Consent.** This change to the Plan increases the period of time in which participants can order pension kits and make decisions about when to begin receiving their pension benefit. Before the change, participants could request pension kits and provide their consent to begin distributions as early as 90 days before the date on which they wanted benefits to begin. As a result of the change, participants can request pension kits as early as 180

days before the date on which they want their pension distribution to begin.

2. **Required Beginning Date for Payments.** The Plan has been amended to provide that, for employees who continue to work beyond age 70 ½, the required beginning date for payments from the Plan will be as soon as administratively feasible following termination of employment but in no event later than April 1<sup>st</sup> of the year following the year in which their employment ends. This change does not affect any current employees over the age of 70 ½ who began receiving the required minimum distribution (RMD) before 2007.
3. **Non-Spousal Rollovers.** The Plan has been amended to allow non-spouse beneficiaries, such as children, domestic partners, parents and siblings to elect direct rollovers from the Plan to IRAs. The effective date of this change is for distributions made from the Plan due to deaths of participants that occur after March 31, 2007.
4. **Recovery of Overpayments.** The Plan has been amended to clarify the authority of the Employee Benefits Committee (EBC) or its delegates to recover overpayments from participants and beneficiaries through all lawful process, including litigation. The EBC or its delegates have the authority to adjust or suspend future benefit payments to offset or recover any overpayments made to a Participant or Beneficiary.
5. **Covered Employee Definition.** The Plan has been amended to provide that:
  - a. Temporary employees from non-U.S. subsidiaries or non-U.S. affiliates of Qwest who are assigned to work for finite periods in the U. S. on a U. S. company payroll pursuant to an Overseas Assignment Letter are not eligible to participate in the Pension Plan; and
  - b. Persons hired on or after January 1, 2007 to work on U .S. government contracts at campus operations or other operations and maintenance contracts for U. S. government facilities as specifically indicated in such contracts are not eligible to participate in the Pension Plan. Employees who were hired before January 1, 2007 at such operations continue to be eligible to participate in the Pension Plan.

This SMM includes the following Notice:

You are eligible to receive an individual benefit statement at least every three years under the Employment Retirement Income Security Act of 1974, as amended (“ERISA”) and the Pension Protection Act of 2006 (PPA). Alternatively, the Plan can provide information annually regarding the ability to obtain pension information.

This Notice serves as the annual notice that you may obtain specific information regarding your pension benefit and the available forms of payments by accessing it at [www.qwestpension.com](http://www.qwestpension.com). The information is available on a continuous basis using your personal identification number (PIN). You may also request, free of charge, this information in a paper version. You may contact the service center at 1 800-729-PLAN (7526) option 1, option 3, to request this information.