

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), 6057(b), 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 2011 This Form is Open to Public Inspection
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Part I	Annual Report Identification Information
For calendar plan year 2011 or fiscal plan year beginning <u>01/01/2011</u> and ending <u>12/31/2011</u>	
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 <u>GTE SOUTHWEST INC. PLAN FOR HOURLY-PAID EMPLOYEES' PENSIONS</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">1b Three-digit plan number (PN) ▶</td> <td style="width: 20%; text-align: center;"><u>001</u></td> </tr> <tr> <td colspan="2">1c Effective date of plan <u>01/01/1944</u></td> </tr> </table>	1b Three-digit plan number (PN) ▶	<u>001</u>	1c Effective date of plan <u>01/01/1944</u>	
1b Three-digit plan number (PN) ▶	<u>001</u>				
1c Effective date of plan <u>01/01/1944</u>					
2a Plan sponsor's name and address, including room or suite number (Employer, if for single-employer plan) <u>GTE SOUTHWEST INCORPORATED DBA VERIZON SOUTHWEST</u> <u>ONE VERIZON WAY, MAIL CODE VC63N009</u> <u>BASKING RIDGE, NJ 07920</u>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td>2b Employer Identification Number (EIN) <u>75-0573444</u></td> </tr> <tr> <td>2c Sponsor's telephone number <u>908-559-3628</u></td> </tr> <tr> <td>2d Business code (see instructions) <u>517000</u></td> </tr> </table>	2b Employer Identification Number (EIN) <u>75-0573444</u>	2c Sponsor's telephone number <u>908-559-3628</u>	2d Business code (see instructions) <u>517000</u>	
2b Employer Identification Number (EIN) <u>75-0573444</u>					
2c Sponsor's telephone number <u>908-559-3628</u>					
2d Business code (see instructions) <u>517000</u>					

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.	10/07/2012	DONNA CHIFFRILLER
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE	Filed with authorized/valid electronic signature.	10/07/2012	DONNA CHIFFRILLER
	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

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

Form 5500 (2011)
v.012611

3a Plan administrator's name and address (if same as plan sponsor, enter "Same") CHAIRPERSON OF THE VEBC VERIZON COMMUNICATIONS INC. ONE VERIZON WAY, MAIL CODE VC63N009 BASKING RIDGE, NJ 07920	3b Administrator's EIN 23-2259884 3c Administrator's telephone number 908-559-3628
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4 If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report: a Sponsor's name	4b EIN 4c PN
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5 Total number of participants at the beginning of the plan year	5	5229
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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	2378
b Retired or separated participants receiving benefits.....	6b	1131
c Other retired or separated participants entitled to future benefits.....	6c	1149
d Subtotal. Add lines 6a , 6b , and 6c	6d	4658
e Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	6e	316
f Total. Add lines 6d and 6e	6f	4974
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	31

7 Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item)	7	
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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 3H

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)	9b Plan benefit arrangement (check all that apply)
(1) ☐ Insurance	(1) ☐ Insurance
(2) ☐ Code section 412(e)(3) insurance contracts	(2) ☐ Code section 412(e)(3) insurance contracts
(3) ☒ Trust	(3) ☒ Trust
(4) ☐ General assets of the sponsor	(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)** ☒ **R** (Retirement Plan Information)
- (2)** ☐ **MB** (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary
- (3)** ☒ **SB** (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary

b General Schedules

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

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 2011 This Form is Open to Public Inspection
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For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

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

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

A Name of plan <u>GTE SOUTHWEST INC. PLAN FOR HOURLY-PAID EMPLOYEES' PENSIONS</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF <u>GTE SOUTHWEST INCORPORATED DBA VERIZON SOUTHWEST</u>	D Employer Identification Number (EIN) <u>75-0573444</u>
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I	Basic Information
1	Enter the valuation date: Month <u>01</u> Day <u>01</u> Year <u>2011</u>
2	Assets:
a	Market value 2a <u>664054668</u>
b	Actuarial value 2b <u>608532912</u>
3	Funding target/participant count breakdown:
	(1) Number of participants (2) Funding Target
a	For retired participants and beneficiaries receiving payment 3a <u>1508</u> <u>90120816</u>
b	For terminated vested participants 3b <u>1250</u> <u>50690476</u>
c	For active participants:
(1)	Non-vested benefits 3c(1) <u>28919329</u>
(2)	Vested benefits 3c(2) <u>128619526</u>
(3)	Total active 3c(3) <u>2471</u> <u>157538855</u>
d	Total 3d <u>5229</u> <u>298350147</u>
4	If the plan is in at-risk status, check the box and complete lines (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 in at-risk status for fewer than five consecutive years and disregarding loading factor 4b
5	Effective interest rate 5 <u>6.12 %</u>
6	Target normal cost 6 <u>13085706</u>

Statement by Enrolled Actuary

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

SIGN HERE	<u>09/19/2012</u>
Signature of actuary	Date
<u>DANIEL F. MCFALL</u>	<u>11-04341</u>
Type or print name of actuary	Most recent enrollment number
<u>HEWITT ASSOCIATES LLC</u>	<u>847-295-5000</u>
Firm name	Telephone number (including area code)
<u>100 HALF DAY ROAD</u> <u>LINCOLNSHIRE, IL 60069-3342</u>	
Address of the firm	

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

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

Schedule SB (Form 5500) 2011
v.012611

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 (line 13 from prior year)	3695800	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9	Amount remaining (line 7 minus line 8)	3695800	0
10	Interest on line 9 using prior year's actual return of <u>14.44</u> %	533674	
11	Prior year's excess contributions to be added to prefunding balance:		
a	Present value of excess contributions (line 38 from prior year)		0
b	Interest on (a) using prior year's effective rate of <u>6.57</u> % except as otherwise provided (see instructions)		0
c	Total available at beginning of current plan year to add to prefunding balance.....		0
d	Portion of (c) to be added to prefunding balance.....		0
12	Other reductions in balances due to elections or deemed elections	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12).....	4229474	0

Part III		Funding percentages	
14	Funding target attainment percentage.....	14	202.54 %
15	Adjusted funding target attainment percentage.....	15	203.96 %
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	242.83 %
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
Totals ►			18(b)	0	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 contributions 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 0
20 Quarterly contributions and liquidity shortfalls:	
a Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☒ No	
b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☐ No	
c If 20a is "Yes," see instructions and complete the following table as applicable:	
Liquidity shortfall as of end of quarter of this plan year	
(1) 1st	(2) 2nd
(3) 3rd	(4) 4th

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

21 Discount rate:				
a Segment rates:	1st segment: 3.78%	2nd segment: 6.31%	3rd segment: 6.57%	☐ N/A, full yield curve used
b Applicable month (enter code)				21b 4
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 contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29)	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost and excess assets (see instructions):												
a Target normal cost (line 6)	31a	13085706										
b Excess assets, if applicable, but not greater than 31a	31b	13085706										
32 Amortization installments:	<table border="1"> <thead> <tr> <th></th> <th>Outstanding Balance</th> <th>Installment</th> </tr> </thead> <tbody> <tr> <td>a Net shortfall amortization installment</td> <td>0</td> <td>0</td> </tr> <tr> <td>b Waiver amortization installment</td> <td>0</td> <td>0</td> </tr> </tbody> </table>				Outstanding Balance	Installment	a Net shortfall amortization installment	0	0	b Waiver amortization installment	0	0
	Outstanding Balance	Installment										
a Net shortfall amortization installment	0	0										
b Waiver amortization installment	0	0										
33 If a waiver has been approved for this plan year, enter the date of the ruling letter granting the approval (Month _____ Day _____ Year _____) and the waived amount	33											
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)...	34	0										
		Carryover balance	Prefunding balance									
35 Balances elected for use to offset funding requirement.....	0	0	0									
36 Additional cash requirement (line 34 minus line 35)	36	0										
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c)	37	0										
38 Present value of excess contributions for current year (see instructions)												
a Total (excess, if any, of line 37 over line 36)	38a	0										
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0										
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0										
40 Unpaid minimum required contributions for all years.....	40	0										

Part IX Pension funding relief under Pension Relief Act of 2010 (see instructions)

41 If a shortfall amortization base is being amortized pursuant to an alternative amortization schedule:			
a Schedule elected	☐ 2 plus 7 years ☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008 ☐ 2009 ☐ 2010 ☐ 2011		
42 Amount of acceleration adjustment	42		
43 Excess installment acceleration amount to be carried over to future plan years	43		

SCHEDULE C (Form 5500) Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	Service Provider Information This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA). ▶ File as an attachment to Form 5500.	OMB No. 1210-0110
		2011
		This Form is Open to Public Inspection.

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011

A Name of plan <u>GTE SOUTHWEST INC. PLAN FOR HOURLY-PAID EMPLOYEES' PENSIONS</u>	B Three-digit plan number (PN) ▶ <u>001</u>
C Plan sponsor's name as shown on line 2a of Form 5500 <u>GTE SOUTHWEST INCORPORATED DBA VERIZON SOUTHWEST</u>	D Employer Identification Number (EIN) <u>75-0573444</u>

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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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)

HEWITT

32-2235791

(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 64 99	NONE	337117	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

WELLS FARGO

56-6433588

(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?
99	NONE	32788	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

VERIZON COMMUNICATIONS

26-2900101

(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?
99	EMPLOYER	18300	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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)

MITCHELL & TITUS

13-2781641

(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	16717	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

CURCIO WEBB LLC

36-4171366

(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 99	NONE	12727	Yes ☐ No ☒	Yes ☐ No ☐		Yes ☐ No ☐

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

DATAWORLD SERVICES, INC

06-0989788

(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?
99	NONE	11817	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
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(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: THOMAS M. JARRETT	b EIN: 36-2235791
c Position: ENROLLED ACTUARY	
d Address: HEWITT ASSOCIATES, LLC 100 HALF DAY ROAD LINCOLNSHIRE, IL 60069	e Telephone: 847-295-5000

Explanation: AS A RESULT OF THE RETIREMENT OF MR. THOMAS M. JARRET, A NEW ENROLLED ACTUARY FROM WITHIN AON HEWITT HAS BEEN ASSIGNED TO THE PLAN.

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 of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity
code**e** Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

Part II Information on Participating Plans (to be completed by DFEs)

(Complete as many entries as needed to report all participating plans)

a Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN**a** Plan name**b** Name of
plan sponsor**c** EIN-PN

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
		2011
		This Form is Open to Public Inspection

For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011		
A Name of plan GTE SOUTHWEST INC. PLAN FOR HOURLY-PAID EMPLOYEES' PENSIONS	B Three-digit plan number (PN) ►	001
C Plan sponsor's name as shown on line 2a of Form 5500 GTE SOUTHWEST INCORPORATED DBA VERIZON SOUTHWEST	D Employer Identification Number (EIN) 75-0573444	

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)		
(2) Participant contributions	1b(2)		
(3) Other.....	1b(3)	275291	
c General investments:			
(1) Interest-bearing cash (include money market accounts & certificates of deposit)	1c(1)		
(2) U.S. Government securities.....	1c(2)		
(3) Corporate debt instruments (other than employer securities):			
(A) Preferred	1c(3)(A)		
(B) All other.....	1c(3)(B)		
(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)	663779377	639763490
(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)		
(14) Value of funds held in insurance company general account (unallocated contracts).....	1c(14)		
(15) Other	1c(15)		

1d Employer-related investments:		(a) Beginning of Year	(b) End of Year
(1) Employer securities	1d(1)		
(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	664054668	639763490

Liabilities

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

Net Assets

l Net assets (subtract line 1k from line 1f)	1l	664054668	639763490
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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)		
(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)		0
b Earnings on investments:			
(1) Interest:			
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	2b(1)(A)		
(B) U.S. Government securities	2b(1)(B)		
(C) Corporate debt instruments	2b(1)(C)		
(D) Loans (other than to participants)	2b(1)(D)		
(E) Participant loans	2b(1)(E)		
(F) Other	2b(1)(F)		
(G) Total interest. Add lines 2b(1)(A) through (F)	2b(1)(G)		0
(2) Dividends: (A) Preferred stock	2b(2)(A)		
(B) Common stock	2b(2)(B)		
(C) Registered investment company shares (e.g. mutual funds)	2b(2)(C)		
(D) Total dividends. Add lines 2b(2)(A) , (B) , and (C)	2b(2)(D)		0
(3) Rents	2b(3)		
(4) Net gain (loss) on sale of assets: (A) Aggregate proceeds	2b(4)(A)		
(B) Aggregate carrying amount (see instructions)	2b(4)(B)		
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	2b(4)(C)		0

		(a) Amount	(b) Total
2b (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	2b(5)(A)		
(B) Other	2b(5)(B)		
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	2b(5)(C)		0
(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)		27117370
(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)		
c Other income.....	2c		
d Total income. Add all income amounts in column (b) and enter total.....	2d		27117370

Expenses

e Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers	2e(1)	50519496	
(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)		50519496
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)	253992	
(2) Contract administrator fees	2i(2)	0	
(3) Investment advisory and management fees	2i(3)	0	
(4) Other	2i(4)	359170	
(5) Total administrative expenses. Add lines 2i(1) through (4)	2i(5)		613162
j Total expenses. Add all expense amounts in column (b) and enter total.....	2j		51132658

Net Income and Reconciliation

k Net income (loss). Subtract line 2j from line 2d	2k		-24015288
l Transfers of assets:			
(1) To this plan.....	2l(1)		
(2) From this plan	2l(2)		275890

Part III Accountant's Opinion

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

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

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

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

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

(1) Name: MITCHELL AND TITUS LLP

(2) EIN: 13-2781641

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

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

Part IV Compliance Questions

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

During the plan year:

	Yes	No	Amount
a Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
b Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
c Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.)		X	
d Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
e Was this plan covered by a fidelity bond?.....	X		100000000
f Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?		X	
g Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
h Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?		X	
i Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
j Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
k Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
l Has the plan failed to provide any benefit when due under the plan?		X	
m If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
n If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3.		X	

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)

VERIZON PENSION PLAN FOR ASSOCIATES

5b(2) EIN(s)	5b(3) PN(s)
95-0510200	001

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 2011 This Form is Open to Public Inspection.
For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011		
A Name of plan GTE SOUTHWEST INC. PLAN FOR HOURLY-PAID EMPLOYEES' PENSIONS		B Three-digit plan number (PN) ▶ 001
C Plan sponsor's name as shown on line 2a of Form 5500 GTE SOUTHWEST INCORPORATED DBA VERIZON SOUTHWEST		D Employer Identification Number (EIN) 75-0573444
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
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): 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.....		3 146
Part II Funding Information (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)		
4 Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)?..... ☐ Yes ☒ No ☐ N/A If the plan is a defined benefit plan, go to line 8.		
5 If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____ If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.		
6 a Enter the minimum required contribution for this plan year (include any prior year accumulated funding deficiency not waived)		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 or other authority 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. If no, check the "No" box..... ☐ Increase ☐ Decrease ☐ Both ☒ No		
Part IV ESOPs (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.		
10 Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan?..... ☐ Yes ☐ No		
11 a Does the ESOP hold any preferred stock? ☐ Yes ☐ No		
b If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.)..... ☐ Yes ☐ No		
12 Does the ESOP hold any stock that is not readily tradable on an established securities market? ☐ Yes ☐ No		
For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500.		
Schedule R (Form 5500) 2011 v.012611		

Part V Additional Information for Multiemployer Defined Benefit Pension Plans

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

a Name of contributing employer

b EIN

c Dollar amount contributed by employer

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- a** Enter the percentage of plan assets held as:

Stock: 26% Investment-Grade Debt: 7% High-Yield Debt: 8% Real Estate: 7% Other: 52%

- 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):

**VERIZON CORPORATE SERVICES
GROUP INC. ET AL PENSION PLANS**

**Financial Statements
As of December 31, 2011 and 2010 and for the years then ended
With Report of Independent Auditors**

**VERIZON CORPORATE SERVICES
GROUP INC. ET AL PENSION PLANS**
As of December 31, 2011 and 2010 and for the years then ended

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All other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

REPORT OF INDEPENDENT AUDITORS

To the Verizon Employee Benefits Committee:

We were engaged to audit the accompanying statements of net assets available for benefits of the Verizon Management Pension Plan, Verizon Pension Plan for Mid-Atlantic and South Associates, Verizon Pension Plan for Associates, GTE Florida Incorporated Plan for Hourly-Paid Employees' Pensions and GTE Southwest Incorporated Plan for Hourly-Paid Employees' Pensions (the "Plans"), as of December 31, 2011 and 2010, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plans' management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the investment information summarized in Note 1, which was certified by Bank of New York Mellon, the trustee of the Plans, except for comparing such information with the related information included in the financial statements. We have been informed by the plan administrator that the trustee holds the Plans' investment assets and executes investment transactions. The plan administrator has obtained certifications from the trustee as of December 31, 2011 and 2010, and for years then ended, that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information that we did not audit, we are unable to, and do not, express an opinion on these accompanying financial statements as a whole. The form and content of the information included in the financial statements, other than that derived from the investment information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Mitchell & Titus, LLP

October 3, 2012

VERIZON MANAGEMENT PENSION PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS **AS OF DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Plan's interest in Master Trust	\$ 9,719,527,829	\$ 10,616,043,621
Employer contribution receivable	1,448,494,422	33,487,000
Net assets held in 401(h) account	<u>108,445,850</u>	<u>143,518,961</u>
Total assets	11,276,468,101	10,793,049,582
<u>Liabilities</u>		
Amount related to 401(h) account	(108,445,850)	(143,518,961)
Transfer to successor trustee payable	<u>(18,805,814)</u>	<u>(93,269,284)</u>
Total liabilities	<u>(127,251,664)</u>	<u>(236,788,245)</u>
Total net assets available for benefits	<u>\$ 11,149,216,437</u>	<u>\$ 10,556,261,337</u>
Plan's percentage interest in Master Trust	40.6%	40.5%

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS **FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Net assets available for benefits at beginning of year	\$ 10,556,261,337	\$ 9,894,763,354
Company contributions	1,448,494,422	33,487,000
Pension benefit payments	(1,586,536,721)	(1,659,462,356)
Administrative expenses	(18,221,703)	(25,002,911)
Transfers from other plans sponsored by Verizon, net	-	1,191,354,299
Transfers from/(to) successor trustee	201,842,837	(152,887,599)
Allocable share of Master Trust investment activities	<u>547,376,265</u>	<u>1,274,009,550</u>
Net assets available for benefits at end of year	<u>\$ 11,149,216,437</u>	<u>\$ 10,556,261,337</u>

The accompanying notes are an integral part of these financial statements.

VERIZON PENSION PLAN FOR MID-ATLANTIC AND SOUTH ASSOCIATES

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS AS OF DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Plan's interest in Master Trust	\$ 3,885,816,529	\$ 4,316,741,325
Employer contribution receivable	151,071,101	-
<u>Liabilities</u>		
Transfer to successor trustee payable	(6,711,254)	(30,201,368)
Total net assets available for benefits	<u><u>\$ 4,030,176,376</u></u>	<u><u>\$ 4,286,539,957</u></u>
Plan's percentage interest in Master Trust	16.3%	16.5%

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Net assets available for benefits at beginning of year	\$ 4,286,539,957	\$ 4,096,676,453
Company contributions	151,071,101	-
Pension benefit payments	(572,785,228)	(1,178,545,882)
Administrative expenses	(9,429,344)	(9,933,789)
Transfers from other plans by Verizon, net	-	944,281,664
Transfer to successor trustee	(32,092,183)	(49,576,293)
Allocable share of Master Trust investment activities	<u>206,872,073</u>	<u>483,637,804</u>
Net assets available for benefits at end of year	<u><u>\$ 4,030,176,376</u></u>	<u><u>\$ 4,286,539,957</u></u>

The accompanying notes are an integral part of these financial statements.

VERIZON PENSION PLAN FOR ASSOCIATES

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS AS OF DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Plan's interest in Master Trust	\$ 8,986,909,901	\$ 9,258,106,814
Employer contribution receivable	212,388,553	287,627,000
Transfer from successor trustee receivable	-	107,099
Total net assets available for benefits	<u>\$ 9,199,298,454</u>	<u>\$ 9,545,840,913</u>
Plan's percentage interest in Master Trust	36.8%	36.7%

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
Net assets available for benefits at beginning of year	\$ 9,545,840,913	\$ 2,320,029,080
Company contributions	212,388,553	287,627,000
Pension benefit payments	(949,839,049)	(283,651,675)
Administrative expenses	(11,640,449)	(3,208,839)
Transfers from other plans by Verizon, net	-	6,639,882,952
Transfers from/(to) successor trustee	1,128,789	(2,643,575)
Allocable share of Master Trust investment activities	<u>401,419,697</u>	<u>587,805,970</u>
Net assets available for benefits at end of year	<u>\$ 9,199,298,454</u>	<u>\$ 9,545,840,913</u>

The accompanying notes are an integral part of these financial statements.

GTE FLORIDA INCORPORATED PLAN FOR HOURLY-PAID EMPLOYEES' PENSIONS

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS **AS OF DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Plan's interest in Master Trust	\$ 481,673,432	\$ 552,438,474
<u>Liabilities</u>		
Transfer to successor trustee payable	-	(1,166)
Total net assets available for benefits	<u>\$ 481,673,432</u>	<u>\$ 552,437,308</u>
Plan's percentage interest in Master Trust	2.0%	2.1%

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS **FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Net assets available for benefits at beginning of year	\$ 552,437,308	\$ 514,734,446
Pension benefit payments	(91,190,194)	(30,427,055)
Administrative expenses	(752,270)	(981,446)
Transfers (to) from other plans by Verizon, net	-	162,531
Transfers to successor trustee	(81,100)	(60,918)
Allocable share of Master Trust investment activities	<u>21,259,688</u>	<u>69,009,750</u>
Net assets available for benefits at end of year	<u>\$ 481,673,432</u>	<u>\$ 552,437,308</u>

The accompanying notes are an integral part of these financial statements.

GTE SOUTHWEST INCORPORATED PLAN FOR HOURLY-PAID EMPLOYEES' PENSIONS

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS **AS OF DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Plan's interest in Master Trust	\$ 639,763,490	\$ 663,779,377
Transfer from successor trustee receivable	-	275,291
Total net assets available for benefits	<u>\$ 639,763,490</u>	<u>\$ 664,054,668</u>
Plan's percentage interest in Master Trust	2.6%	2.6%

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS **FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

	<u>2011</u>	<u>2010</u>
Net assets available for benefits at beginning of year	\$ 664,054,668	\$ 628,743,687
Pension benefit payments	(50,519,496)	(46,763,633)
Administrative expenses	(613,162)	(823,567)
Transfers to other plans by Verizon, net	-	(568,787)
Transfers to successor trustee	(275,890)	(315,022)
Allocable share of Master Trust investment activities	<u>27,117,370</u>	<u>83,781,990</u>
Net assets available for benefits at end of year	<u>\$ 639,763,490</u>	<u>\$ 664,054,668</u>

The accompanying notes are an integral part of these financial statements.

VERIZON CORPORATE SERVICES GROUP INC. ET AL PENSION PLANS

Notes to Financial Statements
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1. Description of the Plans

The following description of the Verizon Management Pension Plan (the “VMPP”), Verizon Pension Plan for Mid-Atlantic and South Associates (the “Mid-Atlantic Plan”), Verizon Pension Plan for Associates (the “VPPA”), GTE Florida Incorporated Plan for Hourly-Paid Employees’ Pensions (the “Florida Plan”), and GTE Southwest Incorporated Plan for Hourly-Paid Employees’ Pensions (the “Southwest Plan”), (collectively, the “Plans”), provides only general information on the Plans’ provisions. Participants should refer to their respective Summary Plan Description (the “SPD”) and actual Plan Document for a more complete description of the Plans’ provisions.

General

The Plans are sponsored by Verizon Communications Inc. (“Verizon”) or one of its subsidiary companies (the “Companies” or “Plan sponsors”) and provide pension benefits as set forth in the respective Plan documents. The assets of the Plans are included in the Bell Atlantic Master Trust (the “Master Trust”) maintained by Bank of New York Mellon (the “Trustee”). The Verizon Employee Benefits Committee is the administrator of the Plans.

Plan Mergers

In September 2011, the Pension Plan for Employees of MCI Communications (the “MCI Plan”) merged into the Verizon Management Pension Plan. As a result of the merger, net assets of \$299 million were transferred to the VMPP in October 2011. The net assets transferred can be found in the Statements of Changes in Net Assets Available for Benefits under “Transfers from/(to) successor trustee.”

In November 2010, the following plans merged into the Mid-Atlantic Plan: the GTE South Incorporated (Southeast) Plan for Hourly-Paid Employees’ Pensions (the “Southeast Plan”), GTE North Incorporated Pension Plan for Hourly-Paid Employees of Pennsylvania (the “Pennsylvania Plan”), and GTE Supply Pension Plan for Union Represented Employees (the “GTE Supply Plan”). As a result of the mergers, net assets of approximately \$941 million were transferred to the Mid-Atlantic Plan.

In November 2010, the Verizon Pension Plan for New York and New England Associates (the “New York and New England Plan”) merged into the GTE California Incorporated Plan for Hourly-Paid Employees’ Pensions (the “California Plan”) and then the merged plan was renamed the Verizon Pension Plan for Associates (VPPA). As a result of the merger, net assets of approximately \$6,640 million were transferred to the VPPA.

In October 2010, the following plans merged into the VMPP: the GTE South Incorporated (Kentucky) Plan for Hourly-Paid Employees’ Pensions (the “Kentucky Plan”), the GTE Northwest Incorporated Pension Plan for Hourly-Paid Employees’ Pensions (the “Northwest Plan”), the GTE North Incorporated Pension Plan for Hourly-Paid Employees of Illinois (the “Illinois Plan”), the GTE North Incorporated Pension Plan for Hourly-Paid Employees of Michigan (the “Michigan Plan”), the GTE North Incorporated Pension Plan for Hourly-Paid

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Employees of Ohio (the “Ohio Plan”) and the GTE Incorporated Pension Plan for Hourly-Paid Employees of Wisconsin (the “Wisconsin Plan”). As a result of the mergers, net assets of approximately \$1,190 million were transferred to the VMPP.

All of the mergers were implemented in a manner that preserved the separate participant provisions of each plan including accrued benefits and all legally protected forms of benefit distribution available prior to the mergers. The net assets transferred can be found in the Statements of Changes in Net Assets Available for Benefits under “Transfers from other plans sponsored by Verizon, net.”

Frontier Spin-off

On July 1, 2010 Verizon divested its local wireline operations serving residential and small business customers in predominantly rural areas in fourteen states through the spin-off of a Verizon subsidiary “Spinco,” which held defined assets and liabilities of these operations, and the subsequent merger of Spinco with Frontier Communications Corporation (“Frontier”). With respect to the Verizon Plans discussed herein, the assets transferred to Frontier pension plans, which can be found under “Transfers to/from successor trustee” on the Statement of Changes in Net Assets Available for Benefits at December 31, 2010, represented approximately eighty percent of the assets to be transferred to the Frontier pension plans, in accordance with the Employee Matters Agreement related to the Frontier spin-off transaction. The remaining assets were transferred during the first half of 2011.

Information Certified by the Trustee

With the exception of the Fair Value Hierarchy table in Note 5, all investment information disclosed in the financial statements and footnotes, including investments held at December 31, 2011 and 2010 and the Plan’s allocable share of the Master Trust investment activities for the years ended December 31, 2011 and 2010, was obtained or derived from information supplied to the Plan administrator and certified as complete and accurate by the Trustee.

Pension Benefits

The Plans are trustee, noncontributory, defined benefit plans, which cover many of the employees and former employees of the sponsoring Companies. Pension benefits are based on compensation and service or on service only, as defined by the applicable Plan.

The Plans provide vesting for participants with five years of eligible vesting service or upon attainment of normal retirement age. Eligible employees, as defined in the respective plan document, have the opportunity to elect a lump-sum payment option as a form of retirement benefit payment, subject to the terms of each such Plan. Benefit payments to participants are recorded upon distribution.

VERIZON CORPORATE SERVICES GROUP INC. ET AL PENSION PLANS

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Funding Policy

The Companies contribute such amounts as are necessary to provide assets sufficient to meet the benefits to be paid to participants and satisfy the Employee Retirement Income Security Act ("ERISA") minimum funding requirements. The Plans have met the ERISA minimum funding requirements for the years ended December 31, 2011 and 2010.

In accordance with the Pension Protection Act of 2006, all plans are required to use the Unit Credit Cost Method to determine the minimum contributions to the ongoing plan.

2. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting. We have reclassified certain prior year amounts to conform to the current year presentation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States (U.S. GAAP) requires the Plans' administrator to make significant estimates and assumptions that affect the reported amounts of assets and liabilities and related disclosures at the date of the financial statements, and income and expenses during the reporting period. Actual results may differ from those estimates.

Administrative Expenses

Administrative fees are charged directly to the Plans as incurred or allocated to the Plans based on their pro rata share of Master Trust assets.

Plan Transfers

The Plan sponsors are permitted to transfer benefit obligations, subject to the provisions of ERISA, for certain participants who transfer employment between certain Companies that sponsor different pension plans. The Statements of Net Assets Available for Benefits of the Plans at December 31, 2010 include net assets that were transferred in and out of the plans due to participant transfers during the 2009 plan year. Participant transfers during the 2010 plan year are included in the Statements of Changes in Net Assets Available for Benefits, as applicable, for the year ended December 31, 2011. The transferred participants are identified after the 2009 plan year ends and the amount to transfer is actuarially determined as of January 1, 2010. The actual amount transferred is adjusted with trust earnings to the date of transfer.

VERIZON CORPORATE SERVICES GROUP INC. ET AL PENSION PLANS

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Investment Valuation and Income Recognition

As described in Note 1, the Plans hold an interest in the Master Trust. The Plans interest in the Master Trust and investments held in the Master Trust are recorded at fair value.

In accordance with Accounting Standards Codification (“ASC”) 820, *Fair Value Measurements and Disclosures*, fair value of financial and non-financial assets and liabilities is defined as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants.

The three-tier hierarchy for inputs used in measuring fair value, which prioritizes the inputs used in the methodologies of measuring fair value for assets and liabilities, is as follows:

Level 1 – Quoted prices in active markets for identical assets or liabilities

Level 2 – Observable inputs other than quoted prices in active markets for identical assets and liabilities

Level 3 – No observable pricing inputs in the market

Financial assets and financial liabilities are classified in their entirety based on the lowest level of inputs that is significant to the fair value measurements. The Plan sponsors’ assessment of the significance of a particular input to the fair value measurements requires judgment, and may affect the valuation of the assets and liabilities being measured and their placement within the fair value hierarchy.

Purchases and sales of investments in the Master Trust are reflected as of the trade date. Realized gains and losses on sales of investments are determined on the basis of average cost. Dividend income is recorded on the ex-dividend date. Interest earned on investments in the Master Trust is recorded on the accrual basis. Net appreciation/depreciation recorded by the Master Trust includes gains and losses on investments bought and sold as well as held during the year.

Risks and Uncertainties

The Master Trust invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market volatility and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that those changes could materially affect the amounts disclosed in the financial statements.

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 estimation and assumption processes, it is at least reasonably possible that changes in these estimates and assumptions in the near term could materially affect the amounts reported and disclosed in the financial statements.

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Notes to Financial Statements
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Subsequent Events

Management evaluated subsequent events through October 3, 2012, the date the financial statements were available to be issued.

Recent Accounting Standards

During May 2011, an accounting standard update regarding fair value measurement was issued to provide a consistent definition of fair value and ensure that the fair value measurement and disclosure requirements are similar between U.S. GAAP and International Financial Reporting Standards. This standard update also changes certain fair value measurement principles and enhances the disclosure requirements, particularly for Level 3 fair value measurements. We will adopt this standard update during the first quarter of 2012. The adoption of this standard update is not expected to have a significant impact on the Plans' financial statements.

3. Plan Termination

Except as limited by plan terms, any plan may be terminated at any time by action of the Board of Directors of the sponsoring Companies. All hourly and union plans are subject to collective bargaining obligations.

Upon termination of any plan, distribution of the assets to provide for pension benefits will be made under the terms of an applicable plan and generally in the following order:

- (A) To provide for payment of pensions which were being paid to retired employees or beneficiaries on the date three years prior to the date of termination, and for employees or beneficiaries who would have been receiving benefits three years prior to the date of termination if the employee had retired prior to such earlier date and if the employee's pension had commenced as of the beginning of such three-year period;
- (B) To provide for that portion of the pensions, which is guaranteed by the Pension Benefit Guaranty Corporation;
- (C) To provide for pensions to the extent that they are non-forfeitable; and
- (D) To provide for pensions accrued as of the date of termination.

To the extent that net assets available for benefits exceed the amounts described above, such excess will be allocated as set forth in the applicable Plan Document.

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4. Actuarial Present Value of Accumulated Plan Benefits

Accumulated Plan benefits are those future payments that are attributable under the Plans' provisions to the service employees have rendered to date. Accumulated Plan benefits include benefits expected to be paid to (a) retired or terminated vested employees or their beneficiaries, and (b) present employees or their beneficiaries.

The Plans' actuary determines the actuarial present value of accumulated plan benefits by applying actuarial assumptions to reflect the time value of money and the probability of payment between the valuation date and the expected date of payment.

The actuarial present value of accumulated plan benefit information as of January 1, 2011, and changes in the actuarial present value of accumulated plan benefits for the year ended January 1, 2011, are presented in the following tables:

ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS
AS OF JANUARY 1, 2011
(in thousands)

Plan	Vested Benefits				Nonvested Benefits	Total
	Current Benefits	Deferred Benefits	Other	Total Vested Benefits		
1 VMPP	\$ 7,254,947	\$ 1,533,586	\$ 2,856,287	\$ 11,644,820	\$ 189,325	\$ 11,834,145
2 Mid-Atlantic	2,242,179	668,508	1,383,709	4,294,396	345,197	4,639,593
3 VPPA	5,966,109	766,069	2,386,012	9,118,190	623,887	9,742,077
4 Florida	89,472	94,261	197,934	381,667	57,571	439,238
5 Southwest	89,909	54,003	128,004	271,916	29,867	301,783

CHANGES IN ACTUARIAL PRESENT VALUE OF ACCUMULATED PLAN BENEFITS
FOR THE YEAR ENDED JANUARY 1, 2011

Plan	(in thousands)						
	Balance January 1, 2010	Interest Accumulation	Benefit Payments	Actuarial Assumptions	Plan Amendments	Other	Balance January 1, 2011
1 VMPP	\$ 11,850,660	\$ 689,594	(1,659,462)	\$ 411,547	\$ 108,495	\$ 433,311	\$ 11,834,145
2 Mid-Atlantic	4,451,700	241,960	(1,178,546)	242,967	361,203	520,309	4,639,593
3 VPPA	827,538	42,991	(283,652)	43,092	8,863,225	248,883	9,742,077
4 Florida	368,861	22,118	(30,427)	21,344	-	57,342	439,238
5 Southwest	281,718	16,168	(46,764)	14,899	-	35,762	301,783

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The significant actuarial assumptions used in the valuations as of January 1, 2011 and 2010, for the actuarial present value of accumulated plan benefits are as follows:

- (A) The present values were based on a 5.75% discount rate for 2011 and a 6.25% discount rate for 2010.
- (B) The assumed retirement age is based on normal rates of retirement, which are based on past experience and expectations of future retirements.
- (C) The mortality tables used for the January 1, 2011 present values are as follows:
 - Healthy lives - The RP-2000 Combined Healthy Mortality Table projected to 2011 using Scale AA.
 - Disabled lives - The RP-2000 Disabled Retiree Mortality Table.
- (D) The mortality tables used for the January 1, 2010 present values are as follows:
 - Healthy lives - The RP-2000 Combined Healthy Mortality Table projected to 2010 using Scale AA.
 - Disabled lives - The RP-2000 Disabled Retiree Mortality Table.

These actuarial assumptions are based on the assumption that the Plans will continue. Were the Plans to terminate, different actuarial assumptions and other factors might be applicable in determining the actuarial present value of accumulated plan benefits.

The changes in the actuarial present value of accumulated plan benefits disclosed under Plan Amendments primarily reflect the impact of the 2010 plan mergers disclosed in Note 1.

5. Investment in Master Trust

Master Trust

The Master Trust holds both defined benefit and defined contribution assets. Assets in the Master Trust are either pooled between defined benefit plans and defined contribution plans or specific to defined benefit plans.

On a monthly basis, investments, investment income and expenses are allocated to the Plans in accordance with their proportionate interest in the defined benefit portion of the Master Trust.

Valuation of Investments

Investments in securities traded on national and foreign securities exchanges are valued by the Trustee at the last reported sale prices on the last business day of the year or, if no sales were

VERIZON CORPORATE SERVICES GROUP INC. ET AL PENSION PLANS

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reported on that date, at the last reported bid prices. Over-the-counter securities, government obligations, corporate bonds and international bonds are valued at the bid prices or the average of the bid and ask prices on the last business day of the year from published sources or, if not available, from other sources considered reliable such as multiple broker quotes. Commingled funds not traded on national exchanges are priced by the Trustee, at net asset value, based on statements received from the investment manager. Commingled funds held by third-party custodians appointed by the fund managers are priced by the respective custodian or fund administrator at net asset value. The fund's custodian provides the investment manager with a net asset value and the investment manager has the responsibility for providing this information to the custodian of the respective plan. Commingled funds are classified by the asset class of the underlying holdings.

The following table summarizes redemption restrictions for investments of the Trust for which fair value is estimated using net asset value per share:

Asset Type	Unfunded Commitments	Liquidation Period	Redemption Frequency	Redemption Notice	Redemption Restrictions
<u>Commingled funds</u>					
U.S. equity securities	Not applicable	Daily	Daily	None	None
International equity securities	Not applicable	Twice a month	Twice a month	Trade date less 2	None
U.S. fixed income securities	Not applicable	Daily	Daily	None	None
International fixed income securities	Not applicable	Daily	Daily	None	None
Other commingled funds	Not applicable	Daily	Daily	None	None
Hedge funds	None	1 year	Quarterly	5-90 days	None

The general partner of the entity values venture capital, corporate finance, and natural resource limited partnership investments. Real estate investments are valued at amounts based upon appraisal reports prepared by independent real estate appraisers. Loans secured by mortgages are carried at the lesser of the unpaid balance or appraised value of the underlying properties. The values assigned to these investments are based upon available information and do not necessarily represent amounts which might ultimately be realized. Because of the inherent uncertainty of valuation, those estimated fair values might differ significantly from the values that would have been used had a ready market for the securities existed. These differences could be material. Forward currency contracts, futures, and options are valued by the Trustee at the exchange rates and market prices prevailing on the last business day of the year. Both exchange rates and market prices are readily available from published sources. These securities are classified by the asset class of the underlying holdings.

Hedge funds are recorded by the Trustee, at net asset value, based on statements received from the investment manager. These funds are priced in accordance with the terms of their corresponding offering or private placement memoranda.

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Investment Activities from Master Trust

Historically, the portfolio strategy emphasized a long-term equity orientation, significant global diversification, and the use of both public and private investments. In an effort to reduce the risk of the portfolio strategy and better align assets with liabilities, the strategy is shifting to one that is more liability driven, where cash flows from investments better match projected benefit payments but result in lower asset returns. The intention is to reduce the likelihood that assets will decline at a time when liabilities increase (referred to as liability hedging), with the goal to reduce the risk of underfunding to the plan and its participants and beneficiaries. Both active and passive management approaches are used depending on perceived market efficiencies and various other factors. The diversification and risk control processes serve to minimize the concentration of risk.

While target allocation percentages will vary over time, the overall investment strategy is to achieve a mix of assets to meet projected benefits payments while taking into consideration risk and return. The initial target allocation for plan assets is designed so that 70% of the assets have the objective of achieving a return in excess of the growth in liabilities (comprised of public equities, private equities, real estate, hedge funds and emerging debt) and 30% of the assets are invested as liability hedging assets (typically longer duration fixed income). This allocation will shift as funded status improves to a higher allocation to liability hedging assets. Target policies will be revisited periodically to ensure they are in line with fund objectives.

The following table sets forth by level, within the fair value hierarchy, the defined benefit portion of the Master Trust at fair value as of December 31, 2011 (in thousands):

	Total Fair Value	Level 1	Level 2	Level 3
<u>Investments</u>				
Cash and cash equivalents	\$ 1,191,247	\$ 1,189,815	\$ 1,432	\$ -
Equity securities:				
U.S. equity securities	4,333,857	4,284,377	48,629	851
International equity securities	1,409,365	1,409,365	-	-
Fixed income securities:				
U.S. treasuries and agencies	1,780,254	1,233,571	546,683	-
Corporate bonds	2,182,444	65,232	1,927,581	189,631
International bonds	1,165,813	158,976	1,006,837	-
Real estate	2,144,540	-	-	2,144,540
Commingled funds:				
U.S. equity securities	561,789	-	561,789	-
International equity securities	528,888	-	528,888	-
U.S. fixed income securities	313,145	-	313,145	-
Other commingled funds	51,301	-	21,181	30,120
Other investments:				
Private equity	6,137,377	-	53,915	6,083,462
Hedge funds	2,352,403	-	1,687,188	665,215
Total investments at fair value	<u>\$ 24,152,423</u>	<u>\$ 8,341,336</u>	<u>\$6,697,268</u>	<u>\$ 9,113,819</u>

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The Statements of Changes in Net Assets Available for Benefits reflect the allocable share of the Master Trust activities which include the realized gains or losses and the unrealized appreciation (depreciation) in fair value of those investments, as well as interest and dividends earned.

The total fair value of the Master Trust investments at December 31, 2011 was approximately \$24 billion, including approximately \$83 million of investments specific to the defined contribution plans, for which separate financial statements are prepared. The Master Trust's interest and dividend income was approximately \$388 million for the year ended December 31, 2011.

The following table sets forth the changes in the fair value of the Level 3 investments for the year ended December 31, 2011 (in thousands):

	Opening Balance	Transfer Out	Transfer In	Acquisitions	Dispositions	Realized Gain/(Loss)	Change in Unrealized Gain/(Loss)	Closing Balance
Equity securities:								
U.S. equity securities	6,669	(165,294)	240,474	97,711	(165,904)	21,885	(34,690)	851
Fixed income securities:								
Corporate bonds	147,968	(2,205)	2,807	232,759	(184,181)	(8,010)	493	189,631
Other fixed income	434	(3,099)	3,519	2,001	(2,727)	59	(187)	-
Real estate	1,794,975	-	88,789	79,071	(58,901)	18,010	222,596	2,144,540
Commingled funds:								
U.S. fixed income	35,931	(35,994)	80	-	-	(12,109)	12,092	-
Other commingled funds	206	-	7	33,538	(2,481)	(1,805)	655	30,120
Other investments:								
Private equity	5,974,392	(88,789)	20,926	(197,997)	(5,836)	567,280	(186,514)	6,083,462
Hedge funds	731,777	-	-	41,976	(91,784)	25,160	(41,914)	665,215
Total	\$ 8,692,352	\$ (295,381)	\$ 356,602	\$ 289,059	\$ (511,814)	\$ 610,470	\$ (27,469)	\$ 9,113,819

Transfers are recognized between levels of the fair value hierarchy as of the end of the reporting period. Transfers from Level 3 to Level 2 for Comingled funds and US equity securities were the result of identifying observable prices for the underlying holdings, whereas transfers into Level 3 primarily reflect the absence of observable prices for U.S. equity securities.

VERIZON CORPORATE SERVICES GROUP INC. ET AL PENSION PLANS

Notes to Financial Statements

December 31, 2011 and 2010

The following table sets forth by level, within the fair value hierarchy, the defined benefit portion of the Master Trust at fair value as of December 31, 2010 (in thousands):

	Total Fair Value	Level 1	Level 2	Level 3
<u>Investments</u>				
Cash and cash equivalents	\$ 2,194,723	\$ 2,172,190	\$ 22,533	\$ -
Equity securities:				
U.S. equity securities	6,980,021	6,970,947	2,405	6,669
International equity securities	2,237,631	2,237,631	-	-
Fixed income securities:				
U.S. treasuries and agencies	527,817	133,305	394,512	-
Corporate bonds	1,212,357	237,527	826,862	147,968
International bonds	903,359	20,805	882,554	-
Other fixed income	508,172	-	507,738	434
Real estate	1,794,975	-	-	1,794,975
Commingled funds:				
U.S. equity securities	470,509	-	470,509	-
International equity securities	490,514	-	490,514	-
U.S. fixed income securities	404,516	-	368,585	35,931
Other commingled funds	24,495	-	24,289	206
Other investments:				
Private equity	6,015,321	-	40,929	5,974,392
Hedge funds	2,243,963	-	1,512,186	731,777
Total investments at fair value	<u>\$ 26,008,373</u>	<u>\$ 11,772,405</u>	<u>\$ 5,543,616</u>	<u>\$ 8,692,352</u>

The total fair value of the Master Trust investments at December 31, 2010 was approximately \$27 billion, including approximately \$1 billion of investments specific to the defined contribution plans for which separate financial statements are prepared. The Master Trust's interest and dividend income was approximately \$343 million for the year ended December 31, 2010.

The following table sets forth the changes in the fair value of the Level 3 investments for the year ended December 31, 2010 (in thousands):

	Opening Balance	Transfer Out	Transfer In	Acquisitions	Dispositions	Realized Gain/(Loss)	Change in Unrealized Gain/(Loss)	Closing Balance
Equity securities:								
U.S. equity securities	\$ 4,714	\$ -	\$ 613	\$ 589	\$ -	\$ -	\$ 753	\$ 6,669
Fixed income securities:								
Corporate bonds	124,310	(1,600)	654	150,253	(127,047)	486	912	147,968
International bonds	1,195	-	-	191	(1,114)	417	(689)	-
Other fixed income	1,881	(1,156)	-	-	(471)	116	64	434
Real estate	1,523,764	-	-	300,793	-	12,887	(42,469)	1,794,975
Commingled funds:								
U.S. fixed income securities	13,930	(13,280)	17,781	52,758	(37,851)	8,654	(6,061)	35,931
Other commingled funds	124	-	-	-	-	-	82	206
Other investments:								
Private equity	5,375,755	-	-	64,247	(69,748)	631,936	(27,798)	5,974,392
Hedge funds	15,279	(28,764)	608,915	136,800	(25,012)	11,675	12,884	731,777
Total	<u>\$ 7,060,952</u>	<u>\$ (44,800)</u>	<u>\$ 627,963</u>	<u>\$ 705,631</u>	<u>\$ (261,243)</u>	<u>\$ 666,171</u>	<u>\$ (62,322)</u>	<u>\$ 8,692,352</u>

VERIZON CORPORATE SERVICES GROUP INC. ET AL PENSION PLANS

Notes to Financial Statements

December 31, 2011 and 2010

The following table reconciles the investments measured at fair value to the net assets in the defined benefit portion of the Master Trust at December 31, 2011 and 2010 (in thousands):

	2011	2010
Total investments at fair value	\$ 24,152,423	\$ 26,008,373
Receivables	4,243,601	6,972,057
Non-interest bearing cash	9,242	8,909
Payables	(4,264,414)	(7,149,086)
Net assets per master trust	<u>\$ 24,140,852</u>	<u>\$ 25,840,253</u>

The following table represents the appreciation and depreciation (including gains and losses on investments bought and sold as well as held during the year) of the Master Trust investments by investment classification for the years ended December 31, 2011 and 2010 (in thousands):

	2011	2010
<u>Investments</u>		
Cash and cash equivalents	\$ 1,664	\$ (2,035)
Equity securities	(526,341)	1,052,331
Fixed income securities	9,259	2,077
Real Estate	125,685	(1,067,544)
Commingled funds	(89,033)	485,558
Private Equity	411,073	(2,667,430)
Other investments	355,966	826,729
Total Appreciation/(Depreciation)	<u>\$ 288,273</u>	<u>\$ (1,370,314)</u>

6. Derivatives

In the normal course of operations, the Master Trust's assets and liabilities may include derivative financial instruments (futures, options and foreign currency contracts). These derivatives involve, in varying degrees, elements of credit and market volatility risks in excess of more traditional investment holdings such as equity and debt instruments. The contract or notional amounts disclosed in this footnote provide a measure of the Master Trust's involvement in such instruments but are not indicative of potential loss. The intent is to use derivative financial instruments as economic hedges to manage market volatility risk, foreign currency exchange rate risk or credit risk associated with the Master Trust's investment assets. The Master Trust's fiduciaries do not anticipate any material adverse effect on the Master Trust's financial position resulting from its involvement in these instruments.

The following table presents the effect of gains (losses) with respect to these derivative instruments, by type of derivative. The gains (losses) are on the Statements of Changes in Net Assets Available for Benefits included in the "Allocable share of Master Trust investment activities."

VERIZON CORPORATE SERVICES GROUP INC. ET AL PENSION PLANS

Notes to Financial Statements

December 31, 2011 and 2010

(in thousands)	Year Ended December 31,	
	2011	2010
Forward foreign currency exchange rate contracts	\$ 8,640	\$ (12,914)
Futures	4,911	18,281
Options	50,422	(1,898)
Swaps	201	2,931

Futures Contracts

The primary risk managed using futures contracts is the price risk associated with investments. Investment managers enter into various futures contracts to economically hedge investments in domestic securities. These contracts, which are considered derivatives under ASC 815, *Derivatives and Hedging*, are agreements between two parties to buy or sell a security or financial interest at a set price on a future date and are standardized and exchange-traded. Upon entering into such a contract on behalf of the Plan, the investment manager is required to pledge to the broker an amount of cash or securities equal to the minimum “initial margin” requirements of the exchange on which the contract is traded. Pursuant to the contract, the investment manager agrees to receive from or pay to the broker an amount of cash equal to the daily fluctuation in the value of the contract. Such receipts or payments are known as variation margin and are recorded on a daily basis by the trustee as a realized gain or loss equal to the difference in the value of the contract between daily closing prices.

The following table presents open futures contracts held by the Master Trust at December 31, 2011. The fair value presented in this table includes cumulative appreciation (depreciation) of futures contracts, but only the current day’s variation margin receivable/payable is reported in the Statements of Net Assets Available for Benefits.

Type of Contract	Number of Contracts		(dollars in thousands)	
	Buy (Sell)	Expiration	Notional	Fair Value
Cash and Cash Equivalents	123	Long term	\$ 29,419	\$ 679
Fixed Income: Buys	2,715	Short term	410,957	5,822
Fixed Income: Sells	(1,306)	Short term	(206,480)	(2,736)
Equity: Buys	2,490	Short term	300,134	6,052
Equity: Sells	(1,435)	Short term	(53,123)	(99)
Total			\$ 480,907	\$ 9,718

VERIZON CORPORATE SERVICES GROUP INC. ET AL PENSION PLANS

Notes to Financial Statements

December 31, 2011 and 2010

The following table presents open futures contracts held by the Master Trust at December 31, 2010. The fair value presented in this table includes cumulative appreciation (depreciation) of futures contracts, but only the current day's variation margin receivable/payable is reported in the Statements of Net Assets Available for Benefits.

Type of Contract	Number of Contracts		(dollars in thousands)	
	Buy (Sell)	Expiration	Notional	Fair Value
Cash and Cash Equivalents	116	Long term	\$ 28,558	\$ 1
Cash and Cash Equivalents	57	Short term	13,935	16
Cash and Cash Equivalents	(59)	Long term	(14,588)	114
Cash and Cash Equivalents	(36)	Short term	(8,955)	2
Fixed Income: Buys	2,750	Short term	344,974	(485)
Fixed Income: Sells	(393)	Short term	(103,611)	(2,246)
Equity: Buys	10,440	Short term	1,637,952	21,979
Equity: Sells	(838)	Short term	(63,328)	(1,100)
Total			\$ 1,834,937	\$ 18,281

Option Contracts

The primary risk managed using option contracts is the price risk associated with investments. Purchased and written option contracts are agreements between two parties giving the owner, under a purchased option, the right, but not the obligation, to buy or sell a specified item at a fixed price (exercise or strike) during a specified period, giving the seller the obligation to sell or buy a specified item at a fixed price. These option contracts are intended to economically hedge the Master Trust's investments in foreign and domestic securities. When the investment manager buys or writes an option contract, a nonrefundable fee (the premium) is paid or received by the Master Trust and is recorded as an asset or liability and is subsequently adjusted to the current market value of the option purchased or written. The premiums paid or received from buying or writing options are recorded as realized gains or losses when the options expire. The difference between the premium and the amount paid or received on affecting a closing purchase or sale transaction is also treated as a realized gain or loss. If an option is exercised, the premium paid or received is recorded as a realized gain or loss if sold or an adjustment to cost of the underlying investment if acquired upon exercise.

VERIZON CORPORATE SERVICES GROUP INC. ET AL PENSION PLANS

Notes to Financial Statements

December 31, 2011 and 2010

The following tables present the total number of written options held by the Master Trust at December 31, 2011 (in thousands):

Type of Contract	Cost (Premium Received)	Fair Value
Derivative assets:		
Cash and cash equivalents	\$ -	\$ -
Fixed income	(803)	(362)
Equity	(85,882)	(6,629)
Total	<u>\$ (86,685)</u>	<u>\$ (6,991)</u>

Type of Contract	Cost (Premium Paid)	Fair Value
Derivative liabilities:		
Cash and cash equivalents	\$ -	\$ -
Fixed income	584	412
Equity	84,331	53,232
Total	<u>\$ 84,915</u>	<u>\$ 53,644</u>

The following tables present the total number of written options held by the Master Trust at December 31, 2010.

Type of Contract	Cost (Premium Received)	Fair Value
Derivative assets:		
Cash and cash equivalents	\$ (174)	\$ (21)
Fixed income	(522)	(474)
Equity	(3,972)	(5,606)
Total	<u>\$ (4,668)</u>	<u>\$ (6,101)</u>

Type of Contract	Cost (Premium Paid)	Fair Value
Derivatives liabilities:		
Cash and cash equivalents	\$ 727	\$ 262
Total	<u>\$ 727</u>	<u>\$ 262</u>

VERIZON CORPORATE SERVICES GROUP INC. ET AL PENSION PLANS

Notes to Financial Statements

December 31, 2011 and 2010

Foreign Currency Contracts

The primary risk managed using foreign currency forward contracts is the foreign currency exchange rate risk associated with the Master Trust's investments denominated in foreign currencies. Forward foreign currency contracts are agreements to exchange foreign currencies at a specified future date and rate, the terms of which are not standardized on an exchange. These contracts are intended to minimize the effect of currency fluctuations on the performance of investments denominated in foreign currencies. All the Master Trust contracts address the currency risk. Risk arise both from the possible inability of the counterparties to meet the terms of the contracts (credit risk) and from the movements in foreign currency exchange rates (market risk). The contracts are recorded at fair value on the date the contract is entered into, which is typically zero.

The following table presents the contracts held by the Master Trust. The fair value presented in this table is presented in the Statements of Net Assets Available for Benefits under "Plan's interest in Master Trust."

				(dollars in thousands)	
		Notional		Fair Value	
		2011	2010	2011	2010
Derivative Assets: Long US\$	\$	2,307,834	\$ 3,379,759	\$ 8,081	\$ (63,422)
Derivative Liabilities: Short US\$		1,441,549	2,703,730	(3,116)	48,897
Cross Currency (non US\$)		199,874	625,945	3,651	1,611

Credit Derivatives

A credit derivative is a bilateral contract between a buyer and a seller under which the seller agrees to provide protection to the buyer against the credit risk of a particular entity ("reference entity" or "reference credit"). Credit derivatives generally require that the seller of credit protection make payments to the buyer upon the occurrence of predefined credit events. These triggering events may include the market standard of failure to pay on indebtedness, bankruptcy of the reference credit, debt restructuring, or the acceleration of indebtedness. The seller of such protection may not be required to make payments until a specified amount of losses has occurred with respect to the portfolio and/or may only be required to pay for losses up to a specified amount.

Credit derivatives are used primarily to help mitigate credit risk in the Master Trust's corporate bonds portfolio. Through these contracts, the Master Trust either purchases or writes protection on either a single name or a portfolio of reference credits. The credit derivatives written by the Master Trust include credit default swaps.

A credit default swap is a contract in which, for a fee, a protection seller agrees to reimburse a protection buyer for any losses that occur due to a credit event on a reference entity. If there is no credit default event or settlement trigger, as defined by the specific derivative contract, then the protection seller makes no payments to the protection buyer and receives only the contractually

VERIZON CORPORATE SERVICES GROUP INC. ET AL PENSION PLANS

Notes to Financial Statements

December 31, 2011 and 2010

specified fee. However, if a credit event occurs as defined in the specific derivative contract sold, the protection seller will be required to make a payment to the protection buyer.

The Master Trust evaluates the payment/performance risk of the credit derivatives to which it stands as a protection seller based on the credit rating which has been assigned to the underlying referenced credit. Where external ratings by nationally recognized statistical rating organizations (such as Moody's and S&P) are used, investment grade ratings are considered to be Baa/BBB or above, while anything below is considered non-investment grade.

The following table presents the credit derivatives held by the Master Trust. The fair value of the derivatives presented in the table is located in the Statements of Net Assets Available for Benefits under "Plan's interest in Master Trust."

	Notional		(dollars in thousands)	
			Fair Value	
	2011	2010	2011	2010
Derivative Assets:				
Credit default swaps	\$ 28,579	\$ 36,008	\$ 2,332	\$ 1,529
Total return swaps	-	1,220	-	830
Derivative liabilities:				
Credit default swaps	22,130	24,164	(2,783)	(464)
Total return swaps	3,869	1,535	(48)	(777)
Net notional value/net fair value	<u>\$ 2,580</u>	<u>\$ 11,529</u>	<u>\$ (499)</u>	<u>\$ 1,118</u>

The following table summarizes the key characteristics of the Master Trust's credit derivative portfolio as protection seller.

December 31, 2011 (Notional)	(dollars in thousands)	
	Maximum Potential	Fair Value
	Amount of Future	Payable
	Payments	
By counterparty:		
Bank/Broker Dealer	\$ 25,999	\$ 2,831
Total by counterparty	<u>\$ 25,999</u>	<u>\$ 2,831</u>

Credit risk associated with the Master Trust's derivatives is the risk that a derivative counterparty will not perform in accordance with the terms of the applicable derivative contract. To mitigate such risk, the Master Trust requires the use of master netting arrangements and collateral arrangements wherever practical. Credit derivatives, including credit default swaps (CDS) and total return swaps (TRS), derive their value from the credit risk on an underlying bond or other financial asset. As of December 31, 2011 and 2010, the Trust's maximum credit exposure (notional value of short position in CDS and TRS) was \$26.0 million and \$25.7 million, respectively. As of December 31, 2011 and 2010, the aggregate fair value of all credit derivative instruments was \$(0.5) million and \$1.1 million, respectively.

VERIZON CORPORATE SERVICES GROUP INC. ET AL PENSION PLANS

Notes to Financial Statements
December 31, 2011 and 2010

7. Securities Lending

The Master Trust maintained a Securities Lending Agreement (the “Agreement”) with the Trustee. The Agreement, dated as of March 23, 2000, includes domestic and international securities. The securities on loan may be sold, though they must be recalled. Securities on loan may not be re-pledged.

Securities on loan at December 31, 2011, approximated \$1.5 billion. The collateral held by the trustee represents approximately 102.5% of the market value of securities on loans.

The Master Trust’s exposure to credit loss is reduced as the Agreement provides full indemnity against broker default by the Trustee. In addition, the Agreement requires collateral from the borrowing brokers of an amount equal to 102% and 105% of the fair value of the securities loaned for loans of US securities and non-US securities, respectively. The collateral primarily consists of cash, which was invested in financial instruments that did not utilize derivatives as an investment vehicle.

The Master Trust’s net earnings derived from the Agreement were approximately \$6.3 million and \$5.0 million for the years ended December 31, 2011 and December 31, 2010, respectively.

8. Income Tax Status

The Plans have received determination letters from the Internal Revenue Service stating that the form or terms of the Plans are qualified under Section 401(a) of the Internal Revenue Code (the “Code”) and therefore the related trust is exempt from taxation. Once qualified, the Plans are required to operate in conformity with the Code to maintain their qualification. The Plans’ administrator believes the Plans are being operated in compliance with the applicable requirements of the Code and, therefore, believes the Plans are qualified and the related trust is tax-exempt.

Prior to the plan mergers in 2010, applications were made for a determination letter for each of the Plans. The pre-merger Mid-Atlantic plan, the pre-merger VPPA (which was the California Hourly Pension Plan), the Florida plan, and the Southwest plan received a favorable determination letter on July 25, 2011. The VMPP received a favorable determination letter on September 28, 2011. The New York and New England Plan received a favorable determination letter on July 20, 2012.

The accounting principles generally accepted in the United States require plan management to evaluate uncertain tax positions taken by the Plans. The financial statement effects of a position are recognized when the position is more likely than not, based on the technical merits, to be sustained upon examination by the Internal Revenue Service. The Plan administrator has analyzed tax positions taken by the Plans, and has concluded that as of December 31, 2011, there are no uncertain positions taken or expected to be taken. The Plans are subject to routine audits by taxing jurisdictions; however, there are no audits for any tax periods in progress. The Plan

VERIZON CORPORATE SERVICES GROUP INC. ET AL PENSION PLANS

Notes to Financial Statements

December 31, 2011 and 2010

administrator believes the Plans are no longer subject to income tax examinations for years prior to 2008.

9. Related Party Transactions

Verizon Investment Management Corp (VIMCO), an indirect, wholly owned subsidiary of Verizon Communications Inc., qualifies as a related party. VIMCO is the investment advisor for certain investment funds and received no compensation from the Plans other than reimbursement of certain expenses directly attributable to its investment advisory and investment management services rendered to the Plans.

The Companies are the sponsor of the Master Trust and the Plans whose assets are held in the Master Trust. The Companies employ the administrator of the various plans and members of the administrator's staff. The Companies received no compensation from the Plans other than reimbursement of certain expenses directly attributable to administrative services rendered to the Plans.

The Bank of New York Mellon, as Trustee of the Master Trust, rendered various trustee services to the Master Trust for which it was compensated in accordance with its agreements with The Companies and VIMCO. VIMCO, The Companies and The Bank of New York Mellon are all parties in interest (as the term is defined by ERISA) to the Master Trust and the Plans whose assets are held in the Master Trust. All of the related party transactions described in this section are exempt from the prohibited transaction rules pursuant to statutory or administrative exemptions.

10. Commitments and Contingencies

The Master Trust has outstanding investment commitments whereby the Master Trust has pledged private equity capital contributions of \$2.2 billion and real estate contributions of \$0.6 billion at December 31, 2011. Historically, pledged contributions are subject to drawdown over the term of the investment (generally 10 years). However, drawdowns could occur more rapidly on the basis of demonstrated need by the partnerships. Other investments held by the Master Trust will be liquidated to meet these capital commitments.

In the ordinary course of business the Plans may be involved in various legal proceedings. Where it is determined, in consultation with counsel based on litigation and settlement risks, that a loss is probable and estimable in a given matter, an accrual is reflected in the financial statements. In none of the currently pending matters is the required accrual material. An estimate of the reasonably possible loss or range of loss in excess of the required accrual under ASC 450, *Contingencies*, cannot be made at this time, due to various factors typical in contested proceedings, including (1) uncertain damage theories and demands; (2) a less than complete factual record; (3) uncertainty concerning legal theories and their resolution by courts or regulators; and (4) the unpredictable nature of the opposing party and its demands. The Plans' administrator does not expect that the ultimate resolution of any pending legal matter in future periods will have a material effect on the Plans financial condition, but it could have a material effect on its results of operations for a given reporting period.

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

Pension Benefit Guaranty Corporation

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

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

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

OMB No. 1210-0110

2011**This Form is Open to Public
Inspection**For calendar plan year 2011 or fiscal plan year beginning 01/01/2011 and ending 12/31/2011■ **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 GTE Southwest Hourly	B Three-digit plan number (PN) ■ 001
C Plan sponsor's name as shown on line 2a of Form 5500 or 5500-SF GTE Southwest Incorporated DBA Verizon Southwest	D Employer Identification Number (EIN) 75-0573444
E Type of plan: ☒ Single ☐ Multiple-A ☐ Multiple-B	F Prior year plan size: ☐ 100 or fewer ☐ 101-500 ☒ More than 500

Part I Basic Information

1 Enter the valuation date: Month <u>1</u> Day <u>1</u> Year <u>2011</u>		
2 Assets:		
a Market value	2a	664,054,668
b Actuarial value	2b	608,532,912
3 Funding target/participant count breakdown:	(1) Number of participants	(2) Funding Target
a For retired participants and beneficiaries receiving payment.....	3a 1,508	90,120,816
b For terminated vested participants	3b 1,250	50,690,476
c For active participants:		
(1) Non-vested benefits.....	3c(1)	28,919,329
(2) Vested benefits	3c(2)	128,619,526
(3) Total active.....	3c(3) 2,471	157,538,855
d Total.....	3d 5,229	298,350,147
4 If the plan is in at-risk status, check the box and complete lines (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 in at-risk status for fewer than five consecutive years and disregarding loading factor.....	4b	
5 Effective interest rate	5	6.12 %
6 Target normal cost	6	13,085,706

Statement by Enrolled Actuary

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

SIGN HERE	<u>DANIEL F. McFall</u> <u>DFM</u>	<u>09/19/2012</u>
	Signature of actuary	Date
<u>Daniel F. McFall</u>	Type or print name of actuary	<u>11-04341</u>
<u>Hewitt Associates LLC</u>	Firm name	Most recent enrollment number <u>(847) 295-5000</u>
<u>100 Half Day Road</u>	Address of the firm	Telephone number (including area code)
<u>Lincolnshire</u>	<u>IL 60069-3342</u>	

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

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

Schedule SB (Form 5500) 2011
v.012611

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 (line 13 from prior year).....	3,695,800	0
8	Portion elected for use to offset prior year's funding requirement (line 35 from prior year)	0	0
9	Amount remaining (line 7 minus line 8)	3,695,800	0
10	Interest on line 9 using prior year's actual return of <u>14.44</u> %	533,674	0
11	Prior year's excess contributions to be added to prefunding balance:		
a	Present value of excess contributions (line 38 from prior year)		0
b	Interest on (a) using prior year's effective rate of <u>6.57</u> % except as otherwise provided (see instructions).....		0
c	Total available at beginning of current plan year to add to prefunding balance.....		0
d	Portion of (c) to be added to prefunding balance.....		0
12	Other reductions in balances due to elections or deemed elections.....	0	0
13	Balance at beginning of current year (line 9 + line 10 + line 11d – line 12).....	4,229,474	0

Part III Funding percentages			
14	Funding target attainment percentage	14	202.54 %
15	Adjusted funding target attainment percentage	15	203.96 %
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	242.83 %
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
Totals •			18(b)	0	18(c)
				0	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 contributions 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	0

20 Quarterly contributions and liquidity shortfalls:

a Did the plan have a "funding shortfall" for the prior year? ☐ Yes ☒ No

b If 20a is "Yes," were required quarterly installments for the current year made in a timely manner? ☐ Yes ☐ No

c If 20a is "Yes," see instructions and complete the following table as applicable:

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

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

21 Discount rate:				
a Segment rates:	1st segment: 3.78 %	2nd segment: 6.31 %	3rd segment: 6.57 %	☐ N/A, full yield curve used
b Applicable month (enter code).....				21b 4
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 contributions for all prior years	28	0
29 Discounted employer contributions allocated toward unpaid minimum required contributions from prior years (line 19a).....	29	0
30 Remaining amount of unpaid minimum required contributions (line 28 minus line 29).....	30	0

Part VIII Minimum required contribution for current year

31 Target normal cost and excess assets (see instructions):			
a Target normal cost (line 6)	31a	13,085,706	
b Excess assets, if applicable, but not greater than 31a	31b	13,085,706	
32 Amortization installments:			
a Net shortfall amortization installment	Outstanding Balance	Installment	
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		
34 Total funding requirement before reflecting carryover/prefunding balances (lines 31a - 31b + 32a + 32b - 33)....	34	0	
	Carryover balance	Prefunding balance	Total balance
35 Balances elected for use to offset funding requirement	0	0	0
36 Additional cash requirement (line 34 minus line 35)	36	0	
37 Contributions allocated toward minimum required contribution for current year adjusted to valuation date (line 19c).....	37	0	
38 Present value of excess contributions for current year (see instructions)			
a Total (excess, if any, of line 37 over line 36)	38a	0	
b Portion included in line 38a attributable to use of prefunding and funding standard carryover balances	38b	0	
39 Unpaid minimum required contribution for current year (excess, if any, of line 36 over line 37)	39	0	
40 Unpaid minimum required contributions for all years.....	40	0	

Part IX Pension funding relief under Pension Relief Act of 2010 (see instructions)

41 If a shortfall amortization base is being amortized pursuant to an alternative amortization schedule:				
a Schedule elected	☐ 2 plus 7 years	☐ 15 years		
b Eligible plan year(s) for which the election in line 41a was made	☐ 2008	☐ 2009	☐ 2010	☐ 2011
42 Amount of acceleration adjustment	42			
43 Excess installment acceleration amount to be carried over to future plan years	43			

Schedule SB Attachment (Form 5500)—2011 Plan Year
GTE Southwest Hourly
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Schedule SB, line 22—Description of Weighted Average Retirement Age

The average retirement age shown in line 22 has been calculated by assuming the following retirement rates and no decrements other than retirement for this calculation. All retirements are assumed to occur at mid-year, except for the 100% retirement age. The change in average retirement age from last year is due to a better estimate of the average, not a change in retirement rates.

Probability of Retirement

(a) Age	(b) Rate	(c) Weight	(d) Product (a) x (b) x (c)
50.5	1.90%	1.0000	0.96
51.5	2.30%	0.9810	1.16
52.5	2.70%	0.9584	1.36
53.5	3.10%	0.9325	1.55
54.5	3.50%	0.9036	1.72
55.5	3.90%	0.8720	1.89
56.5	4.30%	0.8380	2.04
57.5	4.70%	0.8020	2.17
58.5	5.10%	0.7643	2.28
59.5	5.50%	0.7253	2.37
60.5	5.90%	0.6854	2.45
61.5	6.30%	0.6450	2.50
62.5	25.00%	0.6044	9.44
63.5	25.00%	0.4533	7.20
64.5	15.00%	0.3400	3.29
65.5	66.70%	0.2890	12.63
66.5	33.30%	0.0962	2.13
67.5	20.00%	0.0642	0.87
68.5	20.00%	0.0514	0.70
69.5	20.00%	0.0411	0.57
70	100.00%	0.0329	2.30

Weighted Average 61.57

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Schedule SB, line 24—Change in Actuarial Assumptions

The funding valuation reflects the following assumption change:

- The salary increase assumption was changed from 5% to 4% per year for ages less than 40, and from 3.50% to 2.50% per year for ages 40 and over.

This change was made to better reflect the anticipated plan experience. This assumption change did not reduce the funding shortfall, as such approval of the Commissioner is not required.

Schedule SB Attachment (Form 5500)—2011 Plan Year
GTE Southwest Hourly
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**Schedule SB, Line 26—Schedule of Active Participant Data
As of January 1, 2011**

**Southwest Hourly Plan
All Actives**

EIN: 75-0573444 PN: 001

Number of Participants and Average Compensation

Attained Age	Years of Credited Service									
	<1	1-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39	40+
<25	8	21 \$38,219	4							
25-29	5	73 \$48,078	70 \$50,368	4						
30-34	2	120 \$52,024	165 \$55,299	114 \$56,545						
35-39	2	94 \$51,649	147 \$56,076	180 \$56,177	6					
40-44	3	69 \$51,755	103 \$53,657	128 \$56,338	9	6	1			
45-49		45 \$52,291	69 \$54,225	108 \$55,092	15	8	29 \$56,237	9		
50-54	1	30 \$44,669	40 \$51,927	77 \$53,319	21 \$51,337	12	68 \$59,548	115 \$59,791	6	
55-59		23 \$49,470	33 \$53,883	37 \$51,630	10	11	50 \$58,240	120 \$59,932	39 \$61,463	
60-64		5	20 \$54,024	17	8	3	10	29 \$60,748	24 \$62,218	9
65-69		2	3	20 \$55,035	1		2	2	1	1
70+				4						

N-2471

Note: There are 192 active participants that have a cash balance account that is only earning interest credit. Since the cash balance feature applies to so few active participants, the average cash balance accounts are not shown.

Schedule SB Attachment (Form 5500)—2011 Plan Year
GTE Southwest Hourly
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Schedule SB, Part V—Summary of Plan Provisions

Effective Date	January 1, 1944. Restated April 1, 2001 with amendments through December 31, 2010
2010 Voluntary Separation Incentive Offer	The plan was amended during 2010 to offer unreduced benefits for certain service pension eligible associates who separated from service under the voluntary separation incentive offer.
2010 Spinoff	Effective June 30, 2010, the assets and liabilities of the associates transferred to Frontier Communications Corporation were spunoff from this Pension Plan.
Participation	Date of hire for all regular, hourly-paid employees
Normal Retirement Eligibility	The later of age 65 or the fifth anniversary of the date of hire
Amount	The benefit determined under (1) or (2), whichever is applicable (1) For employees who are not former Contel employees, the greater of (a) or (b): (a) 1.35% of Average Annual Compensation times Accredited Service (b) Minimum benefit shown in Table A based on years of Accredited Service and the hourly plan applicable to the employee (2) For former Contel employees, the greater of (a) or (b): (a) The benefit calculated under the Contel pension plan as of the date of transfer to the GTE hourly plan Plus

Schedule SB Attachment (Form 5500)—2011 Plan Year

GTE Southwest Hourly

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The benefit equal to 1.35% of Average Annual Compensation times Accredited Service measured from the date of transfer to the GTE hourly plan (subject to the minimum benefit from Table A based on service from the date of transfer to the GTE hourly plan)

- (b) The benefit described in (1) above (including the minimum), using Accredited Service under the Contel pension plan plus Accredited Service under the GTE hourly pension plan

The pension determined under (1) or (2) above is offset by the annual amount payable from any other pension plan to which the company (or any other member of the controlled group) has contributed, but only to the extent that the benefit is attributable to employer contributions

Early Retirement Eligibility

Employees are eligible for early retirement after attaining:

- (1) At least 15 years of Accredited Service and age plus Accredited Service (both unrounded) equal to or greater than 76 (Rule of 76), or
- (2) At least 30 years of Accredited Service (regardless of age)

Amount

The benefit is computed in the same manner as the normal retirement benefit, but based on Average Annual Compensation and Accredited Service at termination of employment.

- (1) For employees who are not former Contel employees, the pay-related benefit is reduced 3% for each year retirement precedes age 55, up to a maximum reduction of 18%. There is no reduction if the participant has 30 years of Accredited Service.

Early retirement reductions, if applicable, are applied to the pay-related formula prior to comparing to the minimum benefit shown in Table A.

- (2) For former Contel employees, the benefit accrued under the Contel formula is reduced 4% for each year retirement precedes age 60. The benefit accrued under the GTE formula is reduced as described in (1) above.

Schedule SB Attachment (Form 5500)—2011 Plan Year

GTE Southwest Hourly

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Deferred Vested Retirement Eligibility

Five years of Vesting Service

Amount

The benefit is computed in the same manner as the normal retirement benefit, but based on Average Annual Compensation and Accredited Service at termination of employment.

The minimum benefit for a deferred vested participant is equal to the applicable benefit from Table A based on Accredited Service projected to normal retirement then multiplied by the ratio of Vesting Service at termination of employment to projected Vesting Service at normal retirement. There is no minimum benefit for a deferred vested participant with less than 15 years of projected Accredited Service.

Participants with at least 15 years of Accredited Service at termination of employment may commence an actuarially reduced benefit as early as the date the Rule of 76 is met. Participants with at least ten years of Accredited Service at termination of employment may commence an actuarially reduced benefit as early as age 55. See Table B for actuarial reduction factors.

Disability Retirement Eligibility

15 years of Accredited Service and total and permanent disability

Amount

The benefit is computed in the same manner as the normal retirement benefit, but based on Average Annual Compensation and Accredited Service at disability. There is no reduction for benefit commencement prior to normal retirement.

Preretirement Survivor's Benefit Eligibility

Five years of Vesting Service

Amount

The benefit that would have been payable had the participant been eligible for a service pension and terminated employment on the date of death, elected the 65% joint and survivor annuity and then died. There is no reduction for early commencement if the participant died while an active employee. Otherwise, the benefit is reduced under the provisions of the deferred vested retirement benefit.

Schedule SB Attachment (Form 5500)—2011 Plan Year

GTE Southwest Hourly

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Forms of Payment

Normal Form

If married: A reduced benefit in the form of a 50% joint and survivor annuity with the spouse as contingent annuitant

If single: A life annuity

Optional Forms

- Single life annuity
- 100% joint and survivor annuity
- 75% joint and survivor annuity
- 66-2/3% joint and survivor annuity
- 50% joint and survivor annuity
- 33-1/3% joint and survivor annuity
- 5-year certain and life
- Lump sum distribution

Definitions

Monthly Compensation

Monthly base rate of pay. Monthly Compensation excludes overtime, differentials, premiums, and other similar types of payment, but includes bonuses and commissions on account of sales and team-oriented short-term incentives as specified by the employee benefits committee.

Average Annual Compensation

Monthly Compensation during the highest 60 consecutive months divided by five. If less than 60 months of Monthly Compensation, the average is based on the number of months available.

Accredited Service

One year for each calendar year the employee is credited with 2,080 hours. If the employee is credited with less than 2,080 hours during a calendar year, Accredited Service for the year is equal to the number of hours credited during the year divided by 2,080. For employees with in-service distributions, Accredited Service begins on the later of January 1, 2000 or the distribution election date.

Vesting Service

One year for each calendar year the employee is credited with 1,000 hours. If the employee is credited with less than 1,000 hours during a calendar year, Vesting Service for the year is equal to the number of hours credited during the year divided by 2,080.

Schedule SB Attachment (Form 5500)—2011 Plan Year
GTE Southwest Hourly
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Special Benefit Provisions

Retention Bonus

Eligibility

Designated fGTE participants who remained employed throughout the Retention Bonus Period (April 1, 1999 through September 30, 2000)

Benefit Amount

An additional lump sum equal to 2% of the total monthly compensation for the 12-month period ending on the date the participant separates from service times the number of full calendar months (up to 18) worked during the Retention Bonus Period

In-Service Distribution

Active participants age 55 or older who satisfied the Rule of 76 (76 age/service points with 15 years service) on January 1, 2000 are eligible to elect an in-service distribution. The pension payable at subsequent retirement will be based on service after the election date.

Table A
Hourly Plan Minimum

Years of Accredited Service	Minimum Pension Schedule	
	Effective January 1, 2010	Prior to January 1, 2010
15–19	\$ 5,500	\$ 5,200
20–24	\$ 7,000	\$ 6,600
25–29	\$ 8,700	\$ 8,200
30–34	\$ 10,400	\$ 9,800
35–39	\$ 12,000	\$ 11,300
40+	\$ 13,700	\$ 12,900

Schedule SB Attachment (Form 5500)—2011 Plan Year
GTE Southwest Hourly
EIN: 75-0573444 PN: 001

Table B
Deferred Vested Reduction Factors

Age	Factor	Age	Factor	Age	Factor
18	0.03100	36	0.09700	54	0.38300
19	0.03300	37	0.10300	55	0.41700
20	0.03500	38	0.11000	56	0.46700
21	0.03700	39	0.11800	57	0.51700
22	0.03900	40	0.12700	58	0.56700
23	0.04200	41	0.13600	59	0.61700
24	0.04400	42	0.14600	60	0.66700
25	0.04700	43	0.15600	61	0.73300
26	0.05000	44	0.16800	62	0.80000
27	0.05400	45	0.18000	63	0.86700
28	0.05700	46	0.19400	64	0.93300
29	0.06100	47	0.20900	65	1.00000
30	0.06500	48	0.22500		
31	0.06900	49	0.24300		
32	0.07400	50	0.26300		
33	0.07900	51	0.28400		
34	0.08400	52	0.31700		
35	0.09000	53	0.35000		

The actuarial valuation was conducted on an ongoing (not termination) basis using personnel data furnished as of January 1, 2011 by Verizon Communications Inc. Asset information and the dates and amounts of contributions are based on information supplied by Verizon Communications Inc.

Changes in Plan Provisions Since the Prior Year

There have been no changes in plan provisions since the prior year.

Potential Difference Between Electronic SB and Signed SB

Due to software limitations with the electronic filing process, information filed electronically cannot be controlled by the Enrolled Actuary. The values on the signed Schedule SB will govern to the extent there are any differences in the entries filed electronically and the actual data contained on the signed Schedule SB.

Change in Enrolled Actuary

As a result of the retirement of Mr. Thomas M. Jarrett, a new Enrolled Actuary from within Aon Hewitt has been assigned to the plan.

EIN: 75-0573444 P/N 001
GTE SOUTHWEST INC. PLAN FOR HOURLY-PAID EMPLOYEES PENSIONS
Schedule of Assets (Held at End of Year)
Schedule H, Part IV, Line 4i–
As of December 31, 2011

(in thousands)

Identity of Issue, Borrower, Lessor or Similar Party	Description of Investments including Maturity Date, Rate of Interest, Collateral, Par, or Maturity Value	Current Value
Bell Atlantic Master Trust	Allocated share of investments in master trust	\$ 639,763

Schedule SB Attachment (Form 5500)—2011 Plan Year
 Verizon Pension Plan for Associates
 EIN: 95-0510200 PN: 001

Schedule SB, Part V—Statement of Actuarial Assumptions/Methods

Mortality	
Healthy and Disabled Lives	2011 Static Mortality Table for Annuitants and Non-Annuitants for Section 1.430(h)(3)-1(e)
Lump Sum Conversions	
California	Mortality basis in IRS Revenue Ruling 2001-62
New York/New England	2011 Static Mortality Table per Section 417(e)(3)
Withdrawal	See Tables A1 and A2
Disability	See Tables B1 and B2
Retirement	
Active	See Tables C1 and C2
Terminated Vested	Age 65
Interest Rates	Based on the 24-month segment rates with a four-month lookback (as of September 2010)
1st Segment Rate	3.78%
2nd Segment Rate	6.31%
3rd Segment Rate	6.57%
Lump Sum Conversions	5.00%
Future Compensation Increases	4.00% per year for ages less than 40 and 2.50% per year for ages 40 and over
Valuation of Plan Assets	Smoothed fair market value of assets over the current and prior two years, adjusted for contributions, benefit payments, administrative expenses, expected earnings, and asset transfers. The average value of assets calculated in this manner is further limited to not less than 90% nor more than 110% of fair market value. A characteristic of this method is that the expected distribution of the value of plan assets is skewed toward understatement relative to the corresponding market values for expected long-term rates of return in excess of the third segment rate under Section 430(h)(2)(C)(iii).
Benefit and Compensation Limits	Projected benefits and compensation are limited by the current IRC Section 415 maximum benefit of \$195,000 and the Section 401(a)(17) compensation limit of \$245,000.

Schedule SB Attachment (Form 5500)—2011 Plan Year
 Verizon Pension Plan for Associates
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Supplemental Earnings	4% of base earnings
Optional Payment Form Election Percentage	
California	95% elect a lump sum payment
New York/New England	65% elect a lump sum payment
Death Benefit	It is assumed that 100% of males and 100% of females have an eligible beneficiary, and that males are three years older than their beneficiaries.
Sickness Death Benefit	The percentage of active and retired participants who have beneficiaries that qualify for this benefit are as follows
	See sample rates in Table D
Target Normal Cost Expense Load	\$13,360,000
	Prior year's actual trust expenses reduced by investment-related expenses and the prior year's PBGC premium and increased by the current year's expected PBGC premium rounded to the nearest ten thousand
Expected Return on Assets	
2009 Plan Year	6.69%.
2010 Plan Year	6.82%.
Actuarial Method	Unit Credit Cost method
Valuation Date	January 1, 2011

Schedule SB Attachment (Form 5500)—2011 Plan Year
Verizon Pension Plan for Associates
EIN: 95-0510200 PN: 001

**Table A1—California
Probability of Withdrawal**

Age	Probability
< 21	.2000
21	.1700
22	.1400
23	.1200
24	.1100
25	.1000
26	.0900
27	.0800
28	.0700
29–31	.0600
32–34	.0500
35–38	.0400
39–64	.0300
65+	.0000

**Table A2—New York/New England
Probability of Withdrawal
Male Participants**

Entry Age	Years of Service					
	0	5	10	15	20	25
15	.1970	.0280	.0112	.0080	.0049	.0050
20	.1851	.0252	.0110	.0079	.0060	.0042
25	.1573	.0180	.0099	.0060	.0042	
30	.1340	.0199	.0090	.0062	.0033	
35	.1189	.0150	.0062	.0043		
40	.1131	.0182	.0073	.0038		
45	.1134	.0143	.0038	.0007		
50	.1126	.0089	.0018			
55	.1042	.0108				

Female Participants

Entry Age	Years of Service					
	0	5	10	15	20	25
15	.2077	.0657	.0436	.0243	.0148	.0116
20	.1937	.0636	.0373	.0218	.0146	.0090
25	.1636	.0463	.0238	.0166	.0130	
30	.1343	.0348	.0186	.0160	.0107	
35	.1108	.0256	.0160	.0117		
40	.0926	.0230	.0137	.0075		
45	.0811	.0197	.0145	.0106		
50	.0788	.0176	.0156			
55	.0747	.0316				

Schedule SB Attachment (Form 5500)—2011 Plan Year
Verizon Pension Plan for Associates
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**Table B1—California
Probability of Disability**

Age	Male	Female	Age	Male	Female
< 25	.00080	.00100			
25	.00089	.00116	45	.00356	.00463
26	.00089	.00116	46	.00356	.00463
27	.00089	.00116	47	.00356	.00463
28	.00089	.00116	48	.00356	.00463
29	.00089	.00116	49	.00356	.00463
30	.00105	.00155	50	.00662	.00729
31	.00105	.00155	51	.00662	.00729
32	.00105	.00155	52	.00662	.00729
33	.00105	.00155	53	.00662	.00729
34	.00105	.00155	54	.00662	.00729
35	.00137	.00232	55	.01187	.01068
36	.00137	.00232	56	.01187	.01068
37	.00137	.00232	57	.01187	.01068
38	.00137	.00232	58	.01187	.01068
39	.00137	.00232	59	.01187	.01068
40	.00202	.00305	60	.01671	.01253
41	.00202	.00305	61	.01671	.01253
42	.00202	.00305	62	.01671	.01253
43	.00202	.00305	63	.01671	.01253
44	.00202	.00305	64	.01671	.01253

**Table B2—New York/New England
Probability of Disability**

Age	Male	Female	Age	Male	Female
29	.0003	.0011	49	.0027	.0062
30	.0003	.0011	50	.0032	.0068
31	.0003	.0012	51	.0038	.0075
32	.0003	.0012	52	.0043	.0080
33	.0003	.0013	53	.0051	.0086
34	.0003	.0014	54	.0064	.0092
35	.0003	.0014	55	.0087	.0098
36	.0003	.0015	56	.0112	.0102
37	.0003	.0015	57	.0139	.0110
38	.0003	.0017	58	.0171	.0117
39	.0004	.0021	59	.0202	.0125
40	.0005	.0024	60	.0233	.0137
41	.0007	.0027	61	.0262	.0150
42	.0007	.0032	62	.0308	.0167
43	.0008	.0035	63	.0356	.0188
44	.0009	.0039	64	.0411	.0217
45	.0011	.0043			
46	.0013	.0048			
47	.0017	.0052			
48	.0022	.0057			

Schedule SB Attachment (Form 5500)—2011 Plan Year
Verizon Pension Plan for Associates
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**Table C1—California
Probability of Retirement**

Age	Probability	Age	Probability
45–49	.015	60	.059
50	.019	61	.063
51	.023	62	.250
52	.027	63	.250
53	.031	64	.150
54	.035	65	.667
55	.039	66	.333
56	.043	67	.200
57	.047	68	.200
58	.051	69	.200
59	.055	70	1.000

**Table C2—New York/New England
Probability of Retirement
Male Participants**

Entry Age	Years of Service							
	15	20	25	30	35	40	45	50
15				.018	.027	.058	.116	.300
20				.020	.053	.108	.300	1.000
25			.015	.039	.088	.300	1.000	
30			.026	.070	.300	1.000		
35		.042	.056	.300	1.000			
40		.065	.300	1.000				
45	.050	.300	1.000					
50	.300	1.000						
55	1.000							

Female Participants

Entry Age	Years of Service							
	15	20	25	30	35	40	45	50
15				.051	.071	.116	.155	.300
20				.055	.104	.143	.300	1.000
25			.051	.087	.126	.300	1.000	
30			.085	.116	.300	1.000		
35		.109	.110	.300	1.000			
40		.126	.300	1.000				
45	.200	.300	1.000					
50	.300	1.000						
55	1.000							

Schedule SB Attachment (Form 5500)—2011 Plan Year
Verizon Pension Plan for Associates
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Table D—New York/New England
Percentage of Participants With Beneficiaries Who Qualify for Sickness Death Benefit

Attained Age	Active Participants		Retired Participants	
	Male	Female	Male	Female
15	0	0	N/A	N/A
20	28	40	N/A	N/A
25	66	62	N/A	N/A
30	85	71	N/A	N/A
35	91	78	N/A	N/A
40	94	76	83	65
45	95	71	83	65
50	94	64	83	65
55	92	51	83	61
60	90	38	84	51
65	86	23	87	38
70	N/A	N/A	82	29
75	N/A	N/A	77	18
80	N/A	N/A	68	10
85	N/A	N/A	56	5
90	N/A	N/A	40	4
95	N/A	N/A	20	1
100	N/A	N/A	0	0

Schedule R, line 18 - Funded Percentage of Plans Contributing to the Liabilities of Plan Participants

[illegible]