

<div>Form 5500</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div> <div>Pension Benefit Guaranty Corporation</div>	<div>Annual Return/Report of Employee Benefit Plan</div> <div>This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code).</div> <div>▶ Complete all entries in accordance with the instructions to the Form 5500.</div>	<div>OMB Nos. 1210-0110 1210-0089</div> <div>2009</div> <div>This Form is Open to Public Inspection</div>
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Part I	Annual Report Identification Information
For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009	
A	This return/report is for: <div><div>☐ a multiemployer plan;</div><div>☒ a single-employer plan;</div><div>☐ a multiple-employer plan; or</div><div>☐ a DFE (specify) ____</div></div>
B	This return/report is: <div><div>☐ the first return/report;</div><div>☐ the final return/report;</div><div>☐ an amended return/report;</div><div>☐ a short plan year return/report (less than 12 months).</div></div>
C	If the plan is a collectively-bargained plan, check here. ▶ ☐
D	Check box if filing under: <div><div>☒ Form 5558;</div><div>☐ automatic extension;</div><div>☐ the DFVC program;</div><div>☐ special extension (enter description)</div></div>

Part II	Basic Plan Information—enter all requested information	
1a	Name of plan NORTH STATE COMMUNICATIONS RETIREMENT PLAN	1b Three-digit plan number (PN) ▶ 001
		1c Effective date of plan 02/10/1944
2a	Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) NORTH STATE TELEPHONE COMPANY D/B/A NORTH STATE COMMUNICATIONS P.O. BOX 2326 HIGH POINT, NC 27261 111 N. MAIN STREET HIGH POINT, NC 27261	2b Employer Identification Number (EIN) 56-0341710 2c Sponsor's telephone number 336-886-3600 2d Business code (see instructions) 517000

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	08/18/2010	REX WALSER
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	08/18/2010	REX WALSER
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") NORTH STATE TELEPHONE COMPANY D/B/A NORTH STATE COMMUNICATIONS P.O. BOX 2326 HIGH POINT, NC 27261	3b Administrator's EIN 56-0341710 3c Administrator's telephone number 336-886-3600
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN	
5 Total number of participants at the beginning of the plan year	5	663
6 Number of participants as of the end of the plan year (welfare plans complete only lines 6a , 6b , 6c , and 6d).		
a Active participants.....	6a	371
b Retired or separated participants receiving benefits.....	6b	231
c Other retired or separated participants entitled to future benefits.....	6c	60
d Subtotal. Add lines 6a , 6b , and 6c	6d	662
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	16
f Total. Add lines 6d and 6e	6f	678
g Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	6g	
h Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	6h	0
7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	

8a If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:
 1A 1G

b If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

9a Plan funding arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor	9b Plan benefit arrangement (check all that apply) (1) ☒ Insurance (2) ☐ Code section 412(e)(3) insurance contracts (3) ☒ Trust (4) ☐ General assets of the sponsor
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10 Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

a Pension Schedules

- (1) ☒ **R** (Retirement Plan Information)
 (2) ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
 (3) ☒ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

- (1) ☒ **H** (Financial Information)
 (2) ☐ **I** (Financial Information – Small Plan)
 (3) ☒ 1 **A** (Insurance Information)
 (4) ☒ **C** (Service Provider Information)
 (5) ☐ **D** (DFE/Participating Plan Information)
 (6) ☐ **G** (Financial Transaction Schedules)

<div>SCHEDULE A (Form 5500) <div>Department of the Treasury Internal Revenue Service</div><div>Department of Labor Employee Benefits Security Administration</div><div>Pension Benefit Guaranty Corporation</div></div>	<div>Insurance Information</div> <div>This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).</div> <div>▶ File as an attachment to Form 5500.</div> <div>▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).</div>	<div>OMB No. 1210-0110</div> <div>2009</div> <div>This Form is Open to Public Inspection</div>
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For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009		
A Name of plan NORTH STATE COMMUNICATIONS RETIREMENT PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500. NORTH STATE TELEPHONE COMPANY D/B/A NORTH STATE COMMUNICATIONS	D Employer Identification Number (EIN) 56-0341710	

Part I	Information Concerning Insurance Contract Coverage, Fees, and Commissions	Provide information for each contract on a separate Schedule A. Individual contracts grouped as a unit in Parts II and III can be reported on a single Schedule A.
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1 Coverage Information:

(a) Name of insurance carrier METROPOLITAN LIFE INS. CO.

(b) EIN	(c) NAIC code	(d) Contract or identification number	(e) Approximate number of persons covered at end of policy or contract year	Policy or contract year	
				(f) From	(g) To
13-5581829	65978	GAC 20566I		01/01/2009	12/31/2009

2 Insurance fee and commission information. Enter the total fees and total commissions paid. List in item 3 the agents, brokers, and other persons in descending order of the amount paid.
--

(a) Total amount of commissions paid	(b) Total amount of fees paid
0	0

3 Persons receiving commissions and fees. (Complete as many entries as needed to report all persons).

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid
--

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid
--

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

(a) Name and address of the agent, broker, or other person to whom commissions or fees were paid

(b) Amount of sales and base commissions paid	Fees and other commissions paid		(e) Organization code
	(c) Amount	(d) Purpose	

Part II Investment and Annuity Contract Information

Where individual contracts are provided, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

4 Current value of plan's interest under this contract in the general account at year end **4** 0**5** Current value of plan's interest under this contract in separate accounts at year end **5****6** Contracts With Allocated Funds:**a** State the basis of premium rates ▶**b** Premiums paid to carrier **6b****c** Premiums due but unpaid at the end of the year **6c****d** If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, enter amount. **6d**
Specify nature of costs ▶**e** Type of contract: (1) ☐ individual policies (2) ☐ group deferred annuity(3) ☐ other (specify) ▶**f** If contract purchased, in whole or in part, to distribute benefits from a terminating plan check here ▶ ☐**7** Contracts With Unallocated Funds (Do not include portions of these contracts maintained in separate accounts)**a** Type of contract: (1) ☒ deposit administration (2) ☐ immediate participation guarantee(3) ☐ guaranteed investment (4) ☐ other ▶**b** Balance at the end of the previous year **7b** 21500368**c** Additions: (1) Contributions deposited during the year **7c(1)** 477000(2) Dividends and credits **7c(2)**(3) Interest credited during the year **7c(3)** 1300353(4) Transferred from separate account **7c(4)**(5) Other (specify below) **7c(5)**(6) Total additions **7c(6)** 1777353**d** Total of balance and additions (add **b** and **c(6)**). **7d** 23277721**e** Deductions:(1) Disbursed from fund to pay benefits or purchase annuities during year **7e(1)**(2) Administration charge made by carrier **7e(2)**(3) Transferred to separate account **7e(3)**(4) Other (specify below) **7e(4)**(5) Total deductions **7e(5)** 0**f** Balance at the end of the current year (subtract **e(5)** from **d**) **7f** 23277721

Part III Welfare Benefit Contract Information

If more than one contract covers the same group of employees of the same employer(s) or members of the same employee organization(s), the information may be combined for reporting purposes if such contracts are experience-rated as a unit. Where contracts cover individual employees, the entire group of such individual contracts with each carrier may be treated as a unit for purposes of this report.

8 Benefit and contract type (check all applicable boxes)

- a** ☐ Health (other than dental or vision)
b ☐ Dental
c ☐ Vision
d ☐ Life insurance
e ☐ Temporary disability (accident and sickness)
f ☐ Long-term disability
g ☐ Supplemental unemployment
h ☐ Prescription drug
i ☐ Stop loss (large deductible)
j ☐ HMO contract
k ☐ PPO contract
l ☐ Indemnity contract
m ☐ Other (specify) ▶

9 Experience-rated contracts:

a Premiums: (1) Amount received.....	9a(1)		
(2) Increase (decrease) in amount due but unpaid.....	9a(2)		
(3) Increase (decrease) in unearned premium reserve.....	9a(3)		
(4) Earned ((1) + (2) - (3)).....		9a(4)	
b Benefit charges (1) Claims paid.....	9b(1)		
(2) Increase (decrease) in claim reserves.....	9b(2)		
(3) Incurred claims (add (1) and (2)).....		9b(3)	
(4) Claims charged.....		9b(4)	
c Remainder of premium: (1) Retention charges (on an accrual basis) --			
(A) Commissions.....	9c(1)(A)		
(B) Administrative service or other fees.....	9c(1)(B)		
(C) Other specific acquisition costs.....	9c(1)(C)		
(D) Other expenses.....	9c(1)(D)		
(E) Taxes.....	9c(1)(E)		
(F) Charges for risks or other contingencies.....	9c(1)(F)		
(G) Other retention charges.....	9c(1)(G)		
(H) Total retention.....		9c(1)(H)	
(2) Dividends or retroactive rate refunds. (These amounts were ☐ paid in cash, or ☐ credited.).....		9c(2)	
d Status of policyholder reserves at end of year: (1) Amount held to provide benefits after retirement.....		9d(1)	
(2) Claim reserves.....		9d(2)	
(3) Other reserves.....		9d(3)	
e Dividends or retroactive rate refunds due. (Do not include amount entered in c(2).).....		9e	

10 Nonexperience-rated contracts:

a Total premiums or subscription charges paid to carrier.....	10a	
b If the carrier, service, or other organization incurred any specific costs in connection with the acquisition or retention of the contract or policy, other than reported in Part I, item 2 above, report amount.	10b	

Specify nature of costs ▶

Part IV Provision of Information

11 Did the insurance company fail to provide any information necessary to complete Schedule A? ☐ Yes ☒ No

12 If the answer to line 11 is "Yes," specify the information not provided. ▶

SCHEDULE SB (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Single-Employer Defined Benefit Plan Actuarial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500 or 5500-SF.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection
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For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

▶ **Round off amounts to nearest dollar.**

▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan <u>NORTH STATE COMMUNICATIONS RETIREMENT PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>NORTH STATE TELEPHONE COMPANY D/B/A NORTH STATE COMMUNICATIONS</u>	D Employer Identification Number (EIN) <u>56-0341710</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information	
1 Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2009</u>		
2 Assets:		
a Market value	2a <u>73776803</u>	
b Actuarial value	2b <u>81154483</u>	
3 Funding target/participant count breakdown		
	(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment	3a <u>242</u>	<u>50387136</u>
b For terminated vested participants	3b <u>60</u>	<u>1171752</u>
c For active participants:		
(1) Non-vested benefits	3c(1)	<u>1676132</u>
(2) Vested benefits	3c(2)	<u>26152027</u>
(3) Total active	3c(3) <u>361</u>	<u>27828159</u>
d Total	3d <u>663</u>	<u>79387047</u>
4 If the plan is at-risk, check the box and complete items (a) and (b)	☐	
a Funding target disregarding prescribed at-risk assumptions	4a	
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor	4b	
5 Effective interest rate	5	<u>8.25 %</u>
6 Target normal cost	6	<u>1423111</u>

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

SIGN HERE	<u>07/12/2010</u>
Signature of actuary <u>STEVEN M. BULL, EA, MAAA, FCA</u>	Date <u>08-04786</u>
Type or print name of actuary <u>STANLEY,HUNT,DUPREE, & RHINE</u>	Most recent enrollment number <u>336-273-9492</u>
Firm name <u>7823 NATIONAL SERVICE ROAD</u> <u>GREENSBORO, NC 27409</u>	Telephone number (including area code)
Address of the firm	

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2009
v.092308.1

Part II Beginning of year carryover and prefunding balances		(a) Carryover balance	(b) Prefunding balance
7	Balance at beginning of prior year after applicable adjustments (Item 13 from prior year)	4022092	
8	Portion used to offset prior year's funding requirement (Item 35 from prior year)	1362021	0
9	Amount remaining (Item 7 minus item 8).....	2660071	0
10	Interest on item 9 using prior year's actual return of <u>-21.98</u> %	-584684	
11	Prior year's excess contributions to be added to prefunding balance:		
a	Excess contributions (Item 38 from prior year)		398213
b	Interest on (a) using prior year's effective rate of <u>5.99</u> %		23853
c	Total available at beginning of current plan year to add to prefunding balance		422066
d	Portion of (c) to be added to prefunding balance.....		422066
12	Reduction in balances due to elections or deemed elections.....		
13	Balance at beginning of current year (item 9 + item 10 + item 11d – item 12).....	2075387	422066

Part III Funding percentages			
14	Funding target attainment percentage.....	14	99.08 %
15	Adjusted funding target attainment percentage.....	15	102.23 %
16	Prior year's funding percentage for purposes of determining whether carryover/prefunding balances may be used to reduce current year's funding requirement.....	16	98.72 %
17	If the current value of the assets of the plan is less than 70 percent of the funding target, enter such percentage.....	17	%

Part IV Contributions and liquidity shortfalls					
18 Contributions made to the plan for the plan year by employer(s) and employees:					
(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees	(a) Date (MM-DD-YYYY)	(b) Amount paid by employer(s)	(c) Amount paid by employees
07/09/2009	500000				
10/06/2009	500000				
01/12/2010	500000				
02/11/2010	500000				
03/11/2011	500000				
			Totals ►	18(b)	2500000
				18(c)	0

19 Discounted employer contributions – see instructions for small plan with a valuation date after the beginning of the year:	
a Contributions allocated toward unpaid minimum required contribution from prior years.....	19a 0
b Contributions made to avoid restrictions adjusted to valuation date	19b 0
c Contributions allocated toward minimum required contribution for current year adjusted to valuation date.....	19c 2324209
20 Quarterly contributions and liquidity shortfalls:	
a Did the plan have a "funding shortfall" for the prior year?	☒ Yes ☐ No
b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner?	☒ Yes ☐ No
c If 20a is "Yes," see instructions and complete the following table as applicable:	

Liquidity shortfall as of end of Quarter of this plan year			
(1) 1st	(2) 2nd	(3) 3rd	(4) 4th
0	0	0	0

Part V Assumptions used to determine funding target and target normal cost

21 Discount rate:				
a Segment rates:	1st segment: %	2nd segment: %	3rd segment: %	☒ N/A, full yield curve used
b Applicable month (enter code)				21b 2
22 Weighted average retirement age				22 62
23 Mortality table(s) (see instructions) ☐ Prescribed - combined ☒ Prescribed - separate ☐ Substitute				

Part VI Miscellaneous items

24 Has a change been made in the non-prescribed actuarial assumptions for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
25 Has a method change been made for the current plan year? If "Yes," see instructions regarding required attachment.	☒ Yes ☐ No
26 Is the plan required to provide a Schedule of Active Participants? If "Yes," see instructions regarding required attachment.....	☒ Yes ☐ No
27 If the plan is eligible for (and is using) alternative funding rules, enter applicable code and see instructions regarding attachment.....	27

Part VII Reconciliation of unpaid minimum required contributions for prior years

28 Unpaid minimum required contribution for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (item 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (item 28 minus item 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost, adjusted, if applicable (see instructions).....	31	1423111
32 Amortization installments:	Outstanding Balance	Installment
a Net shortfall amortization installment	0	0
b Waiver amortization installment	0	0
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33	0
34 Total funding requirement before reflecting carryover/prefunding balances (item 31 + item 32a + item 32b – item 33).....	34	1423111
	Carryover balance	Prefunding balance
35 Balances used to offset funding requirement	463011	0
36 Additional cash requirement (item 34 minus item 35).....	36	960100
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c).....	37	2324209
38 Interest-adjusted excess contributions for current year (see instructions).....	38	1364109
39 Unpaid minimum required contribution for current year (excess, if any, of item 36 over item 37).....	39	0
40 Unpaid minimum required contribution for all years	40	0

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection.
For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009		
A Name of plan NORTH STATE COMMUNICATIONS RETIREMENT PLAN	B Three-digit plan number (PN) ▶	001
C Plan sponsor's name as shown on line 2a of Form 5500 NORTH STATE TELEPHONE COMPANY D/B/A NORTH STATE COMMUNICATIONS	D Employer Identification Number (EIN) 56-0341710	

Part I	Service Provider Information (see instructions)
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You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

1 Information on Persons Receiving Only Eligible Indirect Compensation

a Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☐ Yes ☒ No

b If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation
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2. Information on Other Service Providers Receiving Direct or Indirect Compensation. Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

(a) Enter name and EIN or address (see instructions)

CONSOLIDATED INVESTMENT ADVISORS

56-1902157

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
27	NONE	49500	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

STANLEY, HUNT, DUPREE, AND RHINE

56-2092915

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
11	NONE	35592	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

HIGH POINT BANK AND TRUST

56-0261570

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
21	NONE	10840	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

BAUKNIGHT PIETRAS & STORMER

57-0940019

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
10	NONE	9223	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

(a) Enter name and EIN or address (see instructions)

(b) Service Code(s)	(c) Relationship to employer, employee organization, or person known to be a party-in-interest	(d) Enter direct compensation paid by the plan. If none, enter -0-.	(e) Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	(f) Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	(g) Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	(h) Did the service provider give you a formula instead of an amount or estimated amount?
			Yes ☐ No ☐	Yes ☐ No ☐		Yes ☐ No ☐

Part I Service Provider Information (continued)

3 If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.

Part II Service Providers Who Fail or Refuse to Provide Information

4 Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)
(complete as many entries as needed)

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN:
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

a Name:	b EIN;
c Position:	
d Address:	e Telephone:

Explanation:

SCHEDULE H (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Financial Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). ► File as an attachment to Form 5500.	OMB No. 1210-0110
		2009
		This Form is Open to Public Inspection

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009		
A Name of plan NORTH STATE COMMUNICATIONS RETIREMENT PLAN	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 NORTH STATE TELEPHONE COMPANY D/B/A NORTH STATE COMMUNICATIONS	D Employer Identification Number (EIN) 56-0341710	

Part I	Asset and Liability Statement
---------------	--------------------------------------

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash	1a		
b Receivables (less allowance for doubtful accounts):			
(1) Employer contributions	1b(1)	2500000	1500000
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)	97820	113181
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	1766986	291725
(2) U.S. Government securities.....	1c(2)	4046137	5903497
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)	3529083	4223336
(4) Corporate stocks (other than employer securities):			
(A) Preferred	1c(4)(A)		
(B) Common	1c(4)(B)		
(5) Partnership/joint venture interests	1c(5)		
(6) Real estate (other than employer real property)	1c(6)		
(7) Loans (other than to participants)	1c(7)		
(8) Participant loans	1c(8)		
(9) Value of interest in common/collective trusts.....	1c(9)		
(10) Value of interest in pooled separate accounts.....	1c(10)		
(11) Value of interest in master trust investment accounts	1c(11)		
(12) Value of interest in 103-12 investment entities	1c(12)		
(13) Value of interest in registered investment companies (e.g., mutual funds).....	1c(13)	34419632	41682198
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)	21500368	23277721
(15) Other	1c(15)		

1d Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)	5974067	7030410
(2) Employer real property	1d(2)		
e Buildings and other property used in plan operation	1e		
f Total assets (add all amounts in lines 1a through 1e)	1f	73834093	84022068

Liabilities

g Benefit claims payable	1g		
h Operating payables	1h		
i Acquisition indebtedness	1i		
j Other liabilities	1j		
k Total liabilities (add all amounts in lines 1g through 1j)	1k	0	0

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	73834093	84022068
---	-----------	----------	----------

Part II Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

Income

		(a) Amount	(b) Total
a Contributions:			
(1) Received or receivable in cash from: (A) Employers	2a(1)(A)	2500000	
(B) Participants	2a(1)(B)		
(C) Others (including rollovers)	2a(1)(C)		
(2) Noncash contributions	2a(2)		
(3) Total contributions. Add lines 2a(1)(A) , (B) , (C) , and line 2a(2)	2a(3)		2500000
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	431034	
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		431034
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)	483507	
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	999169	
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		1482676
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)	2924332	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		2924332
(6) Net investment gain (loss) from common/collective trusts	2b(6)		
(7) Net investment gain (loss) from pooled separate accounts	2b(7)		
(8) Net investment gain (loss) from master trust investment accounts	2b(8)		
(9) Net investment gain (loss) from 103-12 investment entities	2b(9)		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	2b(10)		8499732
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		15837774

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	5544619	
(2) To insurance carriers for the provision of benefits	2e(2)		
(3) Other	2e(3)		
(4) Total benefit payments. Add lines 2e(1) through (3)	2e(4)		5544619
f Corrective distributions (see instructions)	2f		
g Certain deemed distributions of participant loans (see instructions).....	2g		
h Interest expense.....	2h		
i Administrative expenses: (1) Professional fees	2i(1)	55655	
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)	49500	
(4) Other	2i(4)	25	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		105180
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		5649799

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		10187975
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		

Part III Accountant's Opinion

3 Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

a The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☒ Unqualified **(2)** ☐ Qualified **(3)** ☐ Disclaimer **(4)** ☐ Adverse

b Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☐ Yes ☒ No

c Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: BAUKNIGHT, PIETRAS & STORMER, PA

(2) EIN: 57-0940019

d The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. **(2)** ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

Part IV Compliance Questions

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		1000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.			

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?
If yes, enter the amount of any plan assets that reverted to the employer this year ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

5b(1) Name of plan(s)

5b(2) EIN(s)

5b(3) PN(s)

5b(1) Name of plan(s)	5b(2) EIN(s)	5b(3) PN(s)

SCHEDULE R (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Retirement Plan Information This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110 2009 This Form is Open to Public Inspection.
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For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

A Name of plan <u>NORTH STATE COMMUNICATIONS RETIREMENT PLAN</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>NORTH STATE TELEPHONE COMPANY D/B/A NORTH STATE COMMUNICATIONS</u>	D Employer Identification Number (EIN) <u>56-0341710</u>

Part I	Distributions
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All references to distributions relate only to payments of benefits during the plan year.

1 Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	<u>1</u>	<u>0</u>
2 Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits): EIN(s): <u>56-1823017</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
3 Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	<u>3</u>	<u>0</u>

Part II	Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?.....	☐ Yes	☒ No	☐ N/A
If the plan is a defined benefit plan, go to line 8.			
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
6 a Enter the minimum required contribution for this plan year	<u>6a</u>		
b Enter the amount contributed by the employer to the plan for this plan year	<u>6b</u>		
c Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	<u>6c</u>		
If you completed line 6c, skip lines 8 and 9.			
7 Will the minimum funding amount reported on line 6c be met by the funding deadline?	☐ Yes	☐ No	☐ N/A
8 If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change?.....	☒ Yes	☐ No	☐ N/A

Part III	Amendments
-----------------	-------------------

9 If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box.....	☐ Increase	☐ Decrease	☐ Both	☒ No
--	-----------------------------------	-----------------------------------	-------------------------------	--

Part IV	ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?.....	☐ Yes	☐ No
11 a Does the ESOP hold any preferred stock?	☐ Yes	☐ No
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)	☐ Yes	☐ No
12 Does the ESOP hold any stock that is not readily tradable on an established securities market?	☐ Yes	☐ No

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.

Schedule R (Form 5500) 2009
v.092308.1

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

13 Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

d Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month _____ Day _____ Year _____

e Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) _____

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): _____

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

a The current year	14a	
b The plan year immediately preceding the current plan year	14b	
c The second preceding plan year	14c	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

a The corresponding number for the plan year immediately preceding the current plan year	15a	
b The corresponding number for the second preceding plan year	15b	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

a Enter the number of employers who withdrew during the preceding plan year	16a	
b If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers	16b	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. ☐

Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

a Enter the percentage of plan assets held as:
 Stock: _____% Investment-Grade Debt: _____% High-Yield Debt: _____% Real Estate: _____% Other: _____%

b Provide the average duration of the combined investment-grade and high-yield debt:
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more

c What duration measure was used to calculate item 19(b)?
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): _____

Financial Statements
and Supplemental Schedules

North State Telephone Company
Retirement Plan

*Years Ended December 31, 2009 and 2008
with Report of Independent Auditors*

North State Telephone Company Retirement Plan
Financial Statements
and Supplemental Schedules
Years Ended December 31, 2009 and 2008

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BAUKNIGHT PIETRAS & STORMER, P.A.

Report of Independent Auditors

To the Advisory Committee of the
North State Telephone Company Retirement Plan

We have audited the accompanying statements of net assets available for plan benefits of the North State Telephone Company Retirement Plan (the "Plan") as of December 31, 2009 and 2008, and the related statements of changes in net assets available for plan benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Plan as of December 31, 2009 and 2008, and the changes in its net assets available for plan benefits for the years then ended in conformity with accounting principles generally accepted in the United States.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules, as listed in the table of contents, are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental information is the responsibility of the Plan's management. The supplemental information has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Bauknight Pietras + Stormer, P.A.

July 29, 2010

North State Telephone Company Retirement Plan
Statements of Net Assets Available for Plan Benefits

	December 31,	
	2009	2008
Assets		
Investments at fair value:		
Cash and cash equivalents	\$ 291,725	\$ 1,766,986
Mutual funds	41,682,198	34,419,632
Investment contract with insurance company	23,277,721	21,500,368
U.S. Government agencies	5,903,497	4,046,137
Corporate bonds and notes	4,223,336	3,529,083
North State Telecommunications Corporation common and preferred stock	7,030,410	5,974,067
Total investments	<u>82,408,887</u>	<u>71,236,273</u>
Receivables:		
Employer contributions	1,500,000	2,500,000
Interest and dividends	113,181	97,820
Total receivables	<u>1,613,181</u>	<u>2,597,820</u>
Total assets	<u>84,022,068</u>	<u>73,834,093</u>
Liabilities		
Total liabilities	<u>--</u>	<u>--</u>
Net assets available for plan benefits	<u><u>\$ 84,022,068</u></u>	<u><u>\$ 73,834,093</u></u>

See accompanying notes.

North State Telephone Company Retirement Plan
Statements of Changes in Net Assets Available for Plan Benefits

	Years Ended December 31,	
	2009	2008
Additions to (subtractions from) net assets attributed to:		
Investment income (loss):		
Net appreciation (depreciation) in fair value of investments	\$ 11,424,064	\$ (21,855,753)
Interest	431,034	506,906
Dividends	1,482,676	517,216
	<u>13,337,774</u>	<u>(20,831,631)</u>
Employer contributions:	<u>2,500,000</u>	<u>2,500,000</u>
Total additions (subtractions)	<u>15,837,774</u>	<u>(18,331,631)</u>
Deductions from net assets attributed to:		
Benefits paid to participants	5,544,619	5,207,953
Administrative expenses	105,180	11,117
Total deductions	<u>5,649,799</u>	<u>5,219,070</u>
Net change	10,187,975	(23,550,701)
Net assets available for plan benefits, beginning	<u>73,834,093</u>	<u>97,384,794</u>
Net assets available for plan benefits, ending	<u>\$ 84,022,068</u>	<u>\$ 73,834,093</u>

See accompanying notes.

North State Telephone Company Retirement Plan
Notes to Financial Statements
December 31, 2009 and 2008

1. Description of Plan

The following description of the North State Telephone Company Retirement Plan (the "Plan") provides only general information. Participants may refer to the Plan document for a more complete description of the Plan's provisions.

General

The Plan is a noncontributory, defined benefit plan covering all employees of North State Telephone Company (the "Company") who meet certain eligibility requirements, utilizing the frozen initial liability method for valuations of pension benefits. Employees are eligible to become participants following the later of the completion of a qualified year of service or the attainment of age twenty-one. The Company serves as Plan administrator. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

Funding

Contributions to the Plan are made by the Company in amounts sufficient to fund the Plan's current service cost on a current basis and to fund the initial past service costs over a period from 10 to 40 years. The Company's contributions for 2009 and 2008 exceeded the minimum funding contributions of ERISA.

Pension Benefits

Participants are generally entitled to an annual retirement benefit beginning at age 65. The annual benefit payable is equal to (a) the sum of 1.3% of the annual average earnings for the previous 60 consecutive calendar months out of the last 120 months which produce the highest average, plus (b) 0.65% of excess earnings over a specified compensation multiplied by the number of years of credited service, not to exceed 35 years. Participants who met certain age and service requirements as of January 1, 2007, became grandfathered in their pension benefits and are eligible to retire early without actuarial reduction for early commencement upon satisfaction of: (a) attainment of age 60 and 20 years of vesting service; or (b) attainment of age 55 and 25 years of vesting service; or (c) 30 years of vesting service. Non-grandfathered participants electing to retire before age 65 are subject to reduced benefits in accordance with the Plan document. Benefits are payable under various annuity options specified in the Plan or by lump-sum distribution for benefits of \$1,000 or less.

Death and Disability Benefits

If a participant dies after being married for at least one year and after satisfying the vesting requirements, the surviving spouse will receive a survivor benefit. If the participant dies after satisfying the requirements for early retirement, the survivor benefit, commencing immediately, is equal to that which would have been paid had the employee retired on the first day of the month in which death occurred and had elected a joint and 100% survivor annuity option. If the participant dies prior to satisfying the requirements for early retirement, the survivor benefit, beginning when the participant would have reached earliest retirement age, is equal to that which would have been paid if the participant had terminated at the date of death, lived to the earliest retirement age, and then retired with a 50% joint and survivor benefit in effect. No disability benefits are payable under the Plan.

North State Telephone Company Retirement Plan
Notes to Financial Statements
December 31, 2009 and 2008

1. Description of Plan (continued)

Vesting

Participants with less than five years of service have no vesting in their accrued benefits. Participants with five or more years of service are fully vested in their accrued benefits.

Plan Termination

Although the Company has not expressed any intent to discontinue its contributions, it is free to do so at any time. In the event of such termination of contributions, if the Plan's advisory committee deems it advisable to liquidate the funds and terminate the trust, the funds of the trust shall be allocated and applied to provide the accrued benefits under the Plan, among the participants based upon a priority allocation procedure. The amount to which each participant is entitled shall either be paid in cash, through the purchase of immediate (as regards retired or retirable participants) or deferred (as regards participants who are not then eligible for retirement) life annuities, or by periodic payments.

Certain benefits under the Plan are insured by the Pension Benefit Guaranty Corporation ("PBGC") if the Plan terminates. Generally, the PBGC guarantees most vested, normal-age retirement benefits, and certain disability, and survivor's benefits. However, the PBGC does not guarantee all types of benefits under the Plan, and the amount of benefit protection is subject to certain limitations. Vested benefits under the Plan are guaranteed at the level in effect on the date of the Plan's termination, subject to a ceiling on the amount of an individual's monthly benefit.

Whether all participants receive the benefits should the Plan be terminated at some future time will depend on the sufficiency, at that time, of the Plan's net assets to provide these benefits, the priority of those benefits to be paid, and the level and type of benefits guaranteed by the PBGC at that time. Some benefits may be fully or partially provided for by the existing assets and the PBGC guaranty, while other benefits may not be provided for at all.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States ("GAAP").

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of changes in net assets during the reporting period. Actual results could differ from those estimates.

North State Telephone Company Retirement Plan
Notes to Financial Statements
December 31, 2009 and 2008

2. Basis of Presentation and Summary of Significant Accounting Policies (continued)

New Accounting Pronouncement

In June 2009, the Financial Accounting Standards Board (“FASB”) issued Statement of Financial Accounting Standards No. 168 “The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles—a replacement of FASB Standard No. 162” (“SFAS 168”). SFAS 168 replaces the hierarchy of GAAP with two levels of GAAP: authoritative and non-authoritative. On July 1, 2009, the FASB Accounting Standards Codification (“FASB ASC”) became the single source of authoritative nongovernmental GAAP, except for rules and interpretive releases of the Securities and Exchange Commission. All other non-grandfathered accounting literature became non-authoritative. The adoption of SFAS 168 did not have any impact on the Plan’s financial statements. As a result of the adoption of SFAS 168, all references to GAAP now refer to the FASB ASC.

Cash and Cash Equivalents

Cash equivalents consist of funds held in money market accounts.

Investment Valuation and Income Recognition

The Plan’s investments consist of mutual funds (American Funds Group, PIMCO and Vanguard), an investment contract with an insurance company (Metropolitan Life Insurance Company), cash equivalents, U.S. Government securities and fixed income securities (High Point Bank and Trust Company and Goldman Sachs), collectively “the Contract Holders.” The Plan’s investments also include North State Telecommunications Corporation common and preferred stock.

Investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for discussion of fair value measurements.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

The Plan may invest in various types of investment instruments, including U.S. Government securities, corporate debt instruments, and corporate stocks. Investment securities, in general, are exposed to various risks, including interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values in investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of net assets available for plan benefits.

The Plan’s investment contract in the Index Track Grand Central Bond Master Fund is backed by the Metropolitan Life Insurance Company and does not represent any specific holding within the fund’s general account.

North State Telephone Company Retirement Plan
Notes to Financial Statements
December 31, 2009 and 2008

3. Fair Value Measurements

The Plan's investments are reported at fair value in the accompanying statements of net assets available for plan benefits.

GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; Level 2 inputs consist of observable inputs other than quoted prices for identical assets; and Level 3 inputs to the valuation methodology are unobservable. The Plan uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Plan measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were only used when Level 1 or Level 2 inputs were not available.

The following tables present fair value measurement information for the Plan's investments:

As of December 31, 2009				
	Quoted Market Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Cash and cash equivalents	\$ 291,725	\$ --	\$ --	\$ 291,725
Mutual funds	41,682,198	--	--	41,682,198
Investment contract with insurance company	--	--	23,277,721	23,277,721
U.S. Government agencies	5,903,497	--	--	5,903,497
Corporate bonds and notes	4,223,336	--	--	4,223,336
North State Telecommunications Corporation common and preferred stock	--	7,030,410	--	7,030,410
Total investments	\$ 52,100,756	\$ 7,030,410	\$ 23,277,721	\$ 82,408,887

North State Telephone Company Retirement Plan
Notes to Financial Statements
December 31, 2009 and 2008

3. Fair Value Measurements (continued)

	As of December 31, 2008			
	Quoted Market Prices (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total
Cash and cash equivalents	\$ 1,766,986	\$ --	\$ --	\$ 1,766,986
Mutual funds	34,419,632	--	--	34,419,632
Investment contract with insurance company	--	--	21,500,368	21,500,368
U.S. Government agencies	4,046,137	--	--	4,046,137
Corporate bonds and notes	3,529,083	--	--	3,529,083
North State Telecommunications Corporation common and preferred stock	--	5,974,067	--	5,974,067
Total investments	\$ 43,761,838	\$ 5,974,067	\$ 21,500,368	\$ 71,236,273

Level 1 Fair Value Measurements- The fair values of mutual funds, U.S. government securities, and corporate bonds and notes determined by the Contract Holders using quoted market prices. Cash and cash equivalents are valued at cost which approximates fair value.

Level 2 Fair Value Measurements- The fair value of North State Telecommunications Corporation common and preferred stock is determined using the weighted average stock prices for transactions in the last 30 days of the year.

Level 3 Fair Value Measurements- The fair value of the investment contract approximates the book value determined by the contract issuer, Metropolitan Life Insurance Company. Book value is determined by adjusting the carrying value for current year deposits and withdrawals and then applying a rate of return equal to the Barclay's Aggregate Bond Index (5.93% for the year ended December 31, 2009) plus five basis points.

The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

North State Telephone Company Retirement Plan
Notes to Financial Statements
December 31, 2009 and 2008

3. Fair Value Measurements (continued)

The following table provides further details of the Level 3 fair value measurements.

	Investment contract with insurance company	
	2009	2008
Beginning balance	\$ 21,500,368	\$ 20,303,899
Total gains (realized and unrealized)	1,330,353	1,077,710
Deposits	447,000	118,759
Ending balance	<u>\$ 23,277,721</u>	<u>\$ 21,500,368</u>

Gains and losses (realized and unrealized) included in changes in net assets available for benefits are reported in net appreciation in fair value of investments.

The Plan's investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) during 2009 and 2008 as follows:

	2009	2008
Investments at Fair Value Determined by Quoted Market Price:		
Mutual funds	\$ 8,499,732	\$ (20,969,918)
U.S. Government Securities, U.S. Government Agencies and Corporate Bonds	567,636	(799,090)
	<u>9,067,368</u>	<u>(21,769,008)</u>
Investments at Estimated Fair Value:		
Investment contract with insurance company	1,300,353	1,077,710
North State Telecommunications Corporation common and preferred stock	1,056,343	(1,164,455)
	<u>2,356,696</u>	<u>(86,745)</u>
	<u>\$ 11,424,064</u>	<u>\$ (21,855,753)</u>

North State Telephone Company Retirement Plan
Notes to Financial Statements
December 31, 2009 and 2008

4. Investments

Individual investments that represent 5% or more of the Plan's net assets available for Plan benefits at December 31, 2009 and 2008 are as follows:

	2009	2008
* Metropolitan Life Insurance Company- Index Track		
Grand Central Bond Master Fund	\$ 23,277,721	\$ 21,500,368
American Funds Group-		
Fundamental Investors- Class A	25,311,429	18,916,821
Vanguard Wellington Fund	15,689,974	--
* North State Telecommunications Corporation		
common and preferred stock	7,030,410	5,974,067
* Dodge & Cox Balanced Fund	--	14,831,906
Other investments, less than 5%	11,099,353	10,013,111
Total investments at fair value	\$ 82,408,887	\$ 71,236,273

*Represents a party-in-interest

5. Actuarial Present Value of Accumulated Plan Benefits

Accumulated plan benefits are those future periodic payments, including lump-sum distributions that are attributable to the Plan. Plan benefits include benefits expected to be paid to (a) retired or terminated employees or their beneficiaries, (b) beneficiaries of employees who have died, and (c) present employees or their beneficiaries. Benefits under the plan are based on the actuarial equivalent of the balance of the participant's account as of the end of the month before the participant's termination of service. Benefits payable under all circumstances (retirement, death, and termination of employment) are included in accumulated benefits, to the extent they are deemed attributable to employee service rendered to the valuation date. The actuarial value of accumulated plan benefits is determined by the Plan's actuary.

The actuarial present value of accumulated plan benefits as of January 1, 2009 and 2008 (the latest valuation dates available) are summarized as follows:

	2009	2008
Vested benefits:		
Participants currently receiving payments	\$ 54,162,767	\$ 48,685,021
Other participants	29,567,267	29,932,778
Nonvested benefits	1,968,695	3,282,320
Total	\$ 85,698,729	\$ 81,900,119

North State Telephone Company Retirement Plan
Notes to Financial Statements
December 31, 2009 and 2008

5. Actuarial Present Value of Accumulated Plan Benefits (continued)

The changes in the actuarial present value of accumulated plan benefits as of January 1, 2009 and 2008 are attributed to the following:

	2009	2008
Beginning of year balance	\$ 81,900,119	\$ 83,163,473
Increase (decrease) during the year attributable to:		
Benefits accumulated	5,950,741	6,058,566
Benefits paid	(5,207,953)	(4,852,916)
Assumption changes	--	(3,185,192)
Benefits accrued and experience gain	3,055,822	716,188
Net increase (decrease)	<u>3,798,610</u>	<u>(1,263,354)</u>
End of year balance	<u>\$ 85,698,729</u>	<u>\$ 81,900,119</u>

Significant assumptions used by the enrolled actuary in the valuations as of January 1, 2009 and 2008 in determining the forgoing information include:

	2009	2008
Discount rate	7.50%	7.50%
Expected rate of return on assets	8.00%	8.00%
Mortality	1994 UPM	1994 UPM
Termination	Graduated rates	Graduated rates
Retirement	Graduated rates	Graduated rates

The graduated retirement rates were modified in 2008 to more accurately reflect the actual retirement ages experienced by the Plan in recent years. This assumption change decreased the actuarial present value of accumulated benefits by \$3,185,192 at December 31, 2008.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

North State Telephone Company Retirement Plan
Notes to Financial Statements
December 31, 2009 and 2008

6. Related Party Transactions

Plan investments include shares of North State Telecommunications Corporation common and preferred stock, as well as other investments managed by the Contract Holders. Ownership of North State Telecommunications Corporation stock qualifies as a party-in-interest transaction. Fees paid to the Contract Holders totaling approximately \$11,000 annually in 2009 and 2008, also qualify as party-in-interest transactions.

7. Administrative Expenses

The Company absorbed most of the Plan's administrative expenses during 2008. During 2009, the Plan paid approximately \$95,000 for investment, actuarial, and accounting services.

8. Income Tax Status

The Plan obtained its latest determination letter on November 27, 1996, in which the Internal Revenue Service ("IRS") stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. The Plan has been amended since receiving the determination letter. However, the plan administrator believes that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan's financial statements.

During 2009, the Plan was amended to comply with recent regulatory pronouncements.

9. Contingency

During 2009, the IRS questioned whether a 2006 contribution of North State Telecommunication Corporation common stock was allowable under IRS rules. The issue is still pending and the outcome cannot be determined at this time. Management believes the resolution of this issue have no impact on the Plan as the Company will bear responsibility for any penalties that may arise.

10. Reconciliation of Audited Financial Statements to Form 5500

There were no reconciling items between the financial statements and Schedule H of Form 5500.

11. Subsequent Events

Management evaluated events and transactions after December 31, 2009 through July 29, 2010, the date the financial statements were available to be issued, for subsequent events and determined that there were no events to report during that period.

SUPPLEMENTAL SCHEDULES

North State Telephone Company Retirement Plan
Employer ID # 56-0341710 Plan # 001
Schedule H, Line 4i- Schedule of Assets Held for Investment Purposes At End Of Year
December 31, 2009

(a)	(b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current Value
	Cash and cash equivalents:			
	Goldman Sachs Financial Square Prime Obligation	Money market	\$ 193,302	\$ 193,302
	TD Bank USA	Money market	97,510	97,510
*	High Point Bank and Trust	Money market	913	913
			<u>291,725</u>	<u>291,725</u>
	Mutual Funds:			
	American Funds Group	Fundamental Investors- Class A; 773,104 units of participation	**	25,311,429
	Vanguard Wellington Fund Admiral Shares	Vanguard Wellington Fund; 314,933,249 units of participation	**	15,689,974
	PIMCO	PIMCO Total Returns Fund; 62,834 units of participation	**	680,795
			<u>**</u>	<u>41,682,198</u>
	Investment contract with insurance company:			
*	Metropolitan Life Insurance Company Contract #205661	Index Track Grand Central Bond Master Fund; 23,277,721 units of participation	**	23,277,721
	U.S. Government agency securities:			
	Federal Home Loan Mortgage Corporation	3% notes, due 4/30/14, \$300,000 maturity value	300,000	300,666
	Federal Home Loan Mortgage Corporation	3% notes, due 11/20/14, \$300,000 maturity value	299,700	297,333

North State Telephone Company Retirement Plan
Employer ID # 56-0341710 Plan # 001
Schedule H, Line 4i- Schedule of Assets Held for Investment Purposes At End Of Year
December 31, 2009

(a)	(b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current Value
	Federal Home Loan Banks	6% notes, due 07/12/16, \$200,000 maturity value	200,000	212,562
	Federal Home Loan Banks	5.75% notes, due 01/26/22, \$100,000 maturity value	100,000	99,813
	Federal Home Loan Banks	6% notes, due 06/14/17, \$100,000 maturity value	100,000	102,250
	Federal Home Loan Banks	6% notes, due 08/23/17 \$75,000 maturity value	75,000	77,156
	Federal Home Loan Banks	4% notes, due 12/24/18, \$100,000 maturity value	100,000	96,125
	Federal Home Loan Bank Cons	4.2% notes, due 1/15/13, \$200,000 maturity value	200,000	200,250
	Federal Home Loan Mortgage Corporation Step-Up	3% notes, due 07/28/17, \$500,000 maturity value	500,000	494,360
	Federal Home Loan Mortgage Corporation Step-Up	3% notes, due 11/15/19, \$100,000 maturity value	100,000	98,336
	Federal Home Loan Mortgage Step-Up	2.5% notes, due 11/15/16, \$100,000 maturity value	100,000	98,365
	Federal Home Loan Mortgage Step-Up	2% notes, due 12/15/17 \$150,000 maturity value	150,000	142,824
	Federal Home Loan Mortgage Step-Up	3% notes, due 12/15/19, \$150,000 maturity value	150,000	141,476
	Federal Home Loan Mortgage Step-Up	4% notes, due 12/15/24, \$75,000 maturity value	75,000	72,559

North State Telephone Company Retirement Plan
Employer ID # 56-0341710 Plan # 001
Schedule H, Line 4i- Schedule of Assets Held for Investment Purposes At End Of Year
December 31, 2009

(a)	(b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current Value
	Federal Home Loan Banks-Step	2% notes, due 07/27/16 \$500,000 maturity value	500,000	493,280
	Federal National Mortgage Assn-Step	4.6% notes, due 07/08/24, \$250,000 maturity value	250,000	246,953
	Federal National Mortgage Assn-Step	2.25% notes, due 07/07/14, \$1,000,000 maturity value	1,000,000	1,000,310
	Federal National Mortgage Assn-Step	3% notes, due 11/21/16, \$300,000 maturity value	300,000	298,125
	Federal National Mortgage-Step	4% notes, due 05/28/24, \$250,000 maturity value	247,656	234,688
	Federal National Mortgage-Step	4% notes, due 05/28/24, \$250,000 maturity value	249,063	235,470
	Federal National Mortgage Assn-Step	4.25% notes, due 06/25/24, \$250,000 maturity value	250,000	241,485
	Federal National Mortgage Assn-Step	5% notes, due 08/26/24, \$500,000 maturity value	500,000	497,815
	Federal National Mortgage Assn-Step	3% notes, due 09/23/16, \$125,000 maturity value	125,000	124,454
	Federal National Mortgage Assn-Step	3% notes, due 12/10/24, \$100,000 maturity value	100,000	96,844
			<u>5,971,419</u>	<u>5,903,497</u>

North State Telephone Company Retirement Plan
Employer ID # 56-0341710 Plan # 001
Schedule H, Line 4i- Schedule of Assets Held for Investment Purposes At End Of Year
December 31, 2009

(a)	(b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current Value
	Corporate bonds and notes:			
	AT&T Global, Inc	5.5% note, due 2/1/18, \$250,000 maturity value	248,483	260,855
	American General Finance Corporation	6% note, due 10/15/14, \$300,000 maturity value	300,000	204,786
	American General Finance Corporation	6% note, due 11/15/14, \$250,000 maturity value	250,000	171,013
*	BB&T Corporation	4.75% note, due 10/1/12, \$145,000 maturity value	145,290	150,946
*	BB&T Corporation	5.2% note, due 12/23/15, \$120,000 maturity value	119,785	124,634
*	BB&T Corporation	5.25% note, due 11/1/19, \$200,000 maturity value	192,564	192,752
	Capital One Finance Corporation	5.7% note, due 9/15/11, \$350,000 maturity value	338,375	367,630
	Duke Energy Carolinas, LLC	5.1% note, due 4/15/18, \$250,000 maturity value	252,500	258,628
	General Electric Capital	5.1% note, due 5/15/15, \$225,000 maturity value	225,000	226,593
	Genworth Financial	5.65% note, due 6/15/12, \$300,000 maturity value	306,948	297,546
	Goldman Sachs Group	5.625% note, due 1/15/17, \$360,000 maturity value	348,088	367,690

North State Telephone Company Retirement Plan
Employer ID # 56-0341710 Plan # 001
Schedule H, Line 4i- Schedule of Assets Held for Investment Purposes At End Of Year
December 31, 2009

(a) (b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current Value
Hartford Life Insurance Company	5.5% note, due 3/15/18, \$150,000 maturity value	150,000	143,390
JP Morgan Chase Bank	6% note, due 10/1/17, \$300,000 maturity value	305,754	321,201
Philip Morris International, Inc.	5.65% note, due 5/16/18, \$250,000 maturity value	248,125	262,895
Principal Life Income Fund	5.65% note, due 3/16/20, \$335,000 maturity value	335,000	315,855
Suntrust Banks, Inc.	5.45% note, due 12/1/17, \$150,000 maturity value	149,385	142,658
Verizon Communications, Inc.	5.5% note, due 2/15/18, \$250,000 maturity value	250,000	260,893
Wachovia Corporation	5.625% note, due 10/15/16, \$150,000 maturity value	150,000	153,374
		<u>4,315,297</u>	<u>4,223,336</u>
* North State Telecommunications Corporation	91,353 shares common stock	9,604,838	7,022,586
* North State Telecommunications Corporation	162 shares preferred stock	7,796	7,824
		<u>9,612,634</u>	<u>7,030,410</u>
		<u>***</u>	<u>\$ 82,408,887</u>

* Indicates a party-in-interest to the Plan

** Certain cost information not readily available

North State Telephone Company Retirement Plan
Employer ID # 56-0341710 Plan # 001
Schedule H, Line 4j- Schedule of Reportable Transactions
December 31, 2009

(a) Identity of party involved	(b) Description of asset	(c) Purchase price	(d) Selling price	(g) Cost of asset	(i) Net gain (loss)
* High Point Bank & Trust	Goldman Sachs Finl Square Prime Obligation- P	\$ 5,062,100	\$ --	\$ 5,062,100	\$ --
* High Point Bank & Trust	Goldman Sachs Finl Square Prime Obligation- P	--	6,633,545	**	**
AmeriTrade Trust Company	Vanguard Wellington Fund Admiral Shares	12,511,028	--	\$ 12,511,028	\$ --
* AmeriTrade Trust Company	Dodge & Cox Balanced Fund	\$ --	\$ 12,511,028	**	**

* Indicates a party-in-interest to the Plan

** Certain cost information not readily available

The transactions set forth herein are those that individually or in the aggregate, by security or by person, involve an amount in excess of 5% of the current value of the Plan assets at the beginning of the Plan year.

Description of Weighted Average Retirement Age

List the rate of retirement at each age and describe the methodology used to compute the weighted average retirement age, including a description of the weight applied at each potential retirement age.

The retirement assumption is graded by age, as follows:

	Annual	Conditional Expected Retirement	First Eligible to Retire at	Conditional Expected Retirement	Number First Eligible to Retire at
<u>Age</u>	<u>Retirement</u>	<u>Age</u>	<u>Age</u>	<u>Age</u>	<u>Age</u>
Under 50	0%	59.0	Under 50	59.0	8
50	5%	59.0	50	59.0	29
51	5%	59.5	51-54	60.1	32
52	5%	59.9	55	61.1	102
53	5%	60.4	56-59	61.9	30
54	5%	60.8	60	62.9	70
55	5%	61.1	61-64	64.4	24
56	5%	61.4	65	66.2	54
57	7%	61.7	66-69	68.1	11
58	9%	62.1	70	70.0	-
59	11%	62.5	71-74	72.5	1
60	15%	62.9	75	75.0	-
61	20%	63.4			
62	25%	64.0	Total		361
63	30%	64.7			
64	35%	65.4			
65	40%	66.2			
66	45%	67.0			
67	50%	67.7			
68	60%	68.5			
69	80%	69.2			
70	100%	70.0			

Weighted Average Retirement Age:

62

Schedule of Active Participant Data

Age Group	Completed Years of Service											
	< 1 Yr.		1-4 Yrs.		5-9 Yrs.		10-14 Yrs.		15-19 Yrs.		20-24 Yrs.	
	Avg.		Avg.		Avg.		Avg.		Avg.		Avg.	
	No.	Comp.	No.	Comp.	No.	Comp.	No.	Comp.	No.	Comp.	No.	Comp.
0-24	0	0	4	0	3	0	0	0	0	0	0	0
25-29	0	0	18	0	5	0	0	0	0	0	0	0
30-34	0	0	11	0	13	0	6	0	0	0	0	0
35-39	0	0	9	0	14	0	11	0	1	0	0	0
40-44	0	0	9	0	15	0	9	0	5	0	6	0
45-49	0	0	7	0	16	0	9	0	3	0	4	0
50-54	0	0	8	0	13	0	10	0	0	0	5	0
55-59	0	0	1	0	4	0	11	0	2	0	0	0
60-64	0	0	0	0	4	0	4	0	2	0	5	0
65-69	0	0	0	0	2	0	1	0	0	0	0	0
70+	0	0	0	0	1	0	0	0	0	0	0	0
Total	0	0	67	0	90	0	61	0	13	0	20	0

Age Group	Completed Years of Service									
	25-29 Yrs.		30-34 Yrs.		35-39 Yrs.		40 Yrs. +		Totals	
	Avg.		Avg.		Avg.		Avg.		Avg.	
	No.	Comp.	No.	Comp.	No.	Comp.	No.	Comp.	No.	Comp.
0-24	0	0	0	0	0	0	0	0	7	0
25-29	0	0	0	0	0	0	0	0	23	0
30-34	0	0	0	0	0	0	0	0	30	0
35-39	0	0	0	0	0	0	0	0	35	0
40-44	1	0	0	0	0	0	0	0	45	0
45-49	7	0	4	0	0	0	0	0	50	0
50-54	9	0	26	0	6	0	0	0	77	0
55-59	3	0	8	0	17	0	2	0	48	0
60-64	2	0	4	0	9	0	4	0	34	0
65-69	0	0	1	0	0	0	7	0	11	0
70+	0	0	0	0	0	0	0	0	1	0
Total	22	0	43	0	32	0	13	0	361	0

Statement of Actuarial Assumptions

Prescribed Interests Rates

Based on the complete month of October.

For Duration 0.5	5.45%	(Prior year: N/A)
For Duration 1.5	6.83%	(Prior year: N/A)
For Duration 2.5	7.64%	(Prior year: N/A)
For Duration 3.5	7.95%	(Prior year: N/A)
For Duration 10.5	8.87%	(Prior year: N/A)
For Duration 20.5	8.11%	(Prior year: N/A)
For Duration 30.5	7.46%	(Prior year: N/A)
Effective Interest Rate:	8.25%	(Prior year: 5.99%)
PBGC Variable Premium Rate:	(same as Target Liability rates)	(Prior year: N/A)
First Segment Rate (for Liabilities Payable in 0 to 5 Years)	N/A	(Prior year: 5.26%)
Second Segment Rate (for Liabilities Payable in 5 to 20 Years)	N/A	(Prior year: 5.82%)
Third Segment Rate (for Liabilities Payable in 20 or More Years)	N/A	(Prior year: 6.38%)
PBGC Variable Premium First Segment Rate:	N/A	(Prior year: 4.93%)
PBGC Variable Premium Second Segment Rate:	N/A	(Prior year: 6.13%)
PBGC Variable Premium Third Segment Rate:	N/A	(Prior year: 6.69%)

Disability

None assumed.

Prescribed Mortality

IRS 2009 Static Mortality Table: Mortality for Participants who are not receiving benefits is based on the RP2000 non-annuitant mortality table projected to 2024 using Scale AA. Mortality for participants currently receiving benefits is based on the RP2000 annuitant table projected to 2016 using Scale AA.

IRS 2008 Generational Mortality Table was used in the original 2008 valuation report but was changed to Static Mortality Table for the revised 2008 valuation.

Termination

T-1 Graduated Rates (see table below for sample rates).

Age	Probability of Termination
25	4.89%
40	1.13%
55	0.00%

Statement of Actuarial Assumptions (Continued)

Assumed Retirement

Upon satisfaction of retirement eligibility, the following rates apply.

Age	Probability of Retirement	Age	Probability of Retirement
50-54	5%	62	25%
55	5%	63	30%
56	5%	64	35%
57	7%	65	40%
58	9%	66	45%
59	11%	67	50%
60	15%	68	60%
61	20%	69	80%
		70	100%

Marriage

Male spouses are assumed to be 4 years older than their wives. It is assumed that 75% of male and 75% of female Participants are married.

Expenses

Expected expenses equals last year's expenses of \$11,117 (prior year none were assumed).

Salary Scale

Assumed future salary increases are based on age as follows:

Age	Percent
<25	6.50%
25-29	6.00%
30-34	5.50%
35-39	5.00%
40-44	4.50%
45-49	4.00%
50-54	3.50%
>=55	3.00%

Covered Compensation

Covered Compensation is based on the 2009 Covered Compensation Table (\$12 rounding).

The Social Security Taxable Wage Base is assumed to increase at 4.0% per year.

IRS Limits

The IRS Maximum Benefit Limitation for the 2009 Plan Year is \$190,000 (this was \$185,000 for 2008). The IRS Maximum Compensation Limitation for the 2009 Plan Year is \$235,000 (this was \$230,000 for 2008).

Statement of Actuarial Assumptions (continued)

Form of Payment

100% of active Participants and vested former Participants or beneficiaries entitled to deferred benefits are assumed to receive benefits in the form of a life annuity.

Census Data

- No future new entrants.
- No rehire of former employees.
- No liability is held for non-vested former employees even if a break-in-service has not occurred as of the valuation date.
- All Participants are assumed to work the same number of hours in future years as reported for the year preceding the valuation date.

Assumption Changes Since Prior Valuation

The Mortality Table was changed to Static from Generational during the revised 2008 valuation report. In the revised 2009 report, the Yield Curve Segment Rates were changed to the complete month of October Spot rates.

There were no other changes made.

Statement of Actuarial Funding Method

Actuarial Cost Method

The minimum funding requirements of the Pension Protection Act of 2006 became effective on January 1, 2008. As a result, the Unit Credit cost method is now required to be used to determine the Funding Target and the Target Normal Cost. Under this cost method, a Funding Target (an actuarial liability) is calculated for each participant as of the valuation date equal to the present value of the accrued benefit (accrued benefits are assumed to be payable at decrement dates based on the Plan Provisions, using actual salary history and benefit accrual service as of the valuation date). The present value of the projected Funding Target, based on the expected accrued benefits as of the next valuation date, is also calculated. The individual participant's Target Normal Cost is equal to the excess, if any, of this amount over the Funding Target as of the current valuation date. Under this method, inactive participants have no Target Normal Cost, and their Funding Target is the present value of the plan benefits to which they and their beneficiaries are entitled. The Plan's total annual Target Normal Cost and Funding Target are the sum of the individual participant amounts.

In the first year in which the Adjusted Plan Assets (Actuarial Value of Assets, reduced by any retained credit balances), is less than the Funding Target, then a Shortfall Amortization Base must be established. This base is amortized over a 7-year period using, as applicable based on the funding interest rate basis elected by the Plan Sponsor, the 1st and 2nd funding segment rates of the prescribed segmented corporate bond yield curve or the first seven spot rates of the prescribed full corporate bond yield curve. New Shortfall Amortization Bases are established each year based on the plan's funded status each year, and all bases are maintained until either fully amortized or until the Adjusted Plan Assets exceed the Funding Target.

Actuarial Value of Assets

The Actuarial Value of Assets is determined using a three (3) year smoothing method. The Actuarial Value of Assets is equal to the average of the Market Values as of the current and previous two years' valuation dates, adjusted for intervening cash flows (including employer contributions, benefit payments, and administrative expenses). The Actuarial Value of Assets is limited to an amount that does not differ from the Market Value of Assets as of the Valuation Date by more than 10%.

Valuation Date

The Plan's valuation date is the first day of the Plan Year.

Changes Since the Prior Valuation

Changed Actuarial Value of Assets Method from Fair Market Value of Assets (FMV) to an adjusted average value of recent plan assets over the past 24 months, collared between 90% and 110% of FMV.

In the revised 2009 report, the Yield Curve Segment Rates were changed to complete month of October Spot rates.

Summary of Plan Provisions

General Information

Valuation Date	January 1, 2009
Original Effective Date	February 10, 1944
Effective Date of Last Amendment	January 1, 2007
Plan Year	January 1 to December 31
Employer Fiscal Year	January 1 to December 31
Employer ID Number	56-0341710
Plan Administrator's ID Number	56-0341710
Plan Number	001
Plan Administrator	Chairman of the Pension Committee

Eligibility Requirements

Each Employee becomes a Participant on the Plan Entry Date on or next following the attainment of age 21 years and completion of 1 Qualifying Year of Service.

Plan Entry Dates

An eligible Employee will participate in the Plan on the first of the month on or next following completion of the eligibility requirements.

Benefit Service

Service prior to January 1, 1976: all completed years and months of continuous Service.

Service on or after January 1976: calendar years with at least 1,000 Hours of Service.

Compensation

Definition

Compensation is the total Compensation received by the Participant for the prior Plan Year including earnings deferred under qualified Employer sponsored plans. Excluded are amounts for other fringe benefits, moving expenses, automobile allowances, and taxable values of Employer paid group term life insurance.

Averaging

Highest average using 60 full consecutive calendar months within the last 120 months.

Vesting

All Participants shall be vested according to the following schedule:

Years of Service	Percent Vested
0	0
1	0
2	0
3	0
4	0
5	100

All Participants shall be 100% vested upon attainment of their Normal Retirement Age.

Summary of Plan Provisions (Continued)

Vested Benefit

The Vested Benefit payable at Normal Retirement Date shall be the vested portion of the Accrued Benefit as of the date of determination.

If the Participant had met the service requirements for Early Retirement, but not the age requirement, at the election of the Participant, a reduced benefit would be payable at the Early Retirement Age.

Normal Retirement

Eligibility

The Normal Retirement Date for each Participant is the first of the month coincident with or next following the later of the attainment of age 65, or the 5-year anniversary of Plan Participation.

Benefit

The amount of Annual Retirement Benefit payable in the Normal Annuity Form is calculated as follows:

- 1.3% of Final Average Compensation (FAC) multiplied by Years of Benefit Service, plus
- 0.65% of Final Average Compensation in excess of Covered Compensation multiplied by Years of Benefit Service (max 35 years). Participant retiring prior to Normal Retirement Date may require reduction in the 0.65% factor as required by permitted disparity rules.

Covered Compensation is the average of Social Security Taxable Wage Base for the 35-year period ending at the Participant's Social Security Retirement Age.

Accrued Benefit

The Accrued Benefit, with respect to the formula above, as of any date, is calculated using actual Years of Benefit Service and Final Average Compensation as of the date of determination.

Delayed Retirement

Eligibility is the first of the month on or next following the actual date the Participant terminates employment after Normal Retirement Date. The benefit is based on Years of Benefit Service and Final Average Compensation as of the actual retirement date or the Actuarial Equivalent of the Normal Retirement Benefit, if greater.

Early Retirement

Eligibility

Eligibility is the earlier of (a) attainment of age 60 and the completion of 20 Years of Vesting Service, or (b) attainment of age 55 and the completion of 25 Years of Vesting Service, or (c) completion of 30 Years of Vesting Service.

Benefit (Grandfathered Group)

The Early Retirement Benefit is the Accrued Benefit, unreduced for early commencement. The integrated portion of Accrued Benefit is reduced to comply with permitted disparity rules. (This applies to all early retirement calculations including those without early reductions).

The Grandfathered Group is defined as Participants who, as of January 1, 2007, had either 20 years of vesting service or whose age plus service was at least 65.

Benefit (Non-Grandfathered Group)

The Early Retirement Benefit is the greater of the Participant's Accrued Benefit as of January 1, 2007 or the Accrued Benefit actuarially reduced.

Summary of Plan Provisions (Continued)

Death Benefit

Eligibility

Eligibility is contingent upon the vesting date being reached and a minimum of 1 year of marriage.

Benefit

Benefit: A benefit computed assuming the Participant had terminated on date of death and had elected a 50% J&S Option (if Participant had satisfied the requirement for Early Retirement, then the elected option would be 100% J&S).

Type of Payment: Monthly Benefit, or lump sum if the Actuarially Equivalent present value of the Survivor's Benefit is \$5,000 or less.

Date of Payment: At what would have been the Participant's Earliest Retirement Age.

Post-retirement Death Benefits

Post-retirement Death Benefits are dependent upon the form of payment selected.

Methods of Payments

Under the Normal Form of payment, a Participant's retirement benefit is payable as a monthly annuity for life, without further payments after death. A Participant may elect to receive the benefit under one of the following Actuarially Equivalent optional modes:

- A reduced benefit is paid to the Participant for life, with 100%, 75% or 50% of such benefit continued after death for the subsequent lifetime of the designated contingent annuitant.
- A reduced benefit is paid to the Participant for life, with 240, 180, 120 or 60 monthly payments guaranteed. If the Participant dies within the guarantee period, the payments continue to a Beneficiary until 240, 180, 120 or 60 have been paid.
- A lump sum payment of the Actuarial Equivalence of the Participant's retirement benefit, provided the amount does not exceed \$5,000.00.

Unless the Participant has elected an option above, it is automatically assumed that a married Participant has elected a Joint and Survivor option with one-half of the initial amount continued to the surviving Eligible Spouse as contingent annuitant.

Contributions

The entire cost of the Plan is borne by the Employer.

Amendments

The Employer reserves the right to amend the Plan at any time.

Generally, the Pension Benefit Guaranty Corporation reserves the right to terminate the Plan if the Employer fails to meet the minimum funding standards, or is unable to pay benefits when due. If the Plan is terminated, the Plan assets will be distributed among the Plan Participants based upon a priority allocation procedure and the Employer shall be liable for any unfunded vested benefits to the extent required by law.

Changes Since Prior Valuation

None.

Change in Actuarial Assumptions

Expenses

Expected expenses equals last year's expenses of \$11,117 (prior year none were assumed).

Change in Funding Method

Funding Method Changes Since the Prior Valuation

Changed Actuarial Value of Assets Method from Fair Market Value of Assets (FMV) to an adjusted average value of recent plan assets over the past 24 months, collared between 90% and 110% of FMV.

Statement of Actuarial Assumptions

Prescribed Interests Rates

Based on the complete month of October.

For Duration 0.5	5.45%	(Prior year: N/A)
For Duration 1.5	6.83%	(Prior year: N/A)
For Duration 2.5	7.64%	(Prior year: N/A)
For Duration 3.5	7.95%	(Prior year: N/A)
For Duration 10.5	8.87%	(Prior year: N/A)
For Duration 20.5	8.11%	(Prior year: N/A)
For Duration 30.5	7.46%	(Prior year: N/A)
Effective Interest Rate:	8.25%	(Prior year: 5.99%)
PBGC Variable Premium Rate:	(same as Target Liability rates)	(Prior year: N/A)
First Segment Rate (for Liabilities Payable in 0 to 5 Years)	N/A	(Prior year: 5.26%)
Second Segment Rate (for Liabilities Payable in 5 to 20 Years)	N/A	(Prior year: 5.82%)
Third Segment Rate (for Liabilities Payable in 20 or More Years)	N/A	(Prior year: 6.38%)
PBGC Variable Premium First Segment Rate:	N/A	(Prior year: 4.93%)
PBGC Variable Premium Second Segment Rate:	N/A	(Prior year: 6.13%)
PBGC Variable Premium Third Segment Rate:	N/A	(Prior year: 6.69%)

Disability

None assumed.

Prescribed Mortality

IRS 2009 Static Mortality Table: Mortality for Participants who are not receiving benefits is based on the RP2000 non-annuitant mortality table projected to 2024 using Scale AA. Mortality for participants currently receiving benefits is based on the RP2000 annuitant table projected to 2016 using Scale AA.

IRS 2008 Generational Mortality Table was used in the original 2008 valuation report but was changed to Static Mortality Table for the revised 2008 valuation.

Termination

T-1 Graduated Rates (see table below for sample rates).

Age	Probability of Termination
25	4.89%
40	1.13%
55	0.00%

Statement of Actuarial Assumptions (Continued)

Assumed Retirement

Upon satisfaction of retirement eligibility, the following rates apply.

Age	Probability of Retirement	Age	Probability of Retirement
50-54	5%	62	25%
55	5%	63	30%
56	5%	64	35%
57	7%	65	40%
58	9%	66	45%
59	11%	67	50%
60	15%	68	60%
61	20%	69	80%
		70	100%

Marriage

Male spouses are assumed to be 4 years older than their wives. It is assumed that 75% of male and 75% of female Participants are married.

Expenses

Expected expenses equals last year's expenses of \$11,117 (prior year none were assumed).

Salary Scale

Assumed future salary increases are based on age as follows:

Age	Percent
<25	6.50%
25-29	6.00%
30-34	5.50%
35-39	5.00%
40-44	4.50%
45-49	4.00%
50-54	3.50%
>=55	3.00%

Covered Compensation

Covered Compensation is based on the 2009 Covered Compensation Table (\$12 rounding).

The Social Security Taxable Wage Base is assumed to increase at 4.0% per year.

IRS Limits

The IRS Maximum Benefit Limitation for the 2009 Plan Year is \$190,000 (this was \$185,000 for 2008). The IRS Maximum Compensation Limitation for the 2009 Plan Year is \$235,000 (this was \$230,000 for 2008).

Statement of Actuarial Assumptions (continued)

Form of Payment

100% of active Participants and vested former Participants or beneficiaries entitled to deferred benefits are assumed to receive benefits in the form of a life annuity.

Census Data

- No future new entrants.
- No rehire of former employees.
- No liability is held for non-vested former employees even if a break-in-service has not occurred as of the valuation date.
- All Participants are assumed to work the same number of hours in future years as reported for the year preceding the valuation date.

Assumption Changes Since Prior Valuation

The Mortality Table was changed to Static from Generational during the revised 2008 valuation report. In the revised 2009 report, the Yield Curve Segment Rates were changed to the complete month of October Spot rates.

There were no other changes made.

Statement of Actuarial Funding Method

Actuarial Cost Method

The minimum funding requirements of the Pension Protection Act of 2006 became effective on January 1, 2008. As a result, the Unit Credit cost method is now required to be used to determine the Funding Target and the Target Normal Cost. Under this cost method, a Funding Target (an actuarial liability) is calculated for each participant as of the valuation date equal to the present value of the accrued benefit (accrued benefits are assumed to be payable at decrement dates based on the Plan Provisions, using actual salary history and benefit accrual service as of the valuation date). The present value of the projected Funding Target, based on the expected accrued benefits as of the next valuation date, is also calculated. The individual participant's Target Normal Cost is equal to the excess, if any, of this amount over the Funding Target as of the current valuation date. Under this method, inactive participants have no Target Normal Cost, and their Funding Target is the present value of the plan benefits to which they and their beneficiaries are entitled. The Plan's total annual Target Normal Cost and Funding Target are the sum of the individual participant amounts.

In the first year in which the Adjusted Plan Assets (Actuarial Value of Assets, reduced by any retained credit balances), is less than the Funding Target, then a Shortfall Amortization Base must be established. This base is amortized over a 7-year period using, as applicable based on the funding interest rate basis elected by the Plan Sponsor, the 1st and 2nd funding segment rates of the prescribed segmented corporate bond yield curve or the first seven spot rates of the prescribed full corporate bond yield curve. New Shortfall Amortization Bases are established each year based on the plan's funded status each year, and all bases are maintained until either fully amortized or until the Adjusted Plan Assets exceed the Funding Target.

Actuarial Value of Assets

The Actuarial Value of Assets is determined using a three (3) year smoothing method. The Actuarial Value of Assets is equal to the average of the Market Values as of the current and previous two years' valuation dates, adjusted for intervening cash flows (including employer contributions, benefit payments, and administrative expenses). The Actuarial Value of Assets is limited to an amount that does not differ from the Market Value of Assets as of the Valuation Date by more than 10%.

Valuation Date

The Plan's valuation date is the first day of the Plan Year.

Changes Since the Prior Valuation

Changed Actuarial Value of Assets Method from Fair Market Value of Assets (FMV) to an adjusted average value of recent plan assets over the past 24 months, collared between 90% and 110% of FMV.

In the revised 2009 report, the Yield Curve Segment Rates were changed to complete month of October Spot rates.

Summary of Plan Provisions

General Information

Valuation Date	January 1, 2009
Original Effective Date	February 10, 1944
Effective Date of Last Amendment	January 1, 2007
Plan Year	January 1 to December 31
Employer Fiscal Year	January 1 to December 31
Employer ID Number	56-0341710
Plan Administrator's ID Number	56-0341710
Plan Number	001
Plan Administrator	Chairman of the Pension Committee

Eligibility Requirements

Each Employee becomes a Participant on the Plan Entry Date on or next following the attainment of age 21 years and completion of 1 Qualifying Year of Service.

Plan Entry Dates

An eligible Employee will participate in the Plan on the first of the month on or next following completion of the eligibility requirements.

Benefit Service

Service prior to January 1, 1976: all completed years and months of continuous Service.

Service on or after January 1976: calendar years with at least 1,000 Hours of Service.

Compensation

Definition

Compensation is the total Compensation received by the Participant for the prior Plan Year including earnings deferred under qualified Employer sponsored plans. Excluded are amounts for other fringe benefits, moving expenses, automobile allowances, and taxable values of Employer paid group term life insurance.

Averaging

Highest average using 60 full consecutive calendar months within the last 120 months.

Vesting

All Participants shall be vested according to the following schedule:

Years of Service	Percent Vested
0	0
1	0
2	0
3	0
4	0
5	100

All Participants shall be 100% vested upon attainment of their Normal Retirement Age.

Summary of Plan Provisions (Continued)

Vested Benefit

The Vested Benefit payable at Normal Retirement Date shall be the vested portion of the Accrued Benefit as of the date of determination.

If the Participant had met the service requirements for Early Retirement, but not the age requirement, at the election of the Participant, a reduced benefit would be payable at the Early Retirement Age.

Normal Retirement

Eligibility

The Normal Retirement Date for each Participant is the first of the month coincident with or next following the later of the attainment of age 65, or the 5-year anniversary of Plan Participation.

Benefit

The amount of Annual Retirement Benefit payable in the Normal Annuity Form is calculated as follows:

- 1.3% of Final Average Compensation (FAC) multiplied by Years of Benefit Service, plus
- 0.65% of Final Average Compensation in excess of Covered Compensation multiplied by Years of Benefit Service (max 35 years). Participant retiring prior to Normal Retirement Date may require reduction in the 0.65% factor as required by permitted disparity rules.

Covered Compensation is the average of Social Security Taxable Wage Base for the 35-year period ending at the Participant's Social Security Retirement Age.

Accrued Benefit

The Accrued Benefit, with respect to the formula above, as of any date, is calculated using actual Years of Benefit Service and Final Average Compensation as of the date of determination.

Delayed Retirement

Eligibility is the first of the month on or next following the actual date the Participant terminates employment after Normal Retirement Date. The benefit is based on Years of Benefit Service and Final Average Compensation as of the actual retirement date or the Actuarial Equivalent of the Normal Retirement Benefit, if greater.

Early Retirement

Eligibility

Eligibility is the earlier of (a) attainment of age 60 and the completion of 20 Years of Vesting Service, or (b) attainment of age 55 and the completion of 25 Years of Vesting Service, or (c) completion of 30 Years of Vesting Service.

Benefit (Grandfathered Group)

The Early Retirement Benefit is the Accrued Benefit, unreduced for early commencement. The integrated portion of Accrued Benefit is reduced to comply with permitted disparity rules. (This applies to all early retirement calculations including those without early reductions).

The Grandfathered Group is defined as Participants who, as of January 1, 2007, had either 20 years of vesting service or whose age plus service was at least 65.

Benefit (Non-Grandfathered Group)

The Early Retirement Benefit is the greater of the Participant's Accrued Benefit as of January 1, 2007 or the Accrued Benefit actuarially reduced.

Summary of Plan Provisions (Continued)

Death Benefit

Eligibility

Eligibility is contingent upon the vesting date being reached and a minimum of 1 year of marriage.

Benefit

Benefit: A benefit computed assuming the Participant had terminated on date of death and had elected a 50% J&S Option (if Participant had satisfied the requirement for Early Retirement, then the elected option would be 100% J&S).

Type of Payment: Monthly Benefit, or lump sum if the Actuarially Equivalent present value of the Survivor's Benefit is \$5,000 or less.

Date of Payment: At what would have been the Participant's Earliest Retirement Age.

Post-retirement Death Benefits

Post-retirement Death Benefits are dependent upon the form of payment selected.

Methods of Payments

Under the Normal Form of payment, a Participant's retirement benefit is payable as a monthly annuity for life, without further payments after death. A Participant may elect to receive the benefit under one of the following Actuarially Equivalent optional modes:

- A reduced benefit is paid to the Participant for life, with 100%, 75% or 50% of such benefit continued after death for the subsequent lifetime of the designated contingent annuitant.
- A reduced benefit is paid to the Participant for life, with 240, 180, 120 or 60 monthly payments guaranteed. If the Participant dies within the guarantee period, the payments continue to a Beneficiary until 240, 180, 120 or 60 have been paid.
- A lump sum payment of the Actuarial Equivalence of the Participant's retirement benefit, provided the amount does not exceed \$5,000.00.

Unless the Participant has elected an option above, it is automatically assumed that a married Participant has elected a Joint and Survivor option with one-half of the initial amount continued to the surviving Eligible Spouse as contingent annuitant.

Contributions

The entire cost of the Plan is borne by the Employer.

Amendments

The Employer reserves the right to amend the Plan at any time.

Generally, the Pension Benefit Guaranty Corporation reserves the right to terminate the Plan if the Employer fails to meet the minimum funding standards, or is unable to pay benefits when due. If the Plan is terminated, the Plan assets will be distributed among the Plan Participants based upon a priority allocation procedure and the Employer shall be liable for any unfunded vested benefits to the extent required by law.

Changes Since Prior Valuation

None.

Change in Actuarial Assumptions

Expenses

Expected expenses equals last year's expenses of \$11,117 (prior year none were assumed).

Change in Funding Method

Funding Method Changes Since the Prior Valuation

Changed Actuarial Value of Assets Method from Fair Market Value of Assets (FMV) to an adjusted average value of recent plan assets over the past 24 months, collared between 90% and 110% of FMV.

Statement of Actuarial Assumptions

Prescribed Interests Rates

Based on the complete month of October.

For Duration 0.5	5.45%	(Prior year: N/A)
For Duration 1.5	6.83%	(Prior year: N/A)
For Duration 2.5	7.64%	(Prior year: N/A)
For Duration 3.5	7.95%	(Prior year: N/A)
For Duration 10.5	8.87%	(Prior year: N/A)
For Duration 20.5	8.11%	(Prior year: N/A)
For Duration 30.5	7.46%	(Prior year: N/A)
Effective Interest Rate:	8.25%	(Prior year: 5.99%)
PBGC Variable Premium Rate:	(same as Target Liability rates)	(Prior year: N/A)
First Segment Rate (for Liabilities Payable in 0 to 5 Years)	N/A	(Prior year: 5.26%)
Second Segment Rate (for Liabilities Payable in 5 to 20 Years)	N/A	(Prior year: 5.82%)
Third Segment Rate (for Liabilities Payable in 20 or More Years)	N/A	(Prior year: 6.38%)
PBGC Variable Premium First Segment Rate:	N/A	(Prior year: 4.93%)
PBGC Variable Premium Second Segment Rate:	N/A	(Prior year: 6.13%)
PBGC Variable Premium Third Segment Rate:	N/A	(Prior year: 6.69%)

Disability

None assumed.

Prescribed Mortality

IRS 2009 Static Mortality Table: Mortality for Participants who are not receiving benefits is based on the RP2000 non-annuitant mortality table projected to 2024 using Scale AA. Mortality for participants currently receiving benefits is based on the RP2000 annuitant table projected to 2016 using Scale AA.

IRS 2008 Generational Mortality Table was used in the original 2008 valuation report but was changed to Static Mortality Table for the revised 2008 valuation.

Termination

T-1 Graduated Rates (see table below for sample rates).

Age	Probability of Termination
25	4.89%
40	1.13%
55	0.00%

Statement of Actuarial Assumptions (Continued)

Assumed Retirement

Upon satisfaction of retirement eligibility, the following rates apply.

Age	Probability of Retirement	Age	Probability of Retirement
50-54	5%	62	25%
55	5%	63	30%
56	5%	64	35%
57	7%	65	40%
58	9%	66	45%
59	11%	67	50%
60	15%	68	60%
61	20%	69	80%
		70	100%

Marriage

Male spouses are assumed to be 4 years older than their wives. It is assumed that 75% of male and 75% of female Participants are married.

Expenses

Expected expenses equals last year's expenses of \$11,117 (prior year none were assumed).

Salary Scale

Assumed future salary increases are based on age as follows:

Age	Percent
<25	6.50%
25-29	6.00%
30-34	5.50%
35-39	5.00%
40-44	4.50%
45-49	4.00%
50-54	3.50%
>=55	3.00%

Covered Compensation

Covered Compensation is based on the 2009 Covered Compensation Table (\$12 rounding).

The Social Security Taxable Wage Base is assumed to increase at 4.0% per year.

IRS Limits

The IRS Maximum Benefit Limitation for the 2009 Plan Year is \$190,000 (this was \$185,000 for 2008). The IRS Maximum Compensation Limitation for the 2009 Plan Year is \$235,000 (this was \$230,000 for 2008).

Statement of Actuarial Assumptions (continued)

Form of Payment

100% of active Participants and vested former Participants or beneficiaries entitled to deferred benefits are assumed to receive benefits in the form of a life annuity.

Census Data

- No future new entrants.
- No rehire of former employees.
- No liability is held for non-vested former employees even if a break-in-service has not occurred as of the valuation date.
- All Participants are assumed to work the same number of hours in future years as reported for the year preceding the valuation date.

Assumption Changes Since Prior Valuation

The Mortality Table was changed to Static from Generational during the revised 2008 valuation report. In the revised 2009 report, the Yield Curve Segment Rates were changed to the complete month of October Spot rates.

There were no other changes made.

Statement of Actuarial Funding Method

Actuarial Cost Method

The minimum funding requirements of the Pension Protection Act of 2006 became effective on January 1, 2008. As a result, the Unit Credit cost method is now required to be used to determine the Funding Target and the Target Normal Cost. Under this cost method, a Funding Target (an actuarial liability) is calculated for each participant as of the valuation date equal to the present value of the accrued benefit (accrued benefits are assumed to be payable at decrement dates based on the Plan Provisions, using actual salary history and benefit accrual service as of the valuation date). The present value of the projected Funding Target, based on the expected accrued benefits as of the next valuation date, is also calculated. The individual participant's Target Normal Cost is equal to the excess, if any, of this amount over the Funding Target as of the current valuation date. Under this method, inactive participants have no Target Normal Cost, and their Funding Target is the present value of the plan benefits to which they and their beneficiaries are entitled. The Plan's total annual Target Normal Cost and Funding Target are the sum of the individual participant amounts.

In the first year in which the Adjusted Plan Assets (Actuarial Value of Assets, reduced by any retained credit balances), is less than the Funding Target, then a Shortfall Amortization Base must be established. This base is amortized over a 7-year period using, as applicable based on the funding interest rate basis elected by the Plan Sponsor, the 1st and 2nd funding segment rates of the prescribed segmented corporate bond yield curve or the first seven spot rates of the prescribed full corporate bond yield curve. New Shortfall Amortization Bases are established each year based on the plan's funded status each year, and all bases are maintained until either fully amortized or until the Adjusted Plan Assets exceed the Funding Target.

Actuarial Value of Assets

The Actuarial Value of Assets is determined using a three (3) year smoothing method. The Actuarial Value of Assets is equal to the average of the Market Values as of the current and previous two years' valuation dates, adjusted for intervening cash flows (including employer contributions, benefit payments, and administrative expenses). The Actuarial Value of Assets is limited to an amount that does not differ from the Market Value of Assets as of the Valuation Date by more than 10%.

Valuation Date

The Plan's valuation date is the first day of the Plan Year.

Changes Since the Prior Valuation

Changed Actuarial Value of Assets Method from Fair Market Value of Assets (FMV) to an adjusted average value of recent plan assets over the past 24 months, collared between 90% and 110% of FMV.

In the revised 2009 report, the Yield Curve Segment Rates were changed to complete month of October Spot rates.

Summary of Plan Provisions

General Information

Valuation Date	January 1, 2009
Original Effective Date	February 10, 1944
Effective Date of Last Amendment	January 1, 2007
Plan Year	January 1 to December 31
Employer Fiscal Year	January 1 to December 31
Employer ID Number	56-0341710
Plan Administrator's ID Number	56-0341710
Plan Number	001
Plan Administrator	Chairman of the Pension Committee

Eligibility Requirements

Each Employee becomes a Participant on the Plan Entry Date on or next following the attainment of age 21 years and completion of 1 Qualifying Year of Service.

Plan Entry Dates

An eligible Employee will participate in the Plan on the first of the month on or next following completion of the eligibility requirements.

Benefit Service

Service prior to January 1, 1976: all completed years and months of continuous Service.

Service on or after January 1976: calendar years with at least 1,000 Hours of Service.

Compensation

Definition

Compensation is the total Compensation received by the Participant for the prior Plan Year including earnings deferred under qualified Employer sponsored plans. Excluded are amounts for other fringe benefits, moving expenses, automobile allowances, and taxable values of Employer paid group term life insurance.

Averaging

Highest average using 60 full consecutive calendar months within the last 120 months.

Vesting

All Participants shall be vested according to the following schedule:

Years of Service	Percent Vested
0	0
1	0
2	0
3	0
4	0
5	100

All Participants shall be 100% vested upon attainment of their Normal Retirement Age.

Summary of Plan Provisions (Continued)

Vested Benefit

The Vested Benefit payable at Normal Retirement Date shall be the vested portion of the Accrued Benefit as of the date of determination.

If the Participant had met the service requirements for Early Retirement, but not the age requirement, at the election of the Participant, a reduced benefit would be payable at the Early Retirement Age.

Normal Retirement

Eligibility

The Normal Retirement Date for each Participant is the first of the month coincident with or next following the later of the attainment of age 65, or the 5-year anniversary of Plan Participation.

Benefit

The amount of Annual Retirement Benefit payable in the Normal Annuity Form is calculated as follows:

- 1.3% of Final Average Compensation (FAC) multiplied by Years of Benefit Service, plus
- 0.65% of Final Average Compensation in excess of Covered Compensation multiplied by Years of Benefit Service (max 35 years). Participant retiring prior to Normal Retirement Date may require reduction in the 0.65% factor as required by permitted disparity rules.

Covered Compensation is the average of Social Security Taxable Wage Base for the 35-year period ending at the Participant's Social Security Retirement Age.

Accrued Benefit

The Accrued Benefit, with respect to the formula above, as of any date, is calculated using actual Years of Benefit Service and Final Average Compensation as of the date of determination.

Delayed Retirement

Eligibility is the first of the month on or next following the actual date the Participant terminates employment after Normal Retirement Date. The benefit is based on Years of Benefit Service and Final Average Compensation as of the actual retirement date or the Actuarial Equivalent of the Normal Retirement Benefit, if greater.

Early Retirement

Eligibility

Eligibility is the earlier of (a) attainment of age 60 and the completion of 20 Years of Vesting Service, or (b) attainment of age 55 and the completion of 25 Years of Vesting Service, or (c) completion of 30 Years of Vesting Service.

Benefit (Grandfathered Group)

The Early Retirement Benefit is the Accrued Benefit, unreduced for early commencement. The integrated portion of Accrued Benefit is reduced to comply with permitted disparity rules. (This applies to all early retirement calculations including those without early reductions).

The Grandfathered Group is defined as Participants who, as of January 1, 2007, had either 20 years of vesting service or whose age plus service was at least 65.

Benefit (Non-Grandfathered Group)

The Early Retirement Benefit is the greater of the Participant's Accrued Benefit as of January 1, 2007 or the Accrued Benefit actuarially reduced.

Summary of Plan Provisions (Continued)

Death Benefit

Eligibility

Eligibility is contingent upon the vesting date being reached and a minimum of 1 year of marriage.

Benefit

Benefit: A benefit computed assuming the Participant had terminated on date of death and had elected a 50% J&S Option (if Participant had satisfied the requirement for Early Retirement, then the elected option would be 100% J&S).

Type of Payment: Monthly Benefit, or lump sum if the Actuarially Equivalent present value of the Survivor's Benefit is \$5,000 or less.

Date of Payment: At what would have been the Participant's Earliest Retirement Age.

Post-retirement Death Benefits

Post-retirement Death Benefits are dependent upon the form of payment selected.

Methods of Payments

Under the Normal Form of payment, a Participant's retirement benefit is payable as a monthly annuity for life, without further payments after death. A Participant may elect to receive the benefit under one of the following Actuarially Equivalent optional modes:

- A reduced benefit is paid to the Participant for life, with 100%, 75% or 50% of such benefit continued after death for the subsequent lifetime of the designated contingent annuitant.
- A reduced benefit is paid to the Participant for life, with 240, 180, 120 or 60 monthly payments guaranteed. If the Participant dies within the guarantee period, the payments continue to a Beneficiary until 240, 180, 120 or 60 have been paid.
- A lump sum payment of the Actuarial Equivalence of the Participant's retirement benefit, provided the amount does not exceed \$5,000.00.

Unless the Participant has elected an option above, it is automatically assumed that a married Participant has elected a Joint and Survivor option with one-half of the initial amount continued to the surviving Eligible Spouse as contingent annuitant.

Contributions

The entire cost of the Plan is borne by the Employer.

Amendments

The Employer reserves the right to amend the Plan at any time.

Generally, the Pension Benefit Guaranty Corporation reserves the right to terminate the Plan if the Employer fails to meet the minimum funding standards, or is unable to pay benefits when due. If the Plan is terminated, the Plan assets will be distributed among the Plan Participants based upon a priority allocation procedure and the Employer shall be liable for any unfunded vested benefits to the extent required by law.

Changes Since Prior Valuation

None.

Change in Actuarial Assumptions

Expenses

Expected expenses equals last year's expenses of \$11,117 (prior year none were assumed).

Change in Funding Method

Funding Method Changes Since the Prior Valuation

Changed Actuarial Value of Assets Method from Fair Market Value of Assets (FMV) to an adjusted average value of recent plan assets over the past 24 months, collared between 90% and 110% of FMV.

Statement of Actuarial Assumptions

Prescribed Interests Rates

Based on the complete month of October.

For Duration 0.5	5.45%	(Prior year: N/A)
For Duration 1.5	6.83%	(Prior year: N/A)
For Duration 2.5	7.64%	(Prior year: N/A)
For Duration 3.5	7.95%	(Prior year: N/A)
For Duration 10.5	8.87%	(Prior year: N/A)
For Duration 20.5	8.11%	(Prior year: N/A)
For Duration 30.5	7.46%	(Prior year: N/A)
Effective Interest Rate:	8.25%	(Prior year: 5.99%)
PBGC Variable Premium Rate:	(same as Target Liability rates)	(Prior year: N/A)
First Segment Rate (for Liabilities Payable in 0 to 5 Years)	N/A	(Prior year: 5.26%)
Second Segment Rate (for Liabilities Payable in 5 to 20 Years)	N/A	(Prior year: 5.82%)
Third Segment Rate (for Liabilities Payable in 20 or More Years)	N/A	(Prior year: 6.38%)
PBGC Variable Premium First Segment Rate:	N/A	(Prior year: 4.93%)
PBGC Variable Premium Second Segment Rate:	N/A	(Prior year: 6.13%)
PBGC Variable Premium Third Segment Rate:	N/A	(Prior year: 6.69%)

Disability

None assumed.

Prescribed Mortality

IRS 2009 Static Mortality Table: Mortality for Participants who are not receiving benefits is based on the RP2000 non-annuitant mortality table projected to 2024 using Scale AA. Mortality for participants currently receiving benefits is based on the RP2000 annuitant table projected to 2016 using Scale AA.

IRS 2008 Generational Mortality Table was used in the original 2008 valuation report but was changed to Static Mortality Table for the revised 2008 valuation.

Termination

T-1 Graduated Rates (see table below for sample rates).

Age	Probability of Termination
25	4.89%
40	1.13%
55	0.00%

Statement of Actuarial Assumptions (Continued)

Assumed Retirement

Upon satisfaction of retirement eligibility, the following rates apply.

Age	Probability of Retirement	Age	Probability of Retirement
50-54	5%	62	25%
55	5%	63	30%
56	5%	64	35%
57	7%	65	40%
58	9%	66	45%
59	11%	67	50%
60	15%	68	60%
61	20%	69	80%
		70	100%

Marriage

Male spouses are assumed to be 4 years older than their wives. It is assumed that 75% of male and 75% of female Participants are married.

Expenses

Expected expenses equals last year's expenses of \$11,117 (prior year none were assumed).

Salary Scale

Assumed future salary increases are based on age as follows:

Age	Percent
<25	6.50%
25-29	6.00%
30-34	5.50%
35-39	5.00%
40-44	4.50%
45-49	4.00%
50-54	3.50%
>=55	3.00%

Covered Compensation

Covered Compensation is based on the 2009 Covered Compensation Table (\$12 rounding).

The Social Security Taxable Wage Base is assumed to increase at 4.0% per year.

IRS Limits

The IRS Maximum Benefit Limitation for the 2009 Plan Year is \$190,000 (this was \$185,000 for 2008). The IRS Maximum Compensation Limitation for the 2009 Plan Year is \$235,000 (this was \$230,000 for 2008).

Statement of Actuarial Assumptions (continued)

Form of Payment

100% of active Participants and vested former Participants or beneficiaries entitled to deferred benefits are assumed to receive benefits in the form of a life annuity.

Census Data

- No future new entrants.
- No rehire of former employees.
- No liability is held for non-vested former employees even if a break-in-service has not occurred as of the valuation date.
- All Participants are assumed to work the same number of hours in future years as reported for the year preceding the valuation date.

Assumption Changes Since Prior Valuation

The Mortality Table was changed to Static from Generational during the revised 2008 valuation report. In the revised 2009 report, the Yield Curve Segment Rates were changed to the complete month of October Spot rates.

There were no other changes made.

Statement of Actuarial Funding Method

Actuarial Cost Method

The minimum funding requirements of the Pension Protection Act of 2006 became effective on January 1, 2008. As a result, the Unit Credit cost method is now required to be used to determine the Funding Target and the Target Normal Cost. Under this cost method, a Funding Target (an actuarial liability) is calculated for each participant as of the valuation date equal to the present value of the accrued benefit (accrued benefits are assumed to be payable at decrement dates based on the Plan Provisions, using actual salary history and benefit accrual service as of the valuation date). The present value of the projected Funding Target, based on the expected accrued benefits as of the next valuation date, is also calculated. The individual participant's Target Normal Cost is equal to the excess, if any, of this amount over the Funding Target as of the current valuation date. Under this method, inactive participants have no Target Normal Cost, and their Funding Target is the present value of the plan benefits to which they and their beneficiaries are entitled. The Plan's total annual Target Normal Cost and Funding Target are the sum of the individual participant amounts.

In the first year in which the Adjusted Plan Assets (Actuarial Value of Assets, reduced by any retained credit balances), is less than the Funding Target, then a Shortfall Amortization Base must be established. This base is amortized over a 7-year period using, as applicable based on the funding interest rate basis elected by the Plan Sponsor, the 1st and 2nd funding segment rates of the prescribed segmented corporate bond yield curve or the first seven spot rates of the prescribed full corporate bond yield curve. New Shortfall Amortization Bases are established each year based on the plan's funded status each year, and all bases are maintained until either fully amortized or until the Adjusted Plan Assets exceed the Funding Target.

Actuarial Value of Assets

The Actuarial Value of Assets is determined using a three (3) year smoothing method. The Actuarial Value of Assets is equal to the average of the Market Values as of the current and previous two years' valuation dates, adjusted for intervening cash flows (including employer contributions, benefit payments, and administrative expenses). The Actuarial Value of Assets is limited to an amount that does not differ from the Market Value of Assets as of the Valuation Date by more than 10%.

Valuation Date

The Plan's valuation date is the first day of the Plan Year.

Changes Since the Prior Valuation

Changed Actuarial Value of Assets Method from Fair Market Value of Assets (FMV) to an adjusted average value of recent plan assets over the past 24 months, collared between 90% and 110% of FMV.

In the revised 2009 report, the Yield Curve Segment Rates were changed to complete month of October Spot rates.

Summary of Plan Provisions

General Information

Valuation Date	January 1, 2009
Original Effective Date	February 10, 1944
Effective Date of Last Amendment	January 1, 2007
Plan Year	January 1 to December 31
Employer Fiscal Year	January 1 to December 31
Employer ID Number	56-0341710
Plan Administrator's ID Number	56-0341710
Plan Number	001
Plan Administrator	Chairman of the Pension Committee

Eligibility Requirements

Each Employee becomes a Participant on the Plan Entry Date on or next following the attainment of age 21 years and completion of 1 Qualifying Year of Service.

Plan Entry Dates

An eligible Employee will participate in the Plan on the first of the month on or next following completion of the eligibility requirements.

Benefit Service

Service prior to January 1, 1976: all completed years and months of continuous Service.

Service on or after January 1976: calendar years with at least 1,000 Hours of Service.

Compensation

Definition

Compensation is the total Compensation received by the Participant for the prior Plan Year including earnings deferred under qualified Employer sponsored plans. Excluded are amounts for other fringe benefits, moving expenses, automobile allowances, and taxable values of Employer paid group term life insurance.

Averaging

Highest average using 60 full consecutive calendar months within the last 120 months.

Vesting

All Participants shall be vested according to the following schedule:

Years of Service	Percent Vested
0	0
1	0
2	0
3	0
4	0
5	100

All Participants shall be 100% vested upon attainment of their Normal Retirement Age.

Summary of Plan Provisions (Continued)

Vested Benefit

The Vested Benefit payable at Normal Retirement Date shall be the vested portion of the Accrued Benefit as of the date of determination.

If the Participant had met the service requirements for Early Retirement, but not the age requirement, at the election of the Participant, a reduced benefit would be payable at the Early Retirement Age.

Normal Retirement

Eligibility

The Normal Retirement Date for each Participant is the first of the month coincident with or next following the later of the attainment of age 65, or the 5-year anniversary of Plan Participation.

Benefit

The amount of Annual Retirement Benefit payable in the Normal Annuity Form is calculated as follows:

- 1.3% of Final Average Compensation (FAC) multiplied by Years of Benefit Service, plus
- 0.65% of Final Average Compensation in excess of Covered Compensation multiplied by Years of Benefit Service (max 35 years). Participant retiring prior to Normal Retirement Date may require reduction in the 0.65% factor as required by permitted disparity rules.

Covered Compensation is the average of Social Security Taxable Wage Base for the 35-year period ending at the Participant's Social Security Retirement Age.

Accrued Benefit

The Accrued Benefit, with respect to the formula above, as of any date, is calculated using actual Years of Benefit Service and Final Average Compensation as of the date of determination.

Delayed Retirement

Eligibility is the first of the month on or next following the actual date the Participant terminates employment after Normal Retirement Date. The benefit is based on Years of Benefit Service and Final Average Compensation as of the actual retirement date or the Actuarial Equivalent of the Normal Retirement Benefit, if greater.

Early Retirement

Eligibility

Eligibility is the earlier of (a) attainment of age 60 and the completion of 20 Years of Vesting Service, or (b) attainment of age 55 and the completion of 25 Years of Vesting Service, or (c) completion of 30 Years of Vesting Service.

Benefit (Grandfathered Group)

The Early Retirement Benefit is the Accrued Benefit, unreduced for early commencement. The integrated portion of Accrued Benefit is reduced to comply with permitted disparity rules. (This applies to all early retirement calculations including those without early reductions).

The Grandfathered Group is defined as Participants who, as of January 1, 2007, had either 20 years of vesting service or whose age plus service was at least 65.

Benefit (Non-Grandfathered Group)

The Early Retirement Benefit is the greater of the Participant's Accrued Benefit as of January 1, 2007 or the Accrued Benefit actuarially reduced.

Summary of Plan Provisions (Continued)

Death Benefit

Eligibility

Eligibility is contingent upon the vesting date being reached and a minimum of 1 year of marriage.

Benefit

Benefit: A benefit computed assuming the Participant had terminated on date of death and had elected a 50% J&S Option (if Participant had satisfied the requirement for Early Retirement, then the elected option would be 100% J&S).

Type of Payment: Monthly Benefit, or lump sum if the Actuarially Equivalent present value of the Survivor's Benefit is \$5,000 or less.

Date of Payment: At what would have been the Participant's Earliest Retirement Age.

Post-retirement Death Benefits

Post-retirement Death Benefits are dependent upon the form of payment selected.

Methods of Payments

Under the Normal Form of payment, a Participant's retirement benefit is payable as a monthly annuity for life, without further payments after death. A Participant may elect to receive the benefit under one of the following Actuarially Equivalent optional modes:

- A reduced benefit is paid to the Participant for life, with 100%, 75% or 50% of such benefit continued after death for the subsequent lifetime of the designated contingent annuitant.
- A reduced benefit is paid to the Participant for life, with 240, 180, 120 or 60 monthly payments guaranteed. If the Participant dies within the guarantee period, the payments continue to a Beneficiary until 240, 180, 120 or 60 have been paid.
- A lump sum payment of the Actuarial Equivalence of the Participant's retirement benefit, provided the amount does not exceed \$5,000.00.

Unless the Participant has elected an option above, it is automatically assumed that a married Participant has elected a Joint and Survivor option with one-half of the initial amount continued to the surviving Eligible Spouse as contingent annuitant.

Contributions

The entire cost of the Plan is borne by the Employer.

Amendments

The Employer reserves the right to amend the Plan at any time.

Generally, the Pension Benefit Guaranty Corporation reserves the right to terminate the Plan if the Employer fails to meet the minimum funding standards, or is unable to pay benefits when due. If the Plan is terminated, the Plan assets will be distributed among the Plan Participants based upon a priority allocation procedure and the Employer shall be liable for any unfunded vested benefits to the extent required by law.

Changes Since Prior Valuation

None.

Change in Actuarial Assumptions

Expenses

Expected expenses equals last year's expenses of \$11,117 (prior year none were assumed).

Change in Funding Method

Funding Method Changes Since the Prior Valuation

Changed Actuarial Value of Assets Method from Fair Market Value of Assets (FMV) to an adjusted average value of recent plan assets over the past 24 months, collared between 90% and 110% of FMV.

North State Telephone Company Retirement Plan
Employer ID # 56-0341710 Plan # 001
Schedule H, Line 4i- Schedule of Assets Held for Investment Purposes At End Of Year
December 31, 2009

(a)	(b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current Value
	Cash and cash equivalents:			
	Goldman Sachs Financial Square Prime Obligation	Money market	\$ 193,302	\$ 193,302
	TD Bank USA	Money market	97,510	97,510
*	High Point Bank and Trust	Money market	913	913
			<u>291,725</u>	<u>291,725</u>
	Mutual Funds:			
	American Funds Group	Fundamental Investors- Class A; 773,104 units of participation	**	25,311,429
	Vanguard Wellington Fund Admiral Shares	Vanguard Wellington Fund; 314,933,249 units of participation	**	15,689,974
	PIMCO	PIMCO Total Returns Fund; 62,834 units of participation	**	680,795
			<u>**</u>	<u>41,682,198</u>
	Investment contract with insurance company:			
*	Metropolitan Life Insurance Company Contract #205661	Index Track Grand Central Bond Master Fund; 23,277,721 units of participation	**	23,277,721
	U.S. Government agency securities:			
	Federal Home Loan Mortgage Corporation	3% notes, due 4/30/14, \$300,000 maturity value	300,000	300,666
	Federal Home Loan Mortgage Corporation	3% notes, due 11/20/14, \$300,000 maturity value	299,700	297,333

North State Telephone Company Retirement Plan
Employer ID # 56-0341710 Plan # 001
Schedule H, Line 4i- Schedule of Assets Held for Investment Purposes At End Of Year
December 31, 2009

(a)	(b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current Value
	Federal Home Loan Banks	6% notes, due 07/12/16, \$200,000 maturity value	200,000	212,562
	Federal Home Loan Banks	5.75% notes, due 01/26/22, \$100,000 maturity value	100,000	99,813
	Federal Home Loan Banks	6% notes, due 06/14/17, \$100,000 maturity value	100,000	102,250
	Federal Home Loan Banks	6% notes, due 08/23/17 \$75,000 maturity value	75,000	77,156
	Federal Home Loan Banks	4% notes, due 12/24/18, \$100,000 maturity value	100,000	96,125
	Federal Home Loan Bank Cons	4.2% notes, due 1/15/13, \$200,000 maturity value	200,000	200,250
	Federal Home Loan Mortgage Corporation Step-Up	3% notes, due 07/28/17, \$500,000 maturity value	500,000	494,360
	Federal Home Loan Mortgage Corporation Step-Up	3% notes, due 11/15/19, \$100,000 maturity value	100,000	98,336
	Federal Home Loan Mortgage Step-Up	2.5% notes, due 11/15/16, \$100,000 maturity value	100,000	98,365
	Federal Home Loan Mortgage Step-Up	2% notes, due 12/15/17 \$150,000 maturity value	150,000	142,824
	Federal Home Loan Mortgage Step-Up	3% notes, due 12/15/19, \$150,000 maturity value	150,000	141,476
	Federal Home Loan Mortgage Step-Up	4% notes, due 12/15/24, \$75,000 maturity value	75,000	72,559

North State Telephone Company Retirement Plan
Employer ID # 56-0341710 Plan # 001
Schedule H, Line 4i- Schedule of Assets Held for Investment Purposes At End Of Year
December 31, 2009

(a)	(b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current Value
	Federal Home Loan Banks-Step	2% notes, due 07/27/16 \$500,000 maturity value	500,000	493,280
	Federal National Mortgage Assn-Step	4.6% notes, due 07/08/24, \$250,000 maturity value	250,000	246,953
	Federal National Mortgage Assn-Step	2.25% notes, due 07/07/14, \$1,000,000 maturity value	1,000,000	1,000,310
	Federal National Mortgage Assn-Step	3% notes, due 11/21/16, \$300,000 maturity value	300,000	298,125
	Federal National Mortgage-Step	4% notes, due 05/28/24, \$250,000 maturity value	247,656	234,688
	Federal National Mortgage-Step	4% notes, due 05/28/24, \$250,000 maturity value	249,063	235,470
	Federal National Mortgage Assn-Step	4.25% notes, due 06/25/24, \$250,000 maturity value	250,000	241,485
	Federal National Mortgage Assn-Step	5% notes, due 08/26/24, \$500,000 maturity value	500,000	497,815
	Federal National Mortgage Assn-Step	3% notes, due 09/23/16, \$125,000 maturity value	125,000	124,454
	Federal National Mortgage Assn-Step	3% notes, due 12/10/24, \$100,000 maturity value	100,000	96,844
			<u>5,971,419</u>	<u>5,903,497</u>

North State Telephone Company Retirement Plan
Employer ID # 56-0341710 Plan # 001
Schedule H, Line 4i- Schedule of Assets Held for Investment Purposes At End Of Year
December 31, 2009

(a)	(b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current Value
	Corporate bonds and notes:			
	AT&T Global, Inc	5.5% note, due 2/1/18, \$250,000 maturity value	248,483	260,855
	American General Finance Corporation	6% note, due 10/15/14, \$300,000 maturity value	300,000	204,786
	American General Finance Corporation	6% note, due 11/15/14, \$250,000 maturity value	250,000	171,013
*	BB&T Corporation	4.75% note, due 10/1/12, \$145,000 maturity value	145,290	150,946
*	BB&T Corporation	5.2% note, due 12/23/15, \$120,000 maturity value	119,785	124,634
*	BB&T Corporation	5.25% note, due 11/1/19, \$200,000 maturity value	192,564	192,752
	Capital One Finance Corporation	5.7% note, due 9/15/11, \$350,000 maturity value	338,375	367,630
	Duke Energy Carolinas, LLC	5.1% note, due 4/15/18, \$250,000 maturity value	252,500	258,628
	General Electric Capital	5.1% note, due 5/15/15, \$225,000 maturity value	225,000	226,593
	Genworth Financial	5.65% note, due 6/15/12, \$300,000 maturity value	306,948	297,546
	Goldman Sachs Group	5.625% note, due 1/15/17, \$360,000 maturity value	348,088	367,690

North State Telephone Company Retirement Plan
Employer ID # 56-0341710 Plan # 001
Schedule H, Line 4i- Schedule of Assets Held for Investment Purposes At End Of Year
December 31, 2009

(a) (b) Identity of issue, borrower, lessor or similar party	(c) Description of investment including maturity date, rate of interest, collateral, par or maturity value	(d) Cost	(e) Current Value
Hartford Life Insurance Company	5.5% note, due 3/15/18, \$150,000 maturity value	150,000	143,390
JP Morgan Chase Bank	6% note, due 10/1/17, \$300,000 maturity value	305,754	321,201
Philip Morris International, Inc.	5.65% note, due 5/16/18, \$250,000 maturity value	248,125	262,895
Principal Life Income Fund	5.65% note, due 3/16/20, \$335,000 maturity value	335,000	315,855
Suntrust Banks, Inc.	5.45% note, due 12/1/17, \$150,000 maturity value	149,385	142,658
Verizon Communications, Inc.	5.5% note, due 2/15/18, \$250,000 maturity value	250,000	260,893
Wachovia Corporation	5.625% note, due 10/15/16, \$150,000 maturity value	150,000	153,374
		<u>4,315,297</u>	<u>4,223,336</u>
* North State Telecommunications Corporation	91,353 shares common stock	9,604,838	7,022,586
* North State Telecommunications Corporation	162 shares preferred stock	7,796	7,824
		<u>9,612,634</u>	<u>7,030,410</u>
		<u>***</u>	<u>\$ 82,408,887</u>

* Indicates a party-in-interest to the Plan

** Certain cost information not readily available

North State Telephone Company Retirement Plan
Employer ID # 56-0341710 Plan # 001
Schedule H, Line 4j- Schedule of Reportable Transactions
December 31, 2009

(a) Identity of party involved	(b) Description of asset	(c) Purchase price	(d) Selling price	(g) Cost of asset	(i) Net gain (loss)
* High Point Bank & Trust	Goldman Sachs Finl Square Prime Obligation- P	\$ 5,062,100	\$ --	\$ 5,062,100	\$ --
* High Point Bank & Trust	Goldman Sachs Finl Square Prime Obligation- P	--	6,633,545	**	**
AmeriTrade Trust Company	Vanguard Wellington Fund Admiral Shares	12,511,028	--	\$ 12,511,028	\$ --
* AmeriTrade Trust Company	Dodge & Cox Balanced Fund	\$ --	\$ 12,511,028	**	**

* Indicates a party-in-interest to the Plan

** Certain cost information not readily available

The transactions set forth herein are those that individually or in the aggregate, by security or by person, involve an amount in excess of 5% of the current value of the Plan assets at the beginning of the Plan year.

**SCHEDULE SB
(Form 5500)**Department of the Treasury
Internal Revenue ServiceDepartment of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

**Single-Employer Defined Benefit Plan
Actuarial Information**

This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6059 of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500 or 5500-SF.**

OMB No. 1210-0110

2009**This Form is Open to Public Inspection**

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

▶ **Round off amounts to nearest dollar.**▶ **Caution:** A penalty of \$1,000 will be assessed for late filing of this report unless reasonable cause is established.

A Name of plan North State Communications Retirement Plan		B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF North State Telephone Company d/b/a North State Communications		D Employer Identification Number (EIN) 56-0341710
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500		

Part I Basic Information

1 Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2009</u>		
2 Assets:		
a Market value.....	2a	73,776,803
b Actuarial value.....	2b	81,154,483
3 Funding target/participant count breakdown		
		(1) Number of participants
a For retired participants and beneficiaries receiving payment.....	3a	242
b For terminated vested participants.....	3b	60
c For active participants:		
(1) Non-vested benefits.....	3c(1)	1,676,132
(2) Vested benefits.....	3c(2)	26,152,027
(3) Total active.....	3c(3)	27,828,159
d Total.....	3d	663
4 If the plan is at-risk, check the box and complete items (a) and (b) ☐		
a Funding target disregarding prescribed at-risk assumptions.....	4a	
b Funding target reflecting at-risk assumptions, but disregarding transition rule for plans that have been at-risk for fewer than five consecutive years and disregarding loading factor.....	4b	
5 Effective interest rate.....	5	8.25 %
6 Target normal cost.....	6	1,423,111

Statement by Enrolled Actuary

To the best of my knowledge, the information supplied in this schedule and accompanying schedules, statements and attachments, if any, is complete and accurate. Each prescribed assumption was applied in accordance with applicable law and regulations. In my opinion, each other assumption is reasonable (taking into account the experience of the plan and reasonable expectations) and such other assumptions, in combination, offer my best estimate of anticipated experience under the plan.

**SIGN
HERE**

Signature of actuary

Steven M. Bull, EA, MAAA, FCA

Type or print name of actuary

STANLEY, HUNT, DUPREE, & RHINE

7823 National Service Road Firm name

Greensboro

NC 27409

Address of the firm

12/July 2010
Date

08-04786

Most recent enrollment number

(336) 273-9492

Telephone number (including area code)

If the actuary has not fully reflected any regulation or ruling promulgated under the statute in completing this schedule, check the box and see instructions ☐

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500 or 5500-SF.

Schedule SB (Form 5500) 2009
v.092308.1