Form 5500

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Annual Return/Report of Employee Benefit Plan

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).

▶ **Complete all entries in accordance with the instructions to the Form 5500.**

OMB Nos. 1210-0110
1210-0089

2010

This Form is Open to Public Inspection

Part I Annual Report Identification Information

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

A This return/report is for:
- ☐ a multiemployer plan;
- ☐ a multiple-employer plan; or
- ☒ a single-employer plan;
- ☐ a DFE (specify) ____

B This return/report is:
- ☐ the first return/report;
- ☐ the final return/report;
- ☐ an amended return/report;
- ☐ a short plan year return/report (less than 12 months).

C If the plan is a collectively-bargained plan, check here. . . . . ▶ ☐

D Check box if filing under:
- ☐ Form 5558;
- ☐ automatic extension;
- ☐ the DFVC program;
- ☐ special extension (enter description)

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.	07/21/2011	REX WALSER
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	07/21/2011	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

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**	680
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**	351
b	Retired or separated participants receiving benefits	**6b**	252
c	Other retired or separated participants entitled to future benefits	**6c**	68
d	Subtotal. Add lines **6a**, **6b**, and **6c**	**6d**	671
e	Deceased participants whose beneficiaries are receiving or are entitled to receive benefits	**6e**	18
f	Total. Add lines **6d** and **6e**	**6f**	689
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**	6
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)	X	Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

9b Plan benefit arrangement (check all that apply)

(1)	X	Insurance
(2)		Code section 412(e)(3) insurance contracts
(3)	X	Trust
(4)		General assets of the sponsor

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

b General Schedules

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

SCHEDULE A (Form 5500)

Department of the Treasury
Internal Revenue Service

Department of Labor
Employee Benefits Security Administration

Pension Benefit Guaranty Corporation

Insurance 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.**

▶ Insurance companies are required to provide the information pursuant to ERISA section 103(a)(2).

OMB No. 1210-0110

2010

This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

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.

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		01/01/2010	12/31/2010

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	

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

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	(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 ▶ INDEX TRACK BOND MASTER FUND

b	Balance at the end of the previous year			7b	23277721
c	Additions: (1) Contributions deposited during the year	7c(1)	310500		
	(2) Dividends and credits	7c(2)			
	(3) Interest credited during the year	7c(3)	1562596		
	(4) Transferred from separate account	7c(4)			
	(5) Other (specify below) ▶	7c(5)			
	(6) Total additions			7c(6)	1873096
d	Total of balance and additions (add **b** and **c(6)**)			7d	25150817
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) ▶ WITHDRAWALS	7e(4)	1653021		
	(5) Total deductions			7e(5)	1653021
f	Balance at the end of the current year (subtract **e(5)** from **d**)			7f	23497796

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

2010

This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

▶ **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: [X] Single [ ] Multiple-A [ ] Multiple-B

F Prior year plan size: [ ] 100 or fewer [ ] 101-500 [X] More than 500

Part I Basic Information

1	Enter the valuation date: Month 01 Day 01 Year 2010			
2	Assets:			
a	Market value	**2a**		84009005
b	Actuarial value	**2b**		87255590
3	Funding target/participant count breakdown		**(1)** Number of participants	**(2)** Funding Target
a	For retired participants and beneficiaries receiving payment	**3a**	245	58826656
b	For terminated vested participants	**3b**	62	2492984
c	For active participants:			
	(1) Non-vested benefits	**3c(1)**		2198683
	(2) Vested benefits	**3c(2)**		33149187
	(3) Total active	**3c(3)**	373	35347870
d	Total	**3d**	680	96667510
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**		6.54 %
6	Target normal cost	**6**		1813722

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

07/11/2011
Signature of actuary — Date

STEVEN M BULL, EA, MAAA, FCA
Type or print name of actuary

11-04786
Most recent enrollment number

STANLEY, HUNT, DUPREE & RHINE
Firm name

336-273-9492
Telephone number (including area code)

7823 NATIONAL SERVICE ROAD
GREENSBORO, NC 27409
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 [ ]

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)	2075387	422066
8	Portion used to offset prior year's funding requirement (Item 35 from prior year)	463011	0
9	Amount remaining (Item 7 minus item 8)	1612376	422066
10	Interest on item 9 using prior year's actual return of 18.86 %	304094	79602
11	Prior year's excess contributions to be added to prefunding balance:		
a	Excess contributions (Item 38 from prior year)		1364109
b	Interest on (a) using prior year's effective rate of 8.25 %		161664
c	Total available at beginning of current plan year to add to prefunding balance		1525773
d	Portion of (c) to be added to prefunding balance		1525773
12	Reduction in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (item 9 + item 10 + item 11d – item 12)	1916470	2027441

Part III Funding percentages

14	Funding target attainment percentage	14	86.18 %
15	Adjusted funding target attainment percentage	15	86.18 %
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	101.69 %
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
04/12/2010	500000				
07/13/2010	500000				
10/07/2010	500000				
01/12/2011	500000				
			Totals ► 18(b)	2000000	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	1919617

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? [X] Yes [ ] No

b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? [X] 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:	
4.60 %	6.65 %	6.76 %	☐ N/A, full yield curve used

b Applicable month (enter code) — **21b**: 0

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**		1813722
32 Amortization installments:		Outstanding Balance	Installment
a Net shortfall amortization installment		9489131	939795
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**		2753517

	Carryover balance	Prefunding balance	Total balance
35 Balances used to offset funding requirement	833900	0	833900

36 Additional cash requirement (item 34 minus item 35)	**36**	1919617
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c)	**37**	1919617
38 Interest-adjusted excess contributions for current year (see instructions)	**38**	0
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)	Service Provider Information	OMB No. 1210-0110
Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	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.**	**2010** **This Form is Open to Public Inspection.**

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

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)

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

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

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 [X]	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	43170	Yes [ ] No [X]	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	11820	Yes [ ] No [X]	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	8552	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

2010

This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

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)	1500000	500000
(2) Participant contributions	1b(2)		
(3) Other	1b(3)	113181	81904
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)	291725	1002276
(2) U.S. Government securities	1c(2)	5903497	8384183
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other	1c(3)(B)	4223336	1573541
(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)	41682198	46170422
(14) Value of funds held in insurance company general account (unallocated contracts)	1c(14)	23277721	23497796
(15) Other	1c(15)		

			(a) Beginning of Year	(b) End of Year
1d	Employer-related investments:			
	(1) Employer securities	1d(1)	7030410	7133330
	(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	84022068	88343452
	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 through1j)	1k	0	0
	Net Assets			
l	Net assets (subtract line 1k from line 1f)	1l	84022068	88343452

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)	2000000	
	(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)		2000000
b	**Earnings on investments:**			
	(1) Interest:			
	(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)	986	
	(B) U.S. Government securities	2b(1)(B)	235463	
	(C) Corporate debt instruments	2b(1)(C)	157660	
	(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)		394109
	(2) Dividends: **(A)** Preferred stock	2b(2)(A)		
	(B) Common stock	2b(2)(B)	548768	
	(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)	1032317	
	(D) Total dividends. Add lines **2b(2)(A)**, **(B)**, and **(C)**	2b(2)(D)		1581085
	(3) Rents	2b(3)		
	(4) Net gain (loss) on sale of assets: **(A)** Aggregate proceeds	2b(4)(A)	19760198	
	(B) Aggregate carrying amount (see instructions)	2b(4)(B)	19667158	
	(C) Subtract line **2b(4)(B)** from line **2b(4)(A)** and enter result	2b(4)(C)		93040

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate	2b(5)(A)		
(B) Other	2b(5)(B)	1697849	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		1697849
(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)		4304642
c Other income	2c		
d Total income. Add all **income** amounts in column (b) and enter total	2d		10070725
Expenses			
e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	5542339	
(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)		5542339
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)	63542	
(2) Contract administrator fees	2i(2)		
(3) Investment advisory and management fees	2i(3)	49500	
(4) Other	2i(4)	93960	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		207002
j Total expenses. Add all **expense** amounts in column (b) and enter total	2j		5749341
Net Income and Reconciliation			
k Net income (loss). Subtract line 2j from line 2d	2k		4321384
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) [X] 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 [X] 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.)	4a		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.)	4b		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.)	4c		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.)	4d		X	
e	Was this plan covered by a fidelity bond?	4e	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?	4f		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?	4g		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?	4h		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.)	4i	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.)	4j	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?	4k		X	
l	Has the plan failed to provide any benefit when due under the plan?	4l		X	
m	If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.)	4m		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.	4n			

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)

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

2010

This Form is Open to Public Inspection.

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

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 Distributions

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 **1** 0

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): 56-1823017

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. **3** 0

Part II Funding Information (If the plan is not subject to the minimum funding requirements of section of 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 **6a**

b Enter the amount contributed by the employer to the plan for this plan year **6b**

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) **6c**

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**

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):

---

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):

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, 2010 and 2009, 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, 2010 and 2009, 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 financial statements 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 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. Such information is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

1517 Gervais Street ■ Post Office Box 1330 ■ Columbia, South Carolina 29202
Phone (803) 771-8943 ■ Fax (803) 771-8958 ■ www.bpscpas.com

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

The information has been subjected to the auditing procedures applied in the audit of the 2010 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2010 financial statements or to the 2010 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2010 financial statements as a whole.

Baucknight Pietras + Stormer, P.A.

July 12, 2011

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. (inserted as an excel worksheet object)

The retirement assumption is graded by age, as follows:

Age	Annual Retirement	Conditional Expected Retirement Age	First Eligible to Retire at Age	Conditional Expected Retirement Age	Number First Eligible to Retire at Age
Under 50	0%	59.0	Under 50	59.0	1
50	5%	59.0	50	59.0	34
51	5%	59.5	51-54	60.1	28
52	5%	59.9	55	61.1	105
53	5%	60.4	56-59	61.9	34
54	5%	60.8	60	62.9	82
55	5%	61.1	61-64	64.4	23
56	5%	61.4	65	66.2	56
57	7%	61.7	66-69	68.1	10
58	9%	62.1	70	70.0	-
59	11%	62.5	71-74	72.5	-
60	15%	62.9	75	75.0	-
61	20%	63.4			
62	25%	64.0	Total		373
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

Statement of Actuarial Assumptions

Prescribed Interests Rates

Based on the applicable month of January.

First Segment (0-5 years)	4.60%	(Prior year: N/A)
Second Segment (6-20 years)	6.65%	(Prior year: N/A)
Third Segment (over 20 years)	6.76%	(Prior year: N/A)
For Duration 0.5	N/A	(Prior year: 5.45%)
For Duration 1.5	N/A	(Prior year: 6.83%)
For Duration 2.5	N/A	(Prior year: 7.64%)
For Duration 3.5	N/A	(Prior year: 7.95%)
For Duration 10.5	N/A	(Prior year: 8.87%)
For Duration 20.5	N/A	(Prior year: 8.11%)
For Duration 30.5	N/A	(Prior year: 7.46%)
Effective Interest Rate:	6.54%	(Prior year: 8.25%)
PBGC Variable Premium Rate:	(same as Target Liability rates)	(Prior year: same as Target Liability rates)

Disability : None assumed.

Prescribed Mortality

IRS 2010 Static Mortality Table: Mortality for Participants who are not receiving benefits is based on the RP2000 non-annuitant mortality table projected to 2025 using Scale AA. Mortality for participants currently receiving benefits is based on the RP2000 annuitant table projected to 2017 using Scale AA.

Termination

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

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

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%

Statement of Actuarial Assumptions (Continued)

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

Assumed to equal last year's total non-investment related expenses.

Salary Scale

Assumed future salary increases are based on age as follows (last year range was 6.5% to 3.0%):

Age	Percent
<25	5.50%
25-29	5.00%
30-34	4.50%
35-39	4.00%
40-44	3.50%
45-49	3.00%
50-54	2.50%
>=55	2.00%

Covered Compensation

Covered Compensation is based on the 2010 Covered Compensation Table ($12 rounding).
The Social Security Taxable Wage Base is assumed to increase at 2.5% per year (last year was 4.0%).

IRS Limits

The IRS Maximum Benefit Limitation for the 2010 Plan Year is $195,000 (this was $195,000 for 2009).
The IRS Maximum Compensation Limitation for the 2010 Plan Year is $245,000 (this was $245,000 for 2009).

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 Yield Curve Segment Rates were changed from the complete month of October Spot rates to January Segment Rates.

The salary scale range changed from (6.5% to 3.0%) to (5.5% to 2.0%). The taxable wage base was lowered from 4.0% to 2.5%. Actuarial Equivalent value for actives is valued to age 70 instead of age 65. 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.

Alternative Amortization Schedule

15 year Funding Relief elected for the 2010 plan year.

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

None.

Summary of Plan Provisions

General Information

Valuation Date	January 1, 2010
Original Effective Date	February 10, 1944
Effective Date of Last Amendment	January 1, 2009
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

Non-Prescribed Assumption Changes Since Prior Valuation

The salary scale range changed from (6.5% to 3.0%) to (5.5% to 2.0%). The taxable wage base was lowered from 4.0% to 2.5%. Actuarial Equivalent value for actives is valued to age 70 instead of age 65.

Schedule of Active Participant Data

	Completed Years of Service											
	< 1 Yr.		1-4 Yrs.		5-9 Yrs.		10-14 Yrs.		15-19 Yrs.		20-24 Yrs.	
Age Group	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
0-24	3	0	4	0	0	0	0	0	0	0	0	0
25-29	0	0	22	0	10	0	0	0	0	0	0	0
30-34	0	0	14	0	12	0	6	0	0	0	0	0
35-39	0	0	11	0	11	0	15	0	1	0	0	0
40-44	0	0	7	0	16	0	6	0	2	0	4	0
45-49	0	0	5	0	14	0	19	0	4	0	7	0
50-54	0	0	10	0	14	0	12	0	0	0	6	0
55-59	0	0	1	0	5	0	9	0	2	0	1	0
60-64	0	0	0	0	4	0	6	0	2	0	2	0
65-69	0	0	0	0	2	0	1	0	0	0	1	0
70+	0	0	0	0	0	0	0	0	0	0	0	0
Total	**3**	**0**	**74**	**0**	**88**	**0**	**74**	**0**	**11**	**0**	**21**	**0**

	Completed Years of Service									
	25-29 Yrs.		30-34 Yrs.		35-39 Yrs.		40 Yrs. +			Totals
Age Group	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.		No.	Avg. Comp.
0-24	0	0	0	0	0	0	0	0		7	0
25-29	0	0	0	0	0	0	0	0		32	0
30-34	0	0	0	0	0	0	0	0		32	0
35-39	0	0	0	0	0	0	0	0		38	0
40-44	0	0	0	0	0	0	0	0		35	0
45-49	6	0	1	0	0	0	0	0		56	0
50-54	6	0	23	0	5	0	0	0		76	0
55-59	4	0	5	0	21	0	4	0		52	0
60-64	2	0	5	0	10	0	4	0		35	0
65-69	0	0	0	0	0	0	6	0		10	0
70+	0	0	0	0	0	0	0	0		0	0
Total	**18**	**0**	**34**	**0**	**36**	**0**	**14**	**0**		**373**	**0**

Schedule of Amortization Bases

Type	Date Established	Years Remaining	PV of Remaining Installments	Amortization Installment
1. Shortfall/ Waiver	1/1/2010	15	9,489,131	939,795
Total Amortizations			**$9,489,131**	**$939,795**

Change in Funding Method

Alternative Amortization Schedule: 15 year Funding Relief elected for the 2010 plan year.

The method of selection of Yield Curve Segment Rates was changed from the complete month of October Spot rates to January Segment Rates.

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

2010

This Form is Open to Public Inspection

For calendar plan year 2010 or fiscal plan year beginning 01/01/2010 and ending 12/31/2010

▶ **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 Communicatio

D Employer Identification Number (EIN)

56-0341710

E Type of plan: [X] Single [ ] Multiple-A [ ] Multiple-B

F Prior year plan size: [ ] 100 or fewer [ ] 101-500 [X] More than 500

Part I Basic Information

1	Enter the valuation date: Month 1 Day 1 Year 2010			
2	Assets:			
	a Market value	2a		84,009,005
	b Actuarial value	2b		87,255,590
3	Funding target/participant count breakdown		(1) Number of participants	(2) Funding Target
	a For retired participants and beneficiaries receiving payment	3a	245	58,826,656
	b For terminated vested participants	3b	62	2,492,984
	c For active participants:			
	(1) Non-vested benefits	3c(1)		2,198,683
	(2) Vested benefits	3c(2)		33,149,187
	(3) Total active	3c(3)	373	35,347,870
	d Total	3d	680	96,667,510
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		6.54 %
6	Target normal cost	6		1,813,722

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

Steven M. Bull

Signature of actuary

11 July 2011

Date

Steven M Bull, EA, MAAA, FCA

Type or print name of actuary

11-04786

Most recent enrollment number

Stanley, Hunt, DuPree & Rhine

Firm name

(336)273-9492

Telephone number (including area code)

7823 National Service Road

Greensboro NC 27409

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 [ ]

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)	2,075,387	422,066
8	Portion used to offset prior year's funding requirement (Item 35 from prior year)	463,011	0
9	Amount remaining (Item 7 minus item 8)	1,612,376	422,066
10	Interest on item 9 using prior year's actual return of 18.86 %	304,094	79,602
11	Prior year's excess contributions to be added to prefunding balance:		
a	Excess contributions (Item 38 from prior year)		1,364,109
b	Interest on (a) using prior year's effective rate of 8.25 %		161,664
c	Total available at beginning of current plan year to add to prefunding balance		1,525,773
d	Portion of (c) to be added to prefunding balance		1,525,773
12	Reduction in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (item 9 + item 10 + item 11d - item 12)	1,916,470	2,027,441

Part III Funding percentages

14	Funding target attainment percentage	14	86.18 %
15	Adjusted funding target attainment percentage	15	86.18 %
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	101.69 %
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
04/12/2010	500,000				
07/13/2010	500,000				
10/07/2010	500,000				
01/12/2011	500,000				
			Totals ▶ 18(b)	2,000,000	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	1,919,617

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? [X] Yes [ ] No

b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? [X] 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
4.60 %	6.65 %	6.76 %	

b Applicable month (enter code) — **21b**: 0

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**: 1,813,722

32 Amortization installments:

	Outstanding Balance	Installment
a Net shortfall amortization installment	9,489,131	939,795
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**: 2,753,517

	Carryover balance	Prefunding balance	Total balance
35 Balances used to offset funding requirement	833,900	0	833,900

36 Additional cash requirement (item 34 minus item 35) — **36**: 1,919,617

37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (Item 19c) — **37**: 1,919,617

38 Interest-adjusted excess contributions for current year (see instructions) — **38**: 0

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

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. (inserted as an excel worksheet object)

The retirement assumption is graded by age, as follows:

Age	Annual Retirement	Conditional Expected Retirement Age
Under 50	0%	59.0
50	5%	59.0
51	5%	59.5
52	5%	59.9
53	5%	60.4
54	5%	60.8
55	5%	61.1
56	5%	61.4
57	7%	61.7
58	9%	62.1
59	11%	62.5
60	15%	62.9
61	20%	63.4
62	25%	64.0
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

First Eligible to Retire at Age	Conditional Expected Retirement Age	Number First Eligible to Retire at Age
Under 50	59.0	1
50	59.0	34
51-54	60.1	28
55	61.1	105
56-59	61.9	34
60	62.9	82
61-64	64.4	23
65	66.2	56
66-69	68.1	10
70	70.0	-
71-74	72.5	-
75	75.0	-
Total		373

Weighted Average Retirement Age: 62

Statement of Actuarial Assumptions

Prescribed Interests Rates

Based on the applicable month of January.

First Segment (0-5 years)	4.60%	(Prior year: N/A)
Second Segment (6-20 years)	6.65%	(Prior year: N/A)
Third Segment (over 20 years)	6.76%	(Prior year: N/A)
For Duration 0.5	N/A	(Prior year: 5.45%)
For Duration 1.5	N/A	(Prior year: 6.83%)
For Duration 2.5	N/A	(Prior year: 7.64%)
For Duration 3.5	N/A	(Prior year: 7.95%)
For Duration 10.5	N/A	(Prior year: 8.87%)
For Duration 20.5	N/A	(Prior year: 8.11%)
For Duration 30.5	N/A	(Prior year: 7.46%)
Effective Interest Rate:	6.54%	(Prior year: 8.25%)
PBGC Variable Premium Rate:	(same as Target Liability rates)	(Prior year: same as Target Liability rates)

Disability : None assumed.

Prescribed Mortality

IRS 2010 Static Mortality Table: Mortality for Participants who are not receiving benefits is based on the RP2000 non-annuitant mortality table projected to 2025 using Scale AA. Mortality for participants currently receiving benefits is based on the RP2000 annuitant table projected to 2017 using Scale AA.

Termination

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

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

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%

Statement of Actuarial Assumptions (Continued)

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

Assumed to equal last year's total non-investment related expenses.

Salary Scale

Assumed future salary increases are based on age as follows (last year range was 6.5% to 3.0%):

Age	Percent
<25	5.50%
25-29	5.00%
30-34	4.50%
35-39	4.00%
40-44	3.50%
45-49	3.00%
50-54	2.50%
>=55	2.00%

Covered Compensation

Covered Compensation is based on the 2010 Covered Compensation Table ($12 rounding).
The Social Security Taxable Wage Base is assumed to increase at 2.5% per year (last year was 4.0%).

IRS Limits

The IRS Maximum Benefit Limitation for the 2010 Plan Year is $195,000 (this was $195,000 for 2009).
The IRS Maximum Compensation Limitation for the 2010 Plan Year is $245,000 (this was $245,000 for 2009).

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 Yield Curve Segment Rates were changed from the complete month of October Spot rates to January Segment Rates.

The salary scale range changed from (6.5% to 3.0%) to (5.5% to 2.0%). The taxable wage base was lowered from 4.0% to 2.5%. Actuarial Equivalent value for actives is valued to age 70 instead of age 65. 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.

Alternative Amortization Schedule

15 year Funding Relief elected for the 2010 plan year.

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

None.

Summary of Plan Provisions

General Information

Valuation Date	January 1, 2010
Original Effective Date	February 10, 1944
Effective Date of Last Amendment	January 1, 2009
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

Non-Prescribed Assumption Changes Since Prior Valuation

The salary scale range changed from (6.5% to 3.0%) to (5.5% to 2.0%). The taxable wage base was lowered from 4.0% to 2.5%. Actuarial Equivalent value for actives is valued to age 70 instead of age 65.

Change in Funding Method

Alternative Amortization Schedule: 15 year Funding Relief elected for the 2010 plan year.

The method of selection of Yield Curve Segment Rates was changed from the complete month of October Spot rates to January Segment Rates.

Schedule of Active Participant Data

	Completed Years of Service											
	< 1 Yr.		1-4 Yrs.		5-9 Yrs.		10-14 Yrs.		15-19 Yrs.		20-24 Yrs.	
Age Group	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.
0-24	3	0	4	0	0	0	0	0	0	0	0	0
25-29	0	0	22	0	10	0	0	0	0	0	0	0
30-34	0	0	14	0	12	0	6	0	0	0	0	0
35-39	0	0	11	0	11	0	15	0	1	0	0	0
40-44	0	0	7	0	16	0	6	0	2	0	4	0
45-49	0	0	5	0	14	0	19	0	4	0	7	0
50-54	0	0	10	0	14	0	12	0	0	0	6	0
55-59	0	0	1	0	5	0	9	0	2	0	1	0
60-64	0	0	0	0	4	0	6	0	2	0	2	0
65-69	0	0	0	0	2	0	1	0	0	0	1	0
70+	0	0	0	0	0	0	0	0	0	0	0	0
Total	**3**	**0**	**74**	**0**	**88**	**0**	**74**	**0**	**11**	**0**	**21**	**0**

	Completed Years of Service									
	25-29 Yrs.		30-34 Yrs.		35-39 Yrs.		40 Yrs. +			Totals
Age Group	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.	No.	Avg. Comp.		No.	Avg. Comp.
0-24	0	0	0	0	0	0	0	0		7	0
25-29	0	0	0	0	0	0	0	0		32	0
30-34	0	0	0	0	0	0	0	0		32	0
35-39	0	0	0	0	0	0	0	0		38	0
40-44	0	0	0	0	0	0	0	0		35	0
45-49	6	0	1	0	0	0	0	0		56	0
50-54	6	0	23	0	5	0	0	0		76	0
55-59	4	0	5	0	21	0	4	0		52	0
60-64	2	0	5	0	10	0	4	0		35	0
65-69	0	0	0	0	0	0	6	0		10	0
70+	0	0	0	0	0	0	0	0		0	0
Total	**18**	**0**	**34**	**0**	**36**	**0**	**14**	**0**		**373**	**0**

Schedule of Amortization Bases

Type	Date Established	Years Remaining	PV of Remaining Installments	Amortization Installment
1. Shortfall/ Waiver	1/1/2010	15	9,489,131	939,795
Total Amortizations			**$9,489,131**	**$939,795**

Financial Statements
and Supplemental Schedules

North State Telephone Company
Retirement Plan

Years Ended December 31, 2010 and 2009
with Report of Independent Auditors

North State Telephone Company Retirement Plan
Financial Statements
and Supplemental Schedules
Years Ended December 31, 2010 and 2009

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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, 2010 and 2009, 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, 2010 and 2009, 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 financial statements 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 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. Such information is the responsibility of the Plan's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements.

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

The information has been subjected to the auditing procedures applied in the audit of the 2010 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2010 financial statements or to the 2010 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 2010 financial statements as a whole.

Baucknight Pietras + Stormer, P.A.

July 12, 2011

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

	December 31, 2010	December 31, 2009
Assets		
Investments at fair value:		
Cash and cash equivalents	**$ 1,002,276**	$ 291,725
Mutual funds	**46,170,422**	41,682,198
Investment contract with insurance company	**23,497,796**	23,277,721
U.S. Government agencies	**8,384,183**	5,903,497
Corporate bonds and notes	**1,573,541**	4,223,336
North State Telecommunications Corporation common and preferred stock	**7,133,330**	7,030,410
Total investments	**87,761,548**	82,408,887
Receivables:		
Employer contributions	**500,000**	1,500,000
Interest and dividends	**81,904**	113,181
Total receivables	**581,904**	1,613,181
Total assets	**88,343,452**	84,022,068
Liabilities		
Total liabilities	--	--
Net assets available for plan benefits	**$ 88,343,452**	$ 84,022,068

See accompanying notes.

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

	Years Ended December 31, 2010	2009
Additions to net assets attributed to:		
Investment income:		
Net appreciation in fair value of investments	**$ 6,095,531**	$ 11,424,064
Interest	**394,109**	431,034
Dividends	**1,581,085**	1,482,676
	8,070,725	13,337,774
Employer contributions:	**2,000,000**	2,500,000
Total additions	**10,070,725**	15,837,774
Deductions from net assets attributed to:		
Benefits paid to participants	**5,542,339**	5,544,619
Administrative expenses	**207,002**	105,180
Total deductions	**5,749,341**	5,649,799
Net change	**4,321,384**	10,187,975
Net assets available for plan benefits, beginning	**84,022,068**	73,834,093
Net assets available for plan benefits, ending	**$ 88,343,452**	$ 84,022,068

See accompanying notes.

North State Telephone Company Retirement Plan
Notes to Financial Statements
December 31, 2010 and 2009

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 exceeded the minimum funding contributions of ERISA. Contribution requirements for 2010 were satisfied with a $2 million employer contribution and an election to reduce the existing credit fund balance (prior year contributions in excess of required minimum contributions) by approximately $834,000.

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.

Effective January 1, 2011, the Plan was amended to reduce future annual pension benefits from 1.3% to 1.0% of the annual average earnings used to calculate the benefit payable. In addition, overtime earnings were excluded from the definition of compensation used to determine benefit payments. Participants who, as of January 1, 2011, had (a) achieved at least 20 years of service or (b) the sum of their exact age and years of service equals or exceeds 65 were grandfathered into the existing formula and are not affected by the amendment. The actuarial present value of accumulated plan benefits in Note 5 does not reflect these amendments.

1. Description of Plan (continued)

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.

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.

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.

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.

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, 2010			
	Quoted Market Prices (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Unobservable Inputs (Level 3)**	**Total**
Cash and cash equivalents	$ 1,002,276	$ --	$ --	$ 1,002,276
Mutual funds	46,170,422	--	--	46,170,422
Investment contract with insurance company	--	--	23,497,796	23,497,796
U.S. Government agencies	8,384,183	--	--	8,384,183
Corporate bonds and notes	1,573,541	--	--	1,573,541
North State Telecommunications Corporation common and preferred stock	--	7,133,330	--	7,133,330
Total investments	$ 57,130,422	$ 7,133,330	$ 23,497,796	$ 87,761,548

3. Fair Value Measurements (continued)

	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

Level 1 Fair Value Measurements- The fair values of mutual funds, U.S. government agencies, 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 (6.59% for the year ended December 31, 2010) 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.

3. Fair Value Measurements (continued)

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

	2010	2009
Beginning balance	**$ 23,277,721**	$ 21,500,368
Total gains (realized and unrealized)	**1,562,596**	1,330,353
Deposits	**310,500**	447,000
Withdrawls	**(1,653,021)**	--
Ending balance	**$ 23,497,796**	$ 23,277,721

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 during 2010 and 2009 as follows:

	2010	2009
Investments at Fair Value Determined by Quoted Market Price:		
Mutual funds	**$ 4,304,642**	$ 8,499,732
U.S. Government Securities, U.S. Government Agencies and Corporate Bonds	**125,373**	567,636
	4,430,015	9,067,368
Investments at Estimated Fair Value:		
Investment contract with insurance company	**1,562,596**	1,300,353
North State Telecommunications Corporation common and preferred stock	**102,920**	1,056,343
	1,665,516	2,356,696
	$ 6,095,531	$ 11,424,064

4. Investments

Individual investments that represent 5% or more of the Plan's net assets available for Plan benefits at December 31, 2010 and 2009 are as follows:

		2010		2009
	American Funds Group- Fundamental Investors- Class A	**$ 29,758,423**	**$**	**25,311,429**
*	Metropolitan Life Insurance Company- Index Track Grand Central Bond Master Fund	**23,497,796**		**23,277,721**
	Vanguard Wellington Fund	**15,869,951**		**15,689,974**
*	North State Telecommunications Corporation common and preferred stock	**7,133,330**		**7,030,410**
	Other investments, less than 5%	**11,502,048**		**11,099,353**
	Total investments at fair value	**$ 87,761,548**	**$**	**82,408,887**

*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, 2010 and 2009 (the latest valuation dates available) are summarized as follows:

	2010		2009
Vested benefits:			
Participants currently receiving payments	**$ 54,897,557**	$	54,162,767
Other participants	**31,748,120**		29,567,267
Nonvested benefits	**2,062,813**		1,968,695
Total	**$ 88,708,490**	$	85,698,729

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

The changes in the actuarial present value of accumulated plan benefits as of January 1, 2010 and 2009 are attributed to the following:

	2010	2009
Beginning of year balance	**$ 85,698,729**	$ 81,900,119
Increase (decrease) during the year attributable to:		
Decrease in assumption period at 7.50%	**6,223,240**	--
Benefits paid	**(5,544,619)**	(5,207,953)
Benefits accumulated	**--**	5,950,741
Assumption changes	**1,095,844**	--
Benefits accrued and experience gain	**1,235,296**	3,055,822
Net increase (decrease)	**3,009,761**	3,798,610
End of year balance	**$ 88,708,490**	$ 85,698,729

Significant assumptions used by the enrolled actuary in the valuations as of January 1, 2010 and 2009 in determining the forgoing information include:

	2010	2009
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 as modified**	Graduated rates as modified

The Plan elected to amortize the 2010 shortfall amortization base over a 15-year period instead of the prior 7-year period as permitted by the Pension Relief Act of 2010. The change increased the actuarial present value of accumulated benefits by $6,223,240 at January 1, 2010.

The interest and mortality rates assumed for 2010 were adjusted to the rates prescribed by the U.S. Treasury Department. Non-prescribed changes included lowering the assumed rate of salary increases and increasing the age used to calculate the actuarial equivalent benefit of active participants. These assumption changes increased the actuarial present value of accumulated benefits by $1,095,844 at January 1, 2010.

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

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.

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 2010 and 2009, also qualify as party-in-interest transactions.

7. Administrative Expenses

The Plan paid approximately $102,000 and $95,000 for investment, actuarial, and accounting services during 2010 and 2009 respectively. The Plan also paid PBGC insurance premiums of approximately $94,000 for 2010. PBGC insurance premiums were paid by the Company in prior years.

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.

9. Contingency

During 2009, the Internal Revenue Service ("IRS") questioned whether a 2006 contribution of North State Telecommunication Corporation common stock to the Plan was allowable under IRS rules. The issue is still pending and the outcome of the uncertainty cannot be determined at this time. Management believes the ultimate resolution of this issue will 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, 2010 through July 12, 2011, 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 other than those discussed in Note 1.

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, 2010

(a)	(b) Indentity 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	$ 901,331	$ 901,331
	TD Bank USA	Money market	98,752	98,752
*	High Point Bank and Trust	Money market	2,193	2,193
			1,002,276	1,002,276
	Mutual Funds:			
	American Funds Group	Fundamental Investors- Class A; 810,856 units of participation	**	29,758,423
	Vanguard Wellinginton Fund Admiral Shares	Vanguard Wellinginton Fund; 295,475 units of participation	**	15,869,951
	PIMCO	PIMCO Total Returns Fund; 49,798 units of participation	**	542,048
			**	46,170,422
	Investment contract with insurance company:			
*	Metropolitan Life Insurance Company Contract #205661	Index Track Grand Central Bond Master Fund; 23,497,796 units of participation	**	23,497,796

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, 2010

(a) (b) Indentity 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
U.S. Government agencies:			
Federal Home Loan Banks	6% notes, due 7/12/16, $200,000 maturity value	200,000	205,582
Federal Home Loan Mortgage Step-Up	4.25% notes, due 1/28/25, $100,000 maturity value	100,000	100,210
Federal Home Loan Mortgage Step-Up	2% notes, due 10/15/20, $250,000 maturity value	250,000	236,220
Federal Home Loan Mortgage Step-Up	2% notes, due 10/15/20, $225,000 maturity value	225,000	217,305
Federal Home Loan Mortgage Step-Up	3% notes, due 11/15/22, $100,000 maturity value	100,000	95,615
Federal Home Loan Mortgage Step-Up	3% notes, due 12/15/22 $400,000 maturity value	400,000	396,060
Federal Home Loan Mortgage Step-Up	3.25% notes, due 12/15/22, $150,000 maturity value	150,000	145,673
Federal Home Loan Mortgage Step-Up	3% notes, due 1/15/18, $500,000 maturity value	500,000	500,475
Federal Home Loan Mortgage Step-Up	3% notes, due 1/15/18, $125,000 maturity value	125,000	125,116
Federal Home Loan Mortgage Step-Up	4.5% notes, due 1/15/25, $250,000 maturity value	250,000	250,250
Federal Home Loan Mortgage Step-Up	3.25% notes, due 1/15/20, $100,000 maturity value	100,000	100,070

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, 2010

(a) (b) Indentity 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 Mortgage Step-Up	2.5% notes, due 3/15/18, $250,000 maturity value	250,000	251,028
Federal Home Loan Mortgage Step-Up	3.25% notes, due 3/15/20, $200,000 maturity value	200,000	201,110
Federal Home Loan Mortgage Step-Up	3% notes, due 3/15/20, $75,000 maturity value	75,000	75,382
Federal National Mortgage Assn-Step	3% notes, due 5/15/20, $250,000 maturity value	250,000	252,483
Federal Home Loan Mortgage Corp Step	3% notes, due 5/15/20, $170,000 maturity value	170,000	171,387
Federal Home Loan Mortgage Step-Up	3% notes, due 6/15/20, $300,000 maturity value	300,000	299,106
Federal Home Loan Mortgage Step-Up	3% notes, due 6/15/20, $115,000 maturity value	115,000	113,520
Federal Home Loan Mortgage Corp	3.5% notes, due 6/15/25, $250,000 maturity value	250,000	246,248
Federal Home Loan Mortgage Step-Up	2.5% notes, due 7/15/22, $250,000 maturity value	250,000	246,715
Federal Home Loan Mortgage Step-Up	2% notes, due 8/15/20, $175,000 maturity value	175,000	169,990
Federal Home Loan Mortgage Step-Up	2% notes, due 8/15/20, $500,000 maturity value	500,000	491,255
Federal Home Loan Mortgage Step-Up	2.5% notes, due 8/15/22, $200,000 maturity value	200,000	192,366

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, 2010

(a) (b) Indentity 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 Mortgage Corp Step	2% notes, due 8/15/22, $300,000 maturity value	300,000	285,078
Federal Home Loan Mortgage Step-Up	2% notes, due 9/15/20, $250,000 maturity value	250,000	233,808
Federal Home Loan Mortgage Step-Up	2.25% notes, due 9/15/22, $250,000 maturity value	250,000	242,820
Federal Home Loan Bank - Step	2% notes, due 7/27/16, $500,000 maturity value	500,000	506,770
Federal Home Loan Mortgage Step-Up	2% notes, due 7/27/22, $100,000 maturity value	100,000	99,336
Federal Home Loan Mortgage Step-Up	2.5% notes, due 9/16/25, $170,000 maturity value	170,000	161,226
Federal Home Loan Mortgage Step-Up	2% notes, due 9/22/25, $200,000 maturity value	200,000	188,984
Federal National Mortgage Assn-Step	2% notes, due 5/12/20, $350,0000 maturity value	350,000	351,845
Federal National Mortgage Assn-Step	2% notes, due 6/23/20, $250,000 maturity value	250,000	250,834
Federal National Mortgage Assn-Step	2% notes, due 6/30/25, $150,000 maturity value	149,888	149,060
Federal National Mortgage Assn Call	Step Notes, due 9/16/20, $200,000 maturity value	200,000	193,432
Federal National Mortgage Assn-Step	2% notes, due 9/30/22, $250,000 maturity value	250,000	242,563

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, 2010

(a) (b) Indentity 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 National Mortgage Assn-Step	1% notes, due 12/30/25, $250,000 maturity value	250,000	249,475
Federal National Mortgage Assn-Step	2% notes, due 10/21/25, $150,000 maturity value	150,000	145,786
		8,504,888	8,384,183
Corporate bonds and notes:			
AT&T Global, Inc	5.5% note, due 2/1/18, $250,000 maturity value	248,483	277,720
American General Finance Corporation	6% note, due 10/15/14, $300,000 maturity value	300,000	254,199
American General Finance Corporation	6% note, due 11/15/14, $250,000 maturity value	250,000	210,435
Duke Energy Carolinas, LLC	5.1% note, due 4/15/18, $250,000 maturity value	252,500	274,598
Philip Morris International, Inc.	5.65% note, due 5/16/18, $250,000 maturity value	248,125	281,855
Verizon Communications, Inc.	5.5% note, due 2/15/18, $250,000 maturity value	250,000	274,734
		1,549,108	1,573,541

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, 2010

(a)	(b) Indentity 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
*	North State Telecommunications Corporation	91,353 shares common stock	9,604,838	7,125,534
*	North State Telecommunications Corporation	162 shares preferred stock	7,796	7,796
			9,612,634	7,133,330
			**	$ 87,761,548

* 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, 2010

	(a) Indentity 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	$ 9,402,817	$ --	$ 9,402,817	$ --
*	High Point Bank & Trust	Goldman Sachs Finl Square Prime Obligation- P	--	9,052,888	9,052,888	$ --

* Indicates a party-in-interest to the Plan

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.

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, 2010

(a)	(b) Indentity 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	$ 901,331	$ 901,331
	TD Bank USA	Money market	98,752	98,752
*	High Point Bank and Trust	Money market	2,193	2,193
			1,002,276	1,002,276
	Mutual Funds:			
	American Funds Group	Fundamental Investors- Class A; 810,856 units of participation	**	29,758,423
	Vanguard Wellinginton Fund Admiral Shares	Vanguard Wellinginton Fund; 295,475 units of participation	**	15,869,951
	PIMCO	PIMCO Total Returns Fund; 49,798 units of participation	**	542,048
			**	46,170,422
	Investment contract with insurance company:			
*	Metropolitan Life Insurance Company Contract #205661	Index Track Grand Central Bond Master Fund; 23,497,796 units of participation	**	23,497,796

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, 2010

(a) (b) Indentity 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
U.S. Government agencies:			
Federal Home Loan Banks	6% notes, due 7/12/16, $200,000 maturity value	200,000	205,582
Federal Home Loan Mortgage Step-Up	4.25% notes, due 1/28/25, $100,000 maturity value	100,000	100,210
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Federal Home Loan Mortgage Step-Up	4.5% notes, due 1/15/25, $250,000 maturity value	250,000	250,250
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North State Telephone Company Retirement Plan
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December 31, 2010

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North State Telephone Company Retirement Plan
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Schedule H, Line 4i- Schedule of Assets Held for Investment Purposes At End Of Year
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North State Telephone Company Retirement Plan
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Schedule H, Line 4i- Schedule of Assets Held for Investment Purposes At End Of Year
December 31, 2010

(a) (b) Indentity 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
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Verizon Communications, Inc.	5.5% note, due 2/15/18, $250,000 maturity value	250,000	274,734
		1,549,108	1,573,541

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, 2010

(a)	(b) Indentity 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
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*	North State Telecommunications Corporation	162 shares preferred stock	7,796	7,796
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			**	$ 87,761,548

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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, 2010

(a)	(b) Indentity 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
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	Mutual Funds:			
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			**	46,170,422
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*	Metropolitan Life Insurance Company Contract #205661	Index Track Grand Central Bond Master Fund; 23,497,796 units of participation	**	23,497,796

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, 2010

(a) (b) Indentity 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
U.S. Government agencies:			
Federal Home Loan Banks	6% notes, due 7/12/16, $200,000 maturity value	200,000	205,582
Federal Home Loan Mortgage Step-Up	4.25% notes, due 1/28/25, $100,000 maturity value	100,000	100,210
Federal Home Loan Mortgage Step-Up	2% notes, due 10/15/20, $250,000 maturity value	250,000	236,220
Federal Home Loan Mortgage Step-Up	2% notes, due 10/15/20, $225,000 maturity value	225,000	217,305
Federal Home Loan Mortgage Step-Up	3% notes, due 11/15/22, $100,000 maturity value	100,000	95,615
Federal Home Loan Mortgage Step-Up	3% notes, due 12/15/22 $400,000 maturity value	400,000	396,060
Federal Home Loan Mortgage Step-Up	3.25% notes, due 12/15/22, $150,000 maturity value	150,000	145,673
Federal Home Loan Mortgage Step-Up	3% notes, due 1/15/18, $500,000 maturity value	500,000	500,475
Federal Home Loan Mortgage Step-Up	3% notes, due 1/15/18, $125,000 maturity value	125,000	125,116
Federal Home Loan Mortgage Step-Up	4.5% notes, due 1/15/25, $250,000 maturity value	250,000	250,250
Federal Home Loan Mortgage Step-Up	3.25% notes, due 1/15/20, $100,000 maturity value	100,000	100,070

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December 31, 2010

(a) (b) Indentity 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 Mortgage Step-Up	2.5% notes, due 3/15/18, $250,000 maturity value	250,000	251,028
Federal Home Loan Mortgage Step-Up	3.25% notes, due 3/15/20, $200,000 maturity value	200,000	201,110
Federal Home Loan Mortgage Step-Up	3% notes, due 3/15/20, $75,000 maturity value	75,000	75,382
Federal National Mortgage Assn-Step	3% notes, due 5/15/20, $250,000 maturity value	250,000	252,483
Federal Home Loan Mortgage Corp Step	3% notes, due 5/15/20, $170,000 maturity value	170,000	171,387
Federal Home Loan Mortgage Step-Up	3% notes, due 6/15/20, $300,000 maturity value	300,000	299,106
Federal Home Loan Mortgage Step-Up	3% notes, due 6/15/20, $115,000 maturity value	115,000	113,520
Federal Home Loan Mortgage Corp	3.5% notes, due 6/15/25, $250,000 maturity value	250,000	246,248
Federal Home Loan Mortgage Step-Up	2.5% notes, due 7/15/22, $250,000 maturity value	250,000	246,715
Federal Home Loan Mortgage Step-Up	2% notes, due 8/15/20, $175,000 maturity value	175,000	169,990
Federal Home Loan Mortgage Step-Up	2% notes, due 8/15/20, $500,000 maturity value	500,000	491,255
Federal Home Loan Mortgage Step-Up	2.5% notes, due 8/15/22, $200,000 maturity value	200,000	192,366

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December 31, 2010

(a) (b) Indentity 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 Mortgage Corp Step	2% notes, due 8/15/22, $300,000 maturity value	300,000	285,078
Federal Home Loan Mortgage Step-Up	2% notes, due 9/15/20, $250,000 maturity value	250,000	233,808
Federal Home Loan Mortgage Step-Up	2.25% notes, due 9/15/22, $250,000 maturity value	250,000	242,820
Federal Home Loan Bank - Step	2% notes, due 7/27/16, $500,000 maturity value	500,000	506,770
Federal Home Loan Mortgage Step-Up	2% notes, due 7/27/22, $100,000 maturity value	100,000	99,336
Federal Home Loan Mortgage Step-Up	2.5% notes, due 9/16/25, $170,000 maturity value	170,000	161,226
Federal Home Loan Mortgage Step-Up	2% notes, due 9/22/25, $200,000 maturity value	200,000	188,984
Federal National Mortgage Assn-Step	2% notes, due 5/12/20, $350,0000 maturity value	350,000	351,845
Federal National Mortgage Assn-Step	2% notes, due 6/23/20, $250,000 maturity value	250,000	250,834
Federal National Mortgage Assn-Step	2% notes, due 6/30/25, $150,000 maturity value	149,888	149,060
Federal National Mortgage Assn Call	Step Notes, due 9/16/20, $200,000 maturity value	200,000	193,432
Federal National Mortgage Assn-Step	2% notes, due 9/30/22, $250,000 maturity value	250,000	242,563

North State Telephone Company Retirement Plan
Employer ID # 56-0341710 Plan # 001
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December 31, 2010

(a) (b) Indentity 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 National Mortgage Assn-Step	1% notes, due 12/30/25, $250,000 maturity value	250,000	249,475
Federal National Mortgage Assn-Step	2% notes, due 10/21/25, $150,000 maturity value	150,000	145,786
		8,504,888	8,384,183
Corporate bonds and notes:			
AT&T Global, Inc	5.5% note, due 2/1/18, $250,000 maturity value	248,483	277,720
American General Finance Corporation	6% note, due 10/15/14, $300,000 maturity value	300,000	254,199
American General Finance Corporation	6% note, due 11/15/14, $250,000 maturity value	250,000	210,435
Duke Energy Carolinas, LLC	5.1% note, due 4/15/18, $250,000 maturity value	252,500	274,598
Philip Morris International, Inc.	5.65% note, due 5/16/18, $250,000 maturity value	248,125	281,855
Verizon Communications, Inc.	5.5% note, due 2/15/18, $250,000 maturity value	250,000	274,734
		1,549,108	1,573,541

North State Telephone Company Retirement Plan
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December 31, 2010

(a)	(b) Indentity 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
*	North State Telecommunications Corporation	91,353 shares common stock	9,604,838	7,125,534
*	North State Telecommunications Corporation	162 shares preferred stock	7,796	7,796
			9,612,634	7,133,330
			**	$ 87,761,548

* 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, 2010

	(a) Indentity 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	$ 9,402,817	$ --	$ 9,402,817	$ --
*	High Point Bank & Trust	Goldman Sachs Finl Square Prime Obligation- P	--	9,052,888	9,052,888	$ --

* Indicates a party-in-interest to the Plan

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.